

A blow to ICT growth

7.5pc customs duty slapped on computer materials

STAFF CORRESPONDENT

When the country is set to blast off with the growth in information communication technology (ICT) along with the rest of the world, the government decides to impose a 7.5 per cent customs duty on the import of computer hardware, software and other accessories. This was the government's third adverse decision in the ICT sector after having to withdraw the introduction of multi-metering on local telephone calls and the decision to increase the monthly line rents of Internet service providers (ISPs) to Tk 1,200 from Tk 150. Surprisingly, the government has a vision to earn US\$4 billion from the country's ICT sector by the year 2006 through the withdrawal of a 3 per cent advance

income tax on computers.

Reacting to the tax slap, a computer user said, "It is like giving with one hand and taking with another". The customs duty will also include computer paraphernalia's like modems, inkjet refills, toner cartridges, ribbons and blank computer CD's.

With the imposition of the 7.5 per cent customs duty and the withdrawal of the 3 per cent income tax on computers, the actual increase would be a duty of 4.5 per cent.

Finance Minister M. Saifur Rahman termed the duty as 'only a nominal tax incidence' adding that a 7.5 per cent customs duty, and 15 per cent surcharge were levied on computers during the 1996-97, 1997-98 fiscal years.

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Subsidy for agri sector doubled

STAFF CORRESPONDENT

The government would provide Tk 200 crore subsidy to agriculture sector in fiscal 2002-2003.

Finance Minister Saifur Rahman said this in his budget speech yesterday.

The subsidy for the sector in 2001-2002 was originally Tk 100 crore but the revised budget has proposed to double the amount.

Besides, the finance minister proposed establishment of a Tk 300 crore 'Equity and Entrepreneurship Development Fund' to encourage setting up of agro-based and computer software industries.

Meanwhile, in the absence of appropriate guidelines, an amount

of Tk 50 crore allocated for the same purpose in 2001-2002 remained unutilised.

The budget for 2002-03 proposed 30 per cent supplementary duty on import of mango, orange, grape, apple, date and other citrus fruits to promote maximum consumption of home-grown fruits and encourage their production.

It also proposed 20 per cent supplementary duty on import of orange, apple and other fruit juices to protect the local agro-based industry.

Besides, customs duty on cereal pellets will be raised to 15 per cent from five per cent now to discourage import of wheat and cereal pellets.

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TK 2275cr to improve power situation

STAFF CORRESPONDENT

The budget proposes to allocate Tk 2,275 crore for speedy improvement of overall power situation in the country during fiscal 2002-03.

It also proposed an allocation of Tk 580 crore for the gas sector in the same fiscal year. The revised budget for 2001-02 outlined an allocation Tk 458 crore.

The government has decided to rationalise in phases the price of gas and petroleum products consistent with the international price.

The finance minister said power plants with a total capacity of 1229 MW are now underway in the public sector. Meanwhile, private builders are developing power plants with a

capacity totalling 2238 MW on Build-Own-Operate basis.

"According to the projection of the Power System Master Plan, a maximum of 6071 MW electricity would be required in the year 2007. Accordingly, the government is planning to build 18 power stations in phases," he said.

To ensure power supply in the remote areas outside the National Power Grid, steps have been taken to build small-scale power plants.

Saifur Rahman further said an energy regulatory commission would be formed with the responsibility of regulating gas and power

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Historic June 7 today

STAFF CORRESPONDENT

The historic June 7 will be observed today.

On this day in 1966, eleven people, including Monu Mia, Shafiq and Shamsul Huq, were gunned down by police and EPR men in Dhaka and Narayanganj during a hartal called for the release of Bangabandhu and other leaders detained for launching the six-point movement.

Awami League president Sheikh Hasina has said there is no alternative to movement to get rid of the "misrule" of the BNP-Jamaat coal

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Cut in defence allocation

STAFF CORRESPONDENT

The BNP-led coalition government has proposed a decrease of Tk141 crore in the defence budget for fiscal 2002-03 from that for the present fiscal year, made by the previous Awami League government.

The new budget proposes the defence expenditure at Tk 3409 crore against a Tk 3550 crore defence budget for 2001-02. However, the revised budget for the current fiscal year has proposed a Tk 3,402 crore defence expenditure.

The above figures were shown in the budget brief placed in the Jatiya Sangsad yesterday.

