

**TAMILNADU STATE APPELLATE AUTHORITY FOR ADVANCE RULING**  
(Constituted under Section 99 of Tamil Nadu Goods and Services Tax Act, 2017)

**A.R.Appeal No.02 /2025/AAAR**

**Date:23.06.2025**

**BEFORE THE BENCH OF**

Dr. Ram Niwas, I.R.S., Principal Chief Commissioner of GST & Central Excise, Member, Appellate Authority for Advance Ruling, Tamil Nadu	Dr. D. Jagannathan, I.A.S., Commissioner of Commercial Taxes, Member, Appellate Authority for Advance Ruling, Tamil Nadu
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**Order-in-Appeal No. AAAR/ 3 /2025 (AR)**

(Passed by Tamil Nadu State Appellate Authority for Advance Ruling under  
Section 101(1) of the Tamil Nadu Goods and Services Tax Act, 2017)

**Preamble**

1. In terms of Section 102 of the Central Goods & Services Tax Act 2017/Tamil Nadu Goods & Services Tax Act 2017 ("the Act", in Short), this Order may be amended by the Appellate authority so as to rectify any error apparent on the face of the record, if such error is noticed by the Appellate authority on its own accord, or is brought to its notice by the concerned officer, the jurisdictional officer or the appellant within a period of six months from the date of the Order. Provided that no rectification which has the effect of enhancing the tax liability or reducing the amount of admissible input tax credit shall be made, unless the Appellant has been given an opportunity of being heard.
2. Under Section 103(1) of the Act, this Advance ruling pronounced by the Appellate Authority under Chapter XVII of the Act shall be binding only
  - (a) on the applicant who had sought it in respect of any matter referred to in sub-section (2) of Section 97 for advance ruling;
  - (b) on the concerned officer or the jurisdictional officer in respect of the applicant.
3. Under Section 103 (2) of the Act, this advance ruling shall be binding unless the law, facts or circumstances supporting the said advance ruling have changed.
4. Under Section 104(1) of the Act, where the Appellate Authority finds that advance ruling pronounced by it under sub-section (1) of Section 101 has been obtained by the Appellant by fraud or suppression of material facts or misrepresentation of facts, it may, by order, declare such ruling to be void ab-initio and thereupon all the provisions of this Act or the rules made thereunder shall apply to the Appellant as if such advance ruling has never been made.

Name and Address of the Appellant	Tvl. Batcha Noorjahan ( M/s. School Transport) No.52, Amruth Enclave, Malai Theru, Ponmar, Kanchipuram-600 048.
GSTIN Number, if any / User id	33AOGPN6397H1ZK
Advance Ruling Order against which appeal is filed	AAR Order No. 06/ARA/2025 dated 13-02-2025
Date of filing Appeal	24-03-2025
Represented by	Shri. S. Jayachandran, Consultant & Authorised Representative
Jurisdictional Authority - CENTER	Chennai (Outer) Commissionerate, Maraimalai Nagar Division.
Other Authority - STATE	Chengalpattu Assessment Circle, Chengalpattu Division
Whether payment of fees for filing appeal is discharged. If yes, the amount and challan details	Challan CPIN No. 25033300638833 dated 24-03-2025, Rs. 10,000/- (CGST-Rs. 5000/- & SGST-Rs. 5000/-) and Challan CPIN No. 25033300643830 dated 24-03-2025, Rs. 10,000/- (CGST-Rs. 5000/- & SGST-Rs. 5000/-)

Tvl. Batcha Noorjahan, proprietrix of M/s.School Transport at Flat No.52, Amruth Enclave, Malai Theru, Ponmar, Kanchipuram 600 048 (hereinafter called as the "Appellant") is engaged in the business of plying school buses and providing transportation services to the school students in commuting to their school and back home. They are registered under the GST Acts with GSTIN 33AOGPN6397H1ZK.

2. The Appellant had sought Advance Ruling on the following questions, viz.,

1. Whether the services provided to the school students by way of transportation of students and staff, as the services provided to the school (Educational Institute).
2. Whether the services provided by the applicant as mentioned above, is exempted from GST as per Serial No.66 of Notification No.12/2017 - Central Tax (Rate) dated 28<sup>th</sup> June 2017 or any other applicable provision of the Act.

3. Authority for Advance Ruling (AAR) vide order No. 06/ARA/2025 dated 13-02-2025 had ruled that the services provided by the applicant

cannot be considered as services provided to school (Educational Institute and further ruled that the service provided is not exempted from GST either under Sl. No. 66 of Notification No. 12/2017-Central Tax (Rate) dated 28<sup>th</sup> Jun, 2017 or under any other provisions of the Act.

