

# GST ON EDUCATION SERVICES

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# Overview of Topics covered

- ❖ Introduction
- ❖ Legal Provisions
- ❖ Definition of Educational Institution
- ❖ Taxability of Education Services
- ❖ Taxable Education Services
- ❖ Exempt Education Services
- ❖ Place of supply
- ❖ Major areas to be focussed
- ❖ Checklist for Education Services

# Introduction

- Different levels of Education:
  - Pre-primary - Nursery to UKG
  - Primary - 1st - 5th Class
  - Secondary - 6th - 10th Class
  - Higher Secondary - 11th and 12th class or Intermediate
  - Higher Education - Degree and above
  
- Core educational services are exempt from GST.
  
- However, commercial education services are taxable @18%.

# Legal Provisions

- Section 9 of the CGST Act / Telangana GST Act, 2017, empowers us to levy and collect CGST and SGST on Education services.
- Similarly Section 5 of the IGST Act, 2017, empowers us to levy and collect IGST on Education services.
- Notification No.11/2017- CT(R) dt.28-06-2017 (as amended from time to time) regarding taxable services
- Notification No.12/2017- CT(R) dt.28-06-2017 (as amended from time to time) regarding exempt services

# Taxability of Education Services

- Education services are taxable @18% under Heading 9992 (Notification No.11/2017- CT(R) dt.28-06-2017 as amended from time to time)
- List of education services which are exempt is exhaustive.
- However, list of taxable education services is not exhaustive.
- Hence any service which can be classified as education service and is not specifically exempt becomes taxable @18%.

# Classification of Education Services

<b>Service Code</b>	<b>Service Description</b>	<b>Taxable/Exempt</b>
<b>9992</b>	<b>Education Services</b>	
999210	Pre-Primary education services	Exempt
999220	Primary education services	Exempt
999231	Secondary education services, general	Exempt
999232	Secondary education services, technical and vocational	Exempt
999241	Higher education services, general	Taxable/Exempt
999242	Higher education services, technical	Taxable/Exempt
999243	Higher education services, vocational	Taxable/Exempt

# Classification of Education Services

Service Code	Service Description	Taxable/Exempt
<b>9992</b>	<b>Education Services</b>	
999249	Other higher education services	Taxable/Exempt
999259	Specialised education services	Exempt
999291	Cultural education services	Taxable/Exempt
999292	Sports and recreation education services	Taxable/Exempt
999293	Commercial training and coaching services	Taxable
999294	Other education and training services nowhere else classified	Taxable
999295	Services involving conduct of examination for admission to educational institutions	Taxable/Exempt
999299	Other educational support services	Taxable

# Definition of Education Services

Educational institution means an institution providing services by way of:

- Pre-School education to Intermediate
- Those providing qualification recognised by any law for the time being in force, as part of curriculum (Curriculum means the subjects comprising a course of study)
- Approved vocational education course



# Taxable Education Services

- Commercial training and coaching services
- Services provided by the Indian Institutes of Managements, by way of the Executive Development programme.
- Any other services provided by the Indian Institutes of Managements which are not specifically exempted.
- Certification courses, online or otherwise, offered by various educational institutions/Universities.

# Taxable Education Services

- Commercial training and coaching services
- Services provided by an educational institution for obtaining a qualification not recognised by any law for the time being in force.  
Eg: Foreign University.
- Certification courses, online or otherwise, offered by various educational institutions/Universities.
- Some reputed educational institutions charge a fee from Corporates/MNCs which come to their institutions to recruit candidates through campus interviews. They are taxable services.

# Taxable Education Services

- Child day-care services are taxable @18% under HSN 999351
  - There are exclusive day-care centres providing day-care services for children and
  - Some of the Schools also provide child day-care services
- Any other service which can be classified as Education service under Heading 9992 which is not specifically exempted is a taxable service.

