



TELANGANA STATE AUTHORITY FOR ADVANCE RULING
CT Complex, M.J Road, Nampally, Hyderabad-500001.
(Constituted under Section 96(1) of TGST Act, 2017)

Present:

Sri B. Raghu Kiran, IRS, Additional Commissioner (Central Tax)

Sri S.V. Kasi Visweswar Rao, Additional Commissioner (State Tax)

A.R.Com/48/2018

Date.05-11-2021

TSAAR Order No.24/2021

[ORDER UNDER SECTION 98(4) OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 AND UNDER SECTION 98(4) OF THE TEALANGANA GOODS AND SERVICES TAX ACT,2017.]

- 1.** M/s. Hitech Print Systems Limited, Plot no 153, Sitha Nilayam, Dwarakapuri Colony, Punjagutta, Hyderabad – 500 082, Telangana. (GSTIN No. 36AAACH2674N1Z9) have filed an application in **FORM GST ARA-01** under Section 97(1) of TGST Act, 2017 read with Rule 104 of CGST/TGST Rules, seeking Advance Ruling seeking clarification.
- 2.** At the outset, it is made clear that the provisions of both the CGST Act and the TGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to any dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provision under the TGST Act. Further to the earlier, henceforth for the purposes of this Advance Ruling, the expression 'GST Act' would be a common reference to both CGST Act and TGST Act.
- 3.** It is observed that the queries raised by the applicant fall within the ambit of Section 97 of the GST ACT. The Applicant enclosed copies of challans as proof of payment of Rs. 5,000/- for SGST and Rs. 5,000/- for CGST towards the fee for Advance Ruling. The Applicant has declared that the questions raised in the application have neither been decided by nor are pending before any authority under any provisions of the GST Act.

4. Brief facts of the case:

The applicant M/s. Hitech Print Systems Limited is engaged in business of printing high security products and offering total solutions to customers in educational fields. The main product offered by the applicant are Bank Cheque Books, OMR Answer sheets, Certificates, Bank Memos, etc.,

The Advance Ruling Authority of Telangana in the case of M/s. KL Hitech Secure Print Limited their order No.10/2018, A.R.Com/13/2018, dated: 26-07-2018 have held that supply of service to education institution are eligible for exemption under Entry No.66 of Notification No.12 of 2017 – Central Tax (Rate) dt: 28-06-2017.

The applicant is desirous of obtaining the clarification regarding supply of OMR Answer Sheets, Certificates, Scanning services provided in connection with conduct of examination by educational institution. Hence this application.

5. Questions raised:

1. Exam related printing activity rendered by the Appellant::
 - A. Whether printing of pre-examination material items like Question Papers, OMR Sheets [Optical Mark Reading], Answer Booklets with/without OMR, Practical Answer Booklets, Hall Tickets and other examination material specific to various educational boards/Universities amounts to provision of service and the same is exempt from GST levy?
 - B. Whether printing of post-examination material like Rank Cards, Marks Cards, Grade Sheets and Certificates specific to various educational boards/Universities amounts to provision of service and the same is exempt from GST levy?
 - C. Whether the activity of evaluation of OMRS and answer sheets, i.e., scanning and processing of results of examination falls under the category of service and is exempt from GST levy?
2. What is the classification and applicable GST rate for the supply of cheque books printed in the name of specific Bank name and customer name as per the specification given by the Banks?

This being the case Consequent upon receipt of the application filed by M/s. Hitech Print Systems Limited, the jurisdictional officer i.e. Assistant Commissioner (ST) Srinagar Circle, was requested vide this office letter CCT's Ref no.A.R.Com/48/2018 dated: 20.11.2018 inform, whether the questions raised in the application is already pending or decided in any proceedings in the case of the applicant and inform any issue pending before with them within a week lest it would be construed that these issues are not pending before them and the application would be processed under any of the provisions of the GST Act, 2017 and also requested to offer his/he comments on the points raised in the application, However case was admitted even though Officer have not replied by the grounds of the draft letter, Therefore, Personnel hearing given to the applicant.

