

GIB/AP/Shree & Co./09.12.2019/AAR-384

Advance Ruling Category : Classification and Rate

State : Andhra Pradesh

Order No.: GIB/AP/Shree & Co./09.12.2019/AAR-384

Name of Entry :
M/S. SREE & CO.

Date : 09-12-2020

Breif Issue :

Facts & Issue Of The Case :

The applicant M/s Sree & Co is in business of flex banner printing. The applicant gets image done on computer software from customers for different sizes and print the same on flex (HSN 3921) as flex banners and deliver the same to its customers. At times, the applicant is required to provide design and charge the customer for consolidate value of design and print; and bill them for composite supply value. These flex banners are used for both commercial and non-commercial purposes such as birthday, marriage and political purpose.

The applicant submits the following facts:

1. The applicant purchases flex material, inks etc., for delivery of flex banners.
2. Certain customers provide design to be printed on the flex banner.
3. On customer requirement, the applicant provides design services also and Print the same on flex banner and charge as consolidate supply of flex banner.
4. The applicant charges customer on per sq., feet basis on size of flex banner printed by them.
5. The customer does provide design, size and specification of matter to be printed and does not provide any material. All the material i.e., flex, ink, etc., are procured by applicant only.
6. In pre-GST regime the applicant paid tax under works contract on value of material only.

The applicant, seeking an advance ruling in respect of :

1. Whether supply of print on flex is classifiable as supply of goods or service?

2. If yes, whether falls under HSN 4911 under entry no 132 of Schedule II of Notification 1/2017- CTR?

3. If answer to question 2 is yes, whether supply of print on flex non commercial purpose is also classifiable under HSN 4911 under entry no 132 of Schedule II of Notification 1/2017- CTR?

The applicant submitted that they had been so far collecting and paying GST @ 18% under residual entry at the same HSN and Rate at which raw material is procured i.e. HSN 3921. The HSN 4911 covers other printed material, including printed pictures and photographs such as Trade advertisement material, commercial catalogues and like, printed posters, commercial catalogues, printed inlay cards, pictures, design and photographs, plan and drawings for architectural engineering industrial, commercial topographical or similar purpose reproduced with the aid of computers or other devices.

Further, the applicant refers to circular F.No.332/2/2017-TRU issued in December 2017 at entry no 59, (the same was clarified by FAQ dated 29.9.2017) where in posters with photographs/ image etc printed on digital printers on coated cotton/ mix canvas media or other synthetic media are classified under Hearing 4911 and attract 12% GST. The applicant further submits that flex banners printed by individual used for non-commercial purpose does not change the classification in light of above referred circular.

Decision of Advance Ruling Authority :

Decision :

We have examined the issues raised in the application. The taxability, classification issues, applicable rate of tax etc., for the goods and services supplied or to be supplied, as governed under the provisions of respective GST Acts are examined

1. The supply of print on flex is classified under Goods only as per Section 7 of CGST Act, 2017 read with Schedule - II Sl.No.1 (a) of CGST Act, 2017
2. It is classifiable vide Notification No.1/2017 - Central Tax (Rate) dated 28.06.2017 under Sl.No.132 Chapter /Heading/ Sub-Heading/ Tariff item 4911 and attracts tax rate of 12% (CGST 6% + SGST 6%).
3. Supply of print on flex used for non-commercial purpose does not change the classification per se and attracts same rate of tax as mentioned above.