# Taxable Education Goods

- Technical aids for education, rehabilitation, vocational training and employment of the blind,
- teaching and learning aids, games and other instruments and vocational aids specifically adapted for use of the blind Braille instruments, paper etc
  - Taxable @5% under 90 or any Chapter.
- Instruments, apparatus and models,
  - designed for demonstrational purposes
  - (for example, in education or exhibitions), unsuitable for other uses - Taxable @28% under HSN 9023.

# Exempt Education Services

## Exempt Outward Supply:

- Services provided by an educational institution to its students, faculty and staff. It means,
  - Pre-School education to Intermediate - Exempt
  - Those providing qualification recognised by any law for the time being in force - Exempt
  - Approved vocational education course - Exempt

# Exempt Education Services

## Exempt Outward Supply:

- Services provided by an educational institution
  - by way of conduct of entrance examination against consideration in the form of entrance fee.
  
- Services provided to the Central Government, State Government, Union Territory administration
  - under any training program
  - for which total expenditure is borne by the
  - Central Government, State Government, Union Territory administration.

# Exempt Education Services

## Exempt Outward Supply:

- Services provided by:
  - The National Skill Development Corporation set up by the Government of India
  - a Sector Skill Council approved by the National Skill Development Corporation
  - an assessment agency approved by the Sector Skill Council or the National Skill Development Corporation
  - a training partner approved by the National Skill Development Corporation or the Sector Skill Council,

# Exempt Education Services

## Exempt Outward Supply:

- Services provided by the National Centre for Cold Chain Development under the Ministry of Agriculture, Cooperation and Farmer's Welfare by way of cold chain knowledge dissemination.



# Exempt Education Services

## Exempt Inward Supply:

- Services provided **to** an educational institution by way of:
  - Transportation of students, faculty and staff (Pre-school to Intermediate only)
  
  - Catering, including any mid-day meals scheme sponsored by the Central Government, State Government or Union Territory (Pre-school to Intermediate only)

# Clarification on taxability

- It is clarified by CBIC 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% without availing input tax credit.

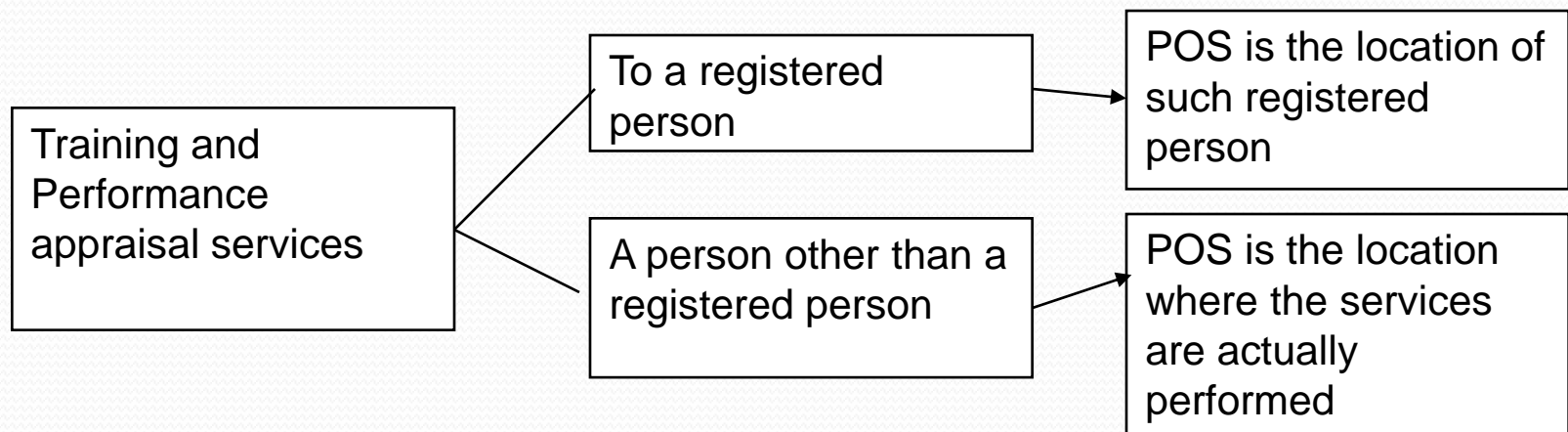
# Exempt Education Services

## Exempt Inward Supply:

- Security or cleaning or house-keeping services performed in such educational institution (Pre-school to Intermediate only),
- Services relating to admission to, or conduct of examination by, such institution (All Educational Institutions),
- Supply of online educational journals or periodicals (Only for those educational institutions providing qualifications recognised by law)

