

GIB/MH/IL & FS EDUCATION/04.02.2019/AAAR-58

Appellate Advance Ruling Category : Classification of Supply

State : Maharashtra

Order No.: GIB/MH/IL & FS EDUCATION/04.02.2019/AAAR-58

Name of Entry :

M/S. IL & FS EDUCATION AND TECHNOLOGY SERVICES LTD.

Date : 04-02-2019

Breif Issue :

FACT AND ISSUE OF THE CASE:

Appellant company is engaged in key areas of education, skill development, health care and cluster development and was awarded contract to implement information and communication technology (ICT) project in Government and Government aided higher secondary schools across State which inter alia involved supply of computer hardware, software and connected accessories, maintenance of equipment along with creation of infrastructure and provision of computer training for which teachers/project managers were appointed - Authority for Advance Ruling (AAR) held that supplies undertaken by appellant are in nature of artificially bundled, composite supply, and training provided is not predominant supply, thereby resulting in non-fulfilment of prerequisites of Sl. No. 72 of Notification No.12/2017- C.T. (Rate)

Decision of Advance Ruling Authority :

DECISION:

It is seen from the documents produced by the appellant that the National Policy of ICT school was framed in the year 2012 and the aim of the policy is to transform all government and government aided schools into smart schools where each school would have a computer lab and students are provided with computer training. For the effective implementation of the project, the policy allows the State or Union Territory Governments to take on private partners and implement the ICT project by adopting the BOOT- "Build, own, operate and transfer" model. The project also has to be implemented based on the guidelines issued by the Central Government.

The contention of the appellant in the present appeal is that it is a composite supply as the supply of computer hardware and training are supplied in conjunction and it is naturally bundled - As per Section 2(30) a supply will be a composite supply only when it is naturally

bundled - We understand that what the AAR wanted to say that the supply is a composite supply of two items but is not naturally bundled

The Education Guide, at Para 9.2.4, clarifies that whether services are naturally bundled in the ordinary course of business would depend upon the normal or frequent practices followed in the field of business to which services relate.

Thus, it is a Central Government driven project and the training along with supply of computers is an inherent part of the project and the project is imagined as such. Therefore, a major pre-requisite for a supply to be a composite supply - that the said bundle should be naturally bundled is satisfied here. The supply of computers along with training is itself envisaged and conceived as such by the Ministry of Human Resources Development and therefore by its very nature, the supply can be said to be naturally bundled.

Thus, the training provided by the appellant is advanced training or training aided by technology which helps in easy delivery of the contents to the student through visual mediums. The project is nothing but a training project aided by technology. Merely because hardware and software is provided by the appellant, it does not mean that the training to be done is not a principal supply.

The supplies of goods and services by the appellant to the Director of Education (S&HS) qualify for exemption in term of Entry No 72 of Notification No 12/2017 -C.T (Rate).

The present appeal has been filed against [order no.GST-ARA-48/2017-18/B-55 dated 25.06.2018](#)