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COMMAND AND STAFF TRAINING INSTITUTE BANGLADESH AIR FORCE



Individual Staff Studies Programme (ISSP)

PROFESSIONAL SUBJECT-2 : FINANCE PHASE-16 : PART-II

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PROFESSIONAL SUBJECT-2 : FINANCE
PHASE-16 : PART-II

First Edition : Aug 2011

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Approved vide Air HQ/10066/Air Trg//Vol-46/64A Date 18 Jan 2011.

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PHASE-16 : PART-II
CONDUCT OF THE PHASE
SUBJ : PROFESSIONAL SUBJECT-2 (FINANCE)

Ser No	Topic		Pd Distr	Total Pd
1.	Budget and BAF Budgeting			
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		Ex-Gratia Pension.	1	
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		Death Gratuity.	3	
3.	Income Tax and VAT			
	Sub Topic	Introduction to Income Tax	1	11
		Return of Income	2	
		Penalties for Defaults	1	
		Appeals, Revision and Reference	1	
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		Flight/section inventories F-27, stock record card,	2	
		Stock taking procedure.	3	
		Adjustment of accounting records.	1	
		Deterioration of equipment in store	2	
		Write off Aircraft	1	
		Strike off Aircraft	1	
		Write off Strike off MT vehicles, Write off/Strike off other eqpt	2	

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Ser No	Topic		Pd Distr	Total Pd
5.	Pay & Allowances			
	Sub Topic	Calculation of daily allowance and admissibility of daily allowance	1	19
		Daily Allowance admissible when attending course of instructions.	1	
		Daily Allowance when individual returns to Air HQs the same day.	1	
		Daily allowance when traveling by air	1	
		Provision of conveyance on warrant	1	
		Existing policy for moves on temporary duty	2	
		Luggage entitlement : service personnel	2	
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		Foreign TA/DA claims	5	
6.	Revision and writing TAE Paper			10

Total periods : 80

INTRODUCTION TO THE PHASE

Scope of the Phase

1. Phase-16 Note (Part-II, ISS) is a self-contained précis. It contains part of the following subjects:

- a. Budget and BAF Budgeting
- b. Pension BAF Pers
- c. Income Tax and Vat
- d. Equipment Accounting : BAF
- e. Pay and Allowances

2. The syllabus has been so designed that you would be able to co-relate and implement (most cases) your knowledge in the profession field.

TOPIC-1

BUDGET AND BAF BUDGETING

Key Concepts of Budget

1. **Budget.** A government budget is a statement of a government's estimated receipts and expenditure for a particular period, normally a year. The budget brings all the government's tax and spending plans together. A government budget is the financial reflection of government activities or what the government plans to do. The budget is the outcome of a process that includes preparation of the financial plan, review of the plan by the legislature, execution of the plan and, evaluation and public reporting of the results. The government budget is the financial mirror of government policies and is used as an instrument of economic management and planning. Once approved by the Parliament, it authorises the Government to raise revenue, incur debts, and execute expenditure in order to perform its functions and to implement its policy and achieve the desired objectives.

2. Government budget has several dimensions. First, it is a policy instrument that allocates scarce public resources among competing sectors and economic and social needs. Second, Budget is a managerial or administrative instrument that specifies the ways and means of providing public service and implementing public programmes and establishes monitorable indicators of performance by which its activities are evaluated for their efficiency and effectiveness. Third, Budget is an economic instrument that can foster the nation's economic growth and stimulate social development, reduce poverty and maintain macro-economic stability. Fourth, a Budget is an accounting instrument that holds Government officials responsible for expenditure and revenue mobilization over which they exercise control.

3. **Medium Term Macroeconomic Framework (MTMF).** Typically includes projections of the real sector, the fiscal or government accounts, the external sector or balance of payments and the monetary sector. It is a tool for checking the consistency of assumptions or projections concerning economic growth, the fiscal deficit, the balance of payments, the exchange rate, the MTMF is to assess the economic and fiscal sustainability in alternative macroeconomic policy scenarios and the impact of the risks associated with each of these scenarios.

4. **Medium Term Budget Framework (MTBF).** A new budgeting approach generally known as Medium Term Expenditure Framework (MTEF) and the two terms MTBF and MTEF are often used synonymously and interchangeably. The medium Term Budgetary Framework (MTBF) is a multi-year approach to budgeting that sets a medium term framework for government receipts and expenditure. The MTBF links the spending plans of government to its policy objectives and requires a reliable estimate of resources available for expenditure, as government spending plans must respect a reasonable view of what

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government receipts (both revenue and foreign assistance) are likely to be over the medium term. Under MTBF system, line ministries are provided with greater responsibility for resource allocation decisions and resource use. The MTBF requires decision makers to balance what is affordable in aggregate against the policy priority of the country. The MTBF consists of a top-down resource envelop, a bottom-up estimation of the current and medium term cost of existing policy and ultimately the matching of these costs with available resources. The objectives of an MTBF are to :

- a. Improve macroeconomic stability by developing a consistent and realistic resource framework.
- b. Improve the allocation of resources to strategic priorities.
- c. Enhance the participation and role of line ministries in the budget preparation process.
- d. Improve predictability of policy as well as funding by providing a medium term view of policy objectives and availability of resources.
- e. Facilitate the efficient and effective use of resources by establishing a more explicit linkage between the government policy objectives and public expenditure allocations.
- f. Facilitate joint programming of non-development and development expenditure
- g. Establish the performance baseline against which progress of activities of line agencies can be measured and agree

THE BUDGET AND ITS COVERAGE

The Budget

1. Article 87 of the Constitution of the People's Republic of Bangladesh stipulates that a statement of the estimated receipts and expenditure of the Government in respect of each financial year is required to be laid before Parliament. This statement is called the Annual Financial Statement or in common parlance the Budget. Budget is a comprehensive blueprint of the annual activities of the Government expressed in financial terms. Once approved by Parliament, it authorizes the Government to raise revenue, incur debts, and execute expenditure in order to perform its functions and to implement its policy and achieve the desired objectives.

Public Accounts

2. All the receipts and income of the Government are credited to the Public Accounts which consists of two main parts – the “Consolidated Fund” and “Public Account of the Republic”.

Consolidated Fund

3. Under Article 84(1) of the Constitution, “All revenues received by the Government and all loans raised by the Government, and all moneys received by it in repayment of any loan, shall form part of one fund to be known as Consolidated Fund”. The Consolidated Fund receipts are:

- a. All Tax and Non Tax Revenue Receipts.
- b. Grants;
- c. All Domestic (except National Savings Instruments) and External Borrowing;
- d. Food Accounts Receipts.

4. The Annual Financial Statement shows separately the:

- a. Sums required to meet expenditure charged upon the Consolidated Fund known as Charged Expenditure;
- b. Sums required to meet other expenditure proposed to be met from consolidated Fund are known as Other Expenditure;

Public Account of the Republic

5. Article 84(2) of the Constitution states, “All other public moneys received by or on behalf of the Government are credited to the Public Account of the Republic”. Included among them are: State Provident Fund, National Savings Schemes, Renewal, Reserve and Depreciation Funds, Deposit Accounts etc.

6. The Consolidated Fund and the Public Account of the Republic should not be construed as separate physical entities. These are legal and accounting entities distinguished by difference between the nature of the receipts and disbursements.

Charged Expenditure

7. Article 88 of the Constitution stipulates that the following expenditure is charged upon the Consolidated Fund:

- a. The remuneration payable to the President and other expenditure relating to his office.
- b. The remuneration payable to:
 - (1) The Speaker and Deputy Speaker
 - (2) The Judges of the Supreme Court
 - (3) The Comptroller and Auditor General
 - (4) The Election Commissioners
 - (5) The Members of the Public Service Commission
- c. The administrative expenses of, including remuneration payable to the officials of the Parliament, the Supreme Court, the Comptroller and Auditor General, the Election Commission and the Public Service Commission.
- d. All debt charges, for which the Government is liable, including interest, sinking fund charges, the repayment or amortization of capital, and other expenditure in connection with the raising of loans and the service and redemption of debt.
- e. Any sums required to satisfy a judgment, decree or award against the Republic by any court or tribunal.
- f. Any other expenditure charged upon the Consolidated Fund by the Constitution or by Act of Parliament.

8. The Annual Financial Statement relating to expenditure charged upon the Consolidated Fund may be discussed in, but shall not be submitted to vote of Parliament;

9. For expenditure charged upon the Consolidated Fund, no Demand for Grants is required to be submitted to the Parliament.

Other Expenditure

10. All expenditure except charged expenditure is considered as other expenditure. Demand for Grants must be submitted for the vote of Parliament for incurring such expenditure.

Non-Development and Development Budget

11. The Budget is divided into two distinct categories:

(a) Non-Development

(b) Development

12. Non Development includes expenditures on pay and allowances, supplies and services, repair and maintenance and rehabilitation, grant in aid, subsidies and other transfer payments, miscellaneous investment of Government and interest payment, food account, and projects/programmers outside Annual Development Programme (ADP) that are financed from non-development Budget.

13. The Development Budget is basically the ADP translated into budgetary format with relevant Grants and Head of Accounts Number. It excludes the self financing projects included in ADP, but includes Non-ADP food assisted development programmers and other programmers/ projects.

Financial year

14. The Budget is prepared in accordance with the financial year, which starts on 1st of July and ends on 30th June and all accounts and transactions records are kept accordingly.

Revised Budget

15. The Budget is revised during the second half of the financial year on the basis of performance and requirement. During this revision, the original allocation as earmarked in the Appropriation Act may increase or decrease. The amount increased or decreased during revision is reflected in the Annual Financial Statement; Demand for Grants and other budget documents. This revised allocation is known as the Revised Budget.

Supplementary Budget

16. The amount increased during revision of budget requires to be approved by Parliament. Hence the increased amount is submitted to Parliament in the form of Supplementary Grants. These Supplementary Grants when approved by Parliament are known as the Supplementary Budget. The revised budget covers both increased and decreased amount after revision; but a Supplementary Budget includes only the amount increased after revision.

17. Demand for Supplementary Grants will not be made except in extraordinary circumstances, for which full justification will be furnished to the Finance Division including an explanation for the failure to foresee the expenditure will be incurred in anticipation of the authorization of a Supplementary Grant, without the prior concurrence of the Ministry of Finance.

The procedure in the Parliament in connection with the Supplementary Estimate will be the same as in the case of the budget proper.

Coverage of Budget

18. According to the Constitution of Bangladesh, the Annual Financial Statement (AFS) should contain statements on estimated receipts and expenditure of the Government. The budget covers all categories of Government receipts and expenditure within the Consolidated Fund. The national budget does not include financial transactions of local governments, autonomous and semi-autonomous, sector corporations and enterprises; however, it includes grants, loans, investment in shares and equities and subsidies provided to them and dividends, interest payment and loan repayments from them to the Government. Following are the broad categories of receipts and disbursements included in AFS:

- a. Consolidated Fund – Receipt
- b. Revenue Receipts – Tax and Non-Tax Receipts
- c. Grants
- d. Foreign Loans
- e. Domestic Loans
- f. Food account Receipts
- g. Consolidated Fund – Revenue Expenditure
- h. Pay and Allowances
- j. Expenditure on Goods and Services
- k. Interest Payments
- l. Transfer Payments–Subsidies, Grants, Subscription, Write offs etc.
- m. Consolidated Fund – Capital Expenditure
- n. Acquisition of Assets
- p. Acquisition of Land
- q. Construction and Works
- r. Repayment of Debt
- s. Investment
- t. Loans and Advances

Budget Monitoring and Resource Committee

19. There exists a Budget Monitoring and Resource Committee in the Finance Division of Ministry of Finance headed by the Minister for Finance and Planning. The Committee monitors the budget in terms of revenue collection, inflow of foreign assistance and expenditure trend.

Budget Management Committee (BMC)

20. The Budget Management Committee (BMC) is the key decision making body for planning, monitoring and controlling each Ministry's overall performance in terms of budget achievement, quality of service delivery and the achievement of stated Government policy objectives. It is chaired by the Secretary and includes as members all the senior officials of the Ministry/Division involved in planning, budgeting, expenditure control and monitoring and Chief Accounts Officer and the departmental heads.

GOVERNMENT RECEIPTS AND EXPENSES**Classification Structure**

1. The current classification is a 13-digit all numeric structure. This structure is made up of four separate code dimensions. In order to operationalise the classification structure, the Controller General of Defence Finance. issued a classification chart as an Appendix to Account Code Volume 1.
2. This section provides some broad guidelines on how to use the structure but for detailed guidance the users should refer to classification chart where appropriate examples have been used to provide clarify to the guidance.
3. The table below illustrates the structure:

Table – Classification structure

Component	Number of digits	Description
Level 1	1	Legal Code
Level 2	2 2	Ministry/Division Department/Group of Activities
Level 3	4	Operational Unit/Development Project
Level 4	2 2	Economic group Economic detail within the group

Level 4 – Economic Classification

4. The level 4 codes are comprised of four digits. The first two digits identify the broad category; the remaining two digits identify a specific detailed item within that broad category. Standard economic codes are used throughout the Government and are identical for both development and non-development expenditures. All transactions must contain a full four digits economic code. The economic classification is organized as follows:

5. Table - Economic Codes

Description	Code
Consolidated Fund – Receipts	0100 – 4499
Consolidated Fund – Revenue Expenditure	4500 – 6799
Consolidated Fund – Capital Expenditure	6800 – 7999
Public Account of the Republic – Receipts	8000 – 8999
Public Account of the Republic – Expenditure	9000 – 9999

Receipts

6. Government receipts are classified as:
 - a. Revenues;
 - b. Receipts from State Trading;
 - c. Capital Receipts;
 - d. Grants;
 - e. Lending and Advances Receipts;
 - f. Domestic Loan Receipts;
 - g. Foreign Loan Receipts.

Revenues

7. Government revenues credited to the Consolidated Fund are of two categories:
 - a. Tax Revenues;
 - b. Non Tax Revenues.
8. In the classification chart they are termed as “Consolidated Fund: Revenue Receipts”. Tax Revenues are of two categories:
 - a. NBR Tax Revenues: Taxes on Income and Profit, VAT, Import Duty, and other Taxes and Duties
 - b. Non-NBR Tax Revenues: Narcotics and Liquor Duty, Taxes on Vehicle, Land Revenue, Stamp Duty (Non Judicial)
9. Level 4 Economic Code range used for classifying Tax Revenues are: (i) 0100 – 0900 for NBR Taxes and (ii) 1000-1300 for Non-NBR Taxes.
10. Dividend and Profits, Interest, Administrative Fees and Charges, Receipts from services rendered, Non Commercial Sales, Defence Receipts from Railways, T&T and Post offices etc. are projected under Non Tax Revenues. Transactions of Non-Tax Revenues are recorded under level 4 economic code range 1500-2600.

Expenditure

11. According to the Constitution of Bangladesh, expenditure is divided into :
 - a. Charged Expenditure
 - b. Other Expenditure
12. And also into:
 - a. Revenue Expenditure
 - b. Capital Expenditure

13. Charged and other expenditures are identified by Level 1 codes (legal codes). Legal codes 2 and 3 are used for identifying charged and other expenditures respectively.

14. Revenue and capital expenditures are identified and distinguished by economic codes. Code range 4500-6799 is meant for capturing revenue expenditure while code range 6800-7999 is used to capture capital expenditure.

15. According to current budget procedure followed by the Government, expenditure is divided into:

- a. Non-Development
- b. Development

16. In the classification chart, non-development and development expenditures are identified and distinguished by Level 1 codes (Legal Codes). Legal Codes 2 and 3 are used for non-development Expenditure and 5 for development expenditure.

Revenue Expenditure

17. Included in revenue expenditure are expenditure on pay and allowances, supplies and services, repair and maintenance, interest payment, grants and subsidies and pensions and gratuities. Level 4 economic code range 4500 – 6799 is used for capturing transactions on revenue expenditure.

Capital Expenditure

18. Acquisition of Assets (buildings, machinery and equipment, rolling stock etc), Acquisition of Land, Construction Works, Investments, Lending and Advances and Debt Repayment are considered as capital expenditure. Level 4 Economic Codes ranging from 6800 to 7999 are used to identify capital expenditure.

Non-Development Expenditure

19. All expenditure other than expenditure included in the development budget is non-development expenditure. All expenditure on regular Government departments and offices, food account, interest payments, debt repayments, is non-development expenditure. Legal Codes 2 and 3 identify non-development expenditure. In other words, all charged and other expenditure are non-development expenditure. They are also identified by Level 3 operational codes 0001-4999. Level 2 codes and Level 4 economic codes are common both for non-Development and development expenditure.

Development Expenditure

20. Expenditure on all ADP and Non-ADP projects included in the Development Budget are development Expenditure. They are identified and distinguished by Legal code 5 and level 3 operational codes 5000-9999.

