

F. No. 116/29/2015-CX.3
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise and Customs

New Delhi, dated the 23rd February, 2017

To

The Principal Chief Commissioners/ Chief Commissioners of Central Excise (All),
The Principal Chief Commissioners/ Chief Commissioners of Central Excise and Service
Tax (All),
The Director General, DGCEI,
Webmaster.

Sub: Classification of articles of paper and printing industry- regarding

Madam/ Sir,

Representations have been received from trade associations that consequent upon insertion of Chapter note 14 (w.e.f 28.05.2012) to the Chapter 48 of Central Excise Tariff Act, 1985 disputes have cropped up in respect of classification of **railway/bus/other tickets/passes, railway ticket rolls and bus ticket rolls, mark sheets/certificates, OMR Sheets/ Answer Books with OMR, Answer booklets, inland letter cards, passbooks, applications forms, paper outer strip seal, Railway receipt (RR) and practical notebook**. Also, reports received from field formations suggest that there is divergent practice of assessment of these goods. It is therefore, proposed to clarify the classification of these goods to ensure uniformity in practice of assessment across the country.

2. In this connection, statutory provisions are as under:

- a) As per Rule 3 (c) of General Rules for the interpretation of the Schedule, "*when goods cannot be classified by reference to (a) or (b), they shall be classified under the heading which occurs last in numerical order among those which equally merit consideration*".
- b) As per Rule 4 of General Rules for interpretation of the Schedule, "*goods which cannot be classified in accordance with the above rules shall be classified under the heading appropriate to the goods to which they are most akin*".
- c) As per Chapter note 10 of Chapter 48, heading 4820 does not cover loose sheets or cards, cut to size, whether or not printed, embossed or perforated.
- d) As per Chapter note 12 of chapter 48, except for the goods of heading 4814 or 4821, paper, paperboard, cellulose wadding and articles thereof, printed with motifs, characters or pictorial representations, which are not merely incidental to the primary use of goods, fall in Chapter 49.
- e) As per Chapter note 14 (inserted on 28-05-2012) paper and paper products of heading nos. 4811, 4816 or 4820 intended to be used for further printing or

writing are classifiable in their respective headings even if printing is merely incidental to the primary use of goods.

- f) HSN explanatory note (2) to heading 48.20 excludes educational workbooks, sometimes called writing books, with or without narrative texts, which contain printed textual questions or exercises not incidental to their primary use as workbooks and usually with spaces for completion in manuscript. Further, as per HSN explanatory notes (A) to heading 4901, “...*literary works of all kinds, text-books (including educational workbooks sometimes called writing books) with or without narrative texts which contain questions or exercises (usually with spaces for completion in manuscript); technical publications...*” are classifiable under this heading.
- g) Also, as per HSN explanatory notes to heading 49.01 printed cards bearing personal greetings, messages or announcements (heading 49.09), and printed forms which require the insertion of certain additional information for completion are excluded from this heading.
- h) As per explanatory notes to heading 4907 (F), “*Stock, share or bond certificates and similar documents of title are formal documents issued, or for issue, by public or private bodies conferring ownership of, or entitlements to, certain financial interests, goods or benefits named therein. Apart from the certificates mentioned these documents include letters of credit, bills of exchange, travelers’ cheques, bills of lading, title deeds and dividend coupons. They usually require completion and validation.*”
- i) As per explanatory note to heading 49.11, “*Certain printed articles may be intended for completion in manuscript or typescript at the time of use but remain in this heading provided they are essentially printed matter. Thus, printed forms (e.g., magazine subscription forms), blank multi-coupon travel (e.g., air, rail and coach) tickets, circulars, letters, identity documents and cards and other articles printed with messages, notices, etc., requiring only the insertion of particulars (e.g dates and names) are classified in this heading.....*”. The heading 4911 also includes tickets for admission to places of entertainment (e.g., cinemas, theatres and concerts), tickets for travel by public or private transport and other similar tickets.

3. Hon’ble Apex Court in the case of **Holostick India Ltd. V/s Commissioner of Central Excise 2004 (2015 (318) E.L.T. 529 (S.C))** has held that holograms would not fall under chapter 39 though they had the self- adhesive property and were primarily goods made of plastic, yet due to the security features of the stickers, the said holograms will be placed under chapter 49. The reason for such a classification was that the security features gave the hologram their essential feature.

