

**THE FINANCE ORDINANCE, 1976**

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# <sup>1</sup>THE FINANCE ORDINANCE, 1976

ORDINANCE NO. XLV OF 1976

[28<sup>th</sup> June, 1976]

## **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 Proclamations of the 20<sup>th</sup> August, 1975, and the 8<sup>th</sup> November, 1975, 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, 1976. Short title and commencement

(2) Except as otherwise provided in this Ordinance, this section and sub-clause (c) of clause (15) of section 2 and sections 3 and 4 shall come into force at once, and other sections shall come into force on the first day of July, 1976.

2. The following amendments shall be made in the Income-tax Act, 1922 (XI of 1922), namely:- Amendments of Act XI of 1922

(1) in section 2, in clause (6C), *after* the word and figure “section 12”, the commas and words “, any winning from lotteries, crossword puzzles, races including horse races, card games and other games of any sort or from gambling or betting of any form or nature whatsoever” shall be *inserted*;

(2) in section 4, in sub-section (3),-

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

“(via) any receipts which are of casual and non-recurring nature, not being winning from lotteries, to the extent such receipts do not exceed Taka two thousand in the aggregate:

Provided that this clause shall not apply to-

(i) capital gains chargeable under the provisions of section 12B; or

<sup>1</sup> The Ordinance was declared void and non est by the Appellate Division of the Supreme Court of Bangladesh in Civil Petition for Leave to Appeal Numbers 1044 and 1045 of 2009 and subsequently the Ordinance has been made effective as an Act of Parliament by ১৯৭৫ সালের ১৫ আগস্ট হইতে ১৯৭৯ সালের ৯ এপ্রিল তারিখ পর্যন্ত সময়ের মধ্যে জারীকৃত কতিপয় অধ্যাদেশ কার্যকরকরণ (বিশেষ বিধান) আইন, ২০১৩ (২০১৩ সনের ০৬ নং আইন), ধারা ৪।

(ii) receipts arising from business or the exercise of a profession, vocation or occupation; or

(iii) receipts by way of addition to the remuneration of an employee;”;

(b) clause (viii) shall be *omitted*;

(c) in clause (xii), in sub-clause (f), *for* the full-stop at the end a semicolon shall be *substituted*;

(d) *after* sub-clause (f) amended as aforesaid, the following new sub-clause (g) shall be *added*, namely:-

“(g) in respect of a building the erection of which is begun and completed at any time between the first day of July, 1975 and the thirtieth day of June, 1980 (both days inclusive) and which is intended to be, and is actually, used for residential purposes only, for a period of five years from the date of such completion, subject to the following conditions, namely:-

(i) the plinth area of the building is not more than two thousand square feet; and

(ii) the cost of construction is not more than Taka two lakhs exclusive of the cost of land and registration charges.

The exemption under this clause shall also apply in the case of housing companies, societies and estates where the construction comprises bungalows, flats, apartments or units (hereinafter referred to as units) each containing plinth area of not more than two thousand square feet and the cost of construction of each unit being not more than Taka two lakhs, exclusive of the cost of land and registration charges, provided the construction comprises not less than twenty-five units.”; and

(e) in clause (xiiib), the words “over sixty years of age” shall be *omitted*;

(3) in section 5,-

(a) *for* sub-section (2) the following shall be *substituted*, namely:-

“(2) The National Board of Revenue may appoint as many Commissioners of Taxes as it may deem fit and a Commissioner of Taxes so appointed shall perform such functions of a Commissioner of Taxes under this Act as the National Board of Revenue may assign to him and such functions may be assigned to the exclusion of, or concurrently with, any other Commissioners of Taxes with reference to any area, or any person or classes of persons, or any income or classes of incomes, or any case or classes of cases.”; and

- (b) *for* sub-section (3) the following shall be *substituted* and shall be deemed to have been so substituted on the first day of July, 1975, namely:-

“(3) The National Board of Revenue may appoint as many Appellate or Inspecting Joint Commissioners of Taxes, Special Officers, Deputy Commissioners of Taxes, Assistant Commissioners of Taxes and Tax Recovery Officers as it thinks fit.”;

- (4) in section 6, *after* clause (iii), the following new clause (iiia) shall be *inserted*, namely:-

“(iiia) Agricultural income.”;

- (5) in section 7, in sub-section (1), in the fourth proviso, *for* the words “one thousand and two hundred” the words “two thousand and four hundred”, *for* the words “six hundred” the words “one thousand and two hundred” and *for* the words “three hundred and sixty” the words “nine hundred” shall be *substituted*;

- (6) *after* section 9, the following new section 9A shall be *inserted*, namely:-

**“9A. Agricultural income.-** (1) Subject to the provisions of this Act, the tax shall be payable by an assessee under the head ‘Agricultural income’ in respect of all rent and revenue, including any local cess or rates, derived from land and also in respect of any agricultural income derived from such land.