GOVERNMENT LOAN AND BORROWINGS

Loans and Advances

1. Loans and advances made by Government fall under the following main heads:
 - a. Loans and advances bearing interest
 - (1) Loans to autonomous and semi-autonomous bodies and public sector corporations
 - (2) Loans to local funds, private individuals, etc these are:
 - (a) Loans to Pourshavas and City Corporation ;
 - (b) Loans to District and other Fund Committees;
 - (c) Advances under special laws;
 - (d) Miscellaneous loans and advances.
 - (3) Advances to Government servants for building houses and for purchase of conveyances, etc.
 - b. Interest free Loans and Advances
 - (1) Interest free loans to Autonomous, Semi autonomous bodies, Corporations, local bodies.
 - (2) Interest free advances to Government offices;
 - (3) Interest free advances to Government servant;
2. Interest bearing Loans given to Autonomous, semi autonomous bodies, Corporations, local bodies and other organizations are:
 - a. Cash Loan for Development;
 - b. Cash Loan Non-Development;
 - c. On-lent Foreign Loans.
3. Advances given to Government Employees are:
 - a. House Building Advances;
 - b. Motor Car Advances;
 - c. Motor Cycle Advances;
 - d. Bicycle Advances;
 - e. Computer Advances;
 - f. Other Advances.

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4. In the Classification Chart, loans and advances are termed as lending and advances and following Level 4 Economic Code Range 7500-7600 is used for identifying loans and advances.

Table 4

Economic Codes	Items
Loans	
7301	Cash loans for Development
7311	Cash loan Non-Development
7321	On-lent foreign loans
7331	Interest free loans
Advances	
7401	House Building advance
7411	Motor Car Advance
7421	Motor Cycle Advance
7431	Bicycle Advance
7441	Other Advances

All the receipts from the recovery of loans and advances come under Consolidated Fund Receipts and hence Legal code 1 is used for them. Level 4 economic codes 1601 – 1699 are used for interest receipts. For the recovery of principal, economic codes 3801-3899 are used for loans and 3901-3999 for advances.

Government Borrowing

5. According to source, Government borrowings are of two categories:

- a. Domestic Borrowing
- b. Foreign Borrowing.

6. Domestic borrowings are comprised of:

- a. Banking Borrowing;
- b. Non-banking Borrowing.

7. By types and duration of debt, bank borrowings are comprised of:

- a. Term Loan;
- b. Floating Loan.

8. Receipts from bank borrowing both term loan and floating loan are credited to the Consolidated Fund, where as non-bank borrowing receipts are credited to the Public Account of the Republic. Bank borrowing instruments are Treasury Bonds and Treasury Bills. Non-bank borrowing instruments are:

- a. National Savings Certificates;
- b. Postal Savings Bank and Postal Life Insurance.

STEPS FOR PREPARATION OF NATIONAL BUDGET

Types of Budget

1. There are three types of budget preparation in National Budget, these are
 - a. Operating Budget.
 - b. Cash Budget.
 - c. Capital Budget

Operating Budget

- a. Consists of two parts - a “**programme**” budget and a “**responsibility**” budget
- b. Programme budget describes major org plans to undertake
- c. Responsibility budget sets forth plans in terms of pers responsible for carrying out them
- d. Preliminary control device and a statement of expected std performance against the actual
- e. Made for---adm duties and expenditure, maintenance of equipment, ops budget for flights, training etc

Cash Budget

- a. Operating budget must be translated into cash receipts and cash disbursements.
- b. Used to make plans to ensure that the organization has enough, but not too much cash in hand during the year ahead.

Capital Budget

- a. A list of what management believes to be worthwhile projects for the acquisition of new capital assets.
- b. A planned method for raising necessary capital, and return on investment expected.

Procedure for Prep of Annual Budget (Non-Dev)

- a. Prep as per General Financial Rules (GFR)
- b. Finance Division follows the budget calendar. Fin Div sup budget estimate forms with relevant instructions within 31st Aug who are to return the estimate within 31st Oct.

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- c. Estimate of revenue and expenditure
- d. Action by budget wing
- e. Exam of budget proposal in the Finance Division
- f. Prep of 1st edition
- g. Approval of resource and expenditure ceiling by the budget monitoring and resource committee
- h. Finance Division issues revised authority
- j. Estimate of supplementary grants

Preparation of Development Budget

Key agencies:

- a. Planning Commission
- b. National Economic Council (NEC)
- c. Administrative ministries/division
- d. Agencies/department/corporation

Steps and Procedures

- a. Planning commission issues guidelines for prep of the proposal and revised estimate for Annual Development Programme (ADP).
- b. Executive agencies submit the revised estimate for the ensuing year
- c. Constitute a committee to evaluate, fixes the priorities and determine the allocation
- d. Committee undertakes a review of the ADP in middle of Nov and make a first projection
- e. Finalizes the recommendation in April each year for consideration by planning commission and presentation to the NEC

Submission and Approval of Budget

- a. Fixing up date for submissions of budget
- b. Cabinet approval
- c. Recommendation of the President
- d. Budget speech
- e. Annual Financial statement.
- f. Demand for Grants and Appropriations.

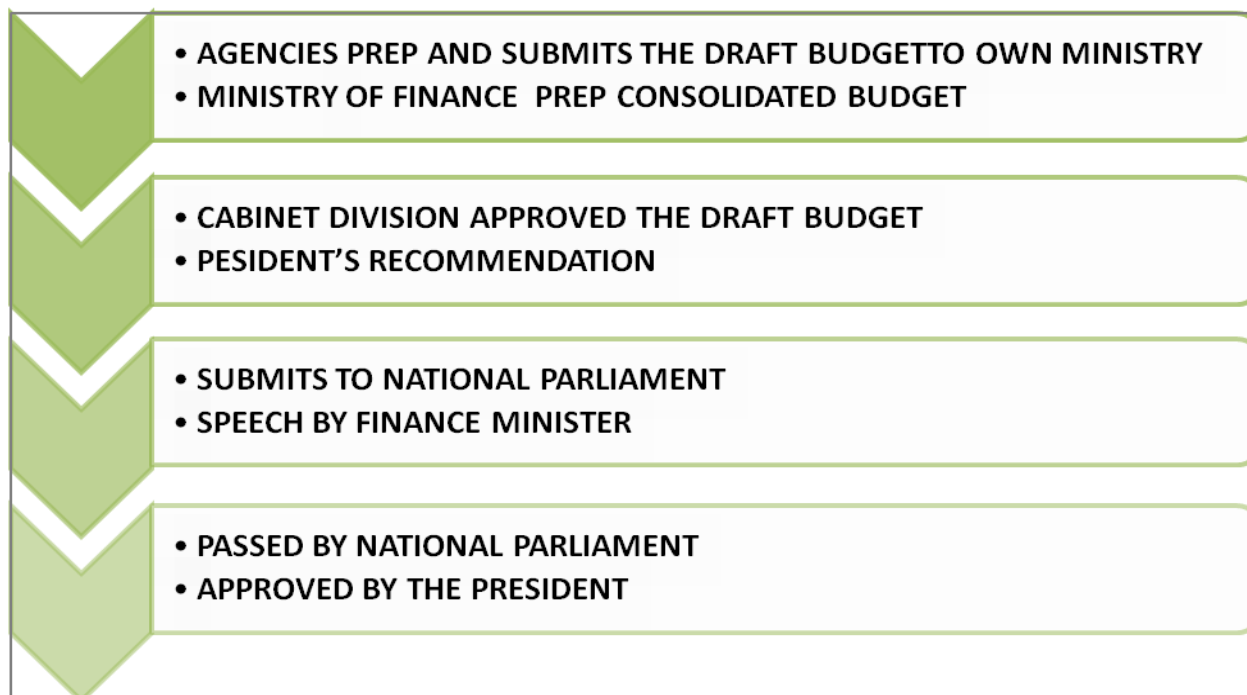


Figure 1- Flow chart of National Budget Process

STEPS FOR PREPARATION OF BAF BUDGET

BAF Budgeting

1. BAF Budget is a part of Defence Budget and Defence Budget is a part of National Budget. National budget is a statement of revenue receipt and expenditure of a country for a particular financial year. In other way it is the summery of both revenue and expenditure expressed as: $\text{Revenues} + \text{Loans} + \text{Deficit Financing} = \text{Expenditure} + \text{Development}$
2. Article 87 of Bangladesh constitution and GFR of Ministry of Finance has given the guide line for preparation and submission of annual budget. BAF Budget is prepared and used as:
 - a. A plan
 - b. An authorization
 - c. A forecast
 - d. A financial management tool
 - e. Efficiency yardstick
3. BAF planner analysis the threat, normal activities and the build up and training need to be achieved in order to have a force which can face the enemy. Financial planning or budgeting is done on long term and short term basis.

Long Term Planning

4. Long term planning is needed for raising of a Unit, expansion of present T O & E, procurement of major equipment like - aircraft, radar etc. In initial planning stage at Air HQs, the cases are thoroughly studied by a planning Committee where D of Plans acts as the secretary. After finalization at Air HQs, the case is submitted to AFD. If the case is accepted in principle, the same is submitted to MOD for obtaining financial sanction from MOF and also for subsequent sanction of additional Budget for the deal. However, in the planning stage of the long term procurement, the points are taken into consideration to select the equipment; they are:
 - a. Project study cost
 - b. Research & development cost
 - c. Procurement cost
 - d. Operating & Supporting cost. Again operation-supporting cost are sub-divided as :
 - (1) Fuel consumption.
 - (2) Spare parts.
 - (3) Grd support Eqpt.
 - (4) Tools.
 - (5) Testing Devices.
 - (6) Avionics.
 - (7) Armt.
 - (8) Trg of personnel .
 - (9) Maint & overhaul.

5. Credit facilities, support facilities, relation with friendly country etc also influence the long term plan. Bangladesh is developing country, and procurement of equipment on cash purchase is always not possible. As such quality and needs are compromised with the facilities of loan services of the suppliers. Mostly, we are to purchase equipment from the countries who offer payment in installment over a longer period instead of cash payment. As such procurement of particular type of equipment as Air force need is always not possible.

Short term financial planning

6. Short term planning is carried out yearly or bi-yearly basis. Generally it is prepared based on monthly administrative, maintenance and operational requirement. Items related to up-gradation of communication system, improvement of avionics or inclusion of Armt of an AC etc are also some of the examples of short term planning.

Formulation of BAF Budget

7. The Directorate of Finance at the Air HQs deals with preparation of BAF Budget. The call for submitting the Budget estimates are issued to all Directorates and in turn Directorates issued to Bases and Units for submitting the same by September each year with full justifications. On receiving the requirement from the field levels, concern Directorates prepare the estimates taking into accounts of BAF plan of expansions in the year ahead. The Chief of the Air Staff along with PSOs assisted by D of Finance reviews the financial estimates in consultation with user's Directors in the Budget Committee. At this stage, additions and deletions are made to make the Budget more realistic keeping in view the financial constraints of the Government.

8. After the approval of Chief of Air Staff, the BAF Budget is submitted to Ministry of Defence. By November, Ministry of Defence calls a meeting to justify the BAF estimates. From Air HQ, Principal Staff Officers & few Directors (D Fin, D Plans, D Sup & D Works) attend the meeting. At the Ministry of Defence, Budget estimates are reduced to some extent.

9. The Budget estimates are submitted to Finance division of Ministry of Finance by MOD by November. In the month of Feb or Mar, a meeting is called in the Ministry of Finance under the Chairmanship of Secy, Ministry of Finance. At this stage, Budget allocations are decided i.e. Revised Budget for current year and Initial Budget allocation for next financial year are decided mostly basing on the previous year's Budget allocation and actual exp. Normally a small percentage is added to the previous year's allocations.

Receipt of Budget Allocations

10. In the month of April or May Revised Budget allocations are received from Ministry of Finance thru Ministry of Defence. The next year's proposed Budget is then submitted for passing in the parliament after the Budget is passed parliament it again travels down to Air HQ through MOF and MOD. In the month of July, Initial Budget of the FY are received. Now the Budget is under the disposal of BAF. At Air HQ level Budget committee makes a minor adjustment and placed under the disposal of Dte Fin for subsequent allotment on specific purpose.

a. BAF follows the incremental system of Budgeting to formulate the requirement of *“Pay & Allowance”* range Budget. And the system is accepted by MOF (Last Years Expenses + Percentage of Yearly Increment + Amount Required for New Enrolment = Yearly Budget for pay and allowances range).

b. For preparing the *“Supply & Services”* and *“Repair & Maintenance”* Budget code wise requirement is placed with full justification. The MOF is following in most of the cases incremental system of Budgeting. As such they allocate Budget without considering the inflation effect on store items equipments.

c. For preparing the *“Capital and Assets Acquisition”* Budget we almost follow the PPBS system to maximize the achievement of BAF short term and Long term GOALS.

11. Air Staff Requirement is made an formalities completed by a Committee of officers and submitted to D Plans for vetting. At the end Planning Council ascertains the specification of the requirements. Then the case is sent to Govt i.e. Armed Forces Division for acceptance of the requirement. After the acceptance of AFD, the case is sent to DGDP for Budgeting tender. The case is sent to Ministry of Finance through MOD for provisioning of Budget. Subsequently after financial concurrence by MOF, the case is sent to DGDP for procurement tender. Purchase is completed either thru Govt to Govt deal or thru DGDP (thru local agent) as decided by the Govt.

Implications When Demands Are Not Met

12. When demands of budget are not met, there is no other alternative other than to shift the programme in the next year or to abandon the project. However, there is a provision to meet the requirement by re-adjusting the Budget allocations within the operational unit code which is called re-appropriation. The Chief of Air Staff has the authority to re-appropriate Budget within the code range except :

- a. Re-appropriation from the 'Capital range code no' to 'Revenue range code no' and vice-versa.
- b. Re-appropriation from and to the 'Pay and Allowances code'.
- c. Re-appropriation from and to the 'Ration code'.
- d. Re-appropriation from and to provisions for payment of principal and interest relating to credit purchases (Debit service provisions).

13. Sometimes Budget could not be utilized as the procurement formalities at DGDP is not completed within the financial year and as such Budget is lapsed. BAF has to overcome this difficulty by shifting its procurement programme to next year which otherwise creates cumulative pressure on the Budget.

TOPIC-2**PENSION BAF PERS****Service Pension**

1. A service pension is granted to an officer retiring after completing qualifying service as per service rules and regulations or after any extension of service approved by the Govt.

a. **Assessment of Pension:** The amount of pension is regulated as follows:

(1) For a qualifying service of less than 10 years, a gratuity equivalent to one month's emoluments (basic pay including other pay elements) for each completed year of service shall be payable to the officer or heir in case of death in service.

(2) The following formula is to be applied to calculate the amount of pension, for a qualifying service of not less than 10 years.

$$\frac{8}{10} \times \frac{\text{Last Pay drawn} \times \text{Length of qualifying service}}{\text{Length of service prescribed for the rank}}$$

= The pension earned per month subject to max 35,800/-, but not more than 80% of last pay drawn (variable).

b. **Special Additional Pension (SAP).** In addition to monthly earned service pension, SAP is admissible provided an officer has rendered not less than 18 years qualifying service in the BAF. However, for so long as acting/ temporary rank are permitted, the minimum qualifying service for grant of SAP shall be 12 years commissioned service. Maximum SAP to an officer will be as under as per **JSI 07/2010** :

<u>Rank</u>	<u>Rate per yr of Svc</u>	<u>Max Admissible</u>
Flt Lt & Below	108.00	324.00
Sqn Ldr	166.00	498.00
Wg Cdr	274.00	822.00
Gp Capt	331.00	993.00
Air Cdre	439.00	1,317.00
Air Vice Marshal	595.00	1,785.00
Air Marshal	745.00	2,235.00
Air Chief Marshal	910.00	2,730.00

DISABILITY PENSION

2. A disability pension is awarded to an officer who is permanently unfit for military service with minimum 20% disability, which is attributable to or aggravated by the service conditions. Disability pension consists of the Service Element and Disability Element under the following rates:

a. **Service Element.**

- | | |
|----------------------------------|--|
| (1) For service less than 10 yrs | Service pension as for qualifying service of 10 yrs. |
| (2) For service 10 yrs or more | Earned pension for pensionable service rendered. |

b. **Disability Element.**

		Disability due to War/ External aggression/ Injury in the declared operation area (As per JSI-7/2010)	Disability for Internal subversion/In aid of civ power & other reason attr to or aggravated by svc. (As per JSI-7/2010)
(1)	Cat 'A' (60% - 100%)	19,477.00	16,694.00
(2)	Cat 'B' (40% - 59%)	10,956.00	9,391.00
(3)	Cat 'C' (20% - 39%)	6,087.00	5,880.00

FAMILY PENSION

3. A pension to the widow/widower or other relative of a deceased officer or an allowance to a child cannot be claimed as a right. It shall not be granted when the applicant is shown to be unworthy, nor shall it be granted unless the officer's svc has been such as in the opinion of the Govt of Bangladesh to justify the award.

4. The legal heir of an officer may draw special/ordinary family pension or dependent pension in addition to any previous pension which the officer may be drawing at that time or may become entitled to draw.

