



**MINISTRY OF FINANCE**

**ANNUAL BUDGET**

**2001-2002**

**BUDGET SPEECH**

**SHAH A. M. S. KIBRIA**

**FINANCE MINISTER**

**(PART II)**

**DHAKA**

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**SECOND PART**

**FISCAL MEASURES**

**Honourable Speaker,**

The present government started its tenure after its electoral victory in 1996 under the dynamic leadership of 'Jananetri' Shaikh Hasina with the principal objectives of alleviation of poverty, improvement of the living standard of the common masses and establishment of a society based on the principles of justice and equity side by side with achieving higher economic growth. In continuation of this noble effort, it is a great pleasure for me to place revenue proposals for fiscal year 2001-2002 to this august Parliament for the sixth consecutive fiscal year. In our endeavour to achieve rapid economic growth we have focused our priorities on alleviation of poverty, development of agriculture, expansion of exports and export-oriented industries, protection to the domestic industries, increasing industrial productivity and creation of new employment opportunities. During the last five years we have formulated our tax policy within the framework of these macro objectives and priorities. In the context of free market policy and globalization of international trade we have formulated our tax policy in such a way that the benefits of globalization could be maximized while at the same time our domestic industries receive due protection from uneven competition from abroad. In addition, we have aimed at increasing investment and export earnings, reducing inequality of income and ensuring social justice through our tax policy.

**Honourable Speaker,**

02. Our government fully realized that large-scale trade liberalization is not always an unmixed blessing for a developing country like ours. For this reason, we have pursued the policy of careful and gradual reduction of our import tariffs and non-tariff interventions in line with the basic principles of globalization. In support of our policy, comments of IMF is also relevant : *"The policy challenge for these countries is to safeguard their gains by maintaining a market-oriented policy stance, maintaining macroeconomic stability and improving infrastructure and the supply of skilled labor so as to ease supply constraints in the economy..... Countries*

*should also aim to let domestic investors diversify their portfolios internationally, ..... a gradual and cautious removal of capital controls within the framework of policies to promote a sound domestic banking system, along with an exchange rate policy that permits an appropriate degree of flexibility, will lessen the burden on fiscal adjustment and provide a better balance among policy instruments through a more developed financial sector".[\[1\]](#)*

**Honourable Speaker,**

03. In order to maintain the pace of development by utilizing our economic potential we have pursued policies aimed at achieving balanced macroeconomic management, realistic exchange rate, regulated foreign debt, appropriate export development and continuous upgrading of skills of the work force. Our policies and achievements have received wide support from different quarters at home and abroad. In fact, our tax policy has always been consistent with our macro-economic policies. It is a historical fact that the shares of direct and consumption taxes in the total tax structure progressively increase along with economic growth in any country. Hence, in an attempt to attain self-sufficiency in terms of domestic resource we have also tried to reduce our dependence on import taxes and duties by giving more emphasis on consumption and direct taxes. In short, we have adopted all possible measures to make our tax system simple, efficient, effective and free of harassment and corruption.

**Honourable Speaker,**

04. Our democratic government fully believes in a participatory approach to taxation as advocated by Lord Camden who said, "Taxation and representation are inseparable."[\[2\]](#) Therefore, we have always ensured extensive participation of tax payers' representatives and carefully considered their views in the process of tax policy formulation in a scale never practiced during the tenures of any previous government. While formulating this year's tax policy I have exchanged views quite extensively with different chambers and trade bodies. Their views and suggestions have been given due consideration in the formulation of this year's budget proposal. Suggestions and recommendations on budget received from the Tariff Commission and different ministries of the government have also been carefully examined. In

addition to this, like last year, three separate task forces consisting of the representatives of FBCCI and the National Board of Revenue have thoroughly discussed and examined the budget proposals on Customs, VAT and Income Tax given to the government by FBCCI and numerous other trade and professional associations. In addition, close co-ordination mechanism between the NBR and the trade bodies has been established in the implementation stage of tax policy as planned by our government. The role of trade bodies in this respect has been praiseworthy. I express my sincere gratitude and thanks to all the participants in the pre-budget discussion process which helped us in formulation of a meaningful and effective budget for the next fiscal year.

### **Honourable Speaker,**

05. This government has always demonstrated its utmost sincerity in fulfilling its promises and commitments to the nation. In order to increase our revenue earnings and also to bring the tax administration closer to the tax payers, I announced in my FY 98-99 budget speech the intention of our government to establish three new Customs Houses/ Commissionerates and also to upgrade the Customs Valuation department. I am glad to inform this august Parliament that a full-fledged Customs House has been established at Benapole and a new VAT Commissionerate in Sylhet covering the jurisdiction of Sylhet Civil Division has started functioning. A new Customs Bond Commissionerate has been established in Dhaka in order to ensure effective control and monitoring of duty-free bonded warehouses. The Customs Valuation Department has been upgraded in order to augment revenue earnings through appropriate valuation of imported goods by developing a modern valuation database. The above mentioned measures clearly demonstrate government's intention to fulfill its commitment in the fiscal sector like all other sectors.

06. The government has also taken adequate measures to expand and modernize the Income Tax Department in order to increase revenue earning from direct taxes through administrative improvements and bringing the tax administration closer to the tax payers. The administrative formalities for establishing three new Income tax

Zones in Rangpur, Barisal and Sylhet, as promised, are almost complete. We hope that these Zones will start functioning very soon.

## **Honourable Speaker,**

07. In addition to the budgetary measures adopted in the last budget we have taken a number of corrective measures in the course of the fiscal year in public interest in response to the pressing and genuine needs of business and economic development. In view of the bumper production of rice the Government has been quite conscious about ensuring fair price of rice and wheat. An additional Regulatory Duty of 10 percent has been imposed on the import of rice to protect our farmers from undue competition from imported rice. Customs duty on dates, khorma and onion for the period of the holy month of Ramadan was reduced. Moreover, to help industrialization duties on bitumen, printing ink, stabilizer and anti-oxidizing agents of plastic etc., have been reduced. Please see **Annex-“Ka”** for details.

08. In case of VAT, in response to the request from the domestic industries VAT and Supplementary Duty (SD) both at the import and production levels on newsprint, DOP, raw materials for insecticides, plastic film for pharmaceutical industries and cement clinker have been exempted or reduced. SD imposed on the businesses operating within the City Corporations and Municipality areas and both SD and VAT on those operating outside the above noted areas have been withdrawn. In order to augment revenue earning from cigarettes, in the last budget, the government announced the decision to introduce the system of affixing stamps (Banderol) on cigarette packets. As the completion of infrastructural facilities for this purpose needed some time the implementation of this decision has been delayed. But we are committed to introduce this system from 1 September, 2001.

09. Similarly, some measures related to income tax have also been taken after the last budget session. These are: exemption from income tax on income of District Sports Association, Divisional Sports Association, National Sports Federation and National Sports Council; exemption from deduction of income tax at source on import of Ammonium Sulphate, Potassium Sulphate, Magnesium Sulphate and Solubor (Boron); and withdrawal of exemption from income tax deducted at source on import of computer and computer accessories.

