

CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL**NEW DELHI****PRINCIPAL BENCH – COURT NO. III****Service Tax Appeal No.50722 OF 2021**

[Arising out of Order-in-Original No.50-53/COMMR./RK/CGST/AUDIT-II/2020-21 dated 19.01.2021 passed by the Commissioner of Central Goods & Service Tax, Audit-II, Delhi Commissionerate]

M/s.FIIT JEE LIMITED,
29 A, Kalu Sarai, Sarva Priya Vihar,
Hauz Khas,
New Delhi- 110 016.

....APPELLANT

Versus

Commissioner of CGST,
Plot No.2B, Ist Floor, E.I.L. Annexe,
Bhikaji Cama Place,
New Delhi-110 066.

.....RESPONDENT**Appearance:**

Present for the Appellant : Shri Deepak Thackur and Ms. Shubhangi Gupta,
Advocates

Present for the Respondent: Shri Mahboob Ur Rehman, Authorised
Representative.

CORAM:**HON'BLE MS. BINU TAMTA, MEMBER (JUDICIAL)****HON'BLE MR. P.V. SUBBA RAO, MEMBER (TECHNICAL)****FINAL ORDER NO. 51136 /2026****Date of Hearing : 23.06.2026****Date of Decision: 06.07.2026****BINU TAMTA:**

The appellant is engaged in providing "Commercial Training or Coaching Services" to students aspiring for JEE, NTSE etc. examinations. The appellant paid service tax and filed Service Tax

Returns. On the basis of audit conducted by the Department, it was revealed that the appellant recovered amounts towards courseware, kits and study material supplied to students undergoing coaching programmes. Such study material was not independently marketed or sold to the general public. The appellant failed to produce any evidence showing separate sale of courseware independent of coaching services; separate invoices for sale of study material; separate VAT/Sales Tax treatment proving independent sale transactions. The courseware was supplied only to enrolled students and constituted an indispensable component of coaching services. Therefore, the value recovered towards courseware was intrinsically linked with provision of coaching services and formed part of the gross amount charged under Section 67 of the Finance Act, 1994. The taxable service being Commercial Training or Coaching Service, all amounts recovered in relation thereto are liable to Service Tax. Secondly, the invoices raised by the appellant reflected gross coaching fee, scholarship/fee concession and net amount collected. Service Tax was discharged only on the reduced amount after deduction of scholarship. Since identical coaching services were rendered to all students, the gross amount charged from non-scholarship students constituted the proper benchmark for valuation. The scholarship granted by the appellant was a business promotion and marketing strategy intended to attract admissions and enhance market visibility. Such concessions cannot legally reduce assessable value for Service Tax purposes. Accordingly, show cause notices were issued as under:-

- (i) Show cause notice 1149/DIV-II/2013 dated 22.10.2014 period 01.07.2012 to 31.03.2013.
- (ii) Show cause notice 30/DIV-XIV/2015-16 dated 22.04.2015 period 01.04.2013 to 31.03.2014.
- (iii) Show cause notice 02/DIV-HK/R-57/2018-19 dated 24.04.2018 period 01.04.2015 to 31.03.2016.
- (iv) Show cause notice 1161/DL-II/2013 dated 28.10.2014 period 01.07.2012 to 31.03.2013.

2. On adjudication, the impugned order¹ was passed, confirming the demand of service tax in respect of course material sold by the appellant separately to students, including students not enrolled with its coaching classes and also on account of fee-waiver/scholarships provided to students of the coaching centre. Being aggrieved, the appellant has preferred the present appeal.

