

THE BUDGET 2000-01 Full text of Finance Minister's speech

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successfully service in an intensely competitive world of globalized international trading regime in the context of a free market economy. This calls for a national consensus amongst all classes of citizens including the opposition parties. We must remember that we are responsible not only for the needs and aspirations of the current generation but also for ensuring a development-friendly socio-economic environment which will provide the future generations with all the opportunities to create a better and richer life for themselves. Our problems are enormous, but our commitment and sincerity are equally strong and deep. I earnestly believe that, by the grace of Allah the Almighty, we shall overcome our difficulties through collective efforts and shall be successful in establishing a just, equitable and prosperous democratic social order in Bangladesh.

In the face of tremendous possibilities and challenge of the new millennium let me conclude my speech by expressing a firm commitment of this government to solve the multifarious problems facing us by quoting the immortal words of our beloved poet Rabindranath Tagore:

"Give voice to these dumb, pale and speechless faces;
Invigorate these run-down, shriveled, broken hearts with hope;
Call upon them and say : Raise your head and
stand up united for a moment;
The injustice that scares you is not as bold as you are
It will take flight once you wake up and take a stand."

Joy Bangla
Joy Bangabandhu
Long Live Bangladesh

Annexure- "KA."

Summary of revenue measures taken during July 1,1999 to June 30, 2000.

Import Duty :

SL. No	Description of goods	Rate of duty	
		old	decrease
1.	Crude Palm oil	25%	15%
2.	Natural Steatite	5%	0%
3.	Antibiotic	5%	0%
4.	Raw material of soft drink	37.5%	25%
5.	Wood Pulp	5%	0%
6.	Books other than text book	15%	5%
7.	Onion	15%	5%
8.	Rod and Bar (in which amount of carbon is greater than 0.6%)	15%	5%
9.	Sheet piling	37.5%	5%
10.	Rail	15%	5%
11.	Raw material of ceramic industry	15%	5%
12.	Decalcomania paper		
13.	Bolting Cloth	15%	5%
14.	Fixing solution	37.5%	5%
15.	Chassis for public transport	25%	5%
16.	Metalized plastic film used in textile industry (Loom)	37.5%	15%
	Scrap Vessels	15%	5%

VAT

SL. No.	VAT Exemption
1.	Specialist Doctor, Lawyer, Dental Clinic, Wire Nail, Plastic and rubber sandal/chappal Raw Silk (not thrown), exemption of VAT on Transport contractor's Quotation or contract made before 10 th June, 1999.

SL. No.	VAT Exemption
2.	VAT exemption at import stage on maize seed and sorghum seed.
3.	Exemption renderer for opening export L/C (Letter of Credit) on Service.

Income Tax

SL. No	Reduction of the tax rate/rebate/exemption
01.	Reduction of tax rates in the case of bus, trucks etc. and inland water vessels engaged in carrying of passengers and goods.
02.	50% tax rebate of donation at national level Sports Federations.
03.	The list of specific industries is extended where foreign technicians get a three years tax exemption on their salary income. And the list of physical infrastructure facilities entitled for tax holiday has been extended.

Annexure "KHA"

1. **Income tax rates applicable for individual assessees:**

- (i) On first Tk. 1,00,000/- of total income Nil
- (ii) On next Tk. 50,000/- of total income 10%
- (iii) On next Tk. 1,50,000/- of total income 18%
- (iv) On balance of total income 25%

Minimum tax payable Tk. 1,000/-

2. **Proposals relating to Income tax for the development of capital market:**

- (a) Tax rebate at the rate of 10% of tax payable will be allowed to the listed company which declares dividend of 25% or more;
- (b) Raising of exemption limit of dividend income from Tk. 30,000/- to 40,000/-;
- (c) Investment in secondary market share made eligible for tax credit and
- (d) Investment allowance upto 2,25,000/- in place of Tk. 2,00,000/- allowed if investment is made in IPOs.

3. **Tax Collection at source deemed to be final settlement:**

- (a) Travel agency commission granted by Airlines will be deemed to be @ 4% and deduction of tax at source will be made @ 5% of the commission. This will be deemed to be final settlement of liability;
- (b) Tax to be deducted at source from any payment to the insurance surveyor of the General Insurance Company and this will be deemed to be the final discharge of tax liabilities;
- (c) The existing provision of 10% deduction at source on interest of savings deposit and term deposit will be treated as final discharge of tax liabilities for individual assessees excepting Company;
- (d) The existing provision of 10% tax deduction at source on manpower export will be treated as final discharge of tax liabilities;

Annexure - "KHA"

(e) Exemption limit for deduction at source from payments to life insurance agents raised to 40,000/- from 25,000/- and treated as final settlement.

