



BEFORE THE AUTHORITY FOR ADVANCE RULING - ANDHRA PRADESH

Goods and Service Tax

D. No. 5-56, Block-B, R.K. Spring Valley Apartments, Eedupugallu, Vijayawada-521151

Present

1. Sri. D. Ramesh, Commissioner of State Tax (Member)
2. Sri. RV Pradhamesh Bhanu, Joint Commissioner of Central Tax (Member)

AAR No.07 /AP/GST/2022 dated:30.05.2022

1	Name and address of the applicant	M/s. Universal Print Systems, Plot No.113, ALEAP Industrial Estate, Surampalli, Nunna, Vijayawada-521212
2	GSTIN	37AACFU2478G1ZZ
3	Date of filing of Form GST ARA-01	09.12.2021
4	Virtual Hearing	07.03.2022
5	Represented by	Sri Subba Rao Pamarthi
6	Jurisdictional Authority - Centre	Superintendent of Central Tax CGST Hanuman Junction Range, Vijayawada Division
7	Clause(s) of section 97(2) of CGST/SGST Act, 2017 under which the question(s) raised	a) Classification of any goods or services or both b) Applicability of a notification issued under the provisions of this Act

ORDER

(Under sub-section (4) of Section 98 of Central Goods and Services Tax Act, 2017 and sub-section (4) of Section 98 of Andhra Pradesh Goods and Services Tax Act, 2017)

1. At the outset we would like to make it clear that the provisions of CGST Act, 2017 and SGST Act, 2017 are in pari materia and have the same provisions in like matter and differ from each other only on a few specific provisions. Therefore, unless a mention is particularly made to such dissimilar provisions, a reference to the CGST Act would also mean reference to the corresponding similar provisions in the APGST Act.
2. The present application has been filed u/s 97 of the Central Goods & Services Tax Act, 2017 and AP Goods & Services Tax Act, 2017 (hereinafter referred to CGST Act and APGST Act respectively) by M/s. Universal Print Systems (hereinafter referred to as applicant), registered under the AP Goods & Services Tax Act, 2017.

3. Brief Facts of the case:

M/s. Universal Print Systems (applicant) is engaged in the business of printing including high end security printing products from the year 2011.

The main products produced by the Applicant include

- a) Bar Coded OMR Answer Booklets, OMR Sheets, Certificates and Marks Memos, etc;
- b) Printing of MICR Cheque books, Fixed Deposit Receipts, Tags and Bonds; and

c) Variable/ Digital/ Personalized Printing of books and certificates.

The Applicant claims that complete end to end solutions are provided for the customer right from designing to the delivery in mass quantity. The Applicant uses the paper and ink, that too as per the approval by the customer in respect of quality as required as per the approved design and deliver the products to specific customer and as such the products designed and printed as per requirements of a particular customer cannot be delivered to any other person.

The Appellant conducts his business by printing the required material as per the designs provided/approved by the customers on the printing medium as required by the customers. The applicant claims that the printing activity in the present case is also combined with security features in many products like cheque books so as to prevent misuse by forgery/replication by unauthorized persons.

Further, the Applicant is also engaged in printing cheque books, fixed Deposit Receipts, Policy Bonds, Seed Certificates, which are to be provided by the banks/financial institutions/LIC of India/ Government Seed Organization strictly to their customers and thus, this activity is also done as per the design/pattern/data being provided by the customer along with the approved size/paper quality etc.

The important products supplied by the applicant are as under:

1. The Examination Answer Sheets, which include Optical Character Reading facilities, Optical Mark Recognition features and these products are printed as per the approved design and pattern; sometimes students data-provided by the educational authority/board. Therefore, these products cannot be sold at large, but have to be printed only in required numbers under strict confidentiality, supervised by such educational authorities.
2. Similarly, the Applicant also prints different types of certificates with security features so that the genuineness of these documents can be prevented from unauthorized misuse/duplication. This activity also involves approved printing as per the design/pattern/data being provided by the customer under their supervision.

