

**THE AUTHORITY ON ADVANCE RULINGS  
IN KARNATAKA  
GOODS AND SERVICES TAX  
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD  
GANDHINAGAR, BENGALURU – 560 009**

**Advance Ruling No. KAR ADRG 25 / 2018**

**Dated : 25<sup>th</sup> October 2018**

Present:

1. Sri. Harish Dharnia,  
Additional Commissioner of Central Tax,  
. . . . Member (Central Tax)
2. Dr. Ravi Prasad M.P.  
Joint Commissioner of  
Commercial Taxes  
. . . . Member (State Tax)

1.	Name and address of the applicant	M/s Indian Institute of Management Bannerghatta Road, Bengaluru - 560076
2.	GSTIN or User ID	29AAAAI0405N1ZQ
3.	Date of filing of Form GST ARA-01	09-05-2018
4.	Represented by	Sri Veeresh S. Kandgol, Chartered Accountant
5.	Jurisdictional Authority – Centre	The Commissioner of Central Tax, Bangalore South Commissionerate, Bengaluru (Range BSD4)
6.	Jurisdictional Authority – State	NA
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of 1. Rs.5,000-00 under CGST Act vide CPIN 18052900030858 dated 07-05-2018 2. Rs.5,000-00 under KGST Act vide CPIN 18052900030858 dated 07-05-2018

**ORDER UNDER SUB-SECTION (4) OF SECTION 98 OF CENTRAL GOODS  
AND SERVICE TAX ACT, 2017 AND UNDER SUB-SECTION (4) OF SECTION  
98 OF KARNATAKA GOODS AND SERVICES TAX ACT, 2017**

1. M/s Indian Institute of Management, Bangalore (called as the ‘Applicant’ hereinafter), No.12, Bannerghatta Road, Bengaluru - 560076, having GSTIN number 29AAAAAI0405N1ZQ, has filed an application for Advance Ruling under Section 97 of CGST Act, 2017 and KGST Act, 2017 read with Rule 104 of CGST Rules 2017 & KGST Rules 2017, in form GST ARA-01 discharging the fee of Rs.5,000-00 each under the CGST Act and the KGST Act.

2. The Applicant is an Association of Persons and is registered under the Goods and Services Act, 2017. The applicant has sought advance ruling in respect of the following questions:

- a) Whether the long duration post graduate diploma/ degree granting programmes offered by the Indian Institute of Management, Bengaluru other than specifically mentioned in Sl.No.67 of Notification No.12/ 2017 – Central Tax (Rate) dated 28<sup>th</sup> June 2017 as amended by Notification No.2 /2018 dated 25<sup>th</sup> January 2018 are exempted from the GST output liability on education as a part of a curriculum for obtaining a qualification recognized by any law for the time being in force in the light of enactment of the Indian Institute of Management Act, 2017?
  - b) Whether supply of online educational journals or periodicals to the Indian Institute of Management, Bengaluru is exempted from reverse charge liability of GST under Sl. No.66 of Notification No.12 / 2017 – Central Tax (Rate) dated 28<sup>th</sup> June 2017 as amended by Notification No. 2/2018 dated 25<sup>th</sup> January 2018 being education provided as a part of a curriculum for obtaining a qualification recognized by any law for the time being in force in the light of enactment of the Indian Institute of Management Act, 2017?
3. The applicant furnishes some facts relevant to the stated activity:
- a. The applicant states that they are an educational institution of excellence established in the year 1973 with the objectives of imparting high-quality management education and training, conducting industrial and management research, etc. The applicant was established under the auspices of the Ministry of Human Resources Development (MHRD) Government of India as a premier educational institution and is renowned in India for its management education programs.
  - b. That the applicant was registered as a society with the Registrar of Societies, Mysore State (now Karnataka) vide No. 403/71-72 dated 27-03-1972 and is recognized world over as an institution of higher learning and seat of academic excellence in the field of management.
  - c. The Indian Institute of Management Act, 2017 was passed and it received the assent of the President on 31<sup>st</sup> December, 2017 with an object to declare certain Institutes of Management (IIMB is one among the schedule annexed to the Act) to be institutions of national importance with a view to empower these institutions to attain global excellence in management, management research and allied areas of knowledge and to provide for certain other matters connected therewith or incidental thereto.
  - d. The Government of India notified the Act in the Gazette of India on 31<sup>st</sup> January 2018. Now by the enactment of The Indian Institute of Management Act, 2017, IIMB is a body corporate as per Section 4 of the said Act.

