

NO: Jud-I/CIR/ [WHT] RTO-III/2013

Dated, the 20th August, 2013

THE PRINCIPAL OFFICER,
M/S. Dow University of Health Sciences,
Baba-e-Urdu Road,
Karachi.

COLLECTION OF ADVANCE TAX BY EDUCATIONAL INSTITUTIONS.

The Federal Government has introduced vide Finance Act, 2013, advance tax on fee received by the educational institutions by inserting Section 236I in the Income Tax Ordinance, 2001, which is reproduced as under:

236I Collection of advance tax by educational institutions

- (1) There shall be collected advance tax at the rate specified in Division XVI of Part-IV of the First Schedule on the amount of fee paid to an educational institution.
- (2) The person preparing fee voucher or challan shall charge advance tax under sub-section (1) in the manner the fee is charged.
- (3) Advance tax under this section shall not be collected from a person where annual fee does not exceed two hundred thousand rupees.
- (4) The term "fee" includes, tuition fee and all charges received by the educational institution, by whatever name called excluding the amount which is refundable.
- (5) Tax collected under this section shall be adjustable against the tax liability of either of the parents or guardian making payment of the fee.

The rate of tax to be collected under section 236I shall be, 5%.

It may kindly be noted that the amount of penalties have substantially been increased through Finance Act, 2013. So, in case of non-compliance of above provision of law, you will have to face penal action as provided by the law.

It may further be noted that for the purpose of section 236I you shall submit electronically every month a statement of withholding under section 165 which is already in vogue.

Looking forward to a strict compliance of law. If you need any further clarification, please don't hesitate to contact us at following numbers.

1. 99211794
2. 99211849
3. 99211881


[BASHARAT AHMED QURESHI]
COMMISSIONER (IR)

Copy to the Chief Commissioner [IR], Regional Tax Officer-III, with reference to his verbal direction on the subject.

[BASHARAT AHMED QURESHI]
COMMISSIONER (IR)

