

‘CA, CS coaching institutes not eligible for GST exemption’

Kerala AAAR says they are not educational institutions

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Kerala's Appellate Authority for Advance Ruling (AAAR) has held that coaching institutes for students seeking qualifications such as Chartered Accountancy (CA), Cost Accountancy, Company Secretary (CS), Certified Management Accountant (CMA), Certified Public Accountant and Association of Chartered Certified Accountant are not covered under the definition of 'educational institu-

tion', and therefore not eligible for GST exemption.

"We observe that the appellant's institution is not providing any elementary education or pre-school or up to higher secondary level or equivalent, thereby, they would not come under the purview of the 'educational institution' as defined in para 2(y)(i) of the notification number 12/2017-CT," AAAR said. Further, it mentioned that the appellant is not engaged in providing education as part of an approved vocational education course. All these mean they cannot be categorised as an education institution for the purpose of GST exemption.

Accordingly, the advance

ruling by Authority for Advance Ruling (AAR), dated May 20, 2020, on application filed by Kochi-based Logic Management Training Institute stands upheld but with some modification. A ruling by AAAR and AAR are quasi-judicial in nature and applicable on concerned assessee and jurisdictional office; still, they have referral value in similar matter.

Appellant's argument

The institute submitted it is following the same curriculum as specified or recognised by the bodies constituted under Acts of Parliament and so is providing education in a format recognised by law. It argued that after getting proper



guidance, lectures and other educational support as prescribed by the above institutions, the students appear for examination conducted by the above government recognised institutions.

Further, it said that the concerned Government-recognised institutions are conducting the exams by collecting fees for examinations, books, as per their rules of conduct and the ap-

pellant is providing the very same service such as classes for the students to comply with the regulations and requirements of such institutions, working under the Acts of legislatures and Parliament.

"The regular colleges, whether aided or self-financed affiliated to universities, are also rendering the same service to students and though they are not awarding any degrees or diplomas, they are not subjected to levy of GST or service tax. If such colleges are not liable for payment of GST on their services, then there is no reason why the appellant who are rendering the very same service should be treated differently

and subjected to tax," the appeal read.

It also sought to know whether hostel fee (maximum of ₹6,000) and selling text books to students also attract any tax.

Commercial services

AAAR said that appellant does not qualify to be categorised as 'educational service' and will be taxable as 'Commercial Training Coaching Services'.

The GST rate for such services is 18 per cent. This along with hostel facility and selling of books will be part of composite supply where coaching and training will be principal supply, which means GST would to be levied at 18 per cent.