(2) Subject to the provisions of this Act, such agricultural income shall be computed after making the following allowances, namely:-

- (i) any land revenue, rent or tax paid in respect of the land used for agricultural purposes the income of which is subject to tax under this section;
- (ii) any local rate or cess paid in respect of such land:

Provided that nothing in clauses (i) and (ii) shall be deemed to authorise the allowance of any sum paid on account of tax, rate or cess levied on the income arising or accruing or deemed to arise or accrue from agricultural operations or assessed at a proportion of or otherwise on the basis of such income;

- (iii) any sum paid in respect of the cost of collection of rent or revenue including the cost of maintenance of any *katchari* or other capital assets and any expense of litigation, not in excess of fifteen *per cent* of the total amount of rent or revenue excluding cess and *selami*, if any, which accrued to the assessee in the previous year in respect of the land from which such rent or revenue is derived;
- (iv) when rent derived from such land is rent in kind the cost incurred by the assessee-
  - (a) in performing any process contemplated in item (ii) of sub-clause (b) of clause (1) of section 2 for rendering the produce which comprises such rent in kind fit to be taken to market;
  - (b) in transporting such produce to market;
  - (c) in maintaining in good repair any agricultural implements or machinery and in providing for the upkeep of cattle for the purpose of such process or transport;
- (v) where the land is subject to a mortgage or other capital charge, the amount of any interest paid by the assessee in the previous year in respect of such mortgage or charge; and where such land has been acquired, re-claimed or improved by the use of borrowed capital, the amount of any interest paid by him in the previous year in respect of such capital:

Provided that no allowance shall be made under this clause in any case for any interest chargeable under this Act which is payable without taxable territories except interest on which tax has been paid or from which tax has been deducted under section

18 or in respect of which there is an agent in taxable territories who may be assessed under section 43 or, in the case of a firm, for any interest paid to a partner of the firm;

- (vi) any sum paid in respect of the maintenance of any irrigation or protective work or other capital assets.

**Explanation.** For the purpose of this clause, 'maintenance' includes current repairs and, in the case of protective dykes and embankments, all such work as may be necessary from year to year for repairing any damage or destruction caused by flood, or other natural causes;

- (vii) depreciation at the prescribed rate in respect of any irrigation or protective work or other capital asset, constructed or acquired for the benefit of the land from which such agricultural income is derived or for the purpose of deriving such agricultural income from such land, provided the required particulars have been duly furnished by the assessee;
- (viii) any sum paid as premium in order to effect any insurance against loss of, or damage to, such land or any crops to be raised or cattle to be reared thereon;
- (ix) any expenditure incurred in cultivating such land or raising livestock thereon;
- (x) any expenditure incurred in performing any process contemplated in item (ii) of sub-clause (b) of clause (1) of section 2 for rendering the produce of such land fit to be taken to market;
- (xi) any expenditure incurred in transporting such produce or livestock to market;
- (xii) any expenditure incurred in maintaining agricultural implements and machinery in good repair and in providing for the upkeep of cattle for the purpose of such cultivation, process, or transport:

Provided that where no books of account have been maintained in respect of agricultural income derived from land, the allowances admissible under clauses (ix), (x), (xi) and (xii) shall, instead of such expenditure, be a sum equal to sixty *per cent* of the market value of the produce raised from such land:

Provided further that where the agricultural income is derived according to the local 'barga' or 'bhag' system, no allowances under clauses (ix), (x), (xi) and (xii) shall be admissible and in all such cases the cost of production shall be limited to the share of 'bargadar' or 'bhagchasi' according to the local 'barga' or 'bhag' system, as the case may be;

- (xiii) in respect of any machinery or plant used exclusively for agricultural purposes which has been sold, transferred by way of exchange, or is compulsorily acquired by a competent authority under any law for the time being in force or discarded or demolished or destroyed in the previous year, the amount by which written down value thereof exceeds the amount for which the machinery or plant is actually sold, transferred or compulsorily acquired, as the case may be, or its scrap value:

Provided that such amount is actually written off in the books of the assessee:

Provided further that where the amount for which such machinery or plant is sold, transferred or compulsorily acquired exceeds the written down value, so much of the excess as does not exceed the difference between the original cost and the written down value shall be deemed to be the income of the previous year in which the sale, transfer or compulsory acquisition, as the case may be, took place:

Provided further that where any insurance, salvage or compensation moneys are received in respect of any such machinery or plant which has been discarded or demolished or destroyed and the amount of such moneys does not exceed the written down value the amount allowable under this clause shall be the amount, if any, by which the difference between the written down value and the scrap value exceeds the amount of such moneys:

Provided further that where any insurance, salvage or compensation moneys are received in respect of any such machinery or plant as aforesaid, and the amount of such moneys exceeds the difference between the written down value and the scrap value, no amount shall be allowable under this clause and so much of the excess as does not exceed the difference between the original cost and the written down value less the scrap value shall be deemed to be the income of the previous year in which such moneys were received;

- (xiv) any other expenditure not being in the nature of capital expenditure or personal expenditure, laid out wholly and exclusively for the purpose of deriving such income from such land.

(3) In the case of income which is partially agricultural income and partially income chargeable under the head 'business' under section 10, the agricultural income shall be determined in respect of the market value of any agricultural produce which has been raised by the assessee or received by him as rent in kind and which has been utilised as raw materials in such business or the sale receipts of which are included in the accounts of the business subject to the allowances admissible under sub-section (2).

**Explanation.-** For the purposes of this sub-section, 'market value' shall be-

- (a) where agricultural produce is ordinarily sold in the market in its raw state or after application to it of any process ordinarily employed by a cultivator or receiver of rent in kind to render it fit to be taken to market, the value calculated according to the average price at which it has been so sold during the year previous to that in which the income first becomes assessable; and
- (b) where the agricultural produce is not ordinarily sold in the market in its raw state, the aggregate of-
  - (i) the expenses of cultivation;
  - (ii) the land revenue or rent paid for the lands in which it was grown; and
  - (iii) such amount as the Deputy Commissioner of Taxes finds having regard to the circumstances in each case, to represent a reasonable rate of profit on the sale of the produce in question as agricultural produce.

