



The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)

GST

SECTORAL GUIDE ON EDUCATION AND TRAINING SERVICES



September 2026



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GST Sectoral Guide

on

Education and Training Services



The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
New Delhi

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Foreword

The Goods and Services Tax (GST) represents a landmark reform that has redefined India's indirect tax framework. Beyond integrating multiple Central and State taxes, GST has simplified compliance, strengthened tax governance, broadened the tax base and fostered greater economic integration across the country. Supported by continuous policy refinement and digital innovation, the GST framework has evolved into a dynamic system that balances revenue efficiency with taxpayer facilitation while contributing to India's sustained economic growth. With its continuing evolution, sector-specific understanding and guidance have assumed greater significance in ensuring clarity, consistency and effective compliance across diverse sectors of the economy.

Keeping pace with the evolving GST ecosystem, the Institute of Chartered Accountants of India (ICAI), through its GST & Indirect Taxes Committee, has consistently played a proactive role in knowledge dissemination and capacity-building initiatives. As part of this commitment, the Committee has launched an Industry-Specific GST Publication Series, recognising that each sector presents unique GST implications arising from its distinct business models and operational structures. This series aims to provide focused guidance on key sector-specific GST issues, addressing practical aspects and compliance requirements relevant to different industries.

I am pleased to note that the Committee has released its third booklet under this series titled "GST Sectoral Guide on Education and Training Services". Education and training form the very bedrock of India's human capital development, spanning a diverse and expanding spectrum of providers including schools, universities, vocational and skill development institutes, which collectively contribute to the learning and development of millions of students across the country. Beyond its intrinsic social significance, the sector plays a pivotal role in building an employable and future-ready workforce, making its GST treatment an area of considerable practical significance for educational institutions, service providers and professionals alike. The diversity of activities and institutional models within the sector also gives rise to varied GST considerations, underscoring the importance of clarity in the applicable provisions and compliance requirements.

I extend my sincere appreciation to CA. Umesh Sharma, Chairman, and CA. Rajendra Kumar P, Vice-Chairman, GST & Indirect Taxes Committee of ICAI, as well as to all the members of the Committee, for their initiative and dedication in developing this publication and for their continued efforts in disseminating GST knowledge and providing practical guidance to members and stakeholders.

I am confident that this publication will serve as a valuable resource for Chartered Accountants, tax professionals, and all other stakeholders associated with the education and training sector, facilitating a better understanding and application of the GST provisions and enabling them to navigate the evolving tax landscape with greater confidence.

CA. Prasanna Kumar D

President, ICAI

Date: 16.09.2026

Place: New Delhi

Preface

The education and training sector represents one of the most vital and rapidly evolving segments of the Indian economy, encompassing schools, universities, vocational and skill development institutes and professional coaching centres that collectively shape the learning outcomes of millions of students. Operating under a bifurcated GST framework that distinguishes recognised educational institutions from coaching, skilling and online learning providers, the sector navigates dispersed exemption notifications, divergent advance ruling interpretations, and the challenge of running exempt and taxable activities - such as tuition, hostel services and executive programmes - side by side within the same institution. Its reliance on capital-intensive academic and hostel infrastructure, coupled with restrictions on availing input tax credit and emerging questions around the taxability of online and AI-driven learning models, brings distinct GST considerations relating to classification, exemption eligibility and credit recovery that warrant focused and structured examination by practitioners and administrators alike.

With this objective, we are pleased to present "***GST Sectoral Guide on Education and Training Services***," the third publication in the GST & Indirect Taxes Committee's Industry-Specific GST Publication Series. This publication is structured across four chapters: Chapter 1 covers the industry background, business models and the sector's GST interface; Chapter 2 analyses the relevant statutory provisions, notifications, exemptions and applicable compliance framework; Chapter 3 discusses pertinent judicial decisions, advance rulings and emerging litigation trends; and Chapter 4 outlines key sectoral considerations, interpretational issues, practical compliance concerns and reasoned recommendations for the way forward.

We express our sincere gratitude to CA. Prasanna Kumar D, President, ICAI, and CA. Mangesh Kinare, Vice-President, ICAI, for their valuable encouragement and support to the initiatives of the GST & Indirect Taxes Committee. Their guidance has been a source of inspiration in bringing out this publication. We place on record our appreciation for CA. Gaurav Mittal and CA. Rituraj Kumar for authoring this publication and for their dedicated contribution to the knowledge initiatives of ICAI. We are equally grateful to CA. Praveen Sharma, CA. Numit Verma and CA. Shubham Khaitan for their meticulous review of this publication and for enriching it with their deep

knowledge and expertise on the subject of education and training. We also acknowledge the sincere efforts of CA. Jaya Kumari from the Secretariat of the GST & Indirect Taxes Committee for her painstaking efforts in rendering essential technical and administrative support throughout the preparation of this publication.

While every effort has been made to ensure accuracy in line with the prevailing legal position, readers may note that divergent views may exist on certain issues. Feedback and suggestions on any inadvertent errors or omissions are welcome at gst@icai.in. Readers are also encouraged to visit <https://idtc.icai.org> for a wide range of technical and educational resources on GST.

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Chairman

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Chapter 1

Industry Background

“Education is the most powerful weapon which you can use to change the world”
– Nelson Mandela

1. Overview

Education is not the best but the only way for any country or society to achieve prosperity, intellectual development and overall development and to make the society civilized. Education and health are the two most important sectors for any country to become developed and to get out of poverty. With the help of education, one can break the poverty cycle of his or her family and get out of the vicious cycle of poverty. One acquires knowledge, skills, or a degree, gets a job, earns money and fulfills one's dreams. Education not only helps in getting a degree and enables earning of money, but it also enables a person to think rationally and logically and to take decisions in life with confidence, conviction and reason. It empowers a person to ask questions-why, how, and what-and makes the person capable of thinking.

Education not only helps a country to develop, but for a country like India, it is the most important element for the proper functioning of democracy. Educated people think rationally, assess the Government's actions and ask questions.

It is quintessential that every child and youth in any country must receive education in order to ensure the overall development of that country. Every other developmental work stems from educated people. Therefore, it is the primary responsibility of the government to make education available to all citizens of the country.

Constitutional Provisions Relating to Education in India

The Government has a constitutional responsibility to provide equitable education to all citizens of the country. Education is governed by the Concurrent List of Indian Constitution, allowing both the Centre and the States to legislate on it.

There are various provisions in the Constitution of India, across Fundamental Rights, Directive Principles of State Policy and Fundamental Duties, which deal with education.

The constitutional provisions relating to education are briefly outlined below:

- (i) **Article 21A - Right to education:** The State shall provide free and compulsory education to all children of the age of six to fourteen years in such manner as the State may, by law, determine.
- (ii) **Article 19(1)(g) – Right to Establish Educational Institutions:** Citizens have the right to carry on occupation/business, including running of educational institutions subject to reasonable restrictions under Article 19(6).
- (iii) **Article 30 - Right of minorities to establish and administer educational institutions:** All minorities, whether based on religion or language, shall have the right to establish and administer educational institutions of their choice.
- (iv) **Article 15(4) & Article 15(5):** Enable reservation and affirmative action in educational institutions
- (v) **Article 41. Right to work to, education and to public assistance in certain cases;** The State shall, within the limits of its economic capacity and development, make effective provision for securing the right to work to education and to public assistance in cases of unemployment, old age, sickness and disablement and in other cases of undeserved want.
- (vi) **Article 45. Provision for early childhood care and education to children below the age of six years:** The State shall endeavor to provide early childhood care and education for all children until they complete the age of six years.
- (vii) **Article 46. Promotion of educational and economic interests of Scheduled Castes, Scheduled Tribes and other weaker sections:** The State shall promote with special care the educational and economic interests of the weaker sections of the people and, in particular, of the Scheduled Castes and the Scheduled Tribes and shall protect them from social injustice and all forms of exploitation.

- (viii) **Article 51A (k) (Fundamental Duties of parents or guardians):**
Seeks to provide opportunities for education to one's child or, as the case may be, ward between the age of six and fourteen years.

Government's Role in the Development of Education

Education is included in the Concurrent List of the Constitution of India. This means it is the shared responsibility of both the Centre and States.

In India, the National Education Policy, 2020 provides overall direction for the development of the education sector in India. Its key features include ensuring universal access to education from pre-primary to Class 12, integrating vocational education into the mainstream system, increasing enrolment in higher education and promoting multidisciplinary research universities.

The Union Ministry of Education is responsible for framing national policies and schemes related to education. At the school level, it funds major schemes such as Samagra Shiksha and the mid-day meal scheme (PM POSHAN) and also manages institutions like Kendriya Vidyalayas and Navodaya Vidyalayas. In the field of higher education, the Ministry supports institutions such as IITs, NITs, and central universities and provides grants to universities through the University Grants Commission (UGC).

The Union Budget 2026-27 allocated a record INR 1,39,289.48 crore to the Ministry of Education, marking an 8.27 per cent increase over the 2025-26 Budget Estimates. The funding focuses on "Yuva Shakti" (youth power), with INR 83,562 crore for school education and INR 55,727 crore for higher education, aiming to boost skilling, digital learning, and industry-aligned education.

2. Business Model

The Government is striving to make education available to all sections of society, but it is also a harsh reality that, for such a large population, the Government sector alone cannot meet the demand.

Therefore, the private sector is also allowed to participate in the field of education. However, it is no hidden truth that education has become a business in India. Private coaching and allied services, such as the printing industry related to education, the uniform industry and the transport industry, have mushroomed in India. Apart from formal education, the coaching

industry for various competitive exams in India, such as UPSC, IIT, NEET, JEE, SSC, and State PCS examinations, has also grown on a large scale, providing both physical and online classes to students.

The various business models in the field of education and training are briefly mentioned below:

- (i) **Formal Schooling** -such as kindergarten Primary, Secondary and Higher Secondary Schooling – both Government funded and private self-financed model
- (ii) **Collegiate education -providing higher level of learning** through Graduation, Post-Graduation and P.HD – both Government funded and private self-financed model
- (iii) **Public-Private Partnership Model** – The Government collaborates with private players to improve infrastructure, quality and access. Both share responsibilities such as funding, management, or operations.
- (iv) **Coaching and Test-Preparation Model** – Coaching and test-preparation services are not treated as 'educational institution' services under GST, since they don't lead to a government-recognised qualification. So unlike school or college education, they are fully taxable. This is explained in more detail in the upcoming chapter.
- (v) **Ed-Tech / Online Education Model** – Companies provide online courses, recorded lectures, and live classes through apps and websites. Revenue is earned through subscriptions, course fees, or freemium models.
- (vi) **Franchise Model** – Many schools and coaching institutes expand through franchise arrangements, where a brand allows others to operate under its name in return for fees or revenue sharing.
- (vii) **Allied Business Models** – These include services connected to the education sector, such as uniform supply, transport services, question paper printing, books and periodicals printing and examination/test-conducting services. GST treatment within this category varies like transport or catering supplied directly to an eligible school are exempt, while goods like uniforms and open-market printing services remain fully taxable.

Thus, the education sector in India has evolved into a mix of welfare-oriented and commercial models, where access and profitability both play a role.

3. Sector Characteristics and GST Interface

It is said that there are three basic requirements for human life namely food, clothing and shelter. However, to live a life with dignity and to reach one's intellectual potential, education is equally essential. Education is important for both poor and rich people. While rich people can easily afford high-quality education for their children, poor people need the Government's support to access quality education for their children. The Government has various tools to promote education in India, such as fiscal and tax measures.

Fiscal tools include providing funds to build infrastructure for schools, colleges, and world-class skill training institutions, while tax tools include tax exemptions and easing the tax burden on educational and related services.

However, private coaching has also taken the form of a purely commercial business in the name of education in India. Therefore, the Government has to strike a fine balance between the services which should be taxed and those which need to be exempted from tax.

In India, the education sector is predominantly an exempted sector from GST particularly school education and higher education services, but only where the institution or course meets the specific 'educational institution' definition under GST i.e., it leads to a qualification recognised by law or is an approved vocational course. Not all higher education is exempt, and this is also a litigative area under GST. Taxpayers often approach the Authority for Advance Ruling to get clarification on educational services and allied services. Frequent litigation arises on classification (education vs training/coaching) and composite vs mixed supply. The sector is heavily governed by exemption notifications (e.g., Notification No. 12/2017-CT (Rate)) and interpretative circulars. GST generally applies based on the nature of supply, not ownership - private institutions may also claim exemption if specified conditions are satisfied.

Under the GST law, there are various educational and training services that are provided by educational institutions as also several services being received by them. In exercise of the powers granted under Section 11(1) of the CGST Act, 2017, the Government has, vide Notification No. 12/2017-Central Tax (Rate), exempted both the services provided and the services

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received by certain educational institutions in respect of core educational activities.

In the following sections of this Handbook, we will discuss various aspects of education and training services from the GST perspective.

Chapter 2

Analysis of Relevant Statutory Provisions

REFERENCE MATERIAL Relevant Sections of CGST Act, 2017 2(30) – Definition of “Composite Supply” 2(47) – Definition of “Exempt Supply” 2(52) – Definition of “Goods” 2(102) – Definition of “Services”	Relevant Notifications Entries 22,66, 66A, 69,70,71 of Notification No. 12/2017 - Central Tax (Rate) dated 28.06.2017 as amended from time to time (hereinafter referred to as “Exemption Notification”) Definitions: Item 2(h), 2(r), 2(y) of the aforesaid exemption notification. Explanation: Item 3(iv), 3(iva) of the aforesaid exemption notification.
Relevant Circulars 1. Circular No. 234/28/2024-GST dated 11.10.2024 2. Circular No. 245/02/2025-GST dated 28.01.2025 3. Circular No. 177/09/2022-TRU dated 03.08.2022 4. Circular No. 151/07/2021-GST dated 17.06.2021 5. Circular No. 149/05/2021-GST dated 17.06.2021 6. Circular No. 85/04/2019-GST dated 01.01.2019 7. Circular No. 82/01/2019-GST dated 01.01.2019 8. Circular No. 55/29/2018-GST dated 10.08.2018 9. Circular No. 28/02/2018-GST dated 08.01.2018	

The Government has exempted education and training services through various entries under the notification of exemption. We will discuss each entry in detail.

Before discussing the above exemption entries in detail, it is important to first understand two basic concepts relating to exemptions under the tax laws. *First*, how should an exemption provision be interpreted; and *second*, what

happens when an exemption is subsequently amended with retrospective effect? These two principles are important because the scope of an exemption depends not only on the language used in the exemption provision, but also on how a subsequent amendment affects transactions undertaken under the law as it existed at that time.

1. How to Interpret Charging Provision and Exemption Notification in Tax Laws

In tax laws, there is an important difference between a charging provision and an exemption notification. A charging provision tells us whether tax is payable in the first place. An exemption notification comes into picture only after the transaction is otherwise taxable, but the Government has given relief in certain specified cases. This difference is important because the rule of interpretation is also different in both situations.

