

## ***Private Coaching Institutions are not educational institutions- liable to pay GST: The AAAR, Kerala***

### **Fact of the Case**

The appellant, Logic Management, is an institute that provides coaching to students to obtain qualifications like Cost Accountants, Chartered Accountants, Company Secretary, Certified Public Accountant, Association of Chartered Certified Accountants etc.

The institute submitted it is following the same curriculum as specified or recognised by the bodies constituted under Acts of Parliament and so is providing education in a format recognised by law. It argued that after getting proper guidance, lectures and other educational support as prescribed by the above institutions, the students appear for examination conducted by the above government recognised institutions.

Further, it said that the concerned Government-recognised institutions are conducting the exams by collecting fees for examinations, books, etc. as per their rules of conduct and the appellant is providing the very same service such as classes for the students to comply with the regulations and requirements of such institutions, working under the Acts of legislatures and Parliament.

“The regular colleges, whether aided or self-financed affiliated to Universities, are also rendering the same service to students and though they are not awarding any degrees or diplomas, they are not subjected to levy of GST or service tax. If such colleges are not liable for payment of GST on their services, then there is no reason why the appellant who are rendering the very same service should be treated differently and subjected to tax,” the appeal read. It also sought to know whether hostel fee (maximum of ₹6,000) and selling text books to students also attract any tax.

### **Decision of the Case**

After going through the stated law and facts, AAAR Kerala said that appellant does not qualify to be categorised as ‘educational service’ and will be taxable as ‘Commercial Training Coaching Services’.

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