## Honourable Speaker,

10. Mandatory Pre Shipment Inspection (PSI) system was introduced during the last fiscal year for valuation and inspection of imported goods for a period of three years on a temporary basis. The main objective of PSI was to assist the customs authority to ensure quick clearance of imported goods by bringing down the percentage of physical examination to a minimum level and increase government revenue earning by reducing misdeclaration about description, value, classification and quantity of the imported goods. As expected for any new system, PSI initially encountered some teething problems. Based on the complaints and recommendations received from FBCCI, different chambers and the importers and in consultation with these trade bodies we have brought about necessary amendments in the PSI related operational rules and procedures. As a result, PSI related operational problems have been reduced to a great extent. The government will continue to monitor closely the operation of the PSI system in collaboration with the business community to make this system more effective. Necessary changes have been brought about in customs administration to ensure quick clearance of goods, prevent harassment of the importers and protect government revenue. These efforts will also continue in the future. A PSI Audit Agency will be appointed very soon to protect the revenue interest of the government through audit of the activities of PSI agencies.

11. In the past the Non-Cadre class- I and class-II gazetted officers of Customs were not transferable amongst custom houses and VAT Commissionerates, while the equitable rotation of skilled and efficient customs officials among customs houses and VAT Commissionerates was necessary in the interest of efficiency of revenue administration. Moreover, non-transferability of such officials very often led to the creation of vested- interest groups. In the past, attempts by the authority to implement a common nation-wide transfer policy faced stiff resistance from the vested-interest groups. Therefore, the present government has formulated and implemented a new law, namely, "**Non- Cadre class -I and class-II gazetted officers' (Customs, Excise and VAT) Appointment and Working Conditions Act, 2000**", which enabled NBR to transfer the above categories of officers amongst different Custom houses and VAT Commissionerates. This bold step by

the government has been acclaimed by all relevant quarters and its very positive impact is already visible in this year's revenue earning of the government.

## **Income tax**

**Honourable Speaker,**

12. Income tax is an important fiscal measure of the government. Apart from being a source of revenue, role of income tax is significant in bringing socio-economic stability and justice. On behalf of the present democratic government, we promised to rationalise rates of income-tax and increase collection through widening of the tax base. I am happy to announce that in the last five years, rates of income tax were not increased. In fact rates were reduced in certain areas. Before the present government came to power, income up to Tk. 55,000 (taka fifty five thousand) in the hand of individuals were exempted from taxation. To give relief to the lower income group, tax exemption limit was gradually raised to Tk. 1,00,000 (taka one lakh). In spite of this, we have been able to widen tax base and increase revenue substantially. Collection from income tax was Tk. 1,533 (taka one thousand five hundred and thirty three) crore in 1995-96. It is expected that collection from income tax will reach Tk. 3,600 (taka three thousand and six hundred) crore at the end of this fiscal year recording an increase of 135 percent.

13. As a result of continuous reform of tax laws and tax administration by our government, number of tax payers has steadily increased over the years keeping pace with economic progress. The number of tax payers in 1995-96 was 6,26,000 (six lakh twenty six thousand). This number is expected to reach 12,00,000 (twelve lakh) at the end of this fiscal year i.e a growth of more than 90 percent over the last five years.

**Honourable Speaker,**

14. Now I would like to present my proposals in respect of income tax. While presenting the budget for 2000-2001, rates of income-tax for two assessment years, namely 2000-2001 and 2001-2002, were announced in order to facilitate tax planning by the tax payers. It was decided that, in future, rates of income tax

announced in the budget would be effective in the next financial year. In keeping with this policy, I propose that the current rates of income tax may continue unchanged in the assessment year 2002-2003.

15. Under the existing law, local authorities are required to pay tax at the rate of 40 percent. Some local authorities are engaged in providing public services along with commercial activities. If their tax rate is reduced, the surplus fund could be utilized by them in providing further public services. Keeping this in view, it is proposed that tax rates of some local authorities providing public services along with commercial activities be reduced from 40 percent to 25 percent. However, this reduced rate will be applicable only to the local authorities approved by the government for this purpose. It may be pointed out here that the current provision of granting total exemption from taxation to the local government institutions of representative character will continue.

### **Honourable Speaker,**

16. As a result of the farsighted leadership of the Honourable Prime Minister Sheikh Hasina, Bangladesh has achieved self-sufficiency in production of food. Fiscal policy too has made its contribution towards the amazing and unprecedented success in the field of agriculture. Income from fishery, poultry etc. is exempted from taxation up to June, 2005. In order to continue the policy of giving support to agriculture and help improve rural income, I propose to grant similar exemption to income from seed production and marketing of locally produced seed up to June, 2005. For the same reason, I also propose to grant exemption up to June, 2005 to income from production of poultry feed.

17. Under the existing law hotels, motels, private picnic spots etc. are considered as tourist industry for the purpose of granting tax holiday. Recreation facilities are very inadequate in Bangladesh. In order to encourage private sector investment in tourism, I propose to include amusement and theme park, holiday home, tourist resort, family fun and games in the definition of tourist industry. This would mean that such tourist industries set up before June, 2005 will enjoy tax holiday for five to seven years depending on their location.



## Honourable Speaker,

18. Spot assessment procedure was introduced in the budget for 1999-2000 in order to expand tax base. This procedure of simplified assessment after visiting business premises by the tax officials has been gaining popularity. Under the existing scheme, business establishments situated in City Corporations and having capital of less than Tk. 5,00,000 (taka five lakh) are required to pay tax at the rate of Tk. 2,500 (taka two thousand five hundred). Similar business establishments located in divisional or district towns are required to pay tax at the rate of Tk. 1,500 (taka one thousand five hundred). I propose to reduce this rate to Tk. 1,000 (taka one thousand) for business establishments located in all of these areas. This will give relief to business establishments with limited capital, expand tax base and make the system consistent with self-assessment procedure. All other provisions of spot assessment procedure will continue.

19. Under the existing law, along with other expenses salary and perquisites paid to employees are admissible expenses in the assessment of income from business. However, under the income tax law perquisites paid to an employee in excess of Tk. 1,32,000 (taka one lakh thirty two thousand) is not allowed as admissible expense. This excess amount is deemed to be taxable income of the employers. But in some cases employers may have to pay perquisites above Tk. 1,32,000 (taka one lakh thirty two thousand) in view of recommendation made by Wage Board constituted by the government. In such cases, the employer has no control over this expenditure. In this circumstance, I propose that excess amount of perquisites paid in order to implement the recommendations of Wage Boards constituted by the government be made admissible deductions.

20. At present, all categories of assesseees having income of more than Tk. 1,00,000 (taka one lakh) are required to pay advance income tax in four installments during the course of his income year. Tax free limit of income for individual tax payers has meanwhile been enhanced to Tk. 1,00,000 (taka one lakh). As a result, all individual tax payers are required to pay advance income tax in four installments during the income year. Small tax payers are facing difficulties due to it. To remove this difficulty, I propose to refix the limit of income for payment of advance income tax from Tk. 1,00,000 (taka one lakh) to Tk. 2,00,000 (taka two

lakh). This means that tax payers having income below Tk. 2,00,000 (taka two lakh) will not be required to pay advance income tax. They will pay their due income tax at the time of submission of income tax return.

