

GST on Education Sector



GST ₹

THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA

Statutory Body under an Act of Parliament

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Objectives of taxation committee

1. Preparation of suggestions and analysis of various tax matters for best management practices and for the professional development of the members of the institute in the field of taxation.
2. Conducting webinars, seminars and conferences etc. on various taxation related matters as per relevance to the profession and use by various stakeholders.
3. Submit representations to the ministry from time to time for the betterment and financial inclusion of the economy.
4. Evaluating opportunities for CMAs to make way for further development and sustenance of the opportunities.
5. Conducting and monitoring of certificate courses on Direct and Indirect tax for members, practitioners, stakeholders and also crash courses on GST for colleges and universities.

Vision Statement

"The institute of cost accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally".

Mission Statement

"The cost and management accountant professionals would ethically drive enterprises globally by creating value to stakeholders in the socio economic context through competencies drawn from the integration of strategy management and accounting"



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Edition December 2019
Revised Edition March 2024

Published by

The President
The Institute of Cost Accountants of India
CMA Bhawan
12, Sudder Street, Kolkata - 700016

Delhi Office

CMA Bhawan
3, Institutional Area, Lodhi Road, New Delhi – 110003

The Institute of Cost Accountants of India
(Statutory body under an Act of Parliament)

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President's Message

Taxing the Education Sector has always been a sensitive issue, as education is seen more as a social activity than a business one. The government has a constitutional obligation to provide free and compulsory elementary education to every child. Thus, to promote education, it would be beneficial if educational services are exempted from tax. However, commercialization of education is also a reality. The distinction between core and ancillary education is blurring and education is now an organised industry with huge revenues.

An education Institution under GST may be considered as an institution providing services by way of:

- Pre-school education and education up to higher secondary school or equivalent;
- Education as a part of a curriculum for obtaining a qualification recognized by any law for the time being in force;
- Education as a part of an approved vocational education course;

These taxability features are also different. Taxable supply means a supply of goods or services or both which is leviable to tax under GST; Services like Transportation of students, faculty and staff; Catering, including any mid-day meals scheme; Security or cleaning or house-keeping services performed in such educational institution etc provided by an educational institution to its students, faculty and staff or to an educational institution are not required to be taxed under GST.

I congratulate Team – Tax Research, fabulous job by the entire Team in publication of this updated edition of 'GST on Education Sector'. I am happy and would like to congratulate other members of the Taxation Committee and knowledge contributors of the Institute for their efforts to bring this out.

CMA Ashwinkumar G. Dalwadi
President



Vice President's Message

I am delighted to learn that, the Tax Research Department of the Institute is publishing a revised version of handbook on "GST on Education Sector". Congratulations to the Team of Tax Research department, congratulate members of the Taxation Committee and knowledge contributors of the Institute for their efforts to bring this publication.

Education is one of the major sectors for any economy shaping the future and prosperity of the nation. Education promotes understanding, vision, creativity and productivity of people which helps in advancement of a country. In India, education is provided both public and private sectors.

The Indian government prioritizes providing affordable education to all reflected in the tax exemptions enjoyed by the education sector, which are either tax-exempt or listed in the negative list. Precisely, educational services and those related to education or higher education provided to students fall under the GST exempt list. This handbook aims to shed light on significant issues pertaining to GST in the specifically on Education Sector.

My hearty congratulations to the Team and the Resource contributors for all the success of the publication and Best of Luck for all future such publications.

With warm regards,

A handwritten signature in black ink, appearing to read 'Bibhuti Bhusan Nayak', with a long, sweeping horizontal stroke extending to the right.

CMA Bibhuti Bhusan Nayak

Vice President



Chairman's Message

Team Tax Research, your sincere efforts are acknowledged, while I write this message for the revised Handbook on 'GST on Education Sector'.

There are special exemptions offered to Education Sector under GST. This handbook stresses on these issues. The educational services exempted under GST are assessment and examination fees, curriculum related or course materials, excursion and field trips related to the course of study or part of curriculum requirement; except for food and accommodation supplied on those trips, and student administrative services such as registration, printing of academic transcripts, issuing or replacement of student cards, late fee payments, administration of the library etc.

The educational services provided by the Assessment agencies approved by the Sector Skill Council or the National Skill Development Corporation, National Skill Development Corporation set up by the Government of India, Sector Skill Councils approved by the National Skill Development Corporation, and Training partners approved by the National Skill Development Corporation or the Sector Skill Council are also exempted from GST.

I congratulate Team – Tax Research, fabulous job by the entire Team in publication of this revised edition of 'GST on Education Sector'. I am elated and would like to congratulate other members of the Taxation Committee and knowledge contributors of the Institute for their efforts to bring this out.

A handwritten signature in black ink, appearing to be 'Rajendra Singh Bhati', written in a cursive style.

CMA Rajendra Singh Bhati
Chairman – Indirect Taxation Committee

Preface

Education is viewed more as a social activity than business activity and hence taxing the same under indirect tax regime has always been a very sensitive and socially impactful issue. Our Government has an obligation to provide free and compulsory elementary education to every child in the country. The GST law tries to ensure a fine balance hereby core education services provided and received by Educational Institutions are exempt from tax and other educational services are envisaged to be taxed at the rate of 18%.

GST Registration of Education Institutions includes Liability to register, Presumptive taxation and Exemption from registration. It further includes Tax Rate on Supply of goods or services by Education Institutions, Type of tax, Payment of tax under RCM, Taxable value. All issue of Invoices and Voucher related to Education Institutions which includes Tax invoice, Bill of supply, Invoice cum Bill of supply, Self-invoicing, Receipt voucher (Advance), Refund voucher and Payment voucher. The handbook also explains provisions related to Input Tax Credit by Education Institutions. Provisions related to Accounts and Audit which includes Books of Accounts, Electronic ledgers, Filing of Regular Returns, GST Annual Return, GST Audit and Journal entries with FAQs on all issues related to GST on Education Institutions.

There have been requests from our stakeholders in updating this handbook and we are happy to publish this new and updated edition. We are also grateful CMA Anil Sharma without whose contributions this publication would not have been so well published.

Thank You.

Tax Research Department

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CHAPTER 1

INTRODUCTION

The history of Indian education has its roots to the ancient ages where they followed the Gurukul system – a system where the students resided in the house of their teacher until the teacher felt that he has imparted all that he could. The subjects taught varied from Sanskrit to Scriptures to Mathematics to Metaphysics and the knowledge attained would be passed on to the future generations. However, this system was changed during the Colonial era when the British set up schools that followed a curriculum confined to subjects such as Mathematics, Science etc. While the ancient system included more interaction with the nature, the modern system was more class room oriented.

Education is one of the most important sector for any economy. The education system of a country decides the economical growth of that country. Education promotes understanding, vision, creativity and productivity of people which helps in advancement of a country.

“Education” is not defined in the GST Acts but as per Supreme Court ruling in “Lok Shikshan Trust v/s CIT” education is process of training and developing knowledge, skill and character of students by normal schooling.

Article 21A of the Indian constitution makes the education as fundamental right for all children of 6th to 14th years of age. GST laws also frames the provision of law in same spirit and has given exemption of taxes on the Services provided both by Govt and Private education institutions right from pre-school up to HSC. Few basic auxiliary input services availed by such education institutions have also been kept outside the preview of GST.

The government has a constitutional obligation to provide free and compulsory elementary education to every child. Thus, to promote education, it would be beneficial if educational services are exempted from tax. However, commercialization of education is also a reality.