(4) The income derived from the sale of tea grown and manufactured by the assessee in the taxable territories shall be computed in the manner prescribed.

(5) Written down value in respect of any irrigation or protective work, or any machinery, plant or other capital asset shall, for the purpose of this section, mean-



- (a) in the case of assets acquired in the previous year, the actual cost to the assessee;
- (b) in the case of assets acquired on or before the thirtieth day of June, 1976, the actual cost to the assessee less all depreciations which would have been allowable under the Agricultural Income-tax Act, 1944 (Ben. Act IV of 1944), in respect of such work, machinery, plant or other asset, as the case may be, but for the repeal of the said Act by the Finance Ordinance, 1976 (Ordinance No. XLV of 1976).

(6) There shall be exempt from the tax payable under this Act so much of the agricultural income of an assessee, not being a company, computed under this section as does not exceed three thousand six hundred taka.”;

(7) in section 10,-

- (a) in sub-section (2), in clause (iii), *after* the proviso the following new proviso shall be *added*, namely:-

“Provided further that no allowance shall be made under this clause in any case for so much of the interest as relates to the capital borrowed to replenish the cash or any other asset or assets transferred to a newly set up industrial undertaking or to an expansion of an existing industrial undertaking whose income, profits and gains have been exempted under section 14A notwithstanding the fact that such newly set up industrial undertaking or such expansion of an existing industrial undertaking is a branch or a subsidiary.”; and

- (b) in sub-section (5), in clause (b), in the third proviso, *for* the words “sixty thousand” the words “one lakh” shall be *substituted*;

(8) in section 12B, in sub-section (3), *for* the word “third” the word “first” shall be *substituted*;

(9) in section 14A,-

- (a) in sub-section (2A), *for* the figure “1976” the figure “1980” shall be *substituted*;
- (b) in sub-section (2B), in clause (a), in sub-section (ii) *for* the semicolon at the end a colon shall be *substituted* and thereafter the following proviso shall be *added*, namely:-

“Provided that in the case of an industrial undertaking set up after the first day of January, 1976, this sub-clause shall have effect as if for the words “three crores” the words “ten crores” were *substituted*.”;

- (c) *after* sub-section (2B) amended as aforesaid, the following new sub-section (2C) and (2D) shall be *inserted*, namely:-

“(2C) Subject to the provisions of this Act, the income, profits and gains of a tourist industry set up in taxable territories between the first day of January, 1976 and the thirtieth day of June, 1980 (both dates inclusive), shall be exempt from the income-tax and super-tax under this Act for a period of five years beginning with the month in which the industry is put into commercial service:

Provided that in the case of a tourist industry set up in areas other than the cities of Dacca, Chittagong, Khulna and Rajshahi and the areas within a radius of fifteen miles of the municipal limits of these cities, this sub-section shall have effect as if for the words ‘five years’ the words ‘seven years’ were *substituted*.

**Explanation.-** In this sub-section and in sub-section (2D), the expression ‘tourist industry’ means a business, industry or undertaking which caters for the tourists, including setting up, establishment or running of hotels, motels, hunting lodges and private picnic spots of such standard as the National Board of Revenue may, by notification in the *official Gazette*, specify.

(2D) The exemption under sub-section (2C) shall apply to a tourist industry which fulfils the following conditions, namely:-

- (a) that the tourist industry is owned and managed by a company formed and registered under the Companies Act, 1913 (VII of 1913), having-
- (i) its registered office or head office in the taxable territories; and
  - (ii) a subscribed and paid-up capital of not less than one lakh taka and not more than ten crores taka;
- (b) that the tourist industry shall have such service facilities as may be specified by the National Board of Revenue for these purposes by notification in the *official Gazette*;

- (c) that as respects the tourist industry set up in areas comprising the cities of Dacca, Chittagong, Khulna and Rajshahi and the areas within a radius of fifteen miles of the municipal limits of these cities not less than sixty per cent of the income, profits and gains exempted under this sub-section are reinvested in the industrial establishment from which such income, profits and gains have been derived or are invested in the purchase of bond issued by the Government:

Provided that in the case of a tourist industry set up in areas other than the areas specified above, this clause shall have effect as if for the words 'sixty per cent' the words 'thirty per cent' were *substituted*;

- (d) that an application for exemption in the prescribed form and verified in the prescribed manner has been made to the National Board of Revenue within four months of the month in which the tourist industry is put into commercial service;

- (e) that the tourist industry is approved by the National Board of Revenue for purposes of this sub-section:

Provided that the tourist industry approved under this clause may, not later than six months from the date of approval, apply in writing to the National Board of Revenue for the cancellation of such approval and the National Board of Revenue may pass such orders thereon as it may deem fit:

Provided further that where any exemption has been allowed under this sub-section and it is subsequently discovered by the Deputy Commissioner of Taxes that any one or more of the conditions specified in this sub-section was or were not fulfilled, as the case may be, the exemption originally allowed shall be deemed to have been wrongly allowed and Deputy Commissioner of Taxes may, notwithstanding anything contained in this Act, re-compute the total income of the assessee for the relevant previous year and the provisions of section 34 shall, so far as may be, apply thereto, the period of four years specified under sub-section (2) of that section being reckoned from the end of the assessment year relevant to the previous year in which the infringement was discovered.”;