**Honourable Speaker,**

21. Present democratic government have been consistently pursuing a policy of simplifying self-assessment procedure. In the budget of 2000-2001, all individual assesseees regardless of their amount of income or loss, including persons claiming refunds, were allowed to submit tax return under the self-assessment procedure. Liberalisation of self-assessment procedure has had its positive effect. In the last financial year, number of tax payers and collection of tax under this procedure increased substantially. I, therefore, propose to continue this simplified and liberal policy this year. However, there is a possibility of evasion of tax under this procedure through false declaration of payment or receipt of gift and fictitious or inflated declaration of tax-exempted income from poultry, fishery etc. In order to protect the system from such abuse, it is proposed that persons declaring payment or receipt of gift or exempted income from poultry, fishery etc. be required to submit their return under normal procedure. This step will safeguard the interest of tax payers having payment or receipt of genuine gift or having genuine income from poultry, fishery etc. while protecting it from misuse. This will also ensure transparency and fair implementation of the procedure.

22. At present, companies are not required to submit tax return as long as they do not declare any profit. As a result, many companies are not filing tax returns. In the interest of expanding tax base and bring discipline in the corporate sector, it is proposed that all companies be required to submit tax returns.

**Honourable Speaker,**

23. Under the existing law, there is provision for collection of tax at source by the Airlines on the agency commission paid to travel agents. I propose to withdraw this provision in order to avoid complexity of collection of tax at source. Income tax will be collected from the travelling agents under normal procedure.

**Honourable Speaker,**

24. The objectives of changes in income tax law and rules this year are : to expand tax base, create favourable investment climate and accelerate pace of domestic resource mobilisation through mutual trust between tax administration and tax payer. We have to remember that in view of globalisation and our economic advancement the importance and scope of direct tax will increase day by day. Over the last five years, we have been trying to improve share of revenue from income tax through reforms and we have been successful. We will continue our efforts to sustain the achievement of the government in the area of income tax and further consolidate the role of income tax in mobilising internal resources.

## **IMPORT DUTIES**

**Honourable Speaker,**

25. Our main objectives in the area of import duties were gradual reduction of tariff rates, harmonization and rationalization of duty structure and make the duty-collection process simple, transparent and free of harassment. Now I am going to place my proposals for FY 2001-2002 in respect of import duty. At present we have only four slabs of duty rates, namely, 5,15,25 and 37.5 percent. In the interest of industrialization of the country and for providing reasonable protection to the local industries, I propose to continue the general principle of keeping duty rate at 5 percent for basic raw materials, 15 and 25 percent for intermediate raw materials and semi- finished goods respectively and 37.5 percent for finished goods. Like the budgets of the previous years I have proposed general reduction of duty rates on basic raw materials and intermediate goods. To support the local industries, I have proposed duty enhancement of only a few items.

**Honourable speaker,**

26. The role of heavy industries in our overall industrialization is very important. Therefore, to encourage manufacturers of galvanized iron pipes, I propose to enhance duty rate on G.I. pipe from 25 percent to 37.5 percent. At the same time, I propose to reduce duty rate on calcined petroleum coke and printing ink for G.I.

pipe, both used as raw materials for the manufacture of G.I. pipe. Please see **Annex-“Kha”** for detail.

27. To encourage our exports we propose to reduce duty rate on Refer Container, used for carrying agro-products and frozen food for export, from 25 percent to 5 percent as the customs duty rate on similar vehicle i.e., Refer Van is “zero”.

28. Ceramic and melamine industries are playing increasingly important role in our exports in addition to feeding our domestic market. In continuation of the government policy to encourage them further I propose to reduce duty rates on emulsion glass prints/ sensitized emulsion , zirconium silicate, aluminum oxide and transfers (decalcomanias) used by the recognised melamine industries. Details in this regard are shown at **Annex -“Kha”**.

**Honourable speaker,**

29. To encourage pollution-free urban transport system customs duty on double decker and on bus having seating capacity of 40 or above was drastically reduced in last year's budget. In continuation of the same principle and to develop mass–transport system further, to encourage use of local gas as fuel and thereby to save foreign exchange, I propose to reduce duty on four-stroke CNG driven three wheeler in CBU condition (seating capacity not exceeding 15) from 37.5 percent to 15 percent. Due to the same reason, I propose to reduce duty on electric battery operated three wheeler from 37.5 to 15 percent. However, to prevent misuse of those facilities closer monitoring system will be introduced through coordination between Ministry of Communication and other concerned agencies. To protect our forest resource by reducing depletion of trees I propose to reduce import duty on match splints from 25 percent to 15 percent.

30. There has been notable growth in the printing and publication industry in Bangladesh. To encourage domestic printing and publication industry by reducing discrimination of duty rates between the paper for printing and printed materials I propose to reduce duty on art paper and art card from 25 percent to 15 percent. Similarly, to make the local manufacturers of paper more competitive I also propose to reduce duty rates on some raw materials of paper industry, namely, rosin

size, defoaming agents and precipitated calcium carbonate as described in **Annex-"Kha"**. A few industries for the production of printed Vynyle billboard has already been established in the country. But as the duty rate on advertising materials, advertising poster and outdoor advertising poster is lower than the duty rate on printed Vinyl billboard there is a tendency to import printed Vinyl billboard in the name of the above noted items through mis-declaration. To protect the interest of domestic industry and also to curb duty evasion in this field I propose to enhance duty rate on advertising materials, advertising poster and outdoor advertising poster from 5 percent to 15 percent.

**Honourable speaker,**

31. To protect our dry cell battery industries from undue competition from imported batteries, I propose to reduce duty rates on the following raw materials of this industry : paper separator, printed PVC tube, PVC shrinkable tube (plain) from 37.5 percent to 25 percent. Similarly, I propose to reduce duty rates on refined paraffin wax used in carbon rod of dry cell battery and carbon block as shown in **Annex-"Kha"**.

32. In continuation of our government's policy to encourage production of electrical goods, a very promising industry, I propose to reduce duty on the following raw materials of this industry : copper winding wire, paper insulated copper conductor, leather waith paper, dry-type/cast resin transformer, electroplating and other polishes. Details are shown at **Annex-"Kha"**.

**Honourable speaker,**

33. In addition to incentives already given to electric bulb industries by the present government in the last two budgets, I propose to reduce duty on lamp-shell, flung tube and exhaust tube from 25 percent to 15 percent.

34. To encourage industrialization, ensure due protection to domestic industries and to remove anomalies between duty rates (general and exemptions) on capital

machineries we simplified the special S.R.O. related to capital machinery in the last year's budgets. It is proposed to include diesel engine and vacuum pump in the same S.R.O. I also propose to reduce duty rate on industrial blower from 37.5 percent to 25 percent and the same on air compressor mounted on a chassis for towing from 25 percent to 15 percent.

**Honourable speaker,**

35. At present dry health drinks like “Horlicks” are being produced in the country. To encourage production of such drinks, reduction of duty on its raw materials, i.e., cocoa powder and butter milk powder is proposed, as shown in **Annex-“Kha”**. I also propose to reduce duty on dry mixed ingredients for locally produced health drinks.

**Honourable speaker,**

36. In continuation of government policy to patronize agro-based industries during the last two budgets I propose to reduce duty rate on raw materials of jam, jelly and marmalade, namely, peptic substances, pectinets and pectets from 25 percent to 15 percent and on mango pulp, a basic raw material for mango juice, from 37.5 percent to 25 percent.

**Honourable speaker,**

37. Asceptic pack used for packaging of fruit juice carries a duty rate of 25 percent. But tetra pack, an identical product is subject to a duty rate of 5 percent only. As a result, importers of Asceptic pack are facing uneven competition in this regard. Therefore, to bring uniformity in this regard I propose to impose duty rate of 5 percent for both the items and make necessary corrections in the Tariff Schedule in this regard. At the same time, I propose to reduce duty rate on rubber/plastic based adhesive and artificial resin used for pasting straw to the Asceptic pack from 25 percent to 15 percent.

