

Kibria on budget

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New taxes have been proposed in the disguise of "restructuring", he said referring to increase in travel tax and court fee.

Kibria said, in the budget speech, the finance minister has given the impression that the government has established good governance in the country. "But in reality, people have become victims of misuse and torture. The finance minister has made a mockery with the people".

The alarming law and order situation in one hand and the pressure of new taxes on the other hand will make people's life miserable, Kibria said.

The finance minister should have expressed concern at the law and order situation. If the present state of law and order exists, no budget can bring about development, he said.

Kibria said there is no special measures in the proposed budget for the agriculture sector. On the finance minister's comment in his budget speech that the claim of achieving food autarky during Awami League rule was 'exaggerated', Kibria said, "The finance minister has resorted to lies.

"The finance minister forgot that we faced a devastating flood in 1998. We had to import 40 lakh tons of food that year. After the flood, we did not import food, rather we had surplus."

He said the proposed budget has made provisions to give facility to the rich. Corporate tax has been reduced by five per cent "only to make the rich happy who voted them to power".

Increase in import duty on cement clinker will affect the construction industry, which is vital for development but is at stake now, he said.

Since steel import is very expensive, AL government had taken steps to inspire the ship breaking industry. But the proposed budget has imposed duty on the industry, he said.

The macro-economic management will go beyond the government's control, he observed.

"We had withdrawn duty on computer hardware. But in the proposed budget, 7.5 per cent duty has been imposed on computer hardware," Kibria said, questioning whether this kind of step is for the benefit of the country.

Replying to a question, Kibria said he has doubt whether about 9000 crore taka will be available from external sources.

The donors have asked the government to establish rule of law, bring the opposition to parliament and to stop torture on minorities, Kibria said.

"I do not think this budget will make the donors happy. Besides, the donors are disappointed to some extent as the government has failed to do so.

"I have not seen any new direction in the proposed budget to increase exports and protect our market," Kibria said.

In the budget speech, the finance minister did not express his respect for freedom fighters, Kibria alleged. "In the absence of the major opposition party, the finance minister shamelessly criticised the opposition", he said.

Meanwhile, Opposition Awami League has termed the proposed budget for fiscal 2002-03 'anti-people' while the Jatiya Party (Ershad) called it 'highly ambitious' and a 'gimmick for political gain'.

The budget will benefit the affluent, not the poor, Deputy Leader of

the Opposition in the Jatiya Sangsad Advocate Abdul Hamid said. He rejected the budget.

Hamid was briefing newsmen at his parliament chamber while Finance Minister Saifur Rahman was delivering the second part of his budget speech in the House.

Golam Mohammad Qader, an influential lawmaker of the Ershad faction of Jatiya Party (JP) told newsmen that the budget was a 'highly ambitious' one and a 'gimmick by the four-party coalition government to gain politically'. He expressed apprehension whether expansion of the tax-net would result in increase in tax collection.

Advocate Hamid said the affluent class will benefit from reduction of advance tax on jeep and motor car. I will not benefit the poor, he said referring to the provisions proposed in the second part of the finance minister's budget speech.

On the proposed Annual Development Programme (ADP) of Tk 19200 ADP for fiscal 2002-2003, he said Saifur had criticised the size of the ADP proposed by the immediate past AL government and termed it an ambitious one. "If the AL's ADP allocation was ambitious, what should we term the finance minister's proposal?"

The immediate past AL government had proposed an ADP allocation of Tk 19,000, but immediately after taking over power in October last year, the BNP government revised it and trimmed it to Tk 16,000.

Hamid said the government is campaigning for rearing goat for poverty reduction, but proposed additional tax on fodder. This is contradictory.

Asked whether AL will go for a movement against the 'anti-people' budget, he said it will be discussed at the party forum.

At the briefing, former state minister and AL leader Syed Abul Hossain claimed that the finance minister presented a 'fabricated figure' of foreign exchange reserve. The reserve would be 'much less' than 1.4 billion dollars, mentioned in the finance minister's budget speech, he said.

GM Qader questioned the proposed expansion of the tax net. This will result in 'repression' on the commonman, he said.

"The budget is seemingly protecting the interest of the rich, and the poor would become poorer," said the JP lawmaker.

Tax holiday

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rate for taxing new industries to be set up between 1st July 2002 and 30th June 2005. It will be effective from the date of commencement of commercial production of the industry.

Saifur also proposed 100 per cent accelerated depreciation allowance for the first year for all industries regardless of their location.

