Macro Media Digital Imaging Pvt Ltd

Authority for Advance Ruling — West Bengal

15/WBAAR/2019-20 Dated **19.08.2019**

Q Questions Before the Authority

- Whether printing of trade advertisement material (billboards, building wraps, window graphics, signage and similar items) on PVC cloth, paper and similar base material, using the applicant's ink and base material, is a supply of goods or a supply of services.
- If the transaction is a supply of goods, the classification of the trade advertisement material.

F Facts

The applicant prints trade advertisement material. The recipient supplies the content (image, text or trade monogram) on digital media, and the applicant loads it into a digital image printer, prints it on PVC or paper, and supplies the printed material. The applicant supplies both the printing ink and the base material, and the recipient's purchase orders are for the finished trade advertisement as a single item.

H Ruling

Whether printing of trade advertisement material is a supply of goods or of services	**Composite supply in which the service of printing is the principal supply; the printed goods are ancillary**	The Authority rejected the applicant's view that the printed PVC material is the principal supply. Its reasoning rests on the recipient retaining usage rights in the content and the goods having no utility beyond display.
Classification of the trade advertisement material, if it is a supply of goods	**Not separately answered in the RULING. Paragraph 3.7 says the goods are classifiable under Chapter 49 of the Tariff Act (heading 4911 per para 3.5)**	Because the goods are held ancillary, the Authority treated the classification point as subordinate. The service of printing is classifiable under SAC 9989 and taxable under Sl No. 27(i) of Notification No. 11/2017-CT(Rate) dated 28/06/2017 (para 3.6). No rate is stated in the order.

The Authority held that the applicant makes a composite supply in which **the service of printing is the principal supply** . The goods supplied, which have no use other than displaying the printed matter, are ancillary to that principal supply. The Authority did not separately decide the classification question, though it accepted that the goods fall under Chapter 49.

R Reasoning

The Authority treated the transaction as an indivisible composite contract and applied the dominant nature test from Bharat Sanchar Nigam Ltd. It relied on the CBIC Circular No. 11/11/2017-GST dated 20/10/2017, which

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

distinguishes printing where the printed matter has no use beyond carrying the print (books, pamphlets) from printing where the goods have separate use (envelopes, wallpaper). The Authority found that trade advertisement material has no utility other than displaying the printed content, and that the recipient retains usage rights in the digital content. On that basis the printing service predominates. The applicant's authorities on Chapter 39 versus Chapter 49 classification were treated as concerning classification of the goods, not the composite-supply question.

P Provisions Relied On

- Section 97(2)(a) and (g) of the CGST/WBGST Act, 2017 (admissibility)
- Section 2(52) (goods) and Section 2(102) (services) of the GST Act
- Section 2(119) (works contract) of the GST Act
- Section 100 and Section 103 and Section 104(1) of the GST Act (appeal and binding effect)
- Article 366(29A) of the Constitution
- CBIC Circular No. 11/11/2017-GST dated 20/10/2017
- Notification No. 11/2017-CT(Rate) dated 28/06/2017, Sl No. 27(i), and corresponding State Notification No. 1135-FT dated 28…
- Chapter 49 and heading 4911 of the Customs Tariff Act, 1975, and Section Note 2 to Section VII
- Bharat Sanchar Nigam Ltd (2006) 3 SCC 1 (dominant nature test)

! For the Practitioner

This ruling is useful for printers of trade advertisement and PVC graphics who need to know how to characterise a combined print-and-supply order. It settles that **the printing service is the principal supply** where the printed goods have no use beyond displaying the content, so the service is taxed under SAC 9989. It does not decide the rate or the final classification as a standalone question, and it binds only the applicant under Section 103 unless declared void under Section 104(1). Practitioners should check whether the recipient supplies blank material or separate usable goods, since different facts may point to a different result.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> wb_aar_15_2019_mmdipl_19.08.2019.pdf

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