

ADVANCE RULING NO. RAJ/AAR/2021-22/09

J. P. Meena Additional Commissioner	:	Member (Central Tax)
M. S. Kavia Joint Commissioner	:	Member (State Tax)
Name and address of the applicant	:	M/s Symmetric Infrastructure Private Limited, 33A, Talwandi, Kota, Rajasthan, 324005
GSTIN of the applicant	:	082100000112ARG
Clause(s) of Section 97(2) of CGST/SGST Act, 2017, under which the question(s) raised	:	(a) Classification of any goods or services or both; (c) determination of time and value of supply of goods or services or both, and (d) admissibility of input tax credit of tax paid or deemed to have been paid.
Date of Personal Hearing	:	26.08.2021
Present for the applicant	:	Sanjiv Agarwal (CA)
Date of Ruling	:	02.09.2021

Note: Under Section 100 of the CGST/SGST Act, 2017, an appeal against this ruling lies before the Appellate Authority for Advance Ruling constituted under section 99 of CGST/SGST Act, 2017, within a period of 30 days from the date of service of this order.

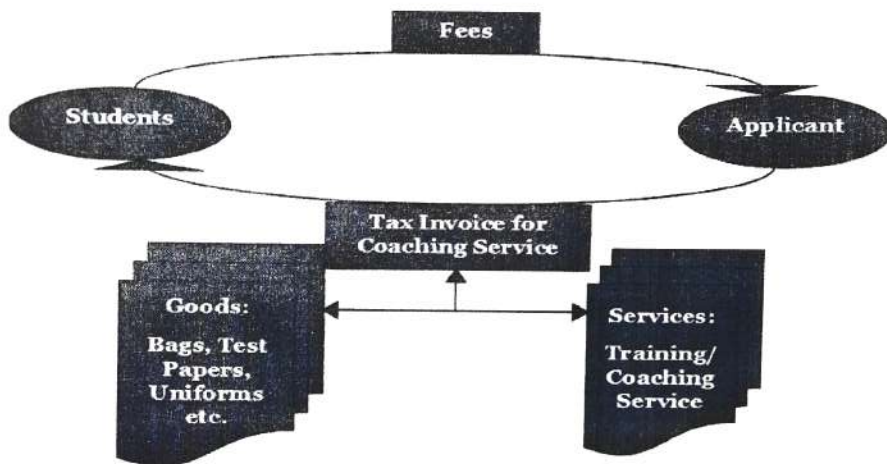
- At the outset, we would like to make it clear that the provisions of both the CGST Act and the SGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provision under the SGST Act. Further to the earlier, henceforth for the purposes of this Advance Ruling, a reference to such a similar provision under the CGST Act / SGST Act would be mentioned as being under the "GST Act".
- The issue raised by M/s Symmetric Infrastructure Private Limited, 33A, Talwandi, Kota, Rajasthan, 324005 Rajasthan (hereinafter the applicant) is fit to pronounce advance ruling as it falls under the ambit of the Section 97(2) (a), (c) & (d) given as under: -
 - (a) Classification of any goods or services or both;
 - (c) determination of time and value of supply of goods or services or both, and
 - (d) admissibility of input tax credit of tax paid or deemed to have been paid

Further, the applicant being a registered person (GSTIN is 082100000112ARG) as per the declaration given by him in Form (ARA-01) the issue raised by the applicant is neither pending for proceedings nor proceedings were passed by any authority. Based on the above observations, the applicant is admitted to pronounce advance ruling.

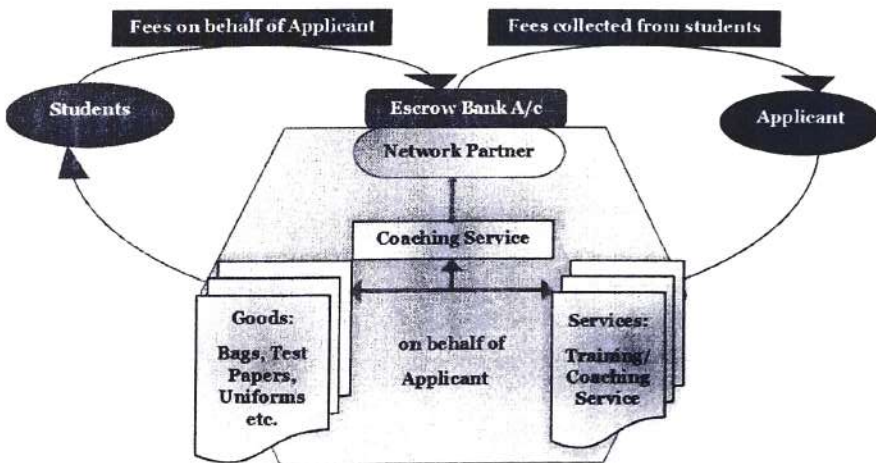
A. **SUBMISSION AND INTERPRETATION OF THE APPLICANT:**
Description (in brief)

