Press Information Bureau
Government of India
Ministry of Finance

23-August-2017 16:58 IST

GST on Selling of space for advertisement in print media – Clarification regarding.

Query has been raised regarding GST applicable on selling of space for advertisement in print media.

Selling of space for advertisement in print media is leviable to GST @ 5%.If the advertisement agency works on principal to principal basis, that is, buys space from the newspaper and sells such space for advertisement to clients on its own account, that is, as a principal, it would be liable to pay GST @5% on the full amount charged by advertisement agency from the client.

Illustration: If newspaper sells a unit of space worth Rs. 100/- to advertisement agency for Rs 85/- (after a trade discount of Rs. 15/-), the advertisement agency sells the same unit of space to client at Rs. 100/-, newspaper would be liable to pay GST @5% on Rs. 85/- (=Rs. 4.25/-), and the advertisement agency would be liable to pay GST on full value, that is, Rs. 100 (=Rs. 5/-) and may utilise ITC of Rs. 4.25/- for payment of the same.

On the other hand, if the advertisement agency sells space for advertisement as an agent of the newspaper on commission basis, it would be liable to pay GST@ 18% on the sale commission it receives from the Newspaper. ITC of GST paid on such sale commission would be available to Newspaper.

Illustration: Advertisement agency sells unit of space to the client not on its own account but on account of newspaper for Rs. 100/- and receives commission of Rs. 15/- for such sale from the Newspaper. In such a case, advertisement agency shall be liable to pay GST @18% on the sales commission of Rs. 15/- (=Rs. 2.7/-), ITC of which shall be available to newspaper for payment of GST @ 5% on Rs. 100/- (value of space for advertisement sold by the newspaper)

However, if the advertisement agency supplies any service other than selling of space for advertisement, such as designing or drafting the advertisement, and such supply is not a part of any composite supply, the same would be liable to tax @18%. If such supplies are part of any composite supply, the rate applicable for the principal supply shall apply.

Therefore, everything depends on the terms of the contract between the newspaper, advertisement agency and the client.

-

***

DSM/SBS/KA