- e. IIMB's vision is to develop leaders and entrepreneurs through holistic, transformative and innovative education. Since the years of its existence, IIMB has developed a portfolio of programmes which cater to multiple sectors of society. The IIMB nurtures a teaching philosophy which encourages students to apply their learning in solving the real-life challenges around the world. IIMB currently offers 5 long duration programmes which collectively develop entry and middle level management professionals for companies, government and non-governmental organisations. IIMB also offers certificate programmes of short and long durations under Executive Education Programmes for mid and senior level Executives.
- f. The applicant has provided the details of long duration programmes offered by it and its taxability is given in the table as below:

Sl. No	Programmes Offered	Period	Taxability under GST as per Notification No. 12/2017 –Central Tax (Rate) dtd 28-06-2017
1	Fellow Programme in Management (FPM) is a full time doctoral programme and is committed to train individual who will excel in their area of research through publication of high quality work of international standard	5 years	Exempted
2	Post Graduate Programme in Management (PGP) is designed to equip student with skill and capabilities that will enable them to reach responsible global position in management. The PGP revolves around the principle that world-class business leaders are not mass produced; they are nurtured and developed in a practical application-oriented, user friendly environment. This is a flagship MBA degree equivalent programme where students are admitted through CAT	2 years	Exempted

- g. The applicant has also provided a table containing the programmes which they feel are exempted post enactment of IIM Act 2017

Sl. No	Programmes Offered	Period	Taxability under GST post enactment of IIM Act 2017
1	Post Graduate Programme in Public Policy and Management (PGPPM) catalyzed by the Government of India and United Nations Development Program, the PGPPM is packed with path breaking inside about winning policy and making management strategies	1 year	Exempted

2	Post Graduate Programme in Enterprise Management (PGPEM) is a weekend management program, designed for middle and senior level working professionals. Participants learn from World Class faculty, while strengthening their network through collaboration with peers during their on-campus long week-end session	2 years	Exempted
3	Post Graduate Programme in Management (EPGP) is an intensive program designed to enhance skills and capabilities essential for responsible position at senior management level. Challenging widespread and globally oriented, the objective of this programme is to produce future leaders who can handle the dynamic corporate environment.	1 year	Exempted

- h. The applicant states that currently certain programmes offered by IIM are exempted as per the Notification No. 12/ 2017 – Central tax (Rate) dated 28<sup>th</sup> June, 2017. As per the applicant the relevant Heading 9992 vide Sl. No. 67 under which exemption to programmes offered by IIM. The said entry is reproduced as under:

Sl.No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition
67	Heading 9992	Services provided by the Indian Institutes of Management, as per the guidelines of the Central Government, to their students, by way of the following educational programmes, except Executive Development Programme: (a) Two-year full time Post Graduate Programmes in Management for the Post Graduate Diploma in Management, to which admissions are made on the basis of Common Admission Test (CAT) conducted by the Indian Institute of Management; (b) Fellow programme in Management; (c) Five-year integrated programme in management	Nil	Nil

In the light of the change in the constitution due to the enactment of the Indian Institute of Management Act, 2017, IIMB is now a body corporate governed by the said Act. Therefore, in the above background, IIMB has preferred this application for Advance Ruling in respect of the questions raised, since the Notification No.

12/2017–Central Tax (Rate) dated 28<sup>th</sup> June 2017 has not addressed the current change in Constitution in respect of IIMB.

- i. The applicant has reproduced the provisions of the Indian Institute of Management Act, 2017 in support of awarding of educational qualification which is recognized by the said Act:
  - i. Section 2 : Declaration of certain institutions as institutions of national importance.  
“Whereas the objects of the Institutes mentioned in the Schedule are such as to make them institutions of national importance, it is hereby declared that each such institute is an institution of national importance.”
  - ii. Section 3 (h) – “Institute” means any Institute mentioned in column (5) of the Schedule;
  - iii. Section 4: Incorporation of Institutes  
(1) On and from the commencement of this Act. Every existing Institute shall be a body corporate by the same name as mentioned in column (5) of the Schedule.
  - iv. Section 7 : Powers and functions of Institute  
Subject to the provisions of this Act, every institute shall exercise the following powers and perform the following functions, namely:
    - (f) to grant degrees, diplomas, and other academic distinctions or titles and to institute and award fellowships, scholarships, prizes and medals, honorary awards and other distinctions;
  - v. Section 8: Institutes to be open to all irrespective of sex, race, creed, caste or class:  
Provided further that every such institute shall be a Central Educational Institution for the purposes of the Central Educational Institutions (Reservation in Admission) Act, 2006.
  - vi. Section 9: Institute to be not-for-profit legal entity.  
(1) Every institute shall be a not-for-profit legal entity and no part of the surplus, if any, in revenue of such institute, after meeting all expenditure in regard to its operations under this Act, shall be invested for any purpose other than for the growth and development of such Institute or
  - vii. Section 11. Power and functions of the Board  
    - (d) to establish departments, faculties or schools of studies and initiate programmes or courses of study at the Institute;

