# M/s VAPS Knowledge Services Pvt. Ltd.

Authority for Advance Ruling — Karnataka

**Advance Ruling No. KAR ADRG 91/ 2019, Date: 26-09-2019** Dated **26.09.2019**

## Q Questions Before the Authority

- What is the HSN Code and rate of tax payable under GST Act for the e-campus solutions supplied by the applicant?

## F Facts

The applicant supplies e-campus and other e-learning solutions to schools under multi-year contracts, typically for five years. The package bundles hardware (interactive boards, projectors, CPUs, cabinets), digital content, training, back-office support and annual maintenance, with the applicant leaving the infrastructure with the school at the end of the contract. The consideration is paid in instalments, and the applicant invoices on a per-student basis, charging GST at 18%.

## H Ruling

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|---|---|---|
| **HSN/SAC code for e-campus solutions supplied by the applicant** | **SAC 997329 (leasing or rental services concerning other goods)** | The order answers with a SAC, not an HSN code. It describes the supply as a lease of infrastructure, not a supply of goods. |
| **Rate of central tax (CGST) on the supplies** | **9% CGST** | Under entry 17(iii) of Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017, read with entry 453 of Schedule III of Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017. |
| **Rate of State tax (KGST) on the supplies** | **9%** | The order says 'Karnataka Goods and Services Tax Act, 2019', but this appears to be a typographical error for the 2017 Act, which the order refers to elsewhere. The scan is not fully clear on this year. |

The authority held that the supplies are covered under SAC 997329 (leasing or rental services concerning other goods) and are taxable at **9% CGST** . The order also holds that the supplies attract 9% under the Karnataka GST law.

## R Reasoning

The authority examined the contract and found that title to the goods passes only at the end of the contract period, except in the planetarium case, and that consideration is for the use of the infrastructure. It held that the actual contract is a lease of infrastructure and therefore a service, and that individual goods lose their separate existence once the e-classroom is set up. It then applied entry 17(iii) of Notification 11/2017-CT(Rate), which covers the transfer of the right to use goods at the same rate as the supply of like goods involving transfer of title.


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

The rate was linked to entry 453 of Schedule III of Notification 1/2017-CT(Rate) for projects under Chapter 98. The order does not address the 18% rate the applicant had charged.

## P Provisions Relied On

Section 97 of the CGST Act, 2017 and the corresponding KGST Act, 2017 (application for advance ruling)

Section 98(4) of the CGST Act, 2017 and the KGST Act, 2017 (order heading)

Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017, entry 17(iii) (transfer of right to use goods; heading 9973)

Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017, Schedule III, entry 453 (projects under Chapter 98)

SAC 997329 (leasing or rental services concerning other goods)

## ! For the Practitioner

A practitioner advising edtech or e-campus vendors with bundled hardware and service contracts can use this ruling to support 9% CGST and SGST, treating the package as a lease of infrastructure rather than a supply of goods. It also suggests the 18% rate applied in practice to such contracts may be incorrect. The ruling binds only the applicant and does not split the service component (training, content, maintenance) from the lease. It also does not settle how a contract with a genuine sale of goods or a different structure would be classified.

### 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 -> kar_aar_91_2019_26.09.2019_vaps_kspl.pdf

Prepared 10-11-2026.

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