

# THE FINANCE ORDINANCE, 1986

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# THE FINANCE ORDINANCE, 1986

ORDINANCE NO. XLV OF 1986

[27<sup>th</sup> June, 1986]

**An Ordinance to give effect to the financial proposals of the Government and to amend certain laws.**

WHEREAS it is expedient to make provisions to give effect to the financial proposals of the Government and to amend certain laws for the purposes hereinafter appearing;

NOW, THEREFORE, in pursuance of the Proclamation of the 24th March, 1982, and in exercise of all powers enabling him in that behalf, the President is pleased to make and promulgate the following Ordinance:-

1. (1) This Ordinance may be called the Finance Ordinance, 1986.

Short title and commencement

(2) This section and sections 5 and 7 shall come into force at once, section 11 shall come into force on the first day of August, 1986, and other sections shall come into force on the first day of July, 1986.

2. In the Opium Act, 1878 (I of 1878), the following amendments shall be made, namely :-

Amendment of Act I of 1878

(1) in section 9, *for* the words and comma "which may extend to two years or with fine, or with both" the words "not less than two years and not more than ten years and with fine which shall not be less than twenty thousand taka and not more than one hundred thousand taka" shall be *substituted*;

(2) in section 9D, *for* the words and commas "which may extend to two years, or with fine, or with both" the words "not less than two years and not more than ten years and with fine which shall not be less than twenty thousand taka and not more than one hundred thousand taka" shall be *substituted*;

(3) in section 9E, in the Explanation, the words, figure and letter "and in section 9F" shall be *omitted*; and

- (4) in section 9G, *for* the comma, figures, letters and word “, 9E or 9F” the word, figure and letter “or 9E” shall be *substituted*.

Amendment of  
Ben. Act V of  
1909

3. In the Excise Act, 1909 (Ben. Act V of 1909), the following amendments shall be made, namely:-

- (1) in section 46, *for* the words and commas “which may extend to six months, or to fine which may extend to one thousand taka, or to both” the words “not less than one year and not more than five years and with fine which shall not be less than five thousand taka and not more than twenty thousand taka” shall be *substituted*;
- (2) in section 49, *for* the words “three months” the words “one year” and *for* the words “one thousand taka” the words “ten thousand taka” shall be *substituted*;
- (3) in section 50, *for* the words “three months” the words “one year” and *for* the words “five hundred taka” the words “five thousand taka” shall be *substituted*;
- (4) in section 51 (1), *for* the words “five hundred taka” the words “five thousand taka” shall be *substituted*;
- (5) in section 52, *for* the words “six months” the words “two years” and *for* the words “one thousand taka” the words “ten thousand taka” shall be *substituted*;
- (6) in section 53,-
- (a) in sub-section (1), *for* the words “three months” the words “one year” and *for* the words “one thousand taka” the words “ten thousand taka” shall be *substituted*;
- (b) in sub-section (2), *for* the words “two hundred taka” the words “two thousand taka” shall be *substituted*;
- (7) in section 54, *for* the words “two hundred taka” the words “two thousand taka” and *for* the words “five hundred taka” the words “five thousand taka” shall be *substituted*;
- (8) in section 59, *for* the words “two hundred taka” the words “two thousand taka” shall be *substituted*;

(9) in section 65(i)(a), for the words "one thousand taka" the words "ten thousand taka but not less than one thousand taka" shall be substituted; and

(10) for section 82 the following shall be substituted, namely:-

**"82. Magistrate having jurisdiction to try offences-**  
No Magistrate other than a Magistrate of the first class shall try any offence punishable under this Act."

