

SECOND PART

FISCAL MEASURES

Mr. Speaker, Sir,

In the very beginning of second part of my budget speech I express my gratitude to the most gracious Allah for enabling me to present the national budget for the eighth time before this august Parliament. The present economic and political scenario and the perspectives are much different than those prevailing at the time when I presented national budget for the financial year 1995-96. With the passage of time, various political changes and in some cases dramatic events, have taken place in various parts of this restless world. Amongst all these, some startling events that have immensely affected the world economy, deserve special mention here: the terrorist attack at Twin Tower and Pentagon in the USA, prolonged economic recession prevailing throughout the world, fall in the price of world share markets in general, military operation in Afghanistan and lastly the crisis in Argentina. The economy of Bangladesh has also been affected directly or indirectly by these serious debacles as it happened with many other countries of the world. When the world economic recession was continuing our economic condition was also having a set back which further aggravated, and comparatively became more vulnerable. During the last regime of the Awami League government a dismal atmosphere prevailed in our overall economic activities specially in our tax structure due to mismanagement and lack of farsightedness. This has created impediments in attaining rapid economic growth. The measures taken by the present government to come out of the clutches of such recession have started to yield positive result in different sectors of the economy. In the backdrop of such a frustrating situation in the domestic economy that existed during the previous

regime, the budget I am presenting today has been prepared mainly with the aim to repair the damages caused by mismanagement of the previous government. The measures that we have under taken so far is to foster, promote and cajole economic growth upholding the overall national interest.

Mr. Speaker, Sir,

2. Imbued with the ideas of nationalist concept, the main objective of the present government is to ensure overall welfare of our country and the people. With this end in view the effective measures that we undertook during our previous tenure in office started to yield very good results and Bangladesh made some breakthrough in the region when the country was introduced as an “Emerging Tiger” in the economic arena. But this very image of our country was shattered and tarnished during the last domain of Awami League government (1996-2001) for their shortsighted and retrogressive policies. In this context, I want to place on record some statistical information here wherefrom the honourable members of parliament will be able to know to some extent the prevailing condition of the economy of the last regime. In the financial year 1995-96 the revenue deficit was 4.5 percent of the GDP while the deficiency increased to 6.5 percent in 2000-2001 financial year. The economic growth that we achieved at 9.5 percent in 1995-96 went down to 8.85 percent in 2000-2001 financial year. It is true and painful to mention here, that the reserve of foreign currency decreased to the lowest level in the history of the country in the last Awami League regime. The unprecedented debacle and mess that was created in the country’s share market during the last Awami government is yet to be salvaged and brought back to its normal functioning. The whole share market atmosphere has been vitiated in such a way that it has become very difficult to bring back the confidence amongst the people.

The debacle in the share market seriously affected our investment. We are yet to absorb the shock and recover the losses so incurred. The present government is committed to come out of this unwanted situation and rebuild the confidence in the mind of our people. With this objective we have designed the budget goals and proposed measures reflecting our own thoughts and ideas in this budget making process in order to harness internal resources to speed up our growth efforts.

Mr. Speaker, Sir,

3. The new century has opened up new challenges for developing countries like ours. If we fail to face these challenges effectively we will lag behind in the race of achieving economic progress and will be dropped from the march past which is being carried out globally. One of the main challenges before us is globalization. Its dimensions are not limited to trade sector only, rather it has affected all aspects of the economy including flow of capital and information technology. Overall macro economic stability is one of our priority area and towards that end we must endeavor to utilize this opportunity of globalization. The reform programme, that the BNP government had undertaken during the spell of 1991-1996, came to a stand-off during the regime of the last government. As a result, we failed to proceed effectively with the process of globalization. We have to bear in mind that political stability is a prerequisite for economic emancipation. A number of decisions have been taken with regard to framework of rules and disciplines in the recently concluded ministerial level meeting of World Trade Organization (WTO) in Doha, capital of Qatar. Some of the various important decisions are, to eliminate the quota system in textile sector by the year 2004, inclusion of agriculture in the working agenda of WTO, and Special and Differential Treatment (S&D) for developing countries. Bangladesh shall have to play an important role in the

implementation of these decisions. Keeping these into consideration, attempts have been made to restructure the tariffs and rationalize the rates of custom duty in the budget so that the opportunities of globalization can be utilized, leaving the interest of the indigenous industries intact. In fact the proposals that I have placed before this august parliament are aimed towards that direction.

Mr. Speaker, Sir,

4. It is all but impossible to survive in this modern competitive world without reforms. The programmes that we had taken under Structural Adjustment Reforms during the 1991-1996 spell of the then BNP government became stagnant during the period of Awami League government. The last government was also criticized by world bank for not properly following up reform programmes that we introduced earlier. In this context, I would like to cite some observations made by the World Bank in its recent report (March: 12-15, 2002, Page-7) : “ Little progress has been made in further liberalization since the mid 1990's; rather some back-peddling was evident in that import bans/restrictions were added to the existing list for trade (protective) reasons, and the top tariff rate has held its ground since 1998. More importantly, rampant non-neutral application of supplementary duties and other surcharges in recent years have non-transparently raised the level of nominal protection well beyond what is implied by customs duties”. Generally speaking any reform programme undertaken by any government for overall economic development of the country cannot meet such a fate in the hands of successive government. Had the continuity of reform programmes that we undertook during our previous term been maintained, there would be no room for an organization like the World Bank to come up with such observation. The present government is firmly committed to implement various reform programmes in order to improve

upon the existing situation. It is expected that the programmes, which we have already undertaken, will ensure transparency and accountability in administration, and reduce corruption. The people will be encouraged to pay taxes on time as a result of simplification of the tax payment procedure which will help increase the collection of internal revenue. I would like to mention here that steps already taken by us this time has attracted attention of international organizations. The comment as mentioned in the said report of the World Bank also states that: “ Bangladesh's new Government recognizes the gravity of the problems at hand and is contemplating appropriate reforms - the need now is to translate recognition and intention into action. The process of de-regulation begun in the early 1990s needs to be completed.” It appears from this comment that the reform programmes we undertook were internationally acclaimed but because of the failure of Awami League government, we have to take the responsibility back again to implement these unfinished reform programmes. In the mean time, we have lost some valuable years which we can not get back. In the proposed budget, I have, as far as possible, tried to remove the distortions, irregularities, inequities, anomalies, and avoid cascading effects that occurred due to faulty measures adopted by the previous government.

Mr. Speaker, Sir,

5. I want to apprise this august Parliament through you that this year a number of audit firms have been appointed for the first time to assess tax evasion in VAT and Income Tax areas. As a result of this action, cases of evasions of large amount of revenue has been unearthed from the concerned sectors, and steps have also been taken for speedy recovery of the evaded tax. In a recent report (March 2002, Quarterly report, Page-4, paragraph-10) of the Asian Development Bank, these

steps of the government were termed as “ welcome initiatives”. A portion of the report is reproduced here: "In a bid to improve generation of tax revenue, the National Board of Revenue has undertaken to investigate large tax evasion cases. For the first time, over a dozen accounting firms have been assigned to the task of investigating evasion cases relating to VAT and income taxes. In addition to these welcome initiatives, there is a need to revisit the tax holiday facilities given to different categories of industries, to find out if these have contributed to industrial expansion in the country". The present government was very alert from the beginning about the misuse of the present tax holiday system. In order to improve upon this situation number of specific measures has been proposed by me in this budget.

Mr. Speaker, Sir,

6. The World Bank has made some forecast that the global economic growth in the year will not reach the expected level in the backdrop of economic recession. The World Bank apprehends that the growth in world economy this year will be around 1.3 percent although it was originally expected to be 3.5 percent. The present measures as suggested in the budget of this year has been formulated keeping in mind the achievable economic growth, creation of employment opportunities and poverty alleviation. In this budget, measures have been taken to restructure and reconcile the taxation system. At the same time proper attention has been given to the protection and promotion of domestic industries in the face of liberal trade policies. Steps have also been taken to eliminate the existing distortions in the rates of custom duty and rationalise the same. In this context various measures have been taken in the proposed budget including reduction of the rate of custom duty on imports, complete withdrawal of supplementary duty on

a large number of goods, and withdrawal of license fee etc. As a result, the incidence of custom duty on many imported goods will decrease to a great extent.

Mr. Speaker, Sir,

7. I want to mention here another important aspect of the tax structure. Now-a-days many countries have adopted two or three tier custom duty rates including some member countries of SAARC. The highest rate of duty has been brought down substantially. At the same time, zero rate of duty has been withdrawn in case of import of most of the commodities. But in our case the zero rate of duty still exists in case of import of many commodities. This is quite undesirable. We have to change this situation as quickly as possible.

Mr. Speaker, Sir,

8. Agriculture is the largest field of economic activity in our country. It is also the main source of employment and livelihood of our rural population. As such special facilities have been provided for agro-based industries in this budget. The present era is the era of technology. Giving proper importance to this sector, the government continued the existing benefits, and in many cases, its ambit has been further widened. Without imposing any new tax, steps have been taken to increase the overall tax revenue by strengthening monitoring and supervision by tax administration. The government expects that it will also be possible to collect more revenue than before from Non-NBR sources through improvement of overall management and efficiency.

Mr. Speaker, Sir,

9. Last budget of the previous Awami League government can be termed as more politically motivated and not designed with farsightedness to achieve economic gains. What was implicit in its presentation was - to win the election; but in that also they failed very miserably. By this time international organizations have pointed out a number of unrealistic and unreasonable aspects of the last budget. Expressing an apprehension about the successes of the last budget, it was mentioned in the gentleman's version in the 'Periodic Economic Update (July 2001)' of the World bank which termed it as: "Prudent, But Difficult to Meet." Such analysis highlighting doubts in the minds of many was made because of the unrealistic character of the said budget which in no case can graciously be accepted. This year I have tried to present a realistic budget to the nation which I did many times in the past also. We have had series of pre-budget discussions with different expert groups, different Chambers of Commerce and Industries including FBCCI, professional associations, editors of different news papers, former finance ministers, former governors of Bangladesh Bank, and former finance secretaries, esteemed members of the parliament and renowned economists. Through these discussions we have worked out the modalities to reduce the gap between the policy makers and the taxpayers. Besides, the concerned wings of the NBR have had regular long discussions with members of the Task Force of the FBCCI on the budget. In short, it can be said that in the preparation of this budget the government has taken a participatory approach, which has contributed a lot in solving various problems.

Mr. Speaker, Sir,

10. Good governance and accountability are of obvious necessity to successfully implement economic reforms. The discretionary power of the tax officials has been curtailed drastically in this budget to ensure their accountability. I think, as a result of this the tax-payers will come forward to pay tax on time and overall tax collection will increase. With regard to this, I want to remind this august Parliament that it was the BNP government that brought reform in the financial sector during its previous tenure and at that time introduced modern VAT system. We are now deriving the benefit of the VAT system, which has become a major source of our revenue. In this budget I have proposed a number of important changes, in the existing VAT system and withdrawal of supplementary duty has been proposed from all local goods excluding nine specific items. Giving priority to agriculture, VAT has been completely withdrawn from electricity used in this sector in order to reduce the production cost of agricultural produce and encourage agricultural production. Now VAT is calculated on truncated value at different rates. To eliminate these anomalies, the rate of VAT has been restructured to introduce rational tax rate. At the same time programmes like “ Educating the Taxpayers ” have been taken up for the first time to increase awareness among the taxpayers about the tax laws. I hope that the changes will result in long-term benefit to tax payers.

Mr. Speaker, Sir,

11. I mentioned at the beginning of my speech that Bangladesh is one of those countries that made commitments to Millennium Development Goals (MDG). Considering from this angle, like many other developing countries Bangladesh will

undertake programmes for fulfillment of many socio-economic commitments by the year 2015, and to meet the cost of these action programmes we need sufficient resources. We believe that we shall be able to materialize these commitments by financing from our internal resources and to this end we shall not leave any stone unturned.

Mr. Speaker, Sir,

12. Bangladesh is considered a country of immense possibilities by many and we have a very bright future. We have sincere will and popular mandate to accomplish the task to make us a self reliant and prosperous nation. We have blessing of Allah with us and we are confident that we will be able to achieve the desired goal .

Mr. Speaker, Sir,

13. Now I like to present some of the major and important proposals relating to direct and indirect taxes.

Direct Taxes

Income Tax

Mr. Speaker, Sir,

14. Among direct taxes, income tax is our main source of revenue. Import dependent revenue is gradually falling in the backdrop of globalization. We are to depend now mainly on income tax and value added tax for internal resource mobilization. The previous government has not introduced any reform in the field

of income tax, due to which our dependency on indirect tax has not at all decreased. Lack of reforms has undermined dynamism in the income tax administration. On the other hand, due to various distortions and retrogressive measures that have been brought in the income tax law during the preceding years, the entire income tax management has lost its coherence and sense of direction. The main objectives of the measures designed for this year are : to restore dynamism in administration, promote investment in industrialization, ensure transparency and accountability in administration, expand tax base, bring multidimensional reforms in tax litigation settlement system, prevent tax evasion, create tax friendly environment conducive to investment and alleviate poverty by inducing investment in economic infrastructure and agro-processing industry. Now I am presenting some of the important proposals in respect of income tax.

Mr. Speaker, Sir,

15. (a) It is presumed that there is significant amount of ‘untaxed income’ within our economy. Due to absence of any special incentive for investing such income, taxpayers do not feel encouraged to declare such income nor such income is being invested in productive activities. Due to this reason, developmental activities including industrialization are being hampered. One of the goals of tax policy is to direct investment to socially and economically desirable sectors. Repeated opportunities in the past providing for partial tax amnesty on ‘untaxed income’ failed to generate desired response from the public due to absence of allocative direction of tax policy. Hence, I propose that any investment made between first July 2002 and thirtieth June, 2005 by an individual, firm, association of persons or a private limited company in any trade,

commerce or industrial venture engaged in production of goods or services be accepted by the Taxes department unconditionally and without any question.

