NATION TAX MARKET	**KERALA AUTHORITY FOR ADVANCE RULING GOODS AND SERVICES TAX DEPARTMENT TAX TOWER, THIRUVANANTHAPURAM**	KERALA GST State Goods & Services Tax

BEFORE THE AUTHORITY OF : Shri Jomy Jacob,IRS&

: Shri Mansur M.I.

Legal Name of the applicant	Information and Communication Technology Academy of Kerala
GSTIN	32AADCI4163N1ZH
ARN	AD320824004803D
Address	Ground Floor, G 1, Thejaswini Building, Technopark Campus, Kazhakoottam, Thiruvananthapuram, Kerala, 695581
Advance Ruling sought for	1. Whether the supply of services provided by Information and Communication Technology Academy of Kerala (ICTAK) to Kerala Development and Innovation Strategic Council (K-DISC), which functions under the aegis of the Kerala Government for advancement of technology and innovation, is eligible for exemption from GST? 2. Whether ICTAK is eligible to claim Input Tax Credit (ITC) on the GST charged on goods and services procured from subcontractors for providing services to Kerala Development and Innovation Strategic Council (K-DISC)?
Date of Personal Hearing	08-08-2025

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Authorized Representative	Shri.Jayaprakash Devendran, Chartered Accountant

ADVANCE RULING No. KER/ 35/2025 Dated 10.10.2025

1. The applicant, M/s Information and Communication Technology Academy of Kerala(hereinafter referred to as ICTAK) is a Private Limited Company having GSTIN 32AADCI4163N1ZH. They are primarily engaged in implementing skill development, capacity building, and employability enhancement initiatives through training programs and large-scale projects.

2. In this Ruling, the provisions of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as CGST Act) and the Kerala State Goods and Services Tax Act, 2017 (hereinafter referred to as KSGST Act) are same except for certain provisions. Accordingly, a reference hereinafter to the provisions of the CGST Act, Rules and the Notifications issued thereunder shall include a reference to the corresponding provisions of the KSGST Act, Rules and the Notifications issued there under.

3. The details of the questions on which advance ruling is sought are given above and are not being reproduced here.

4. The facts of the issue:

The brief facts of the matter, as submitted by the applicant, are as follows. The Kerala Development and Innovation Strategic Council (hereinafter referred to as 'K-DISC') was constituted by the Government of Kerala as an apex advisory body under the Planning and Economic Affairs (Development and Innovation) Department, with the mandate to promote innovation-driven development strategies, coordinate skill development initiatives, and implement strategic programs across the State. K-DISC was originally established in the year 2013 and was subsequently restructured and registered as a society with effect from May 2021 under the Planning and Economic Affairs (Development and Innovation) Department, in pursuance to G.O.(Ms) No. 8/2021/P&EA dated 24.02.2021 issued by the Government of Kerala. The applicant, M/s. Information



and Communication Technology Academy of Kerala (ICTAK), provides services to K-DISC under various Memoranda of Understanding (MoUs), which inter alia include skill development training for youth, skill acquisition programs, and skill enhancement programs. The present application seeks a ruling on two issues, namely: (i) whether the services provided by ICTAK to K-DISC are eligible for exemption from GST under Entry No. 72 of Notification No. 12/2017-Central Tax (Rate), dated 28.06.2017; and (ii) if such exemption is applicable, whether the applicant is eligible to claim Input Tax Credit (ITC) of the GST charged by subcontractors on works directly related to the said exempt supply to K-DISC, considering that such subcontracted services would, in principle, also fall within the scope of the said exemption and hence would not be liable to GST.

5. The contentions of the applicant:

5.1. The applicant states that approximately 50% of its total services are rendered to K-DISC. In the course of business, the applicant conducts various programmes for K-DISC, raises invoices directly on K-DISC, and receives payments directly from K-DISC. The applicant stated that the K-DISC has officially clarified that it is not a "Government Entity" but a "Government Department" and in this regard, cited letter from Member Secretary, K-DISC dated 11.12.2024.