When the Department wants to levy tax, it has to clearly show that the transaction is covered by the charging provision. Tax cannot be imposed merely because it appears that the transaction is taxable. The law must clearly provide for the tax. Therefore, if the charging provision is not clear and two reasonable views are possible, the benefit of doubt normally goes to the taxpayer. The Supreme Court has also recognised this principle in the case of *Dilip Kumar (Civil Appeal NO. 3327 OF 2007 dated 30-07-2018)*. In simple words, if the Government wants to collect tax, the law should clearly impose that tax.

The position is different when a taxpayer claims exemption. Here, the transaction is otherwise taxable, but the taxpayer says that a particular exemption notification applies to him. In such a case, the taxpayer has to show that he clearly falls within the exemption notification. The burden is therefore on the taxpayer who is claiming the exemption. For example, if a notification gives exemption only to a particular category of goods, the taxpayer has to establish that his goods actually fall within that category.

This is the main difference between a charging provision and an exemption notification. If there is ambiguity in the charging provision, the benefit normally goes to the taxpayer. However, if there is ambiguity regarding eligibility under an exemption notification, the benefit goes to the Revenue. The Supreme Court clearly explained this difference in *Dilip Kumar's judgment (supra)*

An exemption is basically an exception from the normal tax liability. If a transaction is normally taxable, but the taxpayer wants to claim an exemption, he has to clearly show that the exemption covers his case. The exemption cannot be extended only because it appears fair or because the taxpayer feels that the intention of the Government was to cover such cases. The words of the notification are important. The Supreme Court held that a person claiming exemption has to clearly establish that his case falls within the exemption notification.

There is another important point. Strict interpretation mainly applies while deciding whether the taxpayer is eligible for the exemption. Once it is clear that the taxpayer is covered by the notification, the exemption should be given its proper effect. The Supreme Court referred to this principle while discussing the earlier decision in *Union of India v. Wood Papers Limited*, (1990) 4 SCC 256.

Many exemption notifications contain several conditions. Some conditions are basic for claiming the exemption. Other conditions may only be procedural. Both should not always be treated in the same manner. If an important eligibility condition is not fulfilled, the exemption may not be available. However, in case of procedural requirements, the facts have to be examined to see whether substantial compliance is enough. The Supreme Court also recognised this distinction while discussing the *Commissioner of Central Excise, New Delhi v. Hari Chand Shri Gopal*, (2011) 1 SCC 236.

The main point is very simple. When the Government wants to impose tax, it has to clearly show that the transaction is covered by the taxing provision. But when the taxpayer wants to claim an exemption, the taxpayer has to clearly show that he is covered by the exemption notification. Thus the basic principle can be remembered summed up as under:

- Revenue must clearly establish the tax liability.
- Taxpayers must clearly establish the exemption.

2. Retrospective Withdrawal of GST Exemption

Exemption notifications are an important part of GST law. Many goods and services are either fully exempt or exempt subject to certain conditions. But an interesting question arises when the Government later changes an exemption and gives that change retrospective effect. Suppose a particular product is exempt today. Businesses supply that product without charging

GST. After a few years, the law is amended by adding certain words to the exemption entry and those words are deemed to have been there from an earlier date. Can tax be demanded for the past period? And if tax can be demanded, what happens to interest and penalty. The Supreme Court has recently dealt with a similar issue in *Asia Sugar & Chemical Co. v. State of Karnataka*, 2026 INSC 693, decided on 13 July 2026. It must be noted at the outset that this is a decision under the Karnataka Sales Tax Act, 1957 and not under the CGST/SGST Act. No GST-specific ruling has yet applied this reasoning to a retrospective amendment of a GST exemption entry. The principles discussed below are therefore offered as persuasive guidance on how such an issue *may* be analysed under GST, not as settled GST law.

Under the Karnataka Sales Tax Act, sugar was exempt from tax. The Entry did not restrict the exemption to sugar manufactured in India. Accordingly, imported sugar was treated as exempt and the dealers did not collect tax from customers. Even the Department had accepted the exemption in the original assessments. Later, the Legislature amended the Entry by inserting the words “produced or manufactured in India” and also clearly provided that these words would be deemed always to have been inserted. The effect was that imported sugar became taxable retrospectively.

The Apex Court held that before the amendment, the exemption simply covered “sugar”. The words “manufactured in India” could not be read into the provision when the Legislature itself had not used them. The Court made an important observation that “Strict construction does not mean strained construction. It means construction according to the text.” This is equally relevant under GST. While the person claiming exemption must satisfy its conditions, the Department cannot add a condition which is not present in the notification.

By inserting the words “produced or manufactured in India”, the Legislature introduced a new restriction. Therefore, the amendment did not merely clarify the existing exemption; it actually restricted an exemption which was earlier available. This principle can be important in GST disputes where a later amendment is sought to be applied to an earlier period by calling it “clarificatory”.

Interestingly, the Supreme Court nevertheless upheld the retrospective amendment. The Supreme Court held that the *power to grant an exemption also includes the power to withdraw or restrict it*. A tax amendment does not

become unconstitutional merely because it has retrospective effect. Therefore, principal tax could be determined and recovered under the valid retrospective amendment.

The Court took a different view on penalty. At the time of the transactions, the exemption was available and had even been accepted by the Department. The dealers had therefore committed no default under the law existing at that time. Accordingly, the Court held that *no penalty could be imposed for the pre-amendment transactions*.

The Supreme Court also held that interest could not be charged from the date of the original transaction. The tax liability itself arose because of a subsequent retrospective amendment. Charging interest for the entire past period would, therefore, operate punitively. Hence, interest, if otherwise leviable, would run only from the date of lawful demand pursuant to reassessment.

Though the judgment was delivered in the context of sales tax, the principles laid down by the Supreme Court can have relevance under GST as well, particularly where an exemption is subsequently restricted or withdrawn with retrospective effect. If an exemption was legally available at the time of supply and is later withdrawn through a valid retrospective amendment, the principal tax may still be recovered for the past period. A retrospective amendment does not become invalid merely because it creates a tax liability for an earlier transactions. However, penalty stands on a different footing. Where the taxpayer had correctly followed the law as it existed at the relevant time and the tax liability arose only because of a subsequent retrospective amendment, the Supreme Court held that penalty could not be imposed for such earlier transactions. Similarly, interest cannot automatically be demanded from the original date of the transaction. In *Asia Sugar case (supra)*, the Supreme Court held that where the liability itself arose because of a retrospective amendment, interest, if otherwise leviable, would run only from the date of lawful demand pursuant to reassessment.

Therefore, an important distinction emerges from the judgment. A retrospective amendment may create a tax liability for the past, but it does not necessarily mean that the taxpayer was also in default during that past period.

This principle can be particularly useful under GST where an exemption entry is subsequently amended by adding a new condition or restriction and such

amendment is sought to be applied retrospectively. However, its application would depend upon the language of the particular amendment and the facts of each case.

Now we will move to the discussion on specific exemption entries relating to education and training.

3. Entry 66 of Notification No. 12/2017 – CT (Rate)

The above stated Entry reads thus:

Services provided—

- (a) *by an educational institution to its students, faculty and*
 - (aa) *by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee;*
- (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;*
 - (v) *supply of online educational journals or periodicals:*

Provided that nothing contained in sub-items (i), (ii) and (iii) of item (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:

Provided further that nothing contained in sub-item (v) of item (b) shall apply to an institution providing services by way of, —

- (i) *pre-school education and education up to higher secondary school or equivalent; or*
- (ii) *education as a part of an approved vocational education course.*

Item 2(h) "approved vocational education course" means, -

- (i) *a course run by an industrial training institute or an industrial training centre affiliated to the National Council for Vocational Education and 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 for Vocational Education and Training, run by a person registered with the Directorate General of Training, Ministry of Skill Development and Entrepreneurship;*

Item 2(y) "educational institution" means an institution providing services by way of,-

- (i) *pre-school education and education up to higher secondary school or equivalent;*
- (ii) *education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force;*
- (iii) *education as a part of an approved vocational education course;*

Analysis of Entry 66 of Exemption Notification

"Education" is not defined in the CGST Act but as per Supreme Court's decision in *Sole Trustee, Loka Shikshana Trust v. CIT* [1975] 101 ITR 234, education is the process of training and developing knowledge, skill mind and character of students by normal schooling. Education in its general sense is a form of learning in which knowledge, skills and habits of a group of people are transferred from one generation to the next through teaching, training or research. Any experience that has a formative effect on the way one thinks or acts may be considered as education.

The Supreme Court in the case of *Gujarat University vs. Krishna Ranganath Mudholkar* [AIR 1963 SC 703], held that the expression 'education' is of wide import and includes all matters relating to imparting and controlling education.

In the case of *Nidhi Kaim vs. State of M.P.* [2016 (7) SCC 615], the Supreme Court held that "Examination" is always considered as one of the major means to assess and evaluate candidate's skills and knowledge be it a school test, university examination, professional entrance examination or any

other examination. Candidate's fitness for his further assignment, whether in studies or employment is, therefore, judged on the basis of his performance in the examination. It is for this reason, that examination is considered as a common tool around which the entire education system revolves.

Entry 66 mentions two types of services – under clauses (a) and (aa), services provided **by** an educational institution itself in the form of output services and as per clause (b), services provided **to** an educational institution in the form of input services.

3.1 Clause (a) of Entry 66 of Exemption Notification

As per clause (a), there is no categorization or specification regarding the nature of services provided. All the services provided by educational institution to its students, staff and faculty are exempt under GST.

3.2 Hostel Services provided by Educational Institution to Students

Hostel services provided by such educational institutions which are providing pre-school education and education up to higher secondary school or equivalent or education leading to a qualification recognised by law, are fully exempt from GST. Annual subscription/ fees charged as lodging/board charges by such educational institutions from its students for hostel accommodation shall not attract GST.

3.3 Circular No. 177/09/2022-TRU dated 03.08.2022 –

This circular was by way of clarifications regarding the applicability of GST on

- (i) application fee charged for entrance or
- (ii) the fee charged for issuance of eligibility certificate for admission or
- (iii) for issuance of migration certificate by educational institutions

According to this circular, under Entry 66 of Notification No. 12/2017-Central Tax (Rate), all services provided by an educational institution to its students are exempt from GST. This exemption is wide and covers not only core education services but also related charges. Accordingly, application fees for entrance, admission fees, and fees for issuance of eligibility certificates (to prospective students during admission process) are exempt from GST.

Further, fees charged for issuance of migration certificates to existing or ex-students are also covered under the same exemption.

3.4 Clarification on GST rate on supply of food and beverage services

As clarified in Circular No. 85/04/2019-GST, all services provided by an educational institution to its students, faculty, and staff are exempt under Entry 66(a) of Notification No. 12/2017-Central Tax (Rate). This exemption also covers the supply of food and beverages, such as meals provided in canteens, mess, or cafeterias, by the educational institution itself.

Although GST at 5 per cent is generally applicable on food services under Notification No. 11/2017-Central Tax (Rate), the exemption notification mentioned in this para will prevail wherever applicable. Therefore, no GST is payable if the institution itself provides food to its students or staff.

However, if the food services are provided by an outside contractor or vendor to the institution, then such services are taxable at 5 per cent GST, since they are not covered under Entry 66(a).

3.5 Clarification on Taxability of services provided by Industrial Training Institutes

As clarified in Circular No. 55/29/2018-GST, GST applicability depends on whether the training provided by ITIs qualifies as an approved vocational educational course under Notification No. 12/2017-Central Tax (Rate).

For private ITIs, services in respect of designated trades (approved under NCVT/SCVT and notified under the Apprenticeship Act) are exempt from GST, as they qualify as education. Accordingly, entrance exam fees and admission/exam-related services for such designated trades are also exempt under Entry 66. However, for non-designated trades, GST is applicable, including on training as well as entrance/examination-related services.

For Government ITIs, all services provided to students-including training and examinations-are fully exempt under Sl. No. 6 of 12/2017-CT(R) dated 28.06.2017 as amended from time to time, as they are treated as services provided by Government to individuals.

3.6 Clause (aa) of Entry 66 of Exemption Notification

Clause (aa) of Entry 66 under Notification No. 12/2017-Central Tax (Rate) provides exemption to services relating to *entrance examinations*. In simple terms, it means that when an educational institution conducts an entrance examination for admission into its courses and charges a fee from students (such as application or entrance fee), such service is not liable to GST. However, this exemption is not available to every entity conducting exams. The supplier must first qualify as an “educational institution” as defined under Para/item 2(y), i.e., it should be providing formal education leading to a qualification recognized by law, such as schools, colleges, or universities.

It is important to note that training given by private coaching institutes would not be covered as such training does not lead to grant of a recognized qualification.

Further, the exemption is restricted only to the activity of conducting entrance examinations. This includes the entire process such as registration of candidates, conducting the test, evaluation, and declaration of results. At the same time, it does not cover other types of examinations like final exams, certification exams, or professional licensing tests. Therefore, the scope of clause (aa) is both supplier-specific and activity-specific - it applies only when a recognized educational institution conducts an entrance exam for admission and collects entrance fee. If either of these conditions is not satisfied, the exemption would not apply.

For example, in India, there are various bodies which conduct examinations for entrance in various courses – such as University Grant Commission, AICTE, National Medical Commission, Bar Council of India, Pharmacy Council of India etc.

3.7 Clarification regarding GST on supply of various services by Central and State Boards

Circular No. 151/07/2021-GST dated 17-Jun-2021 has clarified as under:

- (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 Notification 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 Notification No. 12/2017-CT(R)].
- (iii) GST at the rate of 18 per cent applies to other services provided by such Boards, namely 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

3.8 Limited Recognition of Boards and Government Authorities as Educational Institutions for Examination Services

The Government inserted clauses (iv) and (iva) in the exemption notification vide Notification No. 14/2018 - Central Tax (Rate), dated 26.07.2018, w.e.f. 27.07.2018 and Notification No. 01/2023 - Central Tax (Rate), dated 28.02.2023, w.e.f. 01.03.2023 respectively to remove doubts about who can be treated as an “educational institution” for exemption purposes.

Under the original definition in terms of Item 2(y), only those institutions which impart education through a curriculum leading to a recognized qualification qualify. However, many bodies in India-like boards and testing agencies-do not teach students but still play a key role in the the education system by conducting examinations. To address this gap, Explanation (iv) provides that Central and State Educational Boards shall be treated as educational institutions, but only for the *limited purpose of conducting examinations for students*. This means that even though such Boards themselves do not impart education, their services of conducting examinations (including related activities) will still be eligible for GST exemption.

Further, Explanation (iva) expands this benefit even more. It specifically includes any authority, Board or body set up by the Central or State Government, such as the National Testing Agency. These bodies are treated as educational institutions *only for the purpose of conducting entrance*

examinations for admission to educational institutions. This was necessary because many entrance exams in India (like NEET, JEE, etc.) are conducted by such independent agencies and not by universities themselves.

3.9 Clause (b) of Entry 66 of Exemption Notification

Clause (b) of Entry 66 under Notification No. 12/2017-Central Tax (Rate) deals with a different situation from clauses (a)/(aa). Here, the exemption is not for services provided by the educational institution, but for certain specified services provided **to** an educational institution by third parties. In simple terms, it covers input services received by the institution which are considered essential for running the education system.

