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21 March 2018

CLARIFICATION ON TAXABILITY OF PRINTING CONTRACTS

The Notification No. 11/2017 Central Tax (Rate) dated 28.06.2017 was first amended by Notification No. 20/2017 Central Tax (Rate) dated 22.08.2017 and further by Notification No. 31/2017 Central Tax (Rate) dated 13.10.2017. In view of the same, the present scenario of the Principal Notification No. 11/2017 Central Tax (Rate) dated 28.06.2017 as amended is as under:-

SLN o.	SAC	Type of Activity	Content supplied by	Physical Inputs by	Rate of GST	Relevant Notification
26	Heading 9988	(i) Services by way of job work in relation to- (a) Printing of newspapers; (b)..... (c)..... (d) Printing of books (including Braille books), journals and periodicals;	N.A.	Owner, [in cases physical inputs (goods) owned by others]	5%	11/2017
		(i) (da) Printing of all goods falling under Chapter 48 or 49, which attract CGST @ 2.5per cent or Nil			5%	31/2017
		(ia) Services by way of job work in relation to- (a)----- (b) printing of all goods falling under Chapter 48 or 49, which attract CGST @ 6per cent			12%	31/2017

		(ii) Services by way of any treatment or process on goods belonging to another person, in relation to- (a) printing of newspapers; (b) printing of books (including Braille books), journals and periodicals.			5%	20/2017
		(ii) "(c) printing of all goods falling under Chapter 48 or 49, which attract CGST @ 2.5 per cent or Nil.";			5%	31/2017
		(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 @ 6 per cent.			12%	31/2017
		(iii) Manufacturing services on physical inputs (goods) owned by others, other than (i), (ia), (ii) and (iia)"above.			18%	31/2017
27	Heading 9989	(i) Services by way of printing of all goods falling under Chapter 48 or 49 [including newspapers, books (including Braille books), journals and periodicals], which attract CGST @ 6 per cent. or 2.5per cent. or Nil, where only content is supplied by the publisher and the physical inputs including paper used for printing belong to the printer.	Publisher	Physical inputs including paper belong to Printer	12%	31/2017
		(ii) Other manufacturing services ; publishing, printing and reproduction services; materials recovery services, other than (i) above.			18%	20/2017

Therefore, all printing contracts could be divided into two broad scenarios:-

1. WHERE PHYSICAL INPUTS (PAPER) BELONG TO OTHERS:

Contracts in the nature of printing on **job work basis** or **on physical inputs (paper) belonging to others** in relation to printing of all goods falling under Chapter 48 or 49.

THIS WOULD BE COVERED AS ‘**SUPPLY OF SERVICES**’ under **SAC 9988** as described in the above table and chargeable to GST accordingly.

SAC 9988 would also cover all 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.

2. WHERE PHYSICAL INPUTS (INCLUDING PAPER) BELONG TO THE PRINTER:

a. **WHERE DESIGN, LOGO, NAME, ADDRESS OR OTHER CONTENTS ARE SUPPLIED BY THE RECIPIENT:-**

These contracts are **COMPOSITE SUPPLIES** and the question of whether such supplies constitute ‘**SUPPLY OF GOODS**’ under Chapter 48 or 49 OR ‘**SUPPLY OF SERVICES**’ under heading SAC 9989 would be determined by what constitutes the **PREDOMINANT ELEMENT** of the composite supply.

- In case of printing of **books, pamphlets, brochures, annual reports and the like**, falling under Chapter 48 & 49, where the contents is supplied by the person who owns the usage rights to the intangible inputs, **SUPPLY OF PRINTING** (i.e. supplied content) is the **predominant element** and therefore, such contracts would classify as **SUPPLY OF SERVICES** under heading **SAC 9989**.
- In case of printing of printed **envelopes, letter cards, printed boxes, tissues, napkins, wall paper, and the like**, falling under Chapter 48 & 49, where design, logo, name, etc. supplied by the recipient, supply of printing (i.e. supplied content) is ancillary and **SUPPLY OF GOODS** is predominant. Therefore, such contracts would classify as **SUPPLY OF GOODS** under headings of **Chapter 48 & 49** and subject to **HSN**.

Our Note: Going by the wordings of the clarification 11 dated 20.10.2017:- (i) **If the activity of printing gives essential character** to the printed product, it will be **SUPPLY OF SERVICE**, and (ii) **if the usage of the product gives essential character** & activity of printing is ancillary, it will be **SUPPLY OF GOODS**.

Therefore, for convenience and to have a uniform system PAN India, our suggestion is to treat:- (i) All products covered under Chapter 48 (where printing is merely incidental) under SUPPLY OF GOODS, and (ii) All products covered under Chapter 49 (where printing is primary) under SUPPLY OF SERVICES.


b. WHERE CONTENTS & PHYSICAL INPUTS (INCLUDING PAPER) BELONG TO THE PRINTER:-

These contracts would classify as **SUPPLY OF GOODS** under headings of **Chapter 48 & 49** and subject to **HSN**.