- (b) We have bumper production of mangos and leeches in our northern region, pineapples in the western and eastern region and guava in the south. Due to absence of processing facilities, full economic potentials of these perishable fruits can not be harnessed. Proper development of agro-processing industry will not only ensure fair price to the growers but will also help create employment opportunities and boost export diversification. With a view to extending our support to the development of agro-processing industry, I propose to fully exempt income of such industry from 1st July, 2002 upto 30th June 2005. Investment in this sector will enjoy similar tax amnesty as is available in other sectors.

- (c) An efficient transport system is a hallmark of a strong economic infrastructure. Adequate investment is needed in this sector to build such a system. At present, the owner of a commercial motor vehicle and inland water vessel is required to pay for his investment on such vehicle or vessel, as the case may be, an additional amount at the rate of 200% and 125% respectively of presumptive tax payable by him. This policy of taxing investment is not at all conducive to the development of this vital sector. Hence, I propose to withdraw investment-related tax in this sector.

Mr. Speaker, Sir,

16. During the regime of the last Awami League Government, Wealth Tax Act was repealed in 1999 and in its place a system of surcharge was introduced at a rate to be calculated on income tax payable. Imposition of surcharge with a bearing on income tax is a big distortion in the tax regime and is repugnant to ethics of taxation. Besides, since wealth tax was rolled back in order to relieve the taxpayers of the burden of multiple tax system, it was totally an immoral step to bring back the same wealth tax in the guise of surcharge. Hence, I propose to withdraw the provision of imposition of surcharge.

Mr. Speaker, Sir,

17. (a) At present, foreign remittance of a resident Bangladeshi is exempt from income tax on fulfilment of certain conditions. There has been no positive response to this tax amnesty due to these conditionalites. On the other hand, remittance of Bangladeshis working abroad does not enjoy any tax exemption under the existing law. Hence, in order to encourage investment in our economy, I propose to exempt from tax unconditionally any foreign remittance through banking channel of a resident Bangladeshi and a Bangladeshi working abroad.

(b) The development of computer software coupled with dissemination of information technology is indispensable for human resource development. Hence, I propose to exempt from tax so much of income of a Bangladeshi enterprise as is attributable to computer software business for the period from 1st July 2002 to 30th June 2005. I also

propose to withdraw tax withholding on computer accessories at import stage.

- (c) According to existing law, bonus share is taxable in the hand of shareholder. As a matter of fact, bonus share is not an income. I, therefore, propose to exempt bonus share from taxation.

Mr. Speaker, Sir,

18. At present, tax exemption limit for individuals is one lac taka. By Finance Act, 2000, this exemption limit has been raised to one lac taka from 75,000/- taka. The current exemption limit is undoubtedly high in the light of our per capita income and exemption limits prevailing in our neighbouring countries. I, therefore, make the following proposals in this regard:

- (a) I propose to reduce tax exemption limit for individual assessee to 75,000/- taka from one lac taka and replace the present four tier tax structure by a five tier structure as shown in **Annexure-"A"**. Maximum tax rate of 25% for individuals will remain unchanged. Mr. Speaker, I want to mention here that, as a result of restructuring of the tax rate following reduction of exemption limit, a tax payer having income of 10 lac taka will pay income tax under proposed rate at taka 1,58,750/- as against taka 2,07,000/- he is required to pay under the existing rate. Similarly, a tax payer having income of 5 lac taka will pay tax at taka 57,500/- in place of taka 82,000/- and a tax payer having income of 2 lac taka will pay tax at taka 12,500/- in place of taka 14,000/-. It is my earnest hope that in the background of substantial reduction of tax burden, the assesseees will be paying their

due taxes imbued with patriotism and will participate more actively in national economic activities.

- (b) At present, minimum tax for individual is taka 1,000/-. In 1994, minimum tax under self-assessment was taka 1,800/- and for other assessees taka 1,200/-. Taking inflationary impact into consideration, I propose to fix minimum tax for all individual categories of assessees at taka 2,400/-. I also propose to fix minimum tax under 'spot assessment' at the same amount.

Mr. Speaker, Sir,

19. At present, corporate tax rate for listed companies is 35% and for others 40%. Various quarters including business communities have been demanding for long to reduce corporate tax rate. It is necessary to reduce corporate tax to a tolerable level for improved tax compliance and also to promote investment and industrialization. To achieve this end, I make the following proposals:-

- (a) I propose to reduce corporate tax rate of listed companies to 30% from 35% and for others to 35 % from 40%. However, in the case of bank, insurance company and financial institution, corporate tax rate will be 40%.
- (b) At present listed companies are entitled to 10% tax abatement if they declare dividend at 25% or higher. In order to help promote capital market, I propose to bring down rate of dividend declaration to 20% from 25% for enabling these companies to avail of tax abatement.

- (c) According to existing law, capital gain tax for companies is payable at corporate rate in case of asset divestment within five years and at 25% on divestment after five years. The present capital gain tax regime for company is impeding industrial growth. Hence, I propose to fix capital gain tax at 15% for companies, regardless of the retention period of assets.

Mr. Speaker, Sir,

20. By Finance Act, 2001, tax rate of the assessment year 2001-02 has been made effective for the assessment year 2002-03 also. In order to help the assessee avail of the benefit of proposed reduction and changes in tax rate, the proposed rate be made effective for the assessment year 2002-2003.

Mr. Speaker, Sir,

21. At present, government employees are not required to pay income tax on their salary. Tax on their salary is deemed to be paid by the government. Since they are not required to pay tax on their salary, many government employees do not file their tax return even when their income from sources other than salary exceeds tax exemption limit. On the other hand, employees outside the government are required to pay tax on their salary as usual, which has resulted in a discriminatory tax treatment between government employees and others. This discrimination creates social inequity and distortion in the system with negative impact on our tax-GDP ratio. Besides, the situation in which the government employees are remaining outside the tax net is also hindering expansion of tax base. For many years, different trade bodies including FBCCI have been vociferous in their demand for removing the current disparity in the tax treatment of government

employees. Our development partners including the World Bank are also highly critical about maintaining the current status on the issue. Since no decision has previously been taken on this, similar demand from the same quarters for ending differential tax treatment for government employees has been raised before me this year also. I agree in principle that the current discrimination should terminate. But in the existing pay structure of the government employees, it will not be rational to ask them to pay their income tax themselves. Considering the overall situation in this behalf, the government has decided to pay income tax of the government employees from its own fund. The Ministry of Finance has allocated 50 crore taka as income tax of the government employees, which will be deposited by the government to the treasury. Keeping in harmony with the government measure for paying income tax on behalf of the employees, the government employees will require to mention their TIN in their pay bill. Tax on tax will not apply for government employees as in other cases. I hope that this step will put an end to the long simmering issue of differential tax treatment in respect of government employees.

Mr. Speaker, Sir,

22. 'Branch company' not incorporated in Bangladesh repatriates its post tax profits to its overseas parent company. At present, such repatriation is not liable to taxation. On the other hand, in case of repatriation of dividend to a foreign shareholder company by a company incorporated in Bangladesh, tax is payable on such dividend at 15%. The present scenario of taxing a 'branch company' and a Bangladeshi company under similar circumstances is discriminatory. With a view to removing this discrimination, it is proposed to treat profit repatriation of 'branch company' as dividend for the purpose of taxation.

Mr. Speaker, Sir,

23. A persistent stagnancy is prevailing in the capital market. It is, however, observed that many listed public limited companies, despite earning good profit, are not distributing reasonable dividend or bonus share to shareholders. As a result of this, not only the shareholders are deprived, the general investors are also discouraged from investing in capital market. In view of the above, I propose to impose 5% additional tax on undistributed profit of listed companies, where these companies despite having adequate divisible profit fail to declare dividend or bonus share less than 15% of their paid-up capital. Banking and insurance company will remain outside this measure.

Mr. Speaker, Sir,

24. Though the NGOs at the outset confined their activities on social & economic upliftment with no profit motive, subsequently they have enlarged their operations to commercial activities. Similar nature of commercial activity undertaken by others is taxable. It is not considered fair to accord discriminatory tax treatment to income arising in similar circumstances. However, there is rationale in allowing some tax break for the NGOs in the light of their special circumstances. Keeping the entire NGO scenario in view, I propose to bring all sources of their income under taxation except that arising from micro-credit operation.

Mr. Speaker, Sir,

25. In the interest of industrialisation and investment, tax holiday has been continuing in our tax regime since Pre-Liberation Days. By Finance Act, 2000, tax holiday has been extended upto 30th June 2005. There are forceful arguments for and against continuing this facility. In the context of our need for increased resource mobilisation, our development partners are also opposed to this system. At present, more than 2 thousand industries are enjoying tax holiday. According to existing law, extension unit of an existing industry is also entitled to tax holiday. A study has shown that the current facility of granting tax holiday to extension unit has been grossly abused. As a matter fact, in many cases tax holiday facility was availed for an artificially created extension unit without really setting up a new unit, by merely showing transfer of machineries of the existing unit to the said artificial unit. The study has further shown that many industrial undertakings on expiry of tax holiday have set-up new extension units under tax holiday, where they have diverted income of the taxable unit through a mechanism of internal transfer pricing in a bid to use the system as a vehicle for perpetual tax holiday. This has resulted in an undesirable 'tax haven' situation for industrial sector in our tax regime. In the interest of revenue and industrial development, it is of imperative necessity to arrest such misuse. In view of this, I propose following changes and reforms in the system:

- (a) I propose to withdraw the provision of tax holiday for extension unit of an industrial undertaking.

- (b) In order to prevent misuse of tax holiday through internal transfer pricing, I propose to make provision for considering inter company transaction between associate enterprises as a disqualification for tax

holiday. It may be mentioned that from now on tax holiday will be available only for an industrial undertaking formed as a separate company.

- (c) At present, a tax holiday company is required to reinvest at least 30% of its exempted income. In order to promote industrial investment, reinvestment is proposed to be raised to 40% from 30% .

Mr. Speaker, Sir,

- 26. (a) At present, 100% accelerated depreciation allowance on cost of machinery is admissible for new industrial undertakings at 100% for the first year and at the same percentage for the first two years, depending on the location of the undertaking. In order to promote industrial development, I propose to make provision for 100% accelerated depreciation allowance for the first year in all cases, regardless of their location.
- (b) Initial depreciation allowance in respect of new industrial undertaking was withdrawn by Finance Act, 1998, which has been a negative measure in the context of our need to promote industrialisation. I, therefore, propose to reintroduce initial depreciation allowance for the first year on machinery at 25% of its cost and in respect of factory building at 10% of its cost. I also propose restructuring of the general depreciation allowance rates as shown in **Annexure - "B"**.

Mr. Speaker, Sir,

27. I have mentioned earlier that the benefit of tax holiday and accelerated depreciation allowance is available for new industries. The industries under tax holiday are not required to pay tax for five or seven years during tax holiday period. Many industrial undertakings do not feel comfortable in their transition from tax holiday to taxable status. The government wants to ensure a smooth transition by developing a tax culture among the entrepreneurs and at the same time desire to continue patronization of new industries. In view of this, I propose to make provision for taxing new industry set-up between 1st July 2002 and 30th June 2005 at a reduced concessionary rate of 20% for five years from commencement of commercial production. No application or approval formality will be necessary for this.

Mr. Speaker, Sir,

28. Self-assessment scheme for individual assessee is an important feature of our tax regime. An efficient and simple self-assessment system is desirable for both taxpayer and tax administration. In order to make the system more liberal and attractive for the taxpayer and revenue elastic for the tax administration, I propose following changes and reforms in the system:

- (a) Under this system, a new assessee can avail of a facility of declaring maximum 20 lac taka as initial capital which he is not required to explain, if at least 25% of the said capital is shown as income in his return. In order to further liberalise the current facility, I propose to withdraw the initial capital limit altogether and make provision for showing at least 15% of initial capital as income.

- (b) In order to make the scheme more attractive for the new assesseees, it is proposed to keep them in the first year outside the purview of audit. It is further proposed to make provision for audit immunity for assesseees declaring income 20% higher than that of the preceding year.
- (c) It is proposed to make submission of statement of assets and liabilities compulsory for all assesseees under this scheme. It is also proposed to keep outside the purview of this scheme cases showing loss, refund, income less than last assessed income and income below taxable limit.

Mr. Speaker, Sir,

29. At present, a private limited company under self-assessment facility is required to pay at least 25,000/- taka to qualify under the scheme. Revenue contribution of private limited companies is quite insignificant despite the fact that their number is manifold higher than the public limited companies. There is rational justification for increasing the amount of minimum tax for a private limited company availing of this facility. I propose to raise the minimum tax ceiling for a private limited company under this scheme to 50,000/- taka from 25,000/- taka. I also propose to extend the facility of ‘assessment on correct return’ on the basis of audit certificate to ‘branch company’ as well as to companies whose foreign shareholding exceeds 30%.

Mr. Speaker, Sir,

30. The discretionary power vested with the assessing officers under the existing law is an impediment for creating a tax-friendly environment. In order to restore

taxpayers' confidence through accountable administration, it is necessary to downsize discretionary power of the tax authorities. The present democratic government elected with a massive popular mandate is committed to fulfil the expectation of the people. To meet this expectation, we are to establish good governance by ensuring accountability at all levels of administration. With this end in view, I make the following proposals in the above context:

- (a) In the case of misuse of authority by the Deputy Commissioner of Taxes under his 'best judgment' assessment or in the case of his failure to give appeal affect within time or in the case of his failure to give due refund to an assessee in time, I propose to make provision for treating the said action of the Deputy Commissioner of Taxes as a punishable 'misconduct'.
- (b) In order to prevent misuse of discretionary authority by tax administration and also to save the taxpayer from harassment, I propose to make provision for approval by NBR in a case where the Deputy Commissioner of Taxes proposes to enhance income 30% higher than that disclosed by the assessee. I also propose to make provision requiring tax officer not to disallow the expenses claimed by an assessee without definite reason and documentary support.
- (c) Under the income tax law, the Deputy Commissioner of Taxes alone is vested with the power of assessment. His assessment power is at present controlled under an internal approval system devised for enforcing monitoring by the supervising officials. This kind of control creates procrastination in assessment, with the assessee becoming victim of an indirect harassment. In order to obviate these difficulties,

I propose to rollback the system of administrative approval. However, the present system of administrative control with regard to refund related cases will continue.