Under this clause, exemption is granted to specific categories of services such as transportation of students, faculty and staff; catering services (including mid-day meal schemes); security, cleaning and housekeeping services; services relating to admission or conduct of examination; and supply of online educational journals or periodicals. The key point is that these services must be provided to an educational institution, and must fall strictly within the listed categories. This is a restricted and item-specific exemption, not a general exemption for all input services.

A very important restriction has been introduced through the First Proviso to Entry 66 of the Exemption Notification, which states that exemption for transportation, catering, and housekeeping/security services (sub-clauses (i) (ii) and (iii)) is available only to schools, i.e., institutions providing pre-school to higher secondary education. In simple terms, this means that these three types of input services are exempt only when provided to schools (pre-school to Class 12). If the same services are provided to colleges, universities, or any higher education institutions, the exemption will not be available, and GST will be chargeable.

3.10 Illustrations

Services	Taxability
Transportation service provided to a school (Class 1–12)	Exempt
Transportation service provided to a college/university	Taxable
Catering (mid-day meal) in school	Exempt
Catering in university hostel/canteen	Taxable

Analysis of Relevant Statutory Provisions

Security/cleaning services in school	Exempt
Security/cleaning services in college	Taxable
All the above services to a private coaching institution/center	Taxable

The Second Proviso to Entry 66 of the Exemption Notification, deals with sub-clause (v), which covers supply of online educational journals or periodicals to an educational institution. In simple terms, this proviso says that this exemption will NOT apply when such journals or periodicals are supplied to:

- Schools (pre-school to higher secondary), or
- Institutions providing approved vocational education courses

This means if online journals are supplied to a school, GST will be applicable. If the same journals are supplied to a college or university, GST will not be attracted.

Clause (iv) provides exemption to services supplied by third parties to an educational institution, where such services are connected with admission or conduct of examination. In simple terms, if an educational institution takes help from outside vendors for its admission process or exams, those services are not liable to GST. It is an input service exemption, ensuring that outsourced admission and exam-related services remain free from GST.

The phrase “services relating to” is very wide and covers the entire process. This includes services like online application systems, form processing, printing of admit cards and question papers, conducting exams through software platforms, evaluation, and result declaration. Hence not only core activities but also supporting services are covered. However, the words “by such institution” place an important restriction. It means that the admission or examination must be of the same educational institution which is receiving the service. Therefore, the exemption applies only when the service is directly linked to that institution’s own admission or exam activities.

The Madras High Court, in the case of *Madurai Kamaraj University vs. Joint Commissioner, Office of the Commissioner of GST and Central Excise, Madurai* [2021-VIL-639-MAD-ST], held that holding or conducting an examination is primarily a job of the university and the colleges affiliated to the university are only facilitators. Therefore, examinations are not conducted

directly by the colleges, it is being conducted by the university, but the facilitator is the college. Therefore, the word "conduct of examination by such institution" means, conduct of examination by the university and the college and not by the college alone. The examination is the examination of the university, for which, facilitation is given by the college, wherein the examinations are conducted and ultimately, valuation is to be done by the university and marks are awarded and degree conferred by the university. Therefore, it is the university, where, the facilitator is the college, where, the examination is taken place and therefore, the word "conduct of examination", cannot have such a narrow and pedantic interpretation.

Overall, clause (iv) ensures that even when educational institutions outsource their admission and examination work, the entire ecosystem remains GST-free and students are not indirectly burdened with tax.

3.11 Clarifications regarding GST on College Hostel Mess Fees

As regards GST on college hostel mess fee, Circular No. 28/02/2018-GST dated 08.01.2018 read with Corrigendum dated 18.01.2018 needs to be noted. Educational institutions have 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 party. Supply of food or drink provided by a mess or canteen is taxable at 5 per cent without input tax credit [Serial No. 7(i) of notification No. 11/2017-CT (Rate) as amended vide notification No. 46/2017-CT (Rate) dated 14.11.2017 refers].

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 Item/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]

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 [vide Entry 7(i) of notification No. 11/2017-CT (Rate) as amended vide notification No. 46/2017-CT (Rate) dated 14.11.2017] provided to the concerned educational institution and attracts GST of 5 per cent 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.

3.12 Clarification regarding applicability of GST on DGCA approved flying training

As clarified in Circular No. 234/28/2024-GST dated 11 Oct 2024, flying training provided by DGCA-approved Flying Training Organisations (FTA) is exempt under Entry 66 of Exemption Notification. Under the Aircraft Act, 1934 and Aircraft Rules, 1937, such training is conducted through approved curriculum and leads to recognized qualifications (pilot licences). Therefore, it qualifies as education under the law and is exempt from GST.

3.13 GST on supply of food in Anganwadis and Schools

As clarified in Circular No. 149/05/2021-GST, catering services provided to educational institutions are exempt under Entry 66(b)(ii) of Notification No. 12/2017-Central Tax (Rate). This includes serving of food under mid-day meal schemes in schools. The exemption is broad in scope and covers any supply of food to schools and pre-schools, including Anganwadis (which are treated as educational institutions for pre-school education). Importantly, the exemption applies irrespective of the funding source, whether the meals are funded by Government grants or through corporate donations.

3.14 Difference between Clause (a) and Clause (b) of Entry 66

Clause (a) gives a blanket exemption for services provided by educational institutions, whereas Clause (b) gives a selective exemption for only certain specified services received by them.

Clause (a) of Notification No. 12/2017-Central Tax (Rate) provides a broad exemption for *all services* supplied by an educational institution to its students, faculty and staff. The language used is very wide; there is no restriction on the type of service. Once the supplier qualifies as an educational institution, all its core and incidental services (tuition, hostel, library, etc.) provided to its students or staff are automatically exempt.

In contrast, Clause (b) provides a limited and conditional exemption for services provided to an educational institution by third parties. Here, the exemption is not for all services, but only for specific listed services such as transportation, catering, housekeeping, admission-related services, examination services and online journals. Further, even these are subject to

restrictions (e.g., some services are exempt only for schools and not for colleges).

Simply saying, as far as services provided by an educational institution are concerned [Clause (a) of Notification No. 12/2017-Central Tax (Rate)], the exemption is broad and covers all services supplied to its students, faculty, and staff, without any restriction on the nature of service. However, when it comes to services received by an educational institution [Clause (b)], the exemption is limited only to specific listed services subject to certain conditions and restrictions.

4 Analysis of Entry 66A of Exemption Notification

Entry 66A was inserted vide Notification No. 08/2024-Central Tax (Rate) dated 08.10.2024, effective from 10.10.2024. This amendment was introduced to specifically exempt affiliation services provided by Central/State Educational Boards or similar bodies to *Government schools*. Earlier, such affiliation services were generally treated as taxable (often under 18 per cent rate), since they were not clearly covered under Entry 66. To remove the ambiguity and provide relief, the Government carved out a separate, specific exemption vide Entry (66A).

In practice, affiliation services are typically provided by Boards such as Central Board of Secondary Education (CBSE), Council for the Indian School Certificate Examinations (CICSE), and various State Boards like Uttar Pradesh Madhyamik Shiksha Parishad and Maharashtra State Board of Secondary and Higher Secondary Education. These bodies grant affiliation/recognition to schools, enabling them to follow prescribed curriculum and conduct examinations under their system.

However, the exemption under Entry 66A is not available universally. It does not extend to private schools, nor does it cover colleges, universities, or other higher educational institutions, even if the affiliation is granted by such Boards or Councils. Accordingly, affiliation services provided to private institutions continue to remain taxable, while only those provided to Government schools are exempt under this entry.

4.1 Applicability of GST on Affiliation Services by Universities to Colleges

As clarified in Circular No. 234/28/2024-GST dated 11.10.2024 affiliation provided by universities to colleges is a regulatory activity to ensure whether the institution possesses the required infrastructure in terms of space, technical prowess, financial liquidity, faculty strength, etc. and is thereby eligible for the privileges to conduct the course/programmes of study for the degree/title offered by the University to the students enrolled in such institutions and are not by way of services related to the admission of students to such colleges or the conduct of examinations by such colleges. Therefore, such services do not fall under the exemptions provided by Notification No. 12/2017-Central Tax (Rate). Accordingly, affiliation services by universities to colleges are taxable at 18 per cent GST.

4.2 Analysis of Regular MBA/PGP Programmes Provided by IIM

Entry 67 of Notification No. 12/2017-Central Tax (Rate) earlier provided a specific exemption for services supplied by the Indian Institutes of Managements to their students, in respect of certain recognized programmes such as the Two year full-time Post Graduate Programme in Management (PGDM) (admission through CAT), Fellow Programme in Management and the Five year Integrated Programme in Management. However, this exemption specifically excluded Executive Development Programmes (EDPs), which were treated as taxable.

The need for this separate Entry arose because, at the initial stage of GST, there was ambiguity as to whether IIM programmes would qualify as “education leading to a qualification recognized by law” under Entry 66. Therefore, a dedicated exemption (Entry 67) was provided to cover these flagship programmes.

As noted in the 31st GST Council Meeting (22.12.2018), with the enactment of the Indian Institutes of Management Act, 2017, IIMs were empowered to grant degrees, prescribe admission criteria, and design academic programmes. Consequently, they qualified as “educational institutions” under Notification No. 12/2017-Central Tax (Rate). Since IIMs were then eligible for exemption under the general entry (Sl. No. 66), the separate, specific exemption under Entry 67 became redundant.

Accordingly, Entry 67 was withdrawn to avoid duplication and IIM programmes are now covered under the general exemption applicable to educational institutions.

4.3 Applicability of GST on various programmes conducted by IIMs

After the Indian Institutes of Management Act, 2017 came into force on 31.01.2018, IIMs became educational institutions, since they can grant degrees/diplomas recognized by law. Accordingly, all long-duration programmes (1 year or more) leading to recognized qualifications are exempt from GST under Entry 66.

For the earlier period (01.07.2017 to 30.01.2018), IIMs were not covered under “educational institution,” and hence exemption was available only to specific programmes under Entry 67 (PGP, FPM, 5-year IPM). From 31.01.2018 to 31.12.2018, the benefits under both Entry 66 and Entry 67 were available and IIMs could choose the more beneficial exemption. Entry 67 was later withdrawn w.e.f. 01.01.2019.

However, short-term or executive programmes (less than 1 year), which only provide participation certificates and not recognized qualifications are not exempt and taxable at 18 per cent GST.

5 Analysis of Entry 69 of Exemption Notification

As per Entry 69 any services provided by the following would be exempt from GST:

- National Skill Development Corporation (NSDC) set up the Government of India;
- National Council for Vocational Education and Training
- An awarding body recognized by the National Council for Vocational Education and Training
- An assessment agency recognized by the National Council for Vocational Education and Training
- A training body accredited by an awarding body recognized by the National Council for Vocational Education and Training

- A training partner approved by the National Skill Development Corporation

Such service ought to be in relation to any of the following :

- (i) National Skill Development Programme or any other scheme implemented by the National Skill Development Corporation.
- (ii) A vocational skill development course under the National Skill Certification and Monetary Reward Scheme.
- (iii) Any National Skill Qualification Framework aligned qualification or skill in respect of which the National Council for Vocational Education and Training has approved a qualification package.

5.1 Significance of the words “any” and “in relation to” in Entry 69

In Entry 69 of the Exemption Notification, both the words “any” and “in relation to” play a crucial role in determining the scope of exemption.

The word “any” is used in the phrase “any services provided by...”, which gives a very wide coverage to the nature of services. It means the exemption is not limited to only training or teaching services. It can include *all types of services* such as training, assessment, certification support, coordination, administrative services, or any other activity performed by the approved entities. Therefore, the law does not restrict the exemption based on the type of service.

However, this wide scope is controlled by the phrase “in relation to”, which links the service to specified skill development programmes or schemes. This phrase is also very wide and includes both direct and indirect connection with such schemes. It covers services that are connected, incidental, or ancillary to the implementation of NSDC or Government skill development programmes.

At the same time, “in relation to” acts as a limiting condition. Even though the word “any” is broad, the exemption will apply only if there is a clear nexus between the service and the specified scheme. If the service is provided by an approved entity but is independent or unrelated to the scheme, the exemption will not apply.

5.2 Amendment to Entry 69 (Alignment with NCVET Framework)

Entry 69 of Notification No. 12/2017-Central Tax (Rate) was amended from 10.10.2024 through Notification No. 08/2024-Central Tax (Rate) based on the decision of GST Council's 54th meeting. The purpose of this change was to align the GST exemption with the updated skill development system in India, which is now regulated under NCVET.

Earlier, the exemption covered many different bodies and structures, which created confusion. After the amendment, the law has been simplified and aligned with the current framework, so that only services provided within the recognized and approved skill development system continue to get exemption.

It is pertinent to mention that under Entry 69 of the exemption notification, the term 'in relation to' signifies very wide connotation and therefore services provided by approved training partner under the scheme will qualify for exemption regardless of the recipient.

Further, as per Entry No. 69(f)(i) of the exemption notification, GST is exempted on services provided by approved training partner of NSDC, which are in relation to any scheme implemented by the NSDC and it does not specify any other conditions to avail the exemption. In the absence of any such conditions, as long as the services provided by the approved training partner are in relation to the scheme implemented by NSDC, GST exemption would be available.

5.3 Circular No. 245/02/2025-GST dated 28.01.2025

As clarified in Circular No. 245/02/2025-GST, there was a temporary disruption in exemption for training partners approved by the National Skill Development Corporation due to amendment in Entry 69 w.e.f. 10.10.2024 vide Notification No. 08/2024-Central Tax (Rate). This amendment aligned the law with NCVET framework but inadvertently removed the exemption for NSDC training partners.

As a result, during the period 10.10.2024 to 15.01.2025, services provided by NSDC-approved training partners technically became taxable, which created practical issues for the skill development ecosystem. Considering this, the GST Council (55th meeting) recommended restoring the exemption and

accordingly, it was reinstated w.e.f. 16.01.2025 vide Notification No. 06/2025-Central Tax (Rate).

For the intervening period (10.10.2024 to 15.01.2025), the Council recommended that GST liability be regularized on “as is where is” basis, meaning:

- If GST was paid → no refund
- If GST was not paid → no recovery

6 Analysis of Entry 70 of Exemption Notification

Entry 70 of Notification No. 12/2017-Central Tax (Rate) provides exemption to services supplied by assessing bodies that are centrally empaneled by the Directorate General of Training (DGT), Ministry of Skill Development and Entrepreneurship.

In simple terms, this entry covers assessment services, i.e., evaluating the skills of candidates under Government skill development programmes such as the Skill Development Initiative Scheme. These assessing bodies are authorized agencies that conduct tests, verify competency and certify whether a candidate meets the required skill standards.

