

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2489
ANSWERED ON:18.03.2005
EDUCATIONAL INSTITUTIONS NOT PAYING INCOME TAX
Oram Shri Jual

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government are aware of the fact that there are several Educational Institutions in the country which are running on commercial basis but not paying income tax;
- (b) whether the Government have identified such institutioos which are not paying income tax;
- (c) if so, the details thereof; and
- (d) the steps taken to recover arrear from such institutions?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

- (a) to (c) Educational Institutions existing solely for educational purposes and not for the purposes of profit are exempt from income tax subject to certain conditions. There are adequate checks in the Income Tax Act, 1981 to prevent such institutions from running on commercial (private profit) basis. Other educational institutions, not claiming exemption under the Act, are required to pay tax and no preferential treatment is given to them. Wherever instances of irregularity come to the knowledge of the Income Tax Department due process of law is followed to ensure payment of tax, Information in respect of such defaulters is not centrally maintained.
- (d) Tax demand raised in respect of such defaulters is recovered in accordance with the usual procedure for recovery of tax laid out under the Income Tax Act, 1961.