5. A family pension may be granted to the widow/widower, parents, brothers or sisters of an officer or a children's allowance to the legitimate children of an officer. Provided that such children's allowance shall be limited to only two children at a time up to 25 years of their age.

6. Family pension includes; Special Family Pension, Special Dependant Pension, Special Children Allowance, Ordinary Family Pension, Ordinary Dependent Pension & Ordinary Children Allowance.

- a. **Special Family Pension.** If a married officer dies while in service and the death is attributable to or aggravated by military service conditions, then the spouses of the deceased is entitled for special family pension on the following conditions:

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(1) If the service of the deceased is not pensionable the widow/widower will be entitled a monthly pension of 80% LPD of the deceased.

(2) If the service of the deceased is pensionable, the widow/widower will be entitled to commute 50% earned pension of the deceased on the day of death as if the officer had not died. And monthly pension will be 80% LPD of the deceased (max 19,500/-) less commuted amount.

b. **Special Dependent Pension:** If an unmarried officer dies while in service and the death is attributable to or aggravated by military service conditions, then the dependent of the deceased is entitled for Special Dependent pension on the following conditions:

(1) If the service of the deceased is not pensionable the dependent will be entitled a monthly pension of 30% LPD of the deceased.

(2) If the service of the deceased is pensionable, the dependent will be entitled to commute 50% earned pension of the deceased on the day of death as if the officer had not died. And monthly pension will be 30% LPD of the deceased.

c. **Special Children Allowance:** If an officer dies while in service leaving the children and the death is attributable to or aggravated by military service conditions, then the children of the deceased is entitled for Special Children allowance in addition to special family pension (maximum two children at a time) on the following rates: (JSI-07/2010)

<u>Per Child</u>	<u>If motherless</u>	<u>If not motherless</u>
Age up to 5 years	662.00 pm	414.00 pm
Age 5 to 15 years	1,242.00 pm	745.00 pm
Age 15 to 25 years	1,656.00 pm	1,036.00 pm

d. **Ordinary Family Pension:** If a married officer dies while in service and the death is not attributable to or aggravated by military service conditions, then the wife of the deceased is entitled for Ordinary Family pension on the following condition:

(1) If the service of the deceased is pensionable, widow/widower will be entitled to commute 50% earned pension of the deceased on the day of death as if the officer had not died. And monthly pension will be 30% LPD of the deceased.

(2) If a married retd officer dies after retirement, the widow/widower will be entitled for ordinary Family pension 30% of LPD.

e. **Ordinary Dependent Pension:** If an unmarried officer dies while in service and the death is not attributable to or aggravated by military service conditions, then the dependent of the deceased is entitled for Ordinary Dependent pension on the following condition:

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(1) If the service of the deceased is pensionable, the dependent will be entitled to commute 50% earned pension of the deceased on the day of death as if he had not died. And monthly pension will be 15% LPD of the deceased.

(2) If an unmarried retd officer dies after retirement, the dependent will be entitled for ordinary dependent pension @ 15% of LPD of deceased offr.

f. **Ordinary Children Allowance:** If an officer dies while in service leaving the children and the death is not attributable to or aggravated by military service conditions, but the service of the deceased is pensionable then the children of the deceased is entitled for Ordinary Children allowance in addition to Ordinary family pension (for maximum two children at a time) on the following rates: (JSI-07/2010)

<u>Per Child</u>	<u>If motherless</u>	<u>If not motherless</u>
Age up to 5 years	331.00 pm	208.00 pm
Age 5 to 15 years	622.00 pm	373.00 pm
Age 15 to 25 years	828.00pm	515.00 pm

OTHER PENSION ADMISSIBLE ON VARIOUS CONDITIONS

Grant of Pension to Officer Permitted to Retire Voluntarily

7. An officer permitted to retire voluntarily but not in anticipation of any disciplinary action against the officer will be allowed pension as follows:

- | | |
|---|--------------------------|
| a. For qualifying service less than 05 yrs | - Nil |
| b. For qualifying svc more than 05 yrs but less than 10 yrs | - $\frac{3}{4}$ Gratuity |
| c. For qualifying svc 10 yrs or more | - $\frac{3}{4}$ Pension |

EX-GRATIA PENSION

8. Ex-Gratia pension may be awarded to the officer under the following circumstance with the approval of the President of Bangladesh and it is not commutable:

- a. Where an officer has qualifying service for pension and is dismissed by sentence of court marshal or otherwise.
- b. Where an officer is removed from service or instead of being removed is called upon to resign commission for disciplinary ground (BAF Act Rule-17).
- c. Where an officer compelled to resign or in the alternative, allowed to retire from service voluntarily on disciplinary ground {(BAF Act Rule-18(1))}.

INVALID PENSION

9. An invalid pension is awarded on retirement from the service to an officer who is bodily or mentally disable in the service whose disability is:

- a. Not attributable to or aggravated by Military service.
- b. Attributable to or aggravated by Military service but does not fall in disability pension category for non-pensionable degree of the disability or because of unreasonable refusal by the officer to undergo surgical or medical treatment.

COMMUTATION OF PENSION

10. Military pension for the purpose of commutation includes service pension, disability pension and family pension.

Service Pension

11. On retirement, an officer can commute a portion or in full of his military pension including special additional pension on the following conditions:

- a. An individual is entitled to commute 50% of the earned pension. (S)he may opt to commute rest of the 50% of the earned pension but will have commutation value half of the present rate for rest of the 50% pension.
- b. To commute rest of the 50% pension an individual has to mention in first application of commutation. Later on any portion of pension for commutation will not be accepted.
- c. To commute 100% pension individual have to furnish a certificate to the effect that in future the family or any member of the family will not claim family pension.

Family/Dependent Pension

12. On death of a serving officer the widow/widower will be entitled to commute 50% of his earned pension on the day of death of the deceased as if the officer had not died, subject to the officer had completed pensionable service before death.

Calculation of Commutation Value

13. Commutation value is calculated as follows:

- a. For 50%commutation = 50% of earned pension X 12 X No. of years purchased.
- b. For 100% commutation = 75% of earned pension X 12 X No. of years purchased

Commutation Table

14. Commutation Table for Number of years purchased:

Age next birthday	No. of yrs purchase	Age next birthday	No. of yrs purchase	Age next birthday	No. of yrs purchase
21	29.728	41	24.623	61	17.164
22	29.520	42	24.308	62	16.771
23	29.307	43	23.985	63	16.380
24	29.091	44	23.655	64	15.991
25	28.870	45	23.317	65	15.613
26	28.645	46	22.974	66	15.237
27	28.414	47	22.623	67	14.867
28	28.180	48	22.263	68	14.503
29	27.940	49	21.898	69	14.145
30	27.695	50	21.526	70	13.794
31	27.444	51	21.148	71	13.450
32	27.189	52	20.763	72	13.115
33	26.927	53	20.374	73	12.788
34	26.660	54	19.980	74	12.469
35	26.387	55	19.582	75	12.161
36	26.109	56	19.180	76	11.861
37	25.824	57	18.776	77	11.573
38	25.534	58	18.369	78	11.294
39	25.237	59	17.961	79	11.027
40	24.934	60	17.553	80	10.771

DEATH GRATUITY-COMMISSIONED OFFICER/JCO/OR/NCS (E)

15. Death gratuity equal to 12 months pay is admissible to widow and eligible heirs of commissioned officer, Junior Commissioned Officer/OR/NCs(E) who are killed in action or die of wounds, injury in action. Details are :-

a. **Conditions.**

- (1) Who, otherwise than through their own serious negligence or misconduct, are killed or die of injuries, within seven years of being injured, sustained while on flying duty or while being carried on duty in aircraft under proper authority.
- (2) Who are killed or die of wounds received in a military, Naval or Air exercise/manoeuvre where live ammunition is used. The death gratuity will, however, not be granted in case of casualties occurring while proceeding to or returning from exercise/manoeuvre.
- (3) Who are killed during peace conditions and the casualty is indistinguishable in character from that due to enemy action in war time.
- (4) Who are killed or die of injuries sustained while employed on bomb disposal duties.
- (5) Who are killed or die of wounds received in action while employed in aid of civil power.

b. **Pay elements.** pay for the purpose of these orders will include the following elements, as admissible on the date of casualty:-

- (1) Pay of Rank.
- (2) Disturbance pay.
- (3) Command/Staff/Charge/Instructional pay.
- (4) Qualification pay
- (5) Specialist pay
- (6) Flying pay.
- (7) Pay of appointment (in the case of NCOs & OR)
- (8) Parachute pay.
- (9) SSG pay.
- (10) Submarine service pay.
- (11) Survey pay.

DIVISION OF SPECIAL FAMILY PENSION AND DEATH GRATUITY OFFICERS

16. The division of special family pension and death gratuity to the nominated deceased officers will be admissible.

17. Procedure for initiation and processing of cases of division of special family pension.

18. **Action at CORO/MPRS (O)**

a. In the event of the death of a married officer, CORO/MPRS(O) will initiate the claim for special family pension in respect widow(s) on the basis of information in the officers personal records.

b. Cases for division of special family pension will be initiated ONLY on receipt of applications from eligible heirs and automatically on the basis of nominations made in the life time of the officers.

c. On receipt of an application from the eligible heir (s) of a deceased officers for division of special family pension CORO/MPRS (O) will :-

(1) Prepare a proforma for division (on specimen as per annexure to this rule).

(2) Forward the application of the claimant to the DASB along with the following (in duplicate) for completion and return to them. In case of the widow of the officer and the claimants for division being resident in different districts, verification and recommendation for the proportion in which the pension should be divided shall be obtained separately from the Chairman of both the DASBs concerned :-

(a) BAFA-805. Statement of the anticipated total annual income and means of the widow and legitimate children.

(b) BAFA-833. Statement of total income and means of support from all sources of the dependents.

(3) Proforma for division of special family pension.

d. The above documents on receipt duly completed by the DASB (s) will be forwarded to the CMA (PG) for his audit remarks, who in turn will submit them to AHQ (PP& A Dte) in duplicate for further action.

Action at PP&A Dte (PPA-2)

e. PP &A Dte will obtain orders of the competent authority sanctioning/rejecting the claim for division and transmit to CMA (PG) for notification and payment with information to CORO/MPRS (O).

Action at CMA (PG)

f. After the orders of division or otherwise CMA (PG) will take the following action :-

- (1) Notify the division etc. on BAFA-376 and return relevant documents in support.
- (2) Forward identification documents to the dependents and ascertain Treasury office where the payment of pension is desired to be drawn.
- (3) Issue pension certificate (BAFA-373) to dependents, and notify the grant to respective Treasury Office/PDOs under intimation to CORO/MPRS (O).

19. **Death Gratuity.** Will be paid in accordance with the nomination made by the officer in his life time as promulgated in Part II Order/recorded on BAF Z-2041. In case here is no nomination the gratuity will be paid to the widow (s) and no division will be admissible.

**Division of Family Pension and Death Gratuity Honorary Commissioned
Officer/Junior Commissioned Officers/
Non Commissioned Officers/OR/NCs (E).**

20. Where an individual has left more than one widow the family pension shall be divided equally amongst them. On the death or disqualification of one the widows her share of the pension will revert to the surviving widows. If the recipient of a family pension fails to contribute proportionately towards the support of other eligible heirs (see Rule 137) in the family who were dependent upon the deceased soldier or non-combatant or if the pension is in the name of a children but is not devoted to the interests of the family generally a competent authority may on the advice and recommendations of Deputy Commissioner or Collector of the district, divide at his discretion, the family pension, among the eligible heirs of the deceased soldier or Non-Combatant. The competent authority under this clause and for the purpose of determining whether the recipient of pension has failed to contribute proportionately will be the Chief of Staff of Service Concerned or any other officer to whom he has delegated such powers.

21. This division shall hold good only for the period during which the pension is payable to the original recipient under the rules governing its grant. If during this period one of the parties to the divisions (other than the original recipient) is disqualified or dies his or her share shall be restored to the original recipient if he or she is the only one living or shall be divided amount the remaining recipients if there is more than one.

22. Children's allowance where granted is intended for the maintenance of children and fact that an audit recipient of a family pension refused to contribute toward the children's support shall not ordinarily justify the pension being divided. Special cases of hardship will be submitted for Government orders.

23. **Death Gratuity.** Death gratuity will be paid to the eligible heirs of the deceased Service Personnel below Commissioned Rank in the manner prescribed below :-

a. Junior Commissioned Officer/Personnel below Commissioned/ Other Rank/Non-Combatants and equivalent shall declare in their life-time the names, with relationship of their dependents indicating the proportion in which the death gratuity may be divided amongst their eligible heirs including wife (wives). This division shall be carried out at the discretion of the competent authority depending on merits of each case.

b. If there is no nomination the death gratuity will be paid to widows and this will not be divisible amongst the widow (s) and other eligible heirs. Where there are more than one widow according to the service records, this will be divided equally amongst the widows.

TOPIC-3
INCOME TAX AND VAT

Introduction To Income Tax

1. Income tax is one of the types of direct taxation in Bangladesh. Income tax was introduced for the first time in this sub-continent in 1860, a new income-tax act was passed which repealed all previous Acts. This act remained in force up to 1922 when the income-tax act 1922 was passed which made income tax a central subject. This act has continued to be the basis of the income-tax system down to the present day though it has been amended considerably from time to time. By virtue of the adaptation of the income tax act, 1922 by the government of Bangladesh, this act has been in operation in Bangladesh since 1971. The act has subsequently been amended continuously from year to year by annual finance act/ordinance and finally replaced by the income tax ordinance, 1984 which came into effect from 1st July 1984.

2. The need for revision of the act of 1922 arose from the fact that the arrangement and language of its provisions has become so complex, verging on unintelligibility, that it not only became a burdensome exercise to effectively administer the law but also became a source of confusion to the public and the lawyers concerned. The reason for this complexity lies in successive amendments to the act since its enactment six decades ago to meet the changing requirements of the time and these requirements, arising from revolutionary changes in the economic and political scene of the sub-continent, has been too many.

3. The act of 1922 underwent so many amendments by so many laws starting from 1924 that it needed a separate exercise simply to enumerate the amending laws. Amendments which were made by way of additions, substitutions, deletions and other modifications are so numerous and varied that it needed a laborious exercise to incorporate them in the body of the act to ascertain the correct current position of the law. The complexity of the act of 1922 reached such a stage that further amendments would call for legislative acrobatics and such acrobatics would only aggravate the confusion. Hence, revision of the income tax act, 1922 (XI of 1922) the necessity of which was being felt for the last three decades, became an imperative need.

4. The main feature of the income tax ordinance, 1984 is re-arrangement and simplification of the existing income tax law without impairing its effectiveness. This has been achieved through logical arrangement and re-drafting of sections, re-casting of certain sections and commission and addition of certain other provisions. Similar or connected provisions relating to one specific subject-matter, which were scattered throughout the existing act in different chapters, sections and sub-sections and previous, has been brought together and placed under one chapter or section.

5. Numerous provisions of the existing act have been arranged in the new ordinance as separate sections with specified headings for the sake of clarity and easier references, This has resulted in the simplification of the law, removal of confusion and ambiguities and providing easier reference to different provisions of law.

6. The ordinance applies to an income, which accrues or arises within the country and also to an income, which is received within the country, irrespective of the place of its accrual. The application however has primary references to the liability to tax and as such the ordinance can be enforced only when the liability is determinable.

7. The income tax ordinance as it stands today makes it obligatory on every person whose annual income exceeds the limit exempt from tax (for the present, it is Tk. 165,000/-) to file a return of income along with payment of tax thereon to the deputy commissioner of taxes (DTC) of the area concerned by the prescribed dates. If the DCT is satisfied with the return filed, he passed the assessment order accordingly ; otherwise, he calls for further evidence in support of the return and then passes order according to his findings and judgment , In case this order goes against the person filing the return, such person may prefer an appeal or revision prescribed by the ordinance.

Return of Income

1. Who are to furnish a return of income (Sec. 75 (1))
 - a. Every person whose total income during the income year exceeds Taka. 75,000/= and The word assessment sometimes means the computation
 - b. Every person irrespective of his income in the income year, who was assessed to tax for any year within the five years preceding that year are required to file a return of income.
2. However any person from whose income the full amount of tax payable is deducted at source will not be required to submit his return of income on the prescribed form; he may instead of furnishing a return file a certificate in the prescribed form (Sec. 76).
3. In the case of a company under liquidation the liquidator is to furnish the return in the case of a deceased person, the return of his income will be filed by his executor administrator or other legal representative.
4. **Contents of a return (Sec. 7 (2)):** The return shall be in the prescribed form and the assesses shall set forth therein particulars of his total income during the previous year. Signature and verification of the return (Sec. 75 (2) (b): Person by whom the return to be signed and verified.
 - a. **Individual.** The individual himself or a person duly authorized by him or if the individual is mentally incapacitated by his guardian or any other person competent to act his behalf.
 - b. **H.U.F.** The karat or in his absence from Bangladesh or if he is mentally incapacitated by any other adult member of such family
 - c. **Company or local.** Authority the principal officer
 - d. **Firm** Any partner (not being a minor)
 - e. **Any other association** – Any member or the principal officer.
 - f. **Any other person** – The person himself or by some person competent to act his behalf.
5. When to file a return (Sec. 75 (c) : In the case of a company, the return shall be filed by the 15th day of July next following the income year. But where the said 25th day of July falls six months, in all other cases, the return shall be filed by the 15th day of the September next following the income year. The DCT may, however, extend the date for submission of the return up to 3(three) months. Any extension beyond 3 months can only be allowed with the approved of the IJCT or commissioned.

