M/s. Emerald Heights International School Samiti, Opposite Akashwani, A.B. Road, Rau-Indore-453331 (MP). GSTIN/User ID 23AAAFE8265B2ZU. Appeal against AAR order No. 13/2019/AAR/R-28/28/2019 dated 20.08.2019.

Appellate Authority for Advance Ruling — Madhya Pradesh

ORDER NO. MP/AAAR/02/2020, dated 14.01.2020 (file no. 02/2020/A.A.A.… Dated **14.01.2020**

Q Questions Before the Authority

- Will the consideration received by the school from participant schools for participation of their students and staff in the conference be exempt under entry 66, entry 1, entry 80 or any other entry of Notification No. 12/2017-Central Tax (Rate), or be chargeable to GST under the CGST Act, MPGST Act or IGST Act?
- If not exempt, what is the appropriate category of service and the applicable tax rate?
- What is the place of supply for such services?
- Is the exemption available to educational institutions for catering, security, cleaning, housekeeping and transportation services available to the appellant's own service providers for services related to the conference?
- Is ITC available on all input services availed for the purpose of the conference?

F Facts

The appellant is a society registered for promotion of education under the M.P. Societies Act, 1973 and registered under section 12AA of the Income Tax Act, 1961. It runs The Emerald Heights International School, a CBSE-affiliated school teaching up to higher secondary. As a member of the Round Square association, it hosted a conference for its own students and staff and those of other member schools, held from 16 September to 13 October 2019 in Indore, with fees to be paid by the participating schools and no surplus expected.

H Ruling

Q(a): Is the consideration from participant schools exempt or taxable?	**Exempt. Consideration is exempt from tax under entry 80 of Notification No. 12/2017-CT(Rate).**	The AAR had held the consideration taxable; the appellate authority reversed that. The exemption is read with the 12AA-registration requirement, which the order treats as satisfied. Entry 66 and entry 1 are not separately relied on in the order's operative paragraph.

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

Q(b): Appropriate category of service and tax rate if not exempt	**Not reached as a taxable question. The order states the category is explained at serial number 1 (entry 80), which is shown as NIL in column 3 of the schedule.**	The order treats this question as automatically irrelevant once the exemption is found.
Q(c): Place of supply	**Not decided. The question is beyond the jurisdiction of the appellate authority.**	The order treats this under section 95 and says the appellate authority does not decide place of supply.
Q(d): Exemption for catering, security, cleaning, housekeeping and transportation providers	**Not decided on the merits. The order holds that the service providers are neither applicant nor appellant, so the question falls outside section 95.**	The order therefore does not confirm or deny whether the educational-institution exemption extends to these providers.
Q(e): ITC on input services for the conference	**No ITC is eligible.**	Because the output supply is exempt, ITC is barred under section 17(2) of the CGST Act.

The authority held that the consideration received from participant schools is **exempt under entry 80 of Notification No. 12/2017-CT(Rate)** , which covers training or coaching in recreational activities relating to arts, culture or sports by 12AA-registered charitable entities, with no condition attached. It held that the question on the service category and rate is answered by the same entry, and that the place of supply and the tax treatment of third-party service providers are beyond the scope of section 95. It also held that no ITC is available because the output supply is exempt, under section 17(2).

R Reasoning

The authority reads entry 80 as covering training or coaching in recreational activities, and reads the words 'relating to' broadly enough to cover the conference's arts, culture, sports and yoga sessions. It accepts that the appellant is a 12AA-registered charitable entity and finds the AAR's contrary premise was based on the wrong applicant name, so the appeal is treated as filed by the Samiti. Under section 104 the AAR's treatment of the applicant as 'Emerald Heights School' is set aside. The order does not discuss the appellant's main argument under entry 66 for services by an educational institution. Questions on rate, place of supply and the service providers are declined under section 95, and the ITC bar follows from section 17(2).

P Provisions Relied On

- Notification No. 12/2017-Central Tax (Rate), entry 80 (exemption for training or coaching in recreational activities relating to a…
- Notification No. 12/2017-Central Tax (Rate), entry 1 (referenced in the appellant's submissions and the order's discussion of c…
- Notification No. 12/2017-Central Tax (Rate), entry 66 and clause 2(y) (quoted in the appellant's submissions; not relied on in t…

CGST Act, 2017 section 17(2) (ITC restriction)

CGST Act, 2017 section 95 (scope of advance ruling questions)

CGST Act, 2017 section 100 and section 101 (appeal and appellate authority powers)

CGST Act, 2017 section 104 (advance ruling void on suppression or misrepresentation)

Section 12AA of the Income Tax Act, 1961 (charitable registration)

! For the Practitioner

This order is useful for charitable societies that run schools and organise paid training or cultural programmes, because it allows exemption under entry 80 where the provider is a 12AA-registered entity and the activity is training or coaching in arts, culture or sports. It also shows that an appellate authority will correct an applicant-name error rather than deny relief on it. It does not decide whether entry 66 covers the arrangement, and it does not settle the tax treatment of outsourced catering, security, cleaning or transport providers, or the place of supply. A practitioner should read the full order for its discussion of the 'relating to' wording and check that the appellant's own facts fit the entry 80 requirements.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> mp_aaar_02_2020_emrerald_heights_1.pdf

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Pune (HQ)
RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

Mumbai
104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Delhi
3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Gurugram
Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram…

Ahmedabad
Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp…

Talk to us: +91 94594 56700 | sales@patronaccounting.com | patronaccounting.com