But Finance Minister Saifur Rahman in his budget speech mentioned a Tk 3,938 crore defence

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Tax holiday for new industries proposed

STAFF CORRESPONDENT

Some changes in tax holiday system for new industries have been proposed in the new budget.

The provision of tax holiday for extension unit of an industrial undertaking has been withdrawn. "Tax holiday will be provided

Budget at a Glance

Description	(Taka in Crore)		
	Budget 2002-03	Revised 2001-02	Budget 2001-02
Consolidated Fund -- Revenue Receipts			
Tax Revenue	25500	21930	22023
Non-Tax Revenue	7584	5740	6433
Total Revenue Receipts:	33084	27670	28456
Consolidated Fund -- Expenditure			
Non-Development Revenue Expenditure	23972	22692	23107
Annual Development Programme	19200	16000	19000
Non-ADP Project	371	313	284
Capital Expenditure (B2 Statement 5)	978	147	478
Domestic Loans Advances (Net)	-564	-384	-488
Net Outlay for Food Account Operation	234	-6	360
Non-ADP FFW included in Development Budget	663	733	622
Total Expenditure:	44854	39495	43363
Overall Deficit:	11770	11825	14907
Financed by:			
External Sources			
Foreign Grants	3041	3481	3663
Foreign Borrowing	6139	5313	6559
Repayment of Foreign Loan	-3007	-2554	-2524
Total External Sources:	6173	6240	7698
Domestic Sources			
Term Debt (Net)	39	-218	299
Extra Budgetary Resources/Self Financing	200	150	250
Departmental Financing (T & T Bond)	200	171	200
Public Account Transactions (Net)	3800	3800	4302
Total Domestic Sources:	4239	3903	5051
Borrowing from Banking System:	1358	1682	2158
Total Financing:	11770	11825	14907

Net impact

STAFF CORRESPONDENT

Ban: The import of old and reconditioned cars banned from the budget speech day.

Tax holiday partially withdrawn: Tax holiday for extension of industrial unit to be partially withdrawn. **'Whitening' the black money:** No questions will be asked to those with undeclared income, if investment is made in the next three years.

GOING UP
Income tax: Income tax exemption

limit reduced from Tk 1 lakh to Tk 75,000.

Travel becomes difficult: Tax on overland travel -- Tk 500 from Tk 250 and air travel to SAARC countries -- Tk 800 from Tk 600 and to other countries (in two categories) -- Tk 2,500 from Tk 1,800 and Tk 1,800 from Tk 1,300. Air ticket tax rises to Tk 200 from Tk 50.

English medium schools taxed: Tax to be imposed on all English medium schools

Soft drinks:

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Focus on untaxed income

STAFF CORRESPONDENT

Finance Minister M Saifur Rahman yesterday proposed new incentive to bring untaxed income under tax net.

In the proposed budget for 2002-2003, the minister suggested that any investment made between July 1, 2002 and June 30, 2005 by any individual firm, association of persons or a private limited company in any trade or industrial venture for production of goods and services would be accepted "uncon

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Edn retains highest allocation

STAFF CORRESPONDENT

As usual, the education sector got the highest allocation in the budget for fiscal 2002-03.

An amount of Tk 6,710 crore has been proposed for both revenue and development expenditures in the sector. This is Tk 834 crore more than the allocation of Tk 5,876 crore in the revised budget.

The highest allocation of Tk 1,898 crore from domestic resource has been made for the education sector for programmes supportive of poverty reduction. This is 16 per cent of the total domestic resources provided for the 2002-03 ADP.

Out of the total allocation for education in the ADP, 58 per cent has been earmarked for primary and

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9 killed as truck hits maxi in Uttara

STAFF CORRESPONDENT

Eleven people died in separate road accidents in the city yesterday.

Nine people were killed, six of them on the spot, in a road accident in the city's Uttara area yesterday morning.

The accident happened when a Savar-bound Maxi (Dhaka Metro-Cha-11-1250) was hit from behind by an unidentified truck at Kamarpara, Abdullahpur near the toll plaza at about 11:40 am yesterday, hospital sources quoting witnesses said. The truck sped away immediately afterwards.

Of the six victims who died on the spot, only two could be identified -- Raja Miah, 35, and his daughter

Rehana, 10. Of the fatally injured three others, two unidentified victims died at the nearby Panama Clinic while nine-year-old girl Ittadi died at the Dhaka Medical College Hospital (DMCH). The identified deceased were residents of Ashkona near the Haji camp in Uttara.

