

TAX, CUSTOMS AND REVENUE MEASURES

Mr. Speaker,

52. National Budget is not only a balance sheet of probable income and expenditure of the government. On the one hand it contains the broad contours of future development plan of the government and on the other it is also a document, which captures the principles and operational programs of the government to remove social disparity. Government expenditure has a role to play in implementing its development programs. No less important is the role of internal resource mobilization. So far I have presented to this august house our proposals for resource allocation in the light of the philosophy and strategy of development pursued by the government. Now I would like to throw some light on the steps, methods and efforts that we propose to undertake for mobilization of internal resources.

Mr. Speaker,

53. We need to implement the Poverty Reduction Plan in its totality in order to achieve the Millennium Development Goal of the United Nations. To achieve this we have to consistently increase the expenditure/GDP ratio, which is currently only 15%. Private investment also suffers if investment by the government does not considerably increase. This is more relevant for a stage of development at which we are presently placed. For the development of the private sector we require huge investment in areas like infrastructure, energy and power. Investment of this magnitude can only come from the government. Like wise in order to enhance the level of income

of the poorer sections of the society and to reduce poverty. We need sufficient investment in sectors like education, health and nutrition. We need investment in different sectors for employment generation.

Mr. Speaker,

54. With anguish in my heart I would like to inform the house through you that compared to other developing countries, our tax/GDP ratio is very low. Our annual revenue income is only 10.5% of the GDP. We cannot accomplish our task of poverty reduction and achieve economic progress if this dismal tax/GDP ratio does not improve. So we have to persistently augment the collection of revenue and bring it to such a level where we no longer have to depend on others. And only then we can initiate the pace of development on the basis of our own values, our hopes and aspirations with our own resources.

Mr. Speaker,

55. We all nurture the dream that we will emerge as a self-reliant developed country on the world stage. We all have our responsibility to translate this aspiration into reality. Although it may sound unpleasant, I have to mention that we as a nation are extremely reluctant to pay taxes. But on the other hand our urge for development is enormous. How can we expect the government to invest resources in business, industry, health, and education and in building necessary infrastructure? We have to shun this culture of non-payment of taxes. Without this we cannot stand on our own feet as a proud nation in the world.

Mr. Speaker,

56. As a nation we have to shun dependence not only in words but also in deeds. Those who are affluent, those who have ability must come forward to pay lawful taxes and contribute their share to reducing poverty, dismantling the barriers and bridging the divides between the rich and the poor. We have to prove that we all repose our trust in creating a self-reliant, dignified and prosperous Bangladesh. With this courage of conviction I would like to place before this house the salient features of Revenue proposals comprising of Income Tax, Customs and Value Added Tax

Income Tax

Mr. Speaker,

57. Direct tax plays a significant role in ensuring socio-economic development and establishment of social justice. During last three years major reform measures including transparency and dynamism in tax administration, reduction of discretionary powers of tax officials, and facilitation of the growth of investment were undertaken to attain the goal of increased revenue from Direct Taxes. In continuation of this reform program, I would like to place the important proposals relating to direct taxes before this august Parliament through you.

58. Last year I announced the schedule of tax rate and ceiling of tax-exempt income for assessment year 2004-2005 and 2005-2006. In continuation of this practice, for the next assessment year 2006-2007, I propose enhancement of the ceiling of tax-exempt income from Tk. 1 lakh to Tk. 1 lakh 20 thousand keeping the rates of tax unchanged. I also propose the enhancement of the limit of total income that attracts the highest tax rate from Tk. 9 lakh to Tk. 10 lakh 20 thousand. **[Annexure-'A-1']**

59. I propose tax rate for non-listed companies to be fixed at 40 percent for the assessment year 2006-2007 instead of 37.5 percent.

