


Impact of the GST on Educational Sector

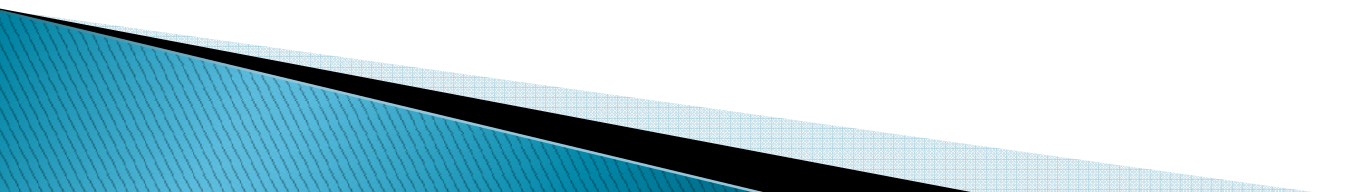
- CA Dr. Dilip V Satbhai

Convener, Pune GST study group of ITDC of The Institute of Chartered Accountants of India

Position in present Indirect Tax regime

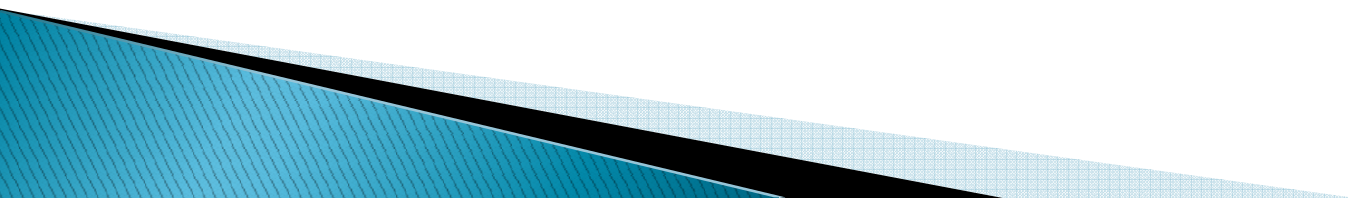
- Commercial Coaching and Training Services – first introduced in 01.07.2013;
 - Term 'Commercial' does not mean only for profit motive – Retrospective explanation inserted from 2010;
 - Distinction laid down between education and coaching – ***[ICFAI v/s CC&CE (2008) 17 STT 501 Bang CESTAT]***
 - Negative list of Taxation w.e.f -01.06.2012;
 - Services provided to or by an educational institution in respect of education exempted from service tax, by way of,
 - (a) auxiliary educational services; or
 - (b) renting of immovable property;
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Position in present Indirect Tax regime

- **"auxiliary educational services"** means any services relating to imparting any skill, knowledge, for the students or the faculty, ***or any other services which educational institutions ordinarily carry out themselves but may obtain outsourced services from any other person,***
 - services relating to **admission to such institution, conduct of examination, catering** for the students under any mid-day meals scheme sponsored by Government, or **transportation** of students, faculty or staff of such institution,
 - Service of renting provided by education withdrawn w.e.f 10.05.2013;
 - Exemption to auxiliary education services and renting services to educational institutions withdrawn – 11.07.2014;
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Position in present Indirect Tax regime


- Exemption w.e.f 11.07.2014 to 31.03.2017 as under:
- Services provided
 - (a) by an educational institution to its students, faculty and staff;
 - (b) to an educational institution, by way of,-
 - (i) Transportation of students, faculty and staff;
 - (ii) catering, including any mid-day meals scheme sponsored by the Government;
 - (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;



Education covered under Exemption

- Pre-school education and education upto higher secondary school or equivalent – Upto 12th by state board or by CBSE, ICSE, IB etc.
- Education *as part of a curriculum* for obtaining a *qualification recognized by any law* for the time being in force;
 - ✓ Colleges, universities, professional institutes like ICAI, ICWAI etc.
 - ✓ UGC, AICTE, MCI, ICAR, Bar Council,
 - ✓ Courses in tie-up with foreign institutes – to be regd by indian law,
 - ✓ special courses not being part of curriculum...?
 - ✓ Dual courses one of which is recognised..?
 - ✓ Courses under DGCA, IRDA etc. also regd under law - **CAE Flight Training India Pvt Ltd (AAR)**
- Education as part of an approved vocational education course – courses conducted by ITI, ITC's, modular employable skill affiliated by NCVT

Educational Sector – Broad coverage

- Pre-school Education;
 - Primary Education;
 - Upper Primary Education;
 - Secondary Education;
 - Higher Secondary Education;
 - Higher Education;
 - Vocational Training/ Courses;
 - Commercial Coaching classes (Regular, online, virtual or any other mode)
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Exemptions in GST

Services provided,-

a) by an educational institution to its students, faculty and staff;

b) to an educational institution, by way of,-

- i. transportation of students, faculty and staff;
- ii. catering, including any mid-day meals scheme sponsored by the Government;
- 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 upto higher secondary.

