

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

Advance Ruling No. KAR ADRG 25/2025

Date : 28-07-2025

Present:

1. Sri. Prathap Kumar S

Additional Commissioner of Commercial Taxes

... Member (State)

2. Sri. Kalyanam Rajesh Rama Rao

Additional Commissioner of Customs & Indirect Taxes

... Member (Central)

1.	Name and address of the Applicant	M/s. ETHNUS CONSULTANCY SERVICES PVT. LTD, Second Floor, No.151/17/1, SST Chambers, 36th Cross, Jayanagar 5th Block, Bengaluru- 560041
2.	GSTIN or User ID	29AACCE5852B1ZS
3.	Date of filing of Form GST ARA-01	24.05.2024
4.	Represented by	Ms. Swathi N.A, Senior Manager (Finance and Accounts)
5.	Jurisdictional Authority – Centre	The Principal Commissioner of Central Tax, Bengaluru South Commissionerate, Bengaluru.
6.	Jurisdictional Authority – State	Asst. Commissioner, LGSTO-90, Bengaluru
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000/ under CGST Act & Rs. 5,000/ under KGST Act through debit from Electronic Cash Ledger vide reference No. DC2905240028087, dated 06.05.2024

**ORDER UNDER SECTION 98(4) OF THE CGST ACT, 2017 &
UNDER SECTION 98(4) OF THE KGST ACT, 2017**

M/s. Ethnus Consultancy Services Private Limited (herein after referred to as 'Applicant'), Second Floor, No.151/17/1, SST Chambers, 36th Cross, Jayanagar 5th Block, Bengaluru- 560041, having GSTIN 29AACCE5852B1ZS, have filed an application for Advance Ruling under Section 97 of CGST Act, 2017, read with Rule 104 of the CGST Rules 2017 and Section 97 of KGST Act, 2017 read with Rule 104 of KGST Rules 2017, in form GST ARA-01 discharging the fee of Rs.5,000/- each under the CGST Act KGST Act.



2. The Applicant is a training and skill development company providing necessary employability skills, certification and placement support to the youth of India.

3. The applicant has sought advance ruling in respect of the following questions:

(i) *As per Notification 12/2017, Sl. No. 72, Chapter 99, Heading 9992 reads "Services provided to the Central Government, State Government, Union territory administration under any training programme for which total expenditure is borne by the Central Government, State Government, Union territory administration", is Nil rated. Is this applicable to our organization when it provides services to Government under any training programme ?*

(ii) *Whether income earned from Karnataka Skill Development Corporation by implementing skill development program "Kalike Jothege Kaushalya" under the CMKKY scheme of Govt. of Karnataka, results to taxable supply of services?*

4. **Admissibility of the application:** The question is about the "applicability of a notification issued under the provisions of this act" and hence is admissible under Section 97(2)(b) of the CGST Act 2017.

5. **Brief Facts of The Case:** The applicant has furnished the following facts relevant to the issue:

5.1 The Applicant states that they are training and skill development company providing necessary employability skills, certification and placement support to the youth of India.

5.2 The Applicant states that they work with multiple State Govts. as one of their implementation partners to deliver skill development programs to the youth of those respective states; that currently they work with KSDC (Govt. of Karnataka), TNSDC (Govt. of Tamil Nadu), OSDA (Govt. of Odisha), ASAP (Govt. of Kerala) among others; that any Government skill development program is funded by the respective state government, through its skills development departments / bodies / corporations.

6. Applicant's Interpretation of law:

6.1 The Applicant contends that as per Notification 12/2017, Sl. No. 72, the "Services provided to the Central Government, State Government, Union territory administration under any training programme for which total expenditure is borne by the Central Government, State Government, Union territory administration", covered under Chapter 99, Heading 9992 are Nil rated.

6.2 The applicant interprets, as per the above notification, that any or all training programmes which are wholly funded by a Government through its departments / bodies / corporations, the GST rate is Nil. As such their training services to a Government via its departments / bodies / corporations, does not result in taxable supply of services.