Mr. Speaker,

60. With a view to expanding the tax base, simplifying tax collection and payment procedures, and making the tax rate equitable, now I would like to place before this house some important tax proposals:

- a) To allow banks to make provision for bad & doubtful debts up to 1 percent in place of 2 percent of the total outstanding loans till assessment year 2006-2007;
- b) In lieu of the present provision of Dividend distribution tax, it is proposed to withhold advance income tax @ 10 percent on dividends making it taxable in the hands of shareholders;
- c) Rate of advance income tax applicable to profits from approved Securities & Bonds to be reduced to 10 percent from the prevailing 20 percent;

- d) To deduct tax @ 4 percent on freight charges of resident ocean going ships as final settlement of tax liability;
- e) To deduct tax @ 10 percent on the profit or interest paid on deposits by non-banking & other deposit collecting financial institutions;
- f) To deduct tax at source @ 0.25 percent on total export proceeds of knit-wear & readymade garments as final settlement of tax liability;
- g) At present, the rates of advance income tax applicable to "Royalty & Technical Know-how fee" and "Professional & Technical service fee" are 10 percent and 5 percent respectively, which very often cause confusion because the "fees" are of same nature. In order to remove this confusion, the rates of tax for all these fees be re-fixed at 10 percent;
- h) To deduct tax at source @ 0.015 percent on the transaction value of shares for members of stock exchange as final settlement of tax liability;
- i) To collect tax for sale of apartments @ Tk 175 per square meter and for land @ 2.5 percent on deed value at the time of registration from persons engaged in real estate business as final settlement of tax liability;
- j) To collect tax on the basis of production capacity from brick fields at the time of issuance and renewal of license to brickfields; **[Annexure-'A-2']**

- k) To enhance tax rate on the value of banderole of hand made cigarettes from 3 percent to 4 percent;
- l) To introduce a reduced rate of tax @ 10 percent on the income from computer software business, this facility to continue up to 30th June, 2008.

Mr. Speaker,

61. With a view to simplifying the application and compliance of Income tax Law and making it more effective, I take the opportunity to present some more proposals before the house:

- a) It is proposed that tax return certified by chartered accountant as correct under section 82 of the Income Tax Ordinance cannot show loss or lesser income than the last assessed income. Any return certified by chartered account to be subject to audit;
- b) Loss from a source, income of which is tax exempt, not to be set off against the taxable income of any other source during the year;
- c) It is proposed to make submission of accounts mandatory by the Insurance Companies to the Taxes Department complying with the provisions laid down in the Insurance Act, 1938;
- d) Allowable expenditure under the head 'perquisites' for companies be raised from Tk. 1 lakh 50 thousand to Tk. 1 lakh 92 thousand.

Mr. Speaker,

62. Now I propose extension of the period of tax exemption in some areas:

- a) Tax exemption period on income of hospitals, formed under the Companies Act, be extended from 30th June, 2005 to 30th June, 2008;
- b) Tax exemption period on income from poultry, dairy firm, poultry feed production, etc. be extended from the prevailing 30th June, 2006 to 30th June, 2008.

63. The existing provision relating to tax-holiday will expire on 30th June, 2005. Considering the present state of socio-economic development, export business, and for employment generation, it is proposed that the tax-holiday facility for some defined sectors of industry be extended for another three years i.e. up to 30th June, 2008. The tax holiday period depending on location be re-fixed at 4 & 6 years in place of 5 & 7 years respectively (**Annexure-'A-3'**). Similarly it is also proposed to continue the existing facility of accelerated depreciation allowance for new industry up to 30th June, 2008.

Mr. Speaker,

64. We are given to understand by different quarters that there is still huge amount of undisclosed income in the country. Opportunity of investing this income without any explanation will expire on the 30th June, 2005. We presume that a good number of people is holding such undisclosed income who, for

some reasons or other, could not avail themselves of this opportunity. I propose to extend the time limit of disclosure of this type of income without any explanation by paying only 7.5 percent income tax thereon up to 30th June, 2006.

65. At present, a good number of philanthropic and educational institutions are working in Bangladesh. To encourage donations to these institutions by any individual or industrial enterprise, it is proposed to allow the donors tax-rebate for such donations.

Customs Duty

Mr. Speaker,

66. During the current fiscal year rationalization was undertaken and four rates of customs duty were brought down to three namely, 7.5% on basic raw materials, 15% on intermediate goods and 25% on finished goods. I propose to continue with this three-tier duty structure. Similarly I propose further rationalization of the existing structure of supplementary duty in respect of goods of general nature and bring down five tiers of supplementary duty to three. However, considering the negative impact of some goods on health and environment, I propose to continue with the existing higher rate of supplementary duty on those goods.