**4.** Aggrieved by the above decision, the appellant preferred the present appeal on the following grounds.

(a) AAR erred in concluding that the service recipient is the student merely because they make direct payments for transportation. The transportation service is provided exclusively to schools under long term agreements where school regulate and supervise its operation. Since school controls the service, it should be treated as the recipient, making the service eligible for exemption

(b) The method of fee collection does not alter the nature of the service. If school operated transport system is exempt, outsourced transport under a structured agreement should also qualify for the same benefit.

(c) AAR has incorrectly linked exemption eligibility to the mode of payment. Taxability should be based on who the service is arranged for, not who pays for it. The school determines the transport charges, mandates student participation and supervises its operations, reinforcing its role as the actual service recipient.

(d) Denying the exemption contradicts the legislative intent of reducing financial burdens on students and ensuring affordable education. By taxing outsourced transport while exempting in-house school transport, the ruling unfairly increases costs for students.

(e) AAR has ignored precedents where similar outsourced school transport services have been granted GST exemption. Various judicial rulings and administrative clarifications affirm that transportation structured as part of an institutions functions qualifies for exemption.

(f) AAR had wrongly classified the service under 'Transport of passengers by Road' which applies to general commercial transport. The leased buses are exclusively used for school transport and should be classified under education related services making them eligible for GST exemption.

(g) AAR has overlooked Section 103(2) of the Act, which states that an Advance Ruling is binding only if the facts and circumstances remain unchanged. Since the appellant provides transportation exclusively to educational institutions under contractual agreements, the exemption should rightfully apply.

## **5. PERSONAL HEARING**

**5.1.** Personal hearing was held as scheduled on 27-05-2025 and Shri.S.Jayachandran, Consultant & Authorised Representative (AR) appeared for the personal hearing on behalf of the appellant. AR reiterated the submissions made in their appeal application filed with AAAR. He further informed that with regard to payment of GST, they are paying GST @ 5%. The members sought certain information from AR such as Copies of agreements with the schools, a final & exhaustive reply, Judgments or case laws, if any, in support of their query and any other documents relevant to this case.

**5.2.** AR vide letter dated 28-05-2025 (received on 30.05.2025) furnished an exhaustive reply along with copies of agreements with the schools, an Advance Ruling order favourable to them and photographs showing the school buses.

## **6. WRITTEN SUBMISSION DATED 28-05-2025 RECEIVED ON 30-05-2025:**

- The appellant submits that the rejection of their application by AAR is based on erroneous interpretation of the nature of the services provided and that the transportation service rendered to educational institutions should be eligible for GST exemption as per the applicable legal provisions.
- The appellant submit that there is an agreement with the school administration for providing transportation services to the staff and students of the school. The transport facility is provided exclusively for the commute from their residences to the school and back.
- Since the parties to this agreement is appellant and the school, the actual service recipient is only the school. The students and the staff utilise these transport services only as part of school's service and under school instruction and supervision.
- Though the consideration payable for these transport services primarily lies with the school, the parents make the payments directly to the appellant as per the instruction of the school. This practice is followed for administrative convenience and does not change the nature of the services provided or the liability of payment by the schools.
- Citing the definition contained under Section 2(93)(c) of the Act, the appellant submitted that schools should be considered as the recipients of their transport services and that it is only as part of the schools that the students and staff utilise these services.
- The appellant further submits that the services provided to or by educational institutions would qualify for GST exemption under Serial

No. 66 Notification No. 12/2017-CT(Rate) dated 28-06-2017, as the services provided to educational institutions by way of transportation of students, faculty and staff are exempt from GST.

- The appellant quoted an Advance ruling Order No. 27/AAR/2023 dated 25-08-2023 in the case of M/s. Muniyasamy Abinaya wherein it was held that a similar kind of transport services to students and staff of a school, where the payment is made by the parents of the students availing the transport services, is exempt from GST under Serial No. 66 Notification No. 12/2017-CT(Rate) dated 28-06-2017.

## **7. PRAYER BEFORE THE APPELLATE AUTHORITY**

In view of the above submissions, the appellant respectfully prays that the Hon'ble Appellate Authority for Advance Ruling may kindly,

- (i) Set aside the Advance ruling No. 06/ARA/2025 dated 13-02-2025 passed by the Authority for Advance Ruling, Tamilnadu.
- (ii) Hold that the transportation services provided by the appellant to the educational institution are exempt from GST under Sl. No. 66 of Notification No. 12/2017-Central Tax (Rate) dated 28-06-2017
- (iii) Pass such other and further orders as his Hon'ble Authority may deem fit and proper in the circumstances of the case.