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6. Statement of assets and liabilities to be furnished along with a return (Sec. 74) (d): Every individual whose total income during the income year exceeded taka. 1,65,000.00 shall furnish along with the return or the certificate, as the case may be a statement in the prescribed form and verified in the prescribed manner giving particulars of the total assets and liabilities of himself, his or wives, and minor children.

7. Notice under section 77: This notice is to be served on every person whose total income, in the opinion of the DCT, renders him liable to tax, requiring him to furnish a return individual notice may be issued at any time during the course of the assessment year. If no individual notice is served during the course of the assessment year and the assess source of income in a subsequent year under sec. 93.

8. A notice will not be illegal or invalid if it suffers from minor defects. The notice will be illegal if:

- a. It dose not give the assesses thirty clear days time from the date of service thereof;
- b. It requires an assesses to furnish a return of his in come “ within thirty days” of the receipt thereof
- c. It is issued by the DCT who has no jurisdiction.

9. In a case where no return is submitted after expiry of the time allowed by a notice issued u/s 77. the DCT may made a best judgment assessment. Where a return is filled after such assessment is made, if will be of no avail even if it is filed before the notice of demand is served on the assess.

Revised Return (See 78)

10. Any person who has not filed a return as required by section 75 or 77 or who having filed a return, discovers any omission or incorrect statement therein may filed a return or a revised as the case be at any time before assessment is made.

11. The benefit cannot, however, be claimed by a person who has made a false return knowing it to be false. A penalty may be imposed in respect of the false return notwithstanding the filing of the revised return.

Production of accounts and documents (sec 79)

12. The DCT has power under this section to issue a notice for the production of such accounts and documents as he may require. The power can be exercised in two cases:

- a. Where a return is filed voluntarily
- b. Where a notice has been served under sec.77

13. The books of accounts and documents which the DCT may required to be produced may not only be of the year of assessment but also of the period prior or subsequent to the previous year. But the DCT can call for the accounts for a period of three years only proceeding the relevant accounting year.

Notice to furnish statement of assets and liabilities (Sec.80)

14. The DCT may serve on any assesses other than an assesses referred to in sec. 75 (2) (d) a notice requiring him to furnish a statement in prescribed form giving particulars of the total assets, liabilities and expenses of himself, his wife or wives and his minor children. The statement shall contain the following particulars:

- a. The total assets, liabilities and expenses of the assesses as no the date or dates specified in the notice.
- b. The total assets, liabilities and expenses of the spouse, minor children and dependents of the assesses as the date or dates so specified and
- c. Any assets transferred by the assesses to any person during the period or periods so specified and the consideration therefore

PENALTIES FOR DEFAULTS (SECTION 123 TO 129 & 137)**Summary of penalties**

1. The income Tax Ordinances, 1984 imposes a number of penalties for various kinds of defaults as mentioned below:

Ser No	Nature of default (1)	Maximum penalty (2)	Number of penal section of the Ordinance (3)
1	Failure to maintain accounts in the prescribed manner as mentioned in section – 35(2)	Amount not exceeding one and a half times the amount of tax payable. If there is not assessable income maximum penalty is Tk.100/-	123
2 (i)	Failure to file return of income under Section 75 or 77 or 93(1)	Tk.1,000/- plus Tk. 50/- for every day during which the default continues	124
(ii)	Failure to submit notice of discontinuation of business u/s 89(2) along with return.		
(iii)	Failure to file return while leaving Bangladesh u/s. 91(3)		
(iv)	Non-submission of certificate of deduction of tax u/s. 58.		
(v)	Non-submission of annual return in respect of salary u/s. 108.		
(vi)	Non-submission of annual return in respect of interest u/s. 109.		
(vii)	Non-submission of annual return in respect of dividend u/s. 110.		
(viii)	Non-submission particulars of partners, members of Hindu undivided family, etc, u/s. 113.		
3.	Non-payment of advance tax u/s 64 and furnishing of untrue estimate for the purpose of advance tax u/s.67.	Amount by which the payment falls short of the amounts that should have been paid	125
4.	Non-compliance with notices for production of accounts u/s.79 non submission of statement of assets and liabilities u/s 80 and non production of evidence in support of return u/s 83(1) & (2)	Sum equal to the amount of tax	126
5.	Failure to pay tax on the basis of return or if the tax paid is less than 80% of the tax due on the basis of the return of income u/s.74.	20% of the tax due or 25% of the short fall , as the case may be.	127

RESTRICTED

Ser No	Nature of default (1)	Maximum penalty (2)	Number of penal section of the Ordinance (3)
6.	Concealment of income or furnishing of inaccurate particulars of such income or understatement of value of the property for the purpose of sale or transfer	Two and a half times the tax sought to be evaded. In the case of self assessment return, the maximum penalty will be 5 times the tax sought to be evaded.	128
7.	Incorrect distribution of income by registered firm	One and a half times the tax sought to be evaded in the hand of the partners.	129
8.	Default in making payment of tax	Sum equal to the amount tax in arrears.	137
9.	Issue of incorrect certificate by a Chartered Accountant under the second proviso the section 82 and will fully or knowingly with holding of any information relating to particulars of income.	Sum equal to know and a half times the tax which would have been avoided had the total income as certified been accepted (imposable on the Chartered Accountant with the previous approval of the board).	128

Bar to imposition of penalty (Section 130 & 131)

2. No penalty can be imposed without giving the assesses a reasonable opportunity of being heard, except in the cases mentioned at paragraph 8 above. Further no penalty can be imposed without prior approval of the inspecting Additional/Joint Commissioner of Taxes, except in the cases mentioned at paragraphs 2 & 8 above.

Order of AJCT to be sent to DCT (Sec. 132)

3. The Appellate Joint Commissioner of Taxes of the Appellate Tribunal making an order imposing any penalty under sections 123 to 129 shall forthwith send a copy of the order to the DCT and thereupon all the provisions of the I T ordinance relating to recovery of penalty shall apply as if such orders were made by the DCT

APPEALS, REVISION AND REFERENCE (SEC. 153 TO 162)

1. First Appeal to the appellate additional/joint Commissioner of Taxes or the Commissioner of Taxes (appeals) : (sec. 53) . Any assesses, not being a company, may file an appeal against the order of the deputy Commissioner of Taxes to the appellate Additional / Joint commissioner of Taxes, on the other 3er hand, any assesses, being a Company may file an appeal against the order of the deputy Commissioner of Taxes or of an inspecting additional / Joint Commissioner of taxes to the Commissioner of Taxes (Appeals).
2. Such Appeal must be filed on the prescribed form accompanies with an appeal fee of Tk. 100/- . No appeal shall lie against an order of assessment unless the tax payable on the basis of the return has been paid
3. Second appeal to the Taxes Appellate Tribunal (Section 158). An appeal against the order of the Appellate Additional / Joint Commissioner of Taxes or the Commissioner of Taxes (Appeals), as the case may be, shall lie with the Taxes Appellate Tribunal
4. Such Appeal must be filed within sixty days of the Commissioner of or order in the prescribed form accompanies with and appeal fee of Tk. 300/- in the case of an appeal filed by an assesses, half the amount representing the difference between (a) the Tax payable on the basis of the order of the appellate additional / Joint Commissioner of Taxes or of the Commissioner of Taxes. (Appeals) , as the case may be and (b) the Tax payable on the basis of the return of income under section 74, must be paid before filling of the appeal. The board may however, modify or waive the requirement upon application by the appellant.
5. The deputy Commissioner of Taxes may also appeal against the order of the Appellate additional / Joint Commissioner of Taxes or the Commissioner of Taxes (Appeals) upon direction from the Commissioner of Taxes. No appeal fee will be required to be paid by the Deputy Commissioner of Taxes. The time limit for disposal of appeal filed by an assesses has been prescribed at two years from the end of the year in which the appeal is filed. This limit shall not apply to an appeal filed by an assesses at any time before the 1st day of the July, 1991.
6. **Revision petition to the Commissioner of Taxes (Section 121) :** An assesses aggrieved by any other of an officer subordinate to the Commissioner of Taxes may file petition for revision of the order before Commissioner of Taxes with in ninety days of the date on which the concerned order is communicated to the assesses , accompanied with a fee of Tk. 100/- and also upon payment of the undisputed portion of Tax on the basis of the order of the AJCT or AACT and due on t he return of income in the case of petition against the order of the DCT. While filing a revision application , the assess must waive the right of the further appeal to the appellate joint Commissioner of Taxes or to the Commissioner of Taxes (Appeals) or to the Appellate Tribunal, as the case may be . The Commissioner of Taxes may, however, condone the time limit appropriate cases.
7. The Commissioner of Taxes may on his own motion proceed to revise an order of an officer subordinate to him within one year of the date of passing of the concerned order.

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8. The Commissioner of Taxes can not, however pass any order under this section which is prejudicial to the assesses. An order declining to interfere shall not be construed as order prejudicial to the assesses.
9. An application for revision shall be deemed to have been allowed if no order is passed thereon by the Commissioner of Taxes within a period of one year from the end of the year in which the application was made.
10. Reference application to the Supreme court (Section 160, 161 and 162). The assesses or the Commissioner of Taxes may, within sixty days from the date of receipt of order of the Taxes Appellate Tribunal, refer to the high Court Division in the prescribe form and manner question of law arising out of the order of the Tribunal.
11. In the case of an assesses, reference shall not lie unless twenty five per cent of the amount representing the difference between (a) the tax payable on the basis of the order of the Appellate Additional / Joint Commissioner of Taxes or the Commissioner of Taxes (appeals), as the case may be and (b) the tax payable on the basis of the order of the Taxes Appellate Tribunal, has been paid.
12. An appeal shall lie to the Appellate Division from a judgment the order to be fit for appeal to the Appellate Division.
13. In the case of an assesses, no appeal shall lie unless twenty five percent of the amount representing the difference between (a) the tax payable on the basis of the order of the Taxes Appellate Tribunal a and (b) the tax payable on the basis of judgment of the High Court Division , has been paid.
14. Provision of the Code of civil procedure, 1908 shall apply in regard to the appeals under section 162 in
The like manner as apply in the case appeals from decrees of the High Court Division.
15. The Board may, however, modify or waiver the requirement of tax payment in both the cases of reference and appeal.

RECOVERY OF TAX, REFUNDS AND TAXATION RELIEF

1. According to Section 2(62), "Tax" means the income tax payable and includes any penalty, interest, fee or other charges livable or payable under the income Tax Ordinance.

Notice of Demands (Section 135)

2. Where any tax is payable in consequence of any assessment or any order or in pursuance of the Ordinance, the Deputy Commissioner of Taxes will serve upon the assesses a notice of demand specifying therein the sum payable and the time within which the payment should be made. However the Deputy Commissioner of Taxes may extend the time for payment or allow payment by installments on an application by the assesses.

3. If the assesses fails to comply with the requirement of payment of tax within the time and in the manner aforesaid, he would be deemed to be an assesses in default except in the following cases.

- a. When appeal has been made as per the Ordinance, until the disposal of the same and
- b. When tax becomes payable on income arising outside Bangladesh and the assesses could not remit the taxes due to restriction or prohibition on remittance from that country.

Penalty For Default In Payment Of Tax (Section 137)

4. In case of default in payment of tax, the assesses may be liable to pay a penalty up to the amount of tax in arrears in addition to the amount of tax outstanding.

Recovery of Tax By Tax Recovery Officer

5. In case of default by an assesses in making payment of tax, the Deputy Commissioner of Taxes may forward the case to the concerned Tax Recovery officer as per section 138 to recover the tax upon receipt of the certificate for recovery of the tax, the Tax Recovery Officer will proceed to recover from the assesses the amount specified in the certificate by one or more of the following modes.

- a. Attachment and sale or sale without attachment of any movable or immovable property of the assesses.
- b. Arrest of the assesses and his detention in prison.
- c. Appointment of a receiver for the management of the movable and immovable property of the assesses.

Recovery of tax through Collector of District (Section 142)

6. In the case of default by an assesses, the Deputy Commissioner of Taxes of Taxes may forward the case to the Collector of District in which the officer of the Deputy Commissioner is situate or the district in which the assesses resides or owns property or carries on business or profession. On receipt of the certificate from the Deputy Commissioner of Taxes specifying the amount of arrears due from the assesses, the collector of District will proceed to recover the tax as arrears of land revenue.

Recovery of Tax Through Special Magistrate (Section 142 A)

7. Without prejudice to the provisions of section 142, the Deputy Commissioner of Taxes may forward to a Magistrate of the First Class specially empowered in this behalf by the Government a certificate specifying the amount of arrears due from the assesses . On receipt of such certificate the special Magistrate will proceed to recover the tax from the assesses as if it were the arrears of land revenue.

Other Modes Of Recovery Of Tax (Section 143)

8. The Deputy Commissioner of Taxes may also take the following steps to recover the taxes in arrears in the following manner:

a. In the cases which are not disputed in appeals the Deputy Commissioner of Taxes may with the previous approval of the Commissioner and after giving the assesses the opportunities of being heard stop movement of any goods and services from the business premises of the assesses and also shut down such premises till the recovery of taxes or reaching to the necessary arrangements to recover the taxes in arrears

b. Issue of notice to the persons from whom any money or goods are due or may become due to the assesses or who hold or control the receipt or disposal of any money or goods belonging to or on account of the assess to pay to the Deputy Commissioner of Taxes the sum specified in the notice on or within the specified time .

c. Issue notice to the employers of the assesses to the deduct the taxes in arrears from the salaries of those persons as specified in the notice and pay the same to the credit of the Government.

REFUNDS (SEC. 146 TO 152)

9. A person who satisfies the Deputy Commissioner of Taxes or other authority appointed by the Government in this behalf that the amount of tax paid by him or on his behalf, or treated as paid by him or on his behalf , for any year exceeds the amount with which he is properly chargeable under the IT Ordinance for that year shall be entitled to a refund of any such excess.

10. Where the income of the person is included under any provision of the Ordinance in the total income of any other person such other person alone shall be entitled to a refund in respect of such income.

Claim of Refund for Deceased or Disabled Person (Sec 147)

11. Where through death incapacity insolvency liquidation or other cause , a person is unable to claim or receive any refund due to him , his legal representative or the trustee, guardian or receiver , as the case may be shall be entitled to claim or receive such refund for the benefit of such person or his estate.

Correctness of Assessment Etc, Not To Be Questioned (Sec 148)

12. In any claim for refund it shall not be open to the claimant to question the correctness or validity of any assessment or other matter, which has become final and conclusive or to ask for review of the same and the claimant shall not be entitled to any relief on any such issue raised except refund of the tax paid in excess.

Refund on The Basis Of Orders In Appeal (Sec 149)

13. Where as a result of any order passed in appeal or other proceeding under the IT Ordinance refund of any amount becomes due to an assessee, the Deputy Commissioner of Taxes shall except as otherwise provided in this ordinance refund the amount to the assessee without his having to make any claim in that behalf.

14. Form of Claim And Limitation (Sec 150)

- a. Every claim for refund shall be made in such form and verified in such manner as may be prescribed.
- b. No claim for refund shall be allowed unless it is made within four years from the last day of the assessment year to which the claim relates.

Interest on Delayed Refund (Sec 151)

15. Where a refund due to an assessee is not paid within two months of the date of the relevant assessment order or claim for refund interest at the rate of twelve per cent per annum shall be payable to the assessee on the amount of refund from the month following the said two months to the date of issue of the refund.

Adjustment of Refund Against Tax (Sec 152):

16. Where, under the provision of the IT Ordinance, 1984, the Income tax Act (xiv of 1963) or the wealth tax Act, 1963 (xv of 1963), any refund or repayment is found to be due to any person, the amount to be refunded or repaid or any part thereof may be set off against the tax payable by that person under the Ordinance.

PROVISION OF APPEAL & TAX AUTHORITY

17. **Provision of Appeal:** When an assessee is not satisfied with the order of a Deputy Commissioner of Taxes (DCT), he/she may prefer an appeal to the Appellate Joint Commissioner of Taxes.

