

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

LOK SABHA

UNSTARRED QUESTION NO.2809

TO BE ANSWERED ON FRIDAY THE 03RD AUGUST, 2018
SHRAVANA 12, 1940 (SAKA)

GST ON EDUCATION

2809. DR. UDIT RAJ:

Will the Minister of FINANCE be pleased to state:

- (a) whether the objective of the Government is to keep education out of the purview of Goods and Services Tax (GST) and if so, the details thereof;
- (b) whether the GST exemption has been extended to the level below higher education and any service provided by higher educational institutions attracts 18 per cent GST and if so, the details thereof; and
- (c) whether the Government has taken cognizance that countries such as Australia, South Africa, etc. have exempted tax on higher education and if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SHIV PRATAP SHUKLA)

(a): Exemption in respect of services provided by an educational institution as existed in the Service Tax regime have been carried forward in GST regime. Apart from that, few more services provided by and provided to an educational institution have also been exempt from GST subsequently based on representations received from stakeholders.

(b): No, Sir. Services provided by an educational institution to its students, faculty and staff are exempt from GST.

Educational institution has been defined under GST exemption notification to mean an institution providing services by way of

- (i) Pre-school education and education upto 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, and (iii) Education as part of an approved vocational course.

Thus, there is no differential treatment of GST exemption for pre- school education, higher secondary education and higher education.

(c): GST or VAT on education in countries such as Australia, South Africa, etc., are not completely exempted. In India we have given overarching exemption to courses or degrees that are recognized by Indian Law. In Australia, they have qualified each and every courses and exemption available to such courses. Under South Africa VAT Law Educational Services rendered by the state or qualifying institutions is exempt from VAT and at the same time no input tax credit can be claimed by the supplier of such service.

GST being an indirect tax and a value added tax, the ultimate burden of the tax falls on the end consumer. However, Government has made an attempt to keep the cost of education as low as possible by exempting GST on all output supplies by educational institutions to its students, faculty and staff from GST. Similarly, under Australia GST and South Africa VAT, education is not completely zero rated, meaning thereby certain input services in relation to supply of educational service are taxable. Tax exemptions being in the nature of tax expenditures are an indirect subsidy to preferred tax payers and are decided by the Government based on the existing socio- economic conditions prevalent in the country.