The exemption applies only when:

- The assessing body is officially empanelled by DGT
- The service is ‘assessment’ under the specified Government scheme

7. Analysis of Entry 71 of Exemption Notification

Services are provided by training providers (Project implementation agencies) under Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) implemented by the Ministry of Rural Development, Government of India by way of offering skill or vocational training courses certified by the National Council for Vocational Training. However, Notification No. 08/2024-Central Tax (Rate) has substituted the words ‘National Council for Vocational Training’ with the words ‘National Council for Vocational Education and Training’. With effect from 10-Oct-2024, the skill or vocational training

courses needs to be certified by National Council for Vocational Education and Training.

Assessment services are a core part of the skill development process. After training, candidates must be evaluated by authorized bodies (empaneled by DGT) to certify their skills. This certification is essential for employment, recognition and mobility of labour. If GST were charged on such assessment services, it would increase the cost of certification, which would ultimately burden the trainees, many of whom belong to economically weaker sections.

Further, these services are not commercial in nature, but are carried out under Government schemes aimed at public welfare and employment generation. Therefore, the exemption ensures that the entire skill development chain training, assessment, and certification remains tax-neutral, promoting wider participation and supporting national skilling objectives.

8. Applicability of Rule 42/43 of CGST Rules in Education Sector and Training Sector.

Educational institutions are engaged in both exempt and taxable activities. Where any input or input service is used exclusively for making exempt supplies, the Input Tax Credit (ITC) relating to such supply is not available. Similarly, where an input or input service is used exclusively for making taxable supplies, the eligible ITC can be availed in full.

However, certain inputs and input services may be commonly used for both exempt and taxable supplies. In such cases, the common ITC has to be apportioned in accordance with Rule 42 of the CGST Rules, 2017.

For example, a university may provide regular degree courses which are exempt from GST and, at the same time, provide short-term executive training programmes which are taxable. Common expenses such as audit fees, security services, software expenses, advertisement expenses, telephone expenses and other administrative expenses may relate to both activities. ITC on such common expenses cannot be claimed in full and the portion attributable to exempt supplies is required to be reversed.

Under Rule 42, the ITC attributable to exempt supplies is broadly determined in the following manner:

ITC attributable to exempt supplies = (Exempt Turnover ÷ Total Turnover) × Common ITC

The statutory formula under Rule 42 is $D1 = (E \div F) \times C2$, where 'E' represents exempt supplies, 'F' represents total turnover and 'C2' represents common credit.

Rule 43 – Capital Goods

Where capital goods are used commonly for making both exempt and taxable supplies, the ITC attributable to such capital goods is governed by Rule 43 of the CGST Rules, 2017.

For example, where computers, servers, equipment or other capital goods are commonly used for exempt educational courses as well as taxable training programmes, the entire ITC cannot be retained. The eligible and ineligible portions are required to be determined in accordance with Rule 43.

For the purpose of Rule 43, the useful life of capital goods is taken as five years (60 months) from the date of invoice. Accordingly, ITC relating to common capital goods is spread over 60 months for determining the amount attributable to exempt supplies.

In simple terms:

Monthly ITC on common capital goods = ITC on common capital goods ÷ 60

Thereafter, the amount attributable to exempt supplies is determined broadly as follows:

ITC attributable to exempt supplies = (Exempt Turnover ÷ Total Turnover) × Monthly Common ITC

The amount so attributable to exempt supplies is required to be reversed.

For example, A university purchases common equipment for ₹10,00,000 plus GST of ₹1,80,000. The equipment is used for both exempt degree programmes and taxable executive training programmes.

Monthly common ITC would be: $₹1,80,000 \div 60 = ₹3,000$

If exempt turnover constitutes 80% of the total turnover for a particular tax period, ITC attributable to exempt supplies would be:

$₹3,000 \times 80\% = ₹2,400$

Accordingly, ₹2,400 would be attributable to exempt supplies for that tax period.

In the education and training sector, Rule 43 may therefore apply to common capital goods such as computers, servers, laboratory equipment, audio-visual equipment, projectors and other equipment used for both exempt educational programmes and taxable training or other taxable activities.

Accordingly, an educational institution making both exempt and taxable supplies should first identify ITC exclusively relating to taxable and exempt activities. Only the common ITC should be apportioned under Rule 42 or Rule 43, as applicable.

9. Taxability of E-Books

Under GST, a printed book and an e-book are treated differently. Printed books falling under Heading 4901 are generally exempt from GST, whereas supply of an e-book is treated as a service.

With effect from 27.07.2018, supply consisting only of an e-book is taxable at 5 per cent GST under Heading 9984 of Notification No. 11/2017-Central Tax (Rate), as amended by Notification No. 13/2018-Central Tax (Rate) dated 26.07.2018.

For this purpose, an “e-book” means an electronic version of a printed book falling under tariff item 4901 of the Customs Tariff Act, which is supplied online and can be read on a computer or a hand-held device.

E-books supplied by an Educational Institution

A different situation arises where an educational institution itself supplies an e-book to its students, faculty or staff.

As discussed earlier, Entry 66(a) of Notification No. 12/2017-Central Tax (Rate) provides exemption to services supplied by an educational institution to its students, faculty and staff. The exemption is broad and is not restricted only to tuition or classroom teaching.

Since supply of an e-book is treated as a service, where the e-book is supplied by an educational institution to its own students, faculty or staff, such supply may be covered by the exemption under Entry 66(a), provided the supplier satisfies the definition of an “educational institution”.

However, where the same e-book is supplied directly by a publisher, digital platform or other third party, the exemption under Entry 66(a) would not apply merely because the recipient is a student. In such a case, GST would generally be payable at 5 per cent.

It is also important not to confuse e-books with online educational journals or periodicals. The exemption for online educational journals and periodicals supplied to specified educational institutions is separately covered under Entry 66(b)(v), subject to the restrictions discussed earlier in this Chapter.

10. Charitable Trusts and NPOs running Educational Institutions

Many schools and educational institutions are operated by charitable trusts, societies, Section 8 companies or other not-for-profit organisations. However, merely being a charitable trust or NPO does not mean that all activities carried out by such institution are exempt from GST.

Under Entry 1 of Notification No. 12/2017-Central Tax (Rate), services provided by an entity registered under section 12AA or section 12AB of the Income-tax Act are exempt only when such services are provided by way of “charitable activities”.

The expression “charitable activities” has been specifically defined in Item 2(r) of the exemption notification. It covers certain activities relating to public health, advancement of religion, spirituality or yoga, specified educational or skill-development programmes, and preservation of environment.

As far as education is concerned, the definition is quite restricted. It covers advancement of educational programmes or skill development relating to:

- abandoned, orphaned or homeless children;
- physically or mentally abused and traumatised persons;
- prisoners; and
- persons above 65 years of age residing in a rural area.

Therefore, ordinary school education does not become exempt merely because the school is operated by a charitable trust registered under section 12AB.

The exemption for normal school education is primarily available under Entry 66 of Notification No. 12/2017-Central Tax (Rate) because the school qualifies as an “educational institution”.

Accordingly, while examining GST liability of a charitable trust or NPO, the nature of each activity has to be examined instead of merely looking at the legal status of the organisation.

Donations received by Schools and Charitable Organisations

Charitable trusts and educational institutions frequently receive donations from individuals, alumni, parents, corporates and other donors. The basic question under GST is whether the donation represents consideration for any supply made by the institution.

A genuine donation, where the donor does not receive anything in return, does not involve any quid pro quo between the donor and the institution. Therefore, such donation does not constitute consideration for a supply merely because money has been received.

This issue has been specifically clarified by Circular No. 116/35/2019-GST dated 11.10.2019.

The Circular recognises that donations and gifts may be given to institutions such as charitable organisations, schools, hospitals, orphanages and old-age homes. Sometimes the institution acknowledges the contribution by displaying the donor's name or placing a name plate in its premises.

The Circular clarifies that merely displaying the name of the donor as an expression of gratitude or public recognition of philanthropy does not amount to supply of an advertising service, provided the display is not intended to advertise or promote the donor's business. In such a case, there is no obligation on the institution to provide any service in return for the donation and, therefore, GST is not payable.

For example, an acknowledgement such as:

“Donated by Mr. X”

or

“Donated in memory of Mr. Y”

would ordinarily be only an acknowledgement of the donation and not an advertisement.

The Circular broadly lays down the following three conditions for non-levy of GST:

- the gift or donation is made to a charitable organisation;
- the payment has the character of a genuine gift or donation; and
- the purpose is philanthropic and does not result in commercial gain or advertisement to the donor.

When Donation may become Taxable

The position may be different where the payment described as a “donation” is actually linked with a benefit given to the donor.

For example, where a company makes a payment to a school and, in return, the school is required to prominently display the company's brand, products, business activity or promotional message, the arrangement may have the character of advertising or sponsorship rather than a pure donation.

The Circular itself makes the distinction on this basis: an acknowledgement of philanthropy is different from publicity intended to advertise or promote the donor's business.

Therefore, the terminology used by the parties is not decisive. A receipt called a “donation” may still have GST implications if there is a corresponding obligation to provide advertising, sponsorship, naming rights or some other commercial benefit.

The important principle is that “charitable organisation” and “charitable activity” are not the same thing for GST purposes. A charitable organisation may undertake both exempt and taxable activities. Each activity and receipt has to be examined independently under the relevant exemption provision.

Chapter 3

Judicial Decisions & Advance Rulings

Before examining the judicial precedents and advance rulings, it is important to understand that the authority that each decision carries across India differs from each other:

1. A **ruling of the Hon'ble Supreme Court** binds all authorities throughout the territory of India, by virtue of Article 141 of the Constitution.
2. A **ruling of the Hon'ble High Court** binds authorities within that State and is of persuasive value elsewhere.
3. An **order of the AAR or AAAR** is, by virtue of Section 103 of the Central Goods and Services Tax Act, 2017, is binding only upon the Assessee who sought the ruling and upon the jurisdictional officer in respect of that Assessee. Such ruling does not constitute a binding precedent for any other taxpayer under the GST law, though it remains of considerable persuasive value in assessing the Department's likely approach to similar fact patterns, and is frequently relied upon by counsel and adjudicating authorities alike in analogous matters. It should also be noted that the AAR and AAAR are constituted separately in each State; consequently, materially similar fact patterns and issues may, and periodically do, receive different treatment in different States.

With the above background and before we deep dive into the various judicial precedents around the education and training sector, it is important to remember the fact that education-sector disputes and the consequent decisions over the years at various adjudication level have been highly fact-dependent. Each case dispute differs on the ground that taxpayer should identify the supplier, recipient, programme, relevant notification version, contractual arrangement, precise issue, decision, reasoning, current status and the practical implication of the exemption. A ruling by any authority should not be reduced to just one-line proposition entirely detached from its facts.

In the below paragraphs, we have listed down some of the most relevant case laws and advance rulings concerning the “Education & Training Services” sector under GST. These decisions provide critical insights into the interpretation of “educational institutions,” the taxability of bundled services, and the treatment of statutory functions of the education business.

1. Definition and Status of 'Educational Institution'

A. Logic Management Training Institutes (P.) Ltd., - Appeal Order No. AAAR/13/21 dated 05-05-2021, arising from AAR Order No. KER/76/2019 dated 20-05-2020, (AAAR-KERALA)

Facts: The appellant, Logic Management Training Institutes (P.) Ltd., is an institution primarily engaged in providing coaching to students for various professional qualifications such as Chartered Accountant (CA), Cost Accountant (ICWA), Company Secretary (CS), Certified Management Accountant (CMA), Certified Public Accountant (CPA), and Association of Chartered Certified Accountant (ACCA). The appellant sought an advance ruling on several key questions concerning the applicability of GST to its services:

- (i) Whether its education program and training services are exempt from GST as 'imparting of education', considering it provides lecture classes, notes, and facilitates students to appear for examinations conducted by government-recognized institutes/universities.
- (ii) The appropriate Service Accounting Code (SAC) for its services under GST laws.
- (iii) Whether there is any tax liability on the appellant for collecting and transferring examination fees and other fees of recognized institutes or universities on behalf of its students.
- (iv) The tax liability on hostel facilities provided to its students at concessional rates (less than Rs. 200 per day or maximum Rs. 6,000 per month).
- (v) The tax liability on the sale of textbooks to its students.

The Authority for Advance Ruling (AAR) had previously ruled that the appellant was not covered under the definition of 'educational

institution' and thus its services were not exempt. It classified the services under SAC 999293 (Commercial training and coaching services). The AAR also provided guidance on the pure agent concept for examination fees and treated hostel facilities and textbook sales as composite supplies with coaching as the principal supply. The appellant subsequently appealed this ruling to the AAAR.

Decision: The AAAR ruled on the various questions raised by the appellant as follows:

- (a) **For coaching fee:** The AAAR dismissed the appeal and upheld the AAR and held that private coaching centers do not qualify as “educational institutions” within the meaning of Para 2(y)(ii) of the Exemption Notification because they do not award qualifications recognized by law themselves; they merely facilitate preparation for such professional qualifications. The AAAR further held that the appellant’s coaching services are taxable as “commercial training and coaching services” under the SAC 999293 at tax rate of 18%.
- (b) **For examination fee:** Regarding the collection and transfer of examination fees and other fees to recognized institutes/universities, the AAAR held that while Section 15 of the CGST Act, 2017, generally makes the entire consideration liable to GST, if the conditions prescribed under Rule 33 of the Central Goods and Services Tax Rules, 2017, for acting as a 'pure agent' are satisfied, then such amounts can be excluded from the value of taxable supply. This implied that the appellant would not be liable to GST on these specific amounts if it acts purely as an agent for the students in remitting these fees
- (c) **For hostel fee:** The AAAR noted that the appellant charged different, lower rates for its enrolled students compared to outside persons for the same lodging and food services. This distinction led the AAAR to infer that the concession for students was part of a composite supply, where the educational services (commercial training and coaching) were the principal supply. The AAAR, after applying Section 2(30) (definition of composite supply) read with Section 8(a) (tax liability on composite supplies) of the CGST Act, 2017 to the underlying facts ruled

that the entire supply, including the hostel facility, would be treated as falling under SAC 999293 (Commercial training and coaching services) and would be liable to GST at the rate applicable to the principal supply

- (d) **For Textbook sale:** The AAAR found that the sale of textbooks to students at lower rates than to outside persons was also part of a composite supply along with the educational service (coaching) with the commercial training and coaching service being the principal supply. Consequently, the supply of textbooks would also be charged to GST at the rate applicable to the educational service under SAC 999293

Reasoning: Clause 2(y) of the Exemption Notification confines “educational institution” to bodies providing (a) pre-school to higher-secondary education, (b) education as part of a curriculum for a law-recognised qualification, or (c) an approved vocational course. The AAAR reasoned that the decisive test is not the statutory pedigree of the syllabus being taught, but whether the entity itself confers the recognised qualification. Since CA/CS/CMA qualifications are awarded by ICAI, ICSI and ICMAI and not by the coaching institute - the institute could not claim exemption merely because it trains candidates for those statutory examinations. Because hostel and book charges were billed together with tuition as one enrolment package, they were treated as riding on the (taxable) principal supply rather than as independent, exempt supplies.

Industry Impact: The ruling draws a sharp and now well-established line between formal education and commercial coaching and what matters is whether the entity in question is itself the body conferring the recognised qualification.