**Honourable speaker,**

38. Our local biscuit manufacturers are facing uneven competition from large-scale import of biscuits from abroad. There is no Supplementary Duty (SD) on import of biscuits while high rates of duty and SD are applicable on raw materials and packing materials of biscuits. To remove this anomaly, I propose to reduce customs duty on flavour, a raw material for biscuits from 25 percent to 15 percent and also propose to restructure SD on biscuits and their raw materials.

39. To encourage production of high quality chocolate I propose to reduce duty on liquid chocolate from 37.5 percent to 25 percent. The duty rate on “food preparations not elsewhere specified or included” under H.S.Code 2106.90.20 is 5 percent while all other prepared food imports carry duty rates of either 25 or 37.5 percent. To rationalize duty rates on such similar items I propose to enhance the duty rate of items under H.S code 2106.90.20 from the existing 5 percent to 25 percent.

**Honourable speaker,**

40. The duty rate on complete fan is 37.5 percent while its parts carry duty rate of 15 percent only. This duty difference encourages import of complete fans by segregating them into a few different consignments. Such parts are subsequently assembled as complete fans for selling in the market. Naturally value addition in case of such assembly is quite insignificant as compared to that involved in the manufacturing of fan by the local producers who use domestically produced parts. Hence, to protect the domestic fan industries, I propose to enhance duty rate on parts of fan from 15 percent to 25 percent. For identical reason it is proposed to raise the duty on parts of lock from 15 percent to 25 percent. To encourage and protect local industries I propose to increase duty rates on hydrogen chloride (hydrochloric acid), medicated adhesive plaster, aluminium foil backed with paper/paper board, lead oxide, band-saw blade and also to reduce duty on carbon steel strip (of thickness upto 1.22 mm and of width upto 152.5 mm), a raw material for band-saw blade, from 15 percent to 5 percent. Please see **Annex-“Kha”** for details.

41. Recognized pharmaceutical industries in the country, on recommendation of Drug Administration, are allowed to import glass ampoule PVC / PVDC film for blister pack as raw materials at a concessionary rate of 5 percent duty only. All other commercial importers also enjoy the same duty exemption as the items are rated at 5 percent duty in the First Schedule of the Customs Act, 1969. As a result, the local manufacturers of the above items are affected. So to protect such local industries, I propose to enhance duty rate on glass ampule and PVC/ PVDC film for blister pack for imports by commercial importers to 15 percent from the existing 5 percent.

42. In order to encourage production of electricity to meet our increased demand our government have allowed duty free import of electric generating sets. I propose to further extend this facility upto December 31, 2001.

**Honourable speaker,**

43. In order to protect the local industries from unfair competition of smuggled imports I propose to reduce duty rates on tips and ink for ball point pen. For identical reason, I propose to reduce duty on synthetic rubber and bicycle tube valve, raw materials for tyre and tube of rickshaw and bicycle tube respectively. I also propose to reduce duty rate for heat sealable lacquer, a raw material for medicine strip and blister foil. Details are shown in **Annex-“Kha”**.

44. I am pleased to say that a few large industries for the manufacture of DTY from PET chips have been established in Bangladesh. DTY carries a duty rate of 15 percent and POY only 5 percent. But both the items are almost identical in nature and are classified under same BCT heading. Hence, large industries are facing uneven competition from those who produce DTY directly from POY. Under the above circumstances, I propose to impose duty at the same rate of 15 percent both on POY and DTY. Duty rate on Lumi Lurex Yarn was increased to protect the local industries in the last budget. At present a similar duty rate of 15 percent applies to both Lumi Luren Yarn and its raw material plastic film metalized yarn grade. So, to further protect the Lumi Lurex Yarn industry I propose to reduce duty rate on plastic film metalized yarn grade from 15 percent to 5 percent.



**Honorable speaker,**

45. Present government is very keen to encourage the growth of all backward-linkage industries including textiles. In the last few budgets we have gradually reduced the duty on textile spares in consideration of the importance of export oriented industries. Based on the same principles and on recommendations of the Ministry of Textiles and Industries, I propose to reduce duty rate on textile spare parts, namely; hosiery needle, ring traveler and slafhuarst autoconers as none of these spares is produced domestically. Moreover, I propose to reduce duty rate on seasoned beach wood, carbon steel rod and carbon steel bar (with carbon content of more than 0.25 percent but less than 0.6 percent) which are raw materials of textile spares i.e., bobbin, shuttle and loom spindle. Please see **Annex-“Kha”**.

46. Industries for manufacturing chalk powder from chalk- stone have come up in the country. But the duty rate on chalk powder and chalk stone are same. This puts the chalk powder industry in a disadvantageous position. To remedy this anomaly, I propose to reduce duty on chalk stone to 5 percent. Similarly, to encourage import substitute industry, I propose to reduce duty rate on craft paper (unbleached) to 5 percent to encourage local industries producing cement packing bags. Details are given in **Annex-“Kha”**.

**Honorable speaker,**

47. I am pleased to say that our country have achieved self-sufficiency in food production during the current regime. Due to bumper production of rice, our farmers were facing undue competition from lower priced imported rice. To protect their interest a regulatory duty of 10 percent in addition to the existing 5 percent customs duty was imposed. To protect the same interest I propose to increase the rate of duty on import of rice to 25 percent.

48. Pre-fabricated Building materials are highly effective in erecting industrial buildings very quickly. Since local production of the same is not sufficient to meet the total demand, I propose to reduce duty on Pre-fabricated Buildings from 15 to 5

percent. But at the same time to protect the local industries I propose to reduce duty on the following raw materials of Pre-fabricated Building, namely, fiber glass wool, wiremesh galvanized, self tapping screws, H and I sections to 5 percent and Zinc coated wide coil (of thickness 800 mm or more but of width of less than 1200 mm) from 25 to 15 percent. Please see **Annex-“Kha”** for details.

49. In the interest of protecting the domestic industries I also propose to reduce duty rates on the following items : Laser film for x- ray; tapeline tape for stopping leakage of gas and water pipe; plastic blank and demo for spectacles; non-woven head-cover, apron and shoe-cover for use in sterile area of pharmaceutical industries, drinking water purifier and cylinder for condensed / liquefied gas with a capacity of less than 5000 liter. I also propose to remove complexity in tariff schedule through its amendment by imposing ‘zero’ rate of duty on phospo gypsum in line with duty rates on all other fertilizers. See **Annex-“Kha”** for details.

50. During the period following the approval of the budget for the current fiscal year regulatory duty was imposed on a few items to protect our industry and the farmers. Such regulatory duties are being abolished and merged with supplementary duty and customs duty as the case may be. To remove complexity of classification separate H.S.Codes for few items have been created through amendment of our present Tariff Schedule. Two exemption S.R.Os related to anti-biotic and raw materials for paracetamol have been unified into one single order as a number of common chemical items appear in both the S.R.O.s. Based on recommendations of the Drug Administration a number of new items have also been included in the new order.