- (10) in section 15E,-
- (a) *for* the words “five hundred” the words “eight hundred” and *for* the words “fifteen hundred” the words “two thousand and four hundred” shall be *substituted*; and
  - (b) in the second proviso, *for* the words “five hundred” the words “eight hundred”, *for* the words “one thousand” the words “one thousand and six hundred” and *for* the words “fifteen hundred” the words “two thousand and four hundred” shall be *substituted*;
- (11) in section 17, in sub-section (5), in clause (b), in sub-clause (ii), in paragraph (2), in sub-paragraph (iii),-
- (a) *for* the colon at the end a full stop shall be *substituted*; and
  - (b) the proviso shall be *omitted*;
- (12) in section 18A, in sub-section (11), *after* the words and quotations “head ‘Capital Gains’ ”, the words and quotations “or under the head ‘Agricultural income’ ”, shall be *inserted*;
- (13) in section 26A, *after* sub-section (5), the following sub-section shall be *added*, namely:-
- “(6) As respects any assessment for any year beginning on or after the first day of July, 1976, the provisions of this section shall not apply to any firm other than a firm which derives income from the exercise of a profession and such income depends 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 by 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) and such profession does not consist 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.”;
- (14) in section 30, in sub-section (1),-
- (a) *after* the words “Any assessee objecting to”, the words, figures and letter “the imposition of additional tax under section 18A or” shall be *inserted*; and

- (b) *after* the words and figure “or section 28” the words and figure “or section 35” shall be *inserted*;
- (15) in section 34, in sub-section (2), in the proviso, in clause (i),-
- (a) in sub-clause (c), the word “and” at the end shall be *omitted*;
- (b) in sub-clause (d), *for* the full stop at the end a semi-colon and word “; and” shall be *substituted*; and
- (c) *after* sub-clause (d) amended as aforesaid, the following new sub-clause (e) shall be *added*, namely:-
- “(e) in relation to the income, profits or gains which were first assessable in the year 1971-72, the words ‘five years’ were *substituted*.”;
- (16) *after* section 47, the following new section 47A shall be *inserted*, namely:-

**“47A. Registration of documents.** (1) Notwithstanding anything contained in any other law for the time being in force, where any document required to be registered under the provisions of clauses (a), (b), (c) or (e) of sub-section (1) of section 17 of the Registration Act, 1908 (XVI of 1908), purports to transfer, assign, limit or extinguish the right, title or interest of any person to or any property valued at more than twenty thousand taka, no registering officer appointed under that Act shall register any such document, unless the Deputy Commissioner of Taxes certifies that such person is not liable to taxation under this Act or the Gift-tax Act, 1963 (XIV of 1963), or that he has either paid or, made satisfactory provision for the payment of all existing or anticipated liabilities under any of the said Acts:

Provided that no such certificate shall be necessary in respect of sale by a Bank as a mortgagee empowered to sell.

(2) If any right, title or interest in any property, whether movable or immovable, is or has been transferred, assigned, limited or extinguished after the 14<sup>th</sup> day of August, 1947, a Deputy Commissioner of Taxes, may, at any time, issue a notice to all or any of the parties to the transaction requiring them to produce within one month the certificate required under sub-section (1); and if such certificate is not produced he may forward a statement to the Tax Recovery Officer or the Deputy Commissioner of the District concerned, showing the amount of the existing and the anticipated liabilities of each or any of the said parties.

(3) The Tax Recovery Officer shall, on receipt of such statement, proceed, in accordance with the rules made under section 46A to recover the amount specified therein as if it were an arrear of income-tax; and where a statement has been forwarded to the Deputy Commissioner, the Deputy Commissioner shall, proceed to recover the amount shown in the statement as if it were an arrear of land revenue.

(4) For the purpose of the recovery proceedings, the aforesaid authorities may treat the said property as if it belonged to all or any of the persons named in the statement.

(5) The application for the certificate required under sub-section (1) shall be made by the person referred to in that sub-section and shall be in such form and shall contain such particulars as may be prescribed by the National Board of Revenue.

(6) The provisions of this section shall not apply in relation to agricultural land.”;

(17) *after* section 51, the following new section 51A shall be *inserted*, namely:-

**“51A. Failure to furnish returns of income.** If a person wilfully fails to furnish in due time the return of income which he is required to furnish under sub-section (1) of section 22 or by notice given under sub-section (2) of section 22 or under section 34, he shall be punishable with imprisonment for a term which may extend to one year, or with fine which may extend to one thousand Taka, or with both:

Provided that no person shall be proceeded against under this section for failure to furnish in due time the return of income under sub-section (1) of section 22-

- (i) for any year of assessment commencing prior to the 1<sup>st</sup> day of July, 1977; or
- (ii) for any year of assessment commencing on or after the 1<sup>st</sup> day of July, 1977, if-
  - (a) the return is furnished by him before the expiry of the assessment year; or
  - (b) the tax payable by him on the total income determined on regular assessment, as reduced by the advance tax, if any, paid, and any tax deducted at source, does not exceed three thousand Taka.”;

(18) in section 53, in sub-section (1), *after* the word, figure and comma “section 51,” the word, figure and letter “section 51A” shall be *inserted*.