The ruling provides confirmation to the fact that even where the syllabus taught is itself statutory in origin, the coaching provider remains taxable at 18% if it is not the body awarding the underlying degree or professional qualification.

Further, the ruling is of direct relevance to the very large CA/CS/CMA and allied professional-coaching industry, which cannot rely on the statutory character of the examinations its students sit for as a basis for claiming exemption as educational institution under the GST law.

B. Sanjaykumar Ishwerlal Sadadiwala, Order no. GUJ/GAAR/R/2026/14 dated 28-04-2026 (AAR - GUJARAT)

Facts: The applicant, sole proprietor of “Friends Classes” (established 1984), provided supplementary academic tuition to school students of Standards 5 to 12 enrolled in GSEB- and CBSE-affiliated schools in the form of additional practice, conceptual clarity and exam preparation in school subjects. The applicant sought a ruling that this tuition was exempt “education” under Entry 66 of Notification No. 12/2017-Central Tax (Rate), arguing that school education up to Class 12 is a constitutional entitlement and that taxing supplementary coaching would make quality learning less affordable for middle- and lower-income families.

Decision: The AAR ruled that such activity is not part of a curriculum for obtaining a qualification recognized by law but is extra tuition beyond regular school curriculum and school hours. Entry 66 of the Exemption Notification grants exemption only in respect of the services rendered by educational institution to students, faculty and staff. The services were taxable as commercial training and coaching services under the SAC 999293 and taxed at the rate of 18%.

Reasoning: The Entry 66 exemption is available only to an “educational institution” as defined in Clause 2(y) of Exemption Notification i.e., a body itself providing schooling up to higher secondary level, or a curriculum leading to a recognised qualification. In the instant case, the applicant was not a school and his students were separately enrolled in, and received their curriculum and qualification from, GSEB/CBSE-affiliated schools. What was offered by the applicant was basically the supplementary, non-mandatory practice outside school hours i.e., “extra tuition” rather than a curriculum leading to a qualification - and so fell outside Clause 2(y) regardless of its educational value.

Industry Impact: The ruling reinforces the position taken in Logic Management case referred in 1A above in a materially different fact pattern i.e., school-level supplementary tuition rather than professional-course coaching. The ruling provides confirmation that the same underlying test applies uniformly to the education services regardless of the age or educational level of the students taught.

This judgement reinforces the fact that “tuition classes” and “supplementary coaching” are commercial services (SAC 999293) and cannot claim the exemptions reserved for schools, regardless of how closely the coaching content tracks the school curriculum or how young the students being taught are.

Consequently, all taxpayers who are providing similar education related services should evaluate their GST liability based on the nature of their services and their classification under the GST framework.

C. Indian Institute of Management (IIMB), Order No. KAR/AAAR/08/2018-19, dated 08 March 2019 (AAAR-KARNATAKA)

Facts: IIMB, originally a registered society, became a body corporate under the Indian Institute of Management Act, 2017 (Presidential assent 31 December 2017; provisions in force from 31 January 2018), which for the first time empowered IIMs to confer their own degrees. IIMB offers various long-duration educational programs and subscribes to online educational journals and periodicals.

IIMB sought a ruling on the following issues:

1. Whether the long-duration postgraduate diploma/degree programs offered by IIMB, other than those specifically mentioned in Sl. No. 67 of Notification No. 12/2017-Central Tax (Rate), are exempt from GST in light of the IIM Act, 2017.
2. Whether the supply of online educational journals or periodicals to IIMB is exempt from reverse charge liability of GST under Sl. No. 66 of Notification No. 12/2017-Central Tax (Rate), considering the IIM Act, 2017.

Decision: The AAAR analyzed the status of IIMs before and after the IIM Act, 2017. The AAAR overturned the earlier ruling of the Authority for Advance Ruling (AAR) and held that:

- (a) Post-enactment of the IIM Act, 2017, IIMB's long-duration programs are exempt from GST under Sl. No. 66 of Notification No. 12/2017-Central Tax (Rate).
- (b) IIMB is exempt from paying IGST on the supply of online journals and periodicals received from a person located in a

non-taxable territory under Sl. No. 10 of Notification No. 09/2017-Integrated Tax (Rate).

To put simply, it was held that post-January 2018, IIMs are “educational institutions” as they can now award degrees. For the interim period i.e., 1 July 2017 to 30 January 2018, IIMB could rely on the separate, IIM-specific exemption at Entry 67 of the Exemption Notification will apply. Further, the AAAR also held that IIMB was eligible for IGST exemption on online journals / periodicals imported from outside India.

Reasoning: Clause 2(y)(ii) treats as an “educational institution”, a body providing education as part of a curriculum for a qualification “recognised by any law for the time being in force”. Before the IIM Act came into picture, IIMB’s diplomas were not law-recognised degrees, so it could not satisfy this limb regardless of its academic standing. The IIM Act, 2017 changed this by expressly empowering IIMs to confer degrees - the legal trigger for “educational institution” status therefore arose only from the Act’s commencement date and not from IIMB’s founding in 1973.

Industry Impact: The ruling identifies the legal authority to confer a degree - rather than the institution’s reputation, selectivity, or the rigour of its admissions process - as the operative trigger for an entity’s transition from a taxable, coaching-like body to an exempt educational institution.

This case highlights that for any institution undergoing a change in its own statutory status (for instance, a new Act of Parliament or State Legislature conferring degree-granting power), that its GST exemption position may change prospectively from the date such power is conferred to the institution, without any change to the GST notification itself - a point of practical significance for newly-constituted or upgraded institutions of national importance.

D. Tutor Comp Infotech India (P.) Ltd. - Advance Ruling No. KER/143/2021 dated 27-07-2022 (AAR - KERALA)

Facts: Tutor Comp Infotech India Pvt. Ltd., an Infopark SEZ unit in Kochi, ran an online tutoring platform delivering one-to-one coaching to individual school students up to higher-secondary level: students registered online, were assigned a dedicated academic coordinator,

and received customised study material. The company sought a ruling on whether its services were exempt “education” under Entry 66(a) of Notification No. 12/2017-CT(R), contending it effectively delivered education “up to higher secondary school or equivalent” within clause 2(y)(i).

Decision: Where an institution is providing special training or coaching to the students who are enrolled in formal school for education up to higher secondary or equivalent and is not a formal school, any training provided by such institute is for neither granting any qualification which is recognised by any law nor it forms part of an education which is an approved vocational education course. Hence, they do not fall within the definition of educational institution and services rendered by them will fall under the SAC code - 9992 - “commercial training and coaching services” and taxed as such at 18%.

Reasoning: The applicant was not a formal school but an entity providing special training/coaching to students separately and formally enrolled elsewhere for their higher-secondary education. Even though the platform’s activities could, in ordinary language, be called “education”, they satisfied none of the three limbs of clause 2(y) of the Exemption Notification i.e., the company neither itself schooled students up to higher secondary level, nor delivered a curriculum for a law-recognised qualification, nor ran an approved vocational course. The online, individualised, fee-for-service character of the offering placed it within commercial coaching rather than formal schooling.

Industry Impact: The judgement provided important clarification that any institute that renders training or coaching to school students cannot assume automatic exemption due to the mere fact that services are rendered to school students.

The ruling also confirms that digital / ed-tech tutoring platforms do not receive any special treatment merely on account of serving school children and that Clause 2(y)(i) has to be applied identically for both offline as well as online coaching. Any ed-tech or online-tuition segment must charge 18% GST unless they independently satisfy the formal “educational institution” definition.

Each supply shall be analyzed independently to determine its exemption or taxability including but not limited to determination of eligibility for qualification as educational institution.

2. Statutory Functions vs. Commercial Supply (Affiliation Fee Taxability)

A. Bengaluru North University vs. Joint Commissioner of Central Tax, Writ Petition No.4254 of 2024 (T-RES) and Writ Petition No. 26064 and 26067 OF 2023 (T-RES) dated 22-04-2025 - HC KARNATAKA

Facts: The petitioners (Bengaluru North University and Rajiv Gandhi University of Health Sciences) were statutory universities established under the Karnataka State Universities (Amendment) Act, 2015). The primary function of the university included imparting education, regulating affiliated / constituent colleges, and collecting various fees from the associated colleges and enrolled students. These fees collected by the university included affiliation fees, PG registration fees, admission fees, convocation fees, and other regulatory charges. The GST authorities had proposed and demanded GST on these fee streams for multiple years, issuing show cause notices and, in some instances, passing adjudication orders under Section 73 of the CGST Act, 2017.

The universities challenged the GST demands on such fees, contending that the activities of the universities did not qualify as 'supply' under Section 7 of the CGST Act. The universities also challenged the CBIC Circular No. 151/07/2021-GST dated 17-06-2021 and Circular 234/28/2024-GST dated 11-10-2024, which clarified that affiliation / accreditation services are liable to GST at 18% as such circulars were contrary to the provisions of Sections 7 and 9 of the CGST Act and the Exemption Notification.

Decision: The High Court held that statutory universities established by State enactments are not performing a “business” under Section 2(17) of the CGST Act. Therefore, any revenue earned by such statutory enacted universities in the form of fees for affiliation, registration, and convocation are not “consideration” for a “supply” under the GST law and accordingly not taxable. The High Court also

struck down both circulars challenged by the petitioner. The relevant extract of the judgment is as follows:

*“18.1 Under these circumstances, I am of the considered opinion that the **activities of Universities are not commercial in nature and cannot be termed as “supply” in the course or furtherance of business** and consequently, **activities incidental to education cannot be brought to tax under the GST regime on the ground that it amounts to a business**; so also, the **Fee collected by the Universities is not consideration and the activities undertaken by the Universities are statutory and regulatory in nature**; the services provided by the Universities are exempt from GST in terms of Entry No. 66 of Notification No. 12/2017-CT (R) dated 28.06.2017 and the **impugned Circulars dated 17.06.2021 and 11.10.2024 are illegal and invalid in law.**”*

Reasoning: The high Court is of the opinion that a university's core and incidental functions such as affiliation, registration, examinations, convocation are all performed in discharge of a statutory mandate and not “in the course or furtherance of business” under Section 2(17) of the CGST Act. Consequently, any fees collected in pursuance of such incidental functions are therefore not “consideration” for a “supply” within Section 7 of the CGST Act. Further, the Court also opined that if the primary educational and regulatory activities of a university are not considered 'business' or 'supply', then activities incidental or ancillary to these main functions would also not be subject to GST and hence, to the extent circulars advise contrary, are illegal under the CGST Act.

Industry Impact: This is a landmark pro-university ruling that contradicts the administrative position taken by the CBIC's own circulars on GST taxability of the affiliation fees. This High Court ruling provides an important suggestion that regulatory functions of statutory enacted universities - not only affiliation, but also registration and convocation - are sovereign or statutory in character and should remain outside the ambit of the GST net. The universities across India may find this tax position useful in resisting similar demands raising by the GST authorities, subject to the jurisdiction-specific caution.

B. **University of Mumbai vs. Union of India, Writ Petition No. 4389 of 2025, dated 27-04-2026 - HC (BOMBAY)**

Facts: The University of Mumbai, a statutory university established under the Maharashtra Public Universities Act, 2016, received a show-cause notice from the GST authorities dated 18 July 2024 alleging that affiliation fees collected from constituent colleges for the tax period 2017-18 to 2022-23 constituted a consideration for a taxable supply. Consequently, an order under Section 74 of the CGST Act confirmed a demand of about INR 16.9 crores with interest and penalty for the same. The University challenged this demand before the Hon'ble Bombay High Court.

Decision: Similar to the Bengaluru North case, the Bombay High Court quashed GST demands on affiliation fees, holding that affiliation activities such as verification, consultation etc is a statutory mandate and not a profit-driven commercial activity in the course or furtherance of business and hence, not a supply under Section 7 of the CGST Act. The Court also held that Mumbai University qualify as educational institutions under Entry No. 66 of the Exemption Notification.

Reasoning: A statutorily enacted university's educational activities are not "business" under Section 2(17) of the CGST Act and hence, affiliation fees are not "consideration" for a "supply" under Section 7 of the CGST Act and consequently, the foundational requirement for levy of GST under Section 9 was never satisfied by the taxpayer.

The Court expressly followed the judgements in the cases of Goa University, Rajiv Gandhi University of Health Sciences and Rajasthan Technical University, and held that decisions laid down in those disputes "have attained finality" and ought to have been followed by the tax authorities. The Court went further ahead and also held that even if the activities undertaken by the university were a service, it would independently qualify for the exemption under Entry 66 of the Exemption Notification, and that executive circulars cannot override a statutory exemption. The Court declined to follow the contrary Madras High Court view in Bharathidasan University, noting it had not examined the issue from the same perspective.

Industry Impact: This ruling may be taken as affirmation of tax position on affiliation fee by more than one High Court judicature

across India. This will help taxpayers to strengthen their legal position across India to challenge the tax demands on regulatory fee streams by the GST authorities. While the judgement reinforces a fast-establishing line of authority by different High Court's on the taxability of affiliation fee, the contrary judgement by Madras High Court in the case of Bharathidasan University (discussed below) has kept the issue open for settlement at a higher level of adjudication.

C. Goa University vs. Joint Commissioner of Central Goods and Service Tax Writ Petition No. 723 of 2024 dated 15-04-2025 - HC (BOMBAY)

Facts: Goa University, constituted under the Goa University Act, 1984 and affiliating about 67 colleges, received a show-cause notice proposing a GST demand of roughly INR 4.83 crore on affiliation fees. The alongside a challenge to two CBIC circulars and a press note on the 54th GST Council meeting.

Decision - Affiliation fees collected by the University is not a consideration in pursuance of Section 7 of the Central Goods and Services Tax Act, 2017 as such fees collected by the university were in nature of statutory fee or regulatory fee in terms of statutory provisions and were not contractual in nature. Consequently, activities of university not being commercial in nature, such affiliation fee was not taxable in India.

Reasoning: The fees paid by the students can be treated as “consideration” under Sections 2(31) / Section 7 of the CGST Act only when such fees is paid in response to a supply. The affiliation fees under question is collected in discharge of the University's statutory, public-duty functions - without affiliation, constituent colleges cannot admit students, and it is the University that ultimately conducts the examinations leading to degrees received by the students. Where “the main and dominant activity of the University is education, it cannot be termed as business activity to demand tax”.

The Court additionally held, following Rajiv Gandhi University of Health Sciences (Karnataka HC) and Madurai Kamaraj University [2021 (54) GSTL 385 (Mad.)], that a university which grants affiliation is itself an “educational institution”, so the fee would in any event fall within the exemption under Entry 66 of the Exemption Notification.

Industry Impact: The first Bombay High Court ruling on university affiliation fees, and the foundation for the subsequent Rajasthan, Karnataka and Mumbai University rulings. It establishes two independent routes to non-taxability - “not a supply/no consideration” and, separately, “exempt as an educational institution” - giving universities a robust, two-limbed defence against similar demands.

