

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3378
ANSWERED ON:01.08.2014
PAN FOR PRIVATE UNIVERSITY
Azad Shri Kirti (JHA)

Will the Minister of FINANCE be pleased to state:

- (a) whether private universities are mandated to have Permanent Account Number (PAN) and also got themselves registered with Central Board of Excise and Customs;
- (b) if so, the reasons therefor and number of such universities issued the same and amount of Income Tax and service tax realised therefrom during each of the last three years and current year;
- (c) the number of private universities provided tax exemption and amount foregone as a result thereof during the same period;
- (d) the details of private universities penalised for non-compliance of the provisions of Income Tax Act and Service Tax rules during the same period; and
- (e) the details of such universities benefitted from the Service Tax Amnesty Scheme?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (NIRMALA SITHRAMAN)

(a) & (b): Educational institutions, including private universities, can avail tax exemption under the Income-tax Act, 1961 ('the Act') subject to fulfillment of conditions prescribed therein. The tax exemption can be claimed by private universities under the following categories:

(i) Under section 10(23C)(iiiad) of the Act, which is applicable to any university or other educational institution existing solely for educational purposes and not for the purposes of profit, if the aggregate annual receipts do not exceed the prescribed limit; (ii) Under section 10(23C)(vi) of the Act, which is applicable to any university or other educational institution existing solely for educational purposes and not for the purposes of profit and which is approved by the prescribed authority;

(iii) Under section 11 of the Act, which is applicable to trusts engaged in charitable purposes, which include educational activities, subject to the condition that such trust is registered u/s 12A of the Act and other prescribed conditions are fulfilled.

In accordance with the provisions of section 139(4A) and 139(4C) of the Act, the institutions claiming tax exemption as above are required to file their returns of income if their income without giving effect to tax exemption, exceeds the maximum amount not chargeable to tax. Quoting PAN is a mandatory requirement for filing income-tax return and therefore, such educational institutions are required to obtain the same. There is also no separate count of PANs allotted to 'private' universities so as to ascertain their numbers. Regarding the details of income-tax realized from private universities during each of the last three years and the current year, data is not centrally maintained.

Further, in terms of clause (l) to section 66(D) of the Chapter V of the Finance Act, 1994, services of pre-school education and education up to higher secondary school or equivalent, education for obtaining a qualification recognised by any law and education as a part of an approved vocational education course are in the Negative List of Services on which no Service Tax is leviable. The educational institutions, including private universities, providing for education, other than the above, are liable to pay service tax on the taxable services provided or agreed to be provided by them in the taxable territory of India. However, such educational institutions may avail of the tax exemption under the provisions of the Finance Act, 1994 and rules/notifications made/issued there under. The exemption from service tax may be claimed by such educational institutions, located in the taxable territory of India, under the following categories:

Under serial no. 4 to the notification no. 25/2012-Service Tax, dated 20.06.2012, the services provided by an entity registered under section 12AA of the Income Tax Act, 1961 by way of charitable activities are exempted from service tax;

Under serial no. 8 to the notification no. 25/2012-Service Tax, dated 20.06.2012, the services by way of training or coaching in recreational activities relating to arts, culture or sports are exempted from service tax;

Under notification no 33/2012-Service Tax, dated 20.06.2012, the taxable services of aggregate value not exceeding ten lakh rupees in any financial year are, subject to fulfillment of the conditions prescribed therein, are exempted from service tax.

The data for service tax revenue realized from private universities is also not maintained centrally.

(c): The details regarding the number of `private universities` provided tax exemption under the Income Tax Act and the amount of revenue forgone are not centrally maintained. It is not possible to identify `private universities` as the same is not captured in the return of income. With regard to exemption under Service Tax Act. no such exemption, except as mentioned in reply to part (a) & (b) above, is provided to any private university.

(d): The details regarding the number of private universities penalized for non-compliance of provisions of Income-tax Act and Service Tax rules are not centrally maintained.

(e): The information is being collected and will be laid on the Table of the House.