Amendments of  
Act XXXII of  
1934

**3.** The amendments set out in the First Schedule to this Ordinance shall be made in the Tariff Act, 1934 (XXXII of 1934).

Amendments of  
Act I of 1944

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

(1) in section 3-A, in sub-section (1),—

(a) in clause (a),—

(i) *for* the figure "40" the figure "100" shall be *substituted*;

(ii) *for* the figure "10" occurring for the first time the figure "30" shall be *substituted*; and

(iii) *for* the figure "10" occurring for the second and third times the figure "25" shall be *substituted* in both the places; and

(b) in clause (b),—

(i) *for* the figure "20" occurring for the first time the figure "50" shall be *substituted*; and

(ii) *for* the figure "20" occurring for the second and third times the figure "35" shall be *substituted* in both the places;

(2) the First Schedule shall be amended in the manner set out in the Second Schedule to this Ordinance.

Repeal

**5.** (1) The Agricultural Income-tax Act, 1944 (Ben. Act IV of 1944), hereinafter referred to as the said Act, is hereby *repealed*.

(2) Without prejudice to the operation of the General Clauses Act, 1897 (X of 1897), any right, privilege, obligation or liability acquired, accrued or incurred under, or any penalty, forfeiture or punishment incurred in respect of any offence against, the said Act and any investigation or legal or other proceeding or remedy in respect of any such right, privilege or obligation, liability, penalty, forfeiture or punishment may be enforced, instituted, continued or prosecuted subject to the following modifications as if the said Act had not been repealed, namely:-

- (a) the powers and functions of the Director, Deputy Directors and Taxation Officers appointed under the said Act shall be exercised and performed by the Commissioners of Taxes, Joint Commissioners of Taxes and the Deputy Commissioners of Taxes, respectively, appointed under the Income-tax Act, 1922 (XI of 1922), as if the Commissioners of Taxes, Joint Commissioners of Taxes and Deputy Commissioners of Taxes were the Director, Deputy Directors and Taxation Officers, respectively, appointed under the said Act;
- (b) the functions of the Appellate Tribunal under the said Act shall be performed by the Appellate Tribunal appointed under the Income-tax Act, 1922 (XI of 1922), as if the Appellate Tribunal appointed under the Income-tax Act, 1922, were the Appellate Tribunal appointed under the said Act;
- (c) all appeals pending before the Appellate Tribunal appointed under the said Act shall be transferred to, and heard and disposed of by, the Appellate Tribunal appointed under the Income-tax Act, 1922 (XI of 1922), in accordance with the provisions of the said Act.

**6.** The Transfer of Property Ordinance, 1947 (Ordinance IV of 1947), is hereby *repealed*. Repeal

**7.** In the Estate Duty Act, 1950 (X of 1950), in section 25A,— Amendment of Act X of 1950

- (a) in clause (1), in the proviso, *for* the words "one lakh Taka" the words "two lakh Taka" shall be *substituted*;
- (b) in clause (3), the following new provisos shall be *added*, namely:-

“Provided that where the principal value of such house exceeds three lakh Taka this clause shall not apply to so much of such value as exceeds that amount:

Provided further that the aggregate of the principal value exempted under this clause together with such value exempted under clause (1) shall not exceed four lakh Taka.”;

**8.** The following amendments shall be made in the Sales Tax Act, 1951 (III of 1951), namely:— Amendments of Act III of 1951.

- (1) in section 27, in sub-section (3) the words, brackets and figure sub-section (1) or shall be *omitted*;



(2) in section 27C, for the figures, commas, words and brackets "43, 49, 50, 51 and 52 of Sea Customs Act, 1878 (VIII of 1878)" the figures, commas, words and brackets "38, 39, 40 and 41 of the Customs Act, 1969 (IV of 1969)" shall be substituted;

(3) for section 31, the following shall be substituted, namely:—

“31. When the ownership of the business of a manufacturer, producer or exporter is transferred any tax payable in respect of such business remaining unpaid at the time of the transfer shall be payable by the transferee as if he were the manufacturer, producer or exporter.”.

Amendment of Act XIV of 1963

9. In the Gift-tax Act, 1963 (XIV of 1963), in section 4, clause (a) shall be omitted.

Amendments of Act IV of 1969

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

(1) in section 25, after sub-section (6), the following new sub-section shall be added, namely:—

“(7) Notwithstanding anything contained in this section, the Government may, by notification in the official Gazette fix for the purpose of levying customs-duties, tariff values for any goods imported or exported as chargeable with customs-duty *ad valorem*.”;

(2) in section 156, in sub-section (1) in the Table,—

(a) after item 10, the following item and the entries relating thereto in columns 1, 2 and 3 shall be inserted namely:—

**TABLE**

	(1)	(2)	(3)
“10A.	If any person contravenes the conditions, limitations or restrictions, if any, imposed under section 19 or section 20 in respect of any goods which have been exempted from the payment of the customs-duties, under that section,	such person shall be liable to a penalty not exceeding five times the duty chargeable on such goods; and such goods shall also be liable to confiscation; and	19 & 20”;

- (b) in item 14, in column 2, for the full stop at the end a semi-colon shall be *substituted* and thereafter the following shall be *added*, namely:—

“and upon conviction by a Magistrate he shall further be liable to imprisonment for a term not exceeding one year, or to a fine not exceeding Taka five thousand, or to both.”.