Mr. Speaker,

67. Our government has identified agriculture as a priority sector and we have been providing concessions in terms of reduced import duty to a range of items like seeds, fertilizer, capital machinery and other implements essential for agriculture sector. In continuation of this avowed policy, I propose complete withdrawal of all duties and taxes on some varieties of fertilizer. I also propose reduction of customs duty from 15% to 7.5% on raw materials needed for the manufacture of parts and accessories of rice and wheat mills (**Annex- 'B-1'**).

Mr. Speaker,

68. Lot of dairy and poultry firms have come up throughout the length and breadth of the country. We would like to strengthen this potential sector and make it more competitive. I propose withdrawal of all duties and taxes on the raw materials of dairy and poultry feed, medicine, other medical inputs and capital machinery required by this sector.

Mr. Speaker,

69. In these days of globalization, we are required to strengthen our Ready-made Garments, Textile, Hosiery, Label Manufacturing and Terry Towel Industries and make them more competitive. With this end in view, I propose concessionary rate of customs duty for some dyes and chemicals essential for these sectors. I also propose complete withdrawal of duties and taxes on some machinery and spares required by the above-mentioned sectors and complete

withdrawal of all duties and taxes on waste cotton, one of the basic raw materials of Terry Towel Industry (**Annex- 'B-1'**).

Mr. Speaker,

70. Leather and Leather goods industries have emerged to be a potential sector of our country. In order to encourage further development of this sector, I propose concessionary rate of customs duty for some dyes and chemicals of this sector.

Mr. Speaker,

71. We are now manufacturing quality transformers in Bangladesh. After meeting the domestic requirement we are also exporting transformers. We believe that this sector can achieve further improvement and expansion if we provide necessary protection and assistance. Considering the potential of this sector, I propose reduction of customs duty on some raw materials needed for the manufacture of transformer. Following the same rationale and principle, I propose reduction of customs duty on some raw materials of Iron and Steel Pre-fabricated building. I also propose reduction of customs duty on some raw materials of local Bicycle Industries (**Annex-'B-1'**).

72. The current rate of customs duty on Angles, Shapes and Sections made of Iron and Steel is only 7.5%. These are intermediate goods, so rationalization of duty structure for these items is the need of the hour. I, therefore, propose enhancement of customs duty on these items from 7.5% to 15% (**Annex-'B-2'**).

Mr. Speaker,

73. I propose withdrawal of customs duty on Academic Journals and Periodicals essential for higher studies subject to certain conditions.

Mr. Speaker,

74. The demand for mobile phones has been growing steadily over the past few years. The existing duty rate for mobile phones is TK. 1500 per mobile set at the importation stage. I propose rationalization of its duty structure. Regardless of its import value, I propose duty of Tk. 300 per mobile set at the importation stage and Tk. 1200 for connection of each SIM Card or similar technology at local stage (**Annex-'B-1'**).

Mr. Speaker,

75. There are frequent fluctuations of prices of POL products in the international market. In order to address this situation we need to reduce the total tax incidence of these products at the importation stage and rationalize it suitably. No less important is ensuring stability of domestic market price and collection of duties and taxes, which are due to the government. With this end in view we have decided to refix the tariff value of crude and refined petroleum products. Accordingly, I propose reduction of customs duty on crude petroleum from 25% to 7.5% and customs duty on refined POL products from 25% to 15%. Supplementary duty of 15% on refined petroleum product will be completely withdrawn. This rationalization will have no

negative impact on retail price of POL products. Following the same principle and rationale, I propose specific duty for Petroleum Bitumen (**Annex-'B-1' and Annex-'B-3'**).

Mr. Speaker,

76. Now, I would like to propose some changes in the Customs Act, 1969 (Act IV of 1969). The existing time limit for final assessment of provisionally assessed goods is 150 days. I propose to reduce this time limit to 120 days. The existing time limit for clearance of goods brought by sea and land route is 45 days. I propose to reduce this limit to 30 days. Likewise, I propose to reduce the existing time limit for air cargo from 30 days to 21 days.

Mr. Speaker,

77. Now, I would like to place before the august house some important proposals regarding supplementary duty:

In order to provide protection to the industries engaged in the production on mineral water, I propose to impose 35% supplementary duty on mineral water at the import stage. Likewise, I propose to impose 20% supplementary duty on imported detergents. Giving due consideration to similar factors, I propose introduction of 20% supplementary duty on all imported Lamps and Light fittings. (**Annex-'B-4'**).