We have annexed a table of items normally printed by our members depicting the rates attracted under SAC 9988, SAC 9989 and HSN for each. The products depicted are suggestive in nature and not exhaustive. Specific products may need reference to HSN notes.

This letter is clarificatory in nature and given to our printer members for sharing the status quo regarding applicability of GST rates with their customers.

Disclaimer: The above comments are based on the latest notifications & clarifications of the Ministry of Finance, available with the Federation and the expression in this clarification is our version and interpretation of the same.



AMSG Ashokan
President

ANNEXURE

HSN	CHAPTER 48	HSN rate	Job Work Rate SAC 9988	With Paper Rate SAC 9989
4817	Envelopes	18%	18%	18%
4818	Articles of apparel and clothing accessories , Paper napkins, Table mats	18%	18%	18%
4819	Corrugated paper or paperboard: Cartons, Cases & Boxes	12%	12%	12%
4819	Non-corrugated paper or paperboard: Folding Cartons, Cases & Boxes; Carry Bags, Cones, Catch Cover, Record Sleeves, Box Files	18%	18%	18%
4820	Registers, Account Books, Order Books, Receipt Books, Diaries, Memorandum Pads, Letter Pads, Letter Heads, Clip Binders, Folders (with pouch), Multipart Forms, Albums for samples, Answer Books, Pass Books	18%	18%	18%
4820	Exercise Books, Note Books, Graph Books & Laboratory Note Books	12%	12%	12%
4821	Paper/ Paper Board - Tags, Labels (maybe on stick-on type)	18%	18%	18%
4823	Paper Plates, Paper Cups, Packing & Wrapping Paper	18%	18%	18%
HSN	CHAPTER 49	HSN rate	Job Work Rate SAC 9988	With Paper Rate SAC 9989
4901	Books & Booklets: including Braille Books, Workbooks, Text Books, Technical Publications, Dictionaries, Encyclopaedias, Directories, Prayer & Hymn Books, Children's Books	NA	5%	12%
4901	Informative: Brochures, Leaflets, Pamphlets (excludes devoted to publicity) & Annual Reports	NA	5%	12%
4902	Newspapers, Journals & Periodicals (whether or not illustrated or containing advertising material)	NA	5%	12%
4903	Children's Picture, Drawing or Coloring Books	NA	5%	12%
4904	Music Books	12%	12%	12%
4905	Maps, Atlases	NA	5%	12%
4907	Cheque Forms, Share or Bond Certificates, Mark Sheets, Certificates, Railway Receipts	12%	12%	12%
4909	Printed Cards :Visiting Cards, Picture Postcards, Greeting Cards, Wedding Cards (with or without envelope)	12%	12%	12%
4910	Calendars	12%	12%	12%
4911	Trade Advertising Material : Posters, Commercial Catalogues, Inlay Cards, Year Books, Souvenirs, Tickets, Railway Passes, Identity Cards, Advertising Stickers, OMR sheets, Application Forms, Menu Cards	12%	12%	12%

Disclaimer : This chart has been prepared by our advisory panel. Though care has been taken to give correct classification and rates, you are suggested to verify the same with respect to your specific products.

F. No. 354/263/2017-TRU
Government of India
Ministry of Finance
Department of Revenue
Tax research Unit

North Block, New Delhi
20th October 2017

To,

The Principal Chief Commissioners/Chief Commissioners/ Principal Commissioners/
Commissioner of Central Tax (All) /
The Principal Director Generals/ Director Generals (All)

Madam/Sir,

Subject: Clarification on taxability of printing contracts

Requests have been received to clarify whether supply of books, pamphlets, brochures, envelopes, annual reports, leaflets, cartons, boxes etc., printed with design, logo, name, address or other contents supplied by the recipient of such supplies, would constitute supply of goods falling under Chapter 48 or 49 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) or supply of services falling under heading 9989 of the scheme of classification of services annexed to notification No. 11/2017-CT(R).

2. In the above context, it is clarified that supply of books, pamphlets, brochures, envelopes, annual reports, leaflets, cartons, boxes etc. printed with logo, design, name, address or other contents supplied by the recipient of such printed goods, are composite supplies and the question, whether such supplies constitute supply of goods or services would be determined on the basis of what constitutes the principal supply.

3. Principal supply has been defined in Section 2(90) of the Central Goods and Services Tax Act as supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary.

4. 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.