18. **According to section 153(1)**, any assessee aggrieved by any order of a Deputy Commissioner of Taxes may prefer an appeal to the Appellate Joint Commissioner in respect of the following –

- a. The amount of loss computed under section 37 (i.e. set off losses);
- b. Assessment of income, determination of liability to pay, or computation of tax including advance tax;
- c. Imposition of interest under section 73 (i.e., interest payable by the assessee on deficiency in payment of advance tax);
- d. Refusal to register a firm or cancellation of registration under section 84 or 111 (i.e., under best judgment assessment);
- e. Imposition of penalty under section 124, 125, 126, 127, 128 or 137; and
- f. Refusal to allow a claim to a refund or the determination of the amount of refund admissible.

19. **Income Tax Authority:** National Board of Revenue (NBR) has formed as per the order of the President No. 76 in 1972. (The National Board of Revenue Order, 1972). It comprises with eight members headed by a chairman. The secretary of internal resources division of the Ministry of Finance is the chairman by virtue of appointment. Under the income tax Act 1984 Income Tax Authorities are:-

- a. National Board of Revenue,
- b. Director General of Inspection (Tax),
- c. Commissioner of Taxes (Appeals),
- d. Commissioner of Taxes (LTU)
- e. Director General (Training),
- f. Director General Central Intelligence Cell (CIC),
- g. Commissioner of Taxes,
- h. Additional Commissioner of Taxes (Appeal/Inspecting),
- j. Joint Commissioner of Taxes (Appeal/ Inspecting),
- k. Deputy Commissioner of Taxes,
- l. Assistant Commissioner of Taxes,
- m. Extra Assistant Commissioner Taxes, Inspectors of Taxes.

VALUE ADDED TAX (VAT)

1. Value added tax (VAT) can be accounts-based or invoice-based. Under the invoice method of collection, each seller charges VAT rate on his output and passes to the buyer a VAT challan that indicates the amount of tax charged. Buyers, who are subject to VAT on their own sales, use these VAT challan to obtain a credit (reduction) towards their own VAT liability. The difference in tax shown on invoices passed and invoices received is then paid to the government (or a refund is claimed, in the case of negative liability). Under the accounts-based method, no such specific invoices are used. Instead, the tax is calculated on the value added, measured as a difference between revenues and allowable purchases. Most countries today use invoice method, the only exception is Japan which uses accounts method. Bangladesh follows the invoice or challan system.

2. All involved in the process of raw materials producers to end-product manufacturers to ultimately even the retailers do not lose anything directly to the tax, and all of the business and manufacturing houses including retailers have the extra paperwork to do so that they correctly pass on to the government the sales tax they collect. Suppliers and manufacturers have the administrative burden of supplying correct certifications, and checking that their customers (retailers) are not consumers. The advantage of the VAT system over the sales tax system is that businesses cannot hide consumption (such as waste materials). This can bring transparency in business transaction through VAT.

3. The value added system of Bangladesh has the under-mentioned characteristics:

- a. VAT is imposed on goods and services at import stage, manufacturing, wholesale and retails levels;
- b. A uniform VAT rate of 15 per cent is applicable for both goods and services;
- c. 15 per cent VAT is applicable for all business or industrial units with an annual turnover of Taka 2.0 million and above;
- d. Turnover tax at the rate of 4.0 per cent is leviable where annual turnover is less than Taka 2.0 million;
- e. VAT is applicable to all domestic products and services with some exemptions
- f. VAT is payable at the time of supply of goods and services;
- g. Tax paid on inputs is creditable / adjustable against output tax;
- h. Export is exempt;
- j. Cottage industries (defined as a unit with an annual turnover of less than Taka 2.0 million and with a capital machinery valued up to Taka 3,00,000) are exempt from VAT;
- k. Tax returns are to be submitted on monthly or quarterly or half yearly basis as notified by the government.

4. In some of the cases of goods and services, producers and sellers face difficulties in availing VAT credit/adjustment facilities due to non availability of invoices from the sellers of input. In order to remove this operational difficulty on the basis of fixed or tariff value, such as 10 per cent, 25 per cent, 30 per cent, and 60 per cent, value addition that is taken into account for calculation of VAT for a number of goods and services. In such circumstances, net VAT rate for different rates of value addition comes to 1.5 per cent, 2.25 per cent, 4.5 per cent and 9.0 per cent.

5. In case of wholesalers and retailers, there is a special provision for 1.5 per cent VAT, known as trade VAT, on the total sale, provided that the wholesaler/retailer does not avail themselves of the facility of input credit/adjustment. Such tax is also collected at the import stage from importers of finished goods as an advance trade VAT. The situation will be more acute as finance minister announced increase of trade VAT to 2.25 per cent in the proposed budget. It seems that government decided to calculate profit of a wholesaler or trader @25 per cent. This is considered as very high presumptive profit.

6. Under the VAT law, the government is empowered to fix tariff value for some items for the collection of VAT. Example: powdered milk Tk 100 per kg to support milk producers and also reduce VAT on powdered milk produced locally. The primary requirement under VAT system in Bangladesh is to have registration numbers by all taxable persons from the local VAT authorities.

7. Such registrations are compulsory for each location of a business with some exception. The taxable persons are to apply in a specific form to the VAT authority if their annual turnover exceeds Taka 1.5 million. The taxpayers are given a registration number through a specific certificate. The registration certificate contains along with other information the activity codes in which the person is related.

8. The registration numbers are used by the taxpayers in their business transactions. Registrations are done free of cost and are not subject to renewal. Any person whose annual turnover is less than Taka 1.5 million or any person outside VAT may also apply for registration voluntarily. Any registration may be cancelled if the person discontinues his business or if his annual turnover is found to be less than Taka 1.5 million.

9. Under the VAT system in Bangladesh, all taxpayers are required to maintain books of accounts regarding purchases, sales, raw materials, finished products etc. They are also to maintain a current account book to help them to determine the amount of VAT due and the amount actually paid for taxable goods. Payment of taxes are made through adjustments in the current account book. Credit available for input taxes and refund against export can be used to settle the liability for output tax. This adjustment is very difficult due to bottleneck in system and also all concerned in line transaction are not maintaining proper books of accounts. There is fear factor of further imposition of further tax and much more trouble. This psychological factor is a major barrier in implementation of VAT in Bangladesh.

10. The value of imported goods for levy and collection of VAT is considered to be the assessable value for levy of custom duties plus other duties and taxes. While for domestic goods, this value is consideration (the money value) at which the goods are supplied by the manufacturer, this value includes all costs, charges, commission, duties and taxes except the VAT amount. On the other hand, the gross receipts are considered to be the basis for determining the VAT liability for services in general. But in special cases, some narrow base values, instead of gross values, are taken into account for VAT calculation.

11. Again in some cases, tariff values are fixed as the base value for determining VAT. Each taxpayer is required to produce a VAT deposit challan, as proof of payment of VAT, for each supply of goods or services. However, the importers are not required to issue any challan. But when importers sell their goods, they issue a challan to a VAT registered customer in line. VAT on imported goods is to be paid by the importers at the time when the customs duties on it are paid. In other words, VAT at import stage is paid before clearance of goods. But for the local manufactured goods, VAT is payable at the time of supply of goods and services. Each registered supplier of goods or services is eligible to take instant credit of the VAT paid on inputs. The payment of VAT for goods is made through adjustment in the current account book. Each taxpayer is to submit a tax return for each tax period (each calendar month) within 20 days of a month following the tax period.

12. VAT in Bangladesh gives special treatment to the small firms. Under the system, small manufacturers and services whose annual turnover is less than Taka 1.5 million is exempt from VAT but they are to pay turnover tax @ 4.0 per cent. Such turnover tax can be paid either at a time or on quarterly basis. But they are not entitled to get credit benefit of their input taxes. Moreover, small firms whose annual turnover is less than Taka 1.5 million and whose investment in capital machineries only during a particular year does not exceed Taka 300,000 are treated as a cottage industry and is fully exempt from VAT or turn over tax. They are also free from VAT formalities. It is easy to have the benefits of VAT in an economy where it is implemented in a comprehensive form, covering all tiers of production and distribution as well as all economic activities.

13. Unfortunately, the process of transferring the tax on consumers is not applied in Bangladesh and there is dissatisfaction among the business and manufacturing houses about VAT. The National Board of Revenue (NBR) is not prepared and to some extent not willing to introduce truly system. The small business houses are also not experienced or are lacking in capacity to have paperwork of VAT. On the other hand, NBR "failed" to introduce proper VAT system in big manufacturing and trading houses due reason that does not need to be elaborated.

14. Revenues from a VAT are frequently lower than expected because they are difficult and costly to administer and collect. In many countries, however, where collection of personal income taxes and corporate profit taxes has been historically weak, VAT collection has been more successful than other types of taxes. VAT has become more important in many jurisdictions as tariff levels as well as import tax have fallen worldwide due to trade liberalization, in a situation where VAT has essentially replaced lost tariff revenues. Whether the costs and distortions of VATs are lower than the economic inefficiencies of reducing under valued import and other irregular trading from high import tariffs is debated, but theory suggests VATs are far more efficient.

15. Certain industries (small-scale services, for example) tend to have more VAT avoidance, particularly where cash transactions predominate, and VAT may be criticized for encouraging this. From the perspective of government, however, introduction turnover tax of 4.0 per cent instead of VAT may be preferable because it is easier to maintain accounts although the rate is truly higher than VAT of 15 per cent. Moreover, the government actually is having more VAT already paid by others on input of the small scale manufacturers or service providers and the turnover taxpayers are not having credit of VAT paid on their inputs.

VAT At A Glance

16. VAT is imposed on goods and services at import stage, manufacturing, wholesale and retails levels;
17. A uniform VAT rate of 15 percent is applicable for both goods and services;
18. 15 percent VAT is applicable for all business or industrial units with an annual turnover of Taka 2 million and above;
19. Turnover tax at the rate of 4 percent is leviable where annual turnover is less than Taka 2 million;
20. VAT is applicable to all domestic products and services with some exemptions;
21. VAT is payable at the time of supply of goods and services;
22. Tax paid on inputs is creditable/adjustable against output tax;

Export is exempt;

23. Cottage industries (defined as a unit with an annual turnover of less than Taka 2 million and with a capital machinery valued up to Taka 3,00,000) are exempt from VAT;
24. Tax returns are to be submitted on monthly or quarterly or half yearly basis as notified by the Government.
25. Supplementary Duty (SD) is imposed at local and import stage under the VAT Act,
26. Existing statutory SD rates are as follows:
 - a. On goods: 20%, 35%, 65%, 100%, 250% & 350%
 - b. On services: 10%, 15% & 35%.
 - c. Tax Base for VAT:
 - (1). Import Stage:
Customs Assessable Value + Customs duty + Supplementary Duty
 - (2). Domestic/Local Stage:
 - d. Goods (manufacturing): [Production cost + Profit and Commission (if any) + Supplementary duty (if any)]
 - e. Services: [total receipts excluding VAT but including supplementary duty (if any)]

f. Truncated Base / Fixed Value Addition: In some of the cases of goods and services producers and sellers face difficulties in availing VAT credit/adjustment facilities due to non availability of invoices from the sellers of input. In order to remove this operational difficulty fixed bases such as 10%, 25%, 30%, and 60% value addition is taken into account for calculation of VAT for a number of goods and services. In such circumstances net VAT rate for different rates of value addition comes to 1.5%, 2.25%, 4.5% and 9%.

g. VAT at the wholesale and retail stage: In case of wholesalers and retailers, there is a special provision for a 1.5% percent VAT known as Trade VAT on the total sale, provided that the wholesaler/retailer do not avail the facility of input credit/adjustment. Such tax is also collected at the import stage from importers of finished goods as an advance trade VAT.

Tariff Value for Imposition of VAT

27. Under the VAT Law, the Government is empowered to fix Tariff Value for some items for the collection of VAT. Example: tariff value for mild-steel products produced from imported/locally procured re-roll able scraps is TK 4000.00 per MT. Normal VAT input credit is also not available under this system.

Deduction of VAT at Source

28. As deduction at source is also practiced in case of VAT on certain services, Government, Semi-Government, Autonomous Bodies, NGOs, Banks, Insurance Companies and Limited Companies are authorized by the government to deduct applicable VAT on the services at source.

Excise Duty

29. At present excise duty applies to only two items: bank deposits and domestic air ticket (Tk. 250 per journey).

TOPIC-4

EQUIPMENT ACCOUNTING:BAF

Repair And Manufacture of Equipment F-6 Procedure

General

1. All equipments for repair or manufacture are to be assessed as follows :
 - a. **Major Jobs** : Comprising manufacture of equipment i.e. complete and partial and top over-hauls of aero engine; complete and partial overhaul or repair to airframe; overhaul of MT Vehicles; overhaul of other assemblies; repayment and costed jobs.
 - b. **Minor Jobs**: Comprising modifications, other than those which may be regarded as major jobs under the provisions of sub-para (a) above and all repairs to equipment.
2. Repairs are normally to be undertaken when it is economical and are not to be effected when the estimated cost, exceeds 75% of the item when new.
3. In all cases of manufactures and repair F-6 is to be approved by OC or an officer delegated by him, who is to complete the form to show the order of priority.
4. Items of equipment which cannot be obtained from normal source of supply are only to be manufactured locally. Articles for use as barrack equipment may be manufactured only with Air Headquarters authority. Aircraft and airborne equipment may be manufactured in accordance with regulations contained in AF 3158 Vol.2. Articles which are normally supplied by the MES are not to be manufactured within the workshops. Requisition for Major Jobs (other than "Machines" on Flight or Section Charge Repairs)
5. Articles (other than "machines") for repair as major jobs which are held on flight charge are to be returned to store on F-675 and relevant inventories are adjusted accordingly. Such articles are to be issued on loan by equipment section to the station workshop and while under repair are to remain on the charge of equipment officer.
6. F-6 is to be prepared in triplicate by the EO and all the three copies are to be forwarded to the Base technical officer for approval and onward transmission to workshop. F-6 is to be allotted to master job number from manuscript register maintained by workshop to show particulars of the job and the date of commencement and completions. A new series of job number is to commence from 1st of July each year. The workshop is then to raise workshop record file F-760, another on the third copy of F-6 the date on which work can be taken in hand and is to return this copy to the EO. A job card Form 1083 will also be raised by workshop. The triplicate copy of F-6 will serve the purpose of acknowledgment for EO until return of the articles.
7. Upon completion of work the base workshop is to show on the 1st and 2nd copies of the F-6, of the state of article. The equipment is then to be returned to the equipment officer accompanied by 2nd copy.

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8. Upon receipt of repaired equipment, the EO is to use the second copy of F-6 as a conversion voucher for the purpose of transferring the article from repairable to the condition shown by workshop, complete the certificate to this effect, and adjust the SRC and forward 2nd forward 2nd copy to EAS. The relevant voucher No is to be entered on the third copy which is then to be passed to workshop as an acknowledgment of receipt.

9. Upon receipt of 3rd copy, the base workshop is to enter the relevant conversion voucher No on 1st copy and pass that copy to the EAS who is file it with 2nd copy. The third copy is to be retained by the workshop. Requisitions for Major Jobs Involving "Machines" on Flight or Section Charge

10. When a "Machine" on Flight or Section charge is to be repaired in workshop and replacement is required or when it is not evident that the identical "machine" will after repair, F.6 is to be prepared in triplicate by flight commander. The "Machine" is to be transferred to the workshop by F-21, and the three copies of F. 6 are to be handed over to and retained by workshop who is to assign to them a serial No. Thereafter, the procedure for repair as stated will be followed.

11. On completion of repair, the workshop is to enter on the three copies of F-6, the date of completion and the condition of "Machine" and is to complete the certificate of serviceability. Thereafter the "Machine" is to be transferred to the flight to which it has been allotted, F-6 being used as a conversion voucher for this purpose. There the "Machine" is not allotted to a flight immediately upon completion of the repair, F-6 is to be closed and the transfer of machine at a latter date is to be effected on F-21.

12. F-6 is to be annotated "For F-37 and A-in-U ledger action" and is to be signed by the flight or section commander receiving "Machine". It is then to be allotted a conversion voucher No by the EO who is to retain the first copy for onward transmission to EAS. The workshop and flight, each will retain the copy for adjustment of their inventories. EAS after adjusting the A-in-u ledger is to file the first copy in voucher series.

Requisition for Minor Jobs

13. Minor jobs are to be requisitioned in accordance with the following procedure :

a. Where a job involves a change in the condition by which an item is held on charge, F.6 is to be prepared, retained, finally distributed and equipment accounts adjusted there from in the manner prescribed for major jobs in para 5 to 9 above.

b. Where the job does not involve a change in condition by which an item is held on charge, F.6 is to be prepared in duplicate by the flight commander and the item is to be issued to workshop on loan by flight commander. No adjustment of A-in-U ledger is necessary. The first copy is to be held by workshop and second copy is to be held by flight as acknowledgment of receipt until the return of the items concerned. Thereafter the 2nd copy is to be returned to workshop who is to attach it to the first copy and retain both in workshop.

14. Jobs cards raised in respect of minor jobs are to be headed "minor repair" and completion of jobs are to be filed with relevant F-6 and F-760 are not to be raised for minor jobs.

