T. No-256/2021-22

THE AUTHORITY ON ADVANCE RULINGS
IN KARNATAKA
GOODS AND SERVICES TAX
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD
GANDHINAGAR, BENGALURU – 560 009

Advance Ruling No. KAR ADRG 01 / 2022
Dated: 21.01.2022

Present:

1. Dr.M.P. Ravi Prasad
   Additional Commissioner of Commercial Taxes . . . . Member (State)

2. Sri. T. Kiran Reddy
   Additional Commissioner of Customs & Indirect Taxes . . . .Member (Central)

1.	Name and address of the applicant	M/s. CMEPEDIA GERDA HUGUETTE EMMA VAN HOECKE No.1405, Purva Venezia, 14, Major Unnikrishnan Road, Yelahanka, Bangalore-560 064.
2.	GSTIN or User ID	29AUAPV8596N2ZC
3.	Date of filing of Form GST ARA-01	18-08-2021
4.	Represented by	Smt. Gerda Huguette Emma Van Hoecke, Proprietrix
5.	Jurisdictional Authority – Centre	The Principal Commissioner of Central Taxes, GST North Commissionerate, North Division 8, RANGE AND8
6.	**Jurisdictional Authority – State**	ACCT, LGSTO-151, Bengaluru
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000-00 under CGST Act & Rs.5,000-00 under SGST Act vide CIN No.HDFC21082900061716 Dated 07.08.2021

ORDER UNDER SECTION 98(4) OF THE CGST ACT, 2017
& UNDER SECTION 98(4) OF THE KGST ACT, 2017

M/s. CMEPEDIA, (hereinafter referred to as the 'Applicant') No.1405, Purva Venezia, 14, Major Unnikrishnan Road, Yelahanka, Bangalore-560 064 having GSTIN 29AUAPV8596N2ZC have filed an application for Advance Ruling under Section 97 of CGST Act, 2017 read with Rule 104 of CGST Rules, 2017 and Section 97 of KGST Act,

Authority For Advance Ruling ★ Karnataka, Bengaluru ★ CMEPEDIA

2017 read with Rule 104 of KGST Rules, 2017, in form GST ARA-01 discharging the fee of Rs.5,000/- each under the CGST Act, KGST Act and IGST Act.

2. The Applicant is a proprietary concern registered under the provisions of Central Goods and Services Tax Act, 2017 as well as Karnataka Goods and Services Tax Act, 2017 (hereinafter referred to as the CGST Act and KGST/SGST Act respectively). The applicant provides service to health care professional bodies such as State Medical Councils and Dental Councils, Institutes for Healthcare education and hospitals.

3. The applicant has sought advance ruling in respect of the following questions:

i. *Is paid educational content, which is used by health care professionals or students to fulfill a mandatory demand by their professional body or institute, exempt of tax?*

ii. *Is the fee for the portfolio management, which will reduce the administrational pressure on professional bodies and health care professionals, and which will increase the transparency in the certification of educational activities, exempt of tax?*

4. **Admissibility of the application:** The question is about "determination of the liability to pay tax on any goods or services or both" and hence is admissible under Section 97(2)(e) of the CGST Act 2017.

5. **Brief Facts of The Case**: The applicant furnishes some facts relevant to the issue:

5.1 The applicant states that the Government budget for CME is insufficient to cover the actual cost of this requirement: 17 lakh/year. This forces health care professionals to pay out of pocket to comply with this requirement.

5.2 The applicant contended that they assist professional bodies such as Karnataka Medical Council to fulfill their responsibility to ensure career long learning of their members.

5.3 The applicant also states that the Karnataka Medical Council readily agreed to collaborate with them as they are aware that this area requires development. And educational material for career-long learning is international quality controlled by an independent body, such as the EACCME in Europe. In India, a similar body needs to be established. Such bodies reduce the bias in information caused by the interests of pharmaceutical or medical device companies. And the applicant re-distributes educational material which has not been influenced by such interests or in a limited or extensive manner. This differentiation is mentioned clearly in their web-site. Health care professionals will be able to make an informed choice on their educational materials.

5.4 The applicant further submits that Indian physicians need to obtain 30 CME credits every five years (6 credits every year). Physicians need to be physically present at

a live event to gain these credits. The average travel time to attend a live event based on the weighted average of urban and rural travel time is 2.85 hours. The study time required to gain one CME credit is 4 hours. Therefore the total time needed for one credit is (2.85 + 4 = 6.85) hours. India will lose approximately 6.85 million clinical hours to expose each of the 1.0 million physicians to 1 Credit of CME.

Time required for all Indian doctors to earn 1 CME credit

Number of Indian physicians (as of 31.12.2016 as per MCI records)	10,12,428, i.e. approx. 1 million
Study time required to earn one credit through a live event	4 hours
Average travel time to CME venue	2.85 hours
The time needed per doctor to earn 1 CME hour	6.85 hours
Time required for all registered doctors to earn 1 CME credit hour with live event	6.85 million hours

5.5 The applicant states that as per MCI guidelines, attendance of 4 hours at a conference entitles a doctor to 1 CME credit (MCI-Academics/2013/30661 dd 29 August 2013). The travel time of 2.85 hours is calculated by the weighted average of travel time by rural and urban doctors, considering a minimum journey of 12 hours per day for rural doctors and 3 hours per day for urban doctors. Urban: rural distribution is taken as approximately 30: 70. Each physician requires 41.1 hours per year to earn their six annual credits through live events, compared to six hours per year through online events. In a workforce of around 1.0 million physicians, this leads to a loss of over 35.1 million clinical hours per year.

