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#### 'ANNEXURE-A'

Financial Year 2007-2008  
Income tax rate for individual category of assessee

Sl. no.	Proposed Slab	Proposed Rate
(a)	On first Tk. 1,20,000/- of total income	Nil.
(b)	On next Tk. 2,50,000/- of total income	10%
(c)	On next Tk. 3,00,000/- of total income	15%
(d)	On next Tk. 3,50,000/- of total income	20%
(e)	On the balance of total income	25%

Minimum tax payable Tk. 1,800/-

The assessee who paid tax at the highest rate of 25% in the assessment year 2006-07, will enjoy 10% tax rebate on the additional tax paid if they disclose more than 10% higher income in assessment year 2007-08.

#### 'ANNEXURE-A-1'

Proposal regarding reduction of time limit for filing and disposal of appeals at different stages:

- Time limit for filing of appeal against the order of the Deputy Commissioner of Taxes to be reduced to 45 days from 60 days.
- Time limit for filing of appeal for revision to the Commissioner of Taxes against the order of Deputy Commissioner/ Joint Commissioner of Taxes to be reduced to 60 days from 90 days.
- Time limit for disposal of appeal by Taxes Appellate Tribunal to be reduced to 4 months from 6 months.
- Time limit for approval of Gratuity Fund to be reduced to 4 months from 6 months.

#### 'ANNEXURE-B'

List of H.S. Codes where proposal of reduction of Custom Duty is Made

Sl. no.	H.S. Code	Description	Existing Rate	Proposed Rate
1.	0703.20.20	Garlic	13%	5%
2.	0904.20.10	Dried chillis	13%	5%
3.	0910.10.20	Ginger	13%	5%
4.	0910.30.20	Turmeric	13%	5%
5.	2836.20.00	Disodium carbonate	13%	5%
6.	2836.60.00	Barium carbonate	13%	5%
7.	2839.90.10	Zirconium Silicate	13%	5%
8.	2839.90.90	Silicates, commercial alkali metal silicates. Other	13%	5%
9.	3402.11.10	Linear Alkyl Benzene Sulphonic Acid (LABSA)	25%	12%
10.	3405.90.20	Polishes and other preparations used in the finishing (including electroplating) of metal articles	25%	12%
11.	3808.20.19	Chromate Copper Arsenate	13%	5%
12.	3823.19.00	Industrial monocarboxylic fatty acids; acid oils from refining; Other	25%	12%
13.	3901-3916	Plastic in primary form	13%	5%
14.	5403.31.00	Other yarn, single: Of nylon or other polyamides, measuring per single yarn not more than 50 tex	13%	5%
15.	5501.30.10	Synthetic filament tow (Acrylic or modacrylic) Imported by VAT registered synthetic staple fibre manufacturer	6%	0%
16.	7211.29.20	Carbon steel strips of thickness upto 1.30mm and width upto 152.5 mm	13%	5%
17.	7217.30.00	Wire of iron or non-alloy steel; Plated or coated with other base metals	13%	5%
18.	7225.11.00	Flat-rolled products of other alloy steel, of a width of 600 mm or more. Of silicon-electrical steel: Grain-oriented	13%	5%
19.	7802.00.00	Lead waste and scrap.	13%	5%
20.	8309.90.32	Container seal	25%	5%
21.	8414.30.90	Compressors of a kind used in refrigerating equipment (Excl. Industrial use)	13%	5%
22.	8421.21.94	Effluent (waste water) Treatment Plant	25%	0%
23.	8438.30.10	Poultry feed manufacturing plant or machinery	6%	0%
24.	8525.20.23	Cellular (Mobile/Fixed Wireless) Telephone Set	Tk. 300 Per set	Tk. 200 Per set
25.	85.41 (All H.S. Codes, Excl. 8541.40.10)	Diodes, transistors and similar semiconductor devices; photosensitive semiconductor devices, including Photovoltaic cells, whether or not assembled in modules or made up into panels; light emitting diodes, mounted piezo-electric crystals.	13%	5%

Sl. no.	H.S. Code	Description	Existing Rate	Proposed Rate
1.	1702.40.00	Glucose and glucose syrup, containing in the dry state at least 20% but less than 50% by weight of fructose, excluding invert sugar	0%	15%
2.	24.01 (All H.S. Codes)	Unmanufactured tobacco; tobacco refuse.	0%	25%
3.	4911.10.00	Trade advertising material, commercial catalogues and the like	0%	15%
4.	4911.91.00	Pictures, designs and photographs	0%	15%
5.	4911.99.00	Other	0%	15%
6.	5601.10.90	Sanitary towels and tampons, napkins and napkin liners for babies and similar sanitary articles, of wadding (Excl. Jute)	0%	15%
7.	6001.22.00	Pile fabrics, knitted or crocheted of Man-made fibres	0%	15%
8.	7007.19.00	Other tempered safety glass	0%	25%
9.	7007.29.00	Other laminated safety glass	0%	25%

