



Table-4

(a) Import Stage:	Waste paper – a raw material of newsprint paper. Sterile Surgical Catgut & Suture. Crude and refined Palm oil, Soybean oil and Palm Olein	Exemption
	Fruits and flowers except Date	Concession: (VAT reduced from 15 percent to 10 percent on certain condition and for upto 30 June, 2013.) Imposition of 15 percent tax
(b) Production Stage:	Agricultural machines for applying granular urea	Exemption
	Organic fertilizer	Exemption
	Rice, Wheat crushing machines	Exemption
	Rice bran oil	Exemption
	Shoes and Sandals of plastic and rubber of value up to Tk. 100	Exemption
	All types of fruits and flowers	Exemption
(c) Services:	Location and establishment rent receiver of industries including 100 percent export oriented ones	Exemption
	Private medical colleges and Engineering colleges	

### Import Duty and Supplementary Duty

#### Mr. Speaker

284. Against the backdrop of gradual decline of import duties, additional 5 percent regulatory duty was imposed in FY2010-11 on the commodities having highest customs duty (25 percent) with a view to protecting local industries and ensuring revenue growth. This additional regulatory duty will remain unchanged in FY2012-13. However, in most of the cases, supplementary duty is proposed to control the import of unnecessary and luxury goods.

285. To keep the price of commodities within the reach of mass people, the existing zero rate of import duty on food, fertilizer, seeds, cotton and medicine will continue in the next fiscal year.

286. Still a substantial amount of revenue is collected from import duty and supplementary duty at import stage. Existing import duty structure consists of four slabs (0%, 5%, 12% and 25%) and the slabs for supplementary duty are EIGHT (20%, 30%, 45%, 60%, 100%, 250%, 350% and 500%). I propose to add one more slab of 150 percent of supplementary duty.

287. Changes have been made to import and supplementary duties imposed on some particular commodities. For instance, there are rebates and duty reduction on some of them and increased duties on others. The main objectives of such interventions are to protect local industries and to control price of essential commodities. The aforesaid changes in the rates and exemptions are shown in the following table:

Table 5: Some Proposals for Import duty, Supplementary duty and VAT for FY2012-13

Sl	Particulars of commodity	FY 2011-12				FY 2012-13			
		Import Duty (%)	Suppl. Duty (%)	VAT (%)	Total Tax burden including AIT and ATV (%)	Import Duty (%)	Suppl. Duty (%)	VAT (%)	Total Tax burden incl. AIT and ATV (%)
1	<b>Edible Oil:</b> Crude sunflower oil	12	0	15	38	5	0	10	16
2	<b>Nutritional supplement for pregnant women and lactating mothers</b>	25	20	15	90	25	0	15	59
3	<b>Machineries for pharmaceutical industries:</b> Air Handling Unit (AHU), Heating, Ventilation and Air Conditioning (HVAC)	25	60	15	152	3	0	0	3
	Streptokinase	12	0	15	38	0	0	0	0
	Insulin pen	5	0	15	29	0	0	0	0
4	<b>46 essential item of pharmaceutical industry</b>	12 to 25	0	15	38 to 59	5	0	15	29
5	<b>Information technology:</b> Multimedia Projector	25	0	15	59	5	0	15	29
	Flash drive, flash card, SD card	25	0	15	59	3	0	0	3
	Server rack	25	30	15	105	25	0	15	59
6	<b>Public transport:</b> Safety glass	25	0	15	59	12	0	15	38
	Brake shoe/brake pad	25	0	15	59	12	0	15	38
7	<b>Ceramic industry:</b> Flint/grinding pebbles	25	20	15	90	25	0	15	59
	Silex/lining/abrasive/polishing disc	25	60	15	152	25	0	15	59
	Alumina ball	12	0	15	38	3	0	0	3
8	Supplementary duty of tiles and crockery have been increased in order to protect the ceramic and glass industry	25	45	15	128	25	60	15	152
	<b>Ship building industry:</b> Transmission shaft, Propeller, Anchor,	12	0	15	38	5	0	0	5
9	High capacity welding rod	25	0	15	59	5	0	0	5
	Air conditioner	25	60	15	152	25	100	15	213



### The railway sector needs more government focus.

288. Import and other duties have been substantially reduced from some items of public transport, information technology, medicine, ceramics and ship building industry. Import duty and VAT on edible sunflower oil has been reduced. In addition, considering the nutrition of mother and child, supplementary duty on nutritional supplement for pregnant women and lactating mothers has been reduced substantially.

289. It is notable that government has taken various steps for the development of poultry and livestock sector. In continuation of that and to meet the growing demand of milk through artificial livestock breeding, steps will be taken to have consultation with all the stakeholders concerned regarding the reduction of import duty on necessary equipment.