4. In the Dangerous Drugs Act, 1930 (II of 1930), the following amendments shall be made, namely :-

Amendment of  
Act II of 1930

(1) in sections 10, 11, 12 and 13, for the words and commas "which may extend to two years, or with fine, or with both" the words "for a term not less than two years and not more than ten years and with fine which shall not be less than twenty thousand taka and not more than one hundred thousand taka" shall be substituted;

(2) in section 14, for the words "or exports Inter-provincially" the comma and word ", exports" shall be substituted and for the words and commas "which may extend to two years, or with fine, or with both" the words "for a term not less than two years and not more than ten years and with fine which shall not be less than twenty thousand taka and not more than one hundred thousand taka" shall be substituted;

(3) in section 15, for the words and commas "which may extend to two years, or with fine, or with both" the words "for a term not less than two years and not more than ten years and with fine which shall not be less than twenty thousand taka and not more than one hundred thousand taka" shall be substituted;

(4) in sections 16 and 17, for the words and commas "which may extend to four years, or to fine, or to both" the words "for a term not less than four years and not more than fourteen years and with fine which shall not be less than forty thousand taka and not more than two hundred thousand taka" shall be substituted; and

(5) in section 19, for the words "one thousand taka" the words "ten thousand taka" shall be substituted.

Amendment of Act I of 1944

5. The following amendments shall be made in the Excises and Salt Act, 1944 (I of 1944), namely:-

- (1) in section 1(2), *after* the word "Bangladesh", the words, figures, comma and brackets "except the areas of Export Processing Zones declared under section 10 of the Bangladesh Export Processing Zones Authority Act, 1980 (XXXVI of 1980)" shall be *added*;
- (2) in section 35(1A), *after* the words "respect of", the words "services or of" shall be *inserted*;
- (3) the FIRST SCHEDULE shall be *amended* in the manner set out in the FIRST SCHEDULE to this Ordinance.

Amendment of Act XV of 1963

6. In the Wealth-tax Act, 1963 (XV of 1963), in the Schedule, in the proviso, *for* the figure and words "60 per cent.", wherever occurring, the figure and words "50 per cent." shall be *substituted*.

Amendment of Act IV of 1969

7. The following amendments shall be made in the Customs Act, 1969 (IV of 1969), namely :-

- (1) in section 78, in sub-section (2), *for* the full stop at the end a colon shall be *substituted* and thereafter the following new proviso shall be *added*, namely :-

"Provided that no agent so receiving such cargo or portion shall cause it to be removed or otherwise dealt with except in accordance with the written order of the appropriate officer.";

- (2) in section 156(1), in the TABLE,-

- (a) *after* item 43 in column 1 and the entries relating thereto in columns 2 and 3, the following new item 43A shall be *inserted*, namely :-

| Offence                                     | Penalties   | Section of the Act to which offence has reference. |
|---|---|--|
| 1   | 2   | 3  |
| "43A.If any person or agent receiving goods | if such goods cannot be recovered, the person or the agent concerned shall be liable, | 78";   |

or any portion in addition to full duty, to a  
into his custody, penalty not exceeding ten times  
removes or the amount of such duty, or, if  
attempts to such goods are not dutiable or  
remove them duty thereon cannot be  
from the port ascertained, to a penalty not  
area with the exceeding fifty thousand taka for  
intention of every missing or deficient  
defrauding the package or separate article, and  
revenue, in the case of bulk goods, to a  
penalty not exceeding fifty  
thousand taka, or ten times the  
value of the goods, whichever be  
higher; and upon conviction by a  
Magistrate he shall further be  
liable to imprisonment for a term  
not exceeding six years.

(b) for the words "two hundred and fifty taka", "five hundred taka", "two thousand taka", "two thousand five hundred taka", "five thousand taka" and "ten thousand taka", wherever occurring, the words "two thousand five hundred taka", "five thousand taka", "twenty thousand taka", "twenty-five thousand taka", "fifty thousand taka" and "one hundred thousand taka" shall, respectively, be *substituted*;

(3) in section 180, for the full-stop at the end a colon shall be *substituted* and thereafter the following new proviso shall be *added*, namely:-