Manufacture Procedure

15. When flight commanders have requirements which may necessitate manufacture within the unit, F-674 are to be submitted to the EO for their requirements. The demand is to indicate that the items required are not available from normal service sources. When necessary a sketch is to be attached to the demand.

16. Form-6 is to be prepared in triplicate by the EO the article to be manufactured is to be shown as "Dues In" in the SRC and all the three copies of F-6 are then to be passed to base technical officer. Thereafter the procedure prescribed for the repair of equipment is to be adopted by base workshop.

17. Upon receipt of equipment, the EO is to allot a receipt voucher No to F-6 and after signed as having received, is to be used to bring the equipment on charge in the SR card where the "Dues in" entry is to be deleted and is then passed to EAS.

18. Upon receipt of the third copy from EO the base workshop is to insert the relevant receipt number on the first copy which is then to be passed to EAS and is to be filed with the second copy. The third copy is to be retained by the workshop.

Material Required by Base Workshop for Repair and Manufacture

19. Material required by the base workshop for use in workshop for repair and manufacture of articles of equipment are to be demanded from EO on F-673, 674 as appropriate. Except small quantities of Class "C" stores, materials are not to be drawn until required for use.

20. If any items of equipment are not available in main store, a list of such items is to be prepared on F-1136 in triplicate. Each list is to be annotated with the job No. The workshop will retain in first copy and pass the 2nd and 3rd copies to EO, who is to show the item as "Due In" on the SRC and to take action to demand the items.

21. As the items become available, the EO is to inform the workshop by means of second copy of F-1136. The third copy is to be retained by the EO for any further action.

Reference : AP 830. Vol.I, Part -III, Leaflet B. 23/2.

INVENTORY OF EQUIPMENT ARTICLES-IN-USE LEDGER FORM-670

General

1.
 - a. Articles-in-use ledger is kept by the equipment Account section to record all class 'A' equipment issued to flights or sections for their normal use.
 - b. The ledger is kept in loose sheets and arranged in flight or sections order and from this ledger the flight or section inventory is prepared. All vouchers are to be posted normally within 24 hours of receipt in EAS.
 - c. Posting in F-670 are made in EAS from the **duplicate copies of F-670 are made in EAS from the** duplicate copies of F-674 and original of F-21, F-34 and F-664B where applicable.
 - d. Separate sheets are to be prepared for each vocabulary but in a sheet 20 different items of equipment of one section can be entered. The 20 (Twenty) columns of each vocabulary section are to be arranged in numerical order so far as possible.
2. **Preparation.** F-670 will be prepared in single copy by the OIC EAS for each flight or section. The following particulars are to be inserted on the sheets of F-670.
 - a. Vocabulary Section.
 - b. Name of the Flight or Section.
 - c. Unit stamp and date of opening.
 - d. Reference Number.
 - e. Date of Issue.
 - f. Voucher number.
 - g. Description.
 - h. Issue to Flight.
 - j. Return to Store.
 - k. Balance.
 - l. Signature of the Accountant Officer and of the person opening the sheet.
3. **Arranging of Sheet of F-670.** Vocabulary section numbers and reference numbers are to be entered in red ink. After inserting the above particulars the ledger sheets are to be arranged in flight or section and vocabulary section and reference numbers order and kept in the EAS

Reference : AP 830, Vol. I, part-III Leaflet B-2/3.

FLIGHT/SECTION INVENTORIES F-27

Purpose

1. F-37 Flight / Section inventories serve the purpose of records for the inventory holder of all class 'A' items and the barrack equipment held by Flight/sections.

Preparation

2. In inventory of class 'A' items issued to each flight, mess, barrack. Block or other building is to be prepared in EAS on F-37 sheet 2 raised in single copy. Two copies (one inventory holder and other EAS copy) of F-37 sheet 1 are also to be prepared for each inventory. The holder's copy of sheet -1 and sheet -2 are to be filled in F-37 (cover). The officer IC EAS is to initial and date the first quantity on charge column of each sheet 32 and ruled through unused blocks in that column. The number of sheet 2 contained in an inventory are to be endorsed in words and figures on both copies of sheet -1, the entries being signed and dated by the officer-in-charge EAS or WO/SNCO accounts.

3. **Appointment of Inventory Holders.** Inventory holders are to be appointed by the CO, each appointment being promulgated in BRO's should an inventory holder be temporary absent (sick, detached, on leave) a temporary holder is to be appointed,

4. **Initial Taking Over.** As soon as the initial issue of equipment is completed the inventory together with the EAS copy of F-37 sheet 1 and inventory discrepancy certificate F4137 is to be forwarded to the appointed inventory holder who is to ensure that the certified number of sheet 2 are to be included in the inventory and verify the holdings. The inventory holder is to complete the inventory discrepancy certificate, and both copies of F-37 sheet 1 and return the EAS copy of sheet 1 together with the inventory discrepancy certificate, to EAS. The OIC EAS is to ensure that there is no under delay in the return of the EAS copy of F-37 sheet 1 and the inventory discrepancy certificate.

5. Any discrepancies declared are to be investigated by the OIC EAS in conjunction with the equipment officer and adjusted with out delay. (The inventory discrepancy certificate being annotated with the numbers of the adjusting voucher). The EAS copy of F-37 sheet 1 with the discrepancy certificate attached is to be filled in serial order in the EAS. The clearance certificate of the relived inventory holder is to be with held, until the decision of the CFA in respect of the unadjusted discrepancies has been received.

Inventory Check

6. The CO is responsible that each inventory is checked on the following occasions:

a. On change of inventory holder.

b. Annually as near to the completion of the annual stock taking of the base as can conveniently be arranged. This check is to be carried out by an independent checker who is to be an officer appointed by the CO.

c. Periodically by the holder at interval not exceeding 6 months from the date of the last independent check of the inventory of any handing over check subsequent to that date.

7. **Make up inventories for check.** Whenever a check is due under para 6 above the flight inventory, and where necessary supporting copies of machine (eg. F-748) and F464 are to be passed in the EAS for comparison with A-in -U ledgers and EAS copies of F 464. In the EAS voucher registers are to be examined to check all vouchers relative to the inventory have been posted to the accounting records. After all posting have been made , the Qantas shown in the A-in-U ledger are to be entered in ink in the vacant column of each sheet-2 or 3 of the inventory .Each column is to be initiated and dated by OIC EAS and any unused column ruled through. the number of sheet 2 is to be endorsed in words on both copies of the sheet 1, the entry being signed and dated by OIC EAS, The inventory holder copy of F-674 is to be compared with the EAS.

8. **Checking of Inventory:** F-464 etc together with the EAS cpoy of F-37 sheet 1 and inventory discrepancy certificate are to be handed over to the independent checker, inventory holder or individual taking over, as appropriate. He is to verify the holdings physically, on completion of check, the inventory discrepancy certificate is to be completed. Both copies of F-37 sheet 1 are to be signed by the inventory holder and where appropriate by the independent checker or individual taking over the EAS copy of F-37 sheet 1 together with inventory discrepancy certificate is to be forwarded to the EAS. Any discrepancies declared are to be investigated and adjusted by the officer IC EAS without delay.

9. **Review of Inventories:** The equipment held on charge by any inventory holder is to be limited to that which can be conveniently and effectively controlled by one individual. The OIC is periodically to review the A-in -U ledger and is to recommend to the CO the division of any inventory. When CO decided that an inventory holder is to be relived of responsibility for part of his holdings, F-21 action is to be taken in respect of the equipment for which responsibility is to be transferred.

10. **Adjustment of inventory Discrepancies:** Deficiencies recorded on an inventory discrepancy certificate may be offset against corresponding surpluses of items under the same generic headings with the CO's approval, deficiencies may similarly be offset against surpluses brought on charge to the same or other inventories subsequent to the previous independent or handing over check of the inventory concerned, or brought on main stock charge subsequent to the previous stock taking of the vocabulary section concerned . The referred to CRV by which the surpluses were BOC. The inventory discrepancy certificate is to be annotated with reference to the CIV. No such off-setting is permitted against surpluses at or prior not the previous stock taking of the vocabulary section concerned. Net discrepancies revealed at checks are to be adjusted without delay by appropriate voucher action.

11. **Closed inventories:** When an inventory is to be closed the OIC is to satisfy himself that all necessary action to reduce balance to 'NIL' on the relevant accounting records has been taken. The records are not to be removed from those in current use until after audit when they are to be transferred to 'Closed Inventories' binders and retained in safe custody until disposed off in accordance with current rules.

12. The serial number of a closed inventory is not to be reallocated within two years of the date of colors.

Procedure for independent check of Inventories

13. Normally independent check of inventories should be carried out between the period January to April each year. More frequent check of any or all inventories may be ordered if considered by OC unit. A manuscript register is to be maintained in equipment Accounts listing the inventories showing the date of periodical and independent checks carried out in respect of each inventory.

14. CRVs and CIVs are to be allotted voucher numbers from the internal or external series as appropriate.

Reference: AP 830 (BD) Vol-I Part- II Leaflet B-2/3.

STOCK TAKING PROCEDURE

General

1. Officer commanding of all units and equipment depots are responsible to ensure that the stock taking of all items held on charge in their units, is taken during each financial year / at Bases and once in two years at depot. (AFO 5-14 refers). It is imperative that cent percent stock taking in each vocabulary section is completed during the period laid down .
2. In addition to the stock taking as required in para 1 above Ocs are to arrange a special check of valuable and attractive items at more frequent intervals as such articles are particularly liable to misappropriation. The term 'V&A' implies to equipment as watches binoculars. Small arms, magnets, sparking plugs, photographic material etc. It will be at the discretion of CO as to when such check is to be made, it is essential that in any case the intervals does not exceed 3 months.
3. The result of stock taking are to be recorded on Form 33 (certificate of stock taking) raised in two copies. Original copy will be kept in EAS and duplicate copy will be passed to LAO for his record.
4. Stock taking may be continues or fixed. In continues stock taking the check is carried out section by section of the vocabulary and the program thus prepared covers the complete financial period. Each section is to be checked according to the program. In fixed stock taking the checks of the entire stock of a unit is carried out at any time convenient to the unit provided that at least 9 months have elapsed since the date of the last stock taking.
5. Since the financial year ends on 30th June, stock taking in all sections is to be completed by 30th April each year in order that necessary adjustments are made for allowance of budget expenditure, before the commencement of new financial year.

Procedure of Stock Taking

6. The officer conducting the stock taking is to prepare certificate of stock taking in two copies. Each sheet is numbered consecutively. The whole sections of equipment are to be taken during the financial year and therefore , by that procedure certain section will fall in for stock taking in each month. The following information is inserted on Form 33 before the actual checking is started :
 - a. Unit and date.
 - b. Sheets number and date on stock taking.
7. The SRC are to be set aside and no access is to be made to get information from them. As the stock taking proceeds the reference number (Part number) and the nomenclature to each item is to be inserted in column Nos . 2 and 3 of Form 33 respectively. These particulars are to be obtained from bin labels or other identification markings.
8. The OIC stock taking party is to satisfy himself as to the accuracy of the quantities of item held store as determined by the stock taking party and to insert in column No. 4 of F33 the quantities found in stock and date of stock taking.

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9. If the stock taken discovers any articles not bind or labeled, correct reference numbers and nomenclatures are to be ascertained and entries of the articles are to be made on Form 33. Such articles are to be binned and labeled forthwith.
10. As a rule the actual counting, weighting, or measuring is to be confirmed to losses articles or the contents of broken packages. The equipment which has been under packaging scheme is not to be broken and the contents for the purpose of recording on F33 are to be taken as marked on outside label. It is essential that total number of packages or cartoons be checked to ascertain correctness, care being taken to ensure that they have not been tampered with.
11. If during the period of stock taking any items are issued out of stocks checked up, the officer conducting the stock taking is to witness the issue. Such transactions are to be endorsed on the reverent vouchers as "After stock taking" and officer conducting the stock taking is to initial such endorsement.
12. Articles issued on temporary loan are to be entered in column No.5 of F-33. The total quantities shown in column no. 4 and 5 of F-33. The total quantities shown in column No 4 & 5 are then to be entered in column No.7. The figures in column No 7 thus represent the total physical stock.
13. The officer conducting the stock taking is examine the equipment inward book to ensure that any articles received but not yet BOC, have not been included in the stock figures, entered on the form 33.
14. Sheets of form 33 are to be numbered serially. Each complete vocabulary section of stock sheet is to be serially numbered in such manner that the number of sheets covering a vocabulary section are clearly indicated eg. 1/12, 2/12 etc. in case the total number of sheets is twelve. A receipt voucher number is to be allotted to each set of F 33 covering a complete vocabulary section. The number in the receipt voucher register is to be pre fixed by block letters "SS" in red ink.
15. The officer conducting the stock taking is to draw two red lined across each leaving sufficient space above the lines for the posting of adjustments vouchers.
16. When the quantities of stock in stores have been entered on the form 33, the quantities shown on SRC as "Balance in stock" are to be entered in column No 8 of form 33, where a SRC is found to exit for any item of equipment which has not been recorded on the form 33 during check up of the item is to be added on the form 33 and the total on charge inserted in column No 7.
17. After satisfying himself, the officer IC stock taking party compares column No 7& 8 and difference between these two columns determines the "SURPLUSES" and "DEFICIENCIES" which are recorded in columns no. 9 and 10. The figures in these columns are to be altered but to be adjusted as stated in the following paragraphs. The relative adjusting vouchers are to be noted in column No 11.

Method of Adjustment of Discrepancies in annual stock taking

18. The OIC is to note any deficiencies which appear to throughout upon the quantities recorded during the stock taking count. He is then to take immediate steps to verify the quantities by further check. The investigation is not to cease until he is satisfied that no quantities can be found accounted for If the OIC is not the EO the latter is to be noted on Form 33.

19. Deficiencies shown on F-33 are to be checked with the surpluses register maintained by the EAS in order that these might be set off where ever possible against corresponding surpluses BOC since the previous stock taking.

20. When the OIC is satisfied that the information recorded on F-33 regarding the physical stock quantities and the difference between them and the figures on the stock record cards are accurate, he is to sign the certificate at the foot of F-33. The certificate by individual stock taker is also to be completed.

21. The balance shown in column No 7 are to be posted on the SRC bellow the red lines. The receipt voucher number prefixed by "SS "which was allotted to F-33 is to be used to BOC the final quantities as shown in column No.7. Adjusting vouchers, if necessary, are to be prepared by the EO and are to be disposed off in accordance with existing regulations.

22. Net surpluses are to be BOC direct from F-33 by quoting the same "SS" RV as allotted to F-33. These are to be made the red lines on the SRC card. Posting adjustments from F-33 are to be ticked in the remarks column SRC by clerk concerned.

23. Serviceable / repairable surpluses are to be set off against the deficiencies corresponding in condition and quantities under the same generic headings as shown in the vocabulary, eg. 1A/911 FILES BASTARD HALF ROUND quantity 12 (surplus) can be set off against 1A/292 FILES BASTARD THREE SQUARE quantity 12(deficient) .

24. F-21 is to be used for such conversion as stated in para 24 above the CV number allotted to F-21 is to be quoted in the remarks column of F-33 against the items which have thus been converted.

25. The deficiencies finally revealed and recorded on F-33 are to be adjust such deficiencies are to be entered in the register of losses F-10026.

26. Applications for write off is to be made every month. The accountant officer is to prepare a statement of stock taking immediately at the end of each month. The following information is to be given of F-34 for write off.

- a. Section covered by stock taking.
- b. The date of previous stock taking for sections shown in (a).
- c. Explanation for any large or abnormal discrepancies.
- d. Whether any investigation held to ascertain the circumstances involving large or abnormal discrepancies if so, what are the results of such investigations.
 - (1) Full value of surpluses.
 - (2) Full value of discrepancies.

Stock Verification Certificates

27. Annual stock verification is to be carried out by base/ units once in every year and will be completed before 30th April. A certificate to the effect that annual stock verification has been carried out will be rendered to Air HQ by 31st July each year. (Specimen of the certificate is shown in AFO 177-64) A copy of the certificate will be endorsed to FC (Air) through the respective LAO (AF) . Base/Unit which fail to complete annual stock taking for any reason will render to AHQ stating reasons for not completing stock verification during that particular year. The exact reasons for deviations from Government orders as well as measures adopted to avoid re-occurrence irregularity will be intimated to Air Headquarters for regularization of irregularity by Government. (AFO 177-64 refers).

Reference AFL 76/1948, AP 830 Vol I Part -II Leaflet B-21/1 AFL 67-39, AFO 5-14 and AFO 177-64.

ADJUSTMENT OF ACCOUNTING RECORDS

1. Adjustment of the equipment accounting records necessary in the under mentioned circumstances are to be appropriate voucher as shown below:

a. **Mispostions.** The incorrect entry of an issue or receipt is to be adjusted by certificate receipt voucher (F-600A refers) certificate issue voucher (F-600 blue) or conversion voucher (F-21). as appropriate when the audited or stock taking balance of the stock records are affected.

b. **Surpluses.** Equipment surplus to that held on charge discovered in the equipment section, in a flight /section, or on the personal charge of individual, is to be brought on charge by certificate voucher.

c. **Class 'A' Items Expended in Use.** Where duly authorised class 'A' items wholly expended in the use for which they were intended are to be struck off charge by certificate issue voucher.

