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Mr. Speaker, Sir,

85. At the moment VAT is leviable only on the commission for opening L/Cs by Banks. VAT is applicable on almost all other services rendered by Banks throughout the world. In order to remove such anomalies, I am proposing the imposition of VAT on services like D.D, MT, Bank Guarantee, Pay order, T.T etc. in addition to L/C opening.

Mr. Speaker, Sir,

86. At present VAT is not collected on advertisements other than those broadcast through radio and television. In that event, I am proposing that advertisements other than those broadcast through the electronic media be brought under the VAT net. Similarly, I am proposing to further specify the extent and rationalize the definition of the services namely- "procurement provider", "transport contractor", "izaradar" and "rent a car".

Mr. Speaker, Sir,

87. It is difficult to fix annual turnover of quite a few businesses in the service sector. To stop tax avoidance and to minimize harassment of the taxpayers, I am proposing to enact registration of VAT, of businesses like Motor Garage, Indenting, Survey, Consultancy and Supervisory Firm, Satellite Channel Distributor and Satellite Channel Operator, Gold and Silver Shops, Car/Conveyance Rental etc irrespective of their annual turnover.

88. There is VAT on personalized services rendered by architects, consultants, and chartered accountants. Despite VAT on similar professions, consultant physicians and legal advisers are enjoying exemption for a long time. Different chambers and trade bodies are demanding to bring these two services under VAT. Besides, in the private sector, there are many educational institutions (school, college and university) that are run commercially making windfall gain. So there is no reason of keeping such 'educational institutions', 'consultant physicians' and 'legal advisers' out side the VAT net. But instead of bringing these three sectors under VAT net this year, we hope to extend VAT to this sector in the next financial year after framing appropriate regulation in consultation with the subject group.

89. It is a matter of regret that supplementary duty has been imposed on the local production of rice mill huller, tire-tubes of cycle rickshaws and G.I. Pipes. Many a local industry, after failing to cope with the uneven competition of imported goods, has fallen sick for lack of rationalization between the supplementary duty at import and local production stage. So I am proposing to withdraw supplementary duty from all items of goods at the local stage except cigarette, natural gas, C.R. coil, cosmetic products, marble slab, tiles, ceramic bathroom fittings and powder milk etc. It is hoped that these measures will give local industry adequate protection. Side by side, this facility will have a far-reaching effect on further industrialization and employment.

Mr. Speaker, Sir,

90. The affluent section of the society is the main consumer of soft drinks. There is 5% supplementary duty on soft drinks. Considering the ability of the affluent people, I am proposing to raise supplementary duty on soft drink from 5% to 10%. The tax incidence, because of this measure, will be very insignificant.

Mr. Speaker, Sir,

91. Several hundred thousand artists, technicians and workers engaged in the film industries are facing financial crisis because of the day-night display of satellite channel movies. There has been a supplementary duty of 85% on cinema shows for a long time. On the other hand the satellite media for which the cinema industry is facing closure, does not attract any supplementary duty. For the sake of justice and fair play the Supplementary Duty (SD) in these two sectors need to be rationalized. To help the cinema industry (which is considered as a big source of entertainment of the general people) and considering the plight of the countless artists and technicians of the industry, I propose to reduce the SD rate on cinema from 85% to 35% and imposition of 15% SD on "satellite channel distributors". Though this measure will entail a loss of Tk 5 crore (approximately), it will help alleviate the present distressing condition of local cinema industry.

Mr. Speaker, Sir,

92. Considering the practical difficulties in the brickfield sector, a tariff value was fixed, in 1991, for bricks manufactured

both manually and mechanically. Taking the price increase of goods into consideration, I propose to increase the present tariff value of bricks by 50%. At the same time, I propose a tariff value on a similar product called "ready-mix" on a proportional basis. Currently there is a tariff value of only Tk. 700.00 on scraps supplied from ship-breaking yards, which is unrealistic and not in conformity with the market price. So considering the extent of value addition, I propose to re-fix tariff value on ship scraps at Tk. 1500.00 per MT. Because of the existence of tariff value on scrap, the manufacturers of M.S. Products have long been pressing for a tariff value on their products. In the interest of fair competition and transparency in tax administration, I propose fixation of tariff value on different products manufactured by re-rolling mills. It is hoped that this measure will help remove the inconsistencies in this sector and the govt. will be in a position to collect its rightful revenue.