"Provided that the provisions of this section shall not apply to an order of confiscation of any goods or imposition of any penalty on any person passed in consequence of a request in writing of the owner of such goods or the person concerned to the effect that the offence is admitted and that the owner of such goods or the person concerned consents in writing to accept the order passed without issuing any show cause notice to him and without prejudice to his right of appeal against such order.";

(4) in section 185, for the words "three years" the words "five years" and for the words "Taka five thousand" the words "ten thousand taka" shall be *substituted*;

(5) for section 202 the following shall be *substituted*, namely :-

**“202. Recovery of Government dues-** (1) When, under this Act, any duty or regulatory duty is payable to the Government by any person or a penalty is adjudged against any person or a notice or demand is served upon any person calling for the payment of any amount unpaid which may be payable by way of duty, regulatory duty, penalty or under any bond, security, guarantee or any other instrument executed under this Act or the rules or orders and such duty, regulatory duty, penalty or other sums due are not paid within the time it was required or ordered to be paid, the appropriate officer may at any time-

- (a) deduct, or require any other officer of customs to deduct, the amount so payable from any money owing to such person or due which may be in the hands or at the disposal of, or under the control of, the customs authorities or of such officer or of the Government;
- (b) stop clearance of any goods belonging to such person from customs control in the seaport, airport, any other customs-station or from bonded warehouse till such amount is paid or recovered in full;
- (c) require, by a notice in writing, any person owing any money to the person from whom such duty or regulatory duty or penalty or any other sum is recoverable or due, to pay to such officer the amount specified in the notice, or the whole of such money if it is less than the amount so recoverable or due, within seven days of the receipt of the notice or within such longer time as may be allowed by such officer;
- (d) require the proper Excise Officer to recover such amount by attachment and sale of excisable goods or any plant, machinery and equipment used for the manufacture of goods or any other goods in the factory or bonded warehouse belonging to such person;
- (e) recover, or require any other officer of customs to recover, such amount by detaining and selling any goods belonging to such person, which are under the control of the customs authorities.

- (2) If the amount is not recovered from such person in the manner provided in sub-section (1), the appropriate officer may prepare a certificate signed by him specifying the amount due from the person liable to pay the same and send it to the Collector of the district in which such person resides or owns any property or conducts his business and such Collector shall, on receiving the certificate, proceed to recover the amount specified in the certificate as a public demand or an arrear of land revenue.”;

(6) in THE FIRST SCHEDULE,-

- (a) against Tariff Heading No. 27.09 in column (1), in column (3), for the words and figure “Taka 4.00 per metric ton” the words and figure “Taka 5000.00 per metric ton” shall be *substituted*;
- (b) against Tariff Heading No. 27.10 in column (1),-
- (i) against sub-head A.1 in column (2), in column (3), for the words and figure “Taka 0.85 pre litre” the words and figure “Taka 1.20 per litre” shall be *substituted*;
- (ii) against sub-head A.2 in column (2), in column (3), for the words and figure “Taka 0.85 per litre” the words and figure “Taka 1.00 per litre” shall be *substituted*;
- (iii) against sub-head C.2 in column (2), in column (3), for the words and figure “Taka 65.00 per metric ton” the words and figure “Taka 0.15 per litre” shall be *substituted*;
- (iv) against sub-head D.1 (a) in column (2), in column (3), for the words and figure “Taka 0.20 per litre” the words and figure “Taka 0.35 per litre” shall be *substituted*;
- (v) against sub-head D.2 in column (2), in column (3), for the words and figure “Taka 0.11 per litre” the words and figure “Taka 0.30 per litre” shall be *substituted*;
- (vi) against sub-head F.1 in column (2), in column (3), for the words and figure “Taka 0.20 per litre” the words and figure “Taka 0.25 per litre” shall be *substituted*;



- (vii) against sub-head G.1 in column (2), in column (3), for the words and figure "Taka 0.10 per litre" the words and figure "Taka 0.15 per litre" shall be *substituted*; and
  - (viii) against sub-head H.2 in column (2), in column (3), for the words and figure "Taka 0.10 per litre" the words and figure "Taka 0.40 per litre" shall be *substituted*; and
  - (c) against Tariff Heading No. 84.06 in column (1), against sub-heads E and F in column (2), in column (3), for the figure "50%" the figure "100%" shall be *substituted*;
- (7) in THE THIRD SCHEDULE, in item 21, for the words and semicolon "circumstances in which licence may be suspended or revoked; appeals against the suspension or revocation of licence" the following shall be *substituted*, namely:-

"circumstances in which penalty may be imposed on the licensee or licence may be suspended or revoked; appeals against the penalty or suspension or revocation of the licence".

