M/s Sree & Co

Authority for Advance Ruling — Andhra Pradesh

AAR No. 32/AP/GST/2019 dated: 09.12.2019 Dated **09.12.2019**

Q Questions Before the Authority

- Whether supply of print on flex is classifiable as supply of goods or service?
- If yes, whether it falls under HSN 4911 under entry no. 132 of Schedule II of Notification 1/2017-CTR?
- If the answer to question 2 is yes, whether supply of print on flex for non-commercial purpose is also classifiable under HSN 4911 under entry no. 132 of Schedule II of Notification 1/2017-CTR?

F Facts

The applicant runs a flex banner printing business in Vizianagaram. It prints customer-supplied designs, or designs prepared by itself on customer request, on flex sheet that it procures entirely on its own, and charges per square foot. The banners are used for both commercial and non-commercial purposes such as birthdays, marriages and political events. The applicant had been paying GST at 18% under HSN 3921, the HSN of its raw flex material.

H Ruling

Whether supply of print on flex is goods or service	**Goods only**	Under Section 7 of the CGST Act read with Schedule II Sl.No.1(a), as a transfer of title in goods. The applicant procures all materials itself.
Whether classifiable under HSN 4911, entry 132 of Schedule II, Notification 1/2017-CTR	**Yes. HSN 4911 at 12% (CGST 6% + SGST 6%)**	Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017, Sl.No. 132.
Whether non-commercial print on flex is also under HSN 4911, entry 132	**Yes. Same classification and rate**	Non-commercial use does not change the classification per se and attracts the same 12% rate.

The authority held that supply of print on flex is a supply of **goods only** , not services. It classified the supply under HSN 4911 under entry 132 of Schedule II of Notification 1/2017-CTR (Rate), at **12% (CGST 6% plus SGST 6%)** . It further held that non-commercial use of the printed flex does not change this classification or rate.

R Reasoning

The authority found that the applicant procures all the flex, ink and other inputs and transfers title in the printed product to the customer, which is a supply of goods under Section 7 of the CGST Act read with Schedule II Sl.No.1(a). It relied on the clarification in Circular No. 11/11/2017-GST (para 5), which treats printing of customer-supplied content on goods as ancillary to the principal supply of goods. It then placed the product under HSN 4911 at 12% under Notification 1/2017-CTR (Rate), and relied on the FAQ under F.No. 332/2/2017-TRU

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

(Sl.No. 59) for printed posters on synthetic media. The authority held that the intended end use of the goods does not alter their classification.

P Provisions Relied On

Section 7 of the CGST Act, 2017 read with Schedule II Sl.No.1(a)

Section 97(2) and Section 98 of the CGST/APGST Act, 2017

Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017, entry Sl.No. 132 (HSN 4911)

Circular No. 11/11/2017-GST (F.No. 354/263/2017-TRU) dated 20 October 2017, para 5

FAQ under F.No. 332/2/2017-TRU, Sl.No. 59

! For the Practitioner

This ruling gives a printed flex banner supplier in Andhra Pradesh a binding answer that printing on flex, where the supplier procures the material, is a supply of goods taxable at 12% under HSN 4911, not 18% under HSN 3921. It also settles that non-commercial end use does not change that rate. The order does not separately decide the taxability of a standalone design charge, nor whether a design-plus-print package is a composite supply, even though the facts describe both. It binds only the applicant and is not a precedent for other taxpayers, although the authority's reasoning on the circular and the FAQ is persuasive.

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_->_ap_aar_32_2019_09.12.2019_sc.pdf

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