

Govt may impose VAT

ENGLISH MEDIUM
SCHOOLS

Govt may slap VAT on tuition fees again

Staff Correspondent

THE government is likely to impose value-added tax again on tuition fees of English medium school in the upcoming budget for the fiscal year 2017-2018 under

Continued on page 2 Col. 5

Continued from page 1

the new VAT law though the issue of VAT imposition on the fees remained pending with the apex court.

English medium schools have already stopped collecting VAT from students since April following an order of the Supreme Court.

Officials said that finance minister Abul Maal Abdul Muhith might place a proposal in his budget speech to be delivered on June 1 at parliament to impose the VAT.

They, however, feared that the move might spark severe criticism in public sphere as the High Court on December 12 last year declared collection of VAT at the rate of 7.5 per cent from students of English medium schools illegal and discriminatory.

Though the Supreme Court stayed the HC verdict, the apex court on February 13

also asked the government not to collect VAT from students and allowed the NBR to appeal against the HC verdict.

The issue now will be settled after hearing of leave to appeal filed by the tax authorities.

Under the new VAT and Supplementary Duty Act-2012, which is scheduled to come into force from July 1 this year, a uniform 15 per cent VAT is supposed to be imposed on all sectors, except exempted goods and services.

The VAT rate, however, may be lowered to 12 per cent as stakeholders including businesspeople continued to press their demand for lowered rate.

Officials concerned said that National Board of Revenue was not in favour of imposition of VAT on English medium schools as other

schools in Bangla medium were exempted from paying VAT and the High Court also gave verdict against the tax.

The revenue board also withdrew VAT on tuition fees of private universities on September, 2015 when students took to the streets and held severe protests against the tax, known as consumption tax.

The new VAT law, in general, exempts the education sector from payment of VAT if the education is provided by approved charitable organisations like trust or waqf.

But, the proposal for VAT imposition once again was set to be included in the budget proposal as per desire of finance minister Abul Maal Abdul Muhith, they said.

A high official of the ministry told New Age that the proposal, however, was not final yet.

The government high-ups may finalise some issues including the rate of uniform VAT under the law, he said.

Finance minister and other NBR top officials may meet with prime minister Sheikh Hasina today on the issues, he said, adding that the issues would be finalised as per instruction of the prime minister.

Some guardians told New Age that they got some reliefs as the schools stopped collecting VAT from April and May.

Now it would be unfortunate if the government made such decision ignoring the court verdict, they said.

It would put additional tax burden on them as the new law would impose the VAT at 15 per cent or a little lower rate though previously the VAT was 7.5 per cent, they added.