PERSONAL HEARING/PROCEEDINGS HELD ON 16.06.2025

7. Ms. Swathi N.A, Senior Manager (Finance and Accounts) and duly authorized representative of the applicant appeared for personal hearing proceedings and reiterated the facts narrated in their application.

FINDINGS & DISCUSSION

8. At the outset we would like to make it clear that the provisions of CGST Act, 2017 and the KGST Act, 2017 are in pari-materia and have the same provisions in like matter and differ from each other only on a few specific provisions. Therefore, unless a mention is particularly made to such dissimilar provisions, a reference to the CGST Act would also mean reference to the corresponding similar provisions in the KGST Act.

9. We have considered the submissions made by the applicant in their application for advance ruling. We have also considered the issues involved on which advance ruling is sought by the applicant and the relevant facts along with the arguments made by their authorized representative and also their submissions made during the time of hearing.

10. The Applicant submitted that they work with multiple State Governments as one of their implementation partners to deliver skill development programs to the youth of those respective states; that currently they work with Karnataka Skill Development Corporation (hereinafter **KSDC** for brevity). The applicant has provided a copy of **office order** which states that they are one of the industry approved partners for providing skill training to students who are studying in 6th semester of Government degree colleges and the same is signed by the Managing Director, KSDC.

11. The Applicant states that they claim exemption under entry No. 72 of Notification 12/2017-Central Tax(Rate) dated 28.06.2017 as they are providing services to the State Government through their training programme, for which total expenditure is borne by the State Government.

12. In view of the above, We proceed to examine whether the Applicant is eligible to claim exemption under entry No. 72 of Notification 12/2017-Central Tax(Rate) dated 28.06.2017 which is as under:

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition
72	Heading 9992	Services provided to the Central Government, State Government, Union territory administration under any training programme for which 75% or more of the total expenditure is borne by the Central Government, State Government, Union territory administration.	Nil	Nil



It is observed from the above entry that to claim exemption under this entry, all of the following three conditions should be satisfied.

- a) *The services should be provided to the Central Government or State Government or Union territory.*
- b) *Services provided should be in the form of training programme and*
- c) *75% or more of the total expenditure is borne by the Central Government or State Government or Union territory.*

13. We proceed to examine the aforesaid conditions one by one. The Applicant is providing services to KSDC, as per the work order provided by the Applicant, which is an independent legal entity distinct from state government. Therefore the Applicant is not providing services to the Central Government or State Government or Union territory. Thus the first condition itself is not satisfied and hence we do not go into the validation of remaining conditions.

14. In view of the above the Applicant is not eligible to claim exemption under the entry number 72 of Notification 12/2017-Central Tax (Rate) dated 28.06.2017 and hence the applicant's services are exigible to GST.

15. In view of the foregoing, we pass the following

R U L I N G

(i) *Exemption under entry No. 72 of Notification 12/2017-Central Tax(Rate) dated 28.06.2017 is not applicable to the Applicant.*

(ii) *The income earned from Karnataka Skill Development Corporation by implementing skill development program "Kalike Jothege Kaushalya" under the CMKKY scheme of Govt. of Karnataka, is a taxable supply of services.*



(Prathap Kumar S)

Member

MEMBER

Place : Bengaluru
Karnataka Advance Ruling Authority

Date : 28-07-2025 560 009


(Kalyanam Rajesh Rama Rao)

Member

MEMBER

Karnataka Advance Ruling Authority
Bengaluru - 560 009

To,

The Applicant

Copy to:

1. The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.
2. The Commissioner of Commercial Taxes, Karnataka, Bengaluru.
3. The Principal Commissioner of Central Tax, Bengaluru South Commissionerate Bengaluru.
4. The Assistant Commissioner of Commercial Taxes, LGSTO-90, Bengaluru.
5. Office Holder.

Ethnus Consultancy Services