- The applicant intends to provide coaching services to its enrolled students under its supervision through Network partner.
- The applicant will appoint Network Partner in different cities/towns for rendering and providing, on principal-to-principal basis, training /coaching and other related ancillary functions/services for the courses decided by applicant to its enrolled students.
- The applicant shall provide study material and student kit which will include test paper, printed material, uniform, bags and other goods.
- The applicant will also decide the schedule of course, schedule of method of teaching, training/coaching and education to the students.
- Students enrolled with the applicant will be charged a consolidate amount which will include the supply of goods and / or services, i.e., service of coaching and other supply of related goods like bag, uniform etc.

Flow chart of activities between applicant and students

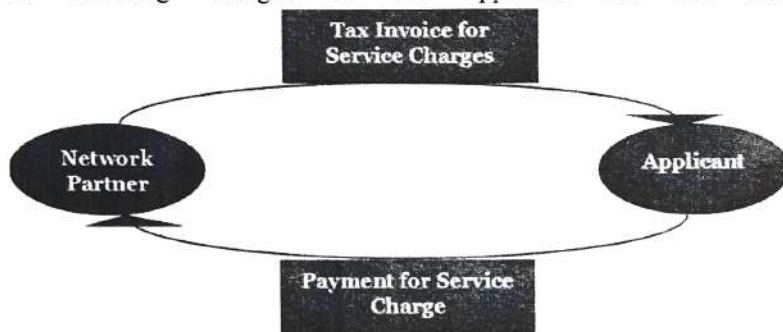


- Applicant will raise tax invoice to students who wishes to enroll with the applicant.
- Network Partner shall carry out/conduct course classes offered by the applicant at its premises for the students enrolled with the applicant.



- Network Partner shall engage qualified, experienced and competent faculty for teaching the courses offered by the applicant
- Fees collected from the students will be deposited in an Escrow account.

- For such coaching services provided to applicant, Network Partner will raise an invoice of coaching charges to the applicant for the services provided.



Question(s) on which advance ruling is sought

1. Applicant supplies services of coaching to students which also includes along with coaching, supply of goods/printed material/test papers, uniform, bags and other goods to students. Such supplies are not charged separately but a consolidated amount is charged, the major component of which is imparting of coaching. In such circumstances, whether such supply shall be considered, a supply goods or a supply of services?
2. If the answer to the aforementioned first question is supply of service, whether such supply shall be considered as composite supply? If yes, what shall be the principal supply?
3. Applicant provides coaching service under a business model through Network Partners as per sample agreement attached, containing obligations of Applicant and Network partners. Accordingly, the network partner provides the services to the students on behalf of Applicant. In such a case, who shall be considered as supplier of service and recipient of service under the agreement?
4. Subject to Q. No. 3 above, what shall be the value of service provided by Applicant to students and by network partner to Applicant?
5. Whether both, Applicant and network partner can avail eligible ITC for their respective supplies?

Statement of relevant facts having a bearing on the questions raised:

- Symmetric Infrastructure Private Limited (hereinafter referred as "applicant") (CIN: U45201RJ2007PTC025506), a private limited company, duly registered under the companies act, 2016 and having its registered office at Office No. 106, Ground Floor, Plot No. C, C-150(A) Road No. 5, IPIA Kota, Rajasthan-324005.
- The applicant was incorporated on 14/12/2007 to carry out the objective of business to provide coaching / training Courses and programs for competitive exams including but not limited to entrance examinations for engineering, medical, Law and commerce colleges, as also various qualifying examinations and which may also include products (goods) and services at its various places of operation to the general public, schools etc through class room contact training /coaching , Live Learning Program and Distance Learning program.
- The applicant has two directors, namely:
 - A. Kamla Shanker
 - B. Satish Kumar Sharma
- The applicant for operational efficiency, effective coaching and other commercial reasons desirous to provide such core coaching /training activity (as also various other ancillary functions / activities) in respect of its enrolled students to under its supervision through Network Partner.