6. Personal Hearing:

The Authorised representatives of the unit namely Sri. S.V.S Shetty, director of the company and Sri. R. Narasimha Murthy, Consultant attended the personal hearing held on 11-11-2020. However, orders were not passed due to the retirement of State Member. Government of Telangana vide G.O. Rt. No. 216, Rev(CT-II) Dept, Dt.16.06.2021 have nominated Sri S.V. Kasi Visweswara Rao, Additional Commissioner (ST) as member to The Authority for Advance Ruling and hence the case was re-posted a fresh on 06.08.2021. Heard the case. The Authorised representatives of the unit namely R. Narasimha Murthy, Tax Consultant attended the personal hearing held on 06-08-2021. The authorized representatives reiterated their averments in the application submitted and contended as follows:

1. That printing of pre and post exam pages of various examination boards and universities fall under Entry 66 of Notification No.12/2017 dt:28.06.2017 and as such are exempt from taxation under GST law.
2. The supply of service by way of scanning and processing of results of examination to institutes also fall under the above entry and therefore they are exempt.
3. That the AAR of Telangana in their order No. 10/2018, A.R.Com/13/2018 have ruled that the above 2 activities fall under Entry 66 of the said notification and therefore are exempt from taxation.
4. That printing of cheque books of various customer banks which otherwise do not have any marketability have to be classified under Chapter 4907 and hence liable for nil rate of tax.

7. Discussions & Findings:

A. Services provided to Educational Institution:

The CBIC has issued a Circular No. 151/07/2021-GST CBIC-190354/36/2021 dated:17.06.2021 and issued clarification regarding activities falling under serial no. 66 of Notification No. 12/2017.

Accordingly, the following services supplied by an educational institution are exempt from GST vide sl. No. 66 of the notification No. 12/ 2017- Central Tax (Rate) dated 28.06.2017, *Services provided -*

(a) by an educational institution to its students, faculty and staff;

(aa) by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee;

Similarly, services provided to an educational institution, relating to admission to, or conduct of examination is also exempt from GST [sl. No. 66 (b)(iv)-12/2017-CT(r)].

Educational institutions are defined at 2(y) of the said notification as follows-

"(y) educational institution" means an institution providing services by way of, -

(i) pre-school education and education up to higher secondary school or equivalent;

(ii) education as a part of a curriculum for obtaining a qualification recognized by any law for the time being in force;

(iii) education as a part of an approved vocational education course;"

Further, clause (iv) of Explanation of said notification reads as below:

"(iv) For removal of doubts, it is clarified that the Central and State Educational Boards shall be treated as Educational Institution for the limited purpose of providing services by way of conduct of examination to the students"

Therefore it was clarified that GST is exempt on input services relating to admission to, or conduct of examination, such as online testing service, result publication, printing of notification for examination, admit card and questions papers etc, when provided to such Boards under S. No. 66 (b) (iv) of Notification No. 12/2017-CT(R).

As seen from the averment of the applicant they claim to supply services which are related to conduct of examination. And the Sl.No.66 of Notification No.12 of 2017-Central Tax (Rate), dt: 28-06-2017 provides for exemption for services related to admission to or conduct of examination by such institution. Therefore if the applicant is providing any service in relation to conduct of examination by an educational institution as defined in the notification above then such services qualified to be exempt under Entry No.66 of Notification No.12/2017.

B. Printing of Cheques:

The Notification No.2 of 2017 exempts supply of Cheques, loose or in book form at HSN code 4907. The applicant does not supply cheques to Bankers, it is the Bankers who are supplying cheques to their customers. The content of the cheque book is supplied by the banker and the banker is the person who owns usage rights to such intangible property. The applicant is printing cheques as per the directions of the Bankers and therefore in case of cheques where the applicant uses their own physical input, i.e., paper. The applicable rate of GST will be on different footing.

An amendment was made to Notification No. 11/2017 on 22.08.2017 and the following was introduced at serial no. 27 by substitution:

(1)	(2)	(3)	(4)	(5)
27	Heading 9989	(i) Services by way of printing of newspapers, books (including Braille books), journals and periodicals, where only content is supplied by the publisher and the physical inputs including paper used for printing belong to the printer.	6	-
		(ii) Other manufacturing services; publishing, printing and reproduction services; materials recovery services, other than (i) above.	9	-

In this connection a reference may be made to a circular issued by CBIC in 11/11/2017 – GST dated: 20.10.2017 wherein at Para 4 the following clarification is given.

“In the case of printing of books, pamphlets, brochures, annual reports, and the like, where only content is supplied by the publisher or the person who owns the usage rights to the intangible inputs while the physical inputs including paper used for printing belong to the printer, supply of printing [of the content supplied by the recipient of supply] is the principal supply and therefore such supplies would constitute supply of service falling under heading 9989 of the scheme of classification of services.”