D. Bharathidasan University vs. Joint Commissioner of GST (ST - Intelligence) W.P. (MD) Nos. 27453, 27456 to 27458 of 2025 and W.M.P. (MD) Nos. 21370, 21371, 21379, 21381, 21395, 21396, 21376 and 21378 of 2025, dated 10-02-2026 - HC (MADRAS)

Facts: The University was issued intimation of liability under Section 74(5) of the CGST Act for FY 2019-20 to 2022-23 wherein it was alleged that affiliation fees collected from affiliated colleges were taxable under GST. The university had claimed exemption under Entry 66 of the Exemption Notification, relying on earlier single-judge judicial precedents favouring universities (including an earlier order in the University's own case (*W.P. (MD) No. 8353 of 2019, decided on 21-9-2021*), and *Madurai Kamaraj University v. Joint Commissioner of GST & Central Excise (W.P. (MD) No. 20502 of 2019 and W.M.P. (MD) No. 17152 of 2019, decided on 16-8-2021*)). Since a co-ordinate single judge had taken a contrary view in *Manonmaniam Sundaranar University (W.P. (MD) No. 19587 of 2021, decided on 10-6-2024*), the conflict related to the taxability of such fee was referred to a Division Bench of the High Court.

Decision - The exemption provided under the Exemption Notification was limited to specific services relating to the admission or conduct of examinations and does not apply universally to all services rendered by the educational institutions. Consequently, since affiliation services are prerequisite for colleges to admit students and is not a part of admission process or for conducting examinations, services rendered prior to the admission or those unrelated to examination conduct including affiliation fee are outside the exemption entry and hence subject to GST.

Reasoning: The exemption under Entry 66 is confined to services “relating to” admission of students to, or conduct of examinations by, an educational institution, and does not extend to every service a

university performs. Granting affiliation - and the associated college inspection - is a statutory pre-condition enabling a college to admit students but is conceptually and temporally distinct from the admission process or examination conduct itself, so it does not fall “within” the exemption. The Court also noted that the later insertion of a specific carve-out (Entry 66A) exempting affiliation services to Government schools indicated the legislature understood affiliation to be taxable in the first place - otherwise a specific, narrow exemption would have been unnecessary.

Industry Impact: This judgment of Hon’ble Madras High Court is a leading judgement that contradicts the University’s position of non-payment of GST demands on affiliation fee. This judgement may give the GST authorities a reasoned basis to pursue affiliation-fee demands notwithstanding the pro-university trend elsewhere, confirming the issue remains genuinely unsettled pending Supreme Court or GST Appellate Tribunal resolution.

E. Care College of Nursing Vs Kaloji Narayana Rao University Of Health Sciences (Writ Petition Nos. 34617 of 2022 and others., dated 17-10-2023), HC (TELANGANA)

Facts: Kaloji Narayana Rao University of Health Sciences (KNRUHS), a statutory university (Act 6 of 1986), grants affiliation to nursing and other colleges. Before granting affiliation, the University conducts an inspection of the college and charges an inspection fee; on granting affiliation it charges an affiliation fee. The GST authorities raised a demand on KNRUHS who in turn passed on the GST liability to the respective colleges affiliated to the university. The colleges (Care College of Nursing and others, all nursing institutions) challenged these demand notices in a batch of writ petitions, arguing the fees were GST-exempt.

Decision: The writ petitions were dismissed, with all connected petitions dismissed as a consequence and no order as to costs. The Court held that inspection fees and affiliation fees charged by a University from colleges for granting affiliation are not exempt under Sl. No. 66 of the Exemption Notification and that such fees are taxable as “education services”, and the demand was accordingly upheld.

Reasoning: The Court dismissed the petition on following grounds:

- (i) **Exemption Clauses:** The court noted that while some educational services are exempt under the GST Act, affiliation and inspection fees are not explicitly listed in the exemption under the Exemption Notification.
- (ii) **Nature of Services:** The services provided by the university to educational institutions occur before student admissions and are not directly rendered to students, faculty, or staff. Therefore, they do not qualify for the exemptions meant for services rendered directly to these groups.
- (iii) **Legal Precedents:** The court relied on precedents such as *Commissioner of Customs (Import) v. Dilip Kumar and Company (Civil Appeal No. 3327 of 2007, decided on 30-7-2018)*, which emphasize strict interpretation of exemption notifications. The court highlighted that any ambiguity in tax exemption clauses should not favor the assessee.

Industry Impact: The judgement distinguished from the several pro-assessee judgments and lead to following chain of thought:

- 1. **Strict interpretation of exemptions:** Exemption notifications must be strictly interpreted, and the burden of proof lies with the entity claiming the exemption.
- 2. **Scope of educational services:** Services provided to educational institutions, such as affiliation and inspection, are not exempt from GST unless explicitly stated in the notification.
- 3. **Precedent reliance:** The judgment reinforces the importance of relying on established legal precedents when interpreting tax laws and exemptions.

3. Examination and Support Services

A. **Educational Initiatives (P.) Ltd. vs. Union of India - R/Special Civil Application No. 16476 of 2021, dated 18-02-2022, HC (GUJARAT)**

Facts: The applicant, Educational Initiatives supplied “ASSET” (Assessment of Scholastic Skill through Educational Testing), a software-based assessment tool used by K-12 schools. The company

sets question papers and evaluates answers, while schools administer the test on their own premises or online, paying the company roughly a 10% administrative fee for their services.

A favourable Gujarat AAR ruling (AAR No. GUJ/GAAR/R/27/2020 dated 2-7-2020) exempted ASSET under Entry 66(b)(iv), but the Revenue appealed and the Gujarat AAAR (*Advance Ruling (Appeal) No. GUJ/GAAAR/APPEAL/2021/29, dated 7-9-2021*) reversed this ruling, holding the examination was, in substance, conducted by the company rather than the school. The company consequently filed a writ petition before the Hon'ble Gujarat High Court.

Decision: The High Court held that the term “relating to” conduct of examination must be interpreted broadly. Even if the exam is outsourced to a private entity, it is exempt if it is an educational assessment conducted for a school by such institution. Consequently, the ASSET services are exempt under Entry 66(b)(iv) of the Exemption Notification. The important observation by the High Court from its order is produced below:

25. It is now well-settled that even in tax statutes, an exemption provision should be liberally construed in accordance with the object sought to be achieved if such provision is to grant incentive for promoting education or otherwise has some beneficial reason behind it. The exemption notification should be given a literal meaning. The recourse to other principles or canons of interpretation of statute should be resorted to only in the event the same give rise to anomaly or absurdity. As observed earlier, the exemption notification must be construed having regard to the purpose and object it seeks to achieve. The notification in the case on hand should be read as a whole.

Reasoning: The statutory phrase “services relating to” the conduct of examinations provide in the notification must be construed broadly because the exemption itself was drafted broadly by the GST authorities and should not be narrowed simply because a school outsources its services of exam assessment. Examination is “an essential component of education”, and citing *Sole Trustee, Loka Shikshana Trust v. CIT* [(1976) 1 SCC 254], the High Court reasoned

that education encompasses the whole process of formal training and assessment and hence, a private specialist conducting the assessment on a school's behalf remains within the scope of services "relating to" examinations.

Industry Impact: This ruling adopts a purposive, wide construction of 'relating to' - in contrast to the generally strict construction applied to exemption notifications elsewhere in this sector's case law - on the reasoning that the exemption's language was itself drafted broadly and should not be read down merely because the school has chosen to outsource, rather than internally perform, the assessment function.

This interpretation provides significant relief to ed-tech and assessment companies that partner with schools to conduct standardized testing, confirming that outsourcing an assessment function to a specialist third party does not, by itself, take the service outside the Entry 66 exemption.

B. Institute of Education & Examination Management (P.) Ltd., Order No. 15/WBAAR/2023-24 in Case No. 13 of 2023, dated 13-07-2023 – AAR (WEST BENGAL)

Facts: The applicant, Institute of Education & Examination Management (P.) Ltd., was engaged in providing various pre-examination and post-examination services to Educational Boards, Councils, and Universities. These services were comprehensive in nature and covered different stages of the examination process. To analyse, the activities undertaken by the applicant included the following:

(i) Pre-Examination Services:

- a) Online and offline printing of essential pre-examination items such as Registration Certificates, Examination Enrolment Forms, Admit Cards, Award Lists for marks entry, and other related services.
- b) Designing, developing, and managing web-based applications and associated services for conducting online examinations for these educational bodies.

(ii) **Post-Examination Services:**

- a) Scanning and processing of examination results.
- b) Generation and printing of Mark Sheets (both online and offline).
- c) Printing of Pass Certificates and other related post-examination activities.

The core question before the AAR was whether the services provided by the applicant to the Educational Boards and Universities for the conduct of examinations, would be exempt under the GST law.

Decision: The AAR ruled that both the pre-examination and post-examination services supplied to universities, and to Central/State Education Boards, are exempt under Entry 66(b)(iv) of Notification No. 12/2017-CT(R) as these are services rendered to an educational institution.

Reasoning: The AAR opined that education is not confined to classroom teaching but comprehensively includes the administration of examinations and the conferment of certificates / degrees and that the Universities and Boards contribute to this process through syllabus design, scheduling, exam administration, evaluation and degree/certificate conferment. The Authority relied on the 2018 amendment deeming Central and State Education Boards to be “educational institutions” for the limited purpose of examination-conduct services, holding that “input” services rendered to universities and to Boards alike fall within the exempt category because both are integral, not merely incidental, to conducting examinations.

Industry Impact: The ruling extends the broad, purposive reading of ‘relating to’ conduct of examination adopted in the case of educational initiatives referred above to a materially different, more technical category of service such as admit-card printing, online hosting, and results processing, thereby confirming that the exemption is not confined to the assessment function itself but extends to the surrounding technical and logistical infrastructure that makes conduct of examination possible.

Vendors relying on this exemption should nonetheless confirm, on their own specific facts, that their client is genuinely an ‘educational

institution' within the meaning of Clause 2(y) of the Notification No 12/2017-Central Tax (Rate) dated 28 June 2017, since the exemption does not extend to equivalent services supplied to a non-qualifying client such as a private coaching business.

C. Tvl. Batcha Noorjahan, A.R. Appeal No. 2 /2025/AAAR and Order-in-Appeal No. AAAR/3/2025 (AR), decided on 23-6-2025 - AAAR (TAMIL NADU)

Facts: The appellant, proprietor of “Miss School Transport”, operated buses exclusively for school students and staff under long-term agreements with schools, generating e-invoices and e-way bills per trip, but collecting the transportation charges directly from the student's parents. The appellant sought a ruling that such service should be treated as rendered to the school (an “educational institution”) rather than to the parents, given the structured agreement and the school's oversight of operations, claiming exemption under Entry 66 of the Exemption Notification. The AAR ruled against confirming the exemption because the school neither paid for nor received the service. Pursuant to such negative ruling, the appellant filed an appeal against the order of the AAR.

Decision: The AAAR ruled in favour of the revenue by rejecting the appeal. The core legal principle established by the AAAR is that for the purpose of claiming GST exemption under Entry No 66 of the Exemption Notification for transportation services to an educational institution, the actual recipient of the service and the payer of the consideration must be the educational institution itself.

If the consideration for the transportation service is paid directly by the parents of the students, then the service is deemed to be provided to the parents, not the educational institution, thereby rendering the exemption inapplicable. The regulatory compliance of holding a permit in the school's name does not alter the commercial reality of who is receiving and paying for the service.

Reasoning: Applying the definition of “recipient” in Section 2(93) of the CGST Act i.e., the person liable to pay the consideration, the AAAR held that since it was the parents, and not the school who paid the transport charges, the parents (not the school) were the recipients of the service. The appellant's obligatory use of the school's name on

the transport permit (a road-transport regulatory requirement) was held not to alter the commercial reality of who actually receives and pays for the service. The judgment also establishes the long-discussed principle of ‘substance over form’.

Industry Impact: This ruling from the Tamil Nadu AAAR, though an advance ruling and thus binding only on the applicant and the jurisdictional officer, carries significant persuasive value and has several implications for the transportation sector, educational institutions, and parents:

- **Increased Cost for Parents:** For school bus operators who directly contract with and collect fees from parents for student transportation, this ruling confirms that GST will be applicable. This will inevitably lead to an increase in the overall cost of school transportation for parents, as the GST component will likely be passed on to them.
- **Restructuring of Contracts:** Educational institutions and school bus operators may need to re-evaluate and restructure their contractual arrangements. To avail the exemption, the ideal scenario would be for the educational institution to directly contract with the transporter and pay the consideration for the transportation services. The school could then recover these costs from parents as part of the overall school fees, without separately charging GST on the transportation component if the service is indeed provided to the educational institution.
- **Clarity on “Service to Educational Institution”:** The ruling provides crucial clarity on the interpretation of “service provided to an educational institution” under Sl. 66 of Notification No. 12/2017-CTR. It emphasizes the “substance over form” approach, focusing on the actual recipient of the service and the flow of consideration, rather than mere regulatory formalities or general agreements. This will guide other transporters and educational institutions in assessing their GST liability.
- **Compliance Burden for Transporters:** Transporters who previously assumed their services were exempt due to their association with schools will now need to register for GST (if their turnover exceeds the threshold), comply with GST

invoicing requirements, and remit GST to the government. This adds to their administrative and compliance burden.

- **Potential for Litigation:** This ruling might lead to similar disputes in other states or for other service providers to educational institutions where the ultimate beneficiary or payer is not the institution itself. It underscores the importance of clearly defining the service recipient in contracts to avoid future litigation.

4. Bundled Services: Composite vs. Mixed Supply

A. Sarj Educational Centre - Appeal Case No. 05/WBAAAR/APPEAL/2019, dated 25-06-2019

Facts: The applicant owned a private boarding house providing lodging and food exclusively to students of the St. Michael's School (run by the Sunshine Educational Society), under an MOU with the school. The boarding package consisting of lodging, housekeeping, laundry, medical assistance and food was billed to each boarder as one consolidated charge, with no option to take lodging alone. The applicant sought a ruling that this was a "composite supply" eligible for the low-tariff hostel concession.

Decision: The AAAR affirming the AAR judgement ruled that the combination of lodging with food and the other services is a "mixed supply" under Section 2(74), not a "composite supply" under Section 2(30) and hence, taxable at 18%, the highest rate among its components, per Section 8(b) of the CGST Act. This was considered to be a "mixed supply" because the services were not naturally bundled (students could opt for lodging without food). The AAAR also held that the center was not an "educational institution" as defined in Clause 2(y) of Exemption Notification.

Reasoning: A "composite supply" requires bundled elements to be naturally and inseparably linked in the ordinary course of business, with one predominant "principal supply". Lodging, food, housekeeping, laundry, medical assistance and electricity are independent services that can readily be, and commonly are, supplied separately, and are not naturally bundled in the ordinary course of business, merely

because one operator chooses to offer them together for one price. The consolidated billing reflected commercial packaging, not natural bundling of services. Because the applicant was a private landlord under an MOU with a school and not itself a school, university, or approved vocational institute, it could not independently claim educational-institution status either

Industry Impact: This ruling act as a warning that private hostel providers that they cannot linked on a school's exempt status. If the services within a bundle are not naturally and inseparably bundled, the highest tax rate applicable to any component of the bundle applies to the whole. All boarding-house operators wishing to preserve a more favourable characterisation of their business should consider whether their lodging and food services are, in substance and in their contractual documentation, offered as a single, non-optional package to the recipient or not.