- The applicant will appoint its 'Network Partner' for rendering and providing, on principal-to-principal basis, training / coaching and other related ancillary functions / services for the Courses to the students enrolled with applicant.
- The salient features of the proposed agreement be:
 - A. Obligations of Network Partner:
 - (i) Conducting Courses offered by applicant at its Premises for registered students of applicant as per guidelines of applicant.
 - (ii) At its own cost and expense, maintaining adequate number of qualified, experienced and competent faculties for teaching Physics, Chemistry, Biology, Mental ability, Mathematics and other subjects as per requirements of the Courses.
 - (iii) Conducting periodical tests in respect of the Courses and check answer books for performance evaluation of the students.
 - (iv) Selling registration / admission forms, getting the admission forms filled, collecting the courses fees and maintaining records of enquiries. admission packets sale, students enrolled with applicant without any delay. Deposit of collection towards registration / admission and course fee from enrolled students in the designated Bank Account.
 - B. Obligations of Applicant:
 - (i) Facilitate / assist in Appointing/ the faculty in consultation and approval of the network partner.
 - (ii) Preparing and providing–
 - (a) high quality printed study materials,
 - (b) soft copy of examination papers,
 - (c) soft copy of course planners, and
 - (d) soft copy of annual schedule or any changes in any of the above papers.
 - (iii) To provide Student Kit's to all registered students
 - (iv) communicating in time any changes in any of study material, student kits, examination papers, course planners, and annual schedule or any changes in any of the above
 - (v) Deciding schedule of courses, schedule of methods of teaching, training / coaching and education to the students undergoing training / coaching with the object of not only facilitating success in targeted competitive examination but also build self-confidence to face stiff standards set for competitive examinations;
 - (vi) Conducting motivational, counselling and conducting an 'In-house Career Orientation Session(s) or Seminar(s)' at the said Premises during the course.
 - C. The Network Partner will collect all fees from the registered students in timely manner and shall deposit in designated Escrow bank account.
 - D. Applicant shall issue tax invoice to the students who wishes to enrol with it, of a consolidate amount (which includes coaching service and other related goods) which may be collected by the network partner and deposit the same in the said escrow account.
 - E. Network Partner shall issue tax invoice for Service charge to the applicant for its coaching services (and other related managerial/ancillary services) in respect of various offline/Online Courses of the applicant.

B. COMMENTS OF THE JURISDICTIONAL OFFICER

The jurisdictional officer has submitted his comments vide their letter which can be summarized as under:

The detailed comments sought on the questions mentioned in Annexure-ii of the letter are as following:

Comments on the Advance Ruling application filed by M/s SYMMETRIC INFRASTRUCTURE PVT. LTD. (URD).

Ans-1) As the applicant supplies services of coaching to the students which also includes along with coaching supply of goods/printed material/text papers/ uniform, bags and other goods to students. As such supplies are not charged separately but a consolidated amount is charged, the major component of which is imparting of coaching. In such circumstances such supply shall be considered supply of services.

Ans-2) As per Section 2 (74) such supply shall be considered as mixed supply. As per definition, here two or more individual supplies of goods or services or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.

Ans-3) Here in this case, there are 2 cases:

Supplier of service	Recipient of service
Case - I: Applicant (M/s SYMMETRIC INFRASTRUCTURE PVT. LTD.)	Students
Case-II: Network Partner	- Applicant (M/s SYMMETRIC INFRASTRUCTURE PVT. LTD.)

Ans-4) The tax invoice generated by the applicant and the network provider will be the value of service for concerned suppliers.

Ans-5) Yes, both applicant and network partner can avail eligible ITC for their respective supplies.

C. PERSONAL HEARING

In the matter personal hearing was granted to the applicant on 26.08.2021 at Room no. 2.11 NCRB, Statue Circle, Jaipur. On behalf of the applicant Shri Sanjiv Ararwal, (CA) appeared for PH. During the PH, he reiterated the submissions already made in the application.

D. FINDINGS, ANALYSIS & CONCLUSION:

We have considered the submissions made by the Applicant in their application for advance ruling as well as the submissions made by the applicant and authorised representative of the applicant during the personal hearing. We have also considered the issues involved, on which advance ruling is sought by the applicant, and relevant facts.