# Place of Supply

- As per Section 12(5) of the IGST Act, 2017, the place of supply of services in relation to training and performance appraisal to, -
  - (a) a registered person, shall be the location of such person;
  - (b) a person other than a registered person, shall be the location where the services are actually performed.



# Place of Supply

**Example 1:** M/s ABC Ltd, a software company registered at Cochin hired the services of M/s PQR Ltd of Bangalore, for providing training to its employees on personal leadership. Determine the place of supply.

**Solution:** As per Section 12(5)(a), place of supply in case of providing training services to a registered person is the location of the registered person.

- In this case, since the recipient i.e, M/s ABC Ltd is registered, Place of supply is Cochin.
- It is an inter-state supply since the supplier M/s PQR Ltd is located in Bangalore and place of supply is Cochin and M/s PQR Ltd shall charge integrated tax on this supply.

# Place of Supply

**Example 2:** M/s PQR Ltd of Bangalore provides training programmes to individuals on various management skills. Determine the place of supply.

**Solution:** As per Section 12(5)(b), place of supply in case of providing training services to a person other than a registered person is the location where the services are actually performed.

- In this case, since the recipients are individuals who are not registered persons, Place of supply is Bangalore i.e, the location where the services are actually performed.
- It is an intra-state supply by M/s PQR Ltd and M/s PQR Ltd shall charge central tax and Karnataka state tax on their supply.

# Place of Supply

- As per Sec.12(6) of the IGST Act, 2017, the place of supply of services provided by way of admission to an educational event and ancillary services, shall be the place where the event is actually held.

# Place of Supply

- As per Sec.12(7) of the IGST Act, 2017, the place of supply of services provided by way of organisation of an educational event including ancillary services,
  - to a registered person, shall be the location of such person
  - to a person other than a registered person, shall be the place where the event is actually held
  - And if the event is held outside India, POS is the location of the recipient.



# Place of Supply

- As per Sec.13(5) of the IGST Act, 2017, the place of supply of services provided by way of admission to or organisation of an educational event and ancillary services, shall be the place where the event is actually held.

# Place of Supply

## ➤ Residuary POS provision:

As per Section 12(2) of the IGST Act, 2017, the place of supply of services, except the services specified in sub-sections (3) to (14),-

(a) made to a registered person shall be the location of such person;

(b) made to any person other than a registered person, shall be,-

(i) the location of the recipient where the address on record exists.

(ii) the location of the supplier of services in other cases.

# Major Areas to be Focussed

- Commercial Sports Training Academies
- Commercial training w.r.t. driving
- Animation and Multimedia Courses
- Hospitality related Training
- Beautician Training
- Software Coaching Centres

# Major Areas to be Focussed

- Even in case of registered persons, to ascertain if correct turnovers are reported.
- Transportation services of higher educational institutions
- To Track Online classes, online coaching and other online or e-learning  
Eg: BYJU's, STEP etc – Huge Business
- Webinars
- Live Virtual Classes
- After school services provided by third parties

# Checklist for Educational service

Following are taxable:

- ❖ Catering/Canteen
- ❖ Security services
- ❖ House-keeping or cleaning services
- ❖ Placement Training/Industrial Training/other training to students
- ❖ Value added courses
- ❖ Career Counselling
- ❖ Placement fee from Corporates
- ❖ Building lease rentals
- ❖ Supply of taxable goods
- ❖ Transport service (To capture details w.r.t. how many vehicles on hire and how many own vehicles?)

# Conclusion

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# Questions

- Questions???



**Thank You**