5.2. The applicant further stated that the constitution of the Governing Body of K-DISC establishes its status as a Government Department. The Governing Body consists of the following:

- Chairperson: Chief Minister of Kerala
- Ministers of Industries, Finance, Agriculture, Higher Education, Labour
- Vice Chairperson: Kerala State Planning Board
- Vice Chancellors of key State Universities
- Secretaries: Planning and Economic Affairs, Finance
- CEOs/MDs of major State organisations (ASAP Kerala, Kerala Startup Mission, Technopark, etc.)



- Senior Government officials and independent experts in innovation.

5.3. The applicant also submitted that K-DISC qualifies as a Government Department based on the following facts:

- Funding: K-DISC is fully funded from the Kerala State Budget, through allocations from the Consolidated Fund of the State, and expenditure is routed through the State Treasury.
- Control: The control and administration of the entity are 100% held by the Government of Kerala. The Governing Body is chaired by the Hon Chief Minister of Kerala, and represented by other Ministers, Secretaries and other persons nominated by the Government, and all key policy decisions, operational matters, and strategic directions are taken on behalf of and under the directions of the Government of Kerala.
- Functions: It performs core State functions relating to education, skill development, innovation, and employability enablement functions within the domain of the State Government.
- Official Statement: K-DISC has formally stated that in May 2021 they are officially registered under as a society under the planning and Economic affairs (Development and Innovation) Department. This Society is integrated to department workings in the Government of Kerala and it is stated by K- DISC they are exempted from GST. On verification of the website of K-DISC, it is seen that they are a society registered under the Travancore-Cochin Literary, Scientific and Charitable Societies Act, 1955.

5.4. In light of the above, the applicant contended that the services rendered to K-DISC, being provided entirely under Government funded schemes, fall squarely within the scope of exemption under Entry 72 of Notification No. 12/2017-Central Tax (Rate), dated 28.06.2017, and are therefore not liable to GST.

5.5. The applicant further contended that although the principal supply of services to K-DISC is exempt under Entry 72 of Notification No. 12/2017-Central Tax (Rate), subcontractors engaged for the said project have charged GST on their invoices even though exemption should also apply to the subcontractors' services.

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(being directly related and exclusively used for the exempt principal supply). The applicant also contended that the GST so charged by subcontractors may be claimed as input tax credit under Section 16(1) of the CGST Act, which entitles every registered person, subject to prescribed conditions and restrictions, to take credit of input tax charged on any supply of goods or services used or intended to be used in the course or furtherance of business.

6. Comments of the Jurisdictional Officer

The application was forwarded to the Jurisdictional Officer as per provisions of Section 98(1) of the CGST Act. The Jurisdictional Officer reported that there are no pending or decided proceedings against the applicant under any provisions of CGST/ KSGST Act 2017.

7. Personal Hearing:

The applicant was granted an opportunity for a personal hearing on 16.04.2025 and the authorised representative appeared and requested the authorities for rehearing to produce more documents. The authorites granted an opportunity for a rehearing on 08.08.2025. Shri.Jayaprakash Devendran, Chartered Accountant represented for the applicant in personal hearing. In the hearing, he explained the nature of activity undertaken by the applicant and reiterated the contentions submitted in the written application.

8. Discussion and Findings:

8.1. On examination of the application, the facts presented, and the submissions made during the personal hearing, it is observed that the applicant modified the first question to read as *'Whether the Kerala Development & Innovation Strategic Council (K-DISC) is to be considered a Government Department for the purposes of the GST Act, 2017, and whether the services provided by the applicant (ICT Academy of Kerala) to K-DISC under various MoUs, including skill development training for youth, skill acquisition programs, and skill enhancement programs, are exempt from GST under Entry 72 of Notification No. 12/2017-Central Tax (Rate), dated 28 June 2017.'* It is noted that a ruling on the status of K-DISC

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as a Government Department does not fall within the ambit of Section 97 of the CGST Act, 2017. However, the substantive questions raised by the applicant pertain to the applicability of notifications and the admissibility of input tax credit, which are squarely covered under Section 97(2)(b) and 97(2)(d) of the Act. Accordingly, the application is admitted for consideration on merits.

8.2. The key questions raised by applicant are

i. Eligibility of exemption under Entry 72 of Notification No. 12/2017-Central Tax (Rate) on the services provided by applicant to K-DISC

ii. Admissibility of Input Tax Credit (ITC) in relation to such services.