He also declared inter-company transaction between associate enterprises as a 'dis-qualification' for enjoying tax holiday.

The finance minister also proposed reintroduction of 25 per cent initial depreciation allowance on machinery for the first year and 10 per cent for factory building.

Tax on commercial vehicles, vessels to go

STAFF CORRESPONDENT

Finance Minister M Saifur Rahman yesterday proposed withdrawal of presumptive tax on motor vehicles and inland water vessels for commercial use.

Owners of such transports were required to pay 200 per cent presumptive tax on commercial motor vehicles and 125 per cent on inland water vessels.

"An efficient transport system is a hallmark of a strong economic infrastructure. Adequate investment in this sector is needed to build such a system," the minister said.

The policy of taxing investment is not at all conducive to the development of the vital sector, said the minister while proposing withdrawal of investment-related tax.

Untaxed income

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ditionally and without question" by tax officials.

The minister said that due to absence of any special incentive for investing such income, taxpayers did not feel encouraged to declare such income.

"Nor such income is being invested in production activities," Saifur said. "Due to this reason, development activities including industrialisation are being hampered".

One of the goals of tax policy is to direct investment to socially and economically desirable sectors, he said. "But repeated opportunities in the past providing partial tax amnesty on 'untaxed income' failed to generate the desired response from the people due to absence of allocative direction of tax policy," the minister said.

Edn sector

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mass education.

"We have decided to introduce a new and extended programme from next financial year as allegations have been raised against misuse of Food for Education programmes," Finance Minister Saifur Rahman said.

He said under this programme a poor family having one school-going child will get Tk 100 per month and a family having more than one school-going child will get Tk 125.

The government has also taken up a massive programme styled Stipend for Primary Education with its own resources, he said. "This will be the largest single project (of Tk 650 crore) in the history of Bangladesh."

The finance minister also proposed an allocation of Tk 24 crore for recruitment of 8,000 new primary school teachers.

A total of 10,000 computers will be distributed among secondary schools in the coming financial year, he said.

NGOs

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fair to make discriminatory tax treatment regarding incomes generated in similar circumstances.

However, there is a rationale in allowing some tax exemption for the NGOs in special circumstances, Saifur Rahman noted.

Income tax

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All conditions for income tax exemption for remittance through banking channel have been withdrawn. Earlier, remittance from Bangladesh abroad was exempted from income tax on certain conditions.

The finance minister also proposed making appropriate provisions of law for imposing tax on English medium schools, colleges and universities run on a commercial basis.

However, information technology (IT), medical, dental and engineering colleges and institutions will remain outside the purview of such provisions.

He proposed reduction of discretionary power of income tax officials for creating a tax friendly environment. He suggested making a provision for approval by the NBR if a deputy commissioner of taxes proposes an estimate of one's income at 30 per cent higher than that disclosed by the person concerned.

He said introduction of 'fiscal police' for tax recovery should be considered as the existing tax recovery system is very weak.

The finance minister informed the parliament that a reform programme is being implemented with financial assistance from the UK government for building a modern, efficient and time-befitting tax administration.

The main objective of the programme is to introduce a common TIN for income tax and VAT to ensure the much needed coordination between the two departments for preventing revenue leakage, he noted.

Mixed reaction

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down as per an earlier commitment by the finance minister. But we did not find that in the proposed budget," the BTMA leader added.

Acting president of Bangladesh Chamber of Industries (BCI) AK Azad said the government would have to take effective measures for industrial growth.

Tax exemption for agro processing industries as well as investment by any individual, association or private limited company in order to encourage investment are also welcome moves, he mentioned.

He said the chamber hoped that the government would allow continued bonded warehouse facility for the interest of exporters. The BCI leader said however that the 20 per cent less tax in case of the newly established industries from the date of commercial operation would not bring any positive result.

Micro credit programmes and projects under foreign grants should not come under tax net, said Rasheda K Chowdhury, Director of Campaign for Popular Education (CAMPE).

Everything largely depends on the criteria to be set to bring NGO's under tax net, she said. "If an NGO is working for poverty reduction and empowerment of women and development of the country, then it should not come under tax network," she said.

Small NGO's working for development at the grassroots level will face much trouble as they really

don't earn, she said while expressing concern over bringing the NGO's under tax net.

Former president of Bangladesh Frozen Food Exporters Association (BFFEA) Golam Mostafa welcomed the proposed move to bring the government employees into the tax record. "Besides, I hope reducing the discretionary power of tax officials would certainly encourage taxpayers."