Mr. Speaker, Sir,

93. VAT is leviable on wholesale and retail trade in the city corporation locality and municipal areas. Because of non-imposition of VAT on all business units, a departure has been made in the principles of VAT. To remove the distortion existing in the present system, I am proposing the enactment of laws for bringing all businesses under the VAT net. To bring all these business units under VAT through acceptable and simple system, series of discussion and consultation have been held with FBCCI and the Shop Owners Association. As a sequel to the discussions, I am proposing a minimum annual payment of Tk. 5400 in the case of small shops in city corporation locality and Tk. 3600 annually for small shops in other areas as VAT. But big shops in city areas presently paying VAT on actual sales will continue to do so and will not fall within the purview of this new measure. At the same time, I propose that the retail VAT rate be raised from the existing 1.5% to 2.25%.

Mr. Speaker, Sir,

94. The number of appeals made to the Turn-over Tax Commission has decreased in recent years. It is felt that because of this decrease in number, turn-over related cases can be dealt with and resolved in the normal appeal processes and as such there is no justification in retaining a separate Commission. Under the circumstances, I am proposing to abolish the existing Commission. I also propose to bring the following amendments for removing anomalies in VAT regulations:-

- (a) introduce clear provisions in law for not giving credit facility in case of truncated value and ruination or destruction of raw materials at the factory or service site,
- (b) increase the time for claiming refund by the taxpayer from 4 months to 6 months,
- (c) to include the provision for cancellation of VAT registration in case of untrue declaration,
- (d) enactment of specific provisions for seizure and confiscation of cigarettes without stamp or banderoll,
- (e) restructuring the power of adjudication of officers from Superintendent to Commissioner under the VAT Act and
- (f) a few amendments in law.

Mr. Speaker, Sir,

95. I am proposing necessary changes in the VAT Rule

- (a) to introduce maintenance of computerized records and books of accounts side by side with the manual system,
- (b) to reduce the time for submission of VAT documents relating to clearance of goods and services at the VAT office from 7 days to 72 hours and
- (c) to file appeal to the Commissioner within 30 days of value fixation by the divisional officer.

Mr. Speaker, Sir,

96. There is 15% VAT on air-conditioned bus, launch and train tickets. Similar service provider like airlines attract only Tk. 50 as Tax on Air Ticket since 1989. This remained unchanged till date. But service receivers in other sectors are paying more. Considering overall economic improvement, this tax needs to be enhanced. I therefore, propose to increase this tax from Tk. 50 to Tk. 200 per air ticket.

Mr. Speaker, Sir,

Now I proceed to present some proposals relating to other taxes.

Foreign Travel Tax:

97. I have already thrown some light on restructuring foreign travel tax in course of my presentation on income tax proposals. I have nothing more to discuss here on this issue.

Stamp Duty:

98. At present the rate of stamp duty is 10% levied on the registration value of land, flat etc, in case of sale/ transfer of such properties. I propose to reduce the stamp duty in this case from 10 percent to only 5 percent. At the same time I propose to withdraw the additional tax which is imposed at one percent at the time of registration. In course of discussing income tax, I have proposed reduction of income tax at source on capital gain tax from 10 percent to only 5 percent and complete withdrawal of VAT in this area. As a result, the total incidence of tax will come down from 30 percent to 13.5 percent incase of registration of land, flat etc; and the concerned people will get great relief from the burden of such high tax which they used to bear for such a long time. This proposal, therefore, deserves to be considered as an epoch-making step in the field of registration of land, flat etc.

Court Fees:

99. I propose the necessary amendment of court fees Act 1870 for increasing the existing highest court fee rate of 25,000/- to Tk. 40,000/-. I further propose to increase fixed court fee of Tk. 100 to Tk. 500 and in the case of other court fees, I propose to increase the prevalent rates proportionately according to annexure "H"

It may be mentioned here that because of no change brought in the existing rate of court fees over a long period of time, discrepancy existed in this tax rate's.

According to the Registration Act of 1980 the Registration officers can't deny to register undervalued property. For this reason, I propose that the registration officers should be empowered to evaluate the fair market value of the property of registration, so that he can collect the accurate duty, and charges.

Motor Vehicle Tax and Fees:

100. Though the construction of road-network has extended all over the country at a great cost, it has become difficult for the government to maintain these roads properly for lack of adequate fund. So it has become all the more necessary to increase earnings for this sector. With this end in view I propose to re-fix the rate of vehicle tax and fees as placed at Annexure-"I"