3. Heard both the sides and perused the records of the case.

4. According to Shri Deepak Thackur, the learned Counsel for the appellant, the issues raised for determination of the Tribunal are as follows:-

(i) Whether Service Tax is payable in course material sold by the appellant separately to students including students not enrolled with its coaching classes. More so, when separate invoices were issued for sale of study materials? [INR 13,89,03,789/-]

(ii) Whether Service Tax is payable on fee-waiver/scholarships provided to students of the coaching

¹ Order-in-Original No. 50-53/COMMR./RK/CGST/AUDIT-II/2020-21 dated 19.01.2021

centre even when such amount was not charged/collected from the students?[INR 4,92,40,767/-]

5. The learned Counsel submits that the issues raised are no longer *res integra* and has been decided in favour of the appellant by this Tribunal and affirmed by the Apex Court in their own case. In the case of **M/s. Cerebral Learning Solutions Pvt. Ltd. Vs. CCE, Indore²**, the Tribunal was called upon to answer the question whether the assessee is entitled to exemption under Notification No.12/2003-ST dated 20.06.2003 for the value of course material or books sold separately to students with documentary proof of separate value exists. The Court accepted that the appellant provided taxable service of Commercial Training or Coaching and that Section 67 requires inclusion of amounts charged in the gross value of service. However, Notification No.12/2003-ST exempts from service tax so much of the value of taxable services as is equal to the value of goods and materials sold by the service provider, subject to documentary proof and the conditions in the notification. Since the assessee furnished documentary evidence of separate billing and value for the course material, it was held that the transaction in the case is a clear transaction of sale of study material by the appellant to its coaches/ trainees and therefore, the value thereof cannot be added in the gross value. The appeal filed by the Revenue against the said decision has been dismissed by the **Apex Court** in the case of **CCE & ST, Indore Vs. M/s. Cerebral Learning Solutions**

² 2013 (4) TMI 527-CESTAT-New Delhi

Pvt.Ltd.³ The said decision has been subsequently followed by the Tribunal in several cases and therefore, it is a settled position that the value of the course material, books/kits, which are billed separately cannot be added towards the taxable value of services. Once the issue has been decided in their own case that they have separate receipts for supply of books and study materials, indicating the price clearly, it has also been observed by the Tribunal that the appellant have sold such study materials or books to non-registered students and their prospectus advertising for various coaching programs clearly mentions the price of books and study materials. In view of such findings, we have no hesitation to hold that the impugned order including the value of the course material and books, etc. is not permissible.

6. The second issue relates to service tax on scholarships and fee concession given by the appellant to its students. The allegation in the show cause notice is that service tax is payable on gross value of the coaching fees. Reliance was placed on the provisions of Rule 3(1) of Service Tax (Determination of Value) Rules, 2006⁴. The learned Counsel for the appellant submits that the issue is no longer *res integra* and has been decided by this Tribunal in the case of **Resonance Eduventures Private Limited versus Commissioner of CEX & ST, Jaipur-I**⁵ holding that the gross value for the purpose of payment of service tax will be concessional fees received from the students and Rule 3 of the

³ 2022 (12) TMI 475 (SC)

⁴ Rules, 2006

⁵ 2018 (10) GSTL 314 (Tri.-Del.)

Rules will not be applicable in case of fees-waiver or scholarship given by coaching classes.

7. Similar view has been taken by the Tribunal in the case of **Carrier Point Infosystems Limited versus Commissioner of CE, Jaipur-I⁶**, where it has been held that scholarship/fee waiver given to meritorious or economically backward students is in form of discount/rebate, which is not includible in taxable value of the coaching services and if such scholarship is used for further advertisement of assessee's business, it cannot be held to be additional consideration and the service tax is payable on gross amount actually collected by the students. Following the same principle, we hold that fee waiver/scholarship provided to students is not chargeable to service tax.

8. We, therefore, do not agree with the contention of the Department that students receiving scholarships attended the same classes, they were taught by the same faculty, they received identical study material, the nature & quality of service remained identical and therefore, the taxable value could not vary merely because certain students were granted fee concessions.

9. We therefore, do not find any merits in the impugned order being contrary to the several decisions of the Tribunal, which have been

⁶ 2019 (365) ELT 544 (T-Del.)

affirmed by the **Apex Court**. Thus both the issues stands decided in favour of the appellant. The appeal is, therefore allowed.

[Order pronounced on 6th July, 2026.]

(BINU TAMTA)
MEMBER (JUDICIAL)

(P. V. SUBBA RAO)
MEMBER (TECHNICAL)

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