

**THE AUTHORITY ON ADVANCE RULINGS  
IN KARNATAKA  
GOODS AND SERVICES TAX  
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD  
GANDHINAGAR, BENGALURU - 560 009**

**Advance Ruling No. KAR ADRG 116/2019  
Dated: 30<sup>th</sup> September, 2019**

Present:

1. Sri. Harish Dharnia,  
Additional Commissioner of Central Tax . . . . Member (Central Tax)
2. Dr. Ravi Prasad M.P.  
Joint Commissioner of Commercial Taxes . . . . Member (State Tax)

1.	Name and address of the applicant	M/s Arivu Educational Consultants Pvt. Ltd., No.37, 4 <sup>th</sup> Main, Maruthi Extention, Rajajinagar, Bengaluru-560021
2.	GSTIN or User ID	29AADCA0528J1ZG
3.	Date of filing of Form GST ARA-01	17-01-2019
4.	Represented by	Sri. Rakesh, K.S. Chartered Accountant
5.	Jurisdictional Authority - Centre	Commissioner of Central Tax, Bangalore North Commissionerate.
6.	Jurisdictional Authority - State	LGSTO-130 A, Bengaluru
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000/- under CGST Act vide CIN HDFC19012900098389 dated 16-01-2019 & Rs 5,000/- under KGST Act vide CIN RBIS18092900093862 dated 15-09-2018

**ORDER UNDER SECTION 98(4) OF CGST ACT, 2017  
& UNDER SECTION 98(4) OF KGST ACT, 2017**

1. M/s Arivu Educational Consultants Pvt. Ltd., No.37, 4<sup>th</sup> Main, Maruthi Extention, Rajajinagar, Bengaluru-560021, (herein after referred as applicant) having GSTIN number 29AADCA0528J1ZG, filed an application for Advance Ruling under Section 97 of CGST Act, 2017 & KGST Act 2017 read with Rule 104 of CGST Rules 2017 / KGST Rules 2017, in form GST ARA-01, discharging the fee of Rs.5,000/- each under the CGST Act and the KGST Act.

2. The Applicant is a private limited company, registered under the Goods and Services Act, 2017, provides the coaching, learning and training services in relation to under-graduate, graduate and post-graduate degree, diploma and professional courses on a standalone bases to students or for any institution, corporate,

company, institutes, universities and colleges in the subject and branches of all types of disciplines such as commerce, hardware, software, computer, science, arts, business management, engineering, medical, industrial, pharmacy, mining, military, dance, acting, sports, journalism and any other field of education and set up of coaching and training classes/ centres in relation to the same.

3. In this process the applicant collects certain amount as exam fee from the students and remits the same to the respective institute or college or universities without any profit element. In one such transaction the applicant collects CIMA (Chartered Institute of Management Accountants) exam fee from the students registered with applicant for coaching and remits the exact amount collected to CIMA on behalf of the students.

4. The Applicant had sought advance ruling on the question:

*Does the activity of collecting exam fee (charged by any university or institution) from the students and remitting to that particular university or Institution without any value addition to it, amount to taxable service.*

5. The applicant reiterated that they provide services as reiterated above and during this process collect certain amount as exam fee from the students and remit the same to the respective institute or college or universities without any profit element. When they collect fee from the students and make the payment to CIMA on authorization from the students then in such cases the applicant acts as a pure agent and this payment is separately indicated in the invoice issued to the respective students. Applicant provides this kind of service to the students in addition to the services of training and coaching institute. The applicant is of the opinion that this kind of activity will not amount to service and is not liable for GST.

#### **PERSONAL HEARING**

6. Sri. Rakesh K.S. Chartered Accountant and authorised representative of the applicant appeared for personal hearing proceedings made the following submissions:

6.1 The Applicant provides coaching, learning and training services in relation to under-graduate, graduate and post-graduate degree, diploma and professional courses on a standalone bases to students or for any institution, corporate, company, institutes, universities and colleges in the subject and branches of all types of disciplines such as commerce, hardware, software, computer, science, arts, business management, engineering, medical, industrial, pharmacy, mining, military, dance, acting, sports, journalism and any other field of education and set up of coaching and training classes/ centers in relation to the same.

6.2 In this process, the applicant collects certain amount as exam fee from the students and remits the same in bulk to the respective institute or college or

universities without any additional charges or profit element. When they collect fee and make the payment on authorization of the student in such cases, the applicant states that he acts as pure agent and this payment is separately indicated in the invoice issued to the respective students.

## **FINDINGS AND DISCUSSION**

7. We have considered the submissions made by the applicant in their application for advance ruling as well as the submissions made by Sri. Rakesh K.S., Chartered Accountant and duly authorised representative of the applicant, during the personal hearing. We also considered the issue involved, on which advance ruling is sought by the applicant, relevant facts & the applicant's interpretation of law.

At the outset, we would like to state that the provisions of both the CGST Act and the KGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provisions under the KGST Act.

