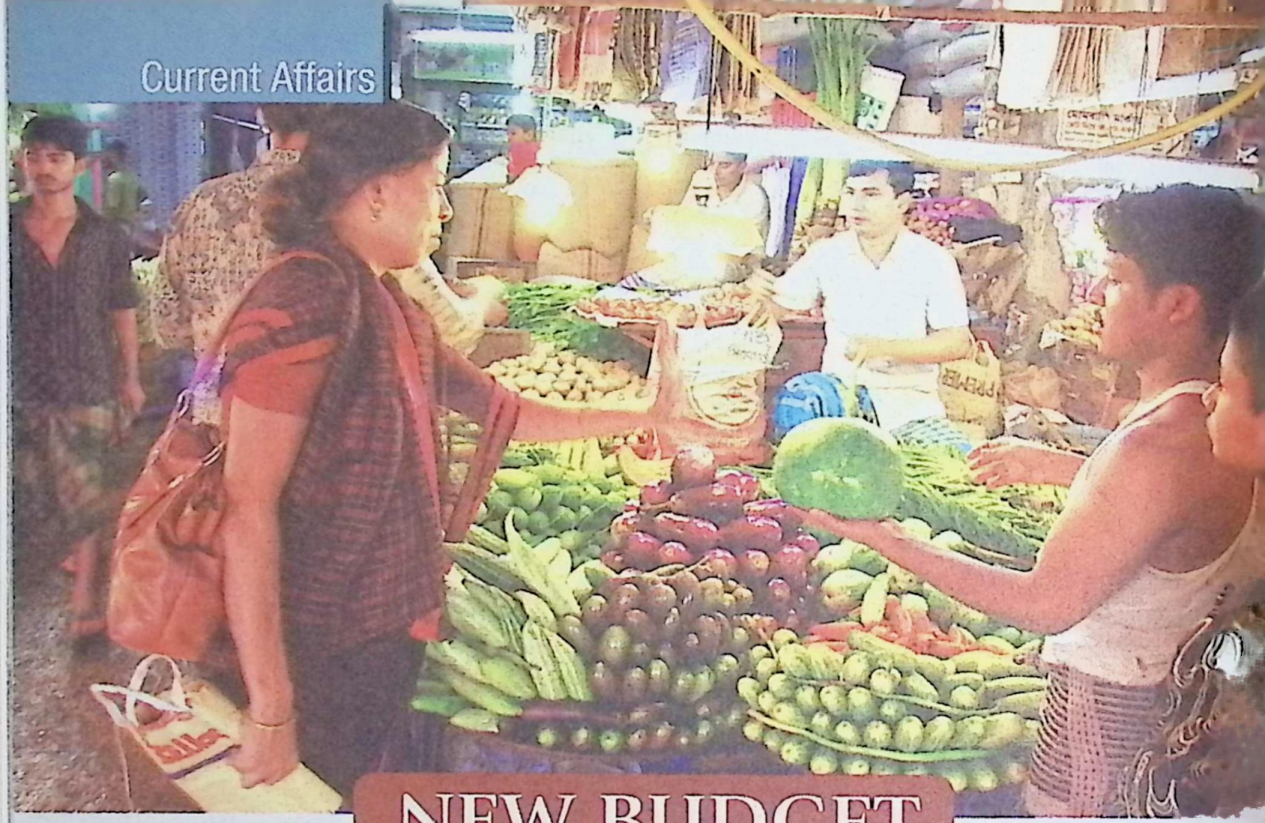


PHOTO: ZAHEDUL I KHAN

NEW BUDGET

Hungry for Money?

SHAKHAWAT LITON

The new Indian Finance Minister Arun Jaitley is in favour of hiking up the income tax exemption limit. He has spoken many times about increasing the limit from Rs 2 to Rs 5 lakh. His logic is quite interesting: raising the income tax ceiling will not have any negative impact on the government's revenue collection. Rather, he says, it will contribute to the government's move to collect more revenue. This is because if the income tax exemption limit is raised from Rs 2 lakh to Rs 5 lakh, three crore people will save more money. With more savings in the pockets of ordinary folk, purchasing power will increase which, in turn, will increase VAT and excise duty and hence revenue. Hiking up the income tax exemption limit can, therefore, serve both people and the government as well.

Our Finance Minister AMA Muhith, however, thinks differently. He is in favour of keeping the same the income tax exemption limit. In the proposed budget for FY 2014-15, he has proposed that the threshold of taxable income of individual tax payers will remain the same, Tk 2.2 lakh. Even at a press conference he held the next day after placing the proposed budget in parliament, the finance minister said he had wanted to keep the ceiling the same for the next 10 years. He could not proceed with his idea as Prime Minister Sheikh Hasina had not agreed with it.

Keeping the income tax exemption limit same for the next one year is unjustified. The finance minister did not do justice to people by making such proposal. Ordinary people are already struggling to earn more to meet the increasing cost of living. The price of almost every daily essential is on the rise day by day. Now the finance minister has decided to force people to pay taxes on the additional money they are earning in order to pay their ever increasing bills. Ordinary people will have to suffer more as some commodities will be costlier and they will have to pay more in the form of VAT and other duties in addition to the marked up prices of the commodities themselves. Will Muhith's proposal encourage people to give income tax or force them to dodge the tax?

The proposed budget, however, will get passed easily in parliament. MPs who claim to be people's representatives will speak little about this proposal. One or two MPs belonging to the handmaiden main opposition bench may speak about it. But their voices will not be able to shake the brute treasury bench. One thing is almost certain that the main opposition Jatiya Party will not go against any of the