

The Finance Ordinance, 1986

(Ordinance NO. XLV OF 1986)

[27th 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:-

Short title and

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

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.

Amendment of Act I of 1878

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

(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.”.

**Amendment
of Act II of
1930**

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

(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 into his custody, removes or attempts to remove them from the port area with the intention of defrauding the revenue,		in addition to full duty, to a penalty not exceeding ten times the amount of such duty, or, if such goods are not dutiable or duty thereon cannot be ascertained, to a penalty not exceeding fifty thousand taka for every missing or deficient package or separate article, and 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), <i>for</i> the words and figure "Taka 4.00 per metric ton" the words and figure "Taka 5000.00 per metric ton" shall be <i>substituted</i> ;
(b) against Tariff Heading No. 27.10 in column (1),-
(i) against sub-head A.1 in column (2), in column (3), <i>for</i> the words and figure "Taka 0.85 pre litre" the words and figure "Taka 1.20 per litre" shall be <i>substituted</i> ;
(ii) against sub-head A.2 in column (2), in column (3), <i>for</i> the words and figure "Taka 0.85 per litre" the words and figure "Taka 1.00 per litre" shall be <i>substituted</i> ;
(iii) against sub-head C.2 in column (2), in column (3), <i>for</i> the words and figure "Taka 65.00 per metric ton" the words and figure "Taka 0.15 per litre" shall be <i>substituted</i> ;
(iv) against sub-head D.1 (a) in column (2), in column (3), <i>for</i> the words and figure "Taka 0.20 per litre" the words and figure "Taka 0.35 per litre" shall be <i>substituted</i> ;
(v) against sub-head D.2 in column (2), in column (3), <i>for</i> the words and figure "Taka 0.11 per litre" the words and figure "Taka 0.30 per litre" shall be <i>substituted</i> ;
(vi) against sub-head F.1 in column (2), in column (3), <i>for</i> the words and figure "Taka 0.20 per litre" the words and figure "Taka 0.25 per litre" shall be <i>substituted</i> ;
(vii) against sub-head G.1 in column (2), in column (3), <i>for</i> the words and figure "Taka 0.10 per litre" the words and figure "Taka 0.15 per litre" shall be <i>substituted</i> ; and

(viii) against sub-head H.2 in column (2), in column (3), <i>for</i> the words and figure "Taka 0.10 per litre" the words and figure "Taka 0.40 per litre" shall be <i>substituted</i> ; and
(c) against Tariff Heading No. 84.06 in column (1), against sub-heads E and F in column (2), in column (3), <i>for</i> the figure "50%" the figure "100%" shall be <i>substituted</i> ;
(7) in THE THIRD SCHEDULE, in item 21, <i>for</i> 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 <i>substituted</i> , 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.

**Amendment
of Ord.
XXXVI of
1984**

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

(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 sub-paragraph (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”.

[Omitted]

11. [Tax on Airline tickets.- Omitted by section 44 of the অর্থ আইন, ২০০৮ (২০০৮ সনের ১৬ নং আইন)।]

[Omitted]

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 <i>per cent</i> 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;	<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 from 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;	<i>Nil</i>
(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 attributable to export sales.
(c) where the export sales exceed 20 <i>per cent</i> but do not exceed 30 <i>per cent</i> of the total sales;	40 <i>per cent</i> of the income tax attributable to export sales.

(d) where the export sales exceed 30 <i>per cent</i> but do not exceed 40 <i>per cent</i> of the total sales;	50 <i>per cent</i> of the income tax attributable to export sales.
(e) where the export sales exceed 40 <i>per cent</i> of total sales;	60 <i>per cent</i> of the income tax attributable to export sales.
<p>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.</p>	
<p>(b) Nothing contained in clause (a) shall apply in respect of the following goods or classes of goods, namely:-</p>	
(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.	
<p>(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.</p>	

(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).

Ministry of Law, Justice and Parliamentary Affairs