

Time for govt to call off VAT on school tuition fees

THE High Court staying the collection of value added tax on tuition fees of English-medium schools, for six months, is a welcome piece of news. There is no logic in having value added tax imposed on tuition fees in English-medium schools; this is more so when the government, on September 14, called off, amidst peaceful protests persisting for a couple of days that severely strained city life, its controversial imposition of 7.5 per cent VAT on tuition fees for students of private universities and medical and engineering educational institutions. Within three days after the government's withdrawal of VAT on tuition fees in private institutions of higher education, students of English-medium schools and their guardians took to the streets demanding a complete withdrawal of VAT, which was increased to 7.5 per cent in 2014 from 4.5 per cent as imposed in 2010. As we have earlier said in these columns, we had rather the government did not impose any VAT on education, in educational institutions, private or public, to make education accessible to people of all segments of society. This is more so in view of the fact that many families, belonging to the middle class, in the context of limited capacity and declining standards in government educational institutions, started sending their children to such private institutions, which were once generally considered places of education limited to students coming from wealthy and well-off segments of society.

While the court, acting on a writ petition filed by two guardians, stayed the collection of VAT on school tuition fees for six months, it also asked the government to explain, in four weeks, the legality of the VAT imposition by the National Board of Revenue. But the High Court earlier issued two orders that the government did not heed, according to a report that New Age published on Friday. In April 2014, the court prohibited the collection of readmission fees from students every year and directed the government to work out a guideline on fees to be collected from English-medium schools. In June 2012, the court asked the government to explain why it should not be asked to abolish VAT on tuition fees of schools. As the government did not work out any guideline, as directed by the High Court, English-medium schools increased various fees to make up for the readmission fees that they could no longer collect. The schools also increased abnormally monthly tuition fees after the court asked them not to charge students annual readmission fees. All this has only pushed up the cost of education in private institutions.

If the government thinks that private universities, which are set up as non-profit organisations, and English-medium schools are making profits, there are other laws to control them — and laws can be made in the absence of any law governing such aspects of the institutions — but this cannot be the rationale for the imposition of VAT on tuition fees. Under the circumstances, the government is well advised to make education less expensive and accessible to people of all segments of society by withdrawing VAT once and for all and by forcing the institutions to lower tuition fees.