Coaching classes not eligible to seek GST exemption: AAR

Mumbai: Coaching classes are not eligible to get any exemption from GST. This position was reiterated by a recent ruling given by the Andhra Pradesh bench of the Authority for Advance Rulings (AAR). A similar stand has been taken earlier, including by the Maharashtra bench of the AAR. In other words, coaching classes have to levy and collect GST at 18% from students.

Relevant notifications give exemption to educational services, if these are provided by an educational institution, subject to certain conditions. These are: The service provided is related to education, the education is provided as a part of a curriculum and it is provided for obtaining a qualification recognised by law.

The applicant, Master Minds, was offering a variety of coaching courses (regular, crash courses, revision exam courses) with different fee structures and curriculum options to aspirants (students) of chartered accountancy and cost accountancy streams.

The AAR bench noted that such coaching is not mandatory to be conferred an interim or final certificate by the Institute of Chartered Accountants and the Institute of Cost Accountants, both of which are statutory bodies. The coaching class was not issuing any coaching completion certificate or any study certificate, in respect of the chartered accountancy and cost accountancy courses.

Master Minds was not affiliated to or recognised or authorised by these two professional institutions for imparting coaching or training. These professional institutions were themselves offering coaching and training to the aspirants through their regional councils or branches or certain accredited bodies, in accordance with the prescribed curriculum.

Given the conditions, the AAR held that the coaching class was not eligible for the exemption provided by the GST notification. Likewise, charges collected for providing accommodation and catering services to its students also would not get the benefit of GST exemption.