

VAT imposition should not burden students

THE finance minister has proposed the imposition of 10 per cent value added tax on private universities, private medical colleges and private engineering colleges, which, according to experts, will eventually have to be borne by students and guardians. A private university student now needs to spend, as New Age reported on Wednesday, Tk 3-7 lakh on a four-year bachelor's degree course while a private medical student has to spend about Tk 13.9 lakh. Most guardians literally strive hard to scrape together the amount required to meet academic expenses of their children. In serious need of money, the government, we understand, has been exploring revenue from all possible sources, including the education sector. But, usually, VAT imposed on private universities and medical colleges or on any private educational institutions for that matter, ultimately falls on students, and their guardians, if the government does not have proper mechanism to see where the increased tax comes from.

It has been reported that although these private higher educational institutions were set up as non-profit organisations, most of them seem to be in a competition for higher revenue through annual increases in different fees for students. This appears to be another poignant pointer to the failure of the education ministry to put a leash on the educational institutions that hardly miss any opportunity to extort money from students. But the proposed VAT will certainly make the situation worse for students as their guardians will have to bear the additional cost of education if it is implemented. Intriguingly, if the government's sole purpose is to impose VAT on the income of private institutions and thus prevent these aberrant institutions from pursuing money putting the interest of students at stake, it needs to make sure that they pay the increased taxes without increasing tuition fees.

What the government needs to do, at this juncture, is to introduce legislation to bar these private organisations from maximising profits, by setting admission and other fees for students in an effort to turn them into non-profit organisations. If education is cheaper, accessibility of citizens to education will also increase, which is, in fact, the crux of the issue. Moreover, if the government imposes 10 per cent value added tax on private universities, private medical colleges and private engineering colleges, it must intensify its monitoring to see that students and, for that matter guardians, are not affected by it and tuition and other fees for students have not increased because of the imposition of VAT.