Jatiya Party lawmaker Roushan Ershad criticised the proposed budget saying that the additional tax burden of Tk 15,000 crore has been imposed on the ordinary people who are unable to bear it.

Secretary of Bangladesh Cement Manufacturer's Association (BCMA) Azizur Rahman said the increase of import duty on cement clinker would put pressure on the end users and ultimately increase the cost of construction, as the cost of every bag of cement would increase by Tk two to three.

Bangladesh needs more building infrastructure, so the cost of construction materials should not be increased, Rahman said in his brief reaction on the increase of import duty on clinker, the main ingredient for cement production which is mostly imported from abroad.

President of Bangladesh Tax Lawyers' Association MA Salam Talukder termed the proposed budget an ambitious one, saying that the poor people would be under pressure due to the unrealistic annual development programme of

Tk 19200 crore.

"Inflation and prices of essentials would go up significantly. It is also not acceptable to reduce the limit of taxable income to Tk 75,000 from Tk one lakh. Besides, increasing the minimum tax limit to Tk 2400 from the earlier Tk 1000 would seriously affect the small tax payers," he observed adding that it is also illogical to impose value added tax on professionals including lawyers.

Power situation

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generation and distribution including granting licences, fixing tariff, protecting interests of customers etc. The commission would be constituted under the Power Reforms Act, which is now at the final stage of approval.

Besides, the cabinet has approved the draft bill - Bangladesh Gas Act - for long-term development of the gas sector in a competitive environment to encourage private investment, protect consumers' interests and abolish monopoly as well as to protect environment.

Appropriate decision will be taken on economic use of gas keeping in view the interest of the country, on the basis of findings of two expert committees formed to resolve controversies regarding gas, he said.

French fate in balance

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disappointed," said Lemerre.

"Tonight, France are still not eliminated."

Henry had lost the ball and slid in with a desperate two-footed attempt to win it back, prompting Mexican referee Felipe Ramos Rizo to reach for the red card to the disbelief of the Frenchman.

But in the second half, France, seeking to avoid becoming the first World Cup holders since Brazil in 1966 to go out in the first round, overcame Henry's absence to dominate.

In a dramatic end to a game that neither team could afford to lose, Sylvain Wiltord was denied in stoppage time after being played in by Bixente Lizarazu and at the other end French goalkeeper Fabien Barthez kept the world champions in the competition with a superb stop with his legs from substitute Federico Magallanes.

France, still playing without the injured Zinedine Zidane, had a frustrating night in front of goal.

Striker David Trezeguet was denied at close range by Uruguayan keeper Fabian Carini after blasting a shot goalwards and Johan Micoud's curling free-kick was beaten away by the 'keeper.

Trezeguet later threw his head back in frustration after rolling the ball just wide with 20 minutes remaining.

He was replaced by the new star of French football, Djibril Cisse, in the closing minutes.

The untried youngster injected pace to the attack and his shot in the closing minutes tested Carini.

French right-back Vincent

Candela, a first-half substitute for veteran defender Frank Leboeuf, almost caught out Carini with a clever lob and Marcel Desailly headed over the top despite being completely unmarked.

Uruguay's most potent attacking threat came from Inter Milan midfielder Alvaro Recoba. He wasted a golden second-half chance when he could only drive into the side netting after French goalkeeper Fabien Barthez had charged out of his goal.

Uruguayan defender Dario Rodriguez said his team wasted an opportunity to win.

"We didn't take our chances tonight. I just hope we are not too tired when it comes to the match against Senegal," he said.

Coch Victor Pua said: "We started off a little unsure of ourselves but we got better as the game went on. We should really have scored, but all in all, a draw was a fair result."

Minutes after Recoba's miss, Uruguay missed another chance to take the lead, Sebastian Abreu heading just wide of the post.

A timely tackle denied Trezeguet with 15 minutes left to play and the Uruguayans cleared their lines in the subsequent scramble.

Trezeguet was thwarted again two minutes later and Micoud, occupying Zidane's playmaking role, could do nothing with the rebound.

Uruguay, who lost their opener to Denmark, showed their nerves as the first half deteriorated.

The South Americans resorted to rash challenges and earned yellow cards for Romero, Pablo Garcia,

Dario Silva and Sebastian Abreu while Petit picked up a costly second booking of the competition.

Petit it was who came closest to giving France a first-half lead when his curling free kick over the wall forced a lunging save from Carini after 35 minutes.

The French midfielder Patrick Vieira twisted his ankle after Silva's boot made contact with his shin, yet Silva was not booked and Vieira limped back on to the field after treatment.