- (d) The Deputy Commissioner of Taxes while asking the assessee to produce books of accounts and documents does not in many cases give specific requisition for relevant books of accounts and documents. This not only creates confusion for the assessees, it also prolongs the assessment finalization process and creates mistrust and distance between the tax payers and the tax administration. In order to remove this difficulty, I propose to make provision for specific requisition for such documents mandatory for the Deputy Commissioner of Taxes.

Mr. Speaker, Sir,

31. Under the existing law, time frame available for various income tax authorities for disposing of cases including appeal cases is more than actually necessary. This creates procrastination and seriously affects revenue collection. On the other hand, due to existence of a traditional law empowering the Taxes department to file appeal to the Taxes Appellate Tribunal against the order of their own officers, the Taxes Department is filing redundant appeals, as a result of which the Appellate Tribunal being overburdened with appeal cases is gradually losing its efficiency. In order to obviate these difficulties, I make the following proposals:

- (a) I propose to rescind the departmental right to appeal to the Appellate Tribunal. I also propose to withdraw all departmental appeals pending before the Appellate Tribunal on first July, 2002.
- (b) I propose to reduce time limit for appeal disposal by the Appellate Tribunal to 6 months from 2 years and also propose to roll back the condition of payment of 10% income tax by an assessee in respect of appeal to the Appellate Tribunal.
- (c) I propose to make provision requiring the Deputy Commissioner of Taxes to complete assessment within nine months of filing of income tax return. I further propose to reduce time limit for appeal effect to 30 days from 60 days.
- (d) I propose to bring down time limit for appeal disposal by the departmental appeal authorities to 90 days from 1 year. I also propose to reduce time limit for disposal of revisional cases by Commissioner of Taxes to 30 days from 1 year. The Commissioner of Taxes' power to review at his own motion is also proposed to be withdrawn.

Mr. Speaker, Sir,

32. The Taxes Appellate Tribunal consists of judicial member and accountant member. Adequate knowledge in income tax law and accountancy coupled with professional skill and experience are indispensable for deciding Tribunal cases. In the backdrop of globalization and ever unfolding complexities in the application of tax law and analysis of accounting procedures, Chartered Accountant, Cost and

Management Accountant, Income Tax Practitioner and experienced officers of the Income Tax Department are found to be more capable of discharging their function in the Tribunal. The Tribunal is the highest court in respect of analysis of fact. The revenue success and overall administrative dynamism depend largely on the efficient functioning of the Tribunal. In the background of an interactive global scenario, absence of a quick and modern dispute settlement system in the tax management not only affects revenue collection but also impedes both local and foreign investment. Therefore, the role of tax dispute settlement system in revenue management can not be isolated from the overall economic activities. In order to make the Tribunal more modern and dynamic, I make the following proposals:

- (a) I propose to withdraw the provision of appointment of judicial members in the Tribunal. Excepting them, retired members of NBR and retired Commissioners of Taxes will qualify to become members of the Tribunal in addition to those who are at present eligible.

- (b) At present, there are more than 5 thousand appeal cases pending before the Tribunal. It is quite impossible for the Tribunal to dispose such staggering number of cases through its six Benches. In order to safeguard the interest of taxpayers and to accelerate revenue collection, I propose to create four new Tribunal Benches for quick disposal of appeal cases.

Mr. Speaker, Sir,

33. During recent years, appeals before the Taxes Settlement Commission have drastically fallen. I have earlier proposed comprehensive reforms and changes in the departmental appeal system including the Taxes Appellate Tribunal. In view of

this, there being no justification for keeping Taxes Settlement Commission as an independent organization for the same purpose, I propose to abolish it.

Mr. Speaker, Sir,

34. Tax withholding system is a unique feature of our tax regime. A lion's share of income tax revenue is collected through this mechanism. Continuous reform and rationalization of the system is necessary for sustained revenue growth. With this end in view, I propose few important changes below:

- (a) At present, there is 10% withholding tax in respect of transfer of immovable property. Due to such high withholding rate, there is a tendency among sellers to understate sale price of the property and in some cases registration is put off even after actual transfer of the property. Due to this reason, government is not getting expected revenue from this source. In view of the above, I propose to reduce withholding tax rate from this source to 5% from 10%. I also propose to make provision not to withhold any tax in respect of a property acquired within five years before transfer.
- (b) In view of the reduction of interest on saving certificates, I propose to reduce withholding tax on interest of saving certificates to 5% from 10%. I also propose to withdraw the existing withholding exemption limit of taka 25,000/-.
- (c) In order to encourage proper declaration and remittance of indenting commission, I propose to reduce withholding tax on indenting commission to 3.5% from 5%.

- (d) In order to harmonize with the withholding tax rate applicable for other professionals, I propose to reduce withholding tax in respect of service of doctors to 5% from 10%.
- (e) I propose to bring royalties and technical know how fees within the scope of tax withholding with a view to withholding tax thereon at the rate of 10%. Withholding tax in this case is proposed to be the final discharge of tax liability.
- (f) I propose to make provision for withholding tax at 5% on service of clearing and forwarding agency, private security service and stevedoring service.

Mr. Speaker, Sir,

35. It is indispensable to expand tax base for augmenting revenue collection. Mandatory requirement for submission of TIN certificate in certain areas is an effective method for widening the tax base. But in some cases, this creates inconvenience. Hence, I propose the following rationalisation;

- (a) I propose to withdraw the requirement of compulsory submission of TIN certificate by buyers of immovable property in case of a non-resident Bangladeshi and also in the case of a property situated in a city corporation where deed value of the property does not exceed one lac taka.

- (b) In order to expedite issue of TIN certificate by the tax authority, I propose to make provision for issue of the said certificate within one working day.
- (c) I propose to make provision for mandatory requirement of submission of TIN certificate in respect of sanction of bank loan exceeding 5 lac taka.

Mr. Speaker, Sir,

36. Respected tax payers very often complain that, in many cases, they are not given their due refund or imaginary tax demand is created without due tax credit or refund is adjusted against arrear demand without notifying the assessee. Most of these complaints have been found justified. Besides, according to existing law, an assessee's claim for refund gets barred by limitation if he fails to apply for such refund within two years. There is no logic to apply limitation for refund due to an assessee. In order to obviate these difficulties, I propose as follows:

- (a) I propose to withdraw the provision of limitation for refund application.
- (b) I propose to allow the assessee an opportunity of being heard in case of his refund adjustment and issue refund voucher in such case within a period not exceeding 30 days.

Mr. Speaker, Sir,

37. The bad debt provision deductibility brought under income tax law by the Finance Act, 1990 under the Financial Sector Reform Program for a maximum rate

of 3% of bad and doubtful debt was available for the commercial banks upto the assessment year 2001-2002. On evaluation of the overall banking sector scenario, I deem it necessary to continue this facility. Hence I propose to extend this facility upto the assessment year 2004-2005 at a maximum rate of 3% as allowed earlier.

Mr. Speaker, Sir,

38. The present system of tax collection on personal vehicle like car, jeep, etc at the time of renewal of fitness was introduced by Finance Act, 1999. Personal vehicles are not at all a source of income. Hence, this provision of tax collection on personal vehicle is a big distortion in income tax law and is repugnant to basic principles of taxation. In view of this, I propose to withdraw the provision of advance tax collection on personal vehicle .

Mr. Speaker, Sir,

39. Presumptive tax for inland water vessels was introduced in 1999. Despite increase in the number of vessels plying in inland water, revenue collection from this sector is not satisfactory. Though presumptive tax for road transport vehicle was rationalised in 2000, presumptive tax for inland water vessel has remained unchanged. In order to harmonise with the presumptive tax of road transport sector, I propose to rationalise the same for the inland water sector as shown in **Annexure –“C”**.

Mr. Speaker, Sir,

40. Existing law provides for withholding tax at 10% on dividend of individual shareholder. It also provides a concurrent provision for tax withholding exemption

for 40 thousand taka and total tax exemption for 1 lac taka. Mr. Speaker, I am constrained to mention that a visible 'tax anarchy' has been created in this area by making a simultaneous provision of withholding exemption for 40 thousand taka along with full exemption for 1 lac taka. Besides, there is no justification to maintain such high tax exemption for dividend. However, considering the interest of small investors, I propose to reduce dividend exemption from one lac to taka 25,000/-. In case of dividend exceeding taka 25,000/-, the entire dividend will be taxable and withholding tax will apply accordingly.

Mr. Speaker, Sir,

41. Dividend income of foreign shareholder of Leasing company and interest income of their foreign lender have been tax exempt for long. It is necessary to mention that we have bilateral tax treaties with 20 countries. According to these treaties, contracting countries have mutual right to tax dividend at 15% and interest at 10%. Despite such treaty provisions, there is no justification to maintain tax exemption for this under our domestic law. Hence, I propose to withdraw these exemptions.

Mr. Speaker, Sir,

42. During recent years, many English medium schools, colleges and universities have been setup in private sector. All these institutions are run on commercial basis. They charge very high tuition fees and other charges including transportation charge from their students who are to buy text books and other educational materials from these institutions. The children coming from families of moderate means can not afford this education. I am constrained to mention that this kind of educational institutions creates discrimination which is not conducive for

social stability. Due to existing lacuna in the income tax law, most of these commercially run institutions are avoiding tax. I, therefore, propose to make appropriate provision in the law for taxing such institutions. However, with a view to patronizing vocational and IT education (information technology), medical, dental and engineering college and institutions providing education on information technology will remain outside the purview of this provision.

Mr. Speaker, Sir,

43. Many people in our country live ostentatious life. They live in luxurious house, ride expensive car and make frequent recreational foreign trips with family. It has been observed that the amount of income they disclose is not always found commensurate with the high quality of life they maintain. Due to non availability of relevant information, assessing officers can not assess them properly. Hence, I propose to make provision for requirement of submission of relevant personal information with their tax return.

Mr. Speaker, Sir,

44. There is a huge outstanding unrealisable arrear income tax demand. It is necessary to mention here that in 1999 the Former Honorable Finance Minister of the Awami League government declared before the Parliament in his budget speech that all unrealisable arrear income tax demand prior to 1988 would be written off. It is pertinent to state that no appropriate law was enacted to implement this decision. As such, it remained unimplemented till today. Still, there is an urgent need to write off this kind of arrear demand, for which it is necessary to enact appropriate law. Taking into consideration the overall situation in this behalf, I propose to make necessary law for writing off all arrear outstanding unrealisable

demand of the the assessment years prior to and including the assesment year 1985-86. However, arrear demand of those cases pending before the Honourable Supreme Court will remain outside the purview of this provision.

Mr. Speaker, Sir,

45. In the light of the changes brought about by trade globalisation and emergence of information technology, it is necessary to radically restructure our revenue management system through reforms. As I have mentioned before, no reform program was earlier initiated for modernisation of income tax administration. Recently, a reform program (RIRA) with the financial assistance from the Government of the United Kingdom has been undertaken in order to build a modern, efficient and time-befitting tax administration. The main objectives of this program are to introduce a common TIN for income tax and VAT for ensuring much needed coordination between these two departments, prevent revenue leakage by consolidating internal audit and inspection, achieve human resource development by increasing professional skills and adopt a coordinated tax education program for creating public awareness. I hope that it will be possible to build a transparent, efficient and effective tax administration through this program.

Mr. Speaker, Sir,

46. Among the changes and reforms that I have presented so long in the area of income tax, reduction of discretionary power of tax officials is one of the most important. I firmly believe that this step will create in future a favourable environment for enhanced revenue performance. It is, however, necessary to take care that a check and balance is maintained in the overall revenue administration. In the existing law, tax recovery measures are very weak and these are nearly

ineffective in dealing with a recalcitrant tax defaulter. Though there is a legal provision of tax recovery through Special Magistrates, the measure could not be put in place due to administrative complication in the deployment of Special Magistrate. It is necessary to mention that in many countries of the world ‘Fiscal Police’ is used for tax recovery and in our context it is time to think loud about it. However, in view of our present situation , I am proposing for taking necessary steps for placement of Special Magistrarte within NBR administrative set-up. We will, however, take a final decision about deployment of ‘Fiscal Police’ in future on assessing the effectiveness of the above measure.

Travel Tax:

Mr. Speaker, Sir,

47. Income tax department is responsible for travel tax collection. At present, Bangladeshis travelling abroad are required to pay travel tax at a fixed rate. There was no change in this rate since 1994. Besides , travel tax rate in our country is low in comparison with many countries. I propose to rationalise travel tax rate as shown in **Annexure: “D”**.

INDIRECT TAX CUSTOMS

Mr. Speaker, Sir,

48. At the moment, customs duty, supplementary duty, value added tax, infrastructure development surcharge, advance income tax and license fee are applicable at the import stage. 31 rates of supplementary duty varying from 2.5% to 270% were imposed disregarding the established principles of supplementary duty imposition and indiscriminate imposition of supplementary duty on basic raw material of industry and essential commodities during 1996-2001 created a big distortion. Due to the existence of such a situation the importers, foreign investors, and the business community at large were confused as to the actual incidence of tax on imported goods, which was prevailing than what was apparently found. Due to this complexity in the tariff structure the business community had suffered, foreign investment was discouraged leading to an increase in smuggling and hundi business. Against this backdrop I would now like to present my proposals on import duties for the year 2002-2003 before the august Parliament.

Mr. Speaker, Sir,

49. As an attempt to bring transparency and gradual withdrawal of supplementary duty I propose to withdraw the same on 120 category of goods out of 170 category. The withdrawal list includes industrial raw martial as well, which are detailed in **Annexure-"F"**. These proposals for withdrawal of supplementary duty on a large number of goods, Mr. Speaker can certainly be considered as a very important measure towards the simplification of tariff structure.