7.1 On verification of the nature of the activity carried out by the applicant with regard to the question it was observed that they provide coaching, learning and training services in relation to under-graduate, graduate and post-graduate degree, diploma and professional courses on a standalone bases to students or for any institution, corporate, company, institutes, universities and colleges in the subject and branches of all types of disciplines such as commerce, hardware, software, computer, science, arts, business management, engineering, medical, industrial, pharmacy, mining, military, dance, acting, sports, journalism and any other field of education and set up of coaching and training classes/ centers in relation to the same. For the coaching services provided the applicant, the applicant is liable to pay taxes and this is not a subject matter of this advance ruling.

7.2 In this process applicant also collects certain amount as exam fee from the students and remits the same to the respective institute or college or universities without any additional charges or profit element. The applicant makes the payment in bulk on behalf of all students, after collecting the same and then issues invoice to the student for the reimbursement of the payment made on behalf of him. This payment is separately indicated in the invoice issued to the respective students.

7.3 "Educational institution" is defined in Para 2(y) of the Notification No. 12/2017- Central Tax (Rate), the 28th June, 2017 as an institution providing services by way of:

- Pre-school education and education up to higher secondary school or equivalent;

- Education as a part of a curriculum for obtaining a qualification recognized by any law for the time being in force;
- Education as a part of an approved vocational education course;

The applicant is an educational consultant and a professional in the field of education who uses his experience in teaching, to help with curriculum development and other issues those schools, organizations, and parents may face. The applicant conducts the training or coaching classes for the students, to guide or train or prepare them to take the exam in the respective institute or college or universities. It does not have any specific curriculum and do not conduct any examination or award any qualification. Hence the applicant does not qualify as educational Institution.

7.4 In this process, the applicant collects fee for coaching or training classes they conduct from the student which attract GST @18%. Apart from this the applicant also collects certain amount, as exam fee, from the students and remits the same to the respective institute or college or universities, without any addition to it. In one such transactions applicant collects CIMA (Chartered Institute of Management Accountants) exam fee from the students who registered with applicant for coaching and remit the exact amount collected to CIMA on behalf of the student. For this entire applicant issues invoice to the students mentioning separately the fee collected for the coaching or training classes and fee collected as examination fee.

7.5 The applicant contends that when they collect fee and make the payment to CIMA on authorization from the student the in such cases the applicant acts as pure agent and applicant collects the exact amount from the student and remit the same to the CIMA without any addition. This payment is separately indicated in the invoice issued to the respective students. The applicant is providing this kind of facility to the student in addition to the services as training and coaching institute.

8. Rule 33 of the CGST Rules 2017 reads as under:

***“Value of supply of services in case of pure agent***

*Notwithstanding anything contained in the provisions of this Chapter, the expenditure or costs incurred by a supplier as a pure agent of the recipient of supply shall be excluded from the value of supply, if all the following conditions are satisfied, namely,-*

- the supplier acts as a pure agent of the recipient of the supply, when he makes the payment to the third party on authorisation by such recipient;*
- the payment made by the pure agent on behalf of the recipient of supply has been separately indicated in the invoice issued by the pure agent to the recipient of service; and*

- (iii) the supplies procured by the pure agent from the third party as a pure agent of the recipient of supply are in addition to the services he supplies on his own account.

*Explanation.- For the purposes of this rule, the expression "pure agent" means a person who-*

- (a) enters into a contractual agreement with the recipient of supply to act as his pure agent to incur expenditure or costs in the course of supply of goods or services or both;
- (b) neither intends to hold nor holds any title to the goods or services or both so procured or supplied as pure agent of the recipient of supply;
- (c) does not use for his own interest such goods or services so procured; and
- (d) receives only the actual amount incurred to procure such goods or services in addition to the amount received for supply he provides on his own account."

8.1 The applicant is collecting the exact amount payable to institute or college or universities as exam fee from the students (service recipient) and remits the same amount to the respective institute or college or universities (third party) without any profit element or additions, on the authorization of the student. This payment is separately indicated in the invoice issued to the respective students. The applicant providing this kind of services to the student in addition to the services as training and coaching institute. Hence the applicant satisfies all the conditions of the pure agent as narrated in the Rule 33 of the CGST Rules, 2017. Therefore amount of fee collected by the applicant from the student as exam fee which is remitted to the respective institute or college or universities is excluded from the value of supply.

9. In view of the foregoing, we pass the following

#### **RULING**

The activity of collecting exam fee (charged by any university or institution) from students and remitting the same to that particular university or institution without any value addition to it is a service as a pure agent and hence the value is excluded from the taxable value of the applicant as per Rule 33 of the Central GST Rules / Karnataka GST Rules.

  
30.09.2019

**(Harish Dharnia)**  
**Member**

  
(Dr. Ravi Prasad M.P.)  
**Member**

Place: Bengaluru,  
Date: 30.09.2019  
To,  
The Applicant

Copy to :

1. The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.
2. The Commissioner of Commercial Taxes, Karnataka, Bengaluru.
3. The Commissioner of Central Tax, Bangalore North Commissionerate, Bengaluru.
4. The Asst. Commissioner, LGSTO-30 A, Bengaluru.
5. Office Folder.