**11.** (1) Subject to the provisions of sub-sections (2), (3), (4) and (5), in making any assessment for the year beginning on the first day of July, 1976,— Income-tax and Super-tax

- (a) incomes-tax shall be charged at the rates specified in Part I of the Third Schedule, and
- (b) the rates of super-tax shall, for the purpose of section 55 of the Income-tax Act, 1922 (XI of 1922), be those specified in Part II of the Third Schedule.

(2) In making any assessment for the year beginning on the first day of July, 1976,—

- (a) where the total income of an assessee, not being a company, includes any income chargeable under the head "salaries" or any income chargeable under the head "interest on securities" the income-tax payable by the assessee on that part of his total income which consists of such inclusion shall be an amount bearing to the total amount of income-tax payable according to the rates applicable under the operation of the Finance Act, 1975 (III of 1975), on his total income the same proportion as the amount of such inclusion bears to his total income; and
- (b) where the total income of a company includes any profits and gains from life insurance business, the super-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, 1976, where the assessee is a co-operative society, the tax shall be payable at the rates specified in paragraph A of Part I, or paragraph B of Part I and paragraph A of Part II of the Third Schedule as if the assessee were a company to which the proviso to sub-paragraph (1) of paragraph A of the said Part II applied, whichever treatment is more beneficial to the assessee:

Provided that in calculating for the purposes of this subsection, the amount of income-tax at the rates specified in paragraph A of Part I of the Third Schedule, no deduction in respect of any allowance or sums referred to in clause (i) of 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, 1976, where the total income of an assessee, not being a company to which the proviso to subparagraph (1) of paragraph A of Part II of the Third Schedule does not apply, includes any profits and gains derived from the export of goods out of Bangladesh, income-tax and super-tax, if any, 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 <i>per cent</i> of the income-tax and super-tax, if any, attributable to export sales.
(a) and where the export sales during the relevant year exceed the export sales of the preceding year;	<i>Plus</i> an additional 1 <i>per cent</i> for every increase of 10 <i>per cent</i> in export sales over those of the preceding year, subject to an overall maximum of 40 <i>per cent</i> .
(b) and where the export sales during the relevant year do not exceed the export sales of the preceding year.	<i>Minus</i> 1 <i>per cent</i> for every decrease of 10 <i>per cent</i> in export sales over those of the preceding year, subject to an overall minimum of 20 <i>per cent</i> .
(ii) Where the goods exported had been manufactured by the assessee who had exported them:	
(a) where the export sales do not exceed 10 <i>per cent</i> of the total sales;	Nil.
(b) where the export sales exceed 10 <i>per cent</i> but do not exceed 20 <i>per cent</i> of the total sales;	30 <i>per cent</i> of the income-tax and super-tax, if any, 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 and super-tax, if any, attributable to export sales.
- (d) where the export sales exceed 30 *per cent* of the total sales; 50 *per cent* of the income-tax and super-tax, if any, attributable to export sales.

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

- (i) tea,
- (ii) raw jute,
- (iii) jute manufacture,
- (iv) 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 cases to which section 17 of the Income-tax Act, 1922 (XI of 1922), applies the tax chargeable shall be determined as provided in that section, but with reference to the rates imposed by sub-section (1), and in accordance, where applicable, with the provisions of sub-section (2).

(6) For the purposes of making deduction of tax under section 18 of the Income-tax Act, 1922 (XI of 1922), the rates specified in Part I and Part II of the Third Schedule shall apply as respects the year beginning on the first day of July, 1976, and ending on the thirtieth day of June, 1977.

(7) 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 purposes of income-tax or super-tax, as the case may be, in accordance with provisions of the Income-tax Act, 1922 (XI of 1922); and the expression "Public company" means a company-

- (i) in which not less than fifty *per cent* of the shares are held by the Government, or

- (ii) whose shares were the subject of dealings in a registered stock exchange in the taxable territories at any time during the previous year and remained listed on the stock exchange till the close of that year.

### THE FIRST SCHEDULE

(See section 3)

#### Amendment in the First Schedule to the Tariff Act, 1934 (XXXII of 1934)

In the Tariff Act, 1934 (XXXII of 1934), in the First Schedule, against Heading Nos. specified in the first column of the Table below, for the entries relating to the "Name of article" and "Rate of duty" the corresponding entries in the second and third column of the Table shall be *substituted*.

TABLE

Heading No.	Name of article.	Rate of duty.
(1)	(2)	(3)
28.18	Oxides, hydroxides and peroxides of strontium, barium or magnesium .. ..	65% <i>ad val.</i>
28.19	Zinc oxide and zinc peroxide .. ..	65% <i>ad val.</i>
28.20	Aluminium oxide and hydroxide; artificial corundum:	
	A. Aluminium oxide and hydroxide ..	65% <i>ad val.</i>
	B. Artificial corundum .. ..	65% <i>ad val.</i>
28.21	Chromium oxides and hydroxides .. ..	65% <i>ad val.</i>
28.22	Manganese oxides .. .. .	65% <i>ad val.</i>
28.23	Iron oxides and hydroxides; earth colours containing 70% or more by weight of combined iron evaluated as Fe <sub>2</sub> O <sub>3</sub> .. ..	65% <i>ad val.</i>
28.24	Cobalt oxides and hydroxides .. ..	65% <i>ad val.</i>
28.25	Titanium oxides .. .. .	65% <i>ad val.</i>
28.26	Tin oxides (stannous oxide and stannic oxide) ..	65% <i>ad val.</i>
28.27	Lead oxides; red lead and orange lead ..	65% <i>ad val.</i>