50. I further propose to reduce supplementary duty rates only into five (10, 20, 30, 50 and 60 percent) from the existing 31 rates varying from 2.5 percent to 270 percent. Keeping in mind the revenue impact, it was indeed a difficult exercise of slashing 31 rates to five rates and to reduce the previous highest rate to such a low level (60 percent). I would like to mention here that the existing supplementary duty rates on cigarette, liquor and the two stroke three wheeler will remain as before, considering cigarette and liquor being injurious to health and the two stroke three wheeler an environmental hazard.

Mr. Speaker, Sir,

51. At present all imported goods other than a few exception, attract 2.5 percent licence fee, 3 percent AIT and 2.5% IDSC. The tax incidence in this instance comes up to 8 percent. In order to lower the tax incidence I propose to completely withdraw the license fee chargeable at 2.5 percent from all imported goods. I also propose to increase the existing rate of IDSC from 2.5 percent to 3.5 percent to meet the contingency cost of construction and maintenance of infrastructure in the country. The above measures will certainly mean lowering of the existing incidence of tax from 8 percent to 6.5% which is a 1.5 percent decrease in tax incidence on imports (other than customs duty, VAT & supplementary duty).

Mr. Speaker, Sir,

52. The highest rate of customs duty since 1999 has been maintained at 37.5 percent. This rate was not reduced in the following three years. The highest rate of customs duty in many countries of the world, including many of the SAARC countries, was reduced to a great extent. In the wake of liberalization of trade and taking into cognizance the various tariff structure of the countries in the region, I

propose to lower the highest customs duty rate to 32.5 percent from the existing 37.5 percent. In other SAARC countries the lowest rate of customs duty has been kept at 10 percent even though a three-tier tariff structure was made effective. In the light of the practical necessity I propose to fix the lowest rate of customs duty at 7.5 percent. Honorable Member of Parliament, in this budget the lowering of the highest customs duty, withdrawal of supplementary duty on 120 category of items and withdrawal of license fee on all import are being proposed, which when given effect to, will drastically reduce the total tax incidence.

Mr. Speaker, Sir,

53. I propose to fix the customs duty rate of basic raw material at 7.5 percent, the intermediate raw material which are not produced in the country at 15 percent, the customs duty rate of semi finished goods and locally manufactured intermediate goods at 22.5 percent and of manufactured goods at 32.5 percent. In the next budget, effort will be made to lower the present four tier tariff structure to a three-tier one (10, 20%, 30%) keeping in conformity with the rates prevailing in the neighboring countries. In the present budget I am also proposing to reduce duty rates of quite a few industrial raw materials and of intermediate goods. I also propose at the same time to lower the supplementary duty on other intermediate and essential goods. On the other hand, in order to give protection to local industry I propose to increase customs duty slightly on a few items. Details of my proposals are furnished below.

Mr. Speaker, Sir,

54. The present Government is eager to protect the legitimate interest of the farmers and the development of the agro-based industry. I propose to impose 30

percent supplementary duty on mango, orange, grapes, apples, dates and other citrus fruits in order to promote maximum use of home grown fruits and to encourage their cultivation. At the same time in the interest of protecting the agro-based industry in the country I propose to impose 20 percent supplementary duty on orange, apple and other fruit juices. The details are shown in **Annexure "G"**. In the light of foregoing principles I propose to reduce customs duty on mango pulp from 37.5 percent to 22.5 percent, withdraw 5 percent supplementary duty on zenthen gum, lower customs duty on spice premix, a raw materials for noodles from 37.5 percent to 15 percent. The import of wheat and cereal pellets should be discouraged as these are manufactured in the country. As such I propose to raise 5 percent customs duty on cereal pellet to 15 percent. The sugar mills in the country are facing uneven competition to market their sugar because of lower customs duty. I, therefore, propose to increase customs duty on sugar from 25 percent to 32.5 percent and also impose 20 percent supplementary duty.

55. It is a matter of great pleasure that a lot of pisciculture farms have been established in the country. On the other hand, due to importation of fish the development of local fish farms have been jeopardized. We would like to encourage the unemployed youth to establish pisciculture farms, so that they can emancipate themselves from the curse of unemployment. Therefore, I propose to impose a 20 percent supplementary duty on the importation of 'Ruhi', 'Katla', 'Mrigel', 'Pangas' and 'Carp'. Details of these proposals have been furnished in **Annexure "G"**. I also propose to withdraw the existing 5 percent customs duty on aerator used in pisciculture and 15 percent customs duty on full fatted soyabean used as fish and poultry feed.

Mr. Speaker, Sir,

56. During the past tenure of BNP Government, a lot of encouraging programs had been undertaken for the development of dairy farms and dairy products. As a result, a lot of development took place in the field of milk and dairy production. Due to lack of patronization from the previous government, the dairy farms and dairy production in the country faced immense problems, which had pushed the country to become import dependent. The present government is trying to revive this vibrant sector, offering extensive incentive packages, such as soft term loans and subsidy, if necessary, so that the unemployed youth and people of lower income group are attracted to dairy farming enabling the country to attain self sufficiency in milk and dairy production. With a view to discouraging the importation of milk and dairy products into the country I propose to impose a customs duty of 32.5 percent and a supplementary duty of 10 percent on full cream milk powder imported in bulk packing, instead of existing 25 percent customs duty, 10 percent regulatory duty and 5 percent supplementary duty. In the same manner, I also propose to increase the supplementary duty to 20 percent on full cream milk powder imported in retail packing, instead of existing 5 percent supplementary duty and 10 percent regulatory duty. I also propose to impose a 20 percent supplementary duty on dairy products, such as butter, cheese etc. for the protection of local dairy industries. However, due to the withdrawal of 2.5 percent supplementary duty, there will be no substantial increase in tax incidence.

Mr. Speaker, Sir,

57. High quality galvanized iron pipes are being manufactured in our country. It has been found that the imported pipes are of low quality having lesser thickness than the standard ones. As a result the local buyers are being deceived while

purchasing these imported GI pipes. In order to mitigate this problem, I propose to increase the existing supplementary duty on GI pipes from 7.5 percent to 30 percent. I also propose to withdraw the existing supplementary duty or recast the customs duty and supplementary duty, as appropriate, on anchor, marine engine and hot rolled products other than coil (necessary for ship building industry), brass casting and forging (raw materials for spray machine), plastic lens and cupronickel or nickel silver wire (raw materials of spectacles frame industry), gas cylinder having a capacity not exceeding 5000 litre (apparatus used in LPG gas industry) and pre-fabricated buildings. Details of these proposals have been furnished in **Annexure "G"**.

Mr. Speaker, Sir,

58. An attempt has been made to identify and rationalize the tariff structure of goods which, due to their tariff anomalies, are susceptible to tariff switching and consequent revenue evasion. I, therefore, propose to harmonize the customs duty and supplementary duty rates on these goods, namely, bars and rods, flat rolled products exceeding 600mm of thickness (electrolytically plated or coated with zinc, plated or coated with aluminium zinc alloy) and similar products not exceeding 600mm of thickness, refined paraffin wax, dolomite not calcined, precipitated calcium carbonate, parts and accessories of electric meter, vat dyes and reactive dyes, sewing thread of synthetic filament and single yarn made of synthetic fibre of 85 percent or more, parts of electric fan and basic chromium sulphate. Details of these proposals have been furnished in **Annexure "G"**.

59. The government is eager to expedite the development and expansion of the textile industries. With that end in view I propose to recast, as appropriate, the

existing customs duty rates or withdraw the existing supplementary duty from the following textile spares such as rubber cot, rubber apron, sliver can and spinning can and chemicals for textile processing such as, acetic acid, caustic soda, sodium bi-carbonate, hydrogen peroxide, tapioca sago and bleaching powder. I also propose to recast, as appropriate, the existing customs duty rates and withdraw supplementary duty on the raw materials necessary for the manufacture of soap, such as tallow, RBD palm stearin, PFAD, soap noodles and also on accessories of shoe, luggage/fashion bag industries. Details of these proposals may be seen in **Annexure "G"**.

Mr. Speaker, Sir,

60. Development of paper manufacturing industries in the country has been remarkable. To patronize this expanding sector I propose to reduce the existing customs duty on defoaming agent and rosin size from 15 percent to 7.5 percent. I also propose to increase the existing customs duty rate on finished writing and printing paper not exceeding 150 GSM from 25 percent to 32.5 percent to protect the interest of local industry. Further, I propose to extend the existing facilities of customs duty-free import of waste paper and VAT-free import of de-inking chemicals for another year, in the case of import by newsprint industry. As a result the local newspaper sector and the newsprint industries will be benefited.

61. Local edible oils such as mustard oil, rape seed oil and 'til' oil were in extensive use in the near past. Due to lack of proper encouragement, their use have fallen drastically over the years and the country has become dependent, mostly on imported edible oils. If some sort of assistance can be extended to these industries, consumption of this locally produced edible oil would have been increased.

Against this backdrop, some steps are to be taken to increase the production of local edible oils, which would slowly reduce our dependence on import. With that end in view I propose to increase the import duty on crude edible oil, such as crude soyabean oil and crude palm oil/olein to 22.5 percent from existing 15 percent. Since there is a proposal for withdrawal of 2.5 percent licence fee, the consequent tax incidence would be minimum.

Mr. Speaker, Sir,

62. With a view to encouraging the expansion of local electrical goods manufacturing industry, I propose to recast the existing rates of customs duty and supplementary duty on the import of accumulator battery, dry cell battery, auto bulb, parts of energy saving lamps, PVC rigid film and PVC resin. In view of the encouraging growth of the local biscuit, chocolate and soft drinks industries, I propose to recast the supplementary duty rates on the import of biscuit, chewing gum, chocolate, candy and soft drinks in order to protect these fledging industries and to save hard-earned foreign exchange by discouraging their import. In order to prevent the outflow of precious foreign exchange by discouraging the import of luxury and less essential goods, I propose to recast the existing supplementary duty rates on cosmetics, toiletries (e.g., perfumes, dentifrice and other dental hygiene products, shaving cream and deodorant), soap products, wired and non-wired glass and table/kitchen glassware. Details of these proposals may be seen in **Annexure "G"**.

Mr. Speaker, Sir,

63. As television is now regarded as an important mass communication medium, I propose to reduce customs duty rate on the import of colour and black & white television in CKD condition from 25 percent to 15 percent and in CBU condition from 37.5 percent to 25 percent. I also propose to withdraw 15 percent supplementary duty on colour television and its parts & components. Local black and white television manufacturing industry is now facing uneven competition from the smuggled television. The main component of television, Loaded Printed Circuit Board (PCB), which is easily portable, is smuggled in by the unscrupulous traders who clandestinely assemble it with picture tube (CRT), body cabinet and other spare parts, and thereby evade VAT applicable at the local stage while marketing these illegally. As a result, the local television manufacturing industry, which import parts and components through official channel, are threatened with extinction. Therefore, I propose to enhance customs duty rate on the import of black and white picture tube (CRT) from 15 percent to 22.5 percent. In order to bring telephone within the reach of the general mass, I propose to withdraw 25 percent supplementary duty on telephone sets and increase customs duty rate from 15 percent to 22.5 percent. This measure will reduce tax incidence on the import of telephone sets to a great extent.

Mr. Speaker, Sir,

64. Duty rates on computer products have been kept at zero for the last few years, which led to the import of a huge quantity of computers. Meanwhile, it is learnt that some dishonest traders are actually importing computers with the ulterior motive of smuggling these out to other countries, where duty rates on computers are higher, thereby causing the country to lose precious foreign

exchange. Moreover, there have been complaints that, taking advantage of the duty free regime on computer products, foreign exchange is being smuggled out of the country through over-invoicing and some traders are taking recourse to importing parts of electronic goods in the name of computer accessories. It is a known fact that continual extension of any duty free facility ultimately gives rise to its misuse. I have already mentioned earlier in my speech that as a result of globalization, reduction of tariff rates has become a *sin qua non* task for all the countries and, therefore, it would not be possible for Bangladesh to continue to maintain duty free regime on many of items of import. Hence, I propose to impose 7.5 percent customs duty on the import of computer hardware, software, parts and accessories of computer, modem, inkjet refill, toner cartridge, ribbon and blank CD for computer. At the same time I also propose to withdraw 3 percent advance income tax applicable on computers. As a result, duty on computers will be increased by only 4.5 percent, which will have only a nominal tax incidence. It is worth mentioning that 7.5 percent customs duty, 15 percent value added tax and 2.5 percent infrastructure development surcharge were leviable on computers during the 1996-97, 1997-98 fiscal years.

Mr. Speaker, Sir,

65. With a view to encouraging the growth of hospitals and diagnostic centers equipped with modern health care and treatment facilities and to providing cheap but modern medicare services to people, I propose to reduce customs duty on diagnostic reagent and syringe, needle, catheter etc. from 15 percent to the lowest rate of 7.5 percent.

66. Our country has, in the recent years, seen a notable growth of clinker-based cement manufacturing industries. Excepting Chhatak Cement, there has not been any cement industry that uses limestone, the basic raw material of cement, to produce clinker and cement, even though limestone is cheap and easily available. As a result, value addition has remained minimum in this sector. In order to encourage the use of locally available limestone in the production of cement, I propose to enhance customs duty applicable on cement clinker imported only by cement manufacturing industry from 15 percent to 22.5 percent. However, I also propose to withdraw 2.5 percent supplementary duty and 2.5 percent license fee on cement clinker. The actual increase of duty on clinker will therefore be very negligible. Since finished cement attracts highest rate of customs duty, I propose to increase supplementary duty rates on bagged cement to 30 percent and on bulk cement to 20 percent. This will ensure protection of the local industry.