Note: *Clause (b) shall apply only to an educational institutions providing services by way of pre-school education and education up to higher secondary school or equivalent.

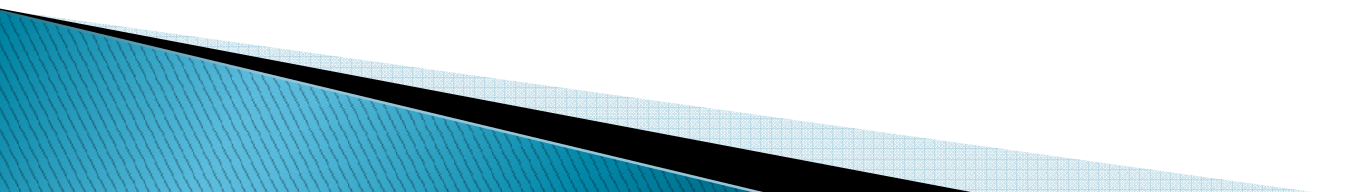
Services by way of training or coaching in recreational activities relating to,-

- (i) arts or culture. Or
 - (ii) sports by charitable entities regd under section 12AA of Income tax Act, 1961;
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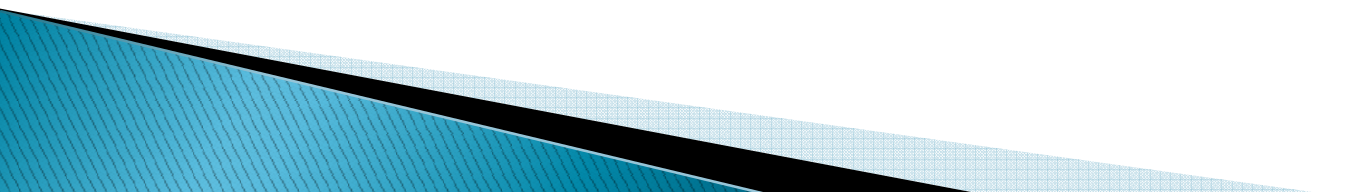
Exemptions in GST

- Any services provided by,-
 - (i) the NSDC set up by the Government of India;
 - (ii) a SSC approved by the NSDC;
 - (iii) an assessment agency approved by SSC or NSDC;
 - (iv) a training partner approved by the NSDC or SSC.

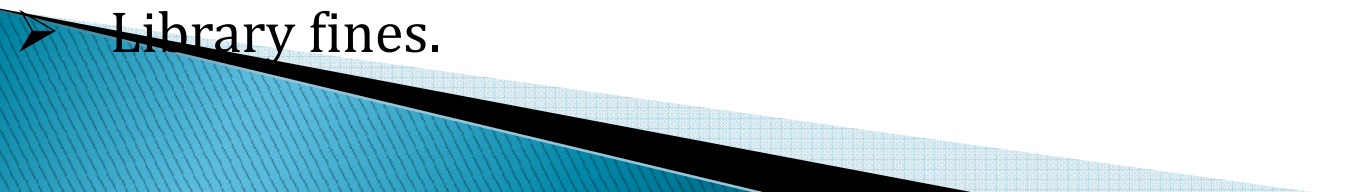
 - Services provided by the IIM, to their students, by way of the following educational programmes, except Executive Development Programmes, -
 - (a) 2 years full time residential Programmes in Management;
 - (b) fellow programme in Management;
 - (c) Five year integrated programme in Management.