## **8. DISCUSSION AND FINDINGS**

**8.1** We have carefully considered the submissions made by the appellant in the appeal application, the submissions made during the personal hearing and the documents furnished by the appellant thereafter.

**8.2** AAR considering the submissions made by the appellant have ruled that the service provided by the appellant by way of transportation of students and staff cannot be considered as the services provided to the school (Educational Institute) and hence are not exempted from GST, either under Serial No.66 of Notification No.12/2017 – Central Tax (Rate) dated 28<sup>th</sup> June 2017, or under any other provisions of the Act.

**8.3** The appellant while filing the appeal, in addition to the contention made before Authority for Advance Ruling, has referred a similar decision pronounced by AAR vide *order No. 27/AAR/2023 dated 25-08-2023 in the case of M/s. Muniyasamy Abinaya* wherein, it was held that a similar kind of transport service to students and staff of a school, is exempt from GST as per Sl. No. 66 of Notification No.12/2017 – Central Tax (Rate) dated 28<sup>th</sup> June 2017. Further, they have submitted copies of agreements entered into with the school only now.

**Case Citation: (2025) taxcode.in 18 AAARGST**

**(i) APL Global School:** The document is dated 26-05-2025. This is an arrangement with the appellant by the school for transportation of students and staff from their home to school and vice-versa. The school gives instructions to be followed like collecting the transport fees directly from the parents of the students and reason for such engagement of transport.

**(ii) Alphabet School:** The document is dated 20-05-2025. This is a Memorandum of Understanding (MOU) between the appellant and the school for the transportation only to commute students and staff of the school and that the payment shall be collected directly from parents.

**(iii) KC High:** The document is dated 10-06-2023: This is a lease agreement entered between the appellant and the school. The lease agreement in addition to directing the appellant to follow the general rules and regulations of a school transport vehicle states that the transport fee shall be collected directly from the students. The agreement is for lease of 17 buses to the school.

**8.4** To decide the issue, one needs to carefully examine the wordings, context and intention of the government which provided complete exemption to the said service. Hence, it is pertinent to see the Notification once again which is reproduced below.

<b>S. No</b>	<b>Heading/ Service Code</b>	<b>Description of Services</b>	<b>Rate</b>	<b>Condi-tion</b>
66	Heading 9992	<i>Services provided - (a) <b>by an educational institution</b> to its students, faculty and staff; (b) <b>to an educational institution, by way of, -</b> (i) <b>transportation of students, faculty and staff;</b> (ii) catering, including any mid-day meals scheme sponsored by the Central Government, State Government or Union territory; (iii) security or cleaning or house-keeping services performed in such educational institution; (iv) services relating to admission to,</i>	<i>Nil</i>	<i>Nil</i>

	<p>or conduct of examination by, such institution; upto higher secondary:</p> <p>Provided that nothing contained in entry (b) shall apply to an educational institution other than an institution providing services by way of pre-school education and education up to higher secondary school or equivalent.</p>		
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**8.5** We have to examine each and every items provided in the Notification such as What is a service, who is a supplier of service, who is a recipient of service, what is an educational institution and lastly to whom the Notification is applicable.

**8.6** Section 2(102) of the CGST/TNGST Act, 2017 defines 'service' as

*(102) "services" means **anything other than goods**, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged;*

As per the above definition, service is anything other than goods. Anything which is not a supply of goods but is done for a consideration is a supply of service. It gives a wider connotation where the supply of service is any commercial activity other than the supply of goods. The word 'anything' in the above definition does not mean everything. However, it has a wider connotation. The Schedule-II has provided a clear picture of certain supply of goods and services to be treated as supply. Similarly, Schedule-III list certain goods or services which shall be treated neither as supply of goods nor as a supply of services. To be taxable activity, those transactions must be for a consideration either in cash or kind. The activity of transportation of students and staff is a service being rendered by the appellant and the consideration for such service is obtained from the parents of the students.

**8.7.** Section 2(105) of the CGST/TNGST Act, 2017 defines 'supplier' as

*(105) "supplier" in relation to any goods or services or both, shall mean **the person supplying the said goods or services** or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied;*

The definition of 'supplier' as per the above provisions, is the person who supplies goods or services. Now one needs to understand what 'supply' means. In the taxation point of view, 'supply' includes sale, transfer, exchange, barter, license, rental, lease and disposal. If a person undertakes either of these transactions during the course or furtherance of business for consideration, it will be covered within the meaning of supply under GST. Thus supply has two important elements. One, supply is done for a consideration and the other is supply is done in the course of furtherance of business. In the case on hand, the appellant is a supplier of service, for a consideration and the supply is done in the course of furtherance of business that is the business of transportation.