101. So far I have placed various proposals relating to reduction, adjustment, withdrawal or rationalization of various tax measures, I am now placing before this august house the revenue implications of major tax proposals for the FY 2002-2003. During FY 2000-2001, collection of Income tax, VAT and Customs stood at TK. 3500 crore; TK. 5090 crore and TK. 10,035 crore respectively. If we consider annual growth of revenue at 15 % for Income tax and VAT and 6% for Customs, then the revenue yield under these three head will be TK. 4628 crore (Income tax), TK. 6731 crore (VAT) and TK.11,275 crore (Custom). In addition, because of the new measures as proposed the net collection (after deducting the losses) will be TK. 160 crore in Income Tax, TK. 100 crore in VAT and TK. 540 crore in Customs. As a result the collection from these three main sources will be TK. 4788 cr., TK. 6831 cr. and TK. 11,815 cr. totalling revenue earnings to the tune of Tk. 23,434 crores. In addition, another TK. 316 crore will be collected from other sources like travel tax etc. thus making it feasible to reach the target of TK. 23,750 crore. I would like to mention here further that another TK. 1750 crore will be collected from Non-NBR sources. Thus revenue collection for the FY 2002-2003 will be TK. 25,500 crore, for realization of which adequate measures will be taken.

Mr. Speaker, Sir,

102. In the first part of my budget speech I have mentioned that the size of this year's budget in monetary terms will be TK.44,000 crore approx. Because of the economic recession and present day global situation quantum of foreign assistance is gradually shrinking. In that event, the need for harnessing revenue from our own internal sources is increasing day by day. It is also true that imposition of a heavy tax burden on economy for providing required fund for development may impede the spontaneous growth of industrialization and investment in the country. Keeping this crucial factor in mind and also considering

our limitations to choose between alternatives, we have tried to increase revenue earnings by expanding the tax base, simplifying the tax laws and rationalizing the tax structure, increasing efficiency of the tax administration and improving the monitoring and supervision system. For encouraging investment in industrialization to generate employment opportunities, the government has extended an opportunity in this budget to invest capital in industrial ventures the sources of which will not be questioned by the department. Moreover, special tax concessions were given to agro-based industries. As such it is expected that a big chunk of undisclosed income will come into the tax net. In order to give deserving protection to the domestic industries, duty and tax structure has been rationalized very carefully. In this budget the VAT system has been made more effective to arrest evasion as to contribute towards yielding more revenue. I have already mentioned about the steps that are proposed to be adopted in this budget to ensure transparency and accountability to establish good governance through legal and administrative measures.

Mr. Speaker, Sir,

103. About two years back we have stepped into a new millenium. Within this span of time we have entered into the third stage of industrialization- that is in the revolutionary era of information technology. We are to be farsighted and proactive to be successful in our mission in this age of information super highway. This sort of action programmes is expected to attain success only when political stability exists in a country. And such responsibilities cannot be accomplished only by the government rather it needs active co-operation and concerted efforts of all concerned.

Mr. Speaker, Sir,

104. In this respect, I would like to remind all of you that as a good citizen of the country it is our fundamental responsibility to inculcate the habit of paying taxes on due 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 the projected revenue earnings we cannot fulfill the desire of our people. That's why all of us must respond to what is expected of us. It is not always a fact that by increasing revenue earnings internal resources can be increased. By reducing wasteful expenditure and by using collected revenue appropriately, internal resources can be increased. I therefore believe that if we can use our resources in the right direction and for the right cause we can build up a self-reliant Bangladesh in the near future.

105. The budget of FY 2002-2003 is the first budget of the government of BNP and its allies. It is the dawn of the 21st century and the challenge of developing Bangladesh as a worthy nation has fallen on our shoulder. The present government is well equipped to accomplish this task under the dynamic leadership of the honorable Prime Minister and Leader of the House, Begum Khaleda Zia. We are pledge-bound to fulfill the election commitments. In the very beginning of my budget speech, I have pronounced the name of our great national leader Shahid President Ziaur Rahman who declared the independence of Bangladesh. Because of his farsighted leadership, we are now having multiparty democracy in Bangladesh.

Mr. Speaker, Sir,

106. The self-reliant Bangladesh, which was the dream of late Shahid President Ziaur Rahman, must be achieved. We must dedicate ourselves to build a self-reliant Bangladesh by utilizing our talent, merit and wisdom. I firmly believe that under the dynamic leadership of our honorable Prime Minister Begum Khaleda Zia, we will be able to achieve economic emancipation of our people and establish Bangladesh as a model self-reliant, prosperous country in the committee of nations.

Khoda Hafez,
Bangladesh Zindabad.

Annexure-"A"

Income tax rate for individual category of assessee

Sl no.	Proposed Slab	Propose rate
1.	On first Tk. 75,000/- of total income	Nil.
2.	On next Tk. 1,50,000/- of total income	10%
3.	On next Tk. 2,50,000/- of total income	15%
4.	On next Tk. 5,00,000/- of total income	20%
5.	On the balance of total income	25%
Minimum tax payable Tk. 2,400/-		