



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 S.V. Kasi Visweswara Rao, Additional Commissioner (State Taxes)
Sri Sahil Inamdar, (I.R.S.), Additional Commissioner (Central Taxes)

A.R.Com/09/2023

Date:22.09.2023

TSAAR Order No.16/2023

**[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. V S Hi-Tech Security Forms Private Limited, Road No. 7, Plot No. 74, Aleap Industrial Estate, Pragathi Nagar Hyderabad, Rangareddy, Telangana -500090 (36AADCV2323F1ZN) has filed an application in FORM GST ARA-01 under Section 97(1) of TGST Act, 2017 read with Rule 104 of CGST/TGST Rules
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, 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/- under SGST and Rs. 5,000/- under CGST towards the fee for Advance Ruling. The Applicant has declared that the questions raised in the application have neither been decided nor are pending before any authority under any provisions of the CGST/TGST Act'2017. The application is, therefore, admitted after examining it and the records called for and after hearing the applicant as per section 98(2) of TGST Act'2017.

4. BRIEF FACTS OF THE CASE:

- 4.1 The applicant M/s. V.S.Hitech Security Forms Private Limited, is engaged in the business of printing of Security printing products like, barcoded OMR answer booklets, OMR sheets, Certificates, Marks Memos.

They have contended in their submissions that they provide printing services to various educational institutions based on their requirements using the paper and ink of the applicant. That the products are designed and printed as per the requirements of particular customer and that such products cannot be delivered to any other person as printing in the applicant case is combined with security features.

- (i) Whether printing of Pre-Examination items like question papers, OMR sheets (optical Mark Reading), answer booklets for conducting of an examination by the educational

boards be treated as exempted supply of service in terms of serial number 66 of Notification No. 12/2017-CGST(Rate), dated 28-06-2017 as amended

- (ii) Whether printing of Post-Examination items like marks card, grade card, certificates to educational boards (up to higher secondary) after scanning of OMR Sheets and processing of data in relation to conduct of an examination be treated as exempted supply of service as per serial Number 66 of Notification No.12/2017-CGST(Rate), dated 28-06-2017 as amended?
- (iii) Whether scanning and processing of results of examinations be treated as exempted supply of service by virtue of in terms of serial Number 66 of Notification No.12/2017-CGST (Rate), dated 28-06-2017 as amended?

The applicant seeks classification of the below products and applicability of exemption given under notification 12/2017, dt.28.06.2017 at serial no. 66(b)(iv), hence this application.

4.2 Company Background:

The applicant M/s. V.S.Hitech Security Forms Private Limited is classified as a private limited company and is located in Rangareddy, Telangana State, they provide printing services to various educational institutions based on their requirements using the paper and ink of the applicant. That the products are designed and printed as per the requirements of particular customer

5. QUESTIONS RAISED:

1. Is supply of Printing of Pre-examination items like printing services viz; OMR sheets, Answer sheets, marks card etc to an educational institution is exempt from GST?
2. Is Printing of Post-examination items like marks card, grade card, certificates to the educational boards of up to higher secondary is exempt from GST?
3. Is Scanning and processing of results of examinations exempt from GST?
4. Whether the Applicant is entitled to avail the exemption on above services as per entry no.66 of the Notification No.12/2017-Central Tax (Rates), Dt.28-06-2017?

6. PERSONAL HEARING:

The Authorized representatives of the unit namely Sri. Nagendra Prasad, Advocate, attended the personal hearing held on 24.05.2023. The authorized representative reiterated averments in the application submitted.

7. DISCUSSION & FINDINGS:

- 7.1 The applicant has sought clarification regarding the applicability of the exemption for the services such as:
- Supply of Printing of Pre-examination items like printing services viz; OMR sheets, Answer sheets, marks card etc. to an educational institution.
 - Printing of Post-examination items like marks card, grade card, certificates to the educational boards of up to higher secondary.
 - Scanning and processing of results of examinations.
 - Whether the Applicant is entitled to avail the exemption on above services as per entry no.66 of the Notification No.12/2017-Central Tax (Rates), Dt.28-06-2017?
- 7.2 Applicant submits that, as per S. No 66 of Notification No.12/2017-Central Tax (Rate), dated 28.06.2017, amended from time to time, GST is exempt in case of 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;
 - (b) to an educational institution, by way of -
 - (i) transportation of students, faculty and staff;

