

ENGLISH MEDIUM SCHOOLS No VAT from students

SC order brings relief to guardians

STAFF CORRESPONDENT

The Supreme Court yesterday ruled that the government cannot collect value-added tax (VAT) from the students of English medium schools, giving some relief to the guardians.

The SC order came into effect from yesterday, said AM Aminuddin, the lawyer who moved a writ petition, filed over the issue in 2015.

However, there is no directive from the apex court about returning the money collected earlier as VAT from these students, he said.

The SC at the same time extended its stay order on the High Court verdict that declared illegal imposition of 7.5 percent VAT on tuition fees of English medium schools.

A four-member bench of the apex court headed by Chief Justice Surendra Kumar Sinha passed the order after hearing a leave to appeal petition filed by the National Board of Revenue (NBR) seeking a stay on the HC verdict.

The SC also allowed the government to move an appeal before it against the HC verdict, Deputy Attorney General SM Moniruzzaman told this newspaper.

He mentioned that the NBR has been collecting 7.5 percent tax from the English medium schools, not from students.

Guardians of the students and teachers at English medium schools hailed the SC order.

"We welcome the directive and hope that the schools will follow it," said Shahnur Hameed, a guardian who lives in the capital's Dhanmondi area.

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"The amount of VAT may look small, but it was an extra burden for the middle-class families like us given the rising expenses of education," she added.

Faisal Rahman, the father of a grade-III student of Maple Leaf School, said imposition of VAT on the tuition fees was absolutely discriminatory against the English medium students as no such tax was levied on the students of Bangla medium schools.

"The Supreme Court order will end the discrimination now," he said.

Yasmeen Habib, vice principal of Sunnyside School in Dhanmondi, said the students of English medium schools are also the children of Bangladesh and they deserve same opportunity as Bangla medium students get.

"I think," she said, "the Supreme Court ruling will put an end to the discrepancy. We welcome it."

The government in fiscal year 2007-08 imposed 4.5 percent VAT on fees and services of English medium

schools. In the budget for 2014-15, the rate was raised to 7.5 percent.

The value-added tax, also known as consumption tax, is the biggest source of government revenue, followed by income tax. It accounted for 36 percent of the revenue collection in fiscal 2015-16, according to NBR.

The NBR got Tk 55 crore as VAT from these schools in 2015-16 while the amount was Tk 49 crore in the previous year. In 2013-14, the figure was Tk 32 crore, according to NBR data.

Under the existing law, there is no VAT on Bangla medium schools and the government-approved English version schools that follow English textbooks published by the National Curriculum and Textbook Board.

In the budget of 2015-16, the government decided to impose 7.5 percent VAT on tuition fees of private universities and medical colleges but it had to backtrack from the decision following massive student protests in September 2015.

At that time, some guardians and students of English medium schools also staged demonstration in Dhaka.

And two guardians filed a writ petition seeking cancellation of the VAT.

Following the writ petition, the HC on September 17, 2015 stayed for six months the collection of VAT from the English medium students and issued a rule asking the government to explain why the imposition of VAT should not be declared illegal.

After final hearing on the petition, the HC on December 12 last year declared the imposition of VAT illegal and directed the authorities concerned to stop collecting VAT from January this year.

The HC delivered the verdict on the ground that VAT on English medium education is discriminatory since no VAT was imposed on fees of other institutions, and such discrimination is a violation of Article 17 of the constitution.

Following a stay petition filed by the NBR, the SC on January 3 stayed the HC verdict and also asked the NBR to file a leave to appeal petition by January 29 against the HC judgment.

There are around 180 registered English medium schools in the country.