8.3. Entry 72 of the Notification No. 12/2017-Central Tax (Rate) as amended provides exemption for "*Services provided to the Central Government, State Government, Union territory administration under any training programme for which 75% or more of the total expenditure is borne by the Central Government, State Government, Union territory administration*". The essential conditions for claiming the exemption under this entry are: (i) the services must be provided to the Government, and (ii) seventy-five percent or more of the total expenditure for the programme must be borne by the Government. In the present case, the applicant has submitted that the Kerala Development and Innovation Strategic Council (K-DISC) is wholly funded from the Kerala State Budget through allocations from the Consolidated Fund of the State. Consequently, the second condition is satisfied. However, ICT Academy of Kerala (ICTAK) would be entitled to claim exemption under Entry 72 only if K-DISC is recognized as the Government or a Governmental Department for the purposes of the said notification.

8.4. Section 2(53) of the CGST Act, 2017 defines "Government as the Central Government and the State Government". The applicant has not furnished any documentary evidence to substantiate the constitution of K-DISC as a Government Department. The applicant has relied solely upon G.O.(Ms) No. 8/2021/P&EA dated 24.02.2021, issued by the Government of Kerala, and a letter from the Member Secretary of K-DISC dated 11.12.2024, to assert that

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K-DISC is a Government Department. The aforementioned Government Order merely authorizes the Chairman of K-DISC to initiate steps for registering K-DISC as a society under the Travancore-Cochin Literary, Scientific and Charitable Societies Act, 1955. In the letter submitted by the Member Secretary of K-DISC, it is stated that K-DISC is a society integrated with the workings of the Government. Further, information available on the official website of K-DISC indicates that the entity was originally constituted as a Government Department but was subsequently reconstituted as a society under the Travancore-Cochin Literary, Scientific and Charitable Societies Act, 1955, with effect from May 2021.

8.5. A society is a separate legal entity under the Travancore-Cochin Literary, Scientific and Charitable Societies Act, 1955. While it may be funded, promoted, or controlled by the Government, it is legally distinct from the Government itself. Although the applicant has submitted that K-DISC is fully under the control of the Government and has produced the Government Order listing its governing bodies, it is established that a society, even if fully controlled by the Government, a society cannot be considered a Government or a Government Department. At most, such an entity may qualify as a Government Entity or a Governmental Authority. From the data available on the official website of K-DISC and the Government Order submitted by the applicant, it is evident that K-DISC does not constitute a Government or Government Department. The definition of "Government" under Section 2(53) of the CGST Act, 2017, read with Sections 3(8) and 3(60) of the General Clauses Act, 1897, reinforces that the term "Government" refers exclusively to the sovereign executive authority namely, the President in the case of the Central Government and the Governor in the case of the State Government. A society registered under the Travancore-Cochin Literary, Scientific and Charitable Societies Act, 1955, even if wholly funded or controlled by the Government, does not fall within this definition. The Kerala Development and Innovation Strategic Council (K-DISC), though functioning under the administrative control of the State, is a distinct legal entity and cannot be regarded as the "State Government" or a "Government Department" for the purposes of the CGST Act or Notification No. 12/2017-Central Tax (Rate).



Accordingly, it cannot claim exemption under Entry 72, which is restricted to services provided *to* the Central or State Government.

8.6. Legislative Evolution of Entries 3, 3A and 3B of Notification No. 12/2017-Central Tax(Rate)

8.6.1 Since the broader question is eligibility for exemption under GST law, the possibility for exemption under other entries under this notification is also being examined. When Notification No. 12/2017-Central Tax (Rate) dated 28-06-2017 was first issued, Entry 3 exempted *pure services* and Entry 3A (inserted later by Notification 2/2018-CT(R) dated 25-01-2018) exempted certain *composite supplies* of goods and services. Both entries originally extended exemption not only to the *Central Government, State Government, Union territory and local authority*, but also to a *Governmental Authority* and a *Government Entity*. This allowed public sector societies, statutory boards and agencies wholly controlled by government to receive such services without GST, provided the activity related to functions entrusted to a Panchayat under Article 243G or a Municipality under Article 243W of the Constitution.