In India, education is provided both by public as well as private sectors. Now a days education is ruined by nexus of some select people with huge revenues.

The educational institutions that have been granted the exemption from GST are pre-schools and higher secondary educational institutes – both Private and Government.



To clarify the applicability of GST on Education Sector, we have to differentiate between core and ancillary education since core educational services is exempted from GST and other education services are subject to GST @18%.

What is an Educational Institution under GST?

- ✱ Pre-school education and education up to higher secondary school or equivalent
- ✱ Education as a part of a curriculum for obtaining a qualification recognized by any law for the time being in force
- ✱ Education as a part of an approved vocational education course.

What is approved vocational education course?

- (i) A course run by an industrial training institute or an industrial training centre affiliated to the National Council for Vocational Training or State Council for Vocational Training offering courses in designated trades notified under the Apprentices Act, 1961 (52 of 1961); or
- (ii) A Modular Employable Skill Course, approved by the National Council of Vocational Training, run by a person registered with the Directorate General of Training, Ministry of Skill Development and Entrepreneurship

What is the meaning of Education as a part of curriculum for obtaining a qualification recognized by law?

Educational services as 'a part' of the curriculum that has been prescribed for obtaining a qualification prescribed by law and conduct of degree courses by colleges, universities or institutions which lead grant of qualifications recognized by law would be exempted from GST.

Training given by private coaching institutes would not be covered as such training does not lead to grant of a recognized qualification.

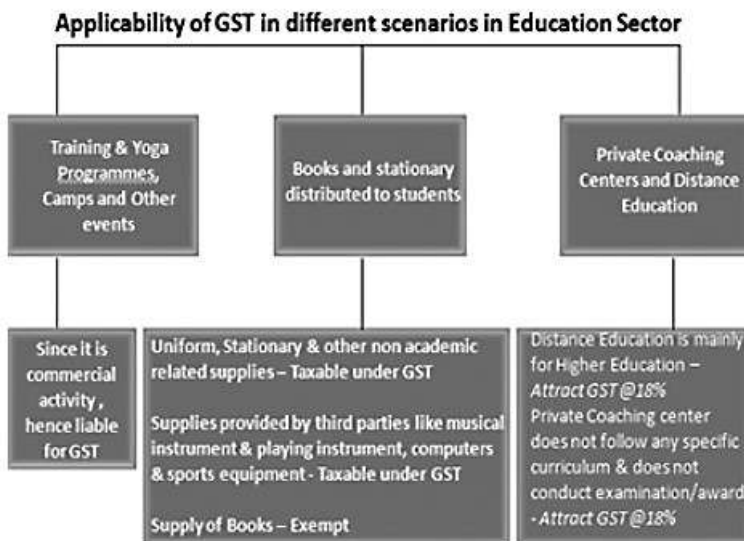
Education Services are classified in heading 9992 and are further sub-divided into six groups comprising of

1. Pre-primary education services
2. Primary education services
3. Secondary Education Services
4. Higher education services
5. Specialized education services



6. Other education & training services and educational support services

Under the GST regime, core educational services has been exempted vide Notification No. 12/2017-CT(R) dated 28 June 2017/ Notification No. 09/2017- Integrated Tax (Rate) as amended from time to time.



Place of Supply for Educational Services

GST must be collected and remitted by the supplier of services. While levying GST, the supplier must make a distinction between inter-state and intra-state supply to levy IGST or CGST and SGST. For educational services, the place of supply can be determined as follows:

- ✳ If supply is made to a person having GST registration, the place of supply would be the location of such person.
- ✳ If supply is made to a person other than a registered person, then place of supply would be where the event is held.

Composite and Mixed Supply

If utilities for education, lodging and boarding provided by the boarding schools are combined into a single structure, it is exempted from GST. If the value of education or lodging or boarding are attached then these services are bundled, and their taxability will be determined in terms of the principles laid down. In case the fee structure is distinct for education, lodging and boarding, then



such services would be evaluated separately. Since the predominant factor of education is determined by its service, the idea of providing residence will not be considered taxable.

Charitable Trust

Charitable Trusts running educational institutions are exempt from GST. Apart from the general exemption available to all educational institutions, charitable activities of entities listed under Section 12AA of the Income Tax Act is also exempt. The term charitable activity, as defined in the notification is as follows:

If a trust involves in educating orphans, homeless children, physically/mentally challenged persons, the needy etc, residing in rural areas, it would be treated as charitable and such incomes would be excluded from GST.

Registration of Educational Institutions

Educational Institute is providing only education as a service, then fees charged by the educational institute would attract Nil rate. In that case that educational institute is not required to be registered.

Educational Institute is providing not only education, but also providing other services i.e providing books & uniforms to students, then that educational institute is liable to be registered subject to threshold limit of Rs. twenty lakh as provided under the law.

Once an education Institution or trust got registered under the GST Acts, all provisions related to returns, payment of tax, RCM, Records and Audit etc. under GST Acts shall be applicable and it has to compliance it.

Provisions of presumptive registration, if turnover is upto Rs. fifty lakh are also applicable if any institution opted for the same.



CHAPTER 2

EXEMPTED AND NON-EXEMPTED EDUCATION SERVICES

Services provided by an educational institution to students, faculty and staff –

- ✱ The education provided by the private school from pre- school to higher secondary is exempted under GST.
- ✱ Transportation of students, faculty and staff;
- ✱ Catering, including any mid-day meals scheme sponsored by the Central Government, State Government or Union territory;
- ✱ Security or cleaning or house-keeping services performed in such educational institution;
- ✱ Services relating to admission to, or conduct of examination by, such institution up to higher secondary:
- ✱ Entrance exam fee is exempted from the GST
- ✱ Income from education is wholly exempt from GST if a charitable trust is running a school, college or education institution for abandoned, orphans, homeless children, physically or mentally abused persons, prisoners or persons over the age of 65 years or above residing in a rural area.
- ✱ Government or local authority or governmental authority carrying on the activity of education is exempted from GST as this is not included in the ambit of supply of services. For Example – Government schools / Municipal schools.
- ✱ GST is not leviable on foods and drinks that are supplied by schools (up to higher secondary) directly to their students.
- ✱ National skill development corporation set up by the Indian government
- ✱ National skill development corporation approved sector skill councils
- ✱ National skill development corporation approved assessment agencies
- ✱ The national skill development programs approved by NSDC



- ✱ Vocational skill development program approved under national skill certification and monetary rewards scheme
- ✱ Any scheme implemented by NSDC with training partners
- ✱ Exemption also extends to residential PG programs managed by IIM – Post Graduate Diploma in Management, admission in which is granted via CAT
- Fellowship programs in Management
- 5-Year Integrated Programs in management studies (but excludes the Executive Development Program).

Education Related Services:

- ✱ Curriculum related or course materials,
- ✱ Assessment and examination fees,
- ✱ Student administrative services such as registration, printing of academic transcripts, issuing or replacement of student cards, late fee payments, administration of the library etc
- ✱ Excursion and field trips related to the course of study or part of curriculum requirement, except for food and accommodation supplied on those trips

The exemption has also been granted to the services provided by the IIM –

- ✱ 2 - year full-time residential PG programs in Management for Post Graduate Diploma in Management, admission in which is granted via CAT
- ✱ Fellowship programs in Management
- ✱ 5-Year Integrated Programs in management studies (but excludes the Executive Development Program)

Following are not Exempt from GST:

- ✱ Supplies provided by third parties like the musical instrument, computers, sports equipment,
- ✱ After school activities offered directly by third parties,
- ✱ Food and accommodation supplied for the excursion as described above,



- ✱ Uniform, stationery, and other non-academic related supplies
- ✱ If the school runs summer camp or coaching classes for other students apart from the school students.
- ✱ If the school rents the school premise for marriage and other functions.
- ✱ Training programmes, Camps, Yoga sessions, karate sessions, Music/ Dance training sessions, swimming training, Cricket Academy and Crash Courses etc are also taxable under GST.
- ✱ Hostel facilities provided to students
- ✱ Campus Placement services not exempted

If institution or trust as the case may be, sponsors any event of non-corporate entity than tax is applicable under RCM.