 - Services of public libraries by way of lending of books, publications or any other knowledge-enhancing content or material;
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Exemptions in GST

- Services of assessing bodies by way of assessments under Skill Development Initiative (SDI) Scheme empanelled centrally by DGT, Ministry of Skill Development and Entrepreneurship;
 - Services provided by training providers by way of offering skill or vocational training courses certified by NCVT under Deen Dayal Upadhyaya Grameen Kaushalya Yojana under the Ministry of Rural Development;
 - Grants , Donations from Govt/ Others - If not in the nature of consideration;
 - Sale of Printed Books, course material, maps, charts, atlas.
 - Hostel facility in the nature of mere renting.
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Taxable in GST

- Tuition/ Coaching Fee etc. by Private coachings or Commercial Trainings and coaching
 - Sale of Bags, exercise/ drawing books, uniforms, stationery etc.
 - Sale of educational content in CD's, DVD's, pen drives etc;
 - Hall/ Auditorium/ Ground Rent;
 - Franchisee Fee, Royalty received;
 - Residential Hostels if not bundled as a part of education;
 - Placement Facilities provided to corporates;
 - Library fines.
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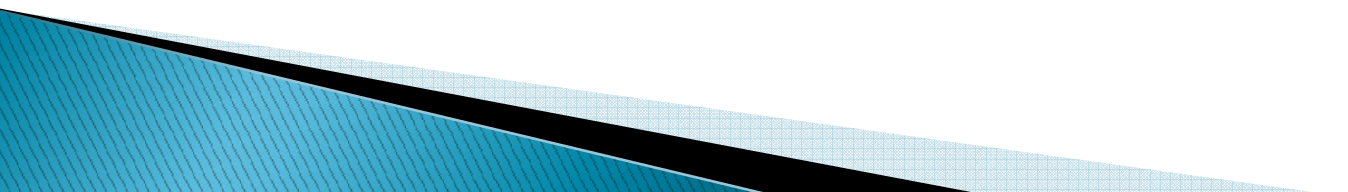
GST under Reverse charge

- Import of Services - CBSE/ ICSE Board, International Baccalaureate etc. E-education softwares/ tools etc;
 - Services received from Government/ local authorities – permits, licences etc.;
 - Sponsorship during annual day programmes, fests, events;
 - Goods/ services received from Un-registered persons – professionals, teachers, security, housekeeping etc.;
 - Temporary transfer or use of copyright – Royalty paid to Book authors etc;
 - Legal services by advocates.
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Others Key aspects

- Increased cost of inputs on expenses - If completely exempt [Rent, Repairs Maintenance, IT infrastructure, Softwares/ Tools, E-education/ Digital content franchisee/ affiliation fee, Royalties etc.
- Time of Supply - Continuous supply of service for fees received in installments;
- Place of Supply:
 - ✓ If in the nature of admission to an educational event be the location of such event;
 - ✓ If in the nature of Trainings or organisation of an educational event:
 - To a regd person – location of such person;
 - To other than regd person – location where service actually performed/ event held.
- Cum-tax fees to bear the additional tax burden;
- Discounts, concessions, scholarships to be excluded from taxable value.

Others Key aspects

- Bundling of various services - ***SRI CHAITANYA EDUCATIONAL COMMITTEE Versus C.O. C. EX. & S.T., GUNTUR 2016 (43) S.T.R. 149 (Tri. - Bang.)***
 - ✓ Intermediate course/ Degree with other competitive courses viz., IIT, AIEEE, CPMT coaching + Intermediate etc.
 - ✓ Intermediate course + lab fee, internal exams fee, application fee, games fee etc.
 - ✓ Boarding schools – Bundling of hostel facility as a part of education;
 - Supply of Coaching fee bundled with supply of books/ course material/ CD's etc.
 - ✓ **Individual supplies** – If not bundled together;
 - ✓ **Mixed Supply** - If not naturally bundled and supplied for a single price;
 - ✓ **Composite Supply** - If naturally bundled in conjunction with each other and one among them is a Principal Supply
 - State-wise registration – high compliance especially in franchisee education model.
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Impact of the GST on Health and Pharma Sector

- CA Dr. Dilip V satbhai

Position in present Indirect Tax regime

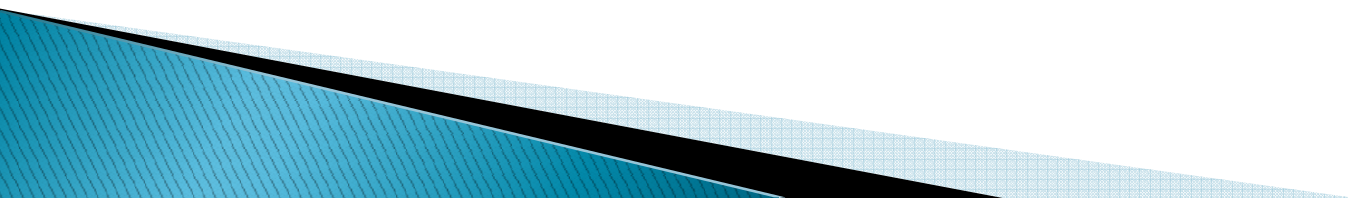
The following services are covered under the Mega Exemption notification 25/2012–