2. Certificate vouchers are also used in circumstances other than those detailed in para 1 above, are to bring on charge equipment received without vouchers, CRV or CIV as appropriate. Adjustment of stock taking discrepancies, CRV or CIV as appropriate be raised. The regulations for the use or certificate vouchers in such instance are contained in the appropriate leaflets.

3. A certificate receipt voucher is to be shown the unit and if appropriate, the title of the inventory involved in the "consignee" block and the word "certificate" in the consignor block.

4. A certificate issue voucher is to be shown the unit and if appropriate the title of the inventory involved, in the 'consignor' block and the word 'certificate' in the 'consignee' block. Even adjusting voucher (CRV CIV or CV) is to be certified personally by the equipment officer with full particulars of the nature and circumstances of the adjustment. Any reference voucher adjusted or to the authority for the adjustment are to be shown in detail. CRVs and CIVs are to be allotted voucher number from the internal or external series as appropriate.

Adjustment Procedure of BAF Equipment

5. All accounting and related administrative records maintained by BAF base /units are subject to audit by the Finance Controller (Air Force). The commanding officer bases / self accounting units and others maintaining auditable documents to be made available for audit by the audit officers or their representatives, when required. Any observations raised by the audit will forwarded by the local audit officers to the officer commanding of the base /units concerned. Such observations are normally to be cleared within one month from the date of receipt. In case where it is not possible to give final reply within one month from the date of receipt of the audit observations, an interim reply is to be sent to the local audit officer concerned.

Interpretation of Regulation etc

6. If a commanding officer feels that he is unable to accept an audit interpretation of any financial regulation, accounting instruction or decision of the Government, he is to proceed in accordance with financial regulations part-II para 93.

Reference : AP 830 Vol-I Part -I Leaflet A-6/6.

DETERIORATION OF EQUIPMENT IN STORE

General

1. When deterioration occurs, or is suspected in an item of equipment in store, that CO is to arrange for its immediate segregation and inspection. The officer detailed to carry out the inspection is normally to be authorized to assess the condition of the particular range of equipment in accordance with leaflet B-23/1. When this officer is also the stock holder / equipment officer, the CO is to nominate another officer to carry out the inspection.

2. When deterioration is found or suspected in an item of equipment newly drawn from store, the item is to be returned immediately under the same category in which it was issued. F-675 is to be crossed refereed with F-673 or 674 for exchanging /issuing the equipment, and is to be suitably annotated.

Inspection of Equipment

3. The EO is to prepare a report in triplicate, complete section 1 of the report and forward two copies of the form to the officer detailed to carry out the inspection. If the equipment is moved from the equipment section for examination the inspecting officer is to give a receipt for the equipment on the triplicate copy.

4. After examination of the equipment, the inspecting officer is to complete section II on both copies of the inspection report and label the equipment according to assessed condition. He is to return both copies of the inspection report and the items to EO. If the inspecting officer finds the items are still serviceable, no further action is necessary.

Accounting for the Equipment

5. Where the categorization by the inspecting officer shows a lowering of the condition of the items, the EO is to convert the items to the assessed conditions by means of F-21 and complete section III of the inspection report. When it is considered that the equipment has deteriorated prior to its receipt at the units. Two extra copies of the inspection report with section I & II completed are to be prepared and forwarded to Air Headquarters for investigation. When such action is taken the equipment is to be segregated and held, pending disposal instructions.

6. The inspection report is to be forwarded to the CO in duplicate after completion of the action through Air Headquarters in appropriate column, or consideration of the findings of the inspecting officer and action as below:

- a. If the CO decides that deterioration was due to causes within the control of any individual he is to state how the loss is to be dealt with the record his decision at section IV of the inspection report. All subsequent action is to be taken on the F-664 B to which one copy of the inspection report is to be attached. F-34 and F-664B is to be annotated "Not for stock record action". The EO is to complete section IV of the second copy of the inspection report in which is to be filled with F-21 on which the items were converted.

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b. If CO decides that the deterioration is due to causes estimated value of the depreciation is within the delegated financial powers, F-34 are to be prepared marked "Not for stock record Action" and refereed to Air Headquarters. A copy of the inspection report is to be filed with the F-21 on which the items were converted.

c. If the CO decides that deterioration is due to causes outside the control of an individual, and the estimated value of the depreciation is in excess of his delegated financial powers, or if for any reason he decides to refer the cause to higher authority, he is to complete section VI(b) of the inspection report, starting were in concurs with the inspecting officer findings, report on the condition of the storage and make any recommendations with a view to prevent similar deterioration in future. Both copies of the inspection report are to be forwarded to Air Headquarters. On return of the copy of the inspection report duly approved it is to, be filed with F-21 on which the items were converted.

7. All inspection of deteriorated items in store are to be recorded in a register maintained by EO.

Reference: AP 830 Vol-I Part –II, leaflet B-22/1.

WRITE OFF AIRCRAFT

1. If the loss or damage to the airframe, components, etc, was not caused by a flying accident, or if so caused not due to negligence or other culpable default, or by distortion due to service or other climatic conditions the case is to be traced as a formal loss, and will be dealt with in accordance with the normal procedure relating to losses laid down in FR part -I . A flying accident is to be regarded as due to negligence or other culpable defaults if an officer or airman has been convicted by a court martial under the appropriate sections of the BAF act, of any offense which may have contributed to the accident .No discrepancy action arises in respect of flying accident the death of the personnel who may have been in defaults, and in such causes the loss or damage is to be regarded as a formal loss only.

2. When it is decided that the case is to be dealt as a formal loss, the procedure laid down for striking on airframe off charge is to followed with addition of the preparation of a loss statement for and the entry of the particulars in the register of losses under investigation F-10026. The F-34 is to be cross referred to the vouchers to adjust the account. The total value of the equipment salvaged is to be on the loss statement from the estimated value of the complete airframe, thus arriving at the actual value of the write off.

Losses of Components of Airframe

3. As soon as the loss of a component of an airframe is discovered the flight or section commander is to render a report discovered the flight or section commander is to render a report to the EO giving such particulars of loss as are available. The EO is to prepare a CRV countersigned by the flight or section commander, hiring the components on charge in the appropriate accounting documents and forward the flight commanders report to the CO for instructions as to how the loss is to be dealt with. The CRV is to be used to record the deficiency as a withdrawal on both copies of F-464. Thereafter the normal procedure for dealing with loss or damage is to be followed.

Loss of an Aircraft of an Airframe Through Enemy Action

4. When an airframe is lost through enemy action the procedure outlined above is to be followed except in the case airframe is crashed in a region where no recovery can be made e.g within enemy lines. In such cases the machine is to be struck off charge by CIV F-600B raised in duplicate. One copy of CIV is to be forwarded to Air Headquarters. The CIV is to bear certificate signed by the CO of the unit to the effect that airframe was lost through enemy action and no recovery can be effected.

Reference

AP 830 Vol-I Part-II Leaflet A-14/2.

STRIKE OFF AIRCRAFT

General

1. The under mentioned Air Force equipment may be struck off charge on the authority of COAS BAF, provided that there is no evidence of contributory or other culpable default. The strike off of equipment within the categories below is not treated as a formal loss, is thus not subject to financial limits laid down in financial regulations part -I as amended by AFIs from time to time :

- a. An Airframe lost by a flying accident or so damaged by such accident as to be not worth the cost of repair.
- b. Any item of unserviceable equipment of such Airframe as listed in the airframe checking list which may be lost by a flying accident or so damaged by such accident as to be not worth the cost of repair.
- c. Any item of unit equipment or such airframe is certified by the CO of the unit to have been in the aircraft when the flight concerned, which may be lost the result of flying accident or so damaged by such accident as to be not worth the cost of repair.
- d. Any cost of air Force equipment certified by the CO of the unit to have been properly carried in such aircraft or on the person of the occupants thereof when flight commenced, which may be lost as the result of a flying accident or so damaged as to be not worth the cost of repair.
- e. An airframe or any item of transferable equipment of an airframe so deteriorated owing to fair wear and tear as to be not worth the cost of repair.

Procedure for Strike-Off

2. When an aircraft is damaged beyond reconditioning or the repair capacity of the unit F 515(part-A) is to be prepared in quadruplicate by the Base headquarters in Base. No action is to be taken to remove transferable equipment from damaged airframe until instructions. Necessary action to safeguard the valuable item of equipment is to be taken.

3. When a court of inquiry is held an additional copy of form-515 is to be prepared and four copies of form 515 are to be forwarded to Air Headquarters along with the proceedings of court of inquiry. When court of inquiry is not held, 3 copies are to be forwarded to Air Headquarters.

Action by Air Headquarters

4. COAS BAF, will decide on receipt of F-515 whether the airframe is to be struck off or written off charge, but pending decision he may issue instructions regarding the disposal of the airframe. When it is decided that the airframe is to be SOC one copy of the F-515 is to be returned to the unit endorsed accordingly.

Action at Unit

5. If the COAS authorizes strike off and given disposal which necessitate of airframe, unit is to salve all recoverable equipment and return to store on F-675 and appropriate accounting documents and F-464 adjusted.

6. When the authority is given for an airframe to be SOC a conversion voucher F-21 is to be used for this purpose, endorsed "as airframe checking list and F-464". The CIV is also to be used to bring on charge any resultant produce. Should no produce be recovered the voucher is to be endorsed accordingly. CIV F-600B, are to be prepared to strike off charge any equipment falling within the terms of para I (c) and (d) and are to be supported by the appropriate certificate.

7. The voucher prepared in accordance with para 6 above and F464, are to be submitted to the Base Commander, who after satisfied himself that all recoverable items have been salved, is to be sign the voucher and finally certify on part "C" of F-515. There after the vouchers, and original copy of F-515 are to be filed in the EAS.

8. If it is decided the airframe is to be repaired, the airframe or any components thereof, or any equipment belonging there to or carried therein, which may have been damaged as the result of the accident, may be repaired or a component or equipment exchanged on the authority of CO without a formal loss being recorded, provided that flying accident was not due to negligence or other culpable default. If any equipment is found deficient as the result of the accident, the replacement thereof, is to be authorized by Air Headquarters, only.

WRITE OFF STRIKE OFF MT VEHICLES

General

1. No MT vehicles is to be written off or strike off charge without the authority of COAS or, if the circumstances necessitate, the Government of Bangladesh.

Procedure for WOC &SOC

2. When it is considered desirable to apply for permission to write off or strike off the MT vehicle, other than a vehicle involved in an accident, in regard to which a board of survey, or if necessary an court of inquiry is to be appointed by the officer commanding the unit or formation, to report on the condition of the vehicle and to recommended the action which should be taken.

3. The Board or the court, in addition to furnishing any other relevant information is to report on the following:

- a. Origin of supply.
- b. Age of vehicle.
- c. condition when received by the unit.
- d. Date of last complete overhaul or re-fit.
- e. present condition of the vehicle.
- f. Derails of the work required to render the vehicle serviceable.
- g. Estimated cost of such work including the cost of labour, if extra labour would have to be engaged for this purpose.
- h. Estimated useful life of the vehicle if thoroughly repaired.
- j. The circumstances in which the vehicle has been deteriorated.
- k. Whether the present condition of the vehicle is due to contributory negligence or other culpable default on the part of any individual.

4. If, on receipt of the proceedings of the Board of survey and or those of court of inquiry, the officer commanding the unit or formation considers that the vehicles should be written off or strike off charges, he is to forwarded to Air Headquarters a copy of the proceedings with his covering remarks. Air Headquarters will obtain the order of the Government if necessary.

5. When authority has been received for an MT vehicle to be written off or struck off charge, any item of equipment salvaged from the vehicle or held in the flight or section are to be returned to the equipment officer on F-675 and the stock record card and, if necessary, the flight or section and the equipment accounts copies of F-464 are to be adjusted as requisite. The return vouchers are to show the number of the vehicles and reason for return. There after, the next vehicle transfer column of the inventory F-748 is to be adjusted in accordance with entries on F-464 and the latter ruled off. The inventory should thus record only those items of inventory equipment which are not salvaged from the vehicle and if these are covered by the authority to write off or strike off the vehicle, the vouchers raised to remove the vehicle from charge of the appropriate accounts is to be endorsed " as per attached inventory column" the last complete column quoted. The Inventory and both copies of F-464 are to be filed with the voucher by which the vehicle was written off or struck off charge.

6. Where there is an evidence of negligence or default, the loss or damage to MT vehicle is to be dealt with by the court of inquiry. Where loss occurs due to enemy action and no recovery can be effected F-34 is to be submitted to Air Headquarters, together with a full statement of circumstances for the loss.

Pricing of F-34

7. The values of MT vehicles for write off purposes will be assessed by allowing a depreciation of 40% for subsequent years, part of year being assessed in proportion with a over riding minimum of 10% of the new value . The F-34 are to give details of the type and make of MT vehicles, the chassis number and the date of entry into the BAF the length or service is to exclude the initial storage period at an MT vehicle storage unit. Where components are saved their assessed value will be deducted from the new value of the vehicle before depreciation is calculated.

8. As soon as the loss of component of MT vehicles is discovered the flight or section commander is to inform the equipment officer, giving such particulars as are available. The equipment officer is to prepare a certificate receipt voucher countersigned by the appropriate accounts and is to submit the facts, to the commanding officer for instructions. If the competent is one listed on the inventory, the certificate receipt voucher is to be used to record the deficiencies as withdrawal on both copies F-464 thereafter, normal procedure for dealing with losses or damage is to be followed.

WRITE OFF / STRIKE OFF OTHER EQUIPMENT

9. Class 'A' and 'B' equipment which are totally expended, lost or wholly destroyed by fair wear and tear are to be struck off charge by certificate issue voucher (CIV) without being recorded as a formal loss. Targets which are used in connection with air firing practice and which are shot away and unavoidably lost are to be treated as unavoidable losses and struck off charge by certificate issue voucher.

10. F-34 is to be submitted to the CFA for write off action, in respect of equipment lost through enemy action.

Reference: AP-830 Vol-

TOPIC - 5**PAY & ALLOWANCES****Calculation Of Daily Allowance And Admissibility Of Daily Allowance****1. Daily Allowance for Halts.**

a. Daily allowance for halts on temporary duty at an out Base including an enforced halt for which daily allowance is admissible under rule 153 of PR(P) will be calculated on the basis of the period of halt. The period of halt will begin from the time the forward journey ends at the outstation and will end at time of return or further journey commence.

b. No daily allowance will be admissible for periods of halt not exceeding six hours. For halts exceeding 6 hours but not exceeding 12 hours, half daily allowance will be admissible. For fractions of 24 hours at the end of the half daily allowance will be admissible as follows:

(1)	Up-to six hours.....	Nil
(2)	Exceeding six hours but not exceeding 12 hours.....	Half daily allowance
(3)	Exceeding 12 hours.....	Full daily allowance

2. **Elements of Daily Allowance.** Daily allowance consists of the following elements. If one of the following service is supplied by the Government the daily allowance will be reduced accordingly. If messing and accommodation are provided free, no DA is admissible for the period of halt.

a.	Messing	45%
b.	Accommodation	30%
c.	Conveyance	25%

Conveyance includes only free transport used during stay at outstation for performing duty. It does not include the free transport used for railway station to unit and vice versa.

Reference. PR(P) rule 137.

Daily Allowance Admissible When Attending Course Of Instructions

Daily Allowance

1. Individual detailed or permitted by a competent authority to, attend an authorized course of instructions either as a student or as an instructor at a station other than his own, shall be entitled to draw daily allowance as shown bellow provided that the journey is not classified as permanent under rule 124 of PR(P).

As Student

2. Daily allowance at the full rate to which he is entitled for the first ten days of the course and half of this rate for each day of the course thereafter subject to the provision that daily allowance shall not be drawn for more than 42 days in all.

As An Instructor

3. Daily allowance at full rate to which he is entitled for the first ten days of actual duty before or during the course and half of this rate for each day of actual duty (including duty after the course) subject to the provision that the daily allowance shall not exceed 42 days in all .

a. In case, however , where an individual is employed as an instructor the completion of a course as a student, the entire period of his detention shall be viewed as one continuous period of duty and daily allowance restricted to the 1st 42 days of his stay at the outstation.

b. When a course of instruction is conducted partly at one Base and partly at another base situated more than 5 miles apart, daily allowance at full rate will be allowed for the first ten days of the course at each base and half of the rate there after subject to the conditions that the total period for which daily allowance is allowed for halts at both the bases does not exceed 42 days in all.

Reference

PR(P) rule 144.

DAILY ALLOWANCE WHEN INDIVIDUAL RETURNS TO HEADQUARTERS THE SAME DAY

Move

1. a. By rail on warrant
- b. By road, by service transport or on warrant whether or not the places are connected by rail.
- c. By service aircraft.