Heading No.	Name of article.	Rate of duty.
(1)	(2)	(3)
28.28	Hydrazine and hydroxylamine and their inorganic salts; other inorganic bases and metallic oxides, hydroxides and peroxides ..	65% <i>ad val.</i>
87.02	Motor vehicles for the transport of persons, goods or materials (including sports motor vehicles, other than those of heading No. 87.09): A-I. New motor cars including station wagons built on car chassis .. .. A-II. Used motor cars including station wagons built on car chassis .. ..  B. Four wheel drive (4x4) vehicles and station wagons built on truck chassis; vehicles of a type where goods and passenger space is interchangeable or inter-adjustable and miniature buses ..  C. Other .. ..	300% <i>ad val.</i>  The rate applicable to the corresponding new vehicle of the same make.  100% <i>ad val.</i>  75% <i>ad val.</i>

### THE SECOND SCHEDULE

(See section 4)

#### Amendments to the First Schedule to the Excises and Salt Act, 1944 (I of 1944).

(1) In PART I, in Section V, in item 28, *after* entry (2) in the second column and the entry relating thereto in the third column, the following shall be *added*, namely :—

**“Explanation.**—Perfumery, cosmetics and toilet preparations' mean anything of the nature of perfumery, cosmetics and toilet preparations, including talcum and bath powder, face cream and lotions, lipstick, rouge, scent, nail polish, after-shave lotion, tooth powder, tooth paste, other dentifrice, hair dye, hair oil, hair cream, depilatory powder and cream, shampoo, liquid soap, paste soap, shaving soap and depilatory soap.”; and

(2) In PART II, *after* item (2), *for* the Explanation the following shall be *substituted*, namely:—

“**Explanation.**—‘Hotel’ means an establishment, organisation or place including a club, where rooms or suites of rooms or any other types of accommodation for temporary stay are let out on rent, whether or not it has any arrangement for catering or provides any other services, facilities or utilities, by whatever name called, and includes an establishment where floor shows are exhibited.

‘Restaurant’ means an establishment, organisation or place, including a club where food or drinks are sold, whether for consumption on the spot or elsewhere and whether or not it provides any other services, facilities or utilities, by whatever name called, and includes an establishment where floor shows are exhibited.”

### THE THIRD SCHEDULE

(See Section 11)

#### PART I

#### 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 clause (9) of section 2 of the Income-tax Act, 1922 (XI of 1922), not being a case to which paragraph B of this Part applies—

	Rates.
(1) Where the taxable income does not exceed Taka 1,000.	Taka 75.
(2) Where the taxable income exceeds Taka 1,000 but does not exceed Taka 2,000.	Taka 75 <i>plus</i> 5 <i>per cent</i> of the amount exceeding Taka 1,000.
(3) Where the taxable income exceeds Taka 2,000 but does not exceed Taka 4,000.	Taka 125 <i>plus</i> 10 <i>per cent</i> of the amount exceeding Taka 2,000.
(4) Where the taxable income exceeds Taka 4,000 but does not exceed Taka 6,500.	Taka 325 <i>plus</i> 15 <i>per cent</i> of the amount exceeding Taka 4,000.
(5) Where the taxable income exceeds Taka 6,500 but does not exceed Taka 10,000.	Taka 700 <i>plus</i> 20 <i>per cent</i> of the amount exceeding Taka 6,500.

## Rates.

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| (6) Where the taxable income exceeds Taka 10,000 but does not exceed Taka 15,000.    | Taka 1,400 <i>plus 25 per cent</i> of the amount exceeding Taka 10,000.    |
| (7) Where the taxable income exceeds Taka 15,000 but does not exceed Taka 25,000.    | Taka 2,650 <i>plus 35 per cent</i> of the amount exceeding Taka 15,000.    |
| (8) Where the taxable income exceeds Taka 25,000 but does not exceed Taka 35,000.    | Taka 6,150 <i>plus 50 per cent</i> of the amount exceeding Taka 25,000.    |
| (9) Where the taxable income exceeds Taka 35,000 but does not exceed Taka 50,000.    | Taka 11,150 <i>plus 55 per cent</i> of the amount exceeding Taka 35,000.   |
| (10) Where the taxable income exceeds Taka 50,000 but does not exceed Taka 70,000.   | Taka 19,400 <i>plus 60 per cent</i> of the amount exceeding Taka 50,000.   |
| (11) Where the taxable income exceeds Taka 70,000 but does not exceed Taka 1,00,000. | Taka 31,400 <i>plus 62.5 per cent</i> of the amount exceeding Taka 70,000. |
| (12) Where the taxable income exceeds Taka 1,00,000.                                 | Taka 50,150 <i>plus 65 per cent</i> of the amount exceeding Taka 1,00,000: |

## Provided that—

- (i) no income-tax shall be payable on a total income which before the deduction of the sums, if any, exempt under the first, third and fourth provisos to sub-section (1) of section 7, section 15, section 15A, section 15AA, section 15C, section 15CC, section 15D, section 15E, section 15F, section 15H and section 58F of the Income-tax Act, 1922 (XI of 1922), does not exceed Taka 9,000; and
- (ii) the income-tax payable shall in no case exceed (a) the amount by which the total income exceeds Taka 9,000 or (b) the amount representing sixty-five *per cent* of the total income, whichever amount is the less.