Mr. Speaker, Sir,

67. The government is very keen to encourage the import of environment-friendly vehicles. I, therefore, propose to reduce customs duty on electric battery-operated motor car from 37.5 percent to 15 percent and supplementary duty on CNG-operated four stroke three wheeler from 25 percent to 10 percent. The government will continue to allow import of CNG-operated double decker at zero percent and CNG-operated single decker at 7.5 percent customs duty as they are considered environment-friendly. However, I propose to impose 30 percent supplementary duty on two-stroke motorcycle in CBU condition, which is being treated as environment polluting.

Mr. Speaker, Sir,

68. The erstwhile government had imposed an unusually high rate of supplementary duty on the import of motorcar. As for example, the tax incidence on import of a 1300 cc motorcar was about 106 percent, in the case of 1650 cc motorcar 169 percent and in the case of 2700 cc motorcar 256 percent. Justification could be given in favor of imposition of such a high rate of supplementary duty on the ground of protecting the interest of the local car manufacturing industry, if there could be any. As a matter of fact, it was done to encourage the import of motorcar in a massive scale from a specific neighboring country and it appears that the import of motorcar from that country has shown significant increase over the past few years. Moreover, as a result of high duty structure on motorcars it was impossible for the buyers in general to buy a new motorcar excepting a rich few in the high income group. As a result, there has been a manifold increase in the import of old motorcars in comparison to that of new ones. This has led Bangladesh to become the market for the old and discarded motorcars in this region, not to speak of the environmental damage it has caused. Although motor cars up to 5 years of age were permissible for import, many motor cars which were actually more than 5 years old and scrap in nature, were imported by fraudulently altering the chassis and engine number plates evading detection by Customs officials. Since the fuel consumption of such old cars, and their maintenance and repair cost are very high, and these cars being susceptible to quick wear and tear, their maintenance through huge import of spare parts, adds pressure on hard earned foreign currency. In our neighboring countries, even in Sri Lanka, import of old motorcar has already been banned. For this reason I propose to impose ban on the importation of old motorcars from the date of the announcement of this budget speech. The Ministry of Commerce and the Ministry of Environment and Forest

have extended their support to our proposal for banning old cars. In the same light, I also propose to completely rescind the existing standing order, which allows depreciation in the assessment of old and used motor cars.

Mr. Speaker, Sir,

69. With a view to enabling the general people to purchase new car, I am proposing the following measures to completely withdraw supplementary duty on import of motor cars up to 1649 cc, impose 20 percent supplementary duty on motor cars between 1650 cc and 2699 cc and 60 percent supplementary duty on motor car of 2700 cc and above. The result of such proposals on tax incidence would be as under:

Description of the motorcar	Existing tax incidence	Proposed tax incidence
Upto 1649 cc	125%	59% (Less than half of existing incidence)
1650 to 2699 cc	232%	89% (Less than half of existing incidence)
2700 cc and above	256%	150%

It is hoped that acceptance of the above proposal will help one to purchase a new car at a price close to the price of an old or reconditioned car. This will result in protecting the environment, save on misuse of hard-earned foreign currency spent on purchase of fuel, helping the buyers in general to reap the benefit of using a new car.

Mr. Speaker, Sir,

70. In order to rationalize the duty structure of all other types of motor vehicles, I propose to restructure the existing rates of import duty on the double decker bus (non CNG), single decker bus having a seating capacity of 40 or more (non CNG), motor vehicles having a seating capacity not more than 40 (like minibus) and motor vehicles having a seating capacity not more than 15 (like human hauler), completely build up (CBU) trucks, pick-ups and delivery vans, completely knocked down (CKD) trucks and pick-ups and the chassis fitted with engine of the above motor vehicles. Particulars of the above restructuring is given in **Annexure "G"**. On the other hand, considering the important contribution of the agricultural sector I propose to withdraw existing 5 percent import duty on the CBU tractors. It is hoped that the farming community engaged in the agriculture sector will be immensely benefited by this measure.

Mr. Speaker, Sir,

71. I propose to increase the import duty of tyres used in motor cars and bus-trucks from 25 percent to 32.5 percent and to withdraw 5 percent supplementary duty. On the other hand, I propose to withdraw 10 percent and 5 percent supplementary duty applicable on the motor cycle tyres and bicycle tyres respectively. In order to protect the interest of the local bicycle industry I propose to increase the existing import duty on the bicycle tyres from 25 percent to 32.5 percent. In order to give more protection to this industry, I propose to reduce the existing import duty on raw materials of tyre-tubes, like bicycle tube valve and plated or coated non-alloy steel wire from 15 percent to 7.5 percent.

72. I propose to withdraw supplementary duty, where applicable, or recast the import duty of crude coconut oil, potato starch, manioc starch, white petroleum jelly, other centrifugal pumps excepting pumps made of cast iron, red lead and orange lead oxide, magnesium sulphate, xylene, polypropylene, POY and parts of trailers and semi trailers, which are treated as industrial raw materials. I also propose to recast existing rates of import duty or supplementary duty, where applicable, of plywood, alum, sulfuric acid, fly ash, vinyl chloride, vinyl acetate, lubricating oil, glass bangles, co-axial cable as well as other cables, electric bulb and chromated copper arsenate in order to protect the interest of the local industry. Details of these proposals is given in **Annexure "G"**.

Mr. Speaker, Sir,

73. Keeping in conformity with the existing tariff rate of the neighboring countries, I propose to increase customs duty on raw silk and silk yarn from 15 percent to 22.5 percent and customs duty on scrap vessel from 5 percent to 15 percent. It is worthwhile to mention that withdrawal of 2.5 percent license fee on all these items have already been proposed.

74. The existing rates of customs duty and supplementary duty on refrigerator is 25 percent and 30 percent respectively which in the case of air conditioner is 37.5 percent and 42.5 percent. I propose to completely withdraw applicable supplementary duty on refrigerator and to reduce supplementary duty on air conditioners to 30 percent. At the same time the measures which have been taken to protect the refrigerator & air conditioner assembly industry in the country have been shown in **Annexure "G"**.

Mr. Speaker, Sir,

75. To help and promote industrialisation in the country I propose to include industrial blower, electrical burglar and fire alarm in the SRO meant for capital goods/equipment. At the same time I propose to exclude trailer and semi trailer from the same SRO on capital goods. I propose also to issue an SRO by bringing amendment in the existing exemption SRO on pharmaceutical raw materials as well as to bring few amendments in the existing baggage rules.

Mr. Speaker, Sir,

76. Extensive bond facilities were given to the export-oriented garments industries, which, later, were gradually extended to other sectors. As a result, import of industrial raw materials and accessories used by the export oriented garments, leather, frozen foods and other export-oriented industries had increased tremendously. But this bond facility had widely been misused for the last few years. As a result PVC, polypropylene, polyethylene, paper and paperboard, dye and chemicals, various industrial accessories and raw materials which are imported free of duty and taxes were being sold to the local market. Hence, the government has been loosing a huge amount of revenue. On the other hand, the local manufacturing units are on the verge of closure due to uneven competition. The duty draw back system has long been introduced to protect the interest of the export-oriented industry and many of such export- oriented industries are enjoying the duty drawback facilities. However by circumventing the bond facility, many items imported irregularly in excess are being clandestinely sold in the local market evading duty and taxes. In order to redress the situation the list of raw materials and their quantity used in such bonded factories needs to be recast. The bond facilities given to goods will be required to be reduced which may easily

enjoy the duty drawback facility. On the other hand, to arrest the leakage of the evasion of huge amount of revenue and for the interest of protecting the local accessories industry effort will be given to continue the existing bond facilities to a limited extent only to those goods, raw materials, accessories and intermediate goods which are not produced indigenously.

Mr. Speaker, Sir,

77. A good number of enterprises, called the diplomatic bonded warehouses, have been supplying foreign made cigarettes, alcoholic beverages and other consumable goods to the diplomats and privileged persons since long. Needless to say that there is almost no control by the concerned authority over the activities of the diplomatic bonded warehouses. As a result they are misusing the present operational procedures. It may be mentioned here that different foreign missions through their commissariats import these goods (cigarettes, alcoholic beverages & consumable goods and food items) and for this purpose they have their own management. Moreover, the hotels (Sonargaon, Sheraton, Purbani, Agrabad etc.), private clubs and Bangladesh Parjatan Corporation also import these goods to fulfill their own requirements. Under the circumstances, the need for the operation of diplomatic bonded warehouse is not felt so essential. Therefore, in order to limit the activities of the diplomatic bonded warehouses, stop the evasion of huge amount of revenue and prevent the misuse of hard earned foreign currency, I propose the following steps :

- (i) Annual entitlement of the diplomatic bonded warehouses to be reduced by 50 percent.

- (ii) Existing facilities may be continued only to the foreign citizens who are diplomats and are treated as diplomats under the Vienna Convention; and to the foreign citizens who work in the UN bodies, international organizations (WB, IMF, ADB, IDB etc) and similar organizations (USAID, DANIDA, JICA, DFID, CIDA, SIDA etc.).
- (iii) Henceforth this facility would no longer be extended to anyone excepting the persons mentioned above; and in the case of the persons who are already enjoying the existing facilities, the duty-free entitlements shown in their passbook would be reduced by 50 percent.
- (iv) In future the ministries or divisions of the government will not enter into any agreements wherein the foreign consultants, experts or persons may enjoy duty-free facility. If such facilities are at all to be given, the applicable duty-tax will have to be borne by the ministry or division concerned.

Mr. Speaker, Sir,

78. ASYCUDA ++ is being introduced to modernize customs administration and simplify customs procedure through the assistance of Customs Administration Modernization Project. This system has already been introduced in ICD, Kamalapur and it will be introduced in Dhaka and Chittagong Customs House as well as other customs houses and customs stations gradually. This system will make the assessment procedure transparent and reduce corruption. At the same time importers and the trade community will enjoy the benefit of quick clearance. Again, with an objective to bring dynamism in the customs administration I

propose to amend some of the provisions of the customs Act, 1969 (IV of 1969) and to insert some new provisions therein. In order to make the First Schedule of the customs Act compatible with the changes brought in the Harmonized Coding System by the World Customs Organization I propose to replace the existing First Schedule with the amended version.

VALUE ADDED TAX AND SUPPLEMENTARY DUTY

Mr. Speaker, Sir,

79. I have already mentioned in my speech that in 1991 our BNP government introduced VAT in the country for the first time and this very tax system has made positive contribution to the national exchequer, which is now considered as one of our main source of internal revenue.

Mr. Speaker, Sir,

80. Keeping in view our goal to achieve economic prosperity, I am now presenting some proposals regarding VAT and Supplementary duty, before this august parliament for its kind consideration:

Mr. Speaker, Sir,

81. Present govt. believes that economic independence can be achieved through agricultural development and its proper expansion. To make raw materials and agricultural machinery easily available, I am proposing to fully withdraw VAT on tractor, power-tiller, aerator and full fat Soya-bean both at import and local

production stage. For the same reason, I am also proposing a total withdrawal of VAT on electricity used for irrigation purposes and on home made gur (raw sugar).

82. At present, in case of transfer of land and apartment, the buyer has to pay about 30% taxes comprising of registration fee, stamp duty, income tax, VAT, development fee and municipal tax etc. As a result, many of them, in order to reduce the tax burden, suppress the real value of the purchase. Although there exists the possibility to realize VAT worth about Tk. 40 crore annually from the above-mentioned sector, keeping in mind the benefit of the general public, I hereby propose a total withdrawal of VAT from these sectors. At the same time, I propose to reduce this tax to 13.5% after abolition of VAT and reduction in rates of other taxes. I hope that as a result of the tariff concession long-standing problem of registration of land and building will be minimized.

Mr. Speaker, Sir,

83. To remove difficulties regarding input credit in some service sectors of VAT, nine truncated base value were fixed. This sort of different base value is a distortion, but considering the nature and extent of the services, I now propose three truncated rates of 2.25%, 4.5% and 5.00%. As a result of these steps, the govt. will stand to lose Tk. 25 crore (approximately). In addition I am proposing to withdraw truncated base value for goldsmith and silversmith sector in its present form and proposing 15% VAT on making charge only. These proposals are being placed before this august parliament for better transparency and as an incentive for the taxpayers.

Mr. Speaker, Sir,

84. Although "travel agency" and "Body building of buses and trucks" were in the gambit of VAT, they are at the moment, enjoying exemption. Since other similar sector is paying VAT, it should be applicable to above mentioned service sector also. In order to remove this anomaly, I am proposing to withdraw the exemption on "Body building of bus and truck " and "travel agency" sector.

Mr. Speaker, Sir,

85. At the moment VAT is leviable only on the commission for opening L/Cs by Banks. VAT is applicable on almost all other services rendered by Banks throughout the world. In order to remove such anomalies, I am proposing the imposition of VAT on services like D.D, MT, Bank Guarantee, Pay order, T.T etc. in addition to L/C opening.

Mr. Speaker, Sir,

86. At present VAT is not collected on advertisements other than those broadcast through radio and television. In that event, I am proposing that advertisements other than those broadcast through the electronic media be brought under the VAT net. Similarly, I am proposing to further specify the extent and rationalize the definition of the services namely- "procurement provider", "transport contractor", "izaradar" and "rent a car".

Mr. Speaker, Sir,

87. It is difficult to fix annual turnover of quite a few businesses in the service sector. To stop tax avoidance and to minimize harassment of the taxpayers, I am

proposing to enact registration of VAT, of businesses like Motor Garage, Indenting, Survey, Consultancy and Supervisory Firm, Satellite Channel Distributor and Satellite Channel Operator, Gold and Silver Shops, Car/Conveyance Rental etc irrespective of their annual turnover.

88. There is VAT on personalized services rendered by architects, consultants, and chartered accountants. Despite VAT on similar professions, consultant physicians and legal advisers are enjoying exemption for a long time. Different chambers and trade bodies are demanding to bring these two services under VAT. Besides, in the private sector, there are many educational institutions (school, college and university) that are run commercially making windfall gain. So there is no reason of keeping such 'educational institutions', 'consultant physicians' and 'legal advisers' out side the VAT net. But instead of bringing these three sectors under VAT net this year; we hope to extend VAT to this sector in the next financial year after framing appropriate regulation in consultation with the subject group.