**Honourable speaker,**

51. In line with the provision of section 20 of the customs Act, 1969 and section 14 (2) of the Value Added Tax Act, 1991, section 7 (1) of the Finance Act, 1997 is proposed to be amended to make provision for exemption of Infrastructure Development Surcharge (IDSC) on special circumstances subject to fulfillment of conditions and limitations. With a view to rationalizing and updating the Non-tourists (Passengers’) Baggage (Imports) Rules, 2000, it is proposed to be amended by creating three size-based categories for television sets, inclusion of computer

scanner in the list of duty-free baggage items and exclusion of photo-copier/ photoenlarger machines from the list of baggage items.

52. Based on recommendation from Customs Administration Modernization Project (CAM-1) measures have been taken to introduce Risk Based Selectivity Module for selection of import consignments for examination and a new format of Bill of Entry for import and Export. In order to update and modernise customs administration and procedure, I propose to amend some existing provisions of the Customs Act, 1969 and add a few new ones to it.

### **Value Added Tax and Supplementary Duty**

**Honourable Speaker,**

53. You are aware that in mobilizing internal resources, increasing domestic industrial investment, ensuring dynamism in production system, protecting local industries and building up a transparent and accountable tax structure, Value Added Tax (VAT) system played a positive role in the preceding years. During the last five years of the present Government, tax base of VAT and collection therefrom have increased successively. In 1996 the number of VAT payers in the country was 1,23,500 (one lac twenty three thousand five hundred). At the end of the current fiscal year this number will increase by 103 percent and total around 2,51,000 (two lac and fifty one thousand). With the widening of the VAT base, collection from it at local stage at the end of current financial year will amount to around Tk. 5,000 (five thousand) crore against collection of Tk. 2,769 (two thousand seven hundred and sixty nine) crore in 1995-96 i.e. an increase of about 81 percent.

**Honourable Speaker,**

54. In line with the above principles and objectives, I am now placing some proposals through you on Supplementary Duty (SD) and VAT for consideration by this august Parliament:

(a) it is known to all that jute, the golden fibre of Golden Bengal and jute products were once the pride of the economy and national identity of this country. But in

course of time and with the advent of different synthetic goods, made from petrochemicals, jute and jute industries are facing multifarious obstacles. The poor performance of this industry is having a negative impact on jute producers, labourers, entrepreneurs of the jute sector and the overall economy of the country. In order to protect this sector from this vulnerable situation and to enable it to survive in the present competitive world, I am proposing, in addition to other measures taken by the Government, full exemption of 15 percent VAT on all local jute products. Although this proposal will result in a loss of revenue equivalent to almost Tk. 15 crore annually to the Government exchequer, the Government is hopeful that the proposed measure will help the jute sector to be competitive to some extent;

(b) the importance of domestic foundry and small engineering sector, known as less capital intensive but capable of generating more employment and developing technology, can hardly be overemphasised. Different industrial and service sectors including agriculture are directly or indirectly dependent on this sector. In spite of its being very important, this sector is continuously facing uneven competition from foreign goods being imported under the influence of market economy. Having considered these viewpoints, many goods, produced locally by this sector and related to agriculture and also used by the common people, were exempted from VAT in the previous years. In continuation of this trend, it is proposed that parts used for engines of irrigation pumps and fishing trawlers produced locally by this sector be exempted from VAT;

(c) pre-fabricated buildings, helpful in setting up industries at relatively shorter time and at comparatively lower cost, are being locally manufactured. With a view to protecting the legitimate interest of the local industries manufacturing these items and ensuring supply of the same to the industrial entrepreneurs at comparatively lower price, the presently applicable VAT at production stage is proposed to be exempted.

(d) as daily necessities, rice, wheat and flour are presently exempt from VAT both at import and production points. But granule (mywR), obtained as a by-product from rice and wheat at manufacturing stage is still subject to 15 percent VAT. Since this is an essential consumable item I propose to exempt VAT on the local

production of this item.

**Honourable Speaker,**

55. In the same light as mentioned above, I also propose the following for consideration by this august Parliament:

- (a) Invalid carriage (wheel chair) used for the movement of people physically handicapped and disabled is fully exempt from import duty but subject to 15 percent VAT. Since the Government is committed to the improvement of standard of living of the distressed people, I propose full exemption of 15 percent VAT, applicable to imported wheel chair;
- (b) sandals of plastic and rubber and shoes of plastic are generally used by people of lower and lower middle income groups. In consideration of the purchasing power of these classes of people, locally made sandals and shoes upto a maximum value of Tk. 40 per pair were exempted from VAT in the last budget. On the basis of proposals of the business community, the exemption ceiling of these products is proposed to be enhanced from the existing limit of Tk. 40 to Tk. 45 per pair;
- (c) global awareness is increasing about the harmful effects of tobacco products on public health. In this consideration, the incidence of duties and taxes on the import of cigarette paper used in the manufacture of tobacco products has been kept at 161 percent. Contrary to this, the incidence of duties and taxes on locally made cigarette paper has been kept at a comparatively lower rate. In order to reduce this wide gap and keeping in mind the negative impact of tobacco products on public health, I propose to impose 10 percent SD on local production of cigarette paper;
- (d) having been considered harmful to environment, SD at the rate of 20 percent was imposed in the last budget both on imported and domestically produced sacks and bags, made from ethylene polymer. Due to this, imported sacks and bags are enjoying more favourable duty and tax structure over locally made goods. In view of this and in order to further rationalise the existing duty and tax structure applicable SD at the rate of 20 percent on imported sacks and bags of all colours made from ethylene polymer is proposed to be increased to 30 percent;

(e) at present, imported and locally manufactured glazed tiles are subject to SD at the rates of 30 percent and 20 percent respectively. But there is no SD on imported and locally manufactured unglazed tiles. With a view to rationalising the duty and tax structure of the two items and combatting misdeclaration of glazed tiles as unglazed ones, I propose to impose 30 and 20 percent SD respectively on both imported and locally produced unglazed tiles.

### **Honourable Speaker,**

56. Government is committed to ensure the legitimate interests of the local products, compared to imported goods. From this consideration and in order to further rationalise the duty and tax structure, I propose to fully exempt SD applicable at the rate of 10 percent to locally produced writing and printing paper, self tapping screw and other screw and bolts (whether or not fitted with nut/washer) and printing ink. On the same consideration, I also propose to refix SD at the rate of 5 percent from the existing rate of 22.5 percent on the locally made printed poly propylene film whether metalised or non metalised.

57. Household goods including table and kitchen wares of ceramics of standard quality are presently made in the country. These goods have earned good reputation in the fereign markets also. But this industrial sector is now facing uneven competition from foreign goods presently being imported under the liberalised market system. On the other hand, similar imported goods, made from porcelain, are subject to SD at the rate of 30 percent. With a view to ensuring equitable competition between the local and foreign goods and rationalising the duty and tax structure with that of porcelain goods, I propose to impose 30 percent SD on imported household goods including table and kitchen wares of ceramics. On the same consideration, it is proposed to exempt the present 10 percent SD leviable on Push button Amp, an input used in the manufacture of different electrical goods by local industries.

58. In order to enable local products to compete more effectively with imported goods, it is proposed to levy 10 and 5 percent SD respectively on imported “Biscuits, Waffles and Wafers” and “Acrylic Plastic and Poly Carbonate sheet,

made from different materials including Polymethyl Methacrylate”. On the same consideration, I propose to impose 75 percent SD on imported “Fluorescent hot cathode (Tube light)” unifying the presently applicable regulatory duty and SD and 10 percent SD on the import of “chocolates of all kinds”. Moreover, the existing 10 percent SD on imported Ball Point Pen is proposed to be enhanced to 15 percent. On the other hand, the present 10 percent SD on imported liquid glucose and stretch wrapping film, used by different industries as raw and packing materials, is proposed to be fully exempted. SD at 10 percent on imported petroleum jelly is also proposed to be refixed at 7.5 percent on the same consideration.

