GST in education and training industry

CA Rishi Goyal on 24 February 2017

For the implementation of GST from July, 2017, Draft law of GST compensation has been approved by the GST council in 10th meeting. Now, three crucial draft laws - Central GST (CGST), Integrated GST (IGST) and State GST (SGST) expected to be approved in the next meeting held on 4 and 5 march.

GST will impact on each and every industry & business in India. In Education and Training Industry, India holds an important place in the global education industry. The country has more than 1.4 million schools with over 227 million students enrolled and more than 36,000 higher education institutes. India has one of the largest higher education systems in the world. However, there is still a lot of potential for further development in the education system. India has become the second largest market for e-learning after the US.

In the Education and Training Industry will also be impacted by GST and impact is elaborate in the following aspects:-

1. Tax Payment
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In the existing indirect tax structure education and training industry enjoy various tax exemptions and tax benefits.

Education services provided by an educational institution (i.e. institution providing services of pre-school education and education up to higher secondary school not coaching institute OR education as a part of a curriculum for obtaining a qualification recognized by any law for the time being in force OR education as a part of an approved vocational education course to its students, faculty and staff.

In addition of above, following Services provided to an educational institution (i.e. institution providing services of pre-school education and education up to higher secondary school not coaching institute OR institution providing services of education as a part of a curriculum for obtaining a qualification recognized by any law for the time being in force OR institution providing services of education as a part of an approved vocational education course) -

(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 institution;
(iv) Services relating to admission to, or conduct of examination by such institution.

Following Services provided by the Indian Institutes of Management to their students as per the guidelines of the Central Government:-

- 2 years full time residential Post Graduate Programme in Management for the Post Graduate Diploma in Management, to which admissions are made on the basis of...
Common Admission Test (CAT), conducted by Indian Institute of Management

- Fellow programme in Management
- 5 year integrated programme in Management.

Services of National Skill Development Programme implemented by the National Skill Development Corporation (NSDC) OR

A vocational skill development course under the National Skill Certification and Monetary Reward Scheme OR

Any other Scheme implemented by the National Skill Development Corporation by the following:-

- National Skill Development Corporation set up by the Government of India
- Sector Skill Council (SSC) approved by the NSDC
- Assessment agency approved by the SSC or NSDC
- A training partner approved by the SSC or NSDC.

Services of skill or vocational training courses certified by National Council For Vocational Training provided by training providers i.e. Project implementation agencies under Deen Dayal Upadhyaya Grameen Kaushalya Yojana under the Ministry of Rural Development.

Services of training or coaching in recreational activities relating to arts, culture or sports.

Any education and training service except aforesaid education and training services are liable of Service Tax @15%.

In the GST Law, It is expected that any education and training service except exempted in existing tax system will of GST @18% then the price will up by 3%. But the input Tax credit will be allowed on the input goods which was not available in existing tax system resulting some relaxation to the education and training service provider.

And it is expected that exempted services in the existing tax system will continue to remain exempt as exempt supply in GST law.

2. Registration
In the existing tax system, Centralized registration facility is available for the taxpayer who provides education and training services from more than one premise. Such premises may be located in the same state or in different states.

In the GST Law, State wise registration is mandatory i.e. If any institution supply services from more than one premises located in different states then registration in every state from where services supplied is mandatory.

**For Example:** ABC smart classes having 20 offices in India and each office is located in different state and provide services and head office is situated in New Delhi. In present tax system, Centralized registration facility may be availed by the ABC smart classes however in the GST law, Registration in all 20 states is mandatory for ABC smart classes.

Migration of Existing Taxpayers into GST has been started from 08th Nov 2016. In the migration, taxpayers can log in to GST Portal i.e. www.gst.gov.in to fill the required fields and submit scanned documents.

3. **Input Tax Credit**

In the existing tax structure, education and training services are provided by the various institution and they procure various goods and services for providing education and training services. Service provider avail the credit of service tax paid on input services however can not avail the credit of input tax on procured goods for providing services.
In the GST law, institution which will provide education and training services can avail the credit of CGST+SGST or IGST (as the case may be) paid on input goods and services procured for providing education and training services in the following manner:

- Cross utilization of **CGST and SGST** will not be permitted i.e. for the payment of SGST, input of CGST is not available and vice-a-versa.
- For the payment of **CGST**, first input of CGST to be used then input IGST to be used.
- For the payment of **SGST**, first input of SGST to be used then input IGST to be used.
- For the payment of **IGST**, first input of IGST to be used then input CGST and then input of SGST to be used.

4. Returns

**In the existing tax structure**, Education and Training service provider are required to file the following returns:

- Half Yearly Service Tax return.
- Annual Service Tax return.

**In the GST law, institution which will provide education and training services are required to file the following returns:**
<table>
<thead>
<tr>
<th>Return Form</th>
<th>Particulars</th>
<th>Due Date</th>
<th>Applicable For</th>
</tr>
</thead>
<tbody>
<tr>
<td>GSTR-1</td>
<td>Outward Supplies</td>
<td>10th day of next month</td>
<td>Normal Taxpayer</td>
</tr>
<tr>
<td>GSTR-2</td>
<td>Inward Supplies</td>
<td>15th day of next month</td>
<td>Normal Taxpayer</td>
</tr>
<tr>
<td>GSTR-3</td>
<td>Monthly return / Common Return</td>
<td>20th day of next month</td>
<td>Normal Taxpayer</td>
</tr>
<tr>
<td>GSTR-8</td>
<td>Annual Return</td>
<td>31st December of the next FY</td>
<td>Normal Taxpayer/Compounding Taxpayer</td>
</tr>
<tr>
<td>GSTR-4</td>
<td>Quarterly Return for person covered under Composition Scheme</td>
<td>18th day of next month of quarter</td>
<td>Compounding Taxpayer</td>
</tr>
<tr>
<td>GSTR-5</td>
<td>Return by Non Resident Taxpayer</td>
<td>If registration period is less than month -within 7 days after the date of expiry of registration. If registration period is more than one month then to be furnished on a monthly basis -20th day of next month.</td>
<td>Non Resident Taxpayer</td>
</tr>
</tbody>
</table>

In addition of above returns, GSTR-6 and GSTR-7 are required to be filled by Input Service Distributer and Tax deductor respectively.
5. Refunds

Same as refund in existing tax structure, Refund under GST by Educational and Training institution may be availed in the following situations:

- In case of excess payment
- In case of export of services
- In case of Finalization of Provisional Assessment.
- In case of pre deposit in case of Appeal.

Further, Refund application shall be filled within 2 years from the relevant date.

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Tags : GST

Recommended Read

- Employer obligatory services eligible for GST ITC
- Clarification on GST on Maintenance Charges paid by Members to RWA
JOSE
Informative article.

GIRISH HEBBAR
get coach

ANKUSH
Great article!

ANAND B. KARPE
Excellent Article. Regards.

SURAJ JAIN
well said

NAIM MUNSHI
Very good explanation. Very good research.

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