Four others -- Sagar, Sabed Ali, Nazma Begum and Anlik were admitted to the DMCH.

Uttara police said last night that the truck responsible for the tragic accident was yet to be traced. A case was filed with Uttara Police Station in this regard.

Uttara police sent eight of the bodies to the DMCH morgue at about 7pm yesterday.

In another incident, a two-year-

old girl Shuma was crushed under the wheels of a tempo in front of her house at Pisciculture Housing Society at Shyamoli in the city's Mohammadpur area yesterday afternoon.

The accident took place at about 2:30pm when the tempo ran over the baby who was playing by the road in front of her house. She died on the spot. The body was sent to the DMCH morgue for autopsy.

In yet another incident, a young man Karim, 25, died when a passenger bus ran him over in front of Fazul Haq Hall in the Dhaka University campus yesterday noon.

The fatally injured victim was sent to the DMCH where the attending doctors declared him dead.

NGOs have to pay tax for business

STAR REPORT

Non-government organisations (NGOs) will have to pay tax from now on for their income from all sources excepting micro-credit operation.

"Keeping the entire NGO operations in view, I propose to bring their income from all sources under taxation, except that from micro-credit operation," the finance minister said.

Though the NGOs initially limited their activities to social and economic development with no profit motive, they later expanded their operations to commercial activities. Similar commercial activities by others are taxable. It is not

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Good news for stock market

STAFF CORRESPONDENT

Finance and Planning Minister M Saifur Rahman yesterday proposed a number of incentives to revive the country's ailing stock market.

In the proposed budget for the fiscal 2002-2003, the minister suggested exemption of entire tax on bonus shares, reduction of corporate tax of listed companies from 35 per cent to 30 per cent and bringing down of the ceiling of 25 per cent dividends to 20 per cent for a ten per cent tax abatement rate.

To encourage the listed companies to declare more dividends to shareholders, the finance minister proposed an additional five per cent tax on the undistributed profits of

listed companies who, in spite of their capacity, fail to declare dividends or bonus shares at less than 15 per cent of their paid-up capital.

However, banks and insurance companies will remain beyond the purview of the measure, the minister said.

The minister said stagnation is prevailing in the capital market, and many listed companies in spite of their good earnings do not distribute reasonable dividends or bonus shares to shareholders.

As a result, the shareholders are deprived, and the general investors are discouraged from investing in the capital market.

The minister also suggested

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More funds for PMO

STAFF CORRESPONDENT

Although the BNP-led coalition government has spoken a lot about cost-cutting, the proposed budget seeks an additional allocation for the Prime Minister's Office and the Cabinet Division.

The BNP was critical of the previous budget approved by the Awami League government that sought an expenditure of Tk 173 crore (includes revenue and Annual Development Programme) for the PMO, while Tk 10 crore for the Cabinet Division.

But the ruling party now proposes an expenditure of Tk 194 crore for the PMO and Tk 15 crore for the Cabinet Division.

This year's revised budget, the amount of which was basically spent by the caretaker and the ruling BNP governments, actually shot up to Tk 211 crore.

Govt employees under income tax net

STAR REPORT

The finance ministry has allocated Tk 50 crore as income tax of government employees to remove the discriminatory tax treatment, which is hindering expansion of the tax base.

At present, government employees are not required to pay income tax on their salary, whereas other employees are required to pay. This tax treatment has resulted in discrimination between government employees and others, said Finance and Planning Minister M Saifur Rahman yesterday in his budget speech.

"I agree that the current discrimination should be ended. Considering the overall situation, the government has decided to pay income tax of the government employees from its own funds," the minister added.

In the existing pay structure of the government employees, it will not be rational to ask them to pay their income tax themselves, he reasoned.

In line with the government measure for paying income tax on behalf of the employees, the government employees will be required to mention their TIN (tax identification number) in their pay bills.

"I hope this step will put an end to the longstanding issue of different tax treatments," the minister said.

Many government employees do not file their tax returns even when their

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	Sun Rises	Sun Sets
June 7		6-44 pm
June 8	5-10 am	

Prayer Timings

June 7		
	Azan	Jamaat
Fajr	4-15	4-45
Juma	12-15	1-20
Asr	5-00	5-15
Maghrib	6-48	6-52
Esha	8-15	8-45

Source: Islamic Foundation