

# 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 decalcomania paper	15% 5%
12.	Bolting Cloth	15% 5%
13.	Fixing solution	37.5% 5%
14.	Chassis for public transport	25% 5%
15.	Metallized plastic film used in textile industry (loom)	37.5% 15%
16.	Scrap Vessels	15% 5%

### VAT

SI 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 <sup>th</sup> June, 1999.

SI 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 assessee:

- (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 the 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 assessee 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:

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:

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 of 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%

### Annex "GA"

#### Summary of Customs Duty related Activities

SI. No.	Description of goods	Customs Duty	Revenue Impact (Crore, Taka)
		Old New	Increases (+) Decreases (-)
(1)	(2)	(3)	(4) (5) (6)
1.	All kinds of Starch, Glue and Gum	5% 25% 37.5%	-5.82
	Lac	25% 15%	
2.	Synthetic organic colouring materials	15% 5%	-1.88
3.	Finishing Agent, Dye-stuff and other goods	5% 25%	-0.76

SI. No.	Description of goods	Customs Duty	Revenue Impact (Crore, Taka)
		Old New	Increases (+) Decreases (-)
(1)	(2)	(3)	(4) (5) (6)
4.	Thread waste and Yarn waste	15% 5%	-0.01
	Cotton knit fabric waste	37.5% 5%	
5.	Zinc Oxide, Aluminium hydroxide, Barium carbonate	15% 5%	-1.24
6.	Transfer (dicalcomania) paper	15% 5%	-0.45
7.	Imported milk powder in bulk	37.5% 25%	-25.00
8.	Fresh and frozen chicken	25% 37.5%	-0.00
9.	Crude marble and marble block (weight 4000 kg or more)	15% 37.5%	-0.00
10.	Chlorine, Fluorine, Bromine and Iodine	15% 5%	-0.05
11.	Plastic made vegetable machau, nursery tray	37.5% 15%	-0.69
12.	Paper coated with plastic (Container of Fruit Juice), As for example: Tetrapack	25% 5%	-0.88

SI. No.	Description of goods	Customs Duty	Revenue Impact (Crore, Taka)
		Old New	Increases (+) Decreases (-)
(1)	(2)	(3)	(4) (5) (6)
13.	Filter paper	37.5% 15%	-0.10
14.	Modern ingredients to save agricultural products from sunscreen : UV net	37.5% 5%	-0.08
15.	Storage equipment made of PVC with zipper	37.5% 5%	-4.55
16.	Raw materials for agricultural products such as unwrought zinc, tin, zinc dust, powder and flakes etc.	15% 5%	-15.33
17.	Cream separator	25% 5%	-0.10
18.	Industrial Fan and Blower use for drying in various stages of tea production and processing	37.5% 5%	-0.66
19.	Argon Gas	15% 5%	-0.20
20.	Electrical Equipment, Industrial Raw materials Mercury, Capping Cement, Copper bar, Copper sheet and Tungsten wire etc.	15% 25% 37.5%	-4.91
21.	Raw materials used in industry such as various types of phosphat, polyphosphate and sodium dichromate	15% 5%	-0.40
22.	Raw materials of water based polymer resin such as vinyl acetate,	5% 15% NIL 5%	-0.30

SI. No.	Description of goods	Customs Duty	Revenue Impact (Crore, Taka)
		Old New	Increases (+) Decreases (-)
(1)	(2)	(3)	(4) (5) (6)
	diethyl hexyle acrylate, acrylic and methacrylic acid and ester		
23.	Polymers of ethylene, in primary forms such as HDPE (except Film grade), LDPE, LLDPE etc except EVA.	15% 25% 37.5%	+2.91
24.	Chemicals of Anti-knock and anti-oxidant	25% 15%	-0.62
25.	Inkjet Refill Kit used in Computer printers	37.5% NIL	-1.76
26.	Polythene lined, Lacquers, PVC coated, Laminated Aluminium foil and Polyethylene coated papers.	5% 25%	+5.65
27.	Photographic plates and film used in printing industry	37.5% 15%	-0.02
28.	Artificial graphite; colloidal or semi-colloidal graphite used in producing carbon-rod	25% 15%	-0.05
29.	Multi-layer extruded plastic, which is the raw materials of laminated tube	37.5% 25%	-4.34
30.	Spot billing machine used in private telephone operator	25% 5%	-0.01
31.	Trade advertising materials, Calendar, Commercial Catalogue	NIL 5%	+0.09

SI. No.	Description of goods	Customs Duty	Revenue Impact (Crore, Taka)
		Old New	Increases (+) Decreases (-)
(1)	(2)	(3)	(4) (5) (6)
	etc.		
32.	Metallized Zari yarn	NIL 15%	+0.06
33.	Steel and Aluminium Pre-fabricated building	5% 37.5%	+5.36
34.	Cinema arc carbon	37.5% 15%	-0.03
35.	Imported Pick-up (CKD)	15% 5%	-5.56
36.	Raw material esbiothrine for Non-agricultural insecticide product	15% 25%	+0.49
37.	Adhesive dressing and matter	15% 25%	+0.21
38.	Copper and aluminium rod/wire	25% 15%	-2.60
39.	Aluminium base cap	15% 37.5%	+0.66
40.	Note counting machine	NIL 15%	+0.11
41.	Rifle used in shooting competition	37.5% 15%	-0.01
42.	Dresses used in sports	37.5% 15%	-0.01
43.	Projector Slide used in educational exhibition	37.5% 5%	-0.03
44.	Talcom Powder	5% 15%	+0.18
45.	Baby Incubator	5% 0%	
46.	Industrial capital machinery parts	5% 15% 25%	

### Annexure - "GHA"

Proposals related to VAT: exemption, Imposition in import or production or in both stages and fixation of tariff value and truncated base.

