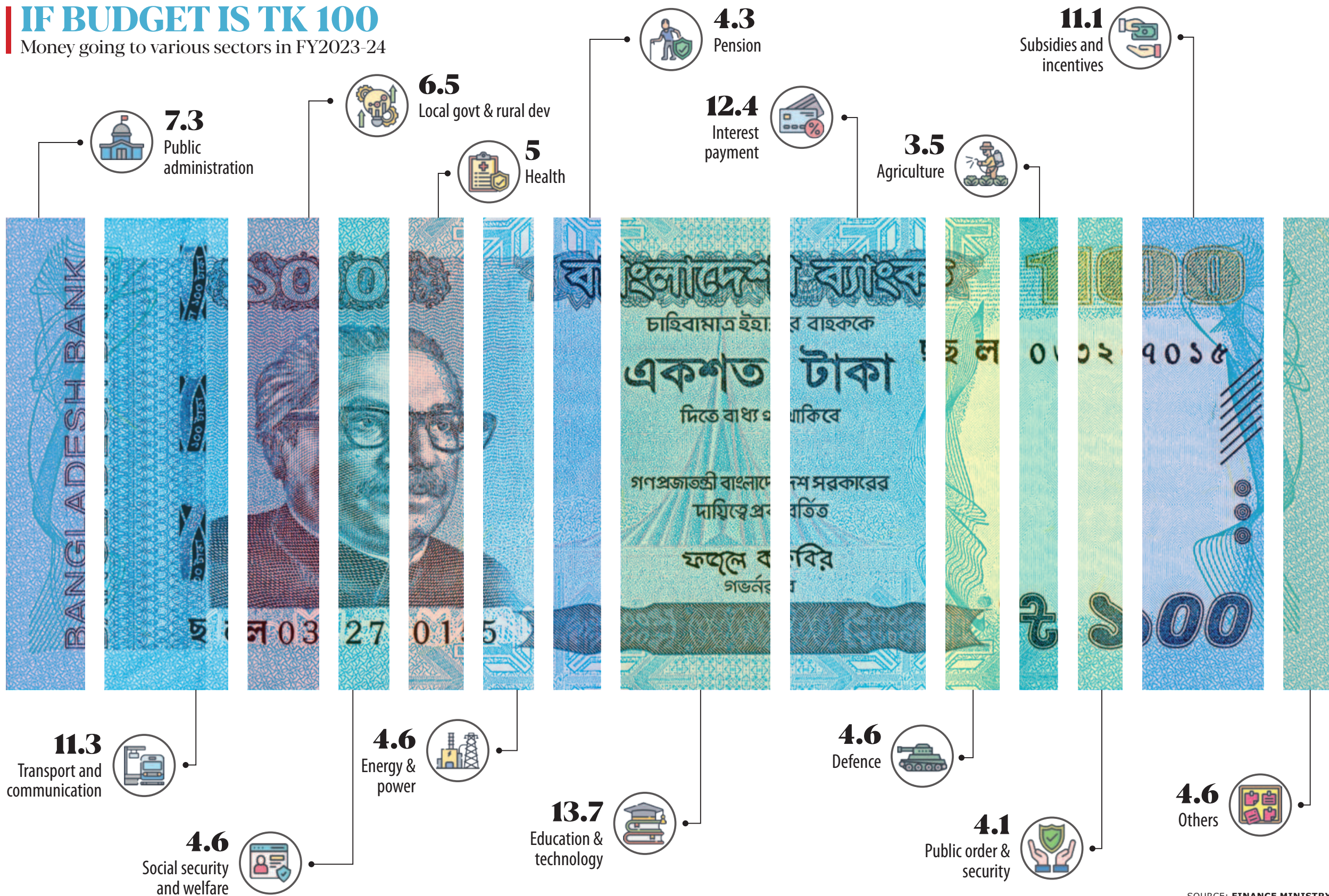


IF BUDGET IS TK 100
Money going to various sectors in FY2023-24



SOURCE: FINANCE MINISTRY

Universal pension scheme to be rolled out in FY24

MD FAZLUR RAHMAN

The government plans to roll out the universal pension scheme in the next fiscal year.

The Universal Pension Management Act, 2023, has already been passed by parliament and the finance minister yesterday said he was hopeful about introducing the scheme from FY2023-24.

A pension authority is expected to be established soon.

Under the proposed scheme, a beneficiary can enjoy pension benefits, subject to the payment of a subscription fee up to the age of 60 if the person enrolls at an age between 18 and 50. Those who would enrol at the age of more than 50 have to pay a subscription fee for a minimum of 10 years.

Expatriate Bangladeshis will be able to participate in this scheme.

If the pensioner dies before reaching the age of 75 while on pension, the pensioner's nominee will be entitled to the pension until pensioner would have been 75 years old.