Silva was eventually booked early in the second half for tripping Lizarazu and was later substituted by coach Victor Pua as it seemed he might earn a sending-off.

Henry just missed Micoud's curled pass into the penalty area after six minutes and Trezeguet was twice poised to score but was caught offside on each occasion.

But after soaking up the early pressure, Uruguay eased back into the first half as Recoba began to run the midfield.

Recoba's powerful drive was deflected by Lilian Thuram but Barthez managed to change direction and save with his right foot.

TEAMS: Barthez, Thuram, Leboeuf, Desailly (capt), Lizarazu, Vieira, Petit, Micoud, Wiltord, Henry, Trezeguet

Uruguay: Carini, Lembo, Sorondo, Montero (capt), Romero, Garcia, Varela, Rodriguez, Recoba, Silva, Abreu

Referee: Felipe Ramos Rizo (Mex)

Tax spreads its wing

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Saifur proposed withdrawal of supplementary duty on a large number of items and also reduced rates on the remaining items.

Earlier, remittance from Bangladesh abroad was exempted from income tax on certain conditions.

The finance minister also proposed making appropriate provisions of law for imposing tax on English medium schools, colleges and universities run on a commercial basis.

However, information technology (IT), medical, dental and engineering colleges and institutions will remain outside the purview of such provisions.

He proposed reduction of discretionary power of income tax officials for creating a tax friendly environment. He suggested making a provision for approval by the NBR if a deputy commissioner of taxes proposes an estimate of one's income at 30 per cent higher than that disclosed by the person concerned.

He said introduction of 'fiscal police' for tax recovery should be considered as the existing tax recovery system is very weak.

The finance minister informed the parliament that a reform programme is being implemented with financial assistance from the UK government for building a modern, efficient and time-befitting tax administration.

The main objective of the programme is to introduce a common TIN for income tax and VAT to ensure the much needed coordination between the two departments for preventing revenue leakage, he noted.

infrastructure users will be charged to work in the private sector.

Through his proposed measures Saifur Rahman is expecting a six per cent growth in the next fiscal.

The finance minister has acknowledged the dwindling contribution of import duty in the revenue earning and has emphasised direct tax collection, basically the income tax.

He has proposed full exemption of tax on the income of the agro-processing industries. As the remittance has saved the dwindling foreign exchange reserve from further fall, Saifur proposed unconditional income tax exemption for the expatriate Bangladeshis sending remittance through banking channel.

However, some paradoxes made the finance minister's proposal to put accent on the growth of ICT (information communication technology) look like a mystery.

On one hand, Saifur promised Tk 300 crore equity and entrepreneur development fund for the ICT sector, along with agro-based industry, and tax exemption for the software industry.

He also proposed withdrawal of three per cent advance tax on computers. On the other hand he proposed 7.5 per cent customs duty on computer hardware, software and all accessories.

As he made a major shift from the dependence on import duty, so far the major source of revenue, Saifur widened the VAT and income tax net.

The finance minister's policy will certainly affect people bracketed in the low income group, as he proposed to lower the tax exemption limit to Tk 75,000 from the existing Tk 100,000 and also made it mandatory to pay a minimum tax of Tk 2,400. The minimum tax payable earlier was Tk 1,000.

However, the high-income group people will get benefit through his income tax restructuring measures.

But, to check tax evasion by the rich people Saifur proposed to make provision for submission of relevant

personal information with their tax return and also 'fiscal police' for tax recovery in the future.

Gone will be the days for the middle income group people to ride a car of their own as the finance minister proposed ban on import of all sorts of old vehicles. But good news for the rich people is that they have to spend less to buy posh cars. At the same time, he withdrew the provision to pay advance tax on personal vehicles.

However, in Saifur's own words "Acceptance of the above proposal (proposed reduced tax rate on new cars) will help one to purchase a new car at a price close to the price of an old car or reconditioned car."

But to strike a balance, Saifur has completely withdrawn presumptive tax on investment on commercial motor vehicles and inland water vessels to bring more investment in public transport sector.

Paradoxically however, he raised income tax on inland water vessels.

As part of his tax-widening scheme, Saifur proposed to bring all English Medium schools, colleges and private universities under tax net, but exempted vocational, dental, engineering, medical and IT institutions.

All incomes of the NGOs barring the proceeds from their micro-credit projects will also come under tax net. Also, his proposal includes an increase in travel tax.

Defence budget

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budget for 2002-03.