### Value Added Tax (VAT)

#### 1. Proposed exemptions :(Item)

Heading/ H.S.Code	Description of goods	Supplementary Duty Rates (%)
		Present Proposed
2503.00.00	Rock Sulphur	15 Nil
2510.20.10	Rock Phosphate	15 Nil
2711.19.00	LP Gas	15 Nil
2801.10.00	Liquid Chlorine	15 Nil
2815.11.00	Cautic Soda	15 Nil
29.36	Pro-vitamin and vitamins for animal feed.	15 Nil
3215.90.90	Ink jet, refill kits used in computer printer	15 Nil
3901.10.00	Polythene pelet	15 Nil
87.02	CKD Bus	15 Nil
87.02	(a) Double Decker using CNG as fuel	15 Nil
	(b) General Bus having seating capacity of 40 or more using CNG as fuel	15 Nil
9402.90.10	Hospital Bed	15 Nil

#### b. Production stage :

Heading/ H.S.Code	Description of goods	Supplementary Duty Rates (%)
		Present Proposed
3707.10.00	Toner cartridge for computer printer	15 Nil
4801.00.00	Newspaper	Exempted form Excise duty
6402.20.00	Footwear of rubber or plastic	Per pair 30 taka or more Per pair 40 taka or more

### Annexure - "GHA"

Heading/ H.S.Code	Description of goods	Supplementary Duty Rates (%)
		Present Proposed
84.71	Machines for computer, CD ROM Drive, CD	15 Nil
85.17	Modem	15 Nil
85.23	Magnetic tapes and disk (unrecorded) used in computer	15 Nil
85.24	Software	15 Nil
87.04	Body building in Truck	15 Nil

### Annexure - "GHA"

#### c. Import & Production stage :

Heading/ H.S.Code	Description of goods	Supplementary Duty Rates (%)
		Present Proposed
5004.00.00	Silk yarn	15 Nil
84.48	Auxiliary machinery for use with textile and jute mills	15 Nil

#### 2. Proposed imposition :(Item)

Heading/ H.S.Code	Description of goods	Supplementary Duty Rates (%)
		Present Proposed
94.06	Prefabricated buildings of iron and aluminium	Nil 15

#### 3. Proposed imposition :(Service)

Heading/ H.S.Code	Description of goods	Supplementary Duty Rates (%)
		Present Proposed
	Chartered plane and helicopter rental service	Nil 15
	Video and audio-CD rental service	Nil 15

#### 4. Proposed exemption :(service)

Heading/ H.S.Code	Description of goods	Supplementary Duty Rates (%)
		Present Proposed
	Land seller: Metropolitan and Municipal area	15% in all area a. 15% for metropolitan and "A" grade municipal area b. 10% for other area c. All area other than metropolitan and "A" grade municipal area
	Ready-made garment seller	15% in all area
	Procurement Provider Computer and Computer machinery	15 Nil

### Annexure - "UMA"

Proposals regarding, exemption, reduction, increase, Imposition and restructuring of Supplementary Duties in import, domestic or in both stages.

### Supplementary Duty

#### 1. Proposed exemptions :

Heading/ H.S.Code	Description of goods	Supplementary Duty Rates (%)
		Present Proposed
1702.30.10	Dextrose mono-hydrate	10 Nil
2917.32.00	DOP	10 Nil
3904.10.00	PVC Resin	5 Nil
3920.10.00	Polypropylene	5 Nil
3920.99.10	Plastic film for blister packing	5 Nil

#### b. Production stage

Heading/ H.S.Code	Description of goods	Supplementary Duty Rates (%)
		Present Proposed
2201.10.00	Mineral water and Aerated water	30 Nil
2713.20.10	Bitumen imported in retail packing including in drum	7.5 Nil
2714.90.20	Printed Laminated Tube	5 Nil
3923.90.90	Particle, Laminated Veneer, Vinyl Board, Plywood and Door	10 Nil
44.10	Toilet or facial tissue stock, towel or napkin stock	10 Nil
44.12 and 44.18	Hardboard	2.5 Nil
48.03	Toilet Paper, tissue paper, towel or napkin paper	25 Nil
48.04	Sacks and Bags, having base of a width of 40 cm or more	10 Nil
48.18	Carpets and other textile floor coverings	30 Nil
57.01 to 57.05		

### Annexure - "UMA"

Heading/ H.S.Code	Description of goods	Supplementary Duty Rates (%)
		Present Proposed
7003.12.00	Coloured throughout the mass (body tinted), opacified, flashed or having an absorbent, reflecting or non-reflecting layer	30 Nil
7003.19.00	Other non-wired sheet	30 Nil
7005.21.00	Coloured throughout the mass (body tinted), opacified, flashed or merely surface ground glass	30 Nil
7005.29.00	Other non-wired glass : Other	30 Nil
8507.10.00	Lead Acid Battery (Electric Accumulator)	20 Nil
8507.90.00	Separator	20 Nil
85.19 (All H.S. Codes)	Turntables, record-players, cassette-players and other sound-reproducing apparatus, not incorporating a sound-recording device (CKD/CBU).	10 Nil
85.20 (All H.S. Codes)	Magnetic tape recorders and other sound recording apparatus, whether or not incorporating a sound reproducing device (CKD/CBU).	1