(f) to grant degrees, diplomas, and other academic distinctions or titles, and to institute and award fellowships, scholarships, prizes and medals;

(g) to confer honorary degrees in such manner as may be specified by the regulations'

(h) to grant honorary awards and other distinctions;

(o) to specify by regulations the institution of fellowships, scholarships, medals and prizes;

viii. Section 15: Powers and functions of Academic Council.

(1) The Academic Council shall perform the following functions, namely:

(a) to specify the criteria and process for admission to courses or programmes of study offered by the institute;

(b) to specify the academic content of programmes and courses of study and undertake modifications therein;

(c) to specify the academic calendar, guidelines for conduct of examination and recommend grant of degrees, diplomas and other academic distinctions or titles.

ix. Section 32: Returns and information to be provided to Central Government.

Every Institute shall furnish to the Central Government such returns or other information with respect to its policies or activities as the Central Government may, for the purpose of reporting to the Parliament or for the making of policy, from time to time, require.

x. Section 36: Ordinances how made.

(1) Save as otherwise provided in this section, Ordinance shall be made by the Academic Council.

(2) Subject to the provisions of this Act and the rules and regulations made thereunder, the Ordinances of every Institute may provide for all or any of the following matters, namely:

(b) the courses of study to be laid down for all degrees and diplomas of the Institute

THE SCHEDULE  
(See Section 4)

Sl.No.	Name of the State	Name of the Existing Institute	Location	Name of the Institute Incorporated under this Act
(1)	(2)	(3)	(4)	(5)
1	Karnataka	Indian Institute of Management, Bangalore, A society registered under the Mysore Societies Registration Act, 1960 (17 of 1960)	Bengaluru	Indian Institute of Management, Bangalore

xi. Meaning of the term “any law for the time being in force”

Further the expression “any law for the time being in force” is of wide connotation. It is submitted that the word “law” itself is very wide in its scope and would include within its ambit not only statutes (whether taxing statute or otherwise) but an order made by the Government, resolution of Government, Government schemes, notification, rules and regulations, customs, usage, etc., which have the force of law.

xii. Meaning of the term “Curriculum”

Curriculum refers to the means and materials with which students will interact for the purpose of achieving identified educational outcomes.

xiii. The applicant states that in his case the law means The Indian Institute of Management Act, 2017. Thus, as per the provisions of the Indian Institute of Management Act, 2017 the long duration programmes discussed above are approved curriculum-based programmes offered by IIMB.

xiv. Therefore, in the light of the above, all programmes offered by IIMB including executive programmes are covered under education as a part of a curriculum for obtaining a qualification recognized by the Indian Institute of Management Act, 2017 as reproduced above and thus will be covered under Sl. No. 66 of Notification No. 12/2017 – Central Tax (Rate) dated 28<sup>th</sup> June, 2017 instead of Sl. No. 67.

<b>Sl.No.</b>	<b>Chapter, Section, Heading, Group or Service Code (Tariff)</b>	<b>Description of Services</b>	<b>Rate (per Cent.)</b>	<b>Condition</b>
(1)	(2)	(3)	(4)	(5)
66	Heading 9992	<p>Services provided –</p> <p>(a) by an educational institution to its students, faculty and staff;</p> <p>(aa) by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee;</p> <p>(b) To an educational institution, by way of,</p> <p>(i) Transportation of students, faculty and staff;</p> <p>(ii) Catering, including any mid-day meals scheme sponsored by the Central Government, State Government or Union Territory;</p> <p>(iii) Security or cleaning or house-keeping performed in such educational institution.</p> <p>(iv) Services relating to admission to , or conduct of examination by, such institution;</p> <p>Provided that nothing contained in sub-items (i), (ii) and (iii) of item (b) shall apply to an educational institution other than an institution providing services by way of pre-school education and education up to higher secondary school or equivalent.</p> <p>Provided further that nothing contained in sub-item (v) of item (b) shall apply to an institution providing services by way of, -</p> <p>(i) Pre-school education and education up to higher secondary school or equipment; or</p> <p>(ii) Education as a part of an approved vocational education course.</p> <p>(v) Supply of online educational journals or periodicals:</p>	Nil	Nil

