M/s Macro Media Digital Imaging Pvt. Ltd., Ground and First, Plot No. 228, Udyog Vihar, Phase IV, Gurugram, Haryana (GSTIN 06AABCM9451F1Z1)

Authority for Advance Ruling — Haryana

Advance Ruling No. HAR/HAAR/R/2019-20/14 (In Application No. 14/2019… Dated **25.11.2019**

Q Questions Before the Authority

- Whether the activity of procuring PVC material (blank), printing trade advertisement material on it as per the design and graphics provided by the customer, and supplying the printed banners to the shipping location in the purchase order amounts to supply of 'goods' under the CGST Act?
- If so, what is the appropriate classification of such trade advertisement?
- If the transaction is a supply of services, what is the classification and applicable rate of CGST on the supply of such trade advertisement material?

F Facts

The applicant prints advertising content supplied by its customers (billboards, banners, window graphics and similar items) on PVC material. It sources the blank PVC itself from independent suppliers under each customer's purchase order, receives the artwork on a pen drive, CD or cartridge, prints it, and delivers the finished material to the customer's shipping address. Its invoices show 'printing' and 'supply' as separate charges, and it does not design the graphics or own any usage rights in the content.

H Ruling

Q(a): Is the printing and supply of customer-content PVC banners a supply of goods under the CGST Act?	**No. The transaction is a composite supply in which the supply of printing service is the principal supply.**	The authority treated the printed material as ancillary. It relied on circular paras 4 and 5 and the absence of any usage rights in the content held by the applicant.
Q(b): Classification of the trade advertisement material	**The authority did not dispute Chapter 49 for the printed goods. The supply of services is classified under HSN 9989.**	The Chapter 49 classification is accepted only for the material itself. The governing classification for the transaction is HSN 9989 as a service.
Q(c): Classification and CGST rate on the supply of services	**HSN 9989; rate 18% up to 12.10.2017 and 12% effective from 13.10.2017.**	The rate is under entry No. 27 of Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017, as amended by Notification No. 31/2017-Central Tax (Rate) dated 13.10.2017.

The authority held that printing customer-supplied content on PVC banners and supplying the printed material is a

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composite supply in which the printing service is the principal supply, so the transaction is not a supply of goods as the applicant contended. The HSN for that service is 9989, and the applicable rate is 18% up to 12.10.2017 and 12% from 13.10.2017. The authority did not dispute that the printed material itself falls under Chapter 49, but treated it as ancillary to the printing service.

R Reasoning

The authority read the transaction as a composite supply under section 8 and treated the printing service as the **principal supply** , since the customer supplies the content and the applicant's printing gives the PVC its character as trade advertising material. It applied the reasoning in paras 4 and 5 of Circular No. 11/11/2017-GST, under which ownership of usage rights in the intangible content and the physical inputs decides whether the predominant supply is goods or services. The applicant owned neither the content nor its usage rights, and the PVC changed from Chapter 39 to Chapter 49 material on printing, so the printing was not ancillary. The authority therefore rejected the goods characterisation under sections 2(52) and 9.

P Provisions Relied On

- Section 97(2) of the CGST/HGST Act, 2017 (classification of goods and/or services)
- Section 2(52) of the CGST Act, 2017 (definition of goods), as cited by the applicant
- Section 9 of the CGST Act, 2017, as cited by the applicant
- Section 8 of the CGST Act, 2017 (composite supply)
- Section 2(90) of the CGST Act, 2017 (principal supply)
- Circular No. 11/11/2017-GST (paras 2, 4 and 5), as cited in the order (dated 20.10.2017 and 20.11.2017 in different places; t…
- Heading 9989 (classification of services)
- Entry No. 27 of Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017, as amended
- Notification No. 31/2017-Central Tax (Rate) dated 13.10.2017
- Chapter 39 and Chapter 49 of the Customs Tariff (referred to in the discussion)

! For the Practitioner

This ruling is useful for printers who print customer-supplied artwork on materials such as PVC and need to know whether the transaction is goods or services. It settles, at least for this applicant, that such printing is a service under HSN 9989 at 12% from 13.10.2017, and that the applicant's lack of ownership of the content and usage rights supports that result. It does not decide cases where the printer owns the content, supplies its own designs, or uses its own physical inputs in a different way, and it does not resolve the rate position for periods outside the dates stated.

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 -> har_aar_14_2019-20_25.11.2019_mmdipl.pdf

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