Amendment of  
Act XXIII of  
1980

8. In the Finance Act, 1980 (XXIII of 1980), in section 12(1A), for the words "fifty taka per traveller by land and two hundred taka" the words "one hundred taka per traveller by land and four hundred taka" shall be *substituted*.

Amendment of  
Ord. LV of  
1983

9. The following amendments shall be made in the Motor Vehicles Ordinance, 1983 (LV of 1983), namely:-

- (1) in section 7(9), for the words "fifteen taka" the words "thirty taka" shall be *substituted*; and
- (2) in section 12,-
  - (a) in sub-section (4), for the words "ten taka" the words "fifteen taka" shall be *substituted*; and
  - (b) in sub-section (5), for the words "fifteen taka" the words "thirty taka" shall be *substituted*.

10. The following amendments shall be made in the Income Tax Ordinance, 1984 (XXXVI of 1984), namely:-

Amendment of  
Ord. XXXVI of  
1984

(1) in section 2,-

- (a) in clause (4), *after* the figure "3", the comma and words ", and includes a Senior Appellate Joint Commissioner of Taxes" shall be *added*;
- (b) in clause (36), *after* the figure "3", the comma and words ", and includes a Senior Inspecting Joint Commissioner of Taxes" shall be *added*;
- (c) *after* clause (59), the following new clause (59A) shall be *inserted*, namely:-

"(59A) "Senior Commissioner" means a person appointed to be a Senior Commissioner of Taxes under section 3;"

(2) in section 3,-

- (a) *after* clause (1), the following new clause (1A) shall be *inserted*, namely:-

"(1A) Senior Commissioner of Taxes,"

- (b) *after* clause (3), the following new clause (3A) shall be *inserted*, namely:-

"(3A) Senior Joint Commissioner of Taxes who may be either Senior Appellate Joint Commissioner of Taxes or Senior Inspecting Joint Commissioner of Taxes,"

- (3) in section 4(2), *after* the word "appoint", the words "a Senior Commissioner of Taxes and" shall be *inserted*;

- (4) in section 5(1), *after* the word "The" at the beginning, the words and comma "Senior Commissioner," shall be *inserted*;

- (5) in section 6(1), *for* clause (a) the following shall be *substituted*, namely:-

"(a) the Senior Commissioner of Taxes shall perform such functions as may be assigned to him by the Board;

- (aa) the Directors of Inspection shall perform such functions as may be assigned to them by the Board;";
- (6) in section 25(1), in clauses (h) and (i), for the word "one-fifth" the word "one-sixth" shall be *substituted*;
- (7) in section 32(2),-
- (a) in clause (ii), sub-clauses (a) and (b) shall be *omitted*;
- (b) in the proviso, for the full-stop at the end a colon shall be *substituted* and thereafter the following new proviso shall be *added*, namely:-
- "Provided further that where the capital asset became the property of the assessee by succession, inheritance or devolution or under a deed of gift, bequest or will, the actual cost of acquisition of the capital asset to the assessee shall be the fair market value of the property prevailing at the time the assessee became the owner of such property.";
- (8) in section 45 (2B) (e), for the words "one hundred and twenty days", wherever occurring, the words "one hundred and eighty days" shall be *substituted*;
- (9) in section 46 (2B) (d), for the words "one hundred and twenty days" the words "one hundred and eighty days" shall be *substituted*;
- (10) in section 109, for the words "five thousand taka" the words "fifteen thousand taka" shall be *substituted*;
- (11) in section 116,-
- (a) in sub-section (1), after the word "The", the words and comma "Senior Commissioner, the" shall be *inserted*;
- (b) in sub-section (2), before the words "the Director of Inspection", the words and comma "the Senior Commissioner," shall be *inserted*;
- (c) in sub-section (3),-
- (i) after the word "The" at the beginning, the words and comma "Senior Commissioner", shall be *inserted*;