- (ii) catering, including any mid-day meals scheme sponsored by the Central Government, State Government or Union territory;
- (iii) security or cleaning or housekeeping services performed in such educational institution;
- (iv) services relating to admission to, or conduct of examination by, such institution;
- (v) supply of online educational journals or periodicals:

Provided that nothing contained in sub-items (i), (ii) and (iii) of item (b)] shall apply to an educational institution other than an institution providing services by way of pre-school education and education up to higher secondary school or equivalent.

Provided further that nothing contained in sub-item (v) of item (b) shall apply to an institution providing services by way of -

- (i) pre-school education and education up to higher secondary school or equivalent; or
- (ii) education as a part of an approved vocational education course.

7.3 Applicant is of view of that, following questions raised by the them are exempt from GST based on S. No 66(b)(iv) of notification No. 12/2017-Central tax(Rate), as amended from time to time mentioned in previous point.

- i. Printing of Pre examination items like question papers, OMR sheets (optical Mark Reading), Answer booklets for conducting of an examination by the educational boards
- ii. Printing of post examination items like marks card, grade card, certificates to educational boards (up to higher secondary) after scanning of OMR Sheets and processing of data in relation to conduct of an examination
- iii. Scanning and processing of results of examinations

7.4 As per S. No 66(b)(iv) mentioned above, services provided to educational institution by way of services relating to services relating to admission to, or conduct of examination by, such institution are exempt from GST. Printing service of pre examination items like question papers, OMR sheets, answers booklets enables the educational institution to successfully conduct the examination. As printing of pre examination items service used by the educational institution for conduct of examination, applicants is of the view that, exemption mentioned in S. No 66(b)(iv) of Notification No.12/2017-Central tax(Rate) is clearly applicable in their case and GST is exempt on printing of pre examination items.

7.5 Scanning and processing of results service to educational institution are also exempt from GST as per S. No 66(b)(iv) mentioned above, as scanning and processing of the results is the second step for successfully completing the examination by an educational institution. As scanning and procession of the results services are relating to conduct of examination by an educational institution, GST is exempt in applicant's case.

7.6 Applicant is of the view that, printing of post examination items like marks card, grade card, certificates, etc. to educational institution is also exempt from GST based on the S. No 66(b)(iv) mentioned above as marks card or grade cards are the last step in the conduct of examination by the an educational institution. Printing of post examination items serve as a medium for communication of examination results to students. The said activity acts as a last step towards completion of the activity of conducting the examination process by the educational institution. Hence, the services provided by the applicant to the educational institutions by way of supply of post examination materials are exempt from GST.

7.7 Applicant submits that, the word Educational Institute has been defined in the said notification to include- 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 recognised by any law for the time being in force;
- (iii) education as a part of an approved vocational education course;

- 7.8 In applicant's case, they are supplying printing of pre examination material, post examination material, scanning and printing services to State Boards/Universities and thus, specifically supplying the subject products to educational institutes within the meaning of the notification. The said service provided by the applicant to the educational institution is towards conduct of examination. The applicant submits that the aforesaid exemption as outlined in the notification will be applicable to the applicant's case. Thus, the services provided by the applicant to the educational institutions by way of supply of pre-examination materials/post examination material will not be liable to goods and service tax.
- 7.9 The applicant submits that the aforesaid services of printing of preexamination items, post-examination items and scanning and processing of results provided by the applicant to an educational institution is towards conduct of examination. In general, most of the educational institution outsource the above three services to security printing service companies as it requires last amount of printing and security assets. Applicant submit that, design, logo, bar code information and all other details are giving the educational institution, the applicant is merely supplying the service of printing as per the requirements of the educational institution.
- 7.10 In this connection, the applicant would like to draw attention to para 4 of the CBIC circular No.11/11/2017-GST, dated. 20th October, 2017, which is reproduced hereunder for ready reference:
"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"
- 7.11 The applicant further submits that the pre-examination and post examination documents, being printed for clients based on the data/logo/design provided has confidentiality and even the applicant cannot divert or deal with the said content, except for providing the services required by the customers. Thus, the applicant submits that the primacy in the entire activity is dominated by the content supplied by the examination authorities vis-a-vis physical inputs procured at the direction of the examination authorities by the applicant. In view of the above factual situation read with the clarification issued by CBIC cited supra, the applicant submits that the activity rendered by them is classifiable under service category under 9989 of the HSN.
- 7.12 Now the issue is to be decided in this case is whether the supply of test papers/question papers by the applicant for educational institutes should be treated as supply of goods or supply of service as the applicant makes the supply using the paper and ink owned by him.
- 7.13 The supply made by the applicant cannot be classified as selling of question papers to the educational institutes as the content to be printed on them is given by the latter to the applicant. The supply of Printed Question Papers cannot be in toto categorised as supply of goods to the educational institutes, as this is not a case where readymade printed material is bought by recipient who does not own the content in the material to be bought, but it is a composite supply of providing printing services on the papers owned by him. This composite supply involves both supply of printing services and supply of the paper owned by him on which the printing is done as per the content given by the educational institutes.
- 7.14 Printing of test papers/question papers is the Principal supply of the composite supply, made by the applicant, which involves goods and services i.e. papers and printing services.