Education by Coaching Institutes

Coaching institutes are playing a very important role in today's competitive world for the students preparing for government exams, IITs, banking, and other professional and competitive courses. Most of the students are enrolling in the coaching institutes and want to crack the competitive exams. Education by Coaching Institutes attracts 18% GST.

GST Applicability to School-provided Food and Drinks

Food items supplied by school canteens and mess are taxable at 5 % GST rate with no input tax credit.

Applicability of GST on Higher Educational Institutions

The GST exemption on procurements is available only to schools (from pre-school up to higher secondary school or its equivalent).

But the 'input' or supply of services such as transportation, catering, housekeeping, services relating to admission or conduct of examination to higher educational institutions will bear GST levy. This will have to be borne by the higher educational institution.

Applicability of GST on Training programs, camps, yoga programs and other events

Training programs, camps, yoga programs and other events is considered a commercial activity, liable for GST.



Whether books or stationery distributed to students covered under GST?

Uniform, stationery, and other non-academic related supplies are taxable under GST. Supplies provided by third parties like the musical instrument, computers, sports equipment and after-school activities offered directly by third parties are also taxable.

Supply of books is exempt under GST.

Chargeability of GST on Private Coaching centres and Distance Education

- ✱ Private institution and coaching centers do not have any specific curriculum and do not conduct any examination or award any qualification. Hence, taxable at the rate of 18 % GST.
- ✱ Distance Education is taken up generally for higher education and hence taxable at the rate of 18 % GST.

Example

- I. ABC Pvt. Ltd. is a GST registered person. Gross turnover of the company for the immediately preceding financial year is Rs. 50 lakh. It provides the following information pertaining to its outward supply- for the month of July 2018
 - Running a boarding school-Rs. 2,40,000 - Exempt
 - Fees from an employer for campus interview – Rs. 1,70,000 – Taxable @18%
 - Education services for obtaining the qualification recognised by law of a foreign country – Rs. 3,10,000 Taxable @18%
 - Renting of furnished flats for temporary stay different persons (rent per day is less than Rs.1,000 per person) - Rs. 1,20,000 - TAXABLE
 - Conducting modular employable skill course, approved by the National Council of Vocational Training – Rs. 1,40,000 -Exempt
 - Providing private tuitions – Rs. 3,00,000 Taxable @18%
- I. XYZ Ltd. provides the following information relating to their gross receipts from services for the month of November 2018 –
 - Running a Boarding School (including receipts for providing residential dwelling services – Rs.12,00,000) - 28,00,000 -Exempt



- Conducting private tuitions -16,00,000-Taxable
- Education services for obtaining a qualification recognised by law of a foreign country - Rs. 8,00,000 – Taxable as foreign law ca not apply in India
- Service under Deen Dayal Upadhyaya Grameen Kaushalya Yojana - 10,00,000 Exempt
- Fees from prospective employers for campus interview Rs.6,00,000 -Taxable as ‘manpower recruitment service’
- Renting of furnished flats for temporary stay to different persons – Rs. 6,80,000. – Taxable.

The SAC code and GST rate for educational services are as below:

SAC Code	Description of Service	Rate
9992	Education Services Non-conventional courses of short duration, training programmes for working people and educational events organised by a foreign based entity.	18%
9992	Services provided – (A) by an educational institution to its students, faculty and staff; (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; up to higher secondary: Provided that nothing contained in entry (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 <u>Services provided by the Indian Institutes of Management, as per the guide lines of the Central Government, to their students, by way of the following educational programmes, except Executive Development Programme</u>	Exempted



	<p>(a) two-year full time Post Graduate Programmes in Management for the Post Graduate Diploma in Management, to which admissions are made on the basis of Common Admission Test (CAT) conducted by the Indian Institute of Management;</p> <p>(b) fellow programme in Management;</p> <p>(c) five-year integrated programme in Management.</p>	
90 or any Chapter	<p>(a) Technical aids for education, rehabilitation, vocational training and employment of the blind such as Braille typewriters, braille watches, teaching and learning aids, games and other instruments and vocational aids specifically adapted for use of the blind Braille instruments, paper etc.</p>	5%
9993	<p>(a) Services provided by rehabilitation professionals recognized under the Rehabilitation Council of India Act, 1992 (34 of 1992) by way of rehabilitation, therapy or counselling and such other activity as covered by the said Act at medical establishments, educational institutions, rehabilitation centers established by Central Government, State Government or Union territory or an entity registered under section 12AA [or 12AB] of the Income-tax Act, 1961 (43 of 1961).</p> <p><i>(Inserted vide notification no. 28/2018 dt 31.12.2018.)</i></p>	NIL
HSN CODE 9023	<p>Instruments, apparatus and the models, designed for demonstration purposes (for example, in education or exhibitions), which is not suitable for other uses.</p> <p><i>(Inserted vide notification no. 41/2017 dt 14.11.2017.)</i></p> <p><i>*prior to that it was at the rate of 28%</i></p>	18%*



CHAPTER 3

PRACTICAL APPROACH

A printer company supplying books directly to a nursery school and raised invoice

Taxable value - 40,000

CGST - Nil

SGST - Nil

.....
Invoice Value 40,000

At the time of filling GSTR-I, this table has to be filled.

8A, 8B, 8C, 8D - Nil Rated Supplies 0

Total Nil Amt

₹0.00

Total Non-GST Amt

₹0.00

Total Exempted Amt

₹0.00

Put Rs. 40,000 in the column “Nil Rated Supplies” in the respective row “intra state supplies to registered persons” if service supplied to registered person or “intra state supplies to unregistered persons” if service supplied to unregistered person.

Similarly, if Supply made to another state, then put the amount in the respective row “inter-state supplies to registered persons” in case of supply to registered person or “inter-state supplies to unregistered persons” in case of supply to unregistered person.



Item Details

Description	Nil Rate Supplies	Exempted (Other than Nil rated/non-GST supply (0))	Non-GST Supply (0)
Intra-state supplies to registered person	00.00	00.00	00.00
Inter-state supplies to unregistered person	00.00	00.00	00.00
Intra-state supplies to registered person	00.00	00.00	00.00
Inter-state supplies to unregistered person	00.00	00.00	00.00

At the time of filing GSTR-3B, this table has to be filled.

5. Exempt, nil and Non GST inward supplies

Inter-state supplies
₹0.00

Intra-state supplies
₹0.00

Put Rs. 40,000 in the row “from a supplier under composition scheme, exempt and nil rate supply” in the respective column “intra-state supplies” or “inter-state supplies” as applicable.

Nature of Supplies	Inter-State Supplies (₹)	Intra-State Supplies (₹)
From a supplier under composition scheme, Exempt and Nil rated supply	₹0.00	₹0.00
Non GST supply	₹0.00	₹0.00



A pre-school received Rs. 5,000 from every student	
Taxable value -	5,000
CGST -	Nil
SGST -	Nil
.....	
Invoice Value 5,000	

At the time of filing GSTR-I, this table has to be filled.