8.6.2 However, the scope of these entries was substantially curtailed by Notification No. 16/2021-Central Tax (Rate) dated 18 November 2021, which omitted the words "or a Governmental Authority or a Government Entity" from both Entry 3 and Entry 3A, effective from 01 January 2022. Consequently, the benefit of exemption under these entries now remains confined strictly to services provided to the Central Government, State Government, Union territory or a local authority only. Governmental authorities and entities although created and fully controlled by government no longer enjoy coverage under these two entries after this amendment.

8.6.3 Section 2(69) of the CGST Act, 2017 defines "local authority" to include only the following:

(a) a Panchayat as defined in Article 243(d) of the Constitution;

(b) a Municipality as defined in Article 243P(e);

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(c) a Municipal Committee, Zilla Parishad, District Board or any other authority legally entitled to, or entrusted by the Central or State Government with the control or management of a municipal or local fund;

(d) a Cantonment Board;

(e) a Regional Council or District Council under the Sixth Schedule; and

(f) Development Boards or Regional Councils constituted under Article 371.

This definition restricts the term local authority to self-governing bodies created under constitutional or municipal statutes, which possess an elected composition, territorial jurisdiction, and statutory power to manage a local fund for public purposes such as sanitation, roads, water supply, or local taxation. The Kerala Development and Innovation Strategic Council (K-DISC), being a society registered under the Travancore-Cochin Literary, Scientific and Charitable Societies Act, 1955, does not possess any of these attributes. It neither has an elected body nor territorial jurisdiction, nor is it entrusted with the control or management of any municipal or local fund. K-DISC is a state-level coordinating agency for innovation and skill development, functioning under administrative control of the State Government, and not a self-governing local body. Hence, it does not qualify as a local authority for the purposes of the CGST Act and is not eligible for the exemption reserved for services provided to local authorities under Entries 3 and 3A of Notification No. 12/2017-Central Tax(Rate).

8.6.4 Subsequently, Notification No. 13/2023-Central Tax (Rate) dated 26 October 2023 inserted a new Entry 3B into Notification 12/2017. Entry 3B re-introduced a limited exemption for *specific public utility services* rendered to a Governmental Authority, namely: *(a) water supply, (b) public health, (c) sanitation conservancy, (d) solid-waste management, and (e) slum improvement and up-gradation.* This targeted exemption is restricted to these enumerated activities alone and does not restore the earlier general exemption for all functions under Articles 243G / 243W.



8.7 In the present matter, the recipient, Kerala Development and Innovation Strategic Council (K-DISC) is a society registered under the Travancore-Cochin Literary, Scientific and Charitable Societies Act, 1955, functioning under the administrative control of the Government of Kerala. On the basis of its constitution, objectives and government control, K-DISC may at best qualify as a Governmental Authority or Government Entity, but it is not the State Government itself, nor is it a local authority within the meaning of Section 2(69) of the CGST Act. Given the legislative changes outlined above:

- For periods **prior to 01 January 2022**, services of the nature rendered by the applicant could arguably fall within the ambit of Entries 3 or 3A, provided all other conditions (pure service / composite with ≤25 % goods, and relation to functions under 243G/243W) were satisfied.
- For periods **on or after 01 January 2022**, following the deletion of "Governmental Authority / Government Entity" from these entries by Notification 16/2021-Cenral Tax(Rate), the said exemption no longer extends to services provided to K-DISC. Although K-DISC continues to perform governmental functions and is wholly controlled by the State Government, the statutory wording of Entries 3 and 3A as it stands today does not include such bodies within the eligible class of recipients. The principle of *expressiouniusestexclusioalterius* applies; entities not expressly included cannot be read into the exemption by interpretation.

8.8 The newly inserted Entry 3B under Notification 13/2023-Central Tax(Rate) (effective 20 October 2023) provides exemption only for specified services—*water supply, public health, sanitation conservancy, solid-waste management and slum improvement/up-gradation* when provided to a Governmental Authority. The services supplied by the applicant, namely skill development, capacity building and employability enhancement training, do not fall within any of these enumerated categories. Therefore, even though K-DISC may be regarded as a Governmental Authority for limited purposes, the nature of the services in question lies outside the ambit of Entry 3B. Consequently, no exemption can be availed under Entry 3B for such training or educational programmes.