#### 'ANNEXURE-B-2'

List of H.S. Codes where proposal of Imposition of Supplementary Duty is Made

Sl. No.	H.S. Code	Description	Existing Rate	Proposed Rate
1.	1702.40.00	Glucose and glucose syrup, containing in the dry state at least 20% but less than 50% by weight of fructose, excluding invert sugar	0%	15%
2.	24.01 (All H.S. Codes)	Unmanufactured tobacco; tobacco refuse.	0%	25%
3.	4911.10.00	Trade advertising material, commercial catalogues and the like	0%	15%
4.	4911.91.00	Pictures, designs and photographs	0%	15%
5.	4911.99.00	Other	0%	15%
6.	5601.10.90	Sanitary towels and tampons, napkins and napkin liners for babies and similar sanitary articles, of wadding (Excl. Jute)	0%	15%
7.	6001.22.00	Pile fabrics, knitted or crocheted of Man-made fibres	0%	15%
8.	7007.19.00	Other tempered safety glass	0%	25%
9.	7007.29.00	Other laminated safety glass	0%	25%

#### 'ANNEXURE-C'

Proposal for Value Added Tax (Local Stage) on the Budget 2006-07

##### 01. Amendments in the Value Added Tax Act, 1991

- (1) Replacement of clause (Murda Na) of section 2 by including the date of tax payment along with the date of submission of return in the definition of "Date Fixed".
- (2) Amendment of clause (Bha) of section 2 by deleting the words "Advanced Income Tax" from the definition of "Total Receipt".
- (3) Replacement of sub-section (2) of section 4 to amend the provision for consideration of the date for the purpose of determination of rate of tax for imported goods in line with section 30 of Customs Act, 1969.
- (4) The words "centrally" has been inserted after the words "head office" in the proviso of section 15.
- (5) The words "Commissioner (Appeal)" have been inserted after the words "Commissioner" in section 22.
- (6) Amendment of sub-section (1) of section 26 Ka replacing the word "Audit" by Bangla synonym "Nireeksha".
- (7) Replacement of sub-section (2) of section 26 Ka after simplification.
- (8) Insertion of new section 34 Ka introducing the provision for issuance of certified VAT documents upon submission of fixed fees.
- (9) Amendment of sub-section (1) and (2) of section 37 and amendment of section 38 for the following purposes:
  - Reduction of minimum penalty from taka 10 thousand to taka 5 thousand for minor offences under sub-section (1) of section 37.
  - Reduction of minimum penalty from equal amount of the tax evaded to half the amount of the tax evaded and reduction of maximum penalty from two and half times of the tax evaded to twice the amount of the tax evaded for major offences under sub-section (2) of section 37 and 38.
  - Reduction of minimum penalty from taka 25 thousand to taka 10 thousand for irregularities not involving tax evasion under sub-section (2) of section 37.
- (10) Replacement of clause (Kha) of section 40 to increase the monetary limit of adjudicating power of the VAT officers at different levels.
- (11) Amendment of sub-section (4) of section 42 for decreasing the time period of disposal of cases by Appellate authority from 12 months to 9 months.
- (12) Amendment of Heading Description and fixation of a time period of 90 days to finalize demand under sub-section (1) and (3) of section 55 of the VAT Act.



Prime Minister Khaleda Zia signs the proposed budget for 2006-2007 following cabinet nod at a meeting at the Jatiya Sangsad Bhavan yesterday.

(13) Amendment of clause (Kha) of sub-section (1) of section 56 for increasing the time for payment of government dues from 7 days to 15 days.

- (14) Replacement of First Schedule of VAT Act, 1991.
- (15) Amendment of Second Schedule of VAT Act to withdraw VAT exemption on Black and White Photo Studio and Graphic Designer.
- (16) Replacement of Third Schedule of VAT Act to incorporate unification, deletion and amendment of some H. S. codes and change of some Supplementary Duty rates by Customs Wing and inclusion of "Fixed Wireless" telephone in the description of the service "SIM Card Supplier".

##### 02. Amendments in the Value Added Tax Rules, 1991

- (1) Replacement of clause (Chha) of rule 2 to amend the definition of "Divisional Officer".
- (2) Amendment of rule 16(1), 17(1)(Kha) and 18(2)(Kha) to increase the time of submission of VAT Challan (VAT-11 or VAT-11Ka) from 72 hours to 3 working days.
- (3) Reduction of minimum penalty from equal amount of the tax payable to half the amount of the tax payable and reduction of maximum penalty from two and half times of the tax payable to twice the amount of the tax payable for offences under rule 35.
- (4) Amendment of spelling mistakes in Form VAT-29.