- j. The applicant prays to provide the Advance ruling as mentioned below:

- (a) To exempt the output liability on GST for the courses offered by IIMB other than those specifically mentioned in Sl. No. 67 of Notification No. 12/2017 – Central Tax (Rate) dated 28<sup>th</sup> June, 2017 as amended by Notification -2/ 2018 dated 25<sup>th</sup> January 2018 by considering the said courses as education and shall be treated as part of a curriculum for obtaining a qualification recognized by any law for the time being in force in the light of the enactment of Indian Institute of Management Act, 2017.
- (b) To exempt supply of online educational journals or periodicals to IIMB from Reverse Charge liability of GST under Sl No. 66 of Notification No, 12/ 2017 – Central Tax (Rate) dated 28<sup>th</sup> June 2017 as amended by Notification No.2/2018 dated 25<sup>th</sup> January 2018 considering the same as education provided as a part of a curriculum for obtaining a qualification recognized by any law for the time being in force in the light of the enactment of Indian Institute of Management Act, 2017.
4. The applicant has also submitted the extract from the minutes of 164<sup>th</sup> Board Meeting held on 17<sup>th</sup> March 2018.

### 3. Award of Diplomas, Certificates and Distinctions to Graduands

The Director referred to the following two Resolutions that had been circulated to the Board Members on 16<sup>th</sup> March 2018, which was approved by 11 members.

#### Resolution-1:

With the coming into effect of the Indian Institutes of Management Act, 2017 and also on the approval of the Faculty body Indian Institute of Management, Bangalore, now reconstituted as the Academic Council, the Board of Governors of Indian Institute of Management, Bangalore, hereby approve the modifications made to the Ordinances.

#### Resolution -2:

With the coming into effect of the Indian Institutes of Management Act, 2017 and also on the recommendation of the Academic Council of Indian Institute of Management, Bangalore, have resolved for the conversion of the post-graduate diploma in management into a Master's Degree titled as Master of Business Administration to be awarded by the Board of Governors, Indian Institute of Management, Bangalore, to such eligible persons as may be duly recommended by the Academic Council of the Indian Institute of Management, Bangalore.

#### 4. FINDINGS & DISCUSSION

4.1 The contentions of the applicant were verified and found that the applicant offers two types of courses –

(1) those related to long term courses which are covered under entry no. 67 of the Notification No.12 / 2017 – Central Tax (Rate) dated 28.06.2017 and these are provided as per the guidelines of the Central Government, to their students, by way of the following educational programmes, except Executive Development Programme:

(a) Two-year full time Post Graduate Programmes in Management for the Post Graduate Diploma in Management, to which admissions are made on the basis of Common Admission Test (CAT) conducted by the Indian Institute of Management;

(b) Fellow programme in Management;

(c) Five-year integrated programme in management

(2) Other courses including Executive Development Programmes

The courses enumerated at (1) above are covered under entry no. 67 of the said notification and are exempt. The contention of the applicant is that the courses offered by the applicant and not covered under entry no. 67 of the said notification are covered under entry no. 66 of the said notification and are also exempt.

For this the entry no. 66 needs to be looked:

Entry No. 66 reads as under

Services provided –

- (a) by an educational institution to its students, faculty and staff;
- (aa) by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee;
- (b) To an educational institution, by way of,
  - (i) Transportation of students, faculty and staff;
  - (ii) Catering, including any mid-day meals scheme sponsored by the Central Government, State Government or Union Territory;
  - (iii) Security or cleaning or house-keeping performed in such educational institution.
  - (iv) Services relating to admission to, or conduct of examination by, such institution;
  - (v) Supply of online educational journals or periodicals:

Provided that nothing contained in sub-items (i), (ii) and (iii) of item (b) shall apply to an educational institution other than an institution providing services by way of pre-school education and education up to higher secondary school or equivalent.