The Agro-processing industry of our country are producing quality processed food items and varieties of fruit juice. To provide protection to these industries and to save foreign exchange, I propose enhancement of supplementary duty from

25% to 35% on some of the items of processed food and fruit juice. In the same manner, I propose enhancement of supplementary duty from 25% to 35% on all kinds of imported furniture.

Value Added Tax

Mr. Speaker,

78. It was BNP government that introduced Value Added Tax in 1991 for the first time in Bangladesh. I believe this modern system of taxation has taken its roots in the country. This is my view that instead of expanding the existing tax base the need of the hour is to consolidate it further and to make it more transparent. That is why I don't like to propose any major change in the existing tax regime. I firmly believe that we need to further simplify the collection procedures and ensure proper enforcement of the law and the regulations made there under (Annex-'C').

Mr. Speaker,

79. With a view to ensuring improved management and collection of VAT and to provide better service to the taxpayers we have established a Large Taxpayers' Unit comprising of the enterprises paying large amounts of tax. In order to ensure transparency and efficacy I now propose some changes in the Value Added Tax Act and the rules made there under (Annex-'C').

Mr. Speaker,

80. 100% export oriented industries have been enjoying exemption facilities in respect of some services and utility charges at both the stages of import and export. With a view to providing more encouragement to export business I now propose to introduce similar facility for the enterprises situated in EPZ areas and those engaged in deemed exports.

Mr. Speaker,

81. In order to provide increased assistance to agriculture sector I propose exemption of Trade VAT on insecticides, fungicides, pesticides, anti-sprouting products, plant growth regulator and disinfectants used in the sector(**Annex-'C'**).

Mr. Speaker,

82. In the Value Added Tax Act there is provision for punishment of VAT related offences. The hefty amount of penalty of Taka Twenty Five thousand for both major and minor offences appears to be a little inconsistent. In order to remove this inconsistency I propose reduction in the amount of penalty for minor offences from Taka Twenty Five thousand to Taka Ten thousand (**Annex-'C'**). .

Mr. Speaker,

83. During the 2004-2005 fiscal year the target for the National Board of Revenue was fixed at Tk. 32,190 (Taka thirty two thousand one hundred and ninety) crore comprising of

Income Tax, Customs Duty, Value Added Tax and others. I mentioned in my budget speech last year that it was a challenging target. Although it may not be possible to achieve the target, we expect that we will be able to collect Tk. 30,500 (Taka thirty thousand five hundred crores) by the end of the fiscal year. Thus growth of revenue over the past year 2003-2004 is expected to be 16.45%. Keeping in view this trend the revenue target for the next fiscal year has been fixed at Tk. 35,652 (Taka thirty five thousand six hundred and fifty two) crore.

Mr. Speaker,

84. Compared to other developing countries our tax GDP ratio is still very low. In order to come out of this situation it is necessary for us to modernize revenue administration; undertake reforms and ensure proper enforcement of the laws. With a view to achieving this objective we have already undertaken a reform program of our revenue administration. A draft Strategic Development Plan has been prepared. The World Bank is expected to provide financial and technical support. Implementation of the project is likely to be completed over a period of three to five years. I fervently hope that through management reforms, administrative improvement and with increasing eagerness of the taxpayers, we would be able to achieve the target.

Mr. Speaker,

85. With humility, I can say that hopes and aspirations of all sections of the society have been reflected in the budget proposals of 2005-2006 fiscal year. The poverty reduction strategy paper, which has been formulated with the active

participation of the people from all walks of life, is the basis of all our proposals. In this connection, I would like to place on record my sense of gratitude to the Honourable Prime Minister Begum Khaleda Zia for her unstinting support and valuable guidance in the preparation of this budget. I am also thankful to the business leaders, industrialists, distinguished economists, members of the press, NGO representatives, civil society, honourable members of parliament and to my cabinet colleagues for their valuable comments and suggestions.

