

VAT on English medium schools to increase

Staff Correspondent

FINANCE minister Abul Maal Abdul Muhit in his budget speech on Thursday proposed to increase value added tax on English

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medium schools to 10 per cent from the existing 7.5 per cent.

He also proposed 10 per cent VAT on private universities, private medical colleges and private engineering colleges.

He said that VAT at reduced rate of 7.5 per cent was now imposed on English medium schools, while private universities, private medical colleges and private engineering colleges were still out of the VAT net.

'I hereby propose to bring these sectors under VAT net as well. However, in order

to keep the tax burden at a rational level, I propose to impose VAT at the truncated rate of 10 per cent on these sectors,' he added.

The government imposed tax at source at a rate of 10 per cent on the income of public universities and all schools on monthly pay order derived from savings instruments and bank deposits.

For enjoying tax at the reduced rate, the educational institutions must be non-commercial and run by a governing body constituted following government rules and must follow the government academic curriculum.

Officials of the National Board of Revenue said that currently only public universities were exempted from any tax while private universities, private medical colleges, private dental colleges, private engineering colleges or private colleges providing education only on information and communication technology enjoyed a reduced rate of income tax at 15 per cent.

The income derived from only agriculture education programme of private agricultural colleges and universities are also exempted from income tax.

