

IIMs: Govt to scrap service tax on short courses

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THE government has finally acceded to the Indian Institute of Managements' (IIM) long-standing demand for waiving of service tax on certain management courses.

The Central Board of Excise & Customs (CBEC) is learnt to have decided to waive service tax on open enrollment short duration executive programmes. The Commissioner of Service Tax will soon issue an order to this effect.

The move comes days after IIM-Ahmedabad director Samir Barua raised the issue on the sidelines of the institute's convocation presided over by Prime Minister Manmohan Singh.

Open enrollment short duration executive programmes are usually intensive management programmes on key management-related issues

and attract a number of mid-career corporate executives and managers.

The programmes are popular and help earn the IIMs a decent revenue. But a service tax of around 10-12 per cent on these courses obviously hits the IIMs.

On March 27, Barua had said while the IIMs paid service tax on income generated from advisory work, consultancy services and customised courses, it was 'unfair' to bring general education programmes under the service tax net.

The IIMs have been taking up the issue repeatedly with the Ministry of Finance and sought the Human Resource Development (HRD) Ministry's intervention many a time.

HRD Minister Kapil Sibal had even written to the Finance Minister in favour of IIMs that had also raised the issue in their Board of Governors (BoG) meet in March 2010.