- (ii) in the proviso, *for* the word "Commissioner" at the end the words "Senior Commissioner or Commissioner" shall be *substituted*;

(12) in section 117,-

- (a) in sub-section (1), *after* the word "Where" at the beginning, the words "the Senior Commissioner or" shall be *inserted*;

(b) in sub-section (8), -

- (i) *after* the words "approval of", the words "the Senior Commissioner or" shall be *inserted*;

- (ii) in the proviso, *after* the words "Provided that" the words "the Senior Commissioner or" shall be *inserted*;

(13) in section 118(2), *after* the words "and making such enquiry as", the words "the Senior Commissioner or" shall be *inserted*;

(14) in section 151, *for* the word "twelve" the word "fifteen" shall be *substituted*;

(15) in the Third Schedule, in Paragraph 11,-

- (a) in clause (3), in the proviso, *for* the words "two lakh taka", wherever occurring, the words "two lakh fifty thousand taka" shall be *substituted*; and

- (b) in clause (6) (a), *for* the words "two lakh taka" the words "two lakh fifty thousand taka" shall be *substituted*;

(16) in the Sixth Schedule, in Part B, in Paragraph 10, in subparagraph (2), *for* the full-stop at the end a colon shall be *substituted* and thereafter the following new proviso shall be *added*, namely:-

"Provided that the proceeds of the certificates, instruments or securities encashed on maturity shall not be deducted from the amount of investment made by the assessee in the income year".

11. [Tax on Airline tickets.- Omitted by section 44 of the অর্থ আইন, ২০০৪ (২০০৪ সনের ১৬ নং আইন)।]

12. [Additional tax on transfer of immovable property.- Omitted by section 74 of the অর্থ আইন, ২০০২ (২০০২ সনের ১৪ নং আইন)।]

Income tax

13. (1) Subject to the provisions of sub-sections (2), (3), (4), (5) and (6), in making any assessment for the year beginning on the first day of July, 1986, income tax shall be charged at the rates as specified in the Second Schedule.

(2) In making any assessment for the year beginning on the first day of July, 1986, where the total income of a company includes any profits and gains from Life Insurance business, the income tax payable by the company shall be reduced by an amount equal to 12.5 per cent of that part of its total income which consists of such inclusion.

(3) In making any assessment for the year beginning on the first day of July, 1986, where the assessee is a co-operative society, the tax shall be payable at the rate specified in paragraph A or B(i)(d) of the Second Schedule, whichever treatment is more beneficial to the assessee:

Provided that in calculating for the purpose of this sub-section, the amount of income tax at the rates specified in paragraph A of the Second Schedule, no deduction in respect of any allowance or sums referred to in the proviso to the said paragraph shall be made.

(4) (a) In making any assessment for the year beginning on the first day of July, 1986, where the total income of an assessee other than a company not registered in Bangladesh, includes any profits and gains derived from the export of goods out of Bangladesh, income tax payable by him in respect of such profits and gains shall, subject to the provisions of clauses (b) and (c), be reduced by an amount computed in the manner specified hereunder:-

|  | Amount  |
|--|---|
| (i) Where the goods exported abroad had not been manufactured by the assessee who exported them: | 30 per cent of the income tax attributable to export sales. |