89. It is a matter of regret that supplementary duty has been imposed on the local production of rice mill huller, tire-tubes of cycle rickshaws and G.I. Pipes. Many a local industry, after failing to cope with the uneven competition of imported goods, has fallen sick for lack of rationalization between the supplementary duty at import and local production stage. So I am proposing to withdraw supplementary duty from all items of goods at the local stage except cigarette, natural gas, C.R. coil, cosmetic products, marble slab, tiles, ceramic bathroom fittings and powder milk etc. It is hoped that these measures will give local industry adequate protection. Side by side, this facility will have a far-reaching effect on further industrialization and employment.

Mr. Speaker, Sir,

90. The affluent section of the society is the main consumer of soft drinks. There is 5% supplementary duty on soft drinks. Considering the ability of the affluent people, I am proposing to raise supplementary duty on soft drink from 5% to 10%. The tax incidence, because of this measure, will be very insignificant.

Mr. Speaker, Sir,

91. Several hundred thousand artists, technicians and workers engaged in the film industries are facing financial crisis because of the day-night display of satellite channel movies. There has been a supplementary duty of 85% on cinema shows for a long time. On the other hand the satellite media for which the cinema industry is facing closure, does not attract any supplementary duty. For the sake of justice and fair play the Supplementary Duty (SD) in these two sectors need to be rationalized. To help the cinema industry (which is considered as a big source of entertainment of the general people) and considering the plight of the countless artists and technicians of the industry, I propose to reduce the SD rate on cinema from 85% to 35% and imposition of 15% SD on "satellite channel distributors". Though this measure will entail a loss of Tk 5 crore (approximately), it will help alleviate the present distressing condition of local cinema industry.

Mr. Speaker, Sir,

92. Considering the practical difficulties in the brickfield sector, a tariff value was fixed, in 1991, for bricks manufactured both manually and mechanically. Taking the price increase of goods into consideration, I propose to increase the

present tariff value of bricks by 50%. At the same time, I propose a tariff value on a similar product called "ready-mix" on a proportional basis. Currently there is a tariff value of only Tk. 700.00 on scraps supplied from ship-breaking yards, which is unrealistic and not in conformity with the market price. So considering the extent of value addition, I propose to re-fix tariff value on ship scraps at Tk. 1500.00 per MT. Because of the existence of tariff value on scrap, the manufacturers of M.S. Products have long been pressing for a tariff value on their products. In the interest of fair competition and transparency in tax administration, I propose fixation of tariff value on different products manufactured by re-rolling mills. It is hoped that this measure will help remove the inconsistencies in this sector and the govt. will be in a position to collect its rightful revenue.

Mr. Speaker, Sir,

93. VAT is leviable on wholesale and retail trade in the city corporation locality and municipal areas. Because of non-imposition of VAT on all business units, a departure has been made in the principles of VAT. To remove the distortion existing in the present system, I am proposing the enactment of laws for bringing all businesses under the VAT net. To bring all these business units under VAT through acceptable and simple system, series of discussion and consultation have been held with FBCCI and the Shop Owners Association. As a sequel to the discussions, I am proposing a minimum annual payment of Tk. 5400 in the case of small shops in city corporation locality and Tk. 3600 annually for small shops in other areas as VAT. But big shops in city areas presently paying VAT on actual sales will continue to do so and will not fall within the purview of this new measure. At the same time, I propose that the retail VAT rate be raised from the existing 1.5% to 2.25%.

Mr. Speaker, Sir,

94. The number of appeals made to the Turn-over Tax Commission has decreased in recent years. It is felt that because of this decrease in number, turn-over related cases can be dealt with and resolved in the normal appeal processes and as such there is no justification in retaining a separate Commission. Under the circumstances, I am proposing to abolish the existing Commission. I also propose to bring the following amendments for removing anomalies in VAT regulations:-

- (a) introduce clear provisions in law for not giving credit facility in case of truncated value and ruination or destruction of raw materials at the factory or service site,
- (b) increase the time for claiming refund by the taxpayer from 4 months to 6 months,
- (c) to include the provision for cancellation of VAT registration in case of untrue declaration,
- (d) enactment of specific provisions for seizure and confiscation of cigarettes without stamp or banderoll,
- (e) restructuring the power of adjudication of officers from Superintendent to Commissioner under the VAT Act and
- (f) a few amendments in law.

Mr. Speaker, Sir,

95. I am proposing necessary changes in the VAT Rule

- (a) to introduce maintenance of computerized records and books of accounts side by side with the manual system,
- (b) to reduce the time for submission of VAT documents relating to clearance of goods and services at the VAT office from 7 days to 72 hours and
- (c) to file appeal to the Commissioner within 30 days of value fixation by the divisional officer.

Mr. Speaker, Sir,

96. There is 15% VAT on air-conditioned bus, launch and train tickets. Similar service provider like airlines attract only Tk. 50 as Tax on Air Ticket since 1989. This remained unchanged till date. But service receivers in other sectors are paying more. Considering overall economic improvement, this tax needs to be enhanced. I therefore, propose to increase this tax from Tk. 50 to Tk. 200 per air ticket.

Mr. Speaker, Sir,

Now I proceed to present some proposals relating to other taxes.

Foreign Travel Tax:

97. I have already thrown some light on restructuring foreign travel tax in course of my presentation on income tax proposals. I have nothing more to discuss here on this issue.

Stamp Duty:

98. At present the rate of stamp duty is 10% levied on the registration value of land, flat etc, in case of sale/ transfer of such properties. I propose to reduce the stamp duty in this case from 10 percent to only 5 percent. At the same time I propose to withdraw the additional tax which is imposed at one percent at the time of registration. In course of discussing income tax, I have proposed reduction of income tax at source on capital gain tax from 10 percent to only 5 percent and complete withdrawal of VAT in this area. As a result, the total incidence of tax will come down from 30 percent to 13.5 percent in case of registration of land, flat etc; and the concerned people will get great relief from the burden of such high tax which they used to bear for such a long time. This proposal, therefore, deserves to be considered as an epoch-making step in the field of registration of land, flat etc.

Court Fees:

99. I propose the necessary amendment of court fees Act 1870 for increasing the existing highest court fee rate of 25,000/- to Tk. 40,000/-. I further propose to increase fixed court fee of Tk. 100 to Tk. 500 and in the case of other court fees. I propose to increase the prevalent rates proportionately according to **annexure "H"**

It may be mentioned here that because of no change brought in the existing rate of court fees over a long period of time, discrepancy existed in this tax rate's.

According to the Registration Act of 1980 the Registration officers can't deny to register undervalued property. For this reason, I propose that the registration officers should be empowered to evaluate the fair market value of the property of registration, so that he can collect the accurate duty, and charges.

Motor Vehicle Tax and Fees:

100. Though the construction of road-network has extended all over the country at a great cost, it has become difficult for the government to maintain these roads properly for lack of adequate fund. So it has become all the more necessary to increase earnings for this sector. With this end in view I propose to refix the rate of vehicle tax and fees as placed at **Annexure-"I"**

101. So far I have placed various proposals relating to reduction, adjustment, withdrawal or rationalization of various tax measures, I am now placing before this august house the revenue implications of major tax proposals for the FY 2002-2003. During FY 2000-2001, collection of Income tax, VAT and Customs stood at TK. 3500 crore; TK. 5090 crore and TK. 10,035 crore respectively. If we consider annual growth of revenue at 15 % for Income tax and VAT and 6% for Customs, then the revenue yield under these three head will be TK. 4628 crore (Income tax), TK. 6731 crore (VAT) and TK.11,275 crore (Custom). In addition, because of the new measures as proposed the net collection (after deducting the losses) will be TK. 160 crore in Income Tax, TK. 100 crore in VAT and TK. 540 crore in Customs. As a result the collection from these three main sources will be TK. 4788

cr., TK. 6831 cr. and TK. 11,815 cr. totalling revenue earnings to the tune of Tk. 23,434 crores. In addition, another TK. 316 crore will be collected from other sources like travel tax etc. thus making it feasible to reach the target of TK. 23,750 crore. I would like to mention here further that another TK. 1750 crore will be collected from Non-NBR sources. Thus revenue collection for the FY 2002-2003 will be TK. 25,500 crore, for realization of which adequate measures will be taken.

Mr. Speaker, Sir,

102. In the first part of my budget speech I have mentioned that the size of this year's budget in monetary terms will be TK.44,000 crore approx. Because of the economic recession and present day global situation quantum of foreign assistance is gradually shrinking. In that event, the need for harnessing revenue from our own internal sources is increasing day by day. It is also true that imposition of a heavy tax burden on economy for providing required fund for development may impede the spontaneous growth of industrialization and investment in the country. Keeping this crucial factor in mind and also considering our limitations to choose between alternatives, we have tried to increase revenue earnings by expanding the tax base, simplifying the tax laws and rationalizing the tax structure, increasing efficiency of the tax administration and improving the monitoring and supervision system. For encouraging investment in industrialization to generate employment opportunities, the government has extended an opportunity in this budget to invest capital in industrial ventures the sources of which will not be questioned by the department. Moreover, special tax concessions were given to agro-based industries. As such it is expected that a big chunk of undisclosed income will come into the tax net. In order to give deserving protection to the domestic industries, duty and tax structure has been rationalized very carefully. In this budget the VAT system has been made

more effective to arrest evasion as to contribute towards yielding more revenue. I have already mentioned about the steps that are proposed to be adopted in this budget to ensure transparency and accountability to establish good governance through legal and administrative measures.

Mr. Speaker, Sir,

103. About two years back we have stepped into a new millenium. Within this span of time we have entered into the third stage of industrialization- that is in the revolutionary era of information technology. We are to be farsighted and proactive to be successful in our mission in this age of information super highway. This sort of action programmes is expected to attain success only when political stability exists in a country. And such responsibilities cannot be accomplished only by the government rather it needs active co-operation and concerted efforts of all concerned.

Mr. Speaker, Sir,

104. In this respect, I would like to remind all of you that as a good citizen of the country it is our fundamental responsibility to inculcate the habit of paying taxes on due time. We expect many things from the government and such expectations are quite natural. In order to provide such facilities we need enough resources. But when there is shortfall in the projected revenue earnings we cannot fulfill the desire of our people. That's why all of us must respond to what is expected of us. It is not always a fact that by increasing revenue earnings internal resources can be increased. By reducing wasteful expenditure and by using collected revenue appropriately, internal resources can be increased. I therefore believe that if we can

use our resources in the right direction and for the right cause we can build up a self-reliant Bangladesh in the near future.

105. The budget of FY 2002-2003 is the first budget of the government of BNP and its allies. It is the dawn of the 21st century and the challenge of developing Bangladesh as a worthy nation has fallen on our shoulder. The present government is well equipped to accomplish this task under the dynamic leadership of the honorable Prime Minister and Leader of the House, Begum Khaleda Zia. We are pledge-bound to fulfill the election commitments. In the very beginning of my budget speech, I have pronounced the name of our great national leader Shahid President Ziaur Rahaman who declared the independence of Bangladesh. Beause of his farsighted leadership, we are now having multiparty democracy in Bangladesh.

Mr. Speaker, Sir,

106. The self-reliant Bangladesh, which was the dream of late Shahid President Ziaur Rahaman, must be achieved. We must dedicate ourselves to build a self-reliant Bangladesh by utilizing our talent, merit and wisdom. I firmly believe that under the dynamic leadership of our honorable Prime Minister Begum Khaleda Zia, we will be able to achieve economic emancipation of our people and establish Bangladesh as a model self-reliant, prosperous country in the committee of nations.

Khoda Hafez,
Bangladesh Zindabad.

Annexure-“A”

Income tax rate for individual category of assesseees

Sl no.	Proposed Slab	Propose rate
1.	On first Tk. 75,000/- of total income	Nil.
2.	On next Tk. 1,50,000/- of total income	10%
3.	On next Tk. 2,50,000/- of total income	15%
4.	On next Tk. 5,00,000/- of total income	20%
5.	On the balance of total income	25%
	Minimum tax payable Tk. 2,400/-	

Annexure-“B”

Rate of Normal Depreciation Allowance

Class of Assets	Existing rate	Proposed rate
General Building	12%	10%
Factory Building	24%	20%
Furniture	10%	10%
Machinery	18%	20%
Vehicle (Not plying for hire)	20%	20%

Annexure-“C”

Presumptive tax rate for inland water vessel

Sl. no	Description	Income tax payable (For the first 10 years of registration)		Income tax payable (For the period after expiry of first 10 years of registration)	
1.	Vessels engaged in carrying passenger	Per passenger on the basis of daytime passenger carrying capacity		Per passenger on the basis of daytime passenger carrying capacity	
		Existing rate	Proposed rate	Existing rate	Proposed rate
		30/-	40/-	15/-	20/-
2.	Cargo, coaster etc engaged in carrying goods	Per Gross ton of goods carried		Per Gross ton of goods carried	
		Existing rate	Proposed rate	Existing rate	Proposed rate
		50/-	65/-	25/-	35/-
2.	Dumb Barge engaged in carrying goods	Per Gross ton of goods carried		Per Gross ton of goods carried	
		Existing rate	Proposed rate	Existing rate	Proposed rate
		40/-	50/-	20/-	28/-

Annexure-“D”

Travel Tax

Route	Name of countries	Existing rate per passenger	Proposed rate per passenger
Land		250/- taka.	500/- taka.
Water ways		600/- taka.	600/- taka.
Air	(a) For travelling in North/South America, Europe, Africa, Australia, New Zealand and Far East	1,800/- taka.	2,500/- taka.
	(b) For travelling SARC countries	600/- taka.	800/- taka.
	(c) For travelling other countries	1,300/- taka.	1,800/- taka.