59. With a view to rationalising the tax structure of locally produced goods with that of imported goods, SD at the rates of 5 percent on imported Alum, 25 percent instead of the existing 5 percent on imported folding cartons, boxes and cases made of non-corrugated paper and paper board but excluding Duplex outer shell used for packing match sticks, and 15 percent on imported woven textile fabrics based emery powder, are proposed. On the other hand, with a view to addressing the complexities arising out of the inconsistencies relating to classification and removing the disparity in the tax structure, the existing 20 percent SD on “Palmitic acid and its salts and esters or soap noodles” is proposed to be refixed at 25 percent.

60. Presently, the applicable rates of SD on imported and locally made different kinds of sanitary wares of ceramics and stainless steel are 30 percent and 5 percent respectively. There is no SD on similar goods made of plastic. In order to bring about consistency between the two, I propose to impose 10 percent SD on imported Bathtub, Showertub, Wash Basin, Bidet, Lavatory Pan, Seat and Cover, Flushing Cisterns and similar goods made of plastics.

**Honourable Speaker,**

61. At present, there are SD at different rates ranging from zero to 10 percent on both imported and locally made pipe, tube, hollow profiles and similar goods, made of iron and steel and falling under different H.S.Codes. Due to this different SD rates on goods of similar description, occasional complaints are received about irregularities including evasion of duties and taxes and harassment to the traders. To redress this problem, it is proposed to impose 7.5 percent SD on the import and

local production of all the above goods instead of existing different rates. On the same consideration and in keeping with the existing 5 percent SD, applicable to bulk import, goods of the class of Horlicks and Maltova, imported at retail packing, are also proposed to be subjected to SD at the same rate of 5 percent.

62. Presently, there is regulatory duty at 10 percent on imported Tallow, 5 percent on imported Crude Coconut (Copra) oil and Crude Palm Kernel Oil. Instead of these regulatory duties it is proposed to impose SD at the same rates, as mentioned above, against each of the above items. Moreover, I propose to fix 12.5 percent SD against RBD palm stearin unifying the presently applicable 10 percent regulatory duty and 2.5 percent SD.

### **Honourable Speaker,**

63. Due to the favourable policy of the government and the efforts of the entrepreneurs, medicine manufacturing sector is presently exporting its standard quality medicine to foreign countries after meeting local demand. Under the present system, refund as duty drawback of the duties and taxes involved in the medicines if exported under laid down rules, is allowed. But VAT is to be paid on the same medicine when sent to foreign buyers as samples for the purpose of creating new export market. Under these circumstances and in order to create demand of local medicine in foreign markets and to encourage its exports, it is proposed to exempt the VAT on locally manufactured medicines upto the maximum value limit of Tk. 2000 in each consignment and upto Tk. 6000 per year.

64. At present, there is 15 percent VAT on a 20 percent truncated base namely 3 percent net on the total value, received against sale or repair of furniture as services. Considering this fixed truncated base and the fact that the net payable tax is less than the actual Value Addition and present Turn Over Tax rate, it is proposed to increase this 20 percent tax base to 40 percent bringing the net incidence of VAT to 6 percent. On the other hand, the present truncated base value at 15 percent, applicable to wholesale and retail sale of readymade garments including silk fabrics under the service item named “Readymade garments sale centre”, is proposed to be reduced to 10 percent.



**Honourable Speaker,**

65. At present Tk. 70,000 (seventy thousand) as VAT is applicable to one section of bricks calculated on the basis of 9,33,333 (nine lac thirty three thousand three hundred and thirty three) pcs as per existing rules, and fixed tariff value. There are some inconsistencies, with respect to determination of sections in the said rules. In order to correctly calculate VAT, payable on each section and to enable the taxpayers to pay the same through reasonable installments by removing the existing inconsistencies, newly formulated rules instead of the existing ones are proposed for consideration.

**Honourable Speaker,**

66. Since the retail value of locally produced allopathic medicines is fixed by the government, I propose to exempt these items from VAT liability when sold by wholesaler and retail traders provided the producers pay the VAT on the basis of actual value added at production points. VAT from locally produced Aerosol, an insecticide, and cigarettes is presently collected on the basis of retail price. As a result of this, no value addition is made on these items at the wholesale and retail stage. Hence, these items are also proposed to be exempted from VAT liability at trade points.

**Honourable Speaker,**

67. The arrangement of paying VAT on taxable goods at wholesale and retail points at 15 percent on the basis of 13.35 percent value added, namely at 2 percent on total sale value was approved in the last budget. For proper implementation of this system, business communities were consulted several times. They requested for the reduction of this fixed 13.35 percent value addition on the reason that this tax base, in some cases, is comparatively higher than the actual value addition. Considering all these aspects and with a view to collecting VAT from the traders in a trade-friendly manner, I propose to refix the Value Added at 10 percent from the present 13.35 percent. As a result of this, the net payable VAT at wholesale and Retail trade points would come down to 1.5 percent from the existing 2 percent. Side by side, it is also proposed that the traders, whose actual Value Added would

be more or less than the above proposed 10 percent, will be allowed to pay VAT on the actual Value Added on the basis of input tax crediting system provided they declare the sale value and get it approved by the appropriate VAT Authorities.

**Honourable Speaker,**

68. In order to make the VAT Act and Rules more transparent and trade-friendly and to make the activities of the taxpayers and VAT officials more accountable, amendments, additions and abolition of some of the provisions of the said Act and Rules are proposed.

69. Change, reforms and progress are signs of life. On the other hand, stagnancy, resistance to change and backwardness are signs of decay and decline. Therefore, we have undertaken measures to continuously upgrade and reform our tax administration in line with the trend of global trade and development. As part of this initiative we are now implementing a technical assistance project for **Customs Administration Modernization (CAM-1)** with World Bank financing. The work being done under this project are : computerized customs assessment and data processing, selection of imported consignments for detailed inspection on the basis of risk-based selectivity module, computerization of bonded warehouse management, post-clearance audit, strengthening internal audit and control and training of customs officials. The objectives of these reforms are aimed at making the customs administration modern, simple and free of harassment of the tax payers. One distinctive feature of CAM-1 project is that side-by-side with local and foreign consultants a number of customs officials are working full-time in the project. After the completion of the project these customs officials would be able to enrich customs department through transfer of technical know-how when they revert to the customs department.

70. In the area of VAT system a technical assistance project “Strengthening and Modernizing VAT administration” with assistance from Department for International Development (DFID), UK, is now under implementation. Main objectives of this project are to help the VAT wing of NBR in the following areas: support to VAT policy formulation, corporate planning and management; strengthen VAT audit, enforcement and investigation of fraud and implement tax

payers' education programme.

71. The worldwide trend today is globalization of trade and expansion of electronic trade and commerce. In order to improve the standard of service of the tax machinery and to create an efficient and harassment free tax collection system the government has taken up a four-year technical assistance project with the assistance of DFID and World Bank. This project will equip the Income Tax Department with the technology and know how in terms of Management Information System (MIS), internal audit and professional knowledge so that there is overall augmentation of revenue earning from direct tax.