- (a) and where the export sales during the relevant year exceed the export sales of the preceding year; *plus* an additional 1 *per cent* for every increase of 10 *per cent* in export sales over those of the preceding year, subject to an overall maximum of 40 *per cent*
- (b) and where the export sales during the relevant year do not exceed the export sales of the preceding year; *minus* 1 *per cent* for every decrease of 10 *per cent* in export sales from those of the preceding year, subject to an overall minimum of 20 *per cent*.
- (ii) Where the goods exported had been manufactured by the assessee who had exported them:-
- (a) where the export sales do not exceed 10 *per cent* of the total sales; *Nil*
- (b) where the export sales exceed 10 *per cent* but do not exceed 20 *per cent* of the total sales; 30 *per cent* of the income tax attributable to export sales.
- (c) where the export sales exceed 20 *per cent* but do not exceed 30 *per cent* of the total sales; 40 *per cent* of the income tax attributable to export sales.
- (d) where the export sales exceed 30 *per cent* but do not exceed 40 *per cent* of the total sales; 50 *per cent* of the income tax attributable to export sales.
- (e) where the export sales exceed 40 *per cent* of total sales; 60 *per cent* of the income tax attributable to export sales.

Provided that the terms "export of goods out of Bangladesh" "goods exported abroad" and "export sales" used in this clause shall include sale of locally manufactured machinery, equipment and other finished products within the country to any agency against its procurement programme in foreign exchange.

(b) Nothing contained in clause (a) shall apply in respect of the following goods or classes of goods, namely:-

(i) tea;

(ii) raw jute;

- (iii) jute manufactures;
- (iv) raw hides and skin and wet-blue leather;
- (v) such other goods as may be notified by the National Board of Revenue from time to time.

(c) The National Board of Revenue may make rules providing for the computation of profits and the tax attributable to export sales and for such other matters as may be necessary to give effect to the provisions of this sub-section.

(5) In making any assessment for the year beginning on the first day of July, 1986, where the total income of an assessee other than a company not registered in Bangladesh, includes any profits and gains derived from plying of passenger buses and passenger launches, a rebate shall be allowed at the rate of fifty *per cent* of the income tax attributable to profits and gains derived from such passenger buses and passenger launches.

(6) In cases to which the Second Schedule to the Income Tax Ordinance, 1984 (XXXVI of 1984), applies, the tax chargeable shall be determined as provided in that Schedule but with reference to the rates imposed by sub-section (1), or in accordance, where applicable, with the provisions of sub-section (2).

(7) For the purpose of making deduction of tax under Chapter VII of the Income Tax Ordinance, 1984 (XXXVI of 1984), the rates specified in the Second Schedule shall apply as respects the year beginning on the first day of July, 1986, and ending on the thirtieth day of June, 1987.

(8) For the purposes of this section and of the rates of tax imposed thereby, the expression "total income" means total income as determined for the purpose of income tax in accordance with the provisions of the Income Tax Ordinance, 1984 (XXXVI of 1984).

**THE FIRST SCHEDULE**  
(see section 5)

Amendment of the FIRST SCHEDULE to the Excises  
and Salt Act, 1944 (I of 1944).

In PART I,-

(a) in SECTION III,-

(i) for Item No. 03.04 and the entries relating thereto the following shall be *substituted*, namely;-

|   |  |
|---|--|
| "03.04 (a) Petroleum gases and other gaseous hydrocarbons including natural gas | Taka three thousand five hundred thirty-one and poisha fifty per one thousand cubic metre or taka one hundred per one thousand cubic feet. |
| (b) Liquified petroleum gas   | Taka six hundred per metric tonne.";   |

(ii) in Item No. 03.05 in column 1, in column 3, for the word "Eleven" the word "Fifteen" shall be *substituted*;

(iii) in Item No. 03.06 in column 1, in column 3, for the word "Thirty-three" the word "Thirty" shall be *substituted*;

(iv) in Item No. 03.07 in column 1, in column 3, for the word "Twenty-three" the word "Twenty-five" shall be *substituted*;

(v) in Item No. 03.08 in column 1, in column 3, for the word "Twenty-seven" the word "Thirty-five" shall be *substituted*;