1. At the outset, we would like to state that the provisions of both the CGST Act and the RGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provisions under the RGST Act.
2. Based on the submission of the applicant as well as the arguments/discussions made by the representative of the applicant during the course of personal hearing, we find that there are different issues to be discussed in respect of which the applicant has asked five questions seeking Advance Ruling on the same. They are as under:

- (i) Applicant supplies services of coaching to students which also includes along with coaching, supply of goods/printed material/test papers, uniform, bags and

other goods to students. Such supplies are not charged separately but a consolidated amount is charged, the major component of which is imparting of coaching. In such circumstances, whether such supply shall be considered, a supply goods or a supply of services?

- (ii) If the answer to the aforementioned first question is supply of service, whether such supply shall be considered as composite supply? If yes, what shall be the principal supply?
- (iii) Applicant provides coaching service under a business model through Network Partners as per sample agreement attached, containing obligations of Applicant and Network partners. Accordingly, the network partner provides the services to the students on behalf of Applicant. In such a case, who shall be considered as supplier of service and recipient of service under the agreement?
- (iv) Subject to Q. No. 3 above, what shall be the value of service provided by Applicant to students and by network partner to Applicant?
- (v) Whether both, Applicant and network partner can avail eligible ITC for their respective supplies?

2. We will take up all the above questions for discussion one by one. The first question pertains to supply of services, supplied by the applicant. The Applicant supplies services of coaching to students which also includes along with coaching, supply of goods/printed material/test papers, uniform, bags and other goods to students. Such supplies are not charged separately but a consolidated amount is charged, the major component of which is imparting of coaching. Since the applicant supplied the goods i.e. printed material, text paper, uniform, bags to the students etc. and as well as supply of services i.e. coaching/Training to the student. As such supplies are not charged separately but a consolidated amount is charged by the applicant. Now we proceed to examine whether the supply, supplied by the applicant to the students to be a supply of goods or supply of service. The sub-section (1) of the Section 7 of the of the CGST Act, 2017 states that the activities to be treated as supply of goods or supply of services as referred to in Schedule II. In the instant case, the applicant is providing coaching service to its enrolled students for as consideration which will be a lump sum amount for both goods and services. Therefore, transaction of supply of coaching service for a consideration falls under the ambit of "Supply of service".

3. Now, we are required to discuss the second question of the applicant seeking Advance Ruling which reads as under: -

Q. If the answer to the aforementioned first question is supply of service, whether such supply shall be considered as composite supply? If yes, what shall be the principal supply?

Now, as the supply involves multiple services and goods, the issue has to be examined whether the aforesaid supply is a Composite Supply or a Mixed Supply.

Section 2(30) of GST Act, 2017 defines 'composite supply' as under:

"composite supply" means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply;

We find that essential components of a composite supply are as under-

- two or more taxable supplies;
- services should be naturally bundled;
- supplied in ordinary course of business;
- one of the supply out of whole should be a principal supply.

Further, Principal supply has been defined under Section 2(90) of the CGST/SGST Act, 2017, as under:

“principal supply” means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary;

From the above definition of principal supply it is clear that in the present case there is a principal supply of goods or services which constitutes the predominant element of a composite supply. The predominant element of the composite supply is to be determined on the basis of facts and circumstances of the present case.

Now, classification of this composite supply, as goods or service would depend on which supply is the principal supply which is also to be determined on the basis of facts and circumstances of the present case.

Further, the tax liability on composite supply has been determined under Section 8 of the CGST/SGST Act, 2017, as under:

The tax liability on a composite or a mixed supply shall be determined in the following manner, namely: -

- (a) a composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply; and
- (b) a mixed supply comprising two or more supplies shall be treated as a supply of that particular supply which attracts the highest rate of tax.

It means, in the present case, there is composite supply of goods and services. One of which is a principal supply. And the tax liability of such principal supply will be the tax liability of the composite supply.

In the instant case, the applicant along with coaching services provides goods in the form of uniforms, bags, study material etc. Supply of goods is a part of supply of service shall qualify as ‘composite supply’. The principal supply being the supply of coaching service to the students, tax on such supply shall be levied accordingly.

4. Now, we are required to discuss the third question of the applicant seeking Advance Ruling which reads as under: -

Q. Applicant provides coaching service under a business model through Network Partners as per sample agreement attached, containing obligations of Applicant and Network partners. Accordingly, the network partner provides the services to the students on behalf of Applicant. In such a case, who shall be considered as supplier of service and recipient of service under the agreement?

