

THE DAILY *Star* ON FRIDAY

TODAY'S ISSUE 20 PAGES

COMMITTED TO
People's Right to Know

REGD. No. DA 781 • VOL. XII No. 136 • DHAKA FRIDAY JUNE 7, 2002 • www.dailystarnews.com • 20 PAGES PLUS MAGAZINE PRICE: Tk 7.00

Tax spreads its wing



Finance Minister Saifur Rahman delivers budget speech in JS yesterday

Focus falls on agriculture, agro-processing sector

INAM AHMED, SHAHRIAR KARIM, And BISWADIP DAS

A high outlay means matching earning and this reality pushed Finance Minister M Saifur Rahman to propose a massive restructuring in the taxation system and a wide casting of the tax net in next fiscal's budget presented at the Jatiya Sangsad yesterday.

One of the main philosophies of his new budget is to do away with the tax exemption policy, as far as possible, and make every able person and entity to pay to the coffers.

And it will be realised through expansion of tax base, reform of tax litigation settlement system, prevention of evasion and creation of a tax-friendly environment conducive to investment, Saifur told the parliament.

"The measure that we have undertaken so far [are] to foster, promote and cajole economic growth upholding the overall national interest," Saifur proclaimed.

"I remind all of you that as a good citizen of the country, it is our fundamental responsibility to inculcate the habit of paying taxes in duty 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 projected revenue earnings, we cannot fulfil the desire of our people. That's why all of us must respond to what is expected of us," Saifur said.

The overriding emphasis on revenue collection has dwarfed whatever measures are there for direct boosting of the industry, and the rich and upper middle-class have been given a relief on many counts.

The poor however received 43 per cent of the ADP outlay of Tk 19,200 in the form of poverty programmes. However, Saifur did not make efficiency of expenditure for the poor-targeted programmes an

Changes in income tax structure

STAFF CORRESPONDENT

The finance minister has proposed a number of changes in the income tax structure to bring about dynamism in the tax administration and increase revenue earning.

The income tax exemption limit for individuals has been reduced to Tk 75,000 from Tk one lakh.

The maximum tax rate of 25 per cent for individuals will remain unchanged. The existing four-tier income tax structure has been increased to a five-tier one.

The minimum tax for individuals has been fixed at Tk 2400 instead of Tk 1,800 and Tk 1,200 earlier.

The corporate tax rate for listed companies has been reduced to 30 per cent from 35 per cent and for others 35 per cent from 40 per cent.

In the case of banks, insurance companies and financial institutions, corporate tax rate has been retained at 40 per cent.

The proposed capital gain tax is 15 per cent for companies, regardless of the retention period of assets.

The budget also proposed allocation of Tk 50 crore for paying income tax of government employees.

The minimum tax ceiling for a private limited company has been increased to Tk 50,000 from Tk 25,000.

SEE PAGE 11 COL 3



Prime Minister Khaleda Zia approves proposed budget

BUDGET 2002-03

- BAN**
Import of old and reconditioned and old cars banned from budget speech day
- SOFT DRINKS**
Supplement any duties on soft drinks goes up to 10% from 5%
- TRANSPORT**
Withdrawal of payment of tax on investment on commercial motor vehicle and water vessel
- COSTLIER TRAVEL**
Tax for travel through land- Tk 500 (from Tk 250), for air travel to SAARC countries- Tk 800 (from Tk 600), for other countries (in two categories)- Tk 2500 and Tk 1800 (from Tk 1800 and Tk 1300 respectively). Air ticket tax goes up to Tk 200 from Tk 50
- INCOME TAX**
Income tax exemption limit reduced from one lakh to Tk.75,000 for private assesses
- WHITENING BLACK MONEY**
No questions asked for those with undeclared income if investment made in next three years.
- HOUSING**
GI pipe supplementary duty goes up from 7.5% to 30%. Brick tariff goes up by 50%. duty on Clinker import goes to 22.5% from 15%
- COMPUTERS**
7.5% Tax on computer, all computer parts, modems, software, CD disks
- SOFTWARE DEVELOPER**
Exemption of tax on computer software enterprises for next three years.
- PAPER**
Customs duty on writing and printing paper (not exceeding 150 gsm) goes up to 32.5% from 25%
- ENGLISH MEDIUM SCHOOLS**
Tax to be imposed on all English medium schools
- NEWSPAPER INDUSTRY**
VAT imposed on print advertisement
- ENTERTAINMENT**
Supplementary duty cut by 85% for cinema halls. 15% supplementary duty on satellite channel distributors
- REMITTANCE**
Exemption of tax on remittance from Bangladeshis working abroad if sent through banking channel