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8.9 In light of the above legislative evolution and interpretation:

- The exemption under Entry 72 of Notification 12/2017-CT(R) rightly stands rejected, as K-DISC is not the State Government but a society.
- The exemption under Entries 3 and 3A cannot be extended to K-DISC for supplies made on or after 01 January 2022, since Governmental Authorities/Entities were expressly excluded from these entries by Notification 16/2021-Central Tax(Rate).
- The later-introduced Entry 3B (Notification 13/2023-Central Tax(Rate)) does not cover the applicant's services, which relate to skill development and training rather than the enumerated civic utilities.

  Accordingly, the services rendered by the applicant to K-DISC are not eligible for GST exemption under the current framework of Notification 12/2017-Central Tax (Rate).

8.10 Eligibility of Input Tax Credit (ITC) on Goods and Services Procured from Subcontractors

8.10.1 With regard to the second question, the eligibility of the applicant to avail Input Tax Credit (ITC) on the GST charged by subcontractors requires examination under Sections 16 and 17 of the CGST Act, 2017 and Rule 42 of the CGSTRules, 2017. Under Section 16(1), every registered person is entitled to take credit of input tax charged on any supply of goods or services that are used or intended to be used in the course or furtherance of business. The applicant, Information and Communication Technology Academy of Kerala (ICTAK), engages subcontractors for the execution of training and skill-development projects and receives taxable invoices on which GST has been charged. Such inward supplies are directly connected with the applicant's business activity and therefore satisfy the basic condition for ITC entitlement.

8.10.2 Section 17(2) provides that where inputs and input services are used partly for taxable supplies and partly for exempt supplies, ITC shall be restricted to the portion attributable to taxable supplies, with proportionate reversal for



exempt activities in accordance with Rule 42. In the present case, since the services rendered by ICTAK to K-DISC have been held to be taxable (and not exempt under Notification 12/2017-Central Tax (Rate) as amended), the entire input tax incurred on goods and services procured from subcontractors for such projects is eligible for full credit, subject to fulfilment of the conditions under Sections 16(2) and 17(5) of the Act.

8.10.3 Accordingly, it is held that ICTAK is eligible to claim full Input Tax Credit on the GST charged on goods and services procured from subcontractors used for providing taxable training and skill development services to K-DISC, subject to verification of proper tax invoices, actual receipt of services, and compliance with the conditions prescribed under the CGST Act and Rules.

9. In the light of the facts and legal position as stated above, the following ruling is issued:

RULINGS

Question 1- Whether the supply of services provided by Information and Communication Technology Academy of Kerala (ICTAK) to Kerala Development and Innovation Strategic Council (K-DISC), which functions under the aegis of the Kerala Government for advancement of technology and innovation, is eligible for exemption from GST?

Ruling-The supply of services provided by the Information and Communication Technology Academy of Kerala (ICTAK) to the Kerala Development and Innovation Strategic Council (K-DISC), which functions under the aegis of the Government of Kerala, is not eligible for exemption from GST.

Question 2- Whether ICTAK is eligible to claim Input Tax Credit (ITC) on the GST charged on goods and services procured from subcontractors for providing services to K-DISC?



Ruling- The applicant, Information and Communication Technology Academy of Kerala (ICTAK), is eligible to claim Input Tax Credit (ITC) on the GST charged on goods and services procured from subcontractors.

Jomy Jacob, IRS
Addl. Commissioner of Central Tax
Member

Mansur.M.I.
Joint Commissioner of State Tax
Member

To

Information and Communication Technology Academy of Kerala
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Copy submitted to:-

1. The Chief Commissioner of Central Tax and Central Excise, Thiruvananthapuram Zone, C.R.Building, I.S.Press Road, Cochin- 682018. [E-mail ID: cccochin@nic.in; ccu-cexcok@nic.in]
2. The Commissioner of State Goods and Services Tax Department, Tax Towers, Karamana, Thiruvananthapuram – 695002.
3. The Commissioner of Central Tax and Central Excise, GST Bhavan, Thiruvananthapuram Commissionerate.

Copy to:

1. Additional Commissioner, TPS (HQ), Thiruvananthapuram
2. The Deputy Commissioner, ITMD, Thiruvananthapuram
3. The Superintendent, CBIC, Kazhakoottam Range, Thiruvananthapuram North Division.
4. The Assistant Commissioner/The State Tax Officer, Tax Payer services Circle, Kazhakoottam, Thiruvananthapuram.