

WEST BENGAL AUTHORITY FOR ADVANCE RULING  
GOODS AND SERVICE TAX  
14 Beliaghata Road, Kolkata – 700015

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| Name of the applicant      | Swapna Printing Works Private Limited                        |
| Address                    | 52. Raja Rammohan Roy Sarani, Amherst Street, Kolkata-700009 |
| GSTIN                      | 19AADCS8593E1ZW  |
| Case Number                | 26 of 2018   |
| ARN                        | AD 1909180002236   |
| Date of application        | September 27, 2018   |
| Order number and date      | 28/WBAAR/2018-19 dated 21.12.2018                            |
| Applicant's representative | Indranil Das, CA   |

1. The Applicant, stated to be engaged primarily in the business of printing, seeks a ruling on whether activities undertaken by procuring orders from a foreign party to print religious texts and thereafter deliver them to various places in India can be classified as “supply of goods” or “supply of services”. The Applicant also seeks a Ruling as to whether this activity can be classified as “export”. Advance Ruling is admissible on the first question under section 97(2)(a) of the CGST/ WBGST Acts, 2017 (hereinafter referred to, collectively, as “the GST Act”). The definition of “export” however, falls under section 2(6) of the Integrated Goods and Services Act, 2017 (hereinafter referred to as “the IGST Act”) and a ruling thereon is out of the purview of this Authority. However, inherent to the concept of whether or not a supply is to be considered as “export” is the issue of determination of liability to pay tax on any supply of goods or services, or both, which is admissible for consideration under section 97(2)(e) of the GST Act. The Applicant further submits that the question raised in the Application is neither decided by nor pending for decision before any authority under any provisions of the GST Act. The officer concerned raises no objection to the admission of the Application. The Application is, therefore, admitted.
2. It appears from the Application and the Applicant's submissions during Personal Hearing that the Applicant, being in the business of printing books and binding them, has received a specific order from a popular foreign customer, namely Gideons International, for printing and binding Bibles. The version of the Bible is specified by the customer under the Evangelistic version of the text. Under the Berne Convention copyright is granted to the author on the creation of work, but in the case of religious texts copyrights are granted to editions if they are unique or are translations. In the United Kingdom, the King James' Version of the Bible is covered by a Crown Copyright. The Gideons International uses the King James' version of the Bible and distributes various editions of the same. The versions the Applicant prints for The Gideons International mention the name of the organization and establish their rights on those versions.
3. It is clear from the above that the rights of the content of the printed matter do not lie with the Applicant. At best it can be said that the Applicant is providing a composite supply wherein the supply of printing a content, rights of which lie with another and thus debarring all likelihood of transfer of title from the Applicant, is the principal supply and the physical inputs, such as paper, ink, binding material, labour etc., are ancillary to this principal supply.

4. TRU Clarification issued under F. No. 354/263/2017-TRU dated 20<sup>th</sup> October 2017 by the Ministry of Finance, Department of Revenue, Government of India, clearly states in Serial no. 4 that:-  
*“In 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 belongs to the printer, supply of printing [of 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’s activity fits this description and to be classified as “supply of services” under the GST Act and such activity, unless anything is found to the contrary, will be leviable to GST @ 12% under Serial No. 27(i) of Notification No 11/2017-CT (Rate) dated 28.06.2017, as amended by Notification No 31/2017-CT(Rate) dated 13.10.2017.

5. The Applicant submits photocopies of purchase orders received from The Gideons International (PO18449 dated 23/02/2018 and PO18765 dated 31/08/2018), and Tax Invoice No. 29/08/2018 dated 29/08/2016, as a prototype of such invoices. The analysis of the transactions is, therefore, based on the Applicant’s written submission and the above-mentioned purchase orders and prototypes of tax invoices.

It appears from the purchase orders that printed copies of the Bible are required to be delivered to the recipient’s branch in India. This apart, as evident from the tax invoice and from the Applicant’s written submission, persons specified by the recipient and located in India also take delivery on behalf of The Gideons International. Such persons, who receive the supply on behalf of the recipient, are also considered recipient, as defined under section 2(93) of the GST Act. The Applicant is, therefore, supplying the service of printing the Bible (the purchase orders and the tax invoice refer to supplying of printing service classifiable under heading 9989) to the recipient located in India.

According to section 2(6) of the IGST Act, “export of services” means the supply of any service when

- a) the supplier of service is located in India;
- b) the recipient of service is located outside India;
- c) the place of supply of service is outside India;
- d) the payment for such service has been received by the supplier of service in convertible foreign exchange; and
- e) the supplier of service and the recipient of service are not merely establishments of a distinct person.

It is, therefore, obvious from the above discussions that the Applicant’s supply is not the export of service, as the recipient of the service is located in India. It violates clause (b) of section 2(6) of the IGST Act.

Furthermore, both the purchase orders and the tax invoice are in INR. Although the Applicant argues that the consideration is being received in US dollars, he has not clarified nor produced any evidence of how payment for purchase orders in INR and tax invoice raised in INR are made in foreign currency. It raises doubt about violation of condition under clause (d) of Section 2(6) of the IGST Act as well.

The Applicant, therefore, is making domestic supplies, on which he is liable to pay GST.

In view of the foregoing, we rule as under

#### **RULING**

The Applicant’s activity of printing the Bible under the specific orders received from The Gideons International is a supply of service classifiable under SAC 9989.

The above service is supplied to the recipient located in India and the consideration is apparently received in INR. The Applicant is, therefore, liable to pay GST under the appropriate Act on such supplies.

This Ruling is valid subject to the provisions under Section 103 until and unless declared void under Section 104(1) of the GST Act.

(SYDNEY D'SILVA)  
Member  
West Bengal Authority for Advance Ruling

(PARTHASARATHI DEY)  
Member  
West Bengal Authority for Advance Ruling