**Honourable Speaker,**

72. Immediately before the assumption of power by the present government, that is, in the year 1995-96 total tax revenue collection by NBR was Tk 11,370 (eleven thousand three hundred and seventy) crore. Under the present government revenue collection registered a steady growth and is expected to reach Tk. 18,300 (eighteen thousand three hundred) crore that is, an increase of over 60 percent. I am pleased to announce to this august house that tax revenue collection by NBR during current fiscal year is quite satisfactory. The revenue target of NBR for FY 2000-2001 was fixed at Tk 18000.00 crore. Revenue collection by NBR up to 31st May, 2001 stands at Tk. 16,095 crore which is about 2.93 percent higher than the target and about 22.50 percent higher than the collection for identical period (July 1999-May 2000) of the previous fiscal year. Taking into account satisfactory revenue trend of the last 11 months the revenue target for this fiscal year has been revised upward at Tk. 18,300 (eighteen thousand and three hundred) crore and I am confident that we will be able to achieve this revised target.

73. The major reasons for this year's encouraging tax revenue collection are: accelerated rate of economic growth, increase in import, implementation of some significant fiscal reforms by our government and closer supervision and monitoring instituted in the tax administration. Needless to say that some of the beneficial impact of fiscal reforms already undertaken by the present government is already evident in the revenue collection. I firmly believe that full implementation of our ongoing fiscal reforms will enable us to establish a modern, simplified,

accountable, transparent, hassle-free and efficient tax administration.

**Honourable Speaker,**

74. In order to stop forgery of Non-Judicial Stamp Paper used in the sale and purchase of land in the country " **Duty Payment (Additional Procedure) Rules, 2000**" has been implemented. The noted Rules prohibit printing and sale of non-judicial stamps of value /denomination in excess of TK 100. This step has helped to curb forgery and corruption in the sale and purchase of high-value Non-Judicial Stamp Papers. As a result of this the revenue earning of the government from this source is expected to increase.

**Honourable Speaker,**

75. The efforts of our government is not only limited to the adoption of measures to improve the effectiveness of the current tax policy and the tax administration only. We are also looking forward to making our tax system compatible with the need of the future. With this end in view the government has decided to set up a Reform Commission soon to further modernise and strengthen our tax system so that it meets the need of the time to come.

**Honourable Speaker,**

76. Now, I am going to place the revenue implication of major tax proposals for FY2001-2002 before this august house. The revenue estimate for NBR has been fixed at Tk. 20,730 (twenty thousand seven hundred and thirty) crore for FY2001-2002. Because of tax exemption in case of Income tax, there will be a revenue loss of Tk. 35 crore. On the other hand, due to expansion of tax base there will be a revenue gain of Tk. 75 crore. Consequently, there will be a net increase of Tk. 40 crore under this head. Implementation of proposals for reduction of customs duty is expected to result in a revenue loss of Tk. 23 crore and there would be a gain of Tk. 28 crore for increase of duty rates. Consequently, there would be a net gain of Tk. 5 crore. Proposed VAT and supplementary duty exemptions would result in a loss of Tk. 22 crore. Imposition of VAT and Supplementary duty would raise an

additional revenue of Tk. 5 crore. Hence, net loss in revenue under this head would be Tk. 17 crore. Improvement of efficiency in tax administration, modernization of tax collection process and closer monitoring and supervision by NBR would hopefully bring an amount of Tk. 725 crore. The remaining amount is expected to be generated from autonomous growth of revenue.

### **Honourable Speaker,**

77. I want to reiterate that the accelerated trend of free market economy and globalization of trade at the dawn of the new millenium has not only opened up tremendous possibilities for a developing country like ours, it has at the same time placed us at the forefront of a fiercely competitive world. One of the fundamental and so to say, cruel realities of free market principles is that, under such system only the efficient and able industrial and business establishments will ultimately survive and flourish while the inefficient ones will slowly perish as a natural consequence. Hence, to successfully survive in an intensely competitive globalized world we need rapid industrialization, expansion of export, increase in productivity and effective system of financial management, creation of an investment friendly environment and after all an efficient system of macroeconomic management.

78. In short, for a developing country like ours the need for macroeconomic stability and a peaceful, trouble-free and development-friendly atmosphere is indispensable for the success of the fiscal policy, increase in investment and overall economic growth. Macroeconomic stability and reduction of uncertainty allow investment and saving decisions to be made in a way consistent with underlying economic fundamentals, which promote an efficient allocation of resources. Macroeconomic stability is a pre-condition for boosting confidence, which in turn promotes inflow of foreign capital and domestic investment.

79. Creation of such macroeconomic stability requires consensus and united efforts of the government, the opposition and all sections of the society. Hence, I earnestly call upon all political parties irrespective of their ideologies, the civil society, professionals, intellectuals and the working masses to unite and work jointly for the development of our dear motherland. Our aim is to establish a society as envisaged by poet Rabindranath Tagore in the following words :

"Where the mind is without fear and the head is held high;

Where knowledge is free;

Where the world has not been broken up into fragments by narrow domestic walls;

Where words come out from the depth of truth;

Where tireless striving stretches its arms towards perfection;

Where the clear stream of reason has not lost its way into the dreary desert sand of dead habit;

Where the mind is led forward by thee into ever-widening thought and action-...."

80. I earnestly believe that by the grace of Allah, the Almighty, we shall overcome our difficulties through collective efforts and shall be successful in establishing a just, equitable and prosperous democratic social order in Bangladesh.

**Honourable Speaker,**

81. Before I conclude, I want to pay my deep homage to the martyrs of our war of liberation whose supreme sacrifice earned us a separate national identity and an independent nation where we can dream of a happy, prosperous and a golden future. To quote from the words of our beloved poet Shamsur Rahman :

"O great martyrs, we cannot accept the unkind truth that

You are no longer in this Bengal, Rather

Whenever we agitate for coronation of beauty and good

whenever we unite to chase out the beasts

we deeply feel your presence right beside us.

Your eyes glow with radiance of humanity

Held in your hand, the beacon of the brightest future.

In our united movement for advancement

Flowers bloom in abundance

Birds sing, their music echoes to the sky."

**Joy Bangla**

Joy Bangabandhu

Long live Bangladesh

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## **Annex "Ka"**

### **Summary of revision of revenue measures**

#### **taken since July 1, 2000**

#### **Import Duty :**

Sl. No.	Description of goods	Customs Duty		Regulatory duty	Remarks
		Old	Decrease		
(1)	(2)	(3)	(4)	(5)	(6)
1.	(Other) Tallow	25%	25%	10%	
2.	RBD palm stearin	25%	25%	10%	
3.	Coconut(copra) crude oil	25%	25%	5%	
4.	Palm kernel crude oil	25%	25%	5%	
5.	Anti-oxidising preparations and other compound stabilisers of rubber or plastic.	15%	5%		
6.	Flexo printing (gravure) Ink	25%	15%		
7.	Kraft paper (unbleached)	25%	15%		