**8.8** Section 2(93) of the CGST/TNGST Act, 2017 defines 'recipient' as

*(93) "recipient" of supply of goods or services or both, means-*

***(a) where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration;***

*(b) where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and*

*(c) where no consideration is payable for the supply of a service, the person to whom the service is rendered,*

*and any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply and shall include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied;*

As per the above definition, recipient of supply of goods or services is someone who is liable for payment of consideration for supply of goods or services. The term 'recipient' is commonly used to identify an individual or entity that receives something. The term 'recipient' is crucial in various contexts, including legal documents, taxation, communications and financial transactions. Misusing or misidentifying the recipient can lead to misunderstandings, legal disputes, or financial errors. The first default rule for identifying the recipient would be the person who would be liable to pay consideration. We can see that the law itself has created two different identities i.e **one is the person to whom services are rendered** and second is **the person who is liable to make payment**. It is also not the case that the person to whom services are rendered would always be the same person who is liable to make the payment. There can be two

different persons as well but above provisions of law have clearly treated the person liable to make the payment as recipient in case where consideration is involved.

**8.9** Section 2(31) of the Act defines 'consideration' as

*(31) "consideration" in relation to the supply of goods or services or both includes-*

*(a) any payment made or to be made, whether in money or otherwise, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government;*

*(b) the monetary value of any act or forbearance, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government:*

**Provided** that a deposit given in respect of the supply of goods or services or both shall not be considered as payment made for such supply unless the supplier applies such deposit as consideration for the said supply;

**8.10** Thus consideration in relation to a supply should include any payment made for such supply whether by the recipient or by any other person. Therefore, where there is consideration involved, then in such case, the person who is liable to make the payment would be the recipient and secondly in case no consideration is involved then the person to whom services are rendered would be the recipient.

**9.** In the instant case, it is not in dispute that the appellant is under contractual obligation to all the schools for providing the 'transportation services' to the students and staff. However, the service is supplied only by the appellant in the form of transportation service and not the educational institution. Such supply of transportation service is utilised by the students and staff. The consideration for using the transportation services is paid by the parents of the students. Here, in the scheme of things, nowhere the educational institution comes into play during the course of supplying and receiving the said transportation services but for the statutory rules and instructions to be followed by the school bus operator which was already laid down by the Government of Tamilnadu.

**10.** The argument put forth by the appellant that the transportation permit is obtained in the name of the educational institution shall not be the criteria for claiming that the service is being rendered to school, as it is mandatory under clause (8) of Rule 2 of the Tamil Nadu Motor Vehicles (Regulations and Control of School Buses) Special Rules, 2012. The school transport vehicles even if owned by the educational trust, should obtain transport permit from Regional Transport Authority only in the name of the school and that the vehicles shall not be used for any other purpose. Since, the bus is exclusively for transportation of students and staff of that school, the permanent address in the permit is the school address. This does not entail the appellant to claim that they are rendering service to the educational institution.

**11.** The documents furnished by the appellant in respect of 'APL Global School' and 'Aplhabet School' were dated only recently, i.e 26-05-2025 and 20-05-2025 respectively. Though lease agreement with 'KC High school' for seventeen buses was entered in 2023, all the above agreements entered with the school is general in nature and in all the agreements, the educational institution has neither committed to provide service to students and staff nor receive any services from the appellant. All the agreements specifically directs the appellant to render transportation service to students and staff and that the service provider namely, the appellant shall collect the transport fees directly from the parents of students utilising the transportation service. The said lease agreements were entered into by the appellant with the school in order to comply with the Tamil Nadu Motor Vehicles (Regulations and Control of School Buses) Special Rules, 2012. Further, there was no mention with regard to consideration part payable by the school to the appellant for providing the vehicle and the services related thereto. Whereas, from the copies of the receipts furnished by the appellant, it could be seen that they have directly raised receipt on the student concerned, towards 'Student Transport Fees' as noticed from the sample copy of Receipt submitted by them. On perusal of the same, it is seen that the said receipt has been issued under their trade name of "School Transport", Chengalpattu-600048, bearing GSTIN:33AOGPN6397H1ZK, wherein the transport fees along with GST at the rate of 5% (CGST 2.5% and SGST 2.5%) is seen to have been collected.

**12.** In a nutshell, we find that the role of school in the above transaction is effectively ruled out, as the school is neither rendering any service, nor, receiving any service in view of the reasons discussed above. Therefore, the services provided by the appellant by way of transportation of

students and staff, **shall not be considered** as the services provided to the school.