5. In case of supply of printed envelopes, letter cards, printed boxes, tissues, napkins, wall paper etc. falling under Chapter 48 or 49, printed with design, logo etc. supplied by the recipient of goods but made using physical inputs including paper belonging to the printer, predominant supply is that of goods and the supply of printing of the content [supplied by the recipient of supply] is ancillary to the principal supply of goods and therefore such supplies would constitute supply of goods falling under respective headings of Chapter 48 or 49 of the Customs Tariff.

4. Difficulty if any, in the implementation of the circular should be brought to the notice of the Board. Hindi version would follow.

Yours Faithfully,

Rachna

Technical Officer (TRU)
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[TO BE PUBLISHED IN THE GAZZETE OF INDIA, EXTRAORDINARY, PART II,
SECTION 3, SUB-SECTION (i)]

Government of India
Ministry of Finance
(Department of Revenue)

Notification No. 31/2017-Central Tax (Rate)

New Delhi, the 13th October, 2017

G.S.R.....(E).- In exercise of the powers conferred by sub-section (1) of section 9, sub-section (1) of section 11, sub-section (5) of section 15 and sub-section (1) of section 16 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, and on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India, in the Ministry of Finance (Department of Revenue) No.11/2017- Central Tax (Rate), dated the 28th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* number G.S.R. 690(E), dated the 28th June, 2017, namely:-

In the said notification,

(i) in the Table, -

(a) against serial number 3, -

- A. in item (iii), in column (3), for the words “Government, a local authority or a Governmental authority”, the words “Central Government, State Government, Union territory, a local authority, a Governmental Authority or a Government Entity” shall be substituted;
- B. in item (vi), in column (3), for the words “a local authority or a Governmental authority” the words “a local authority, a Governmental Authority or a Government Entity” shall be substituted;
- C. in items (iii) and (vi), in column (5), for the existing entry, the following entry shall be substituted, namely: -
“Provided that where the services are supplied to a Government Entity, they should have been procured by the said entity in relation to a work entrusted to it by the Central Government, State Government, Union territory or local authority, as the case may be”;
- D. for item (vii), in columns (3), (4) and (5) and the entries relating thereto, the following shall be substituted, namely: -

(3)	(4)	(5)
“(vii) Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017, involving predominantly earth work (that is, constituting more than 75 per cent. of the value of the works	2.5	Provided that where the services are supplied to a Government Entity, they should have been procured by the said entity in relation to a

contract) provided to the Central Government, State Government, Union territory, local authority, a Governmental Authority or a Government Entity.		work entrusted to it by the Central Government, State Government, Union territory or local authority, as the case may be
(viii) Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017 and associated services, in respect of offshore works contract relating to oil and gas exploration and production (E&P) in the offshore area beyond 12 nautical miles from the nearest point of the appropriate base line.	6	-
(ix) Construction services other than (i), (ii), (iii), (iv), (v), (vi), (vii) and (viii) above.	9	-”;

(b) against serial number 8, for item (ii), in column (5), for the word “or” the word “and” shall be substituted.

(c) against serial number 8, for item (vi), in columns (3), (4) and (5) and the entries relating thereto, the following shall be substituted, namely: -

(3)	(4)	(5)
“(vi) Transport of passengers by any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged from the service recipient.	2.5	Provided that credit of input tax charged on goods and services used in supplying the service, other than the input tax credit of input service in the same line of business (i.e. service procured from another service provider of transporting passengers in a motor vehicle or renting of a motor vehicle), has not been taken. [Please refer to <i>Explanation</i> no. (iv)]
	or	
	6	-”;

(d) against serial number 9, for item (v), in columns (3), (4) and (5) and the entries relating thereto, the following shall be substituted, namely: -

(3)	(4)	(5)
“(v) Transportation of natural gas through pipeline	2.5	Provided that credit of input tax charged on goods and services used in supplying the service has not been taken [Please refer to <i>Explanation</i> no. (iv)]
	or	
	6	-
(vi) Goods transport services other than (i), (ii), (iii), (iv) and (v) above	9	-”;

(e) against serial number 10, for item (i), in columns (3), (4) and (5) and the entries relating thereto, the following shall be substituted, namely: -

(3)	(4)	(5)
“(i) Renting of any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged from the service recipient.	2.5	Provided that credit of input tax charged on goods and services used in supplying the service, other than the input tax credit of input service in the same line of business (i.e. service procured from another service provider of transporting passengers in a motor vehicle or renting of a motor vehicle) has not been taken. [Please refer to <i>Explanation</i> no. (iv)]
	or	
	6	-”;

(f) against serial number 15, for item (v), in columns (3), (4) and (5) and the entries relating thereto, the following shall be substituted, namely: -

