

**Government of India  
Ministry of Finance  
Department of Revenue**

**LOK SABHA  
UNSTARRED QUESTION NO. 2117  
TO BE ANSWERED ON MONDAY, AUGUST 5, 2024  
SHRAVANA 14, 1946 (SAKA)**

**TAX BENEFITS FOR SKILL TRAINING INSTITUTIONS**

2117 SHRI MANISH TEWARI:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has any plans to extend the tax benefits available for education related services to include skill development training institutions, if so, the details thereof;
- (b) whether the Government proposes to amend the Income Tax Act to include skill development training institutes within the definition of other educational institutions;
- (c) if so, the details thereof, if not, the reasons therefor;
- (d) whether the Government has any plans to provide the same tax exemptions for loans taken for skill development and vocational trainings as are available for education loans for higher studies; and
- (e) if so, the details thereof, if not, the reasons therefor?

**ANSWER  
MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI PANKAJ CHAUDHARY)**

(a) to (c): (I) GST rates and exemptions are prescribed on the recommendations of the GST Council, which is a constitutional body comprising of representatives from both the Centre and the States/UTs. Based on the recommendations made by the GST Council, the following services in relation to skill development training institutions are already exempt:

A. Any services provided by,

- (a) the National Skill Development Corporation set up by the Government of India;
- (b) a Sector Skill Council approved by the National Skill Development Corporation;
- (c) an assessment agency approved by the Sector Skill Council or the National Skill Development Corporation;
- (d) a training partner approved by the National Skill Development Corporation or the Sector Skill Council,

in relation to-

- (i) the National Skill Development Programme implemented by the National Skill Development Corporation; or
- (ii) a vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or
- (iii) any other Scheme implemented by the National Skill Development Corporation.

B. Services of assessing bodies empanelled centrally by the Directorate General of Training, Ministry of Skill Development and Entrepreneurship by way of assessments under the Skill Development Initiative Scheme.

C. Services provided by training providers (Project implementation agencies) under Deen Dayal Upadhyaya Grameen Kaushalya Yojana implemented by the Ministry of Rural Development, Government of India by way of offering skill or vocational training courses certified by the National Council for Vocational Training.

D. 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.

(II) Further, an institution providing services by way of education as a part of an approved vocational education course is considered to be an 'educational institution' for the purpose of GST exemptions. Services provided by an educational institution to its students, faculty and staff are exempt from GST. In addition, services provided by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee is also exempt.

For the purpose of the exemption, "approved vocational education course" means, -

(i) a course run by an industrial training institute or an industrial training centre affiliated to the National Council for Vocational Training or State Council for Vocational Training offering courses in designated trades notified under the Apprentices Act, 1961 (52 of 1961); or

(ii) a Modular Employable Skill Course, approved by the National Council of Vocational Training, run by a person registered with the Directorate General of Training, Ministry of Skill Development and Entrepreneurship

(III) Education and advancement of object of general public utility (subject to satisfaction of certain conditions) are included in definition of 'charitable purpose' under the Income-tax Act, 1961 ('the Act'). Income from property held under trust or institution and applied for charitable or religious purposes is exempt subject to the provisions of sections 11 to 13 of the Act.

(IV) Further, income of universities, educational institutions or funds or institutions established for charitable purposes are exempt under various sub-clauses of clause (23C) of section 10 of the Act, if they satisfy conditions laid down under the respective provisions. Finance (No. 2) Bill, 2024 has proposed that approvals to trusts or funds or institutions shall no longer be granted under sub-clauses (iv), (v), (vi) & (via) of clause (23C) of section 10 with effect from 1.10.2024. However, existing approved trusts, funds or institutions shall continue to get the benefit of exemption, as per the provisions of sub-clauses (iv), (v), (vi) or (via) of clause (23 C) of section 10, till the validity of the said approval. Such institutions can thereafter apply under section 12A for registration and the provisions of section 11 to 13 (containing conditions similar to section 10(23 C)) shall apply accordingly.

(d) & (e): Deduction in respect of interest on loan taken for higher education is provided under Section 80E of the Income Tax Act. There is no further proposal to amend provisions of the Income Tax Act, at present.

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