B. Kalani Infrastructure (P.) Ltd. - Order No. RAJ/AAAR/7/2019-20, dated 12-5-2020 - AAAR (RAJASTHAN)

Facts: The appellant ran a student hostel in Kota, Rajasthan, charging a consolidated fee of Rs. 17,000 per student per month covering room accommodation together with food, a TV in the dining hall, a playroom, gym access, housekeeping of the entire premises, room cleaning, and washing / dry-cleaning of bed linen, with no option to take the room alone at a lower price. The appellant contended room accommodation was the “principal supply”, with everything else merely ancillary and naturally bundled with it.

Decision: The AAAR ruled such services rendered by the appellant is a “mixed supply” taxable at 18%, as these services are independent and not naturally bundled in the ordinary course of business of the appellant.

Reasoning: Food, gym, playroom, housekeeping and laundry are independent services capable of being, and ordinarily are, supplied separately in the market; because each could stand alone commercially, the bundle failed the “naturally bundled in the ordinary course of business” test for a composite supply under Section 2(30) of the CGST Act.

Industry Impact: The judgement emphasizes on the fact that charging a “one consolidated fee” pricing in student housing: a single, non-itemised amount for room-plus-amenities can push the entire receipt including what would otherwise be low-taxed or exempt room rent, to be taxed at the rate of 18%, even where accommodation is the dominant component by value.

Hostel and PG operators should review whether genuinely optional amenities can be priced and invoiced separately to preserve a more favourable characterisation of the core accommodation charge (noting that mandatory, non-severable meal-inclusive packages have, on other facts, instead been characterised by courts as exempt “residential dwelling” rentals).

C. Symmetric Infrastructure (P.) Ltd., Advance Ruling No. RAJ/AAR/2021-22/09, dated 02-09-2021 AAR (RAJASTHAN)

Facts: The applicant, a coaching institute, delivered coaching to enrolled students partly through a “network partner” and, alongside the coaching, supplied a student kit i.e., printed study material, test papers, a uniform and a bag, all for one consolidated fee dominated in value by the coaching component. It sought a ruling on whether this consolidated charge should be treated as goods, services, or a mixed/composite supply, and on how invoicing should work where a network partner actually delivers part of the coaching.

Decision: Where the coaching institute provides coaching services to its enrolled students through its network partner and it also provides study material and student kit which includes test paper, printed material, uniform, bag and other goods and the enrolled students are charged a consolidated amount including supply of goods and / or services, the total consolidated amount charged on the invoice will be treated as the value of service supplied by the institute to the students.

Further, where services are rendered through network partner, the institute will be the service provided to the students and raise invoices as such and the network partner will raise the invoice on the institute, which will become a purchase for the institute.

Reasoning: Supplying course materials, uniforms and bags to enrolled students is naturally incidental to, and commercially inseparable from, the coaching relationship. This is because a student

does not procure the kit independently of enrolling for coaching and thus, satisfying the “naturally bundled, one principal supply” test under Section 2(30) of the CGST Act. This is in contrast to the hostel-and-amenities bundles in Sarj Educational Centre / Kalani Infrastructure, where no single service was naturally predominant. On the network-partner point, the Authority looked to the actual contractual relationship with the student (who deals with, and pays, the institute) to fix the institute as the true supplier of record.

Industry Impact: Where an integrated coaching offering (tuition plus study kit) is genuinely bundled and priced as one package, tax follows the principal supply i.e., coaching. This helps in simplifying compliance for exam-coaching businesses supplying students with standard kits.

Contrast this outcome with Kalani Infrastructure and Sarj Educational Centre on hostel bundles (mixed supply, no clear principal element) to see how the presence or absence of one naturally predominant service drives the result. This also gives multi-location coaching networks a clear invoicing template for franchise / network-partner delivery models.

5. Export of Services and Intermediary Status

A. Commissioner of Delhi Goods and Service Tax DGST Delhi vs. Global Opportunities (P.) Ltd. - SLP Appeal (C) No. 2752 of 2026 dated, 27-01-2026 (SC)

Facts: Global Opportunities Pvt. Ltd. was engaged in providing educational-consultancy and counselling services to Indian students seeking admission abroad, under agreements with foreign universities and once a student is admitted, the foreign university pays the company a commission. The company filed GST refund claims for FY 2018-19 to 2021-22 on the basis that its services to foreign universities were “export of services”. The GST officer rejected the refunds, treating the company as an “intermediary” under Section 2(13) of the IGST Act (whose place of supply, under Section 13(8)(b), is deemed to be India, defeating export status). The Appellate Authority allowed refund to the taxpayer, pursuant to which the Department challenged this before the Delhi High Court. The High Court dismissed the Department’s petition (*W.P. (C) No. 10189 of 2025 and C.M. Appl. No. 42299 of 2025, decided on 25-9-2025*) following which the Department

appealed further, and the Supreme Court upheld the Delhi High Court's order.

Decision: The Delhi High Court, as affirmed by the Supreme Court, held that Global Opportunities is not an “intermediary” and that its consultancy services to foreign universities qualify as “export of services”, entitling it to a GST refund under Section 54 of the CGST Act.

Reasoning: The Hon'ble High Court, relying on its own precedents (Ernst & Young Ltd. and Verizon Communication India Pvt. Ltd.) and on the Bombay High Court's ruling in K.C. Overseas Education Pvt. Ltd. v. Union of India (subsequently affirmed by the Supreme Court), the Court held that an “intermediary” is confined to a person who merely arranges or facilitates a supply between two other parties. It further noted that a person supplying services on its own account on a principal-to-principal basis is not an intermediary, even if its activity incidentally benefits the party paying it. The determinative factors were the nature of the service, the contractual recipient, and who is liable to pay consideration - not the location of incidental beneficiaries (Indian students). Since the foreign universities were the contractual counterparties and payors, they were the true recipients, notwithstanding that Indian students directly experienced the counselling.

Industry Impact: A major, Supreme-Court-affirmed victory for India's study-abroad consultancy industry, settling a long-running dispute with the GST / erstwhile service-tax authorities and confirming that commission-based educational consultancy for foreign universities is zero-rated export of services rather than a taxable, India-located intermediary service - securing refund eligibility for the sector on materially similar fact patterns (see also Fateh Education Consulting, below, applying this precedent).

The distinction between intermediary services and export services is crucial for determining GST refund eligibility. Further, any services provided on one's own account, where the recipient is outside India and payments are received in foreign exchange, can qualify as exports under the IGST Act. refund eligibility.

B. Fateh Education Consulting (P.) Ltd. vs. Assistant Commissioner - W.P. (C) No. 17500 of 2025, dated 08-05-2026

Facts: Fateh Education Consulting provides education consultancy, marketing and recruitment-support services to foreign universities, promoting their courses in India and assisting prospective students through admissions. For such services, it is paid commission by the foreign universities, linked to tuition fees paid by admitted students, but was charging the students nothing. It claimed a refund of about Rs. 2.63 crore for IGST paid between September 2023 and March 2024 as “export of services with payment of tax”. The Assistant Commissioner rejected the claim on 30 October 2025, treating the company as an “intermediary” / agent of the foreign universities.

Decision: The Delhi High Court ruled that marketing and recruitment support provided to foreign universities is an export of service. The fact that students are incidentally assisted does not make the student the “recipient” of the service.

Reasoning: The issue was “no longer res integra”, being directly governed by the co-ordinate Bench’s ruling in *Global Opportunities (W.P. (C) No. 10189 of 2025 and C.M. Appl. No. 42299 of 2025, decided on 25-9-2025)* and by the Bombay High Court’s *K.C. Overseas Education* (affirmed by the Hon’ble Supreme Court of India). The agreements expressly gave the petitioner no authority to bind the foreign universities, no ability to guarantee admissions, and created no principal-agent relationship; the universities alone engaged and paid the petitioner. Consequently, receiving commission linked to student tuition fees did not, by itself, convert the petitioner into an intermediary. In the instant case, what mattered most was that it rendered services on its own account and was paid by, and contracted with, the foreign universities directly.

Industry Impact: The judgement confirms and operationalises the *Global Opportunities* principle for the wider study-abroad consultancy sector, giving such firms a clear, recently reaffirmed template i.e., to secure export-of-service treatment and IGST refunds notwithstanding a commission structure tied to student admissions

6. Auxiliary Services

Hemchand Yadav Vishwavidyalaya, Order No. STC/AAR/04/2019-Raipur, dated 24-09-2019, AAR (CHHATTISGARH)

Facts: Hemchand Yadav Vishwavidyalaya, a State university at Durg, Chhattisgarh, formed in 2015 from the bifurcation of Pandit Ravishankar Shukla University floated a tender on 30 January 2019 for security services at the University wherein seven of eight bidders quoted rates inclusive of 18% GST, while one quoted without GST, claiming exemption from payment of GST on such security services. The University sought a ruling on whether security services supplied to it attract GST, including whether the reverse-charge mechanism under Notification No. 29/2018-Central Tax (Rate) applied to such services or not.

Decision: The AAR held that security services provided to a higher education institution (University) are taxable, whereas they are exempt if provided to a school (up to Higher Secondary). Further, for the period upto June 24, 2019, the university, being registered only as a tax deductor, was not liable for GST under reverse charge. The liability was on the service provider under forward charge. However, with effect from June 25, 2019, when the university registered itself as a regular / normal taxpayer, became liable under reverse charge as the recipient of the service.

Reasoning: The auxiliary-services exemption under Entry 66(b) of the Exemption Notification is deliberately confined to services supplied to an institution providing pre-school or up-to-higher-secondary education. A university, which provides higher education, falls outside clause 2(y)(i) even though it otherwise squarely qualifies as an “educational institution” for its own core teaching / examination functions under clause 2(y)(ii). The exemption for security, cleaning, catering and similar auxiliary / input services was, on the Authority’s reading of the exemption notification, never intended to extend beyond the school segment.

Industry Impact: This judgement highlights what practitioners term the “exemption gap” wherein schools (up to higher secondary) receive security, cleaning and catering services GST-free, while colleges and universities providing the identical services must bear 18% GST as an irrecoverable cost. Universities, colleges, and the security / housekeeping / catering vendors who serve them should factor this institution-type-based asymmetry into pricing and tendering.

Conclusion of Chapter III: These judicial and advance-ruling authorities provide a framework for analysing GST exposure in the education sector, but a taxpayer's own contracts, approval mechanisms and other documentary evidence remain central to defending its position before the GST authorities. A favourable ruling decided on different facts, or built on a notification version that has since been amended, should never be treated as a complete defence in itself - each of the entries above should be checked against the current notification text and, where the ruling is recent, against its subsequent appellate history before being relied upon.

Key Sectoral Considerations & Way Forward

1. Current Challenges

1.1 Narrow Definition of 'Educational Institution'

The definition of 'educational institution' under clause 2(y) of Notification No. 12/2017-Central Tax (Rate) dated 28 June 2017 confines exemption to institutions providing pre-school to higher-secondary education, curriculum-based education for a law-recognised qualification, or an approved vocational education course.

Consequently, the law restricts exemptions exclusively to entities providing recognized degrees, school education, or approved vocational training. On the other side, coaching institutes, most executive-education programmes, and non-recognised online learning platforms fall outside this definition irrespective of their educational content or social utility.

Take for instance - a student attending a recognised university pays no GST on tuition whereas a student attending a JEE or NEET coaching institute, or a CA/CS/CMA coaching class, pays 18% GST on an activity that is, for many such students, at least as central to their eventual educational and career outcome as the degree programme itself.

This disparity in the source of education originates from the restrictive definition that excludes a wide range of genuine educational service providers - professional coaching institutes, skill development centres (other than the charitable exception noted below), hobby and art schools, language institutes, and online learning platforms - from the GST exemption. This results in GST being levied on these entities even though the underlying activity serves a public educational purpose.

The exclusion is not absolute. Para 2(r)(iii) of Notification No. 12/2017-Central Tax (Rate) exempts skill-development activity as a "charitable activity" where undertaken by a Section 12AA/12AB-registered entity for specified beneficiaries - abandoned/orphaned children, prisoners, or persons

over the age of 65 years residing in rural areas. So, a registered charitable trust training such beneficiaries stays outside the tax net, while an identical programme run commercially remains taxable at 18 per cent. The analysis above applies to commercial skill-development and coaching providers, not the charitable segment.

1.2. Dispersed GST Law and Divergent AAR Rulings

The applicable GST rules for the education sector are dispersed across the principal exemption notification, the rate notification, several circulars issued over different years, and a body of judicial rulings mostly at AAR level's. However, such Advance Rulings under GST are state and client specific and essentially cannot be applied holistically as an order of Tribunal, High Court or Supreme Court.

Such AAR rulings have created complexities for educational institutions operating across multiple states. Since every AAR authority has their own way of interpretation, various queries related to the education and training sector taxability have seen divergent rulings on similar issues.

1.3. ITC Denial Creates Embedded Tax and Cascading Effect

Under Section 17(2) of the Central Goods and Services Tax Act, 2017, an educational institution engaged in wholly or predominantly exempt supplies cannot recover input tax credit on its purchases. Section 17(5) of the Central Goods and Services Tax Act, 2017 further specifically blocks credit on construction of immovable property, motor vehicles, and food and beverage services - categories of expenditure central to running a educational institution.

As a result of such restrictions in the GST law, recognised educational institutions, being suppliers of exempt services, are denied ITC on their inputs and input services. This means GST paid on academic and hostel infrastructure, catering, IT infrastructure, professional services, and maintenance becomes a permanent, unrecoverable cost that which is ultimately passed through to students and parents.

Further, under GST law, transactions between a Head Office and its Branch located in a different State are treated as a supply of services and attract GST, even though both belong to the same legal entity. For regular taxable

businesses, this has limited financial impact, as the recipient branch can avail ITC and set it off against its output tax liability.

However, this provision creates a genuine cost burden for entities providing GST-exempt output services. Since educational services provided to students are exempt from GST, such entities are not eligible to avail ITC.

Consequently, when an educational institution operates schools in multiple States and centralizes support functions - such as Accounting, Procurement, IT, HR, and Curriculum development - at the Head Office, the services rendered by the HO to each Branch are treated as a taxable inter-state supply. Since this supply does not itself qualify as an "educational service," it falls outside the exemption, and GST becomes payable on it. With no ITC available to set off against this liability, the GST paid becomes a direct, unrecoverable cost and ultimately unintendingly increasing the cost of education for students.

1.4 Ed-Tech - Regulatory Uncertainty

The rapid growth of ed tech has outpaced the GST framework despite the law being less than a decade old. Questions around OIDAR applicability, the tax treatment of freemium models, subscription-based learning, micro-credentials, and AI-driven personalised learning remain inadequately addressed in the GST law.

