

# GST Waiver for Food Served in Edu Institutions

Exemption covers midday meals provided in schools, pre-schools and anganwadis

## Our Bureau

**New Delhi:** Food served in educational institutions, including midday meals, irrespective of the funding of such meals by a corporate or government, has been exempted from the goods and services tax (GST), the Central Board of Indirect Taxes and Customs (CBIC) said on Friday. The exemption covers midday meals provided in schools, pre-schools and anganwadis.

"This will help reduce the cost on account of GST for the educational institutions involved in providing such meals, thereby saving on the corpus of such institutes," said Abhishek Jain, tax partner at EY.

The clarification was part of a series of circulars issued in respect of decisions taken by the GST Council. The CBIC also said that loans taken by the government from banks or financial institutions to be given to public sector units will be exempt from GST.

However, the board said, any consideration received for construction of roads, bridges or highways is not exempt from GST. Exemption has been provided only to provision of access to the roads and highways, it said, irrespective of whether the consideration has been received as tolls or annuity payments.

Experts said the government can consider issuing a further detailed clarification on the matter and perhaps the contractors can clearly outline what quantum of consideration pertains to construction and what pertains to access of road or highways in their agreements. Among other clarifications, the CBIC said laterals or parts to be used solely or principally with sprink-



lers or drip irrigation system would attract a GST of 12%, even if supplied separately. It said that services supplied to a government entity by way of construction such as a ropeway will attract GST at the rate of 18%, instead of a concessional rate of 12%.

GST has also been exempted from fees charged on services – conducting examinations, admissions and input services related to testing such as admit cards and online testing – provided by the central or state boards including the National Board of Education. Other services such as providing accreditation to an institution will be charged at 18% GST. The composite supply of service by way of milling of wheat into wheat flour, along with fortification, by any person to a state government for distribution of such wheat flour under the Public Distribution System is eligible for exemption, provided that the value of goods supplied in such composite supply does not exceed 25% of the value of composite supply.