5.6 The applicant contended that they conducted training online in India, and this would reduce the yearly burden on physicians to 6 hours per year, which would mean that 35.1 clinical hours would remain available for clinical practice every year.

5.7 The applicant aims to expose all medical professionals to the knowledge of a similar standard regardless of their location to reduce the loss of clinical time spent. Applicant aims to provide access to accredited online CME free or at an affordable rate.

6. Applicant's Interpretation of Law:

6.1 The applicant states that they are Indian educational service provider with Indian recipients.

6.2 The KMC website states that 'all doctors, dentists and nurses in India have to fulfill career-long learning requirements to maintain their registration'.

6.3 The applicant provides service in quality-controlled healthcare education and compiles the necessary information for professional bodies to assist them in monitoring whether every health care professional meets this requirement.

6.4 The MoU with the Karnataka Medical Council mentions that KMC endorses the accredited content which is hosted on CMEPEDIA.

6.5 The applicant is of the view that as the content distributed by CMEPEDIA is recognized by a governmental body, they assume that this content is exempted from tax.

6.6 The applicant is of the view that Portfolio management is a service to healthcare professionals who have to fulfill a mandatory requirement and a service to a governing body such as the KMC. Therefore, the applicant assumes that this service is exempted from tax.

PERSONAL HEARING / PROCEEDINGS HELD ON 07-10-2021

7. Smt. Gerda Huguette Emma Van Hoecke, Proprietrix, appeared for personal hearing proceedings held on 07-10-2021 and reiterated the facts narrated in their application.

FINDINGS & DISCUSSION

8. At the outset we would like to make it clear that the provisions of CGST Act, 2017 and the KGST Act, 2017 are in pari-materia and have the same provisions in like matter and differ from each other only on a few specific provisions. Therefore, unless a mention is particularly made to such dissimilar provisions, a reference to the CGST Act would also mean reference to the corresponding similar provisions in the KGST Act.

9. We have considered the submissions made by the applicant in their application for advance ruling. We have also considered the issues involved on which advance ruling is sought by the applicant and the relevant facts along with the arguments made by the applicant and also their submissions made by their learned representative during the time of hearing.

10. The contentions of the applicant are verified, so are the transactions. The applicant is providing services to doctors to maintain the professional standards as required by law and guidelines issued by the Medical Council. The consideration charged by the applicant is also verified and found that the applicant is charging Rs.999-00 per year plus 15% of the content charges if chargeable plus whatever the fee the Medical Council charges.

10.1 The transactions reveal that the recipient of services is health care professionals and it is not for obtaining a degree as prescribed by law. The services provided by the applicant is not covered under Entry No. 74 of the Notification No.12/2017- Central Tax (Rate) dated 28.06.2017 as it is not a health care service nor the applicant is a clinical establishment. The services provided is also not covered under the Entry No. 66 of the said Notification supra, as it is not an educational institution as per the definition given to it in clause (y) of paragraph 2 of the said Notification.

10.2 The applicant is clearly entering into an agreement with the professional bodies, Medical Council in this case, for maintaining the records of the doctors and also liaisoning with the doctors to expose them to the knowledge of a similar standard regardless of location and reducing the loss of clinical time spent on continued medical education. The applicant aims to provide access to accredited online education facilities either free or at an affordable price. This is not a part of a curriculum required to obtain a degree from a recognised university.

10.3 As far as the services of the applicant are concerned, the applicant claims that the professional bodies can track the progress of their members in their online portfolio and there would be no need to check the paper certificates. The health care professionals would no longer required to submit the certifications and await approval of the professional bodies. The portfolios are secure and are accessible only after permissions are given by the members to align with privacy regulations. The applicant collects distribution fee, certification fee and CME Fund fee for every professional body and the bodies can follow the progress of the collection of their prices on their dashboard and thus ensuring transparency. From the above, it is clear that the applicant is collecting the charges on behalf of the professional bodies and are paying it to them. The amounts are paid by the health care professionals.

10.4 From the above, it is clear that the applicant is only acting as a liaison agent between the health care professionals on one side and their professional organisations and content providers on the other side and are charging their charges in addition to the content charges and fees of the professional bodies. The applicant per se does not provide any education to the professionals.

10.5 In view of the above said reasons, it is clear that the services provided by the applicant to the doctors and other health care professionals is not covered under any exemptions and hence is taxable.

11. In view of the foregoing, we rule as follows

RULING

i. *The paid education content, which is used by health care professionals or students to fulfill a mandatory demand by their professional body or institute is not exempt to tax under the provisions of the Central Goods and Services Tax Act or Karnataka Goods and Services Tax Act or Integrated Goods and Services Tax Act, 2017.*

ii. *The fee collected for the portfolio management is also not exempt from tax under the provisions of the Central Goods and Services Tax Act or Karnataka Goods and Services Tax Act or Integrated Goods and Services Tax Act, 2017.*

(Dr. M.P. Ravi Prasad)
Member

MEMBER
Karnataka Advance Ruling Authority
Bengaluru - 560 009

(T. Kiran Reddy)
Member

MEMBER
Karnataka Advance Ruling Authority
Bengaluru - 560 009

Place : Bengaluru,

Date : 21-01-2022

To,
The Applicant

Copy to:

1. The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.
2. The Commissioner of Commercial Taxes, Karnataka, Bengaluru.
3. The Principal Commissioner of Central Tax, GST North Commissionerate, North Division-8, Bangalore.
4. The Assistant Commissioner of Commercial Taxes, LGSTO-151, Bangalore
5. Office Folder.