Digital ed-tech platforms often operate in a grey area in India. While the services rendered by them is 'education', they rarely grant 'recognized qualifications', as specified under the GST law. Most fall under 'Commercial Training and Coaching Services' (SAC 999293) or the residual 'Other Education and Training Services' category (SAC 999294), both taxable at 18 per cent.

These gaps and lack of clarity has resulted in business operating with interpretation basis the existing legal infrastructure combined with the legal analysis through various judicial precedents. However, this makes the business prone to department scrutiny's and possible litigation regarding classification and taxability.

1.5 Difference in National Education Policy 2020 vis-à-vis its GST Treatment

The Government of India's skilling policy, as reflected in the National Education Policy 2020 and the continuing expansion of the National Council for Vocational Education and Training's institutional remit, is more directed toward expanding the reach of recognised vocational training, including into informal and semi-formal training settings.

However, a meaningful share of activity that government skilling policy would characterise as 'vocational training' in the broad sense remains, for GST purposes, ordinary taxable commercial training taxable at 18%. This creates a disincentive at the margin for providers to expand into precisely the informal and underserved segments that skilling policy aims to reach, since formal recognition (and the compliance overhead it entails) is presently a precondition of the GST benefit.

2. Interpretational Issues

- Whether MOOCs (Massive Open Online Courses) offered by recognised universities qualify as exempt educational services.
- Whether franchise fees paid to coaching institute chains qualify as 'services by way of education' - generally held taxable as a separate licensing/brand-use supply, though outcomes remain fact-specific depending on the actual franchise arrangement.
- GST on examination and membership fees charged by professional bodies (ICAI/ICSI/ICMAI) are broadly exempt as these bodies qualify as 'educational institutions', but residual ambiguity persists mainly around bundled coaching/study material and accreditation-type fees, which CBIC via Circular No. 151/07/2021 has separately flagged as taxable.
- Treatment of 'development fees' and 'corpus fund contributions' - whether these constitute an advance payment for supply or a genuine gift/donation, depending on whether the payment is tied to a specific benefit like admission or a fee waiver.
- Cross-border online tutoring by Indian teacher to a foreigner whether the conditions for export of service (zero-rating) under Section 2(6) of the

IGST Act are met, create ambiguity in platform-mediated tutoring arrangements.

- Whether AI-tutoring tools licensed to educational institutions constitute services connected with admission or examination (potentially exempt under Sl. No. 66(b)(iv)) or a standalone taxable technology/licensing supply - an emerging classification question without settled precedent.

3 Grey Areas That Needs Clarity

These are questions where consultants, taxpayers and experts can currently land in different places. None of them has a clean, official answer yet to these queries:

QUESTION	IN PLAIN TERMS	WHO'S AFFECTED	WHAT TO DO TODAY
University affiliation fees	Should a university charge GST when it affiliates a college? The tax department says yes; most courts that have looked at it say no.	Every university with affiliated colleges	Get advice specific to your state / court jurisdiction; don't assume either answer applies uniformly across India
Executive / short courses at business schools	A short, non-degree course sits differently from a full degree program, even at the same reputed institution.	B-schools and universities running executive education	Use programme length and whether it leads to a real qualification as your guide, by analogy to the IIM rule.
Placement / campus-recruitment fees	If a college charges companies for campus access, is that part of tax-free education, or a separate taxable service to the	Colleges and universities with active placement cells	If the placement fee is bundled into tuition, it likely stays exempt; if billed separately to recruiting

	company?		companies, it should be treated as a distinct taxable service.
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4. Practical Compliance Concerns

4.1 RCM Compliance

Many educational institutions are unaware of the RCM obligations on services received from unregistered vendors (foreign visiting faculty, foreign freelance content developers, security services other than body corporate in case of services received by education institute other than an institution providing services by way of pre-school education and education up to higher secondary school or equivalent).). Such non-compliance may attract interest at 18% p.a. and penalties under Sections 74A (erstwhile Section 73 / 74 upto FY 2023-24).

4.2 GST Audits and Scrutiny

Educational institutions such as private universities, deemed universities, and large coaching institutions have been under the scanner and GST audit quite often in recent times. This is due to the fact that several institutions that operate on the broader assumption that being “educational” in nature is, by itself, sufficient enough for them to keep the campus-related income and expenditure outside GST, without separately testing each stream of income and each procurement against the specific conditions attaching to it.

This technical gap gets further compounded by the way institutions typically structure their operations such as bundling tuition with hostel, mess, and transport charges, and outsourcing services such as security, housekeeping, and catering to third-party contractors. During the course of the audit and scrutiny, some of the issues closely examined by the GST department are detailed below:

ITC being claimed on certain services: Institutions frequently avail full ITC without reversing the portion attributable to their exempt educational supplies, as required under Rule 42 (for inputs and input services) and / or Rule 43 (for capital goods) of the CGST Rules, 2017. Apart from this proportionate ITC reversal, three specific patterns have recurred in the past in GST audit:

- a) Construction-related credit: ITC of expenses incurred on the construction of new academic buildings, hostels, and libraries is blocked under Section 17(5)(c)/(d) of the CGST Act, 2017, other than for “plant and machinery”. Some institutions had claimed such ITC relying on the Supreme Court’s 2024 ruling in the case of Safari Retreats, which had recommended a “functional” test to determine as to what qualifies as plant. However, the Finance Act, 2025 retrospectively substituted “plant or machinery” with “plant and machinery” in clause (d), effective from 1 July 2017, reinstating the ITC blockage. Institutions that availed credit on this basis now face reversal along with interest, and possibly penalty if reversed during the course of audit by GST authorities.
- b) Transport fleets: Credit on buses and similar vehicles (with seating capacity up to 13) used for student transport is blocked under Section 17(5)(a), unless the vehicle is used for making a taxable supply of passenger transportation. Since, in majority case, the transport facility for institution’s own students gets bundled into the education fee (which is exempt) rather than being billed as a distinct taxable service, this exception often does not apply, and credit on such fleets is disallowed during the audit.
- c) Outsourced catering and mess: ITC of food and catering services procured from third-party contractors is blocked under Section 17(5)(b), unless the institution’s own outward supply falls within the exception therein. Educational institutions other than pre-school and up-to-higher-secondary institutions receive taxable catering services (Entry 66(b) exemption being inapplicable to them), and often wrongly claim ITC despite the block.

RCM not being discharged on a specific nature of services: The exemption for services received by an educational institution - as against services rendered by it - such as security, housekeeping, or transportation, applies only to institutions providing education up to the higher secondary level (Entry 66(b) of the Services Exemption Notification). While most universities, deemed universities, and similar higher-education institutions fall outside this exemption, they continue to avail the benefit of such exemption. Below are the common RCM related liabilities faced by educational and training institutions as part of audit:

- a) Security services: With effect from 1 January 2019, under Entry 14 of Notification No. 13/2017-Central Tax (Rate) dated 28 June 2017, procurement of security personnel services from an agency that is not a body corporate attracts GST under reverse charge. Institutions that assumed the general “educational institution” exemption extends to this procurement have faced demand during scrutiny / audit.
- b) Goods Transport Agency (GTA) services: Freight charges paid by the institutions for transporting various supplies related to library, laboratory, or hostel, often falls on the recipient under RCM. However, such liability is missed often, especially where the institution treats such procurement as incidental to its exempt activities.

Tax liability not being discharged on services which are purely not in the nature of exempt services: The education exemption is confined to institutions meeting the statutory definition – provided in the Services Exemption Notification. There are several categories of revenue earned by institutions which fall outside this exemption criteria and are commonly found to be untaxed during the scrutiny / audit:

- a) Coaching and tuition fees: Irrespective of how closely they track a school or competitive-exam curriculum, coaching and test-preparation services do not meet the statutory definition of “educational institution” and hence, the entire fee is taxable at 18% under the SAC 999293. The Gujarat AAR reaffirmed this in April 2026 in the case of Sanjaykumar Ishwerlal Sadadiwala, holding that coaching for Standards 5 to 12 did not qualify for the Entry 66 exemption. There are several coaching institutes in India who have treated all or part of their fee income as exempt on the basis that their business is “educational” in nature.
- b) Hostel and canteen charges to person other than students, faculty and staff: The Entry 66(a) exemption does not include the accommodation or food charged to outsiders. These charges may separately qualify for exemption only under the general accommodation-services entry (Entry No 12A) wherein value not exceeding ₹20,000 per person per month, for a minimum continuous

stay of 90 days. This is a narrower and unrelated condition that institutions frequently fail to test their business for.

- c) **Affiliation and similar regulatory fees:** Affiliation fees charged by a university to its constituent colleges have been a particular flashpoint, and the law here remains unsettled. The Rajasthan AAR (University of Kota, 2022–23) and the Madras High Court (2026, in matters including Bharathidasan University's challenge) have held such fees to be taxable, relying on CBIC Circular No. 234/28/2024-GST, which treats affiliation as a regulatory function distinct from “admission” or “examination” services and therefore outside Entry 66. The Rajasthan High Court, however, took the contrary view in Rajasthan Technical University v. Union of India (February 2026), holding that a statutory affiliation fee lacks the negotiated character of “consideration” for a supply at all. Institutions taking either position should be prepared to defend it before the GST authorities.
- d) **Rental and sponsorship income:** Income from letting out auditoriums, grounds, or guest houses to third parties, and sponsorship income from corporate-sponsored events, are ordinary taxable supplies unconnected to the education exemption, but are often absorbed into general “institutional” income without separate GST treatment..

5. 60-Seconds Self-Check for Your Institution

If you are in educational institution or a Chartered Accountant and while reviewing anything related to education or training sector, your mind says, ‘not sure’, then it is worth a proper review.

If you run a school, college, or university

- 1. Do we know, course by course, which programmes actually qualify as ‘exempt education’ – without assuming that the whole institution is covered?
- 2. Do we correctly separate GST treatment for transport / catering / security based on whether we teach up to Class 12, or beyond?
- 3. Do we have a working monthly process for claiming partial GST credit - and do we remember the once-a-year top-up?

4. If we charge affiliation fees, do we know the specific legal exposure right now, today?

If you run a coaching centre or ed-tech platform

1. Are we correctly charging 18% GST on the full fee, including any bundled books / material - not just the 'tuition' portion?
2. If we serve students abroad, have we correctly identified that as a tax-free export rather than assuming all our revenue is taxed the same way?

If you run a vocational or skills-training business

1. Is our specific government recognition (NCVET, NSDC, etc.) current and renewed - not just something that was obtained years ago and is currently expired?
2. If we work as a sub-contractor to a bigger training partner, have we checked our own status independently rather than assuming their approval covers us too?

If you're the auditor or tax adviser

1. Have we reviewed actual contracts and invoices, not just the client's general description of what goods / services or bundle of goods and services they are offering?
2. Is the client's paperwork strong enough to survive a tax audit, not just internally consistent?

6. Principal Control and Risk Matrix

RISK	TYPICAL FAILURE	RECOMMENDED CONTROL
Qualification recognised by law	Relying on institute's reputation or private accreditation.	Programme-wise recognition database to determine exemption / taxability.
Fee-head proliferation	Treating every receipt of exempt institution as exempt revenue.	Fee-code tax master and annual review of fee recovery for taxability vis-à-vis exemption determination.
Hostel	Ignoring Rs. 20,000	Resident-wise contract and

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exemption	monthly value or 90-day continuity.	threshold report.
Affiliation fees	Following only circular or only favourable judgment.	Jurisdiction-specific opinion and litigation tracker.
Exports	Assuming every foreign receipt is zero-rated.	Five-condition export checklist.
Common ITC	Claiming all credit or using unsupported ratios.	Rules 42 / 43 of the Central Goods and Services Tax Rules, 2017 related ledger linked to revenue classification.

7. Frequently Asked Questions?

Q1. Whether a school generating all its income through education and admission fees required to obtain GST registration under the GST law?

Ans: Generally, No. This is because an institution with wholly exempt turnover has no taxable turnover to test registration requirements in pursuance of Section 22 of the Central Goods and Services Tax Act, 2017 threshold limit. The GST registration becomes mandatory once the institution has any taxable supply crossing the applicable threshold or falls within a compulsory-registration category under Section 24 of the Central Goods and Services Tax Act, 2017, such as liability under reverse charge.

Q2. Does GST apply to school transport fees collected by the school itself?

Ans: Where the school itself operates the transport and provides education up to higher secondary level, this is generally treated as part of the exempt supply under Entry 66(a) of Notification No 12/2017-Central Tax (Rate) dated 28 June 2017. Where a third-party transporter invoices parents directly rather than the school.

Q3. Can a coaching institute claim input tax credit on its rent, furniture, and other business costs?

Ans: Yes. Because coaching services are fully taxable, a coaching institute is not subject to the Section 17(2) apportionment restriction applicable to an exempt institution and may generally claim full input tax credit on inputs used

for its taxable coaching business, subject to the ordinary conditions in Sections 16 and 17(5) of the Central Goods and Services Tax Act, 2017.

Q4. Is rental income earned by an educational trust from letting out its premises for outside events taxable?

Ans: Yes, ordinarily. Renting premises to a third party for a commercial event is not a supply 'by an educational institution to its students, faculty and staff' within Entry 66(a) of Notification No 12/2017-Central Tax (Rate) dated 28 June 2017 and is a separate taxable supply of renting of immovable property, generally taxed at 18%, regardless of the lessor's educational or charitable status.

Q5. Is GST payable on affiliation fees charged by a university to its constituent colleges?

Ans: This is presently unsettled by the GST law. Courts decisions on this issue are divided - the Hon'ble Madras High Court has held such fees taxable, while the Hon'ble Bombay, Andhra Pradesh, and Rajasthan High Courts have held them not taxable.

Q6. Can a private ITI claim exemption on all the courses it offers?

Ans: No. Exemption for a private ITI is confined to designated trades notified under the Apprentices Act, 1961, and affiliated to NCVET or a State Council for Vocational Training. Courses in non-designated trades offered by the same ITI remain taxable, per Circular No. 55/29/2018-GST.

Q7. Is a foreign online-education platform offering live classes to Indian students required to register for GST in India?

Ans: Generally, yes, following the Finance Act, 2023 amendment to the OIDAR definition. A foreign platform's live, tutor-led online classes to Indian consumers, which may previously have been argued to fall outside OIDAR on account of the human-teaching element, are now squarely within the OIDAR net with effect from 01.10.2023, triggering compulsory registration under Section 24(xi) of the Central Goods and Services Tax Act, 2017.

Q8. Does a school's own hostel and mess income qualify for exemption?

Ans: Where the school itself directly operates the hostel and mess for its own students, this is generally treated as part of the exempt supply under Entry 66(a), applying the same reasoning that supports the exemption for the

institution's core tuition. Where hostel or mess operations are outsourced to a third-party contractor, the taxability differs.

Q9. Is the GST treatment of a coaching institute affected by whether it operates as a trust or a company?

Ans: No. A trust running a coaching business is taxed in the same manner as a company running the same business; charitable registration under the Income-tax Act does not, by itself, confer GST exemption for a coaching institute.

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