Mr. Speaker,

86. Our never-ending pursuit to build a society free of hunger and poverty shall continue. We want to pursue this objective through massive employment generation and ensuring health care and nutrition for all. In spite of our resource constraints we are determined to accelerate our onward march. Alongside the government, people belonging to all strata of the society and all shades of opinion must come forward and put in their best endeavours in materializing the hopes of this nation. This people-government partnership shall not only remain confined to the formulation of plan, this should also be expanded to the implementation of the plan. "The engagement is not just for policy planning. It is importantly an engagement for results, for inclusion, for imaginative solutions, and ultimately an engagement to unlock the potentials of the nation."

Mr. Speaker,

87. In every crisis and disaster we, as a nation have left an indelible mark of our courage and determination, our patience and resilience. There are few parallels in history of the sacrifice

that we have made in securing our independence and the progress that we have achieved over the past few decades. We have many achievements, but our problems are no less formidable. Yet we dream of a Sonar Bangla for our future generation where people will live in peace and harmony, where there will be equitable distribution of resources, where people will direct all their sincere endeavor to the attainment of a self-reliant nation. Let all of us come forward with all our spirited efforts, intense patriotism and deep commitment to unlock the potentials of our nation. Let us build a poverty-free, exploitation-free, developed and prosperous Bangladesh. Let us secure our due place on the world stage as a proud nation.

Allah Hafez
Bangladesh-Zindabad

Annexure-"A-1"

Financial Year 2006-2007

Income tax rate for individual category of assesses

Sl no.	Proposed Slab	Proposed Rate
(a)	On first Tk. 1,20,000/- of total income	Nil.
(b)	On next Tk. 2,50,000/- of total income	10%
(c)	On next Tk. 3,00,000/- of total income	15%
(d)	On next Tk. 3,50,000/- of total income	20%
(e)	On the balance of total income	25%

Minimum tax payable Tk. 1,800/-

Annexure-"A-2"

Rates of taxes to be collected from brick manufacturer at the time of issuance of permission or renewal of license:

Sl.	Particulars	Amount of tax due (Taka)
1.	For one section brick field	7,500/-
2.	For one and half section brick field	10,000/-
3.	For two section brick field	15,000/-

Annexure-"A-3"

List of eligible sectors for tax holiday

1. Textile;
2. High Value Readymade Garments;
3. Pharmaceuticals;
4. Melamine;
5. Plastic products;
6. Ceramics & sanitary ware;
7. Steel from iron ore;
8. Fertilizer;
9. Insecticide & pesticide;
10. Computer hardware;
11. Residential hotel having facility of three star or more;
12. Petro-chemicals;
13. Basic raw materials of drugs, chemicals & pharmaceuticals;
14. Agricultural machine;
15. Ship building;
16. Boilers & compressors;
17. Textile machinery; and
18. Physical infrastructure:
 - (a) Sea or river port;
 - (b) Container terminals, internal container depot (ICD), container freight station (CFS);
 - (c) LNG terminal and transmission line;
 - (d) CNG terminal and transmission line;
 - (e) Gas pipe line;
 - (f) Flyover;
 - (g) Large water treatment plant & supply through pipe line;
 - (h) Waste treatment plant; and
 - (i) Export processing zone.

Annexure-"B-1"