8A, 8B, 8C, 8D - Nil Rated Supplies		0
Total Nil Amt		Total Exempted Amt
□0.00		□0.00
Total Non-GST Amt		
□0.00		

Put Rs. 5,000 in the coloumn “Exempted” in the respective row “intra state supplies to registered persons” or “intra state supplies to unregistered persons” or “inter-state supplies to registered persons” or “inter-state supplies to unregistered persons” as applicable.

Description	Nil Rate Supplies	Exempted (Other than Nil rated/non-GST supply (0))	Non-GST Supply (0)
Intra-state supplies to registered person	00.00	00.00	00.00
Inter-state supplies to unregistered person	00.00	00.00	00.00
Intra-state supplies to registered person	00.00	00.00	00.00
Inter-state supplies to unregistered person	00.00	00.00	00.00

At the time of filing GSTR-3B, this table has to be filled.



5. Exempt, nil and Non GST inward supplies

Inter-state supplies

₹0.00

Intra-state supplies

₹0.00

Put Rs. 5,000 in the row “from a supplier under composition scheme, exempt and nil rate supply” in the respective column “intra-state supplies” or “inter-state supplies” as applicable.

Nature of Supplies	Inter-State Supplies (₹)	Intra-State Supplies (₹)
From a supplier under composition scheme, Exempt and Nil rated supply	₹0.00	₹0.00
Non GST supply	₹0.00	₹0.00



CHAPTER 4

RELEVANT NOTIFICATIONS & CIRCULARS

Circular No. 28/02/2018 -GST Date: 08.01.2018

Sub: Clarifications regarding GST on College

Hostel Mess Fees.

The educational institutions having mess facility for providing food to their students and staff. Such facility is either run by the institution/ students themselves or is outsourced to a third person. Supply of food or drink provided by a mess or canteen is taxable at 5% without Input Tax Credit.

Circular No. 32/06/2018-GST Dated: 12.02.2018

Sub: Clarifications regarding GST in respect of certain services as decided in 25th GST Council meeting.

Clarification has been described regarding hostel accommodation provided by Trusts to students covered within the definition of Charitable Activities and thus, exempt under Sl. No. 1 of notification No. 12/2017- CT (Rate). Hostel accommodation services do not fall within the ambit of charitable activities as defined in para 2(r) of notification No. 12/2017-CT (Rate). However, services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having declared tariff of a unit of accommodation below one thousand rupees per day or equivalent are exempt. Thus, accommodation service in hostels including by Trusts having declared tariff below one thousand rupees per day is exempt. [Sl. No. 14 of notification No. 12/2017-CT(Rate) refers].

Circular No. 55/29/2018- GST Date- 10th August 2018

Taxability of services provided by Industrial Training Institutes (ITI)

- ✳ Whether GST is payable on vocational training provided by private ITI in designated trades and in other than designated trades.
- ✳ Services provided by private ITI's in respect of designated trades (under the apprenticeship act, 1961).As a corollary services provided by such ITI's in respect of other designated trades will not be exempt.
- ✳ Whether GST is payable on service provided by private ITI's for conduct



of examination against consideration in the form of entrance fees and also on services related to admission to or conduct of examination.

- 1) For designated trades – it will be exempt
 - 2) For non-designated trades – it will not be exempt
- ✳ Services provided by a Government ITI to an individual trainees or students is exempt under sr. no.6 of notification 12/2017-CT(R) dated 28.06.2017 as these are in the nature of services provided by the Central or State Government to individuals. Such exemption would cover both – vocational training and examinations conducted by these Government ITI's.

Circular No. 66/40/2018-GST Date -26 Sep 2018

Subject: GST on Residential programmes or camps meant for advancement of religion, spirituality or yoga by religious and charitable trusts - reg.

- ✳ The services provided by entity registered under Section 12AA of the Income Tax Act, 1961 by way of advancement of religion, spirituality or yoga are exempt. Fee or consideration charged in any other form from the participants for participating in a religious, Yoga or meditation programme or camp meant for advancement of religion, spirituality or yoga shall be exempt.
- ✳ Residential programmes or camps where the fee charged includes cost of lodging and boarding shall also be exempt as long as the primary and predominant activity, objective and purpose of such residential programmes or camps is advancement of religion, spirituality or yoga.
- ✳ However, if charitable or religious trusts merely or primarily provide accommodation or serve food and drinks against consideration in any form including donation, such activities will be taxable.
- ✳ Similarly, activities such as holding of fitness camps or classes such as those in aerobics, dance, music etc. will be taxable.

Circular No. 82/2019 Date – 1st January 2019

Applicability of GST on various programmes conducted by the Indian Institutes of Managements (IIMs).

All the IIMs listed in the schedule to the IIM Act are “institutions of national importance” & they are empowered to



1. grant degrees, diplomas, and other academic distinctions or titles,
2. specify the criteria and process for admission to courses or programmes of study,
3. and specify the academic content of programmes.

Therefore, with effect from 31st January, 2018, all the IIMs are “educational institutions” as defined under notification No. 12/ 2017- Central Tax (Rate) dated 28.06.2017 as they provide education as a part of a curriculum for obtaining a qualification recognised by law for the time being in force.

At present, Indian Institutes of Managements are providing various long duration programs (one year or more) for which they award diploma/ degree certificate duly recommended by Board of Governors as per the power vested in them under the IIM Act, 2017. Therefore, it is clarified that services provided by Indian Institutes of Managements to their students in all such long duration programs (one year or more) are exempt from levy of GST.

For the period from 1st July, 2017 to 30th January, 2018, IIMs were not covered by the definition of educational institutions as given in notification No. 12/ 2017 Central Tax (Rate) dated 28.06.2017. Thus, they were not entitled to exemption under Sl. No. 66 of the said notification.

However, there was specific exemption to following three programs of IIMs under Sl. No. 67 of notification No. 12/2017- Central Tax (Rate): –

- i. 2 year full time Post Graduate Programmes in Management for the Post Graduate Diploma in Management, to which admissions are made on the basis of Common Admission Test (CAT) conducted by the Indian Institute of Management,
- ii. fellow programme in Management,
- iii. 5 years integrated programme in Management.

Therefore, for the period from 1st July, 2017 to 30th January, 2018, GST exemption would be available only to three long duration programs specified above.

It is further, clarified that with effect from 31st January, 2018, all IIMs have become eligible for exemption benefit under Sl. No. 66 of notification No. 12/ 2017- Central Tax (Rate) dated 28.06.2017.

As such, specific exemption granted to IIMs vide Sl. No. 67 has become redundant. The same has been deleted vide notification No. 28/2018- Central



Tax (Rate) dated, 31st December, 2018 w.e.f. 1st January 2019.

For the period from 31st January, 2018 to 31st December, 2018, two exemptions, i.e. under Sl. No. 66 and under Sl. No. 67 of notification No. 12/2017- Central Tax (Rate), dated 28.06.2017 are available to the IIMs.

The legal position in such situation has been clarified by Hon'ble Supreme Court in many cases that if there are two or more exemption notifications available to an assessee, the assessee can claim the one that is more beneficial to him. Therefore, from 31st January, 2018 to 31st December, 2018, IIMs can avail exemption either under Sl. No 66 or Sl. No. 67 of the said notification for the eligible programmes.

Indian Institutes of Managements also provide various short duration/ short term programs for which they award participation certificate to the executives/ professionals as they are considered as "participants" of the said programmes. These participation certificates are not any qualification recognized by law. Such participants are also not considered as students of Indian Institutes of Management. Services provided by IIMs as an educational institution to such participants is not exempt from GST. Such short duration executive programs attract standard rate of GST @ 18% (CGST 9% + SGST 9%).

