

TAX INFO

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Latest update on GST Law: Information regarding **GST Provisions for online training/coaching.**

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The online/virtual coaching segment has boomed during the Covid-19 pandemic which necessitated every training/coaching service provider to shift from conventional physical class rooms to online/virtual class rooms. These online/virtual coaching classes may be provided through own software infrastructure or by means of third-party service providers such as Zoom, Google Meets etc.

Determination of place of supply in case of online training/coaching:

The place of supply of the services provided by online training/coaching service providers can be determined from section 12 and 13 of the IGST Act, 2017.

When the service provider and recipient are located in India and the services are provided to a registered person, then the place of supply shall be the location of such registered person (recipient) i.e., the place where such person is registered.

The confusion arises when such online/virtual coaching classes are provided to an unregistered person.

The place of supply of services supplied by way of admission to or organisation of cultural, educational or entertainment event and services ancillary to such admission or organization shall be the place where the event is actually held.

So, irrespective of the location of recipient of service, when such services are provided to an unregistered person, the Place of Supply shall be the location where the services are actually performed/the event is actually held.

But, such services should be performed/provided at a physical location where the person who provides the service and the person who receives such service should meet together. However, in the case of online/virtual coaching classes, one cannot actually determine the place where the services are actually performed/the event is actually held. This is because the service provider and the recipient of service do not necessarily meet/interact in a physical location but only at a virtual location which cannot be determined. Therefore, there is no physical location where the event is actually held.

Therefore, on the assumption that training/coaching service provider is located in India and such service is provided to an unregistered person (Student) located in India, as per section 12(2) of the IGST Act 2017, the place of supply of such service shall be the location of the recipient (Student) if the address of the student is known to the training/coaching service provider. If the address is not known, the place of supply shall be the location of training/coaching service provider.

Similarly, when training/coaching service provider is located in India and such service is provided to an unregistered person (Student) located outside India, as per section 13(2) of the IGST Act 2017, the place of supply of such service shall be the location of the recipient (Student) if the address of the student is known to the training/coaching service provider. If the address is not known, the place of supply shall be the location of training/coaching service provider.

Are these online coaching part of OIDAR Services?

Online Information Database Access and Retrieval (OIDAR) services are a bundle of services that are provided through the medium of internet and are received by the recipient online without having any physical interface with the supplier of such services. However, 'Educational or professional courses, where the content is delivered by a teacher over the internet' is explicitly excluded from the OIDAR services list.

Taxability Of Education Services

These education services will be classified under the Heading 9992. As of today, online courses are not explicitly exempted from GST. These services are taxable at the rate of 18% (9% CGST + 9% SGST).

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