

GIB/TG/MACRO MEDIA/30.05.18/AAR-03

Advance Ruling Category : Classification

State : Telangana

Order No.: GIB/TG/MACRO MEDIA/30.05.18/AAR-03

Name of Entry :

M/s Macro Media Digital Imaging Private Limited

Date : 30-05-2018

Product/ Service Involve :

Engaged in the business of manufacturing and sale of digital printed materials banner flex using various inputs namely ink, paper etc. undertaken as per the customer specification

Breif Issue :

Facts And Issue Of The Case :

The petitioner “M/s Macro Media Digital Imaging Pvt. Ltd.” filed an appeal against the Ruling passed by the West Bengal Advance Ruling Authority vide Order No. 15/WBAAR/2019-20 dated 19.08.2019.

The Appellant sought an advance ruling under section 97 on the following questions: 1. whether the job of printing of content provided by the customer taxguru.in on polyvinyl chloride banners and supplying such printed trade advertisement material amounts to supply of goods, and 2. What is the classification of such trade advertisement material under GST Tariff if the transaction is a supply of goods.

The WBAAR in its Ruling No. 15/WBAAR/2019-20 dated 19.08.2019, observed *inter alia*, that the transaction involves a composite supply — a transaction involving both supply of goods in the form of printed PVC material and of the service of printing the content provided by the recipient, which are inseparable in the execution of the contract. According to the WBAAR, the printed trade advertisement material has no utility other than displaying the printed content. It held that the service of printing is the predominant element of the composite supplies the Appellant is making. Thus, the WBAAR held that the goods classifiable under Chapter 39 and 49 of Customs Tariff Act, 1975 (hereinafter referred to as the “Tariff Act”) are supplied by the appellant but the supply of the said items are ancillary to the principal supply of printing service. The Appellant has filed the instant Appeal against the above Advance Ruling with the prayer to set aside/modify the impugned Advance Ruling passed by the WBAAR or pass any such further orders as may be deemed fit and proper in the facts and circumstances of the case. The Appellant argued that the product description in their invoice is mentioned as “Printing and Supply of Trade Advertisement Material HSN#4911”, because what they supply are primarily goods.

Decision of Advance Ruling Authority :**Decision:**

The Appellate authority found no infirmity in the ruling pronounced by the WBAAR. Thus the appeal stood disposed accordingly.

In the present case, the Appellant prints the content provided by the recipient on the base of PVC, paper, etc., where it provides both the printing ink and the base material. There cannot be any doubt that the content that is printed on the base material is owned by the customers of the Appellant only and the Appellant has no right of usage on the content. Thus the content is exclusively the property of the client who entrusts the job to the Appellant and the usage right of the content remains with the client of the Appellant. However this is not the case described under paragraph 5 of the **Circular No. 11/11/2017-GST**. Thus, in our considered opinion, in the instant case, which is a composite supply, supply of service is predominant and the case of the Appellant is more akin to the case represented in paragraph 4 of **Circular No. 11/11/2017-GST dated 20.10.2017**.

It was observed by appellate authority that the purchase order no. 5000060092 dated 12.04.2019; ITC Limited has mentioned the order description as service - "Digital Printing - Outdoor". Also in purchase order issued to the Appellant under no. 018/EMPL/18-19 dated 24.05.2018 issued by Eden Media Pvt. Ltd. the particular of charges has been mentioned as "Printing charges for 1 no. of Blackback flex". Thus, it is clear beyond doubt that what the Appellant supplies is nothing but service. Hence, we find no basis in the argument of the Appellant that it supplies goods only.