(3)	(4)	(5)
“(v) Leasing of motor vehicles purchased and leased prior to 1 st July 2017;	65 per cent. of the rate of central tax as applicable on supply of like goods involving transfer of title in goods. Note:- Nothing contained in this entry shall apply on or after 1 st July, 2020.	-
(vi) Financial and related services other than (i), (ii), (iii), (iv), and (v) above.	9	-”;

(g) against serial number 17, for item (vi) in column (3) and the entries relating thereto in columns (3), (4) and (5), the following shall be substituted, namely: -

(3)	(4)	(5)
“(vi) Leasing of motor vehicles purchased and leased prior to 1 st July 2017;	65 per cent. of the rate of central tax as applicable on supply of like goods involving transfer of title in goods. Note:- Nothing contained in this entry shall apply on or after 1 st July, 2020.	-
(vii) Leasing or rental services, with or without operator, other than (i), (ii), (iii), (iv), (v) and (vi) above.	Same rate of central tax as applicable on supply of like goods involving transfer of title in goods	-”;

(h) against serial number 26, in column (3), -

- (i) in item (i), for sub-item (c), the following sub-item shall be substituted, namely: -
“(c) all products falling under Chapter 71 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975);”;
- (ii) in item (i), after sub-item (d), the following sub-item shall be inserted, namely: -
“(da) printing of all goods falling under Chapter 48 or 49, which attract CGST @ 2.5 per cent. or Nil;”

(iii) in item (i), after sub-item (e), the following sub-items shall be inserted, namely: -

“(f) all food and food products falling under Chapters 1 to 22 in the First Schedule to the Customs Tariff Act, 1975 (51of 1975);

(g) all products falling under Chapter 23 in the First Schedule to the Customs Tariff Act, 1975 (51of 1975), except dog and cat food put up for retail sale falling under tariff item 23091000 of the said Chapter;

(h) manufacture of clay bricks falling under tariff item 69010010 in the First Schedule to the Customs Tariff Act, 1975 (51of 1975);”;

(iv) after item (i), in columns (3), (4) and (5)and the entries relating thereto, the following shall be inserted, namely: -

(3)	(4)	(5)
“(ia)Services by way of job work in relation to- (a) manufacture of umbrella; (b) printing of all goods falling under Chapter 48 or 49, which attract CGST @ 6per cent.	6	-”;

(v) in item (ii), after sub-item (b), the following sub-item shall be inserted, namely: -
“(c) printing of all goods falling under Chapter 48 or 49, which attract CGST @ 2.5 per cent. or Nil.”;

(vi) after item (ii), in columns (3), (4) and (5)in column (3) and the entries relating thereto, the following shall be inserted, namely: -

(3)	(4)	(5)
“(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.	6	-”;

(vii)in item (iii), for the word, brackets and figures “and (ii)” the figures, brackets, letters and word “, (ia), (ii) and (iia)” shall be substituted;

(i) against serial number 27, for item (i), in columns (3), (4) and (5)and the entries relating thereto in, the following shall be substituted, namely: -

(3)	(4)	(5)
(i) Services by way of printing of all goods falling under Chapter 48 or 49 [including newspapers, books (including Braille books), journals and periodicals], which attract CGST @ 6 per cent. or 2.5per cent. or Nil, where only content is supplied by the publisher and the physical inputs including paper used for printing belong to the printer.	6	-”;

(ii) in paragraph 2, for the words, brackets and figures “at item (i)”, the words, brackets, figures and letters, “at item (i), item (iv) [sub-item (b), sub-item (c) and sub-item (d)], item (v) [sub-item (b), sub-item (c) and sub-item (d)], item (vi) [sub-item (c)]” shall be substituted;

(iii) in paragraph 4, after clause (viii), the following clause shall be inserted, namely: -

- “(ix) “Governmental Authority” means an authority or a board or any other body, -
(i) set up by an Act of Parliament or a State Legislature; or
(ii) established by any Government,
with 90per cent. or more participation by way of equity or control, to carry out any function entrusted to a Municipality under article 243 W of the Constitution or to a Panchayat under article 243 G of the Constitution.
- (x) “Government Entity” means an authority or a board or any other body including a society, trust, corporation,
i) set up by an Act of Parliament or State Legislature; or
ii) established by any Government,
with 90per cent. or more participation by way of equity or control, to carry out a function entrusted by the Central Government, State Government, Union Territory or a local authority.”.

[F. No.354/173/2017 -TRU]

(Ruchi Bisht)
Under Secretary to the Government of India

Note: -The principal notification was published in the Gazette of India, Extraordinary, *vide* notification No. 11/2017 - Central Tax(Rate), dated the 28thJune, 2017, *vide*number G.S.R. 690 (E), dated the 28th June, 2017 and was last amended by notification No. 24/2017-Central Tax (Rate)dated the 21st September, 2017*vide*number G.S.R. 1179(E), dated the21st September, 2017.