The applicant submits that before the onset of Goods and Services Tax, the activity of the Applicant was treated as manufacture by classifying the products under Chapter 49/48 of the First Schedule to the Central Excise Tariff Act, 1985. Simultaneously, the clearance was treated as sale within the meaning of AP VAT Act, 2005.

The applicant further submits that, with the onset of Goods and Services Tax in 2017, a different connotation has been accorded by treating the said activity as supply of service instead of supply of goods in as much as the Applicant does not own the goods at any stage in view of the security features or the nature of the goods which cannot be sold to any other person due to fiduciary value. In view of the above, the services rendered in printing industry, particularly in cases where the design/data/pattern is provided by the customer, are recognized to be a service.

In the light of the above new developments, the Applicant approached this Authority seeking clarification with regard to classification of the products and applicability of

notification for considering the applicable tax rate. The applicant had filed an application in form GST ARA-01 dated 07.01.2022 by paying required amount of fee.

4. Questions raised before the authority:

The Applicant seeks clarification with regard to classification of the products and applicability of notification for considering the tax rate applicable.

(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 28-6-2017 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 by virtue of in terms of Serial Number 66 of Notification No.12/2017-CGST[Rate] dated 28-6-2017 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 28-6-2017 as amended?

On Verification of basic information of the applicant, it is observed that the applicant is under Central jurisdiction, i.e. Superintendent of Central CGST Hanuman Junction Range CGST Vijayawada Division. Accordingly, the application has been forwarded to the jurisdictional officer and a copy marked to the State Tax Authorities to offer their remarks as per Sec. 98(1) of CGST /APGST Act 2017. Remarks are received from State Tax authorities mentioning that no issues are pending with reference to the subject matter of the Ruling.

5. Applicant's Interpretation of Law:

The Applicant submits that the services being rendered by the Applicant to Educational Institutions up to higher secondary as well as above higher secondary are exempt in terms of Serial Number 66 of Notification NO.12/2017-CGST[Rate] dated 28-6-2017 as amended, which is reproduced hereunder for ready reference:

Sl. No	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition
66	Heading 9992	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;	Nil	Nil

		iii) security or cleaning or house-keeping services performed in such educational institution; iv) A services relating to admission to, or conduct of examination by, such institution; provided that nothing contained in sub-items (i), (ii) and (iii) of them (b) shall apply to an educational institution other than an institution providing services by way of pre-school education and education upto 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.		
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The applicant provides the following services like printing of question papers, OMR sheets (Optical Mark Reading), answer booklets, etc., to educational institutions/ universities towards conducting of the examinations. Since, the service provided by the applicant towards pre-examination items will be used by the educational institution for 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 will not be liable to Goods and Service tax.

The services provided by the applicant to the educational boards by way of printing of marks card, grade card, certificates etc., act as a medium for communication of examination results to students. The said activity acts as a last leg towards completion of the activity of conducting the examination process by the educational institution. Hence, 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 post-examination materials will not be liable to Goods and Service tax.

The applicant submits that the aforesaid services of printing of pre-examination items, post examination items and Scanning and processing of results provided by the applicant to an educational institution is towards conduct of examination. The services are normally not carried out by the educational institution by themselves but has to be outsourced to other service providers due to lack of infrastructure for printing, administrative convenience, confidentiality, volume etc. Accordingly, when such Services are procured by the educational institution they tantamount to the services relating to conduct of examination, which will aptly fall within the ambit of exemption outlined under Entry No. 66 of the Notification No. 12/2017 Central Tax (Rate), dated 28th June, 2017 as amended. Hence, the said exemption notification has to be applied to the applicant's case.

6. Virtual Hearing:

The proceedings of Hearing were conducted through video conference on 07.03.2022 for which the authorized representative, Sri Subbarao Pamarthi attended and reiterated the submissions already made.

7. Discussion and Findings:

We have examined the submissions made by the applicant in their application and the assertions made by the authorized representative as well at the time of virtual Hearing.