List of H.S.Codes where proposal of reduction of Custom Duty is Made

Sl. No.	H.S.Code	Description	Existing Rate	Proposed Rate
1.	1302.20.00	Pectic substances	15%	7.5%
2.	2501.00.24	Salt in bulk	25%	7.5%
3.	2501.00.91	Denatured salt (coloured)	25%	15%
4.	2513.20.00	Emery natural abrasives	15%	7.5%
5.	2519.90.00	Other carbonates	15%	7.5%
6.	2709.00.00	Crude Petroleum oils	25%	7.5%
7.	2710.11.11	Refined Oil	25%	15%
8.	2710.11.19	Refined Oil	25%	15%
9.	2710.11.20	Refined Oil	25%	15%
10.	2710.11.31	Refined Oil	25%	15%
11.	2710.11.32	Refined Oil	25%	15%
12.	2710.11.41	Refined Oil	25%	15%
13.	2710.11.42	Refined Oil	25%	15%
14.	2710.11.43	Refined Oil	25%	15%
15.	2710.11.49	Refined Oil	25%	15%
16.	2710.11.61	Refined Oil	25%	15%
17.	2710.11.62	Refined Oil	25%	15%
18.	2710.19.11	Refined Oil	25%	15%
19.	2827.31.00	Magnesium chloride	15%	7.5%
20.	3814.00.00	Organic composite solvents	25%	15%
21.	3824.90.90	Other chloroparafin wax	25%	15%
22.	3926.90.80	Cot and Apron	25%	15%
23.	4823.20.00	Filter paper and paperboard	15%	7.5%
24.	5202.99.10	Cotton Waste	7.5%	0%
25.	7217.30.00	Wire of other base metals	25%	15%
26.	7225.19.00	Other silicon-electrical steel	15%	7.5%
27.	7803.00.10	Hollow bars	15%	7.5%
28.	7803.00.90	Other bar	15%	7.5%
29.	8407.34.91	Bus or Truck CNG engine	25%	15%
30.	8408.20.31	Bus or Truck CNG engine	25%	15%
31.	8517.30.10	Telephonic machinery	15%	7.5%
32.	8517.30.90	Telephonic machinery	15%	7.5%
33.	8525.20.23	Cellular/Mobile telephone	1500 Tk.	300 Tk.
34.	8540.11.10	CRT for TV	25%	15%
35.	8544.11.00	Winding wire of copper	25%	15%
36.	9608.99.10	Ball points for ball point pen	15%	7.5%

Annexure-"B-2"

List of H.S.Codes where proposal of enhancement of Custom Duty is Made

Sl. No.	H.S.Code	Description	Existing Rate	Proposed Rate
1.	Heading 16.04	Prepared or preserved fish; caviar	15%	25%
2.	Heading 16.05	Molluscs and other aquatic prepared or preserved	15%	25%
3.	2106.90.90	Other food preparations	15%	25%
4.	2601.11.00	Iron ore	0%	7.5%
5.	2601.12.00	Iron ore	0%	7.5%
6.	2601.20.00	Iron ore	0%	7.5%
7.	3811.90.00	Other Anti-knock preparations	7.5%	15%
8.	4903.00.00	Drawing or colouring books	0%	7.5%
9.	4904.00.00	Music, printed or in manuscript	0%	7.5%
10.	5605.00.20	Lumi lurex yarn	7.5%	15%
11.	6112.11.00	Track suits of cotton	15%	25%
12.	6112.20.00	Ski suits	15%	25%
13.	6211.20.00	Ski suits	15%	25%
14.	7019.90.10	Glass wool blanket	7.5%	15%
15.	7211.29.10	Carbon steel strips	0%	7.5%
16.	7211.29.20	Carbon steel strips	7.5%	15%
17.	Heading 72.16	Angles, shapes and sections of iron	7.5%	15%
18.	7408.11.00	Copper wire	15%	25%
19.	7605.11.00	Aluminium wire	15%	25%
20.	8408.90.11	Engines of capacity 3 to 45 HP	0%	7.5%
21.	8413.50.20	Low lift pump for swimming pools	7.5%	15%
22.	8413.60.20	Low lift pump for swimming pools	7.5%	15%
23.	8413.70.20	Low lift pump for swimming pools	7.5%	15%
24.	8413.70.40	Low lift pump for swimming pools	7.5%	15%
25.	8413.81.20	Low lift pump for swimming pools	7.5%	15%
26.	8413.91.10	Low lift pump for swimming pools	7.5%	15%
27.	8426.41.10	Works trucks fitted with crane	7.5%	25%
28.	8427.20.00	Other self-propelled trucks	7.5%	15%
29.	8427.90.00	Other trucks	7.5%	15%
30.	8470.50.00	Cash registers	0%	15%
31.	8481.80.91	Taps, cocks, valves	15%	25%
32.	8504.40.10	Mobile and other battery charger	7.5%	15%
33.	8504.90.10	Static converters	15%	25%
34.	8541.40.00	Photosensitive semi-conductor	0%	15%
35.	8703.32.95	Vehicle 1500 cc- 1649 cc in CKD	15%	25%
36.	8703.32.96	Vehicle exceeding 1649 cc in CKD	15%	25%
37.	8705.40.00	Concrete-mixer lorries	7.5%	15%
38.	8705.90.00	Other special purpose vehicle	7.5%	15%
39.	Heading 87.08	Tractor Parts	0%	15%
40.	Heading 89.08	Scrap Vessel	800 Tk.	1000 Tk.