Following summary table may be referred to while determining eligibility of various programs conducted by Indian Institutes of Managements for exemption from GST.

Periods	Programmes offered by Indian Institutes of Management	Whether exempt from GST
1st July, 2017 to 30th January, 2018	<ul style="list-style-type: none">i. two year full time Post Graduate Programmes in Management for the Post Graduate Diploma in Management, to which admissions are made on the basis of Common Admission Test (CAT) conducted by the Indian Institute of Management,ii. fellow programme in Management,iii. five years integrated programme in Management	Exempt from GST
	<ul style="list-style-type: none">i. One year Post Graduate Programs for Executives,ii Any programs other than those mentioned at Sl. No. 67 of notification No. 12/2017- Central Tax (Rate), dated 28.06.2017.ii All short duration executive development programs or need based specially designed programs (less than one year).	Not exempt from GST

Periods	Programmes offered by Indian Insti-tutes of Management	Whether exempt from GST
31st January, 2018 onwards	All long duration programs (one year or more) conferring degree/diploma as recommended by Board of Governors as per the power vested in them under the IIM Act, 2017 including one year Post Graduate Programs for Executives.	Exempt from GST
	All short duration executive development programs or need based specially designed programs (less than one year) which are not a qualification recognized by law.	Not exempt from GST

This clarification applies, mutatis mutandis, to corresponding entries of respective IGST, UTGST, SGST exemption notifications.

Circular No. 85/2019 Date – 1st January 2019

Clarification on GST rate applicable on supply of food and beverage services by educational institution.

Representations have been received seeking clarification as to the rate of GST applicable on supply of food and beverages services by educational institution to its students.

It has been stated that the words “school, college” appearing in Explanation I to Entry 7 (i) of Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017 give rise to doubt whether supply of food and drinks by an educational institution to its students is eligible for exemption under Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017 Sl. No 66, which exempts services provided by an educational institution to its students, faculty and staff.

Notification No.11/2017- Central Tax (Rate) dated 28.06.2017, Sl. No. 7(i) prescribes GST rate of 5% on supply of food and beverages services.

Explanation I to the said entry states that such supply can take place at canteen, mess, cafeteria of an institution such as school, college, hospitals etc. On the other hand, Notification No. 12/2017-Central Tax (Rate), Sl. No. 66 (a) exempts services provided by an educational institution to its students, faculty and staff.

There is no conflict between the two entries. Entries in Notification No. 11/2017-Central Tax (Rate) prescribing GST rates on service have to be read together with entries in exemption Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017.



A supply which is specifically covered by any entry of Notification No. 12/2017-Central Tax (Rate) dated 28-06-2017 is exempt from GST notwithstanding the fact that GST rate has been prescribed for the same under Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017.

Supply of all services by an educational institution to its students, faculty and staff is exempt under Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, Sl. No. 66. Such services include supply of food and beverages by an educational institution to its students, faculty and staff. As stated in explanation 3 (ii) to Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 Chapter, Section, Heading, Group or Service Codes mentioned in column (2) of the table in Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 are only indicative.

Accordingly, it is clarified that supply of food and beverages by an educational institution to its students, faculty and staff, where such supply is made by the educational institution itself, is exempt under Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, vide Sl. No. 66 w.e.f. 01-07-2017 itself.

However, such supply of food and beverages by any person other than the educational institutions based on a contractual arrangement with such institution is leviable to GST@ 5%.

In order to remove any doubts on the issue, Explanation I to Entry 7(i) of Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017 has been amended vide Notification No. 27/2018-Central Tax (Rate) dated 31.12.2018 to omit from it the words "school, college".

Further, heading 9963 has been added in Column (2) against entry at Sl. No. 66 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, vide Notification No. 28/2018-Central Tax (Rate) dated 31.12.2018.

Circular No. 164 /20 /2021-GST

Subject:- Coaching services to students provided by coaching institutions and NGOs under the central sector scheme of "Scholarships for students with Disabilities"

Clarifications regarding Free coaching services provided by coaching institutions and NGOs under the central scheme of "Scholarships for students with Disabilities" where entire expenditure is provided by Government to coaching institutions by way of grant in aid.

Entry No:- 72 of notification No. 12/2017- Central Tax (Rate) dated 28th June, 2017, exempts services provided to the Central Government, State Government, Union territory administration under any training



programme for which total expenditure is borne by the Central Government, State Government, Union territory administration.

it is clarified that services provided by any institutions / NGOs under the central scheme of „Scholarships for students with Disabilities” where total expenditure is borne by the Government is covered under entry 72 of notification No. 12/2017-Central Tax (Rate) dated 28th June, 2017 and hence exempt from GST.

Circular No. 151/07/2021-GST

Subject:- – Clarification regarding GST on supply of various services by Central and State Board (such as National Board of Examination)–reg

- i. GST is exempt on services provided by Central or State Boards (including the boards such as NBE) by way of conduct of examination for the students, including conduct of entrance examination for admission to educational institution

[under S.No. 66 (aa) of notif No. 12/2017-CT(R)]. Therefore, GST shall not apply to any fee or any amount charged by such Boards for conduct of such examinations including entrance examinations.

- 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. 12/2017- CT(R)].
- iii. GST at the rate of 18% applies to other services provided by such Boards, namely of providing accreditation to an institution or to a professional (accreditation fee or registration fee such as fee for FMGE screening test) so as to authorise them to provide their respective services.

Circular No. 149/05/2021-GST

Subject:- Clarification regarding applicability of GST on supply of food in Anganwadis and Schools

clarification regarding applicability of GST on the issues as to whether serving of food in schools under Mid-Day Meals Scheme would be exempt if such supplies are funded by government grants and/or corporate donations.

The issue was examined by GST Council in its 43rd meeting held on 28th May, 2021.



So, it is clarified that services provided to an educational institution by way of serving of food (catering including mid-day meals) is exempt from levy of GST irrespective of its funding from government grants or corporate donations [under said entry 66 (b)(ii)]. Educational institutions as defined in the notification include aganwadi. Hence, serving of food to anganwadi shall also be covered by said exemption, whether sponsored by government or through donation from corporates.

Notification No 27/2018 -CGST- (Rate)

Seeks to amend notification No. 11/2017- Central Tax (Rate) so as to notify CGST rates of various services as recommended by Goods and Services Tax Council in its 31st meeting held on 22.12.2018

- (b) against serial number 7, in column (3), in item (i), in Explanation I, the words “school, college” shall be omitted

Notification No 28/2018 dt. 31.12.2018 Central Tax-(Rate)

Sub: Seeks to amend notification No. 12/2017- Central Tax (Rate) so as to exempt certain services as recommended by Goods and Services Tax Council in its 31st meeting held on 22.12.2018.

- (e) against serial number 66, for the entry in column (2), the following entry shall be substituted namely: - “Heading 9992 or Heading 9963”;
- (f) serial number 67 and the entries relating thereto, shall be omitted;

Notification No. - 45/2017- Central Tax (Rate) Date -14/11/2017

Subject - Seeks to provide concessional GST rate of 2.5% on scientific and technical equipments supplied to public funded research institutions.

This Notification is regarding exemption of goods such as Scientific and technical instruments, apparatus, equipment (including computers), accessories, parts, consumables and live animals (experimental purpose) etc, from so much of the central tax leviable thereon under section 9 of the said Act, as in excess of the amount calculated at the rate of 2.5 per cent., when supplied to the institutions i.e. Public funded research institution other than a hospital or a University or an Indian Institute of Technology or Indian Institute of Science, Bangalore or a National Institute Technology/ Regional Engineering College.