8.	Iron and non-alloy steel (thickness less than 0.5 mm)	25%	15%		
9.	Transformer parts	5%	5%	20%	
10.	Other (rotogravure printing ink excl. flexo printing (gravure) ink	37.5%	25%		
11.	Paper Board (Multi-ply)	25%	15%		
12.	Dates(Fresh) and Dates(Dried)	25%	15%		Concessionary rate was valid from 10/11/2000 to 31/12/2000
13.	Onions (Fresh)	25%	5%		
14.	Flat-rolled products of Iron or non-alloy steel (Plated or coated with chromium oxides or with chromium and chromium oxides)	25%	5%		
15.	Crown corks	5%	5%	10%	
16.	Other (Aluminium Can)	25%	5%		
17.	Rice	5%	5%	10%	
18.	Other (Heated liquid petroleum bitumen industrial)	25%	5%		
19.	Other (Catalytic converter and diesel particulate filter)	25%	5%		
20.	Fluorescent, hot cathode	37.5%	37.5%	37.5%	
21.	Other (Cold tundish board and mixture and articles of heat insulating for tundish)	37.5%	37.5%	12.5%	
22.	Whey power	37.5%	25%		

## Annex “Kha”

### Summary of Proposals in respect of Customs Duty

#### for FY 2001-2002

Sl. No.	Description of goods	Customs Duty		Revenue Impact	
		Old	New	Increase	Decrease
(1)	(2)	(3)	(4)	(5)	(6)
1	Paper Separator	37.5%	25%		-0.896
2	Printed PVC tube	37.5%	25%		-0.0003
3	PVC shrinkable tube (plain)	37.5%	25%		-0.69



4	Hydrogen chloride (Hydrochloric Acid)	15%	25%	+ 0.432	
5	Laser film	25%	15%		-0.027
6	Air compressor mounted on a chassis for towing	25%	15%		- 0.618
7	Industrial blower	37.5%	25%		-0.112
8	Dry type/cast resin transformer	25%	15%		-0.059
9	Tapeline tape	37.5%	25%		-0.996
10	Cylinder (Capacity below 5000 ltr)	37.5%	25%		-0.102
11	Pectic substances, pectinates and pectates	25%	15%		-0.003
12	Liquid chocolate	37.5%	25%		-0.193
13	Plastic blanks and plastic demos	25%	15%		-0.006
14	Ball points for ball point pen	25%	15%		-0.056
15	G.I. Pipe	25%	37.5%	+ 2.56	
16	Calcined petroleum coke (Met Coke)	25%	15%		negligible
17	Flavour	25%	15%		-0.0004
18	Cocoa powder	25%	15%		-0.037
19	Buttermilk powder	37.5%	25%		-0.013
20	Rubber/plastic based adhesive and artificial resin	25%	15%		-0.243
21	Lamp shell	25%	15%		-0.755
22	Flange tube/exhaust tube	25%	15%		-0.228
23	Synthetic rubber	15%	5%		-1.294

## Annex “Kha”

Sl. No.	Description of goods	Customs Duty		Revenue Impact	
		Old	New	Increase	Decrease
(1)	(2)	(3)	(4)	(5)	(6)

24	Bicycle tube valve	25%	15%		-0.044
25	Art card	25%	15%		-0.500
26	Art paper	25%	15%		-0.600
27	Sack Kraft paper (unbleached)	15%	5%		-0.252
28	Electro-plating and other polishes	25%	15%		-0.038
29	<b>Leather waith paper</b>	25%	15%		- 0.561
30	Rosin size	25%	15%		0.00
31	Defoaming agents	25%	15%		-0.424
32	Precipitated calcium carbonate	15%	5%		-1.158
33	Paper insulated copper conductor and copper winding wire	37.5%	25%		-1.447
34	Printing ink for G.I. pipe	37.5%	25%		-0.015
35	Ink for ball point pen	37.5%	25%		-0.015
36	Dry mixed ingredients	25%	5%		-2.115
37	Match splint	25%	15%		-0.034
38	Asceptic pack	25%	5%		-0.373
39	Refined paraffin wax	25%	15%		-1.278
40	Zinc coated waid coil (Coil of a width of 800 mm or more but not exceeding 1200 mm)	25%	15%		0.00
41	Medicated adhesive plaster	25%	37.5%	+ 0.184	
42	Carbon block	37.5%	25%		-0.145
43	Food preparations not elsewhere specified (H.S.Code 2106.90.20)	5%	25%	+ 0.048	
44	Lock parts	15%	25%	+ 0.169	
45	Fan parts	15%	25%	+ 0.230	
46	Glass ampule	5%	15%	+ 0.432	
47	Refer container	25%	5%		negligible
48	Sterile non-woven head cover, apron, shoe cover	37.5%	25%		negligible

## Annex “Kha”

Sl. No.	Description of goods	Customs Duty		Revenue Impact	
		Old	New	(Crore Taka)	
(1)	(2)	(3)	(4)	(5)	(6)
49	Carbon steel strips of thickness upto 1.220 mm and width upto 152.5 mm	15%	5%		-0.009
50	Band saw blade	5%	15%	+ 0.902	
51	Emulsion glass prints/ sensitising emulsions	15%	5%		-0.015
52	Transfer (decalcomanias) for recognized melamine industry	15%	5%		-0.365
53	Seasoned beech wood	15%	5%		-0.013
54	Carbon steel bar (Containing carbon 0.25% or more but less than 0.6%)	25%	15%		-0.384
55	Carbon steel rod (Containing carbon 0.25% or more but less than 0.6%)	25%	15%		negligible
56	POY (Partially Oriented Yarn)	5%	15%	+ 2.46	
57	Aluminium oxide	15%	5%		-0.030
58	Zirconium silicate	15%	5%		-0.071
59	Chalk stone	15%	5%		-1.00
60	Aluminium foil backed with paper/ paperboard	25%	37.5%	+ 1.00	
61	Heat sealable lacquer	37.5%	15%		-0.858
62	Lead oxide	15%	25%	+ 0.243	
63	PVC film and PVDC film for blister pack for medicine	5%	15%	+ 0.012	
64	Blister packing film	5%	15%	+ 0.042	
65	Phospo gypsum	25%	0%		-0.22
66	Drinking water purifier	37.5%	25%		-0.076

67	4 stroke CNG operated 3 wheeler public carrier having seating capacity not exceeding 15 including driver in CBU condition	37.5%	25%		negligible
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## Annex “Kha”

Sl. No.	Description of goods	Customs Duty		Revenue Impact	
		Old	New	Increase	Decrease
(1)	(2)	(3)	(4)	(5)	(6)
68	Mango pulp	37.5%	25%		-0.320
69	Rice	15%	25%	+ 20.00	
70	Vacuum pumps	25%	5%		-0.167
71	Plastic film metalised yarn grade	15%	5%		-0.309
72	Magnesite powder	15%	5%		- 0.046
73	Trade advertising material, printed posters devoted to advertising, printed catalogue, yearbook.	5%	15%	+0.052	
74	<b>Three wheeler (electric battery operated)</b>	37.5%	15%		-0.178
75	Linear Alkyl Benzene	25%	15%		negligible
76	Autoconer spare parts	37.5%	5%		negligible
77	Glass wool	25%	5%		-0.028
78	I and H Section	37.5%	5%		-0.635
79	Plated or Coated with zinc (wiremesh galvanized)	37.5%	5%		-0.006
80	Self-taping screw	37.5%	5%		-0.01
81	Prefabricated Building	15%	5%		-3.40

[1] Globalization and the Opportunities for Developing Countries, World Economic Outlook, IMF, Page-91, May,1997.

[2] Charles Pratt, Lord Camden 1714-1794, House of Lords, 7 March, 1766.