Annexure-"B-3"

List of H.S.Codes where proposal of reduction of Supplementary Duty is Made

Sl. No.	H.S.Code	Description	Existing Rate	Proposed Rate
1.	1702.40.00	Glucose and glucose syrup, containing in the dry state at least 20% but less than 50% by weight of fructose, excluding invert sugar	15%	0%
2.	2515.20.00	Ecaussine and other calcareous monumental or building stone; alabaster	15%	0%
3.	2710.11.11	Refined Oil	15%	0%
4.	2710.11.19	Refined Oil	15%	0%
5.	2710.11.20	Refined Oil	15%	0%
6.	2710.11.31	Refined Oil	15%	0%
7.	2710.11.32	Refined Oil	15%	0%
8.	2710.11.41	Refined Oil	15%	0%
9.	2710.11.42	Refined Oil	15%	0%
10.	2710.11.43	Refined Oil	15%	0%
11.	2710.11.49	Refined Oil	15%	0%
12.	2710.11.61	Refined Oil	15%	0%
13.	2710.11.62	Refined Oil	15%	0%
14.	2710.19.11	Refined Oil	15%	0%
15.	6110.12.00	Of kashmir (cashmere) goats	15%	0%
16.	6110.19.00	Other fine animal hair	15%	0%
17.	6112.11.00	Track suits of cotton	15%	0%
18.	6112.20.00	Ski suits	15%	0%
19.	6211.20.00	Ski suits	15%	0%
20.	8519.10.10	Coin-or disc-operated record-players in CKD	15%	0%
21.	8519.21.10	Other record-players without loudspeaker in CKD	15%	0%
22.	8519.31.10	Turntables (record-decks) With automatic record changing mechanism in CKD	15%	0%
23.	8519.31.20	Turntables (record-decks) With automatic record changing mechanism in CBU	15%	0%
24.	8519.40.10	Transcribing machines in CKD	15%	0%
25.	8519.40.20	Transcribing machines in CBU	15%	0%
26.	8519.93.10	Other Pocket size cassette player sound reproducing apparatus in CKD	15%	0%
27.	8519.99.10	Other sound reproducing apparatus in CKD	15%	0%
28.	8520.10.10	Dictating machines not capable of operating without an external source of power in CKD	15%	0%
29.	8520.20.10	Telephone answering machines in CKD	15%	0%
30.	8527.12.90	Pocket-size radio cassette-players in CKD	15%	0%
31.	8527.21.20	Combined with sound recording or reproducing apparatus: in CKD	15%	0%

Annexure-"B-4"**List of H.S.Codes where proposal of enhancement of
Supplementary Duty is Made**

Sl. No.	H.S.Code	Description	Existing Rate	Proposed Rate
1.	1902.19.00	Pasta, uncooked	0%	65%
2.	1904.10.00	Prepared foods obtained by the swelling or roasting of cereals	0%	65%
3.	2201.10.00	Mineral waters and aerated waters	0%	35%
4.	2201.90.00	Other water	0%	35%
5.	2501.00.23	Salt boulder for crushing and salt in bulk	0%	35%
6.	2501.00.99	Other salt	0%	35%
7.	2915.70.32	Sodium salt of palmitic acid (soap noodle) imported by other	0%	35%
8.	3208.20.90	Paint imported by Other	0%	20%
9.	3402.90.10	Detergents	0%	20%
10.	5801.90.90	Woven pile fabrics and chenille fabrics	0%	20%
11.	5903.10.90	Other plastic laminated fabrics	0%	20%
12.	5903.20.90	Other plastic laminated fabrics	0%	20%
13.	8212.20.19	Stainless steel blade	0%	20%
14.	8212.20.90	Other Safety razor blades	0%	20%
15.	8504.32.00	Transformer	0%	20%
16.	8504.33.00	Transformer	0%	20%
17.	8714.92.10	Wheel rims of bicycle	0%	20%
18.	9401.61.00	Upholstered Seats, With Wooden Frame	0%	35%
19.	9405.10.10	Chandelier & Oth. Electric Ceiling Or Wall Lighting Fitting, Spotlight	0%	20%
20.	9405.10.90	Chandeliers & Oth. Elec. Ceiling Or Wall Lighting Fitting(Exc.Spotlights)	0%	20%
21.	9405.20.00	Electric Table, Desk, Bedside Or Floor-Standing Lamps	0%	20%
22.	9405.40.90	Other Elec. Lamps & Lighting Fittings, Nes	0%	20%
23.	9405.99.00	Parts Of Heading No.94.05 Of Other Materials	0%	20%
24.	9504.40.00	Playing cards	0%	35%