**Explanation.-** The expression “taxable income”, as used in this paragraph, means—



- (a) in the case of an assessee to which sub-section (3) of section 11 of <sup>1</sup>[this Ordinance] or clause (a) of sub-section (1) of section 17 of the Income-tax Act, 1922 (XI of 1922), applies, the total income;
- (b) in any other case, the total income of an assessee as diminished, by the allowance admissible under the first, third and fourth provisos to sub-section (1) of section 7, section 15, section 15A, section 15AA, section 15C, section 15CC, section 15D, section 15E, section 15F, section 15H and section 58F of the Income-tax Act, 1922 (XI of 1922).

B. In the case of every company and local authority and in every case in which, under the provisions of the Income-tax Act, 1922 (XI of 1922), income-tax is to be charged at the maximum rate—

Rates.

On the total income excluding such part thereof as consists of any dividend, bonus or bonus shares to which sub-paragraph (2) or (3) of paragraph A of Part II applies.	30 <i>per cent</i> of such income.
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C. In the case of every company—

On the part of the total income consisting of the amount of dividend, bonus or bonus shares to which sub-paragraph (2) or (3) of paragraph A of Part II applies:	Nil.
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Provided that, for the purposes of paragraph B, where a company distributes dividends out of its income, profits and gains in respect of which it has obtained a rebate of one anna in the rupee under the proviso to paragraph B of Part I of the Fourth Schedule to the Finance Act, 1958 (XXII of 1958), the Third Schedule to the Finance Act, 1957 (I of 1957), the Third Schedule to the Finance Act, 1956 (I of 1956), and the Third Schedule to the Finance (1955-56) Act, 1956 (XXX of 1956), an additional income-tax at the rate of 6.25 *per cent* shall be levied on the amount of such dividend and such amount shall be deemed for the purposes of this proviso to be a part of the total income of the company of the year in which such distribution is made.

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<sup>1</sup> The words “this Ordinance” were substituted, for the words “this Act” by section 15 of the Finance Ordinance, 1977 (Ordinance No. XXIII of 1977).

## PART II

### Rates of Super-tax

A. In the case of a company-

Rates.

- (1) On the whole of the total income 30 *per cent* of such total  
excluding income to which para- income.  
graph C of Part I applies :

Provided that, where a company, in respect of the profits and gains liable to tax under the Income-tax Act, 1922 (XI of 1922), has made such effective arrangements as may be prescribed by the National Board of Revenue in this behalf for the declaration and payment in the taxable territories of dividends payable out of such profits and gains and for the deduction of tax from such dividends, rebate shall be allowed as follows :—

- (i) a rebate of 5 *per cent* to such company if it is a public company;
- (ii) a rebate of 5 *per cent* to such company if it is a public company to which clause (iii) does not apply, if its paid-up capital *plus* free reserves as on the last day of the previous year does not exceed Taka 5,00,000;
- (iii) a rebate of 5 *per cent* on so much of the income, profits and gains of such company, being a public company, as are derived by it from an industrial undertaking if its paid-up capital *plus* free reserves as on the last day of the previous year does not exceed Taka 10,00,000 ;
- (iv) a rebate of 10 *per cent*, to such company in respect of its income, profits and gains to which sub-section (9) of section 10 of the Income-tax Act, 1922 (XI of 1922), applies or which are derived by it in Bangladesh from processing, freezing, preserving and canning of food, vegetables, fruits, grain, meat, fish and poultry;
- (v) a rebate of 15 *per cent* to such company on so much of the income, profits and gains accruing or arising outside the taxable territories to which sub-section (4) of section 11 of this Act does not apply as are brought by it into Bangladesh.

**Explanation.-** The term “industrial undertaking”, as used in clause (iii), means an undertaking which is set up or commenced in the taxable territories on or after the 14th day of August, 1947, and which employs (i) ten or more persons in the taxable territories and involves the use of electrical energy or any other form of energy which is mechanically transmitted and is not generated by human or animal agency or (ii) twenty or more persons in the taxable territories and does not involve the use of the electrical energy or any other form of energy which is mechanically transmitted and is not generated by human or animal agency and which is—

(i) engaged in—

- (a) the manufacture of goods or materials or the subjecting of goods or materials to any process, which substantially changes their original conditions;
- (b) ship-building;
- (c) generation, transformation, conversion, transmission or distribution of electrical energy or the supply of hydraulic power;
- (d) the working of any mine, oil-well or other source of mineral deposits not being an undertaking to which the Second and Third Schedules to the Income-tax Act, 1922 (XI of 1922), apply; or

(ii) any other industrial undertaking which may be approved by the National Board of Revenue for the purposes of this clause.

(2) On the amount representing income from dividends from a company having its registered office in Bangladesh-

*Rates.*

- (a) Where such dividends are received by a public company and are declared and paid by a company formed and 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 fourteenth day of August, 1947; 15 per cent of such amount.
- (b) In other cases 20 per cent of such amount.

(3) On the whole of the amount representing the face value of any bonus shares or the amount of any bonus issued by the company to its share-holders with a view to increasing its paid up capital—

*Rates.*

- |  |                             |
|--|-----------------------------|
| (a) Where a company which issues bonus shares or bonus, as the case may be, is a public company; | 15 per cent of such amount. |
| (b) In other cases .. . .  | 20 per cent of such amount. |

*Rates.*

B. In the case of every local authority- on the whole of the total income .. .	12.5 per cent of the total income.
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