Annexure-"E"

Summary of revision of revenue measures taken since July 1, 2001

Import Duty :

Sl. No.	Description	Customs Duty		Regulatory Duty Rate	IDSC Rate	Remarks
		Old Rate	Reduced Rate			
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Mango pulp	25%	37.5%			
2	Ion-exchangers based on polymers of Heading No. 39.01 to 39.13, in primary form	15%	5%		0%	
3	Match Splints	15%	5%		0%	
4	Chlorine				0%	
5	Solubor (boron)				0%	
6	Aluminium oxide, other than artificial corundum				0%	
7	Ferrous sulphate				0%	
8	Raw hide				0%	
9	Prefabricated building of iron or steel or aluminum.	5%	15%			
10	Cellular/mobile telephone	25%	2500 taka per set			
11	Onion (Fresh)	25%	15%		Concision Rate was valid from 1.11.01 to 15.12.01	
12	Dates (Fresh) and Dates (Dried)	25%	15%			
13	Dates: Fresh Excluding wrapped/canned			15%		
14	Chewing gum, whether or not sugar-coated			10%		
15	Juice of any other single fruit or vegetable			12.5%		
16	Mineral waters and other softdrinks			15%		
17	Perfumes and toilet waters			20%		
18	Domestic room fans.			5%		
19	Dry cell battery			25%		
20	Milk powder			10%		
21	Mangoes: Excluding wrapped/canned			20%		
22	Oranges: Excluding wrapped/canned			10%		
23	Grapes: Fresh and Dried : Excluding wrapped/ canned			20% & 10%		
25	Apples: Excluding wrapped/canned			20%		
26	Finished chocolates including white chocolates.			20%		
27	Sweet biscuits, waffles & wafers			20%		
28	Jams, fruit jellies, marmalades etc.			20%		

Sl. No.	Description	Customs Duty		Regulatory Duty Rate	IDSC Rate	Remarks
		Old Rate	Reduced Rate			
29	Sauces and preparations therefor;			20%		
30	Shampoos			20%		
31	Dentifrices			20%		
32	Soap for toilet use			20%		
33	Office or school supplies			10%		
34	Statuettes & other ornamental articles			20%		
35	Paper and paper board : Multiply			10%		
36	Tee-shirts			20%		
37	Waterproof and other footwear			20%		
38	Ceramic sanitary wares			20%		
39	Ceramic tableware, kitchenware, other household, articles & toiled articles			20%		
40	Glass ware			20%		
41	Imitation jewellery			20%		
42	Cooking appliances : for gas fuel or for both gas and other fuels			15%		
43	Microbus CBU			20% & 25%		
45	Toys ; reduced size ("scale") models and similar recreational models, working or not; puzzles of all kinds.			20%		
46	Coal			5%		
47	Fish (excluding pona)			12.5%		
48	Cement clinker (imported by non-manufacturers of cement)			20%		
49	Cotton yarn			10%		
50	Rice			10%		Later withd rawn
51	Books, other than religious books or texts for higher education			10%		
52	Newspapers, journals and periodical			5%		

Annexure-'F'
Summary of Proposals in respect of Customs Duty
for FY 2002-2003

Sl. No.	Description	Customs duty		SD		Revenue Effect (Crore Taka)	
		Present	Proposed	Present	Proposed	Gain (+)	Loss (-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Ruhi, katla, mrigel, pangash, karp & alike			0%	30%	+ 37.10	
2	Milk powder in bulk packing	25%	32.5%	5%	10%	+ 70.77	
3	Milk powder in retail packing			5%	20%	+ 6.56	
4	Butter products			0%	20%	+ 1.90	
5	Cheese products			0%	20%	+ 0.53	
6	Dates, fresh : not wrapped/canned			5%	30%	+ 14.97	
7	Mangoes, fresh : not wrapped/canned			0%	30%	+ 7.60	
8	Oranges, fresh : not wrapped/canned			10%	30%	+ 7.35	
9	Citrus and other fruits, fresh : not wrapped/canned			0%	30%	+ 9.02	
10	Grapes, fresh/dried : not wrapped/canned			12.5%	30%	+ 5.25	
11	Apples, fresh : not wrapped/canned			12.5%	30%	+ 4.57	
12	Spices premix for instant noodles	37.5%	15%				-0.036
13	Cereal pellets	5%	15%			+ 0.04	
14	Potato and manioc starch			10%	0%		- 0.87
15	Soya bean flours and meals	15%	0%				- 0.01
16	Zenthen gum			5%	0%		- 0.13
17	Tallow	25%	32.5%	5% & 10%	0%	+ 0.73	
18	Crude soya-bean oil	15%	22.5%			+ 64.66	
19	Crude palm oil/olein	15%	22.5%			+ 23.07	
20	RBD palm stearin	25%	32.5%	12.5%	0%		- 0.29
21	Crude coconut oil			5%	0%		- 0.16
22	Sugar : cane or beet	25%	32.5%	0%	20%	+ 169.80	
23	Chewing gum			0%	30%	+ 3.69	
24	Candy & chocolate			0, 2.5 & 15%	30%	+ 6.11	

Sl. No.	Description	Customs duty		SD		Revenue Effect (Crore Taka)	
		Present	Proposed	Present	Proposed	Gain (+)	Loss (-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
25	Tapioca sago	37.5%	22.5%	10%	0%		- 1.96
26	Biscuits, waffles and wafers			15%	30%	+ 1.93	
27	Mango pulp	37.5%	22.5%				-0.38
28	Orange, apple & juice (other)			0%	20%	+ 2.11	
29	Soft drinks			5%	30%	+ 3.13	
30	Dolomite not calcined	15%	22.5%			+ 0.29	
31	Cement clinkers (imported by manufacturers of cement)	15%	22.5%	2.5%	0%	+ 12.76	
32	Finished cement in bulk & bag			25, 20 & 12.5%	30% & 20%	+ 1.46	
33	Fly ash	0%	7.5%			Negligible	
34	Lubricating oil	25%	32.5%			+ 27.27	
35	Petroleum jelly			7.5%	0%		- 0.63
36	Refined paraffin wax	15%	22.5%			+ 0.88	
37	Sulphuric acid			0%	20%	+ 0.26	
38	Caustic soda			5%	0%		- 2.74
39	Red lead and orange lead oxide	25%	15%				-0.05
40	Bleaching powder	25%	15%				-0.53
41	Magnesium sulphates	15%	7.5%				-0.09
42	Basic chromium sulphate	25%	32.5%	5%	0%	+ 0.47	
43	Alums	25%	32.5%	5%	0%	+ 0.18	
44	Sodium bicarbonate			5%	0%		- 0.33
45	Calcium carbonate	5%	15%			+ 5.05	
46	Hydrogen peroxide			5%	0%		- 1.05
47	Xylene	15%	7.5%				-0.21
48	Acetic acid			5%	0%		- 0.18
49	Vinyl chloride (chloroethylene)	0%	7.5%			Negligible	
50	Vinyl acetate	0%	7.5%			+ 0.26	
51	Soap noodle	25%	32.5%	22.5%	0%		- 0.43
52	Vat dyes	0%	7.5%			+ 8.52	
53	Reactive dyes	0%	7.5%			+ 0.71	
54	Inkjet refill in injectable form	0%	7.5%			+ 0.04	
55	Perfumes and toilet waters			15%	50%	+ 0.74	
56	Cosmetics			35,45%	50%	+ 0.94	
57	Toiletries products			0,15,40 %	50%	+ 5.81	

Sl. No.	Description	Customs duty		SD		Revenue Effect (Crore Taka)	
		Present	Proposed	Present	Proposed	Gain (+)	Loss (-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
58	Soap			30%	50%	+ 0.77	
59	Defoaming agent	15%	7.5%				- .032
60	Toner cartridge for computer printer	0%	7.5%			+ 0.72	
61	Rosin size	15%	7.5%				-0.001
62	Chromated copper arsenate	5%	15%			+ 0.46	
63	Diagnostic/lab. reagents	15%	7.5%				- 0.57
64	PFAD	25%	32.5%	20%	0%		- 3.20
65	Polypropylene, in primary forms	15%	22.5%	10%	0%		-1.07
66	PVC resin			5%	0%		- 7.93
67	PVC rigid film			10%	0%		- 0.14
68	Sliver can/spinning can of plastic	37.5%	22.5%				-0.022
69	Sliver can/spinning can of wood	25%	15%				-0.002
70	Tyres used in motor car	25%	32.5%	5%	0%	+ 1.31	
71	Tyres used in busses or lorries	25%	32.5%	5%	0%	+ 3.83	
72	Tyres used in motor cycle			10%	0%		- 0.54
73	Tyres used in bicycle	25%	32.5%	5%	0%	+ 0.19	
74	Rubber cot/apron	37.5%	22.5%				-0.20
75	Footwear accessories (heading 42.06 & 96.06)	25% & 37.5%	15%				- 0.27
76	Plywood	25%	32.5%	10%	0%		- 0.11
77	Writing and printing paper of less than 150 gsm	25%	32.5%	0% & 5%	0%	+ 3.66	
78	Raw silk	15%	22.5%			+ 5.77	
79	Silk yarn	15%	22.5%			+ 0.03	
80	Sewing thread of synthetic filament			5%	0%		- 0.04
81	Partially oriented yarn of polyesters	15%	7.5%				-0.79
82	Single yarn with 85% or more synthetic staple fibre			5%	0%		- 0.18
83	Wired and non-wired glass			0%	30%	+ 0.26	
84	Table/kitchen glassware			0%	30%	+ 6.79	
85	Glass smallware	25%	32.5%	0%	30%	+ 0.26	
86	Hot rolled products, not in coils	25%	15%				-0.85

Sl. No.	Description	Customs duty		SD		Revenue Effect (Crore Taka)	
		Present	Proposed	Present	Proposed	Gain (+)	Loss (-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
87	Flat-rolled products : electro-plated or coated with zinc	5%	15%			+ 13.09	
88	Flat-rolled products : plated or coated with aluminium-zinc alloys	5%	15%			+ 18.162	
89	Flat-rolled products : plated or coated with tin	25%	15%				-0.133
90	Flat-rolled products : otherwise plated or coated with zinc	5%	15%			+ 3.159	
91	Bars and rods : containing carbon 0.6% or more	5% & 15%	15%			+ 0.842	
92	Bars and rods : containing carbon less than 0.6%	25% & 37.5%	32.5%			+ 0.636	
93	Wire of iron/non-alloy steel, plated or coated with base metals	15%	7.5%				-0.104
94	GI Pipe			7.5%	30%	+ 7.45	
95	Containers for compressed or liquefied gas (of less than 5000 ltr capacity)	25%	7.5%				-0.172
96	Anchors, grapnels and parts thereof	37.5%	22.5%				-0.236
97	Wire of cupro-nickel or nickel silver	37.5%	22.5%				-0.005
98	Brass castings and forgings	25%	15%				Negligible
99	Marine propulsion engines	25%	15%				-0.38
100	Centrifugal pumps (ex. pumps of cast iron)	25%	15%				-0.44
101	Parts of fan			0%	20%	+ 1.68	
102	Refrigerator (CBU)	25%	32.5%	30%	0%		- 30.23
103	Air conditioner (CBU & CKD)			42.5%	30% & 20%		- 2.41
104	Computer hardware, parts & accessories	0%	7.5%			+ 35.49	
105	Aerator used in pisciculture	5%	0%				- 0.01
106	Bicycle tube valves	15%	7.5%				- 0.08
107	Dry cell battery			0%	30%	+ 1.83	
108	Lead acid battery (accumulator)			20%	30%	+ 0.44	

Sl. No.	Description	Customs duty		SD		Revenue Effect (Crore Taka)	
		Present	Proposed	Present	Proposed	Gain (+)	Loss (-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
109	Telephone set	15%	22.5%	25%	0%		- 1.50
110	Modem	0%	7.5%			+ 0.34	
111	Blank CD for computer (Computer disk pack)	0%	7.5%			+ 0.31	
112	Computer soft ware (recorded media for computer)	0%	7.5%			+ 5.53	
113	Colour television (CKD & CBU)	25% & 37.5%	15% & 22.5%	15%	0%		- 3.87
114	Black & white television (CKD & CBU)	25% & 37.5%	15% & 22.5%				- 3.38
115	Parts of colour television			15%	0%		- 0.87
116	Electric bulb			10%	20%	+ 0.74	
117	Indicator pilot lamp (auto bulb)	15%	32.5%	10%	0%	+ 0.001	
118	Parts of energy saving lamp			10%	0%		- 0.08
119	Cathode-ray tube (not imported by recognised TV manufacturers)	15%	22.5%			+ 2.57	
120	Cotton braided electric cables	15%	32.5%	10%	0%	+ 0.20	
121	Other cables			10%	30%	+ 4.72	
122	Co-axial cable and other co-axial electric conductors	25%	32.5%	0%	20%	+ 2.58	
123	Tractors CBU	5%	0%				- 1.17
124	Double decker bus (non CNG)	0%	7.5%			+ 0.16	
125	Bus having seating capacity of 40 or more (non CNG)	5%	15%			+ 0.06	
126	Vehicle having a seating capacity not exceting 15 (e.g. human hauler)	15%	32.5%			+ 1.94	
127	Other public vehicle (e.g. mini bus)	15%	32.5%			+ 2.09	
128	CKD public vehicle	5%	15%			+ 4.29	
129	Motor car upto 1649 cc			12.5, 25, 45, 65%	0%	Increased import of new motor vehicle will offset revenue loss.	
130	Motor car upto 1650 cc to 2699 cc			85, 110, 120%	20%		
131	Motor car 2700 cc and above			120%	60%		
132	CNG operated 3 wheeler			25%	10%		- 0.38