Provided further that nothing contained in sub-item (v) of item (b) shall apply to an institution providing services by way of, -

- (i) Pre-school education and education up to higher secondary school or equivalent; or
- (ii) Education as a part of an approved vocational education course.

4.2 The two competing entries of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 relevant to the issue are Entry no. 66 and 67. Both these entries relate to services falling under the Heading 9992. The Heading 9992 appears at serial number 581 in the Annexure: Scheme of Classification of Services attached to Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017. There are six Groups of various Education Services under the Heading 9992 covering all services from pre-primary education services to specialized education services.

4.3 Serial No. 66 of the said Notification No. 12/2017 is a general entry in relation to exemption of services provided by an educational institution and /or to an educational institution. Educational institution means an institution providing services by way of (i) pre-school education and education up to higher secondary school or equivalent; (ii) education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force; (iii) education as a part of an approved vocational education course. Therefore all educational services provided by an institute, which leads to a qualification/degree, recognized by the law, for the time being in force, are exempt from payment of GST. The applicants contention is that since the coming into effect of the Indian Institute of Management Act, 2017 the qualifications/degrees conferred by them are recognized by law, all the educational services provided by them in relation to programmes offered by them other than those specifically mentioned under Serial number 67 are exempt services and are covered under serial number 66.

4.4 We find that both Serial no. 66 and 67 are related to all educational services covered under the same Heading 9992. This leads us to the inescapable conclusion that Serial Number 67 has been carved out specifically and only for the educational services provided by the Indian Institutes of Management. In other words the Indian Institutes of Management have been segregated from all other educational institutes and the educational services provided by them are subject to different treatment in terms of exemptions. Therefore in so far as educational services provided by Indian Institutes of Management are concerned, the provisions contained in Serial no. 67 alone shall apply. The constitution of the Notification does not allow selective application of Serial No. 67 in respect of educational programmes like (a) two year full time Post Graduate Programmes in management for the Post Graduate Diploma in Management, to which admissions are made on the basis of Common Admission Test (CAT) conducted by the Indian Institute of Management; (b) fellow programme in Management; (c) five year integrated programme in Management and application of Serial number 66 for the rest of the educational programmes. In conclusion we are of the opinion that when Notification number 12/2017 provides for a specific entry for the Indian Institutes of Management at serial no. 67, the provisions of serial number 66 shall not apply to them.

4.5 Similarly, the second question also relates to the applicability of entry no. 66 in the presence of specific entry no. 67. Therefore the same view holds good for the second question also. Consequently the answer for both the questions posed by the applicant is “negative”.

5. In view of the foregoing, we rule as follows

### **R U L I N G**

a) In respect of question (a), “Whether the long duration post graduate diploma/ degree granting programmes offered by the Indian Institute of Management, Bengaluru other than specifically mentioned in Sl.No.67 of Notification No.12/ 2017 – Central Tax (Rate) dated 28<sup>th</sup> June 2017 as amended by Notification No.2 /2018 dated 25<sup>th</sup> January 2018 are exempted from the GST output liability on education as a part of a curriculum for obtaining a qualification recognized by any law for the time being in force in the light of enactment of the Indian Institute of Management Act, 2017?”, the answer is “No”.

b) In respect of question (b), “Whether supply of online educational journals or periodicals to the Indian Institute of Management, Bengaluru is exempted from reverse charge liability of GST under Sl. No.66 of Notification No.12 / 2017 – Central Tax (Rate) dated 28<sup>th</sup> June 2017 as amended by Notification No. 2/2018 dated 25<sup>th</sup> January 2018 being education provided as a part of a curriculum for obtaining a qualification recognized by any law for the time being in force in the light of enactment of the Indian Institute of Management Act, 2017?”, the answer is “No”.

7. This ruling is valid subject to the provisions under section 103(2) until and unless declared void under section 104(1) of the GST Acts.

**(Harish Dharnia)**  
**Member**

Place : Bengaluru,  
Date : 25.10.2018

**(Dr.Ravi Prasad.M.P.)**  
**Member**

To,

The Applicant

Copy to :

The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.

The Commissioner of Commercial Taxes, Karnataka, Bengaluru.

The Commissioner of Central Tax, Bangalore South Commissionerate, Bengaluru.

The Asst. Commissioner, LVO - , Bengaluru.

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