7.15 The definition of 'composite supply' as per Section 2(30) of CGST/TGST Act'2017 is produced below:

"(30) — 'composite supply' means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply;
Illustration.— Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply;"

7.16 Notwithstanding that the supply of papers is an integral part of the composite supply, without which the content of the test papers/question papers cannot be printed, but the same cannot be called as Principal supply as the purpose for which the educational institutes contracted with applicant is not for buying papers but for the printing services. The content to be printed is based on the specifications given by the educational institutes and the applicant has no role in deciding the same. Therefore supply of printing [of the content supplied by the recipient of supply] is the principal supply and the same is clarified by Circular No. 11/11/2017-GST dated 20.10.2017.

7.17 Relevant extract of Circular No. 11/11/2017-GST dated 20.10.2017 is produced below:

"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."

7.18 Therefore it is clear from the above that Printing of test papers/question papers is the Principal supply of the composite supply and HSN classification of the entire supply should be done based on Principal supply. Supply of test papers/question papers would constitute supply of service falling under heading 9989 of the scheme of classification of services as the usage rights of the manuscript material of Question Papers/test papers (intangible inputs) are owned by the Educational Institutes and the physical inputs used for printing the same belong to the applicant.

7.19 The next issue to be examined is applicability of Sr. No. 66 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, as amended vide clause (o) of Notification No. 2/2018-Central Tax(Rate) dated 25.01.2018, read with Sr. No. 27 of Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017, as amended,

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition
	Heading 9992	Services provided – (a) by an educational institution to its students, faculty and staff;	NIL	NIL

		<p>(aa) by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee;</p> <p>(b) to an educational institution, by way of,-</p> <p>(i) transportation of students, faculty and staff;</p> <p>(ii) catering, including any midday meals scheme sponsored by the Central Government, State Government or Union territory;</p> <p>(iii) security or cleaning or housekeeping services performed in such educational institution;</p> <p>(iv) services relating to admission to, or conduct of examination by, such institution;</p> <p>(v) supply of online educational journals or periodicals :</p> <p>Provided that nothing contained in sub-items (i), (ii) and (iii) of item (b) shall apply to an educational institution other than an institution providing services by way of preschool education and education up to higher secondary school or equivalent :</p> <p>Provided further that nothing contained in sub-item (v) of item (b) shall apply to an institution providing services by way of, (i) pre-school education and education up to higher secondary school or equivalent; or (ii) education as a part of an approved vocational education course.</p>		
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7.20 "Educational Institution" has been defined in the Notification No. 12/2017-Central Tax (Rate) 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 recognised by any law for the time being in force;
(iii) education as a part of an approved vocational education course;

7.21 Therefore, as per Sr. No. 66(b)(iv) of Notification No. 12/2017-Central Tax (Rate), as amended, 'services provided to an educational institution, by way of services relating to admission to, or conduct of examination by, such institution' is exempted from payment of Goods and Services Tax. It is to be noted that exemption is given only to services and not to goods in this Notification and the principal supply of the composite supply made by the applicant is printing services.