Bloated budget sees Tk 11,770 cr deficit

Foreign grants shrink, loans increase, projected growth 6 pc

STAFF CORRESPONDENT

Finance Minister M Saifur Rahman yesterday proposed a budget for fiscal 2002-2003 envisaging Tk 44,854 crore in total expenditure and Tk 33,084 crore in revenue receipts, showing an overall deficit of Tk 11,770 crore.

Saifur also projected a growth of six per cent for the next fiscal. The deficit is 26 per cent lower than this fiscal's original figure but only Tk 55 crore lower than the revised amount. The next fiscal's deficit will be four per cent of the GDP.

Of the deficit, Tk 6173 crore will be financed from external sources and Tk 5597 crore from domestic sources. The domestic financing also includes Tk 1358 crore in borrowing from the banks.

The revenue receipt for the next

fiscal has been estimated to be 20 per cent higher than the receipt estimated in the current year's revised budget.

Tax revenue makes up 53 per cent of the total resource availability, non-NBR tax revenue contributes to four per cent, non-tax revenue 17 per cent, foreign financing 14 per cent and domestic financing 12 per cent.

In the external resources, the contribution of grants in the next fiscal has decreased from Tk 3481 crore of this fiscal's revised figure to Tk 3042 crore.

Diametrically, the portion of foreign loan is set to increase this fiscal to Tk 6139 crore from this fiscal's revised Tk 5313 crore. Foreign loan repayment obligation also shows a significant increase from Tk 2524 crore of the current fiscal to Tk 3007

SEE PAGE 11 COL 7

French fate in balance

AFP, Busan

Ten-man France kept their slender World Cup hopes alive here yesterday with a fighting 0-0 draw against Uruguay despite playing for more than an hour with ten men.

France, who lost their opening match 1-0 to Senegal, must now play for their World Cup survival against Group A rivals Denmark in Incheon on Tuesday, while the South Americans take on the west Africans the same day in Suwon.

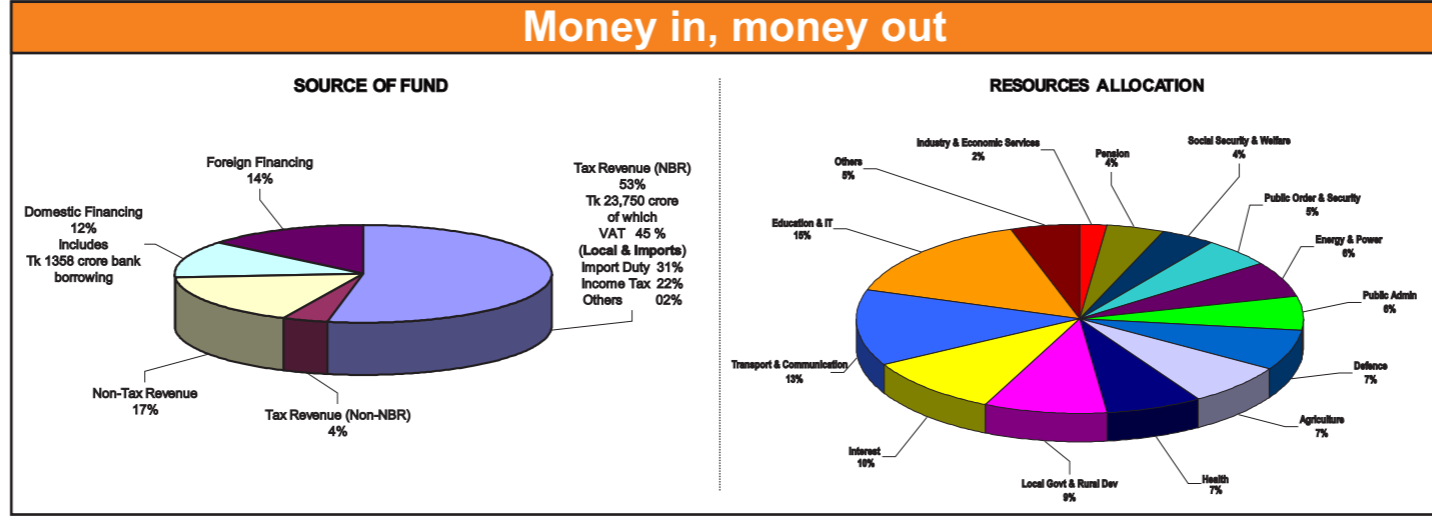
Denmark and Senegal both have four points after drawing 1-1 earlier in the day, while France and Uruguay have one each after this, the first goalless match of the entire