(vi) in Item No. 03.09 in column 1, in column 3, for the word "Seventeen" the word "Thirty" shall be *substituted*;

(vii) in Item No. 03.10 in column 1,-

(a) against sub-item (1) in column 2, in column 3, the words "and poisha fourteen" shall be *omitted*;

(b) against sub-item (2) in column 2, in column 3, for the word "Twenty-five" the word "Twenty" shall be *substituted*;



(b) in SECTION VIII,-

(i) for Item No. 08.07 and the entries relating thereto the following shall be *substituted*, namely,-

“08.07 Woollen fabrics-

“Woollen fabrics” means all varieties of fabrics manufactured wholly or partly from wool but does not include any such fabric which contains less than ten *per cent* of wool by weight-

- |   |   |
|---|---|
| (1) Blankets and shawls                     | ... Thirty <i>per cent ad valorem</i> . |
| (2) Knitted woollen articles                | ... Thirty <i>per cent ad valorem</i> . |
| (3) Woollen fabrics not otherwise specified | ... Thirty <i>per cent ad valorem</i> . |

(ii) after Item No. 08.07 in column 1 and the entries relating thereto the following new Item No. 08.08 shall be *added*, namely:-

“08.08 Carpets .. ... Thirty *per cent ad valorem*.

**Explanation.-**

“Carpets” means all varieties of carpets manufactured wholly or partly from jute, wool, or man-made fibres or admixture of them and includes floor mats.”.

## THE SECOND SCHEDULE

(see section 13)

### Rates of Income Tax

A. In the case of every individual, Hindu undivided family, unregistered firm, an association of persons and every artificial juridical person referred to in section 2(46) of the Income Tax Ordinance, 1984 (XXXVI of 1984), not being a case to which paragraph B applies-

|  | Rates    |
|--|----------|
| (1) On the first 50,000 taka of taxable income | ... 10%  |
| (2) On the next 50,000 taka of taxable income  | ... 20%  |
| (3) On the next 50,000 taka of taxable income  | ... 30%  |
| (4) On the next 50,000 taka of taxable income  | ... 40%  |
| (5) On the balance of taxable income           | ... 50%: |

Provided that-

- (i) no income tax shall be payable on a total income, which before the deduction of the sums, if any, exempted under paragraphs 1 to 14, 17, 18 and 20 of Part B of the Sixth Schedule to the Income Tax Ordinance, 1984 (XXXVI of 1984), does not exceed 30,000 taka; and
- (ii) the income tax payable shall in no case exceed-
  - (a) one-third of the amount by which the total income exceeds 30,000 taka, or
  - (b) the amount representing fifty *per cent* of the total income, whichever amount is the less:

Provided further that in the case of a person, other than a company, being resident in Bangladesh bringing income accruing and arising outside Bangladesh into Bangladesh through official channels, income tax shall be charged at the rate of thirty *per cent* of such income or at the rate applicable to his total income including such income, whichever is more beneficial to him.

**Explanation.-** The expression "taxable income", as used in this paragraph, means the taxable income as defined in section 2(63) of the Income Tax Ordinance, 1984 (XXXVI of 1984).

B. In the case of every company and local authority and in every case in which under the provisions of the Income Tax Ordinance, 1984 (XXXVI of 1984), income tax is to be charged at the maximum rate-

#### Rates

- (i) On the whole of the total income excluding the amount representing income from dividends from a company having its registered office in Bangladesh-
  - (a) in the case of every industrial company being a publicly traded company, 45 *per cent* of such income.
  - (b) in the case of every industrial company not being a publicly traded company, 50 *per cent* of such income.