**13.** The Government is facilitating the educational institutions by giving reliefs and exemptions in the form of road tax, income tax, GST etc., who are providing the noble service of imparting education and hence the exemption notification provided by the Government should be properly availed by the entity entitled to claim.

**14.** With regard to applicability of exemption to the transport service supplied by the appellant, one should understand why an exemption is provided to some of the goods and services in the statute. 'Exemption' as per dictionary is "Freedom from a duty, liability, or other requirements". In taxation parlance, it means - (i) precluding from being chargeable and (ii) immune from a liability, obligation or penalty. Such, exemption can be granted - (i) conditionally (ii) generally (iii) through Government orders (iv) under special circumstances **(v) through notifications** (vi) by way of circulars (vii) by way of tax holidays **(viii) to specific class (or kind) of goods and / or services (ix) to specific class of persons** (x) for a specific time frame or with a cap on value (xi) to specified transactions etc. It can also be granted in any combination of the above since it is the prerogative of the Government. Generally, the language employed in the construction of an exemption statute must be (i) unambiguous (ii) clear **(iii) strictly interpreted** (iv) within the powers of the legislating / issuing authority and (v) cater to the intent of the legislature etc. In the instant case, the services at entry No. 66 provided **by or to an educational institution** are only exempt.

**15.** The appellant, who is supplier of service has the burden to prove the availability of exemption and need to establish the same to the authorities. It was held by various courts that an exemption notification should be interpreted strictly and the burden of proving its applicability would be on the person who claims and he has to show that his case comes within the parameters of the exemption clause or exemption notification.

**16.** Notification at Serial No.66 of 12/2017 - Central Tax (Rate) dated 28<sup>th</sup> June 2017, provides exemption to *Services provided -*

*(a) by an educational institution to its students, faculty and staff;*

*(b) to an educational institution, by way of, -*

*(i) transportation of students, faculty and staff.*

**17.** The entry as above states clearly that services provided by way of transportation of students, faculty and staff are exempted, only **if the said**

services are provided by an educational institution or **to an educational institution**. It is quite clear from the discussions above that the appellant receives the transportation cost directly from the students, and that no consideration is being paid by the school towards the transportation charges of either the students or its faculty and staff. In this case, the supplier of service is the appellant and the recipient of service is parents of students who pays the consideration for the services received by them. Therefore the service of transportation here is neither provided by an educational institution nor is provided to the educational institution. Therefore, Sl. No.66 of Notification No.12/2017 – Central Tax (Rate) dated 28<sup>th</sup> June 2017, as amended, is not available to the appellant under the facts and circumstances of the instant case. Accordingly, the second question is answered in negative.

**18.** The appellant had cited a similar Advance Ruling decision passed by the Tamilnadu Advance Ruling Authority in AAR order No. 27/ARA/2023 dated 25-08-2023 wherein the AAR has ruled that the activity proposed to be undertaken relating to educational institution amounts to supply of service and is exempted from GST under Sl. No. 66(b) Notification No. 12/2017-CT(Rate) dated 28-06-2017 read with para 2(y){Definition of 'Educational institution'} of the Notification.

**19.** From the facts on record, it could be seen that the said applicant had not furnished any documents to the Advance Ruling Authority while filing the application. They have neither owned any vehicles nor have entered into any contractual agreements with the educational institutions. The ruling by the then AAR was pronounced only based on the facts stated by the applicant. Therefore, the decision referred by the applicant is not identical or similar and shall not be compared to the case on hand.

**20.** Further, in terms of Section 103(1) of the Act, the Advance ruling pronounced by the Authority or the Appellate Authority under this Chapter **shall be binding only (a) on the applicant who had sought it in respect of any matter referred to in sub-section (2) of Section 97** and (b) on the concerned officer or the jurisdictional officer in respect of the applicant. Hence, the decision of Advance ruling authority is not binding on this Appellate Authority for Advance ruling.

**21.** In view of the facts and circumstances of the case, and based on the discussions, we pass the following order.

**ORDER**

We uphold the ruling given by the Authority of Advance Ruling in Order No. 06/ARA/2025 dated 13-02-2025 and dismiss the appeal filed by the appellant.

  
**(Dr.RAM NIWAS)**

Principal Chief Commissioner of GST  
& Central Excise, Taminadu & Puducherry  
Zone/Member AAAR

  
**(Dr.D.JAGANNATHAN)**

Commissioner of Commercial Taxes  
Tamilnadu/Member AAAR

To  
Tvl. Batcha Noorjahan ( M/s. School Transport)  
GSTIN 33AOGPN6397H1ZK  
No.52, Amruth Enclave,  
Malai Theru,  
Ponmar, Kanchipuram-600 048.

**//by RPAD//**

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