##### 03. Value Added Tax related S.R.Os

- Exemption on sugar, petroleum bitumen (in drums and in bulk), synthetic filament tow (acrylic or mod acrylic) imported by VAT registered synthetic staple fibre manufacturer only at the import stage, chimney for harican lamp at the manufacturing stage and procurement provider in the case of tiffin supplied to schools.
- Withdrawal of 2.5% supplementary duty from packaged milk powder up to 2.5 kg at the local production level.
- Extension of VAT exemption on waste paper at import level up to 30/06/2007.
- Amendment of S.R.O No. 60-Law/2004/401-VAT dated 03/09/2004 to include some particulars of survey records of brickfields.
- Withdrawal of VAT exemption on "Land Developer" and determination of base value for the service.
- Amendment of explanation of "Medical Centre" and

"Dental Centre" incorporating the limit of 'negligible value' up to taka 25 as fee at the out patient department and up to taka 50 as daily seat rent of hospital bed.

- Amendment of explanation of "Courier and Express Mail Service" incorporating 'parcel' up to the weight limit of 10 kg.
- Creation of new code for the service "Graphic Designer" and incorporation of explanation of the service in the related SRO.
- Withdrawal of Turnover tax facility from some services namely, hotel, decorators and caterers, community centre, beauty parlour, shipping agent, air-conditioned bus and railway service and transmission of advertisement through satellite channel and bring these services under VAT system.
- Replacement of the word "mobile" by words "cellular (mobile/ fixed wireless)" in the explanation of the service "SIM card supplier".

##### 04. Value Added Tax related orders

- Order to include in the definition, of "Capital Machinery" for local VAT exemption purpose the same machineries that are included in the SRO issued by Customs for import of Capital Machinery.
- Order to fix the Tariff Value in case of cellular (mobile/ fixed wireless) telephone connection by means of SIM, RUIM or similar procedure.

##### 05. List of VAT related S.R.Os and order to implement the Budget proposals, 2006-2007

- NBR's SRO No. 130-Law/2006/458-VAT dated: 08/06/2006
- IRD's SRO No. 131-Law/2006/459-VAT dated: 08/06/2006
- IRD's SRO No. 132-Law/2006/460-VAT dated: 08/06/2006
- IRD's SRO No. 133-Law/2006/461-VAT dated: 08/06/2006
- IRD's SRO No. 134-Law/2006/462-VAT dated: 08/06/2006
- NBR's SRO No. 135-Law/2006/463-VAT dated: 08/06/2006
- NBR's SRO No. 136-Law/2006/464-VAT dated: 08/06/2006
- NBR's SRO No. 137-Law/2006/465-VAT dated: 08/06/2006
- NBR's SRO No. 138-Law/2006/466-VAT dated: 08/06/2006
- NBR's Order No. 06/VAT/2006 dated: 08/06/2006
- NBR's Order No. 07/VAT/2006 dated: 08/06/2006

Concludes

## NEWS

### 'Lanka asking Pakistan for swift military aid'

AFP, London

Sri Lanka is looking to Pakistan for help to bolster its military capabilities as the ceasefire between the government and rebels appears increasingly fragile, specialist publication Jane's Defence Weekly said yesterday. Sri Lanka has asked Pakistan to facilitate the purchase of military equipment worth around 60 million dollars (47 million euros), according to high-level discussions detailed in documents seen by the defence magazine. Jane's Defence Weekly said Sri Lanka has asked that their requests be treated with the "utmost priority" given the deteriorating security situation. The report was published as violence surged on the island, with at least 16 people reported killed,

hours before talks opened in Oslo between the Colombo government and Tamil Tiger rebels on ensuring protection for ceasefire monitors. According to the magazine, the Sri Lankan army's shopping list has a combined value of 20 million dollars, while the air force's requirements are worth a further 38.1 million dollars. The weekly said that Sri Lanka was looking to build up its military capacity and had also issued a plea to Pakistan to provide swift technical assistance for its T-55 main battle tanks (MBTs) and C-130 transport aircraft. In a document dated March 1, Sri Lanka wrote: "It would be greatly appreciated if arrangement could be made to invite a technical team to Colombo to carry out an immediate survey of T-55 main battle tanks and C-130 aircraft."

### 13 Maoists killed in Chhattisgarh

AFP, Raipur

At least 13 Indian Maoist rebels and two villagers were killed in two separate gun battles with police on Thursday in the central Indian state of Chhattisgarh, senior state officials said. At least 10 Maoists were killed in the state's Dantewada district, 500km from the state capital Raipur, during a battle with security personnel, state police chief O.P. Rathod said. One villager, who was taken hostage by the Maoists with a group of up to 40 people, was also killed when security personnel launched a rescue operation, he said. The other villagers were rescued. Three Maoists were killed in a separate gun battle with police in the state's Sargodha district, Chhattisgarh state home minister Ram Vichar Netam said.