- (c) in the case of all other companies including banks, financial institutions and local authorities, 60 per cent of such income.
- (d) in the case of a person not being a company who is not resident in Bangladesh, 30 per cent of such income:

Provided that a rebate at the rate of 10 per cent of the tax shall be allowed to a company registered in Bangladesh under the Companies Act, 1913 (VII of 1913), on so much of its income, profits and gains accruing or arising outside Bangladesh to which section 13(4) of this Ordinance does not apply as are brought by it into Bangladesh:

Provided further that the person owning a small and cottage industry located in the Less Developed Areas and the Least Developed Areas and a company registered in Bangladesh under the Companies Act, 1913 (VII of 1913), and engaged in the production of goods shall be allowed rebate on income tax payable by him or it at the following rates in the manner specified hereunder:-

- |  | Amount.   |
|--|---|
| (a) where the production in volume of the relevant year exceeds 15 per cent but does not exceed 25 per cent of the production in volume of the preceding year;   | 2.5 per cent of the income tax attributable to such income. |
| (b) where the production in volume of the relevant year exceeds 25 per cent of the production in volume of the preceding year;   | 5 per cent of the income tax attributable to such income.   |
| (ii) On the amount representing income from dividends declared and paid by a company registered in Bangladesh under the Companies Act, 1913 (VII of 1913), or a body corporate formed in pursuance of an Act of Parliament in respect of the share capital issued, subscribed and paid after the 14 <sup>th</sup> day of August, 1947, | 15 per cent   |

**Explanation 1.-** The expression "industrial company" means a company which is mainly engaged-

- (a) in the manufacture or processing of goods,
- (b) in the manufacture of plants, machinery, tools and implements or accessories of all descriptions,
- (c) in the construction of vessels, or in the manufacture of vehicles,
- (d) in the exploration and extraction of gas, oil or any other minerals:

Provided that the income, profits and gains of the industrial company attributable to one or more of the undertakings mentioned above and included in its total income of the income year is not less than two-thirds of such total income.

**Explanation 2.-** The term "publicly traded company", as used in this paragraph, means a public limited company which fulfils the following conditions:-

- (a) it is an industrial company;
- (b) the paid-up capital of the company is not less than 20 lakh taka;
- (c) at least 50% of the paid-up capital of the company as at the end of the accounting year is subscribed by the shareholders other than the directors and sponsors of the company;
- (d) no share of the company has been purchased in *benami* by the directors and sponsors of the company;
- (e) average ownership of shares of the company is at least 1 for each 20,000 taka of the paid-up capital;
- (f) at least 10% dividend has been declared and distributed to the share-holders of the company out of the profits of the accounting year for which assessment is to be made; and

- (g) the shares of the company are listed in a Stock Exchange before the end of the accounting year for which assessment is to be made.

**Explanation 3.-** The terms "Less Developed Areas" and "Least Developed Areas" shall be the areas as specified in the National Board of Revenue Notifications No. S.R.O. 411-L/85, dated the 22<sup>nd</sup> September, 1985, and No. S.R.O. 412-L/85, dated the 22<sup>nd</sup> September, 1985, respectively.

C. In the case of every registered firm, the income tax shall be charged at the following rates:-

|  | Rate |
|--|------|
| (1) On the first 30,000 taka of total income ... | Nil  |
| (2) On the next 30,000 taka of total income ...  | 10%  |
| (3) On the next 70,000 taka of total income ...  | 15%  |
| (4) On the next 70,000 taka of total income ...  | 20%  |
| (5) On the balance of total income ...           | 25%: |

Provided that income tax shall not be payable by a registered firm in respect of the income, profits and gains derived by it from the exercise of a profession if such income, profits and gains depend wholly or mainly on the personal qualifications of its partners who are prevented by any law for the time being in force or by convention or rules or regulations of the professional association, society or similar body of which they are members to constitute themselves into a corporate body with a limited liability which can be registered as a company under the Companies Act, 1913 (VII of 1913), unless such profession consists wholly or mainly in the making of contracts on behalf of other persons or the giving to other persons of advice of a commercial nature in connection with the making of contracts.

**Explanation.-** The term "registered firm" as used in this paragraph, means a firm registered under section 111 of the Income Tax Ordinance, 1984 (XXXVI of 1984).