Notification No. - 47/2017-Integrated Tax (Rate) Date -14/11/2017

Subject - Seeks to provide concessional GST rate of 5% on scientific and technical equipments supplied to public funded research institutions

Exemption of goods such as Scientific and technical instruments, apparatus, equipment (including computers), accessories, parts, consumables and live animals (experimental purpose) etc, from so much of the integrated tax leviable thereon under section 9 of the said Act, as in excess of the amount calculated at the rate of 5 per cent, when supplied to the institutions i.e. Public funded research institution other than a hospital or a University or an Indian Institute of Technology or Indian Institute of Science, Bangalore or a National Institute Technology/ Regional Engineering College.



CHAPTER 5

CASE LAWS

Recruitment services rendered by an intermediary to students of foreign universities are not 'export of services' Global Reach Education Services (P.) Ltd. vs. AAR West Bengal

Fact of the Case

1. The assessee provided recruitment services to the students seeking admission in foreign universities and the consideration for such receives was received in convertible foreign exchange from such foreign universities.
2. It filed an application for advance ruling to decide if such services should be treated as an export of service.
3. The applicant contended that as per Section 13(2) the place of such supply should be deemed to be outside India as location of service recipient is outside India.

Decision of the Case

1. The Authority for Advance Ruling (AAR) held that such services would be provided only as a representative of the University and not as an independent service provider.
2. Being an intermediary service provider, the place of supply shall be determined as per section 13(8)(b) of the IGST Act and not under section 13(2) of the IGST Act.
3. Therefore, the place of supply shall be the location of service provider.
4. As the condition for export of service was not satisfied, the assessee's service to the foreign universities would not qualify as 'Export of Services'. Hence, such service would be taxable under the GST Act.

No GST on Educational Institutions providing Degree courses under Related Curricula to Students:

Karnataka AAR M/s Emerge Vocational Skills Private Ltd. vs. Karnataka AAR

Case No. - Advance Ruling No. KAR ADRG 20 / 2018

Date – 13.08.2018



Fact of the Case

1. A private limited company engaged in providing specified educational services in the field of Hotel management is the applicant in the present case.
2. They propose to obtain an affiliation with the university in the state of Karnataka.
3. They contended before the authority of advance ruling that they are affiliated to a university in the state of Karnataka. The examination would be conducted by the university and successful candidates would be issued certificate which are recognized by law.
4. So, the institution would be treated as “Educational Institution”.

Decision of the Case

1. Services provided by an educational institution to the students, faculty & staff is exempted from GST by Notification No 66 – 12/2017 dt. 28.06.2017.
2. The Authority for Advance Ruling, Karnataka has held that service providing degree course by educational institution to the students are exempted from GST.
3. The authority noted that the applicant is not imparting pre-school education or education up to higher secondary school or equivalent and hence can be exempt.

GST payable on Executive PG Programme at IIM: Madhya Pradesh AAR Indian Institute of Management

Prabandh Shikhar vs. Madhya Pradesh AAR

Case No. – 10/2018

Date – 10.08.2018

Fact of the Case

1. In the present case IIM-Indore is the applicant.
2. They are providing executive post graduate program (EPGP) as an educational institution and issue certificate of qualification which is recognized by any law. They contended this being covered under IIM Act qualifies for exemption under GST.
3. They extended that they should get benefit of the exemption from



liability of paying GST on EPGP since they are providing education as a part of curriculum for obtaining a qualification recognized by law.

Decision of the Case

1. There is a notification of exemption for two years full time post graduation programmes, Fellow Program and Five years integrated program.
2. The authority also clarified that the notification for exemption of various education programmes conducted by IIMS except the executive development programme and EPGP.
3. Exemption shall be applicable to only the flagship programs of the IIMs irrespective of the enactment of IIMS Act 2017.
4. So the applicant in the instant case shall be chargeable to GST for EPGP.

Whether on Sale of religious books or DVDs in Satsang would attract GST or it is exempt under any notification:

Facts of the case:

1. In the given case, assessee sales religious books and DVD in the Sansang.
2. He is contented that organisation's principal activity was the advancement of religious. And spiritual activities and not carrying out a business as contemplated under section 2(17) of the GST Act.
3. Hence the ancillary services such as sale of religious books or DVD in satsang or accommodation services provided by such organisation would not be attract GST

Decision of the Case

1. Authority held that there is no specific exemption under the GST Act.
2. Also held that if primary services are exempted then it does not mean that incidental or ancillary services related to main services are also exempt.
3. The sale of spiritual products which was incidental or ancillary to main charitable object of assessee could be said to be business.
4. Such transaction done by charitable trust or organisation registered u/s 12AA of the income tax would qualify as Supply. GST would be attracted and required to pay by the organisation.



**IIM Kolkata is 'Educational Institution', Eligible for GST
Exemption: West Bengal AAR**

IIM Kolkata vs. West Bengal AAR Case no. - WBAAR 22 OF 2018

Date - 06/08/2018

Facts of the case:

1. Indian Institute of Management, Kolkata sought for a clarification that whether they should be treated as an "Educational Institution" after the enactment of the IIM Act w.e.f 31.01.2018 and whether they are eligible for the GST Exemption under Notification No. 12/2017 Central Tax (Rate).
2. The applicant submitted that they are eligible to grant degrees, diplomas and other academic distinctions or titles and to institute and award fellowships, scholarships, prizes and medals, honorary awards and other distinctions .
3. Therefore they are eligible for exemption under entry no. 66(a) of the Exemption Notification No. 12/2017 dt 28.06.2017.

Decision of the Case

Since the IIM is eligible to grant degree, diplomas & other academic distinctions, so the West Bengal Advance Ruling Authority (AAR) has held that the Indian Institute of Management (IIM) should be treated as an 'educational institution' for the purpose of getting the GST exemption.

**Food supplied in Canteens of Office & Colleges on Contractual
Basis attracts 5% GST:AAR**

**M/S prism hospitality services pvt. Ltd.Vs. telangana AAR Case No.
- TSAAR Order No. 12/2018**

Date -26.09.2018

Facts of the case:

1. The applicant is engaged in the business of Cleaning Services, maintenance of canteens in Industries, Educational establishments, providing food to student mess/s, training institutes and so on since the year 2005.
2. They provide transportation services to a training institute for carting food from one building to another for service/ sale and applicant charges separate transport charges, the applicant needs to discharge



GST on gross amount (cost of Food + cost of Transportation) at the rate of 18% GST.

3. It was said that the food promoted by the applicant is of a working nature such as working lunch etc by saving the time of the employee and increase productivity.
4. The menu served for the outdoor Catering in almost all the cases is of a superior nature befitting the event such as a wedding/party/conference.

Decision of the Case

The authority held that the activity of supply of food in canteens of office, factory, hospital, college, industrial unit etc. on contractual basis is taxable at rate of 2.5% CGST + 2.5% SGST and the supplier is not eligible for the input tax credit under amended notification.

No GST on Collecting Exam Fee from Students and Remitting same to that Particular University:AAR

Applicant Name - M/s Arivu Educational Consultants Pvt. Ltd

Advance Ruling – KAR ADRG 116/2019

Date-30.09.2019

Fact of the Case

1. In the present situation the Applicant provides coaching, learning and training services in relation to under- graduate, graduate and post-graduate degree, diploma and professional courses on a standalone bases to students or for any institution, corporate, company, institutes, universities and colleges in the subject and branches of all types of disciplines such as commerce, hardware, software, computer, science etc.
2. The applicant acts as pure agent
3. So the examination fees collected from the students / institution/ university/corporate/company etc to be excluded from GST

Decision of the Case

1. The authority of advance ruling observed that The applicant is collecting the exact amount payable to institute or college or universities as exam fee from the students (service recipient) and remits the same amount to the respective institute or college or universities (third party) without any profit element or additions, on the authorization of the student.