- Health care services by a clinical establishment, an authorised medical practitioner or para-medics;
 - Services provided by way of transportation of a patient in an ambulance, other than those specified in above
 - Services by a veterinary clinic in relation to health care of animals or birds
 - Services by the cord blood banks
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Position in present Indirect Tax regime

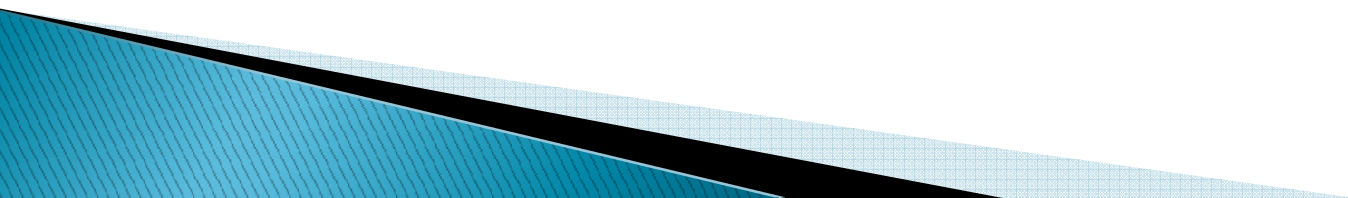
The following are taxable under the current indirect tax regime –

- ✓ Sale of the medicines – Vat @ 5%
- ✓ Manufacture of the medicines – Excise based on the HSN codes
- ✓ Any other services are taxable at the rate of 15%.



Position in GST regime

- As far as health sector concerned GST is neutral, GST council recommended that the present benefits which are enjoying by the health sector are to be continued in the GST regime also.
- All the services which are covered under the mega exemption notification is covered in the GST also.
- But as far as pharma sector concerned GST has impact over sector by the way subsuming the various types of taxes in current regime.



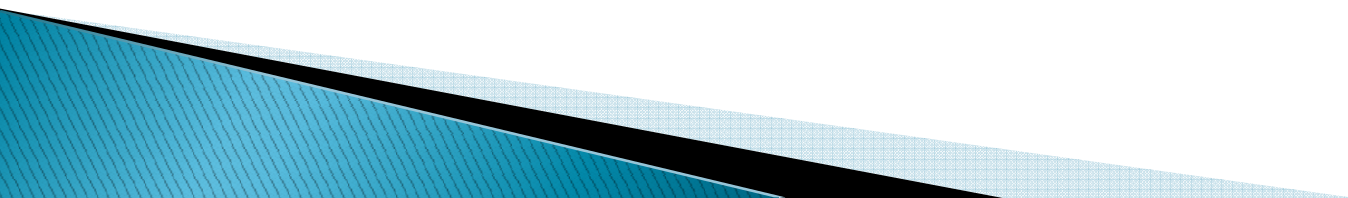
Position in GST regime

➤ The following taxes are applicable under GST –

Healthcare Commodities	Tax
Contraceptives, Human Blood	0%
Medicines, Animal or Human Blood Vaccines	5%
Ayurvedic Medicines, Medicinal Grade Hydrogen Peroxide, Anaesthetics, Potassium Iodate, Iodine, Steam, Glands And Other Organs For Organo-Therapeutic Uses, Ayurvedic, Unani, Homoeopathic Siddha Or Biochemic Systems Medicaments, Sterile Suture	12%
Tampons, Disinfectants	18%
Any other services which are not covered	18%

Impact of the GST

- Honorarium paid to guest doctors liable under Reverse charge in GST – URD supplies.
- Free supplies liable to GST – Supply of goods & services made during medical camps etc
- Stock transfers b/w units in two different states – Liable to GST
- Eligible to claim full ITC on all goods/ services.
- ISD can be opted if having multiple units in different states on same PAN.
- Gifts to employees exceeding Rs. 50,000/- in a FY liable to GST.



THANK YOU



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