The applicant has brought to the notice of this authority an earlier advance ruling TSAAR Order No. 10/2018, A.R.Com/13/2018 dated: 26.07.2018 wherein the authority has classified cheques as serial no.118 in Notification No. 02/2017 dated: 28.06.2017.

The referred advance ruling was given without discussing or distinguishing the facts of that case in light of the clarification given by CBIC dated: 20.10.2017 referred above wherein it was clarified that if the content is supplied by the publisher or the person owning the usage rights of intangible inputs then the printer who prints such material by using his own paper and ink will be supplying a service falling under the heading '9989' of scheme of classification. Therefore the said advance ruling does not have any binding force of a precedent on the present authority.

Further an Advance Ruling issued under Section 103 of Chapter XVII of the CGST Act, 2017 is binding only on the applicant and the concerned officer or the jurisdictional officer in respect of the applicant.

Thus as discussed in detail above it is clarified that in the case of the applicant he is providing services of printing and this activity of printing is not falling under item (i) of heading 9989 i.e., printing of newspapers, books (including Braille books), journals and periodicals and therefore is covered under Heading 9989 (ii) of Notification No.11/2017-Central Tax (Rate), dated: 28-06-2017 as amended and is taxable at 9% CGST & 9% SGST.

Further, by amended Notification No. 31/2017 - Union territory Tax (Rate) dt 13.10.2017 the following entry was introduced at serial no. 26 with chapter heading 9988 at sub item (iia)


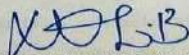
“Services by way of any treatment or process on goods belonging to another person, in relation to printing of all goods falling under Chapter 48 or 49, which attract CGST @ 6per cent.”

In light of the above amended entry and also the clarification issued by CBIC dated: 20.10.2017 it is clarified that where the applicant uses physical input, i.e., paper supplied by their client for the purpose of goods falling under chapter 48 or 49 of customs then the same will fall under Heading 9988 (ii)(a) and is taxable at 6% under CGST.

8. The ruling is given as below:

Question Raised	Advance Ruling Issued
<p>1. Exam related printing activity rendered by the Appellant::</p> <p>A. Whether printing of pre-examination material items like Question Papers, OMR Sheets [Optical Mark Reading], Answer Booklets with/without OMR, Practical Answer Booklets, Hall Tickets and other examination material specific to various educational boards/Universities amounts to provision of service and the same is exempt from GST levy?</p>	<p>These services are exempt as provided under Entry No.66 of Notification No.12/2017 if supplied to educational institutions as defined at 2(y) of the said Notification.</p>
<p>B. Whether printing of post-examination material like Rank Cards, Marks Cards, Grade Sheets and Certificates specific to various educational boards/ Universities amounts to provision of service and the same is exempt from GST levy?</p>	<p>Same as above.</p>
<p>C. Whether the activity of evaluation of OMRS and answer sheets, i.e., scanning and processing of results of examination falls under the category of service and is exempt from GST levy?</p>	<p>Same as above.</p>
<p>2. What is the classification and applicable GST rate for the supply of cheque books printed in the name of specific Bank name and customer name as per the specification given by the Banks?</p>	<p>Where the banker supplies the content and the applicant uses their own physical input, i.e., paper, then the case is covered under Heading 9989 (ii) of Notification No.11/2017-Central Tax (Rate), dated: 28-06-2017 as amended and is taxable at 9% CGST & SGST Act each; and where the applicant uses physical input, i.e., paper supplied by their client then the same will fall under Heading 9988 (ii)(a) and is taxable at 6% under CGST & SGST each.</p>

The application filed by M/s. Hitech Print Systems Limited is disposed accordingly.

(S.V. KASI VISWESHWAR RAO)
 ADDL. COMMISSIONER (State Tax)

(B. RAGHU KIRAN)
 ADDL. COMMISSIONER (Central Tax)

(Under Section 100(1) of the CGST/TGST Act, 2017, any person aggrieved by this

order can prefer an appeal before the Telangana State Appellate Authority for Advance Ruling, Hyderabad, within 30 days from the date of receipt of this Order)

To
M/s. Hitech Print Systems Limited,
Plot no 153, Sitha Nilayam, Dwarakapuri Colony,
Punjagutta, Hyderabad – 500 082, Telangana

Copy submitted to :

1. The Commissioner (State Tax) for information
2. The Chief Commissioner (Central Tax), Basheerbagh, Hyderabad.

Copy to all the Joint Commissioners (State Tax), in the State.

//t.c.f.b.o//

Superintendent(Grade-I)