2. This payment is separately indicated in the invoice issued to the respective students. The applicant providing this kind of services to the student in 'addition to the services as training and coaching institute.
3. Hence the applicant satisfies all the conditions of the pure agent as narrated in Rule 33 of the COST Rules, 2017.
4. Therefore, amount of the fee collected by the applicant from the student as exam fee which is remitted to the respective institute or college or universities is excluded from the value of supply".

Books 'Sulekh Sarita Parts I to V' are 'Printed Books': Exempted from GST: Delhi HC

Sonka Publication India Private Limited vs. Union of India & others

Case No. – W.P.(C)10022/2018 & CM 39032/2018

Date - 07.05.2019

Fact of the Case

1. In the present case the petitioner is the books "Sulekh Sarita Parts I to V".
2. The petitioner approached the High Court challenging an AAR order wherein the authority had held that the books sold by the petitioners are classifiable as excisable goods and asked the petitioners to get registered if it had GST liability under Reverse Charge Mechanism.
3. Against the order, the petitioner raised a question that whether the books published by the Petitioner, viz., Sulekh Sarita Parts I to V are printed books classifiable as 'Excisable Books'.

Decision of the Case

1. The learned justice of honorable bench observed that that an educational text is like a handholding exercise for a child.
2. At the end of the course, by using these books, the attempt is to enhance the educational value addition as far as the child is concerned. The attempt is to help the child think on his own and to enable the teacher to evaluate the child's output.
3. The bench further observed that the emphasis was on a "functional characteristics" of a book.
4. In the present case, the "workbooks" or "practice books" printed and



sold by the Petitioner certainly fall in the latter category i.e. they test the child's knowledge, ask questions which the child has to answer, and facilitate evaluating the child's understanding.”

5. Consequently, this Court is satisfied that in the present case, the books published and sold by the Petitioner are classifiable under HSN 49.01 and not HSN 48.02. In terms of Notification No.2/2017-Central Tax (Trade) dated 28th June 2017 i.e. Entry No.119 thereunder, such goods classifiable under HSN 49.01 i.e. 'printed books, including Braille books' are wholly exempted from tax.

**Online Journals supplied to IIM not subject to RCM under GST:
Karnataka AAAR**

**IIM Bangalore vs. Karnataka AAR
Case No. – KAR/AAAR/08/2018-19
Date – 08.03.2019**

Fact of the Case

1. In the present case the applicant qualifies as an 'educational institution' as defined under clause 2(y) of the Notification No. 12/2017 Central Tax (Rate) dated 28/06/2017 and is eligible for exemption under entry no. 66(a) of the Exemption Notification.
2. The applicant claimed that they are eligible to tax exemption in respect of long duration postgraduate diplomas and degree-granting programmes.
3. They also claimed that exemption is available for the supply of online journals and periodicals to the IIM is also exempted from reverse charge mechanism in view of the Notification No 02/2018.

Decision of the Case

1. The Appellate authority held that with effect from 31st January 2018, the long duration fast graduate diploma/ degree programs offered by IIM13, where a degree/ diploma is conferred as recommended by the Board of Governors as per the power vested on them under the IIM Act, 2017, will be eligible for exemption from GST.
2. Regarding the supply of online educational journals or periodicals to the IIMB, the authority held that the said supply would be exempted from reverse charge.
3. The Appellant in their additional submissions have stated that they subscribe to on journals and periodicals for its students and faculty, both from within India and abroad.



4. The Appellate Authority for Advance Ruling (AAAR), Karnataka has held that the supply of online journals and periodicals to the IIM Bangalore is exempted from reverse charge mechanism under GST.



CHAPTER 6

FAQ

Should educational institutions be registered under GST?

Educational institution providing only education as a service - Fees received by that educational institution are chargeable at NIL rate and also such educational institutions are not required to be registered.

Educational institutions are providing other supplies or other services, i.e., providing books to students, providing shoes or uniforms etc to students – That Educational Institutions are liable to get themselves registered.

Are services provided by way of education as a part of a prescribed curriculum for obtaining a qualification recognized by a law of a foreign country covered in the negative list entry?

No. Education service provided as per recognition of Indian law are eligible to be included in negative list only.

What is the Rate of GST on Services Provided by an Education Institution to its Students, Staff and Faculty?

As per the Entry at S. No. 66 of Notification No. 12/2017

– Central Tax (Rate), Services Provided by an Education Institution to its Students, Staff and Faculty are liable to NIL Rate of GST.

Is this exemption includes Catering Service, Supply of Food and Transportation Service by an education institution to its Student, Staff & Faculty?

All services provided by an Education Institution directly to its Students, Staff and Faculty are exempted including Catering Service, Supply of Food and Transportation Service.

Is the services provided by Higher Education Institution (i.e. College and University) to its Students, Staff & Faculty are exempted?

YES



There is a confusion from Clarification of TRU of CBIC vide Circular No. 28/02/2018 dated 08-01-2018 that GST is payable @ 5% on Mess & Canteen Services for Supply of Food & Drinks?

This was an interpretation error and the same has been rectified on 18-01-2018 by way of a Corrigendum to Circular No. 28/02/2018 in which it has been clarified as below:-

“2.1 If the catering services is one of the services provided by an educational institution to its students, faculty and staff and the said educational institution is covered by the definition given under para 2(y) of notification No. 12/2017-Central Tax (Rate), then the same is exempt. [Sl.No.66(a) of notification No. 12/2017-Central Tax (Rate) refers]

2.2 If the catering services, i.e., supply of food or drink in a mess or canteen, is provided by anyone other than the educational institution, then it is a supply of service at entry 7(i) of notification No. 11/2017-CT (Rate) [as amended vide notification No. 46/2017-CT (Rate) dated 14.11.2017] to the concerned educational institution and attracts GST of 5% provided that credit of input tax charged on goods and services used in supplying the service has not been taken, effective from 15.11.2017.”

Are services provided by way of education as a part of a prescribed curriculum for obtaining a qualification recognized by a law of a foreign country covered in the negative list entry?

No. To be covered in the negative list a course should be recognized by an Indian law.

What will be the treatment in case of Bundled Supply or Mixed Supply of Service by an Education Institution e.g. Boarding & Lodging Service by Boarding Schools?

Boarding schools provide service of education coupled with other services like providing dwelling units for residence and food. This may be a case of bundled services if the charges for education and lodging and boarding are inseparable.

*Such services in the case of boarding schools are naturally bundled and supplied in the ordinary course of business. Therefore, the bundle of services will be treated as consisting entirely of the principal supply, which means these service forms the predominant element of such a bundle. In this case since the predominant nature is determined by the service of education, the other service of providing residential dwelling will not be considered for the purpose of determining the tax liability and in this case the entire **consideration for the supply will be exempt.***



Where a course in a college leads to dual qualification only one of which is recognized by law, would service provided by the college by way of such education be covered by the exemption notification?

Provision of dual qualifications is in the nature of two separate services as the curriculum and fees for each of such qualifications are prescribed separately. Service in respect of each qualification would, therefore, be assessed separately.

