

GIB/KN/ARIVU/30.09.2019/AAR-199

Advance Ruling Category : Pure Agent

State : Karnataka

Order No.: GIB/KN/ARIVU/30.09.2019/AAR-199

Name of Entry :

Arivu Educational consultants pvt ltd

Date : 30-09-2019

Breif Issue :

Issue & Fact of the Case:

Does the activity of collecting exam fee from students and remitting to that particular university or institution without any value addition to it, amount to taxable service?

The applicant provides the coaching, learning and training services in relation to undergraduate and post graduate degree, diploma and professional course on a standalone bases to students or for any institution, corporate company, institutes etc.

The applicant collect amount as exam fee and remit to the respective institute or collage without any profit element.

As per **para 2(Y) of N/N 12/2017-** Central Tax (Rate) dated 28.06.2017 , definition of “Educational institution “does not include training or coaching classes for the students , to guide or train or prepare them to take the exam for any institute or college or universities.

Rule 33 of CGST Rules 2017 , value of supply of services in case of “pure agent” , notwithstanding anything contained in the provision of this chapter , the expenditure or costs incurred by a supplier as pure agent of the recipient of supply shall excluded from the value of supply ,if all the condition are satisfied :

- a. The supplier act as a pure agent of the recipient of the supply, when he makes the payment to the third party on authorization by such recipient.
- b. The payment made by the pure agent on behalf of the recipient of supply has been separately indicated in the invoice issued by the purer agent to the recipient of service.

c. The supplier 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.

Decision of Advance Ruling Authority :

Decision

The activity of collecting exam fee from students and remitting the same to that particular university or institution without any value addition, hence it is a pure agent and the value is excluded from the taxable value as per Rule 33 of the CGST Rules/KGST Rules.