Even though the applicant is engaged in a plethora of activities and deliver different kinds of products i.e., right from products related to conduct of examinations to printing of cheque books, fixed deposit receipts, policy bonds, seed certificates, consignments notes, letter heads, annual reports/brochures etc., the point of discussion had been confined to the products related to conduct of examinations only. As the applicant approached this authority only with reference to the conduct of examinations, we focus on the same.

We look into the following products related to the conduct of examinations as requested by the applicant i.e., whether

- a. Printing of Pre examination items like question papers, OMR sheets (Optical Mark Reading), Answer booklets;
- b. Printing of Post examination items like marks card, grade card, certificates to educational boards; and
- c. Scanning and processing of results of examinations.

be treated as exempted supplies of service as per Serial Number 66 of Notification No.12/2017-CGST [Rate] dated 28-06-2017 as amended.

The relevant excerpts of the notification are provided hereunder:

Services provided –

- 66 (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 house-keeping services performed in such educational institution;
 (iv) **services relating to admission to, or conduct of examination by, such institution;**

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.*
- (v) supply of online educational journals or periodicals:"*

The same notification further provides the definition of 'educational institution' as under

- (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;"*

In the instant case, the educational institutions as referred to by the applicant for whom the supplies of the services of printing of examination related material are made/ intended to be made are Andhra University, Visakhapatnam, Satavahana University, Board of Secondary Education, Andhra Pradesh; Krishna University, Board of Higher Secondary Examination, Government of Kerala and Dr B R Ambedkar Open University. All these institutions invariably fall under the category of "educational institution" as they fulfil the criterion of '*institution providing services by way of,- (ii) education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force;*'.

Further, with reference to the services provided by the applicant, they are nothing but '*services relating to admission to, or conduct of examination by, such institution*' falling under Sl.No.66 of the said exemption notification of No.12/2017-CGST [Rate] dated 28.06.2017 as amended.

Finally, in view of the above foregoing, we concur with the opinion of the applicant and rule as under.

RULING

(Under Section 98 of Central Goods and Services Tax Act, 2017 and the Andhra Pradesh Goods and Services Tax Act, 2017)

Question: 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 28-6-2017 as amended?

Answer: Affirmative

Question: 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 by virtue of in terms of Serial

Number 66 of Notification No.12/2017-CGST[Rate] dated 28-6-2017 as amended?

Answer: Affirmative

Question 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 28-6-2017 as amended?

Answer: Affirmative

All the above three queries are answered only with reference to the products associated with the conduct of Examinations and the Educational boards/Institutions within the purview of the definition in the Act.

Sd/-D. Ramesh
Member

Sd/-RV Pradhamesh Bhanu
Member

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


Deputy Commissioner (ST)
DEPUTY COMMISSIONER (ST)
O/o. Chief Commissioner of State Tax,
Government of A.P., Vijayawada

To

1. M/s. Universal Print Systems, plot No.113, ALEAP Industrial Estate, surampalli, Nunna, Vijayawada – 521212, Andhra Pradesh **(By Registered Post)**

Copy to

1. The Assistant Commissioner of State Tax, Vuyyuru Circle, Vijayawada –II Division. **(By Registered Post)**
2. The Superintendent, Central Tax, Hanuman Junction Range, Vijayawada Division. **(By Registered Post)**

Copy submitted to

1. The Chief Commissioner (State Tax), O/o Chief Commissioner of State Tax, Eedupugallu, Vijayawada, (A.P)
2. The Principal Chief Commissioner (Central Tax), O/o Principal Chief Commissioner of Central Tax & Customs, Visakhapatnam Zone, GST Bhavan, Port area, Visakhapatnam-530035.A.P. **(By Registered Post)**

Note: Under Section 100 of the APGST Act 2017, an appeal against this ruling lies before the Appellate Authority for Advance Ruling constituted under Section 99 of APGST Act, 2017, with in a period of 30 days from the date of service of this order.