290. To encourage installation of Effluent Treatment Plant (ETP) for preventing environmental pollution, the current rate of import duty is only 3 percent while it is only 1 percent in the case of export oriented industries. In addition, all duties and taxes in excess of 3 percent are waived in this fiscal year on the imported chemicals (not locally produced) required for running ETP. I propose to introduce zero percent duty instead of existing 1 percent in the coming FY2012-13 in case of importing equipment to install ETP plants for the export oriented industries.

291. 25 percent flat rate of depreciation was introduced in FY2010-11 in order to prevent fraudulent practices of declaring the used/reconditioned vehicles relatively older than actual by tampering import documents and taking advantage of previous depreciation facility. I propose to retain the current depreciation facility in the coming fiscal year along with 10 percent dealer's commission. However, according to the existing Import Policy Order, import of used/reconditioned vehicles up to five years old is allowed. This depreciation facility will be applicable for vehicles of five years old instead of existing three years. In addition, to prevent the practice of false declaration of the price of imported new cars, I propose to make rules that the value of a new car can in no way be lower than that of a used or reconditioned vehicle of same model, brand and cylinder capacity (cc) manufactured in the same country. Besides, I propose further rationalization of existing supplementary duties on vehicles import.

292. In addition, the rates of supplementary duty on vehicles for FY2012-13 are presented below:

Table-6

SL	Particulars of the Vehicle	Supplementary Duty (%)	Total Tax Burden (%)
a	Cylinder capacity up to 1,500 cc	45	129
b	Cylinder capacity from 1,501 cc to 1,800 cc	100	213
c	Cylinder capacity from 1,801 cc to 2,000 cc	150	290
d	Cylinder capacity from 2,001 cc to 2,750 cc	250	445
e	Cylinder capacity from 2,751 cc to 4,000 cc	350	599
f	Cylinder capacity over 4,000 cc	500	830
g	Microbus of cylinder capacity up to 1,800 cc	30	105
h	Microbus of cylinder capacity from 1,801 cc to 2,000 cc	60	152
i	CKD vehicle, station wagon and jeep (except 3 wheelers) up to 2,000 cc	30	105
j	CKD vehicle over 2,000 cc	45	129

293. In addition, the duty imposed on hybrid cars having engine capacity of 2,000 cc will now be imposed on the cars of 2,500 cc engine capacity. It is to be noted that, in addition to supplementary duty, 25% of import duty, 5% of regulatory duty, 15% of VAT, 5% of AIT and 3% of ATV will be imposed.

294. Customs authority is responsible for preventing import of goods violating copyrights and intellectual property rights. I propose to amend the Customs Act 1969, so that section 15 of the Act can facilitate resolving any dispute arising from the violation of Trademark Act, Copyright Act and Patent and Design Act.

#### Mr. Speaker

295. Customs bond system plays a significant role in facilitating export in Bangladesh. Most of the export oriented industries including the readymade garments and its backward linkage industries operate through bonded warehouse system. Steps have been taken to digitize the operation of these houses. The bonders will soon be able to submit Utilization Declaration (UD) and Utilization Permission (UP) application online and receive approval without visiting Customs Bond Commissionerate. Similarly, efforts are underway to reduce the alleged irregularities of diplomatic bonded warehouse by rationalizing quantity of import, ensuring privileged person passbook verification and promptly distributing tax exemption letter issued by the Ministry of Foreign Affairs. At the same time, steps have been taken to automate the operation of these warehouses. Customs Bond Commissionerate, Dhaka has been working to develop a Bond Management Information System (BMIS). For the extended use of this system and to expand it to all the bond sectors, initiatives are taken to follow Public-Private Partnership model. It is expected that the bond system will be completely automated at the end of this fiscal year. It will boost export and reduce the cost of doing business.

296. In spite of steps taken for the expansion of customs administration, its full implementation is yet to take place and a valuation database has not yet been established. For these reasons, abolishing the PSI system had to be deferred several times. The government has already taken several steps to avoid any potential problem in fixing import duty once the PSI system is discontinued. This system will surely be abolished by December this year. Installing the UNCTAD developed ASYCUDA World software in five custom houses and ten land customs stations is in progress. By using this software all customs formalities starting from declaration of goods to the release of the same will be done automatically online and costs of trade and other barriers will be reduced substantially. All the major custom houses and stations of the country will be brought under this coverage by 2013. The prices of all the imported goods will be preserved in a database in this system, and custom houses and land custom stations across the country will be able to exchange these information. Steps have also been taken to place a number of specially trained customs officers in some of the missions abroad.

297. The customs department of Bangladesh is now playing a more active role internationally. Recently, the government has decided to adopt the