4. In the light of above statutory provisions and decision of the Hon’ble Apex Court, classification of the goods *ibid* was examined and it is clarified as under:

- a) **Railway/ bus/ other tickets/ passes-** (i) These are loose sheets or cards, cut to size and therefore are not covered under heading 4820 and also the provision of Chapter note 14 is

inapplicable in the matter. Printing is not merely incidental to the primary use these goods. Printing alone brings these goods in existence. Explanatory note to heading 49.11 specifically covers these goods. Therefore, these goods are classifiable under heading 4911.

(ii) Similarly, railway ticket rolls, bus ticket rolls and like goods, which have cut/identifiable marks for separation of railway tickets/ bus tickets therefrom and tickets are easily identifiable therein, are also classifiable under heading 49.11.

b) **Mark sheets/ certificates-** These are loose sheets, cut to size and therefore are not covered under heading 4820 and also provision of Chapter note 14 is inapplicable in the matter. The printing on these documents gives their essential character and on being issued (after completion and validation) by the appropriate authority they have fiduciary value in excess of the intrinsic value. In view of explanatory notes to heading 4907 (F) they are classifiable under heading 4907.

c) **OMR sheets-** Like mark sheets and certificates these are loose sheets cut to size and therefore are not covered under heading 4820 and also provision of Chapter note 14 is inapplicable in the matter. The printing on these documents gives their essential character. In view of explanatory note to heading 4911 they are classifiable under heading 4911.

d) **Answer books with or without OMR, answer booklets and passbooks-** These are not loose sheets, cut to size and therefore these are not out of the purview of heading 4820. Printing on these goods is merely incidental and such goods are intended to be used for further printing or writing. Answer books with or without OMR and answer booklets are intended for completion in manuscript while passbooks are intended for completion in manuscript or typescript. Provisions of Chapter note 12 and 14 of Chapter 48 and provisions of Rule 4 of General Interpretative Rules are applicable in the matter and therefore these are classifiable under heading 4820.

e) **Inland letter cards-** These are loose sheets or cards, cut to size and therefore are not covered under heading 4820 and also provision of Chapter note 14 is inapplicable in the matter. These Inland letter cards are printed with all particulars and shall not undergo any further printing or writing. They contain personal information like notices, reminders etc. Sometimes these cards require only insertion of particulars like names and addresses. In the situation, where printing on inland letter cards is not merely incidental, goods are classifiable under heading 4911. However, plain letter cards are classifiable under heading 4817, which reads as “envelopes, letter cards, plain postcards and correspondence cards, of paper or paper boards...”

f) **Application forms-** These are for example bank account opening forms, forms of telecom companies, education institutions, insurance company forms and similar forms printed on specific order of the concerned bank, telephone companies etc. These are loose sheets, cut to size and therefore are not covered under heading 4820 and also provision of Chapter note 14 is inapplicable in the matter. Printing on these forms is not merely incidental. In view of explanatory note to heading 4901 and 4911 these forms are classifiable under heading 4911.

g) **Paper outer strip seals-** These strips are used to seal EVMs (electronic voting machines) and are used by the election commission. For example State Election Commission, Haryana

is printed on these strip seals. These are basically stickers having a self-adhesive feature where printing brings the product into existence. They have security features like guilloche patterns and anti-photocopy features. Therefore in view of printing not merely incidental and decision of Hon'ble Apex Court in the matter of Holostick India Ltd ibid, these strip seals are classifiable under heading 4911.

h) **Railway Receipts (RRs)** – These are continuous computer stationery (4820) and also a document of title (4907). They have security numbering with special features like specific and patterns digit size printed by mechanical boxes using penetrating inks and also hatching of Indian Railway logo in the background. Printing on these receipts is not merely incidental. In view of Rule 3 (c) of General Rule for the interpretation of the Schedule, Hon'ble Apex Court decision in the case of Holostick India Ltd ibid and explanatory notes to heading 4907 (F), these are classifiable under heading 4907.

i) **Practical notebook-** This notebook contains some texts, questions and spaces for exercises. In view of explanatory notes to heading 4820 and explanatory notes (A) to heading 4901, this is classifiable under heading 4901. However, practical notebook which have merely certain questions followed by blank spaces for writing are classifiable under heading 4820 only.

5. Field formations may be suitably informed. Past instructions and circulars on the subject shall stand amended to the extent of conflict with the above circular. Hindi version would follow.


23.2.2017

(Rohan)

Under Secretary to the Government of India