If the subscriber dies before paying the subscription fee for at least 10 years, the deposited money will be returned to the nominee with the profit.

A subscriber will be able to withdraw a maximum of 50 percent of the deposited amount as loan.

Contributions to the pension fund will be treated as investments and tax rebates can be availed against it. Besides, the amount received as a monthly pension will be exempted from income tax.

Hardly any mention of yawning inequality

AHSAN HABIB

The story of Bangladesh's economic growth is predicated on solid ground. But some of its facets offer an interpretation that tells a different story if you look at it from the angle of equality. Despite an average growth of six percent per annum over the past two decades, its benefits are yet to trickle down to the poor.

Many expected that the budget for the next fiscal year would provide some respite for those who find it increasingly difficult to eke out a living with inflation hitting new heights almost every month. Although there is a lot to rejoice for the rich, there is none for the poor.

Many government measures relating to tax, some of which were proposed in the budget announced yesterday, will only widen the gap between the poor and the rich.

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TAX MEASURES

Relief for rich, burden on low-income people

SOHEL PARVEZ

Rich will get a shot in the arm from the tax measures in the new fiscal year. They may not have to pay any surcharge on their net wealth worth up to Tk 4 crore from the next fiscal year as per the proposed tax measures.

The current Tk 3 crore surcharge-exempt threshold was set in the fiscal 2019-20's budget, raising the amount from the previous Tk 2.25 crore.

Besides, the tax authority in the outgoing fiscal year made changes to its tax credit rule on investment that benefited higher-income individuals and put more burden on low-income taxpayers.

In the next fiscal year, the government is likely to raise the tax exempt annual earning ceiling to Tk 3.5 lakh from Tk 3 lakh. This is likely to give some level of comfort to people of limited income amid soaring cost of living.

But as per the proposed budget, registered taxpayers, who have to file their income, expenditure and wealth statements, to avail 38 services will need to pay a minimum tax of Tk 2,000 even if they earn less than Tk 3.5 lakh in a year.

This means a large portion of the population, including pensioners and homemakers, will have to pay the minimum tax despite earning less than Tk 3.5 lakh a year.

These proposals are being put forth at a time of elevated inflation, which averaged 8.85 percent in the first 10 months of the fiscal year.

A tax-exempt income limit of Tk 3.5 lakh and a minimum tax on individuals are contradictory, said Snehashish Barua, partner of a chartered accountancy firm.

A tax-exempt income limit of Tk 3.5 lakh and a minimum tax of Tk 2,000 on individuals are contradictory.

Snehashish Barua

partner of a chartered accountancy firm

As per the National Board of Revenue rules, people must submit a statement of income and expenditure to borrow over Tk 5 lakh from a financial institution, maintain credit cards, open a postal savings account of over Tk 5 lakh, and purchase a savings certificate of more than Tk 5 lakh.

People who open and continue using bank accounts of any sort with a credit balance of over Tk 10 lakh will also need to pay the minimum tax.

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BUDGET SNIPPETS

1 TK 2,000 MINIMUM INCOME TAX

Individuals who are required to submit income tax returns to avail various government services will have to pay a minimum tax of Tk 2,000 even if they don't have taxable income. Registered taxpayers have to file income, expenditure, and wealth statements and get proof of submission of returns to enjoy 38 types of services.

2 AIR TRAVEL TAX SURGES UP TO 67%

For the first time, domestic air travellers will have to pay Tk 200 travel tax, while international air travellers' tax will be raised by up to 67 percent. The tax for travelling to Saarc countries will go up by 67 percent to Tk 2,000, to Middle Eastern destinations by 33 percent to Tk 4,000, and to other countries by 50 percent to Tk 6,000.

3 CARBON TAX FOR OWNERS OF MULTIPLE VEHICLES

Owners of more than one car will face an environmental protection surcharge as the government looks to discourage the use of vehicles in a bid to reduce pollution. Owners of multiple saloons, SUVs, and microbuses will pay a surcharge ranging from as little as Tk 25,000 to as much as Tk 3.5 lakh, depending on the engine displacement.

4 AGENTS TO HELP PEOPLE FILE TAX RETURNS

The government has decided to formulate rules to employ tax return preparers (TRPs) with a view to expanding the tax net. TRPs will help new taxpayers file returns as the government looks to narrow the gap between registered taxpayers and regular return filers. Currently, there are around 8.8 million taxpayer identification number (TIN) holders. But only 3.2 million TIN holders filed their returns as of April this fiscal year.

5 VAT IMPOSED ON BALLPOINT PENS

Ballpoint pens may become costlier as the government imposed 15 percent value-added tax on its manufacturing in the country. Prices of all types of educational materials, including pens, has spiralled recently and the move to slap the indirect tax on the pens will increase the pressure on parents.

