

# TAX INFO

Dated 25/11/2021

Latest update on GST Law: Information regarding **Supply of goods/printed material/test papers to students along with coaching shall qualify as “composite supply of service”** as given in **Ruling by AAR- Rajasthan**.

We expressly disclaim liability to any person in respect of anything done in reliance of the contents of this publication.

<b>Name of Applicant</b>	M/s Symmetric Infrastructure Private Limited
<b>Authority</b>	GST AAR Rajasthan
<b>Date of Ruling</b>	02.09.2021
<b>Ruling No.</b>	RAJ/AAR/2021-22/09

## **Brief Facts Of The Case:**

The applicant intends to provide coaching services to its enrolled students under its supervision through Network partner. The applicant will appoint Network Partner in different cities/towns for rendering training /coaching and other related ancillary functions/services for the courses decided by applicant to its enrolled students. The applicant shall provide study material and student kit which will include test paper printed material, uniform, bags and other goods. The applicant will also decide the schedule of course, schedule of method of teaching. Students enrolled with the applicant will be charged a consolidate amount which will include the supply of goods and/ or services, i.e., service of coaching and other supply of related goods like bag, uniform etc. Applicant will raise tax invoice to students who wishes to enrol. Network Partner shall conduct course classes offered by the applicant at its premises for the students enrolled with the applicant. Fees collected from the students will be deposited in an Escrow account. Network Partner will raise an invoice of coaching charges to the applicant for the services provided.

## **Questions on which the Ruling is sought:**

- i. Applicant supplies services of coaching to students which also includes along with coaching, supply of goods/printed material/test papers to students. Such supplies are not charged separately but a consolidated amount is charged, the major component of which is imparting of coaching. In such circumstances, whether such supply shall be considered, a Supply goods or a supply of services?
- ii. If the answer to the aforementioned first question is supply of service, whether such supply shall be considered as composite supply? If yes, what shall be the principal supply?
- iii. Applicant provides coaching service under a business model through Network Partners; accordingly the network partner provides the services to the students on behalf of Applicant. In such a case, who shall be considered as supplier of service and recipient of service under the agreement?
- iv. What shall be the value of service provided by Applicant to students?
- v. Whether both, Applicant and network partner can avail eligible ITC for their respective supplies?

## **Ruling:**

- i. The applicant is providing coaching service to its enrolled students for as consideration which will be a lump sum amount for both goods and services. Therefore, transaction of supply of coaching service for a consideration falls under the ambit of “Supply of service”.
- ii. The applicant along with coaching services provides goods in the form of uniforms, bags, study material etc. Supply of goods is a part of supply of service shall qualify as “**composite supply**”. The principal supply being the supply of coaching service to the students, tax on such supply shall be levied accordingly.
- iii. Where services are provided by the applicant to the students, students shall be regarded as recipient as consideration is payable for the supply of goods or services or both by the students to the applicant. Similarly. Network partner will be regarded as provider of service to the applicant.
- iv. The applicant has been incurring the cost of goods supply to the students i. e. Bags, study material etc. Therefore, in light of the provisions of Sections 15(2) (b) of the Act, the values of goods are part of the value of services provided by the applicant and charged a consolidate amount to the students. Therefore, the consolidated value for which tax invoice is issued shall be the taxable value.
- v. Applicant can avail eligible ITC as per provisions of GST Act, 2017.

**Suresh Aggarwal, Advocate**

**Compliance & Litigation under GST**

**Address:** House No. 54, Pocket A-3, Sector-5, Rohini- 110085

**Phone:** 91-9810032846; 011 - 45131427

**Email:** sureshagg@gmail.com

**Website:** <http://www.sureshtaxation.com>