"The net defence expenditure will be Tk 3,337 crore after adjusting Tk 601 crore charged as pay and allowances and rent for transport and equipment of the members working for the United Nations peace keeping forces," he told the parliament.

Saudis sent packing

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A bigger winning margin for the Irish than Cameroon achieved on Thursday would put the Africans out, Germany having thrashed the Arab side 8-0.

Saudi Arabia, who made five changes from that outclassed line-up, thus became the first of the 32 teams competing at the finals to depart the competition.

But after a vastly improved showing they can prepare to leave with their heads held far higher than after their German nightmare.

They were admirably tenacious in the opening 45 minutes as the Africans had two efforts ruled out for offside.

Cameroon, the only African side ever to make the quarter-finals with their 1990 exploits, were hell-bent on improving on a draw in their first match against Ireland.

But they struggled for what seemed like an eternity to turn their dominance into goals.

They almost got off to a perfect start when Spanish-based midfielder Daniel Nkome came close to winning a penalty after 17 seconds as he went tumbling in the area but Norwegian referee Terje Hauge was unimpressed.

Saudi coach Nasser al-Johar, nicknamed Mr Fixit, picked a five-man defence with skipper and striker Sami al-Jaber on the sidelines injured.

Obaid al-Dosari, replacing al-Jaber, should have put them into a shock lead on 10 minutes but he headed weakly over from Abdullah Alwakad al-Shahrani's superb cross from the right flank.

Patrick Mboma put the ball in the net for the African and Olympic champions two minutes later but the former African player of the year, on target against the Irish, had strayed offside.

Former Asian player of the year Nawaf al-Temyat tried a speculative effort from some 25 metres in the 21st minute but his effort flew well over.

Al Dosari fell awkwardly and went off on a stretcher ten minutes before the break to be replaced by Al Hasan al Yami.

Al-Temyat should have scored on 42 minutes but rolled a right-foot low effort agonisingly wide and then was unlucky with a neat curled effort wide of Alioum Boukar's left-hand post as

the Saudis pressed forward.

In-between times, Lauren had a header ruled out for offside.

Al-Deayea saved a Raymond Kalla towering header and then fielded a shot from Lauren as Cameroon upped the ante after the restart and Eto'o then ballooned an effort well over the bar from just inside the box before the Saudi keeper plucked a Rigobert Song header out of the air.

Substitute Salomon Olembe then sent a fizzing drive narrowly off target before Eto'o finally ended the torture after 65 minutes, poking the ball home with his right boot off Geremi's flick before tearing his shirt off and rushing to the touchline to embrace coach Winfried Schafer.

Al-Temyat was the Saudi's main threat in the second period but hit a low drive too close to keeper Boukar Alioum with 18 minutes to go and after negotiating four minutes of added time Cameroon held out.

TEAMS: Cameroon: Alioum, Wome (Njanka 84), Tchato, Song, Kalla, Lauren, Foe, Kome (Olembe 45), Geremi, Eto'o, Mboma (NDiefi 74).

Saudi Arabia: Al Daeyea, Al Jahani, Tukar, Zubromawi (Abdallah Al Dossari 71), Al Shehri, Sulimani, Al Khathran (Noor 86), Abdallah Al Shahrani, Ibrahim Al Shahrani, Al Temyat, Obeid Al Dossari (Al Yami 35).

Referee: T Hauge (Norway)

Govt employees

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income from sources other than salary exceeds the tax exemption limit.

The discriminatory tax treatment leads to social inequality and distortion of the system with a negative impact on the tax-GDP ratio, Saifur Rahman said.

Also, the situation in which the government employees are remaining outside the tax net is hindering expansion of the tax base.

"For many years, different trade bodies, including the Federation of Bangladesh Chambers of Commerce and Industries (FCCI) have been demanding removal of the current disparity in the tax treatment. Our development partners, including the World Bank are also highly critical of the current status on the issue," the minister pointed out.

Tk 11770 cr deficit

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core next fiscal.

Project aid has been projected at quite a low level of Tk 1772 crore from this fiscal's original Tk 1944 crore and revised Tk 1820 crore.

The proposed budget also pins hope heavily on national savings schemes as a mode of non-inflationary budget financing and Tk 8608 crore will be collected from sales of savings instruments. However, after retiring Tk 4468 crore the net amount will stand at Tk 4140 crore.

The contribution of the non-NBR portion in the ambitious revenue collection is significantly higher in the next budget. Against this year's Tk 1293 crore original collection figure from this head, the next year's budget proposes to increase it to Tk 1750