**Proposals for Value Added Tax (Local Stage)
on the Budget 2005-06**

01. Amendments in the Value Added Tax Act, 1991

- (1) Inclusion of "Local VAT office" and "Divisional Officer" of the Large Tax-payers' Unit (LTU) in the definition of "Local VAT Office" and "Divisional Officer" in clause (Antosta Ja) and clause (Ra) of Section 2.
- (2) Insertion of a new sub-section 1ka under section 13 to fix the rate of duty drawback on certain goods by the government in the official gazette.
- (3) a) Reduction of minimum penalty from taka 25 thousand to taka
10 thousand for minor offences under sub-section (1) of section 37.
b) Insertion of "Service" in clause (Triple Nio) of sub-section (2) under section 37.
- (4) Insertion of provision regarding request from a VAT officer to another VAT officer in the recovery of the government dues.

2. Amendments in the Value Added Tax Act, 1991

- (1) Inclusion of "Superintendent" of the Large Tax Payer Unit (LTU) " in the definition of "Superintendent" in clause (Nio) of rule 2.
- (2) Clause (Ka) of proviso under sub-rule (1) of rule 17Ka has been amended to extend the time limit from thirty days to ninety days for bringing the goods back to the factory, in cases where the goods are damaged or unfit for consumption or when there is a material change in the nature of supply.

3. Value Added Tax related other S.R.O's

(1) Exempted from VAT :

- a) Exemption on Iron Ore, Petroleum Bitumen, Magnesium Sulphates (Fertilizer), Zinc Sulphates (Fertilizer), Disodium Tetraborates (Fertilizer), Waste Paper, Infusion Set with or without IV fluid bag at the import stage.
 - b) 100% exported oriented industries have been enjoying VAT exemption to the extent of 80% on gas and electricity and 60% on WASA bills. The exemption will be extended to the 100% deemed exporters and the industries within EPZ. They have been also exempted from VAT payable on the services rendered by Insurance, C&F Agent, Freight Forwarders, Shipping Agent and Port Services both at the import and export stage.
 - c) Introduction of exemption on Rice, Chemical Fertilizer and Insecticides, Fungicides, Pesticides, Anti-sprouting products, Plant growth regulator and disinfectants to be used in agriculture, at the trade level.
- (2) Introduction of Duty drawback at the rate of 80% on gas, electricity and 60% on WASA bills at the production level for 100% export industries and Drawback @ 100% on Insurance, C&F Agent and 60% on Telephone both at the import and export stage.

4. List of VAT related S.R.Os and on Order to implement the Budget proposals, 2005-2006.

1. NBR`s SRO No. 150-Law/2005/441-VAT dated : 09/06/2005
2. IRD`s SRO No. 151-Law/2005/442-VAT dated : 09/06/2005
3. IRD`s SRO No. 152-Law/2005/443-VAT dated : 09/06/2005
4. IRD`s SRO No. 153-Law/2005/444-VAT dated : 09/06/2005

5. IRD`s SRO No. 154-Law/2005/445-VAT dated : 09/06/2005
6. IRD`s SRO No. 155-Law/2005/446-VAT dated : 09/06/2005
7. IRD`s SRO No. 156-Law/2005/447-VAT dated : 09/06/2005
8. IRD`s SRO No. 157-Law/2005/448-VAT dated : 09/06/2005
9. IRD`s SRO No. 158-Law/2005/449-VAT dated : 09/06/2005
10. NBR`s SRO No. 159-Law/2005/450-VAT dated : 09/06/2005
11. NBR`s SRO No. 160-Law/2005/451-VAT dated : 09/06/2005
12. NBR`s Order No. 06/VAT/2005, dated : 09/06/2005