Sl. No.	Description	Customs duty		SD		Revenue Effect (Crore Taka)	
		Present	Proposed	Present	Proposed	Gain (+)	Loss (-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	(CBU)						
133	Electric battery operated motor car	37.5%	15%				- 0.009
134	Truck, pick-up & delivery van	25%	32.5%			+ 7.11	
135	Truck in CKD condition	5%	15%			+ 3.14	
136	Trucks having more than 2 axles CBU	5%	15%			+ 0.85	
137	Pickup, CKD	5%	22.5%			+ 0.22	
138	Chassis fitted with engine for double decker	0%	7.5%			Negligible	
139	Chassis fitted with engine for bus	5%	15%			+ 0.008	
140	Chassis fitted with engine for human hauler	15%	32.5%			+ 0.26	
141	Chassis fitted with engine for other vehicle (e.g. mini bus)	25%	32.5%			+ 0.05	
142	Chassis fitted with engine for truck	25%	32.5%			+ 0.07	
143	2 stroke motor cycle (CBU)			0%	30%	+ 1.48	
144	Parts of trailers, semi-trailers	25%	7.5%				-0.03
145	Scrap vessels	5%	15%			+ 179.25	
146	Spectacle lenses (excl. of glass)	25%	15%				-0.01
147	Syringes, needles, catheter etc.	15%	7.5%				- 0.94
148	Parts and accessories of electric meter	5%	15%			+ 2.58	
149	Ribbons for computer printer	0%	7.5%			+ 0.07	
150	Pre-fabricated building of iron or steel/aluminium	15%	7.5%				- 2.637
151	Luggage/fashion bag accessories (heading 96.07)	37.5%	15%				- 0.05

Annexure-"G"

List of items on which Supplementary duty is withdrawn

Sl. No.	Description of goods	Sl. No.	Description of goods
1	Whey powder	29	Bitumen
2	Garlic	30	Hydrogen chloride
3	Pistachio	31	Caustic soda
4	Kiwifruits	32	Magnesium hydroxide & peroxide
5	Apricots	33	Iron oxide & hydroxide
6	Nutmeg & mace	34	Ammonium chloride
7	Badian seeds	35	Sodium dithionites & hydroxide
8	Coriander seeds	36	DOP
9	Tendu leaves	37	Alum
10	Starch	38	Sorbitol
11	Copra	39	All kinds of sulphate
12	Gum resin	40	Sodium hydrogen carbonate
13	Animal fat and tallow	41	Hydrogen peroxide
14	Coconut oil (crude)	42	Toluene
15	Palm kernel oil (crude)	43	Methanol
16	Tapioca sago	44	Soap noodles
17	Fructose	45	Saccharin
18	Coffee	46	Printing ink
19	Mineral water	47	Industrial essences
20	Tobacco essences	48	Photographic paper
21	Sodium chloride	49	Rosin
22	Chalk powder	50	Napthalene
23	Crude and polished marble & granite	51	Thinner
24	Pebbles and gravel	52	Paints and varnish
25	Cement clinker	53	Explosives
26	Natural gas	54	Matches
27	Acetic acid	55	PFAD
28	Petroleum jelly	56	Polypropylene
57	Polyvinyl Chloride	86	Screw, nut & bolts
58	Floor coverings of plastics	87	Aluminium foil
59	Bags of polythene	88	Other alloys of copper
60	Natural rubber latex	89	Aluminium tubes & pipes
61	V-belt	90	Zinc ingot

Sl. No.	Description of goods	Sl. No.	Description of goods
62	Tyre & tube (bus+ truck+ motor cycle+ Bicycle)	91	Tin
63	Other products of rubber	92	Lock
64	Particle board & fibreboard	93	Saw
65	Plywood	94	Razor
66	Newsprint	95	Welding electrode
67	Carbonizing paper	96	Spoons etc. of steel
68	Writing paper	97	Pumps
69	Toilet and Facial tissue stock	98	Air filter
70	Paperboard & multiply	99	Complete refrigerator and its compressor
71	Tissue paper	100	Parts of rice huller
72	Paper bags	101	Ball bearing
73	Cartoons, boxes of paper	102	AC motor
74	Synthetic filament	103	Electric Iron
75	Carpet	104	Electric lamps
76	Rags	105	Telephone set
77	Footwear	106	Magnetic tape
78	Textile backed fabrics	107	Complete Color TV & its parts
79	Abrasive cloth	108	Cathode ray tube
80	Brake lining and pad	109	Graphite electrode: other
81	Glass mirror	110	Used and reconditioned pickup
82	Auto glass	111	Clutch & its parts
83	Hot rolled products	112	Bicycle
84	Cold rolled products	113	Bicycle parts
85	Painted, varnished and plastic coated sheet	114	Motor boat
115	Instrument box & Jeometric box		
116	Pressure lamp, Hurricane lamp and other steel products		
117	Furniture		
118	Toys		
119	Ball point pen		
120	Vacuum Flux		

Annexure-"H"

Court Fees

Number		Proper fess(Taka)
1	2	3
1. Application or petition	<p>(a) When presented to any officer of the Customs or Excise Department or to any Magistrate by any person having or to dealings with the Government and when the subject-matter of such application relates exclusively to those dealings,</p> <p style="text-align: center;">or ,</p> <p>when presented to any officer of land - revenue by any person holding temporarily settled land under direct engagement with Government, and when the subject- matter of the application or petition relates exclusively to such engagement,</p> <p style="text-align: center;">or,</p> <p>when presented to any Pourashava or Zilla Parishad under any law for the time being in force for the conservancy or improvement of any place, if the application or petition relates solely to such conservancy or improvement, when presented to any Civil Court other than a Principal Civil Court of original jurisdiction or to any Court of Small Causes constituted under the Small Cause Courts Act, 1887 or under the Civil Courts Act, Section 25, or to a Collector or other officer of revenue in relation to any suit or case in which the amount or value of the subject-matter is less than fifty taka,</p> <p style="text-align: center;">or,</p> <p>when presented to any Civil, Criminal or Revenue Court or to any Board or executive officer for the purpose of obtaining a copy or translation of any judgement, decree or order passed by such Court, Board or officer or of any other document on record in such Court, Board or office.</p>	12.00
	(b) When containing a complaint or charge of any offence other than an offence for	Taka 15.00 for complaint cases and taka

	which police officers may, under the Code of Criminal Procedure, 1898, arrest without warrant, and presented to any Criminal court,	6.00 for all other cases.
	or, when presented to a Civil, Criminal or Revenue Court, or to a Collector, or any Revenue Officer having jurisdiction equal or subordinate to Collector,	15.00
	or, to any Magistrate in his executive capacity and not otherwise provided for by this Act, or to deposit in Court revenue or rent; or for determination by a Court of the amount of compensation to be paid by a land lord to his tenant.	15.00
	(c) When presented to the Chief Revenue or Executive Authority or to a Commissioner, or to any Chief officer charged with the executive administration of a Division and not otherwise provided for by this Act.	18.00
	(d) (i) When presented to the High Court Division under section 115 of the Code of Civil Procedure, 1908, for revision of an order-	
	(a) When the value of the suit to which the order relates does not exceed Taka 1000. (b) When the value of the suit exceeds Taka 1000. (c) When presented to the High Court Division otherwise than under that section.	150.00 300.00 30.00
2. Application to any Civil Court that records may be called for from another Court.	When the Court grants the application and is of opinion that the transmission of such records involves the use of the post.	15 Taka in addition to any fee levied on the application under clause (a), clause (b) or clause (d) of article 1 of this schedule.
3. Application for leave to sue as a pauper.		15.00
4. Application for leave to appeal as a pauper.		15.00

5.Plaint or memorandum of appeal in a suit to establish or disprove a right of occupancy.		15.00
6. Bail, bond or other instrument of obligation given in pursuance of an order made by a Court or Magistrate under any section of the Code of Criminal Procedure, 1898, or the Code of Civil Procedure, 1908 and not otherwise provided for by this Act.		15.00
7.Undertaking under section 49 of the Divorce Act.		15.00
Wakalatnama.	When presented for the conduct of any one case- (a) to any Civil or Criminal Court other than the High Court Division, or to any Revenue Court, or to any Collector or Magistrate, or other Executive Officer, except such as are mentioned in clauses (b) and (c) of this number. (b) to a Commissioner, a Collector of Customs and Excise or to any officer charged with the executive administration of a Division not being the Chief Revenue of Executive Authority. (c) to the High court Division or Chief Revenue or Executive Authority.	15.00 30.00 30.00
9.Memorandum of appeal when the appeal is not from a decree or an order having the force of a decree and presented.	(a)(i) to any Revenue Court or Executive Officer other than the High Court Division or the Chief Revenue or Executive Authority. (ii) to any Civil Court other than the High Court Division. (b) to the Chief Revenue or Executive Authority.	30.00

	(c) to the High Court Division	60.00
10. Caveat		300.00
11. Petition in a suit under the Native Converts Marriage Dissolution Act, 1866.		60.00
12. Complaint or memorandum of appeal in each of the following suits-		
(i) to alter or set aside a summary decision or order of any of the Civil Courts or of any Revenue Court.		300.00
(ii) to alter or cancel any entry in a register or the names of proprietors of revenue paying estates.		300.00
(iii) to obtain a declaratory decree where no consequential relief is prayed.		300.00
(iv) to set aside an award.		300.00
(v) to set aside an adoption.		300.00
(vi) for partition and separate possession of a share of joint family property or of joint property, or to enforce a right to a share in any property on the ground that it is joint family property or joint property if the plaintiff is in possession of the property of which he claims to be a co-partner or co-owner.		300.00
(vii) to obtain a decree for dissolution of marriage or restitution of conjugal rights.		90.00
(viii) every other suit where it is not possible to estimate at a money value the subject matter in dispute and which is not otherwise provided for by this Act.		300.00
13. সালিস আইন, ২০০১ (২০০১ সনের ১ নং আইন) এর যে কোন ধারার অধীন দরখাস্ত।		300.00
14. Agreement in writing stating a question for the opinion of the Court under the Code of Civil Procedure, 1908.		300.00
15. Every petition under the Divorce Act, except petitions under section 44 of the same Act, and every memorandum of appeal under section 55 of the same Act.		90.00
16. Complaint or memorandum of appeal under the Parsi Marriage and Divorce Act, 1865.		90.00

Annexure-'I'

Motor Vehicle Tax Rate

Sl. No.	Description of Motor Vehicles	Rate of Tax Payable for the Year
1.	Motor Cycle-	
(a)	Bi-cycle propelled by mechanical power-	
	(i) not exceeding ninety kilograms in weight unladen (ii) exceeding ninety kilogram in weight unladen (iii) If used for drawing a trailer or side car	Taka four hundred; Taka eight hundred; Taka two hundred in addition to the tax payable under sub-clause (i) or (ii), as the case may be;
(b)	Tri-cycle propelled by mechanical Power-	
	(i) seating not more than two passengers (ii) seating more than two passengers	Taka one thousand and five hundred; Taka one thousand and five hundred; and additional taka three hundred and fifty for every additional passenger above two passengers;
2.	Vehicles for carrying passengers not plying for hire-	
(a)	seating not more than two passengers	Taka two thousand;
(b)	seating not more than three passengers	Taka three thousand;
(c)	seating not more than four passengers	Taka four thousand and five hundred;
(d)	seating more than four passengers	Taka four thousand and five hundred and additional taka four hundred for every additional passenger.

Sl. No.	Description of Motor Vehicles	Rate of Tax Payable for the Year
3.	Vehicles for carrying passengers plying for hire other than tri-cycles	
	<p>(a) seating not more than four passengers</p> <p>(b) seating more than four passengers but not more than six passengers</p> <p>(c) seating more than six passengers but not more than fifteen passengers</p> <p>(d) seating more than fifteen passengers but not more than thirty passengers</p> <p>(e) seating more than thirty passengers, in case of single decker bus</p> <p>(f) double decker bus and articulated bus.</p>	<p>Taka two thousand and five hundred;</p> <p>Taka three thousand;</p> <p>Taka five thousand;</p> <p>Taka six thousand;</p> <p>Taka seven thousand and five hundred;</p> <p>Taka eight thousand and seven hundred;</p>
4.	Vehicles for transport of goods not plying for hire-	
	<p>(a) not exceeding three thousand and five hundred kilograms in weight laden</p> <p>(b) exceeding three thousand and five hundred kilograms but not exceeding seven thousand and five hundred kilograms in weight laden</p> <p>(c) exceeding seven thousand and five hundred kilograms but not exceeding twelve thousand and five hundred kilograms in weight laden</p> <p>(d) exceeding twelve thousand and five hundred kilograms in weight laden</p>	<p>Taka three thousand;</p> <p>Taka three thousand for three thousand and five hundred kilograms in weight laden and additional taka four hundred and twenty five for every additional five hundred kilograms in weight laden or fraction thereof;</p> <p>Taka six thousand and four hundred for seven thousand and five hundred kilograms in weight laden and additional taka nine hundred for every additional five hundred kilograms in weight laden or fraction thereof;</p> <p>Taka fifteen thousand and four hundred for twelve thousand and</p>

Sl. No.	Description of Motor Vehicles	Rate of Tax Payable for the Year
		five hundred kilograms in weight laden and additional taka one thousand one hundred for every additional five hundred kilograms in weight laden or fraction thereof;
5.	Vehicles for transport of goods plying for hire-	
	<p>(a) not exceeding three thousand and five hundred kilograms in weight laden</p> <p>(b) exceeding three thousand and five hundred kilograms but not exceeding seven thousand and five hundred kilograms in weight laden</p> <p>(c) exceeding seven thousand and five hundred kilograms but not exceeding twelve thousand and five hundred kilograms in weight laden</p> <p>(d) exceeding twelve thousand and five hundred kilograms in weight laden</p>	<p>Taka one thousand eight hundred and seventy five;</p> <p>Taka one thousand eight hundred and seventy five for three thousand and five hundred kilograms in weight laden and additional taka one hundred and eighty for every additional five hundred kilograms in weight laden or fraction thereof;</p> <p>Taka three thousand three hundred and fifteen for seven thousand and five hundred kilograms in weight laden and additional taka four hundred and fifty for every additional five hundred kilograms in weight laden or fraction thereof;</p> <p>Taka seven thousand eight hundred and fifteen for twelve thousand and five hundred kilograms in weight laden and additional taka four hundred and sixty for every additional five hundred kilograms in weight laden or fraction thereof;</p>