7.22 Sr. No. 27 of Notification No. 11/2017-Central Tax (Rate) reads as follows:

Sl. No.	Chapter, Section or Heading	Description of Services	Rate (per cent.)	Condition
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 2.5 per 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) Other manufacturing services; publishing, printing and reproduction services; materials recovery services, other than (i) above.	9	-

7.23 The service of printing of question papers, if supplied by the applicant to other than 'educational institutions' would attract Goods and service tax at rate as specified under Sr. No. 27(i) of Notification No. 11/2017 Central Tax (Rate), as amended, at rate of 12% (CGST 6% + SGST 6% or IGST 12%).

7.24 In this connection, it is to inform that the CBIC has issued a Circular No. 151/07/2021-GST dated 17.06.2021 issued vide F.No.CBIC- 190354/36/2021 and has clarified regarding activities falling under serial no. 66 of Notification No. 12/2017. The relevant portion is reproduced below-

"3.1 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 consideration in the form of entrance fee;

3.2 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)].

3.3 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"

4(ii) GST is also 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 notif No. 12/2017CT(R)]."

7.25 The applicant submitted that Sr. No. 66 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 (tax free services) refers to Heading 9992 – Educational services, which includes pre-primary education services, primary education services, secondary education services, higher education services, specialized education services and also other education and training services and education support services. The applicant submitted that its services are covered at Sr. No. 66(b)(iv), which covers "Services provided to an educational institution, by way of, services relating to admission to, or conduct of examination by, such institution, upto higher secondary".

The word "upto higher secondary" have been omitted at aforesaid Sr. No. 66 vide Notification No. 2/2018-Central Tax (Rate) dated 25.01.2018.

7.26 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 educational institutions under S. No. 66 (b) (iv) of Notification No. 12/2017-CT(R). Therefore the suppliers of these services can avail the benefit of exemption from payment of GST on these services.

7.27 The applicant claims that he supplies Printing of test papers/question papers, OMR sheets, Certificates, Marks Memo, MICR cheque books etc. using his own paper and ink to educational institutions. This is a composite supply, of which Printing services is the principal supply, as defined under Section 2(90) of the Central Goods and Services Tax Act, which makes HSN classification of the supply to be done on printing services which falls under heading 9989. As it is a service done to educational institutions the exemption under S. No. 66 (b) (iv) of Notification No. 12/2017-CT(R) can be availed by him as the said Notification details the services provided to educational institution which are exempt. The same is clarified by Circular No. 151/07/2021-GST CBIC- 190354/36/2021dated:17.06.2021 while dealing with the issue of supply of various services by National and State Boards.

8. In view of the foregoing, we rule as follows:

In view of the above discussion, the questions raised by the applicant are clarified as below:

Questions	Ruling
1. Is supply of Printing of Pre-examination items like printing services viz; OMR sheets, Answer sheets, marks card etc to an educational institution is exempt from GST?	Exempted as explained above
2. Is Printing of Post-examination items like marks card, grade card, certificates to the educational boards of up to higher secondary is exempt from GST?	Exempted as explained above
3. Is Scanning and processing of results of examinations exempt from GST?	Exempted as discussed above
4. Whether the Applicant is entitled to avail the exemption on above services as per entry no.66 of the Notification No.12/2017-Central Tax (Rates), Dt.28-06-2017?	Entitled to avail exemption for the services discussed as above


(S.V. KAST VISWESWARA RAO)
(ADDL. COMMISSIONER (STATE TAXES))


(SAHIL INAMDAR)
(ADDL. COMMISSIONER (CENTRAL TAXES))

[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. V S Hi-Tech Security Forms
Private Limited, Road No. 7,
Plot No. 74, Aleap Industrial Estate,
Pragathi Nagar Hyderabad, Rangareddy,
Telangana -500090.

Copy submitted to :

1. The Commissioner (State Tax) for information.
2. The Commissioner (Central Tax), Medchal Commissionerate, III Floor, Medchal GST Bhavan, 11-4-649/B, Lakdikapul, Hyderabad – 500 004.

Copy to:

3. The Superintendent (Central Tax) Gajularamaram Range