As discussed above, where services are provided by the applicant to the students, students shall be regarded as recipient as consideration is payable for the supply of goods or services or both by the students to the applicant. Similarly, Network partner will be regarded as provider of service to the applicant.

5. Now, we are required to discuss the forth question of the applicant seeking Advance Ruling which reads as under: -

Q. Subject to Q. No. 3 above, what shall be the value of service provided by Applicant to students and by network partner to Applicant?

Section 15 of the CGST Act defines value of taxable supply. It reads as under: -

15. (1) The value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply.

(2) The value of supply shall include -

(a) any taxes, duties, cesses, fees and charges levied under any law for the time being in force other than this Act, the State Goods and Services Tax Act, the Union Territory Goods and Services Tax Act and the Goods and Services Tax (Compensation to States) Act, if charged separately by the supplier;

(b) any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods or services or both;

(c)

(d)

(e) Subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments.

As discussed above, the applicant has been incurring the cost of goods supply to the students (i. e. Begg, study material etc.), therefore, in light of the provisions of Sections 15(2) (b) of the Act, the values of goods are part of the value of services provided by the applicant and charged a consolidate amount to the students. Therefore, the consolidated value for which tax invoice is issued shall be the taxable value.

6. Now, we discuss the forth question of the applicant seeking Advance Ruling which reads as under:

Q. Whether both, Applicant and network partner can avail eligible ITC for their respective supplies?

Eligibility and conditions for taking input tax credit as per Section 16(1) of the CGST Act is as under:

Every registered person shall, subject to such conditions and restrictions as may be prescribed and in the manner specified in section 49, be entitled to take credit of input tax charged on any supply of goods or services or both to him which are used or intended to be used in the course or furtherance of his business and the said amount shall be credited to the electronic credit ledger of such person.

Therefore, in this case the applicant is a registered person and can avail eligible ITC as per provisions of GST Act, 2017.

7. In view of the foregoing, we rule as follows: -

RULING

Q.1 Applicant supplies services of coaching to students which also includes along with coaching, supply of goods/printed material/test papers, uniform, bags and other goods to students. Such supplies are not charged separately but a consolidated amount is charged, the major component of which is imparting of coaching. In such circumstances, whether such supply shall be considered, a supply of goods or a supply of services?

Ans:- Supply by the Applicant will be considered "Supply of Service".

Q. 2. If the answer to the aforementioned first question is supply of service, whether such supply shall be considered as composite supply? If yes, what shall be the principal supply?

Ans:- Yes, such supply shall be considered as Composite supply, and Coaching service shall be principal supply.

Q.3. Applicant provides coaching service under a business model through Network Partners as per sample agreement attached, containing obligations of Applicant and Network partners. Accordingly, the network partner provides the services to the students on behalf of Applicant. In such a case, who shall be considered as supplier of service and recipient of service under the agreement?


Ans: - Applicant will be service provider to the students and Network partner will be service provider to the applicant.

Q.4 Subject to Q. No. 3 above, what shall be the value of service provided by Applicant to students and by network partner to Applicant?


Ans: - Total consolidated amount charged for which Tax invoice generated by the applicant will be the value of service supply by the applicant.

Q5. Whether both, Applicant and network partner can avail eligible ITC for their respective supplies?

Ans:- Applicant can avail eligible ITC as per provisions of GST Act, 2017.


(J.P. MEENA)
MEMBER
CENTRAL TAX
02/09/2021




(M. S. Kavia)
MEMBER
STATE TAX
02/09/2021

SPEED POST

M/s Symmetric Infrastructure Private Limited,
33A, Talwandi, Kota, Rajasthan, 324005.

F. No. AAR/SIPL/2021-22/87

Date: 02/09/2021

Copy to: -

1. The Chief Commissioner, CGST and central Excise, (Jaipur Zone), NCRB, Statue Circle, Jaipur, Rajasthan 302005
2. The Commissioner, State Tax, KarBhawan, Bhawani Singh Road, Ambedkar Circle, C-Scheme-, Jaipur 302005.
3. The Commissioner, CGST and Central Excise Commissionerate Jaipur, NCRB, Statue Circle, Udaipur, Rajasthan.
4. The Deputy commissioner, SGST, Circle-C, Kota, Jaipur