If an artificial bundle of service is created by clubbing two courses together, only one of which leads to a qualification recognized by law, then by application of the rule of determination of taxability of a supply which is not bundled in the ordinary

course of business, it shall be treated as a mixed supply as per provisions contained in section 2(74) read with section 8 of the CGST Act, 2017. The taxability will be determined by the supply which attracts highest rate of GST.

However incidental auxiliary courses provided by way of hobby classes or extra-curricular activities in furtherance of overall well-being will be an example of naturally bundled course, and therefore treated as composite supply.

One relevant consideration in such cases will be the amount of extra billing being done for the unrecognized component viz-a-viz the recognized course. If extra billing is being done, it may be a case of artificial bundling of two different supplies, not supplied together in the ordinary course of business, and therefore will be treated as a mixed supply, attracting the rate of the higher taxed component for the entire consideration.

Annexure

Service Accounting Codes (SAC) for Educational activities:

Main Group :9992 Education services

99921 Pre-primary education services

999210 Pre-primary education services

This service code includes i. education services usually provided by nursery schools, kindergartens, pre-schools, centres for early childhood education, centres for infant education or special sections attached to primary schools. Pre-primary education is defined as the initial stage of organized instruction designed primarily to introduce very young children to a school-type environment, that is, to provide a bridge between the home and a school-based atmosphere.

This service code does not include: - recreational and vacation camps for children, cf. 996313 - child day-care services, cf. 999351

99922 Primary education services

999220 Primary education services

This service code includes educational services provided at the first level i.e., from classes I to V; primary education provided under education guarantee scheme and alternative and innovative scheme; Provision of literacy programmes for adults at primary level; Special education for handicapped students at primary level; Other primary education activities n.e.c..

99923 Secondary Education Services

This group includes:

- ✳ educational services for secondary programmes that become increasingly specialized as a student moves from one level to the next. These programmes can be general or technical/vocational according to the following definitions:
- ✳ General programmes: Covers education which is not designed explicitly to prepare participants for a specific class of occupations or trade or for entry into further vocational or technical education programmes.
- ✳ Technical/Vocational: Covers education that prepares participants for direct entry, without further training, into specific occupations. Successful completion of such programmes leads to a labour-market relevant vocational qualification.



999231 Secondary education services, general

This service code includes General School Education from classes VI to X; General school education from XI to XII, giving, in principle access to higher education; Provision of literacy programmes for adults at secondary level; Special education for handicapped students at secondary level; Other secondary education activities n.e.c..

999232 Secondary education services, technical and vocational.

This service code includes:

- i. educational services generally aiming to complete the provision of basic skills and knowledge of the primary level, although teaching is typically more subject-focused, often employing more specialized teachers who conduct classes in their field of specialization. These services cover education that prepares participants for direct entry, without further training, into specific occupations. Successful completion of such programmes leads to a labour-market relevant vocational qualification.

This service code also includes:

- ii. services related to the provision of special education programmes at this educational level

99924: Higher education services

999241: Higher education services, general

This service code includes higher education services, above higher secondary level, in fields such as humanities, arts, social sciences etc.

999242 Higher education services, technical

This service code includes higher education services, above higher secondary level, in technical fields such as engineering, medical, bio-technology etc.

999243 Higher education services, vocational

999249 Other higher education services

99925 Specialised education services

999259 Specialised education services

This service code includes education services leading to an advanced research qualification, such as a doctoral degree, in various fields.



99929 Other education & training services and educational support services

999291: Cultural education services

This service code includes piano and other music instruction services; art instruction services; dance instruction services and dance studios; art instruction except academic photography instruction

999292 Sports and recreation education services

This service code includes

i. sports instruction services by sports camps and schools or by professional sports instructors, teachers or coaches to groups of individuals. It does not include the provision of such services by academic schools, colleges and universities.

ii. sports instruction (baseball, basketball, cricket, football, hockey, tennis, figure skating, etc.)

iii. camps, sports instruction

iv. gymnastics instruction

v. riding instruction

vi. swimming instruction

vii. martial arts instruction

viii. card game instruction (such as bridge)

ix. yoga instruction

This service code does not include:

- ✳ recreational or vacation camps that include sports training or instruction, cf. 996313
- ✳ incidental sports and recreation instruction by academic schools, colleges or universities, cf. group 99921-99925

999293 :Commercial training and coaching services

This service code includes any training or coaching provided by any institute or establishment providing commercial training or coaching for imparting skill or knowledge or lessons on any subject or field other than the sports,



with or without issuance of a certificate and includes coaching or tutorial classes

999294 : Other education and training services n.e.c.

This service code includes:

- i. training for car, bus, lorry and motorcycle driving licences
- ii. training for flying certificates and ship licences
- iii. computer training services
- iv. management training services
- v. services provided by music camps, science camps, computer camps and other instructional camps, except for sports
- vi. education services not definable by level

This service code does not include:

- ✳ services related to literacy programmes for adults, cf. 999220, 999231
- ✳ higher education services comparable to the regular education system, cf. 99924, 99925
- ✳ cultural education services, cf. 999291
- ✳ education services provided by instructors, coaches, etc., as part of sporting activities, cf. 999292

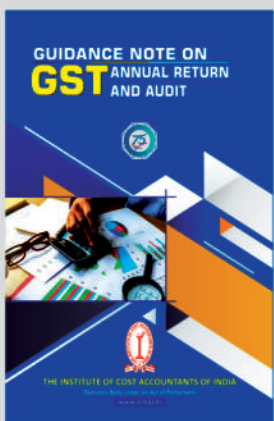
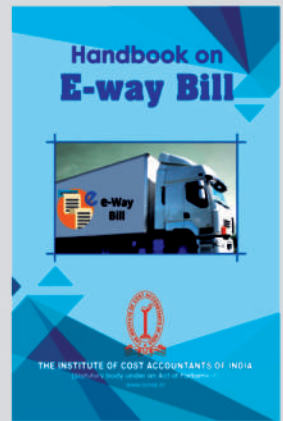
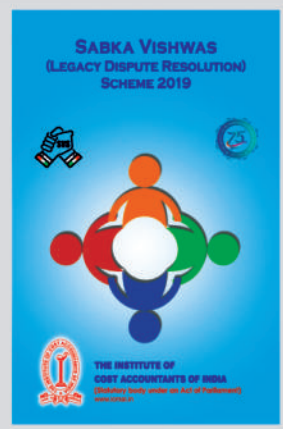
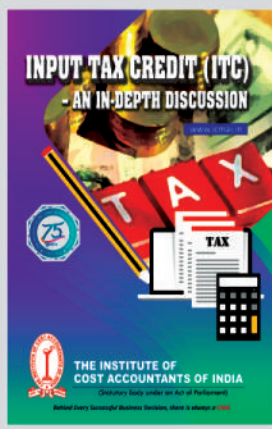
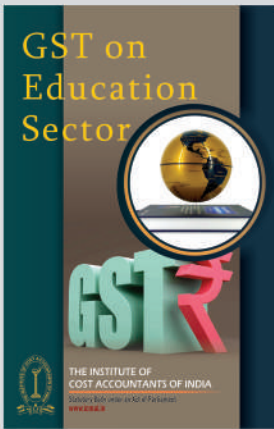
999295: services involving conduct of examination for admission to educational institutions.

This service code includes all services provided with respect to conduct of examinations for admission to various courses/groups in various grades.

999299: Other Educational support services

This service code includes on-instructional services that support educational processes or systems, such as educational consulting, educational guidance counselling services, educational testing evaluation services, educational testing services, organization of student exchange programmes.

Tax Research Department Publications:



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