4. Proposals for withdrawal and readjustment of rates in respect of collection of tax at source:

- (a) The system of Collection of 10% Tax at source is abolished with the objective of making interest earning Savings Instruments Tax free;
- (b) Provision for collection of tax at source from real estate business is abolished;
- (c) Provision of tax deduction at source on bonus shares is abolished;
- (d) Tax to be deducted @ 2.5% by banks from payments made to agent of foreign buyers;
- (e) Rate of collection of tax at source from biri manufacturers reduced from 5% to 3%.

5. Proposal for rationalisation of the rates of tax deduction at source from contractor and suppliers:

Current Rates:

Amount of payment	Rate of deduction of tax
Where the payment does not exceed Tk. 2,00,000/-	Nil
Where the payment exceeds Tk. 2,00,000/- but does not exceed Tk. 10,00,000/-	1.5%
Where the payment exceeds Tk. 10,00,000/- but does not exceed Tk. 25,00,000/-	2.5%
Where the payment exceeds Tk. 25,00,000/-	3%

Annexure - "KHA"

Proposed Rates:

Amount of payment	Rate of deduction of tax
Where the payment does not exceed Tk. 3,00,000/-	Nil
Where the payment exceeds Tk. 3,00,000/- but does not exceed Tk. 25,00,000/-	2%
Where the payment exceeds Tk. 25,00,000/-	3%

6. Proposal for rationalisation of the rates of tax deduction at source on income from house property:

Current Rates:

Amount of payment	Rate of deduction of tax
Where the monthly payment does not exceed Tk. 10,000/-	Nil
Where the monthly payment exceeds Tk. 10,000/- but does not exceed Tk. 20,000/-	3%
Where the monthly payment exceeds Tk. 20,000/- but does not exceed Tk. 30,000/-	4%
Where the monthly payment exceeds Tk. 30,000/-	5%

Proposed Rates:

Amount of payment	Rate of deduction of tax
Where the monthly payment does not exceed Tk. 15,000/-	Nil
Where the monthly payment exceeds Tk. 15,000/- but does not exceed Tk. 35,000/-	3%
Where the monthly payment exceeds Tk. 35,000/-	5%

Annexure - "KHA"

7. Proposal for readjustment of rates of tax on the vehicles plying for the purpose of hire:

- (a) The readjustment of tax rate for vehicles which have crossed ten years or less from the date of registration is as under :

Description of the vehicles	Current Rate	Proposed Rate
Bus having seats more than 52	3,500.00	5,000.00
Bus having seats 52 or less	2,800.00	4,000.00
Air conditioned bus or double decker bus	3,000.00	4,500.00
Non air conditioned mini bus or coaster	1,800.00	2,700.00
Prime mover for carrying container	3,500.00	5,000.00
Truck or tank lorry having a capacity more than 5 tons.	2,800.00	4,000.00
Truck or tank lorry having a capacity more than 1.5 but less than 5 tons.	1,500.00	2,500.00
Truck, pick-up van, and all type of human hauler, maxi or auto-rickshaw for carrying goods having a capacity of 1.5 tons or less.	500.00	750.00

No change of rate is proposed for vehicles older than ten years.

- (b) In the existing law if an amount equal to 125% of annual tax payable, is paid the source of investment of the vehicles is not questioned. For the purpose of rationalisation the rate is proposed to be raised 200%.

Annexure - "KHA"

8. Proposal for rationalisation of the Rates of Tax for unexplained investment in the house property:

Plinth area of the building/apartment	Current Rate per square metre. (Tk.)	Proposed Rate per square metre. (Tk.)
Up to 70 square metre	100/-	75/-
More than 70 square metre but does not exceed 140 square metre	100/-	120/-
More than 140 square metre but does not exceed 230 square metre	150/-	180/-
More than 230 square metre	200/-	250/-

8. Proposal for raising allowable limit of free sample in case of pharmaceutical industries:

Amount of turnover	Proposed Rates
For a turnover upto Tk. 5 crore	2%
For a turnover in excess of Tk. 5 crore upto 10 crore	1%
For a turnover in excess of Tk. 10 crore	0.50%

Annexure - "GA"

Summary of Customs Duty related Activities

SL. No.	Description of goods	Customs Duty		Revenue Impact (Crore, Taka)	
Old	New	Increases (+)	Decrease (-)		

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