



Tax alert: High Courts of Bombay and Andhra Pradesh hold that ‘affiliation’ and ‘NOC’ fees collected by universities, are not ‘supply’ and hence GST not applicable

27 May 2026

The Andhra Pradesh High Court and the Bombay High Court have held that affiliation fees and NOC charges collected by universities, being in discharge of statutory functions, do not qualify as “supply” and therefore are not subject to GST.

In a nutshell



Affiliation fees and NOC fees collected by universities are statutory and regulatory in nature and do not constitute “supply” under CGST Act, as such activities are not undertaken in the course or furtherance of “business”. The Bombay High Court held that affiliation fees lack the element of quid pro quo and cannot be regarded as “consideration” for a taxable supply.



The Bombay High Court held that even if ‘affiliation’ service is construed as a ‘service’, entry 66 of the exemption Notification No. 12/2017-CT (Rate) which exempts specified services provided by, and to educational institutions, must be interpreted purposively to cover affiliation services.



The Andhra Pradesh High Court held that universities, are separate entities, created and established under the State Acts and are not part of Central or State Government or Local Authority. Thus, their activities would not by itself get covered into the ambit



Scroll down to read the detailed alert

Bombay High Court Judgement

Background:

- The petitioner¹ is a university established under state legislation, governed by different statutes from time to time and presently governed by the Maharashtra Public Universities Act, 2016.
- The university's primary objective is to disseminate education and perform statutory functions, including granting affiliation to college. It collects affiliation fees for undertaking obligations prescribed under the governing statute.
- Revenue authorities had issued an order confirming demand on levy of GST on affiliation fees collected by the Petitioner for FY 2017-18 to 2022-23, along with interest and penalty. The university's subsequent rectification application was rejected on the grounds that the issues raised were appealable and not rectifiable.
- Being aggrieved, the petitioner preferred a writ petition before the Bombay High Court challenging the levy of GST on affiliation fees contending that it is a statutory function and not "supply".

High Court judgement

- The activities of granting of affiliation by the university are undertaken within the framework of the statutory scheme and not for profit or any business purpose.
- Applying the doctrine of ejusdem generis to the definition of 'business' in section 2(17) of CGST Act, affiliation cannot be equated with trade, commerce, or any activity of commercial character.
- The term 'business', as defined in Section 2(17) of CGST Act, does not include statutory functions, which are cast upon the petitioner universities. The activities mentioned in Section 2(17) are voluntary actions.
- The affiliation fees collected by the university are not "consideration" as there is no element of quid pro quo nor is there any contractual obligation. They are statutory levies, not payments for negotiated services.
- Accordingly, collection of affiliation fees by the university, in discharge of its statutory functions, cannot be regarded as "supply" and hence is not subject to GST.
- Even assuming affiliation to be a service, entry 66 of the exemption Notification No. 12/2017-CT (Rate) which exempts specified services provided by, and to educational institutions, must be interpreted purposively to cover affiliation services forming the backbone of educational delivery.
- The Court agreed with the view taken in Karnataka High Court decision², Bombay High Court decision³ and Rajasthan High Court decision⁴ wherein it was held that GST is not payable on affiliation fees.
- Accordingly, the impugned order was set aside, and the writ petition was allowed.

Andhra Pradesh High Court judgement

Background:

- The case⁵ involves multiple writ petitions filed by public universities established under various State Acts in Andhra Pradesh, challenging the assessment orders issued by GST authorities. These orders demanded GST on the affiliation fees and No Objection Certificate (NOC) fees collected by the universities from affiliated colleges.
- The Petitioners contended that these fees are collected in the discharge of statutory functions and do not

¹ University of Mumbai vs Union of India- 2026-VIL-418-BOM

² Principal Additional Director General, DGGSTI vs. Rajiv Gandhi University of Health Sciences 2024-VIL-780-KAR-ST

³ Goa University vs. Joint Commissioner of Central Goods and Services Tax 2025-VIL-358-BOM

⁴ Rajasthan Technical University, Kota vs. Union of India & Ors. 2026-VIL-206-RAJ

⁵ Jawaharlal Nehru Technological University Kakinada (JNTUK) v. Principal Commissioner of Central Tax 2026-VIL-416-AP

qualify as a supply of service in the course or furtherance of business. It was further contended that the services were exempt under Entry 66 of the exemption notification.

High Court judgement

- The activities of the universities in granting affiliation and issuing NOC certificates are statutory functions and not business activities; hence do not constitute “supply” under CGST Act.
- The Court clarified that universities are separate entities created under State Acts and are not part of the Central Government, State Government, or local authorities. Hence their activities would not by themselves get covered under the ambit of "business".
- Regarding exemption under Entry No. 66 of the exemption notification and other related entries, the Court held that since the activities of the universities are not taxable in the first place, the question of availing exemptions does not arise.
- The Court agreed with the judgments from the Bombay High Court⁶, Delhi High Court⁷, and Karnataka High Court⁸, which had held similar activities as non-taxable.

Comments

Both the Bombay High Court and Andhra Pradesh High Court have reiterated that the activities of the universities in relation to granting affiliation or NOC certificates are statutory in nature and not business activities. It has been explained that a statutory function cannot be regarded as a ‘business activity’ and hence is not a ‘supply’. In essence, the courts held that when universities perform duties mandated by law, they are acting in a regulatory capacity, not providing a taxable service.

⁶ Goa University versus Joint Commissioner of CGST Panjab [2025-VIL-358-BOM]

⁷ Central Electricity Regulatory Commission vs. The Additional Director, DGGI [2025-VIL-46-DEL]

⁸ Bengaluru North University vs. Joint Commissioner of central tax [2025-VIL-1404-KAR]



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see <http://www.deloitte.com/about> to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which is a separate and independent legal entity, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Bengaluru, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Mumbai, New Delhi, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

This communication contains general information only, and none of DTTL, its global network of member firms or their related entities is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication.

© 2026 Deloitte Touche Tohmatsu India LLP. Member of Deloitte Touche Tohmatsu Limited