tournament. France's challenge had suffered a huge setback when striker Thierry Henry was controversially sent off in the 26th minute for a challenge on Marcelo Romero and he will miss the next match as will Emmanuel Petit, who picked up a second yellow card.

French coach Roger Lemerre refused to be pessimistic about his side's chances of qualifying for the second phase.

"We still have hope, we need to have a great match against Denmark but it is possible. Unfortunately, we didn't manage any goals tonight so we're

SEE PAGE 11 COL 4



Budget to hit the poor: Kibria

STAFF CORRESPONDENT

Terming the proposed budget "an unrealistic and irresponsible" one, former finance minister SAMS Kibria has said the poorer section of the people will be "affected most" by it.

"The purview of tax has been increased in such a way that the poorer section of the people will be affected most. It will increase sufferings of the people," he said giving his reaction to the proposed budget for fiscal 2002-2003.

"The budget does not have any consistency with expectation of people. It has imposed an unbearable burden of taxes on the people", Kibria said.

The revenue collection target of Tk 33,084 crore is "unrealistic" and the government will "never" be able to collect it. "Finally, they will have to take loan to run the government", the Awami League leader said.

He criticised increase in import duty on soybean, writing paper, powder milk, sugar and fruits. Small industries will also be affected as the budget will put "tremendous pressure" on those, he said.

SEE PAGE 11 COL 1

Mixed reaction Business, political circles

STAR REPORT

The finance minister's proposed budget has drawn mixed reactions from business and political leaders.

They welcomed the measures taken to bring untaxed money into the record, reduce discretionary power of the tax officials, and withdraw license and supplementary duty for imports.

On the other hand, they observed that in many cases taxes have been imposed putting greater burden on the common people who are unable to shoulder the additional pressure as their purchasing capacity did not improve significantly.

Chairman of Bangladesh Textile Mills Association A Matin Chowdhury while appreciating some features of the proposed

Saudis sent packing

AFP, Saitama

African and Olympic champions Cameroon missed a sackful of chances -- but Samuel Eto'o bagged the one that counted to see off stubborn Saudi Arabia 1-0 here yesterday.

Real Mallorca striker Eto'o ended 65 minutes of backs to the wall Saudi resistance to take Cameroon to the brink of the second round of the World Cup, with a neat finish past Mohammed al Dayea

for his 12th international goal after a through ball from Geremi. But they still had to fight all the way for their precious Group E win to go second behind Germany on four points.

Cameroon will face the Germans in their final game - but while the winner of that encounter will go through come what may a draw would leave the Africans sweating on the outcome of Ireland's match against the Saudis.

SEE PAGE 11 COL 7

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