

INDIRECT TAXES UPDATE – 176

SERVICE TAX

Amendments regarding Educational Institutions under Mega Exemption Notification No 25/2012-Service Tax

Clause 9(b) of Mega Exemption *Notification No. 25/2012 – Service Tax dated 20.06.2012* provides exemption from service tax to services provided **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 Government;
- iii. Security or cleaning or house-keeping services performed in such educational institution
- iv. Services relating to admission to, or conduct of examination by, such institution

Educational Institutions has been defined in Mega Exemption Notification as follows:

"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 recognized by any law for the time being in force;
- (iii) education as a part of an approved vocational education course.

In this regard, Central Government vide *Notification No. 10/2017-Service Tax, dated: March 08, 2017* has amended the clause 9(b) of Mega Exemption *Notification No. 25/2012 – Service Tax* to provide that, w.e.f 1st April 2017, exemptions provided therein are applicable **only** to the institutions providing services by way of pre-school education and education up to higher secondary school or equivalent. Thus, institutions other than above will not be entitled to exemption.

[Notification No. 10/2017-Service Tax, Dated: March 08, 2017]

Comment: *Transportation, Catering, Security, Conduct of exam etc. Services provided to Educational Institutions providing education as a part of a curriculum for obtaining a qualification recognized by any law for the time being in force and education as a part of an approved vocational education course will not be eligible for exemptions provided under clause 9(b) of Mega Exemption Notification.*

There have been reports that Education Sector has been brought under the tax net. Please note that only specified services provide “to” educational institutions is taxable and from April 1, 2017.

Source: www.cbec.gov.in

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