### Renew peace talks with Palestinians

Jordan king urges Olmert

AFP, Amman

Jordanian King Abdullah II urged visiting Israeli Prime Minister Ehud Olmert yesterday to renew peace talks with the Palestinians to pave the way for creation of an independent Palestinian state. The king told Olmert his country was ready to help the two sides return to the negotiating table. "A two-state solution is the only solution that we should seek. It is a solution that must be achieved through bilateral Palestinian-Israeli negotiations," the king said after 90 minutes of talks with Olmert. "Jordan expressed its commitment to help the Palestinians and the Israelis achieve the peace that we all aspire for," he said, reading from a prepared text. He made no mention of Olmert's election pledge to fix his country's borders unilaterally by 2010 in case of failure to agree with the Palestinians. Jordan, Egypt and Saudi Arabia have criticised that plan as threat to regional stability, and officials said King Abdullah would spell out his position in the talks with Olmert. For his part, Olmert acknowledged that the political stalemate in the Middle East peace process was not beneficial to Israel, the Palestinians or Jordan. He said Israel was bound to the international roadmap for peace that envisions the creation of a Palestinian state alongside Israel, but warned that he will pursue "other solutions" if that fails. "There will be no other alternative," he said.

#### 'ANNEXURE-B-1'

List of H.S. Codes where proposal of enhancement of Custom Duty is Made

Sl. No.	H.S. Code	Description	Existing Rate	Proposed Rate
1.	2008.99.10	Mango pulp	13%	25%
2.	2929.90.00	Other; Compounds with other nitrogen function. (Excl. Isocyanates)	13%	25%
3.	3923.50.00	Stoppers, lids, caps and other closures	13%	25%
4.	7310.21.10	Tin plated cans, bottom not closed by soldering and crimping (e.g. Beverage Can Type)	6%	12%
5.	7612.90.91	Aluminium can	6%	12%
6.	8542.10.00	Cards incorporating an electronic integrated circuit ("smart" cards)	6%	25%

REUTERS, New Delhi

Chaotic government or perfectly scripted political theatre? Manmohan Singh's government announces a steep rise in fuel prices. His own Congress party opposes it, and its president appeals for a partial reversal of a decision she must have been consulted over. A cartoon lampoons Prime Minister Singh, at the wheel of a car with half a dozen pairs of eyes peering through the boom behind him. "Is back-seat driving a great fuel-saving idea?" a boy innocently asks the Indian leader.

Two years into Congress-led rule in India, the Italian-born Congress leader Sonia Gandhi has created an enviable position for herself -- plenty of power, but very little responsibility when things go wrong. Prime Minister Singh, by contrast, sometimes looks like a man struggling to assert his authority. To some extent, the two faces of Congress reveal a struggle for power between a reformist right-wing and a more traditional left grounded in the party's socialist past and its rural electorate. It can also partly be seen as the perfect response to a complex electoral mandate.

"It is a very well-thought-out strategy," said political analyst Yashwant Deshmukh. "Right from day one of this government, whatever it does which is good for the poor, it is done by the party headed by Mrs Gandhi. Whatever bad things, they are done by the government, headed by Manmohan Singh." The rural poor helped sweep Congress to power in 2004, unhappy that economic growth and reforms were passing them by. Sonia Gandhi set herself up as champion of the "aam admi", or common man. But at the same time she promoted a reformist economist

to act as her prime minister, conscious that the country could not turn its back on the global economy. "She is not anti-reform, she is pro-reform," said political analyst Mahesh Rangarajan. "But she is left-of-centre on social and cultural issues." Each attempt at reform over the past two years has been met first by outraged opposition by the government's own communist allies. But "champion of the poor" is too juicy a role to leave to the communists: Congress, too, must play that part in India's political theatre. All but excluded is the Hindu

nationalist Bharatiya Janata Party, beaten in the polls in 2004 and directionless ever since. "The biggest loser is the BJP," said Deshmukh. "I have never seen a weaker opposition." This week's nervous response by Congress to the fuel price hike is also indicative of just how damaging it could be to the party, analysts say. The economy may be growing at more than eight percent a year, but -- as the BJP found to its cost two years ago -- this is no guarantee of electoral success. Rice and wheat prices are already rising, higher diesel prices are sure to

feed into general inflation, and job creation has been meagre, Rangarajan said. "This is the beginning of a problem for the government," he said. "What have they done for the poor? It is very unclear." So far the government has repeatedly ruled out a partial rollback of this week's fuel price hike, but neither Deshmukh nor Rangarajan would be surprised if they go back on their word. If they do, it would just be the latest twist in the theatre that Congress-led coalition politics has become.