DA When Returns to Headquarters The Same day

2. Title of daily allowance will begin from the time the journey begins and will end at the time the individual returns to the Headquarters/ station the same day. DA/(Based on the time limits)for total period of absence from Headquarters will be calculated at the rates given bellow:

- | | | |
|----|---------------------|----------------------------|
| a. | First grade officer | Tk. Non exp locality rate. |
| b. | 2nd grade officer | -” - -” - |
| c. | Third grade officer | Tk. 33 1/3 standard rate. |

DA When Does Not Return to Headquarters The Same Day

3. Title for daily allowance will begin from the time the journey begins and ends when the journey ends. Forward and return journey will be treated separately, but a halt during a period of transit for which daily allowance is earned by the individual will constitute break in he onward or return journey as the case may be DA will paid at the rates given in para 2 above based on time limit , except in case of road journey , between places not connected by rail for which daily allowance will be allowed at the rates laid down in rule 153 (ie. normal rates).

Reference PR(P) Rule 137 & 139.

DAILY ALLOWANCE WHEN TRAVELLING BY AIR

Daily Allowance for Air journey

1. An officer who travels by Air on temporary duty in a Govt machine or in a machine chartered by government or by Bangladesh Biman within Bangladesh will draw 20% incidental charge of actual air fare. There will be no deduction on account of free supply of flying meals.

Reference

PR(P) 140 as amended . JSI 15/51. JSI 50/60 and corr 15/61.

PROVISION OF CONVEYANCE ON WARRANT

Mode of Conveyance

1. Conveyance may be provided directly by warrant, requisitions , credit note or on cash payment and indirectly, in the form of passage or traveling allowance .

Occasions for Provision

2. Conveyance is to be provided by warrant on the following occasions:
- a. For all movements to and from field service areas except as provided for in rule 242 and for movements by river to the extent indicated in rule 83.
 - b. For movements of soldiers, religious teachers, midwives of military hospital, non-combat enrolled, reservists, for families of the above and class IV servants.
 - c. For all moves of officers cadets.
 - d. For all movements of bodies of troops (for exceptions see rule 6. a).
 - e. For officers and men of state forces proceeding to abroad from courses or courses of instructions in Bangladesh.
 - f. For movements of officers to and from a seaport /airport.
 - g. For movement of individual other than officers and civilians (when conveyance is authorised) from one military hospital to a military hospital from a base where there is no military hospital, or when returning there from. Individual who are normally eligible to travel on warrant under this clause shall also travel on warrant when proceeding for anti rabic treatment.
 - h. For movements on duty of civilians employed in nerrick rates of pay against airmen vacancies.
 - j. For personnel on escort duty with arms and ammunition.
 - k. For movements of civilian personnel on temporary employment classified as class IV for purpose of conveyance.

Reference PR(P) Rule 4 & 5 .

EXISTING POLICY FOR MOVES ON TEMPORARY DUTY

1. The existing policy regarding the mode of travel of officers proceeding on temporary duty is given below:
 - a. Squadron Leader and above should use service aircraft when proceeding on temporary duty within Bangladesh. Where service aircraft is not available Base commander may allow the officer to travel by Bangladesh Biman.
 - b. Other officer would travel by service aircraft or by Bangladesh Biman .Maximum use of the BAF scheduled air service. Wherever available, should be made by officers proceeding on temporary duty. At least one of side of the journey should be performed by service aircraft by planning visits will head to synchronize with schedule air service. Base commanders may however, at their discretion allow officers to travel by train.
2. Since the movement of personnel on temporary duty are frequent, the travel by Bangladesh Biman or train is a source of un necessary drainage to the BAF Budget . In order to ensure strict economy, it is essential that officer and airmen proceeding on T/duty make maximum use AN -32 scheduled flights.
3. Travel by Bangladesh Biman or train should not be restored to unless the Base commander is satisfied that for service reason the use of AN-32 scheduled flight cannot be availed or the Director of Air transport certifies that the seat in the scheduled flights is not available.

Reference AFL 177-20 AFL 177-20A

LUGGAGE ENTITLEMENT: SERVICE PERSONNEL**Luggage Entitlement on Annuals/Service Leave**

1. On annual/Service leave luggage will be authorised according to the free railway warrant allowed to the public as given below :

- | | | |
|----|-----------|-----------|
| a. | 1st Class | - 55.8 Kg |
| b. | 2nd Class | - 37.2 “ |
| c. | 3rd Class | - 23.25 “ |

Entitlement on T/Duty and on permanent posting

2. While proceeding on T/Duty and on permanent posting, luggage entitlement will be as follows :

Per 100 kg, P/km @ 0.50 Tk

LUGGAGE ENTITLEMENT								
Status	On T/Duty				On Posting			
	Up to 30 days		Over 30 days		Single		With Family	
Wg Cdr & above	111.6	kg	223.2	kg	1488	kg	2232	kg
Sqn Lde	111.6	kg	223.2	kg	930	kg	2232	kg
Flt Lt & below	111.6	kg	223.2	kg	558	kg	2232	kg
WO to MWO	55.8	kg	55.8	kg	148.8	kg	372	kg
Sgt & below	55.8	kg	55.8	kg	55.8	kg	130.2	kg

*Plus 18.6 kg for each children subject to total of 223 kg if on married estb.

Note : conveyance of luggage will be done by goods train, if however the luggage is conveyed by the passenger train, then the actual expense subject to maximum that would have been charged by goods train total entitlement of luggage.

TA ADVANCE AND THEIR CLEARANCE

Limits of TA Advance

1. An advance of traveling allowance not exceeding the amount under the unless for the intended journey (not amounting to less than Tk. 50.00 in case of individual of 1st grade) may be drawn as advance. The amount of TA advance must be restricted to the anticipated amount of A and DA for the temporary duty involved. In case where TA advances have been drawn and the tour programme is subsequently changed before the actual commencement of the journey the excess amount drawn is to be refunded by the officers instead of keeping the Government money with them till the submission of their TA claims. In case where the duty is subsequently cancelled TA advance is to be refunded in lump sum immediately (AFO 177-134 Refers.)

When & How Paid

2. Before leaving for duty at outstation an officer may draw an advance of TA on Form-10119. The application should state the nature of duty and the details of journey to be performed also the particulars to how the amount of advance has been calculated. Application should accompany payees recent in duplicate. The CO will satisfy himself that the amount of advance asked for is within the entitlement of the officer in respect of journey to be performed. Before approving the advance, AO will examine the claim for on advance and if it is admissible under rules. He will make payment out of public fund. Advance so paid will be recorded in a TA advance register for the purpose of recovery and adjustment to be made at the time of final settlement.

Adjustment of TA Advances

3. According to rule 128 PR(P) as amended the TA claims in adjustment of advances are to be submitted to SFC(Air) within four months of the completion of journey on permanent duty and immediately on completion of journey in connection with temporary duty but not later than one month. In case TA claim is not submitted within the specified period, the amount of advance becomes recoverable from the individual's pay fifth in the case of permanent duty .Pay for second month in the case of advance for temporary duty after the month in which the journey is completed. For the purpose of recovery Form 1680 will be forwarded to SFC(Air) and under intimation to officer concerned (AFO 177-138) . In case TA claim is not settled prior to dispatched of F.883 to SFC(Air) the original F. 10119 will be treated as cash account voucher. The amount of advance along with C/A voucher No will be shown on TA claim as deduction when submitted .

Treatment of TA Advance on Personnel Posting

4. In the case of advance made to personnel who are not expected to return the officer making the advance will notify the amount of advance to the CO of the station to which such personnel are posted. The notification will contain the amount of advance. Date of payment cash account voucher No of the advance and the journey in respect of which the advance was paid. A request will be made to acknowledge receipt of the notification and to deduct the advance when the actual TA claim is settled. A copy of such notification will also be forwarded to SFC (Air) for information.

Previous Outstanding Advance

5. Before making payment of TA advance it should be verified from TA advance register that no previous advance is outstanding against the officer concerned.

Responsibility of Clearance

6. Advance can be drawn before one month on which the families are expected to move. Bills for advance must be submitted within 4 months. It is combined responsibility of individuals drawing advances, the station making advance and the station to which posted that the advance are cleared with the minimum delay, after the completion of the moves for which those advance were drawn/made.

Checking of TA Advance Register

7. Outstanding advance are blocking up the Government money, causes lot of administrative inconveniences and audit objections. Base are to check the TA advance register at regular intervals and if there are abnormal circumstances for which a TA advance could not be cleared within the time limit, the amount should be immediately referred to SFC(Air) for recovery action. Such cause should be rare. Application form 10119 for advance should contain a clause, in bold, Stipulating that the applicant will submit his TA claim and clear the advance immediately on completion of his journey, failing which the amount may be retrenched from his pay without further reference to him.

Reference : PR(P) Rule 128. AFO 177-13, 177-134 and 177-138

PREPARATION OF TA CLAIMS

Temporary Duty Move

1. a. The claim is to be prepared on BAF T.1716. The name and initials of the claimant are to be written in block capital letters, his branch of service, unit or base and rate of pay is to be exhibited in the columns provided at the top of the form.
- b. The times and dates of departure from and arrival at each base / unit are to be shown in columns 1 to 4 mode of traveling i.e. by air, rail or road is also to be mentioned. The authority authorizing the move is to be quoted in column No. 6 and the particular nature of duty is to be specified. The para of passage regulations (P), AFI, or Government policy letters authorizing the TA/DA must also be quoted.
- c. In every case where a half mileage allowance is claimed for servant or baggage, a certificate to the effect that the servant or baggage was actually conveyed at his own expense between the stations for which half mileage is claimed and that the main route lies by rail or road, is to be given by the claimant.
- d. Rail fares are to be charged for them most direct route, and the deduction on account of cost of form "E" must be made in every case irrespective of the fact whether the form "E" was used or not.
- e. The deduction on account of Form "E" is not required to be made where an individual actually travels by road between two places connected by rail, and claims rail traveling allowance. A certificate is to be endorsed and signed by the claimant to the effect that the journey was actually performed by road in a private car, in support of the full one and half railway fare's claimed for temporary duty move.
- f. Advance paid will be shown as deducted and the TA claim in red ink by showing the voucher number and public fund account from which the advance was drawn. If the claim falls short of the advance, recovery of the balance will be made on Form T. 1715/T. 1716 a copy of which may be given to the recorded on TA claim. Normally the advances are to be strictly limited to an amount within the estimated amount of the claim.
- g. The TA claim should be filled in by the officer concerned in his own handwriting. All alterations and corrections will be attested by the initials of the claimant. Claims submitted late will be supported by an explanation giving the cause of delay in submission. Claims for DA for halt at port of embarkation will be supported by detention certificate from embarkation authority. Claims for DA for officers traveling with troops train will be supported by a certificate to the effect that free cooked meals or rations in kind were not provided during the journey.
- h. Revenue stamps of appropriate value are to be fixed on the TA claims where applicable.
- j. A copy of movement order issued by competent authority and a copy of relevant POR must be attached with all the claims.

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k. Claim for TA in respect of officers proceeding to an out station to appear for a prescribed examination or to attend instructional course are to be endorsed with the following certificate signed by the claimant or his commanding officer: "Certified that I appeared at this course for the first time and that no TA on this account was previously by me/him."

l. Claim for TA/DA of officers appearing before a medical board or attending a court martial and the claim for DA over 48 hours for moves in connection with ferrying of aircraft must be supported by detention certificate.

m. Claims are to be submitted immediately on completion of move to which they relate. An explanation for the cause of delay in the late submission of the claim during the month or months subsequent to that to which they relate is invariably to be endorsed on the bills.

n. Claims in adjustment of TA advances drawn by the individuals are to be submitted immediately on completion of journey. In case an individual fails to submit TA claim in settlement of advance within one month of the completion notify the amount of advance to SFC (Air) for recovery through IRLA of the individual.

Permanent Duty Claim

2. a. The claim is to be made on BAF Form FT-1715 on arrival at the destination station on completion of journey. The appropriate columns on the forms are to be completed.

b. Amounts claimed on account of transportation of personnel effects are to be supported by receipts and vouchers of the carrying company. The general instruction printed on the form will be observed when preparing a claim.

Payment of TA claim

3. Claim will be examined by the accountant officer when submitted for payment. They will be registered in the TA Claim register. If they comply with the provisions of passage regulation and other standing orders/instructions in force, and is otherwise in order, will be paid out of the public fund, subject to the prior countersignature by the Base Commander.

Pre-Audit

4. Imprest holder will not make payment of TA claim. They will forward the claim to SFC (Air) for Pre-audit and on receipt from SFC (Air) they can make payment. Officer will normally pay simple and strength forward claims subject to the audit. If a claim, in the opinion of the AO is of doubtful nature or it does not appear to be covered by the existing regulation it will be submitted to SFC (Air) for pre-audit.

Counter Signature

5. As stated above a claim will be countersigned by the Base Commander. Claim of officers of the staff at Air HQs will be submitted to SFC (Air) for pre-audit.

6. Deduction of the Cost of Form “E”. (Form T 1709)

- a. When an officer proceeds on temporary duty or posting by rail or steamer, he is issued with Form ‘E’. On presentation of this form at the railway station, and payment of half first class ticket. It means that the cost of form “E” is equal to half first class fare.
- b. When submitting TA claim, the cost of form “E” will be shown as deduction from the claim separate form “E” will be issued for outward and return journeys.

Treatment of Development Sur-Charges Levied on Railway Fares

7. The development sur-charges levied on railway fares should be excluded in calculating the incidental fares admissible on tour or transfer of Government servants. As the railway fares are inclusive of development sur-charges, deduction may be made there from for journey as follows for determining the railway fares on which the incidental fares will be calculated by rail/ road (Private Car).

- a. In case of 1st and 2nd class tickets by 1/9th of the amount of fare shown on the ticket.
- b. In case of 3rd class ticket by 1/17th of the amount of fare shown on the ticket.

Inquiries of Non-public funds

8. Officers, civilians when move in connection with investigation, court of Inquiry or court martial relation to Non-public funds will get TA/DA wef 19-11-58(JSI 24/59 refers.)

Rifle Association Team

9. Officers and airmen taking part in inter service in connection with revolver competitions will travel on free warrants. Daily allowance will not be admissible (AFO 177-33 refers.)

Halts at port of Emplacement for purpose of Air ticket

10. Daily allowance for one day only will be paid to officer, traveling on duty in Bangladesh for their enforced halts at empanelling stations ie. Chittagong, Jessore in connection with purchase of air tickets.

Grant of TA & DA while attending examination

11. When an individual is ordered to attend the examination at a station outside groups/stations in which he is stationed will be granted TA and DA (AFO 177-70 refers.)

Reference : AFO 177-13

COUNTER SIGNATURE OF TA CLAIMS BY CFA

Type of Claims

1. The following claims will be countersigned by the COAS or any other officer to whom such power is delegated:
 - a. Claims for journey undertaken for attending conference or any other purpose not covered by specified rules or order in PR(P).
 - b. Claims for DA exceeding 10 days continuous halt .
 - c. Claims for journey performed by other than shortest or cheapest routes.
 - d. Baggage conveyed by road between places connected by rail.
 - e. Journey of officer recalled from leave other than casual leave.
 - f. Journey in connection with civil disturbance.
 - g. Movements in connection with providing guard of honor of escort to high officials.
 - h. DA claims of officers inspecting detachment of their own units at an outstation.
 - j. Claims for actual expenses incurred for hiring taxi, tonga, or other transport etc by an officer or inspecting duty at an outstation.
 - k. Claims for DA for halt over 48 hours in connection with ferrying of an aircraft.

Treatment of Time Barred claims

2. Time Barred TA/DA claims and bills require countersignature by CFA under PR(P) rule part -I rule 125 & 126. The date and time of submission of a claim / bill a year should be considered from the date of promulgation of POR / Office order vide AFI 163/52. After then it becomes a time barred claim.

Reference: AFO 177-13.

**FOREIGN TA/DA AND OTHER FACILITIES ADMISSIBLE TO
DEFENCE PERSONNEL DURING COURSE IN ABROAD**

1. Defence personnel are entitled for the following allowances and other facilities during their course in abroad. Grading of personnel, grouping of countries, rate of hotel, cash allowance and comprehensive allowance will be the same as stated in foreign TA/DA rules applicable for visit/temporary duty to abroad.

a. **Daily Allowance.**

(1) When all expenditure of the course will be born by the Bangladesh Govt and duration of the course will not be more than 90 days in this case comprehensive allowance will be admissible for the whole period.

(2) If the comprehensive allowance is paid by the training centre in case and if it is less than normal comprehensive allowance tan 50% of the difference will be paid to the trainee. This admissible of allowance will be calculated as per PR(P) Rule -134.

b. **Pocket Allowance.** When the training institute will bear all the expenditure of the trainee but will not pay any cash money , in that case pocket allowance at the rate of 25% of comprehensive allowance will be payable to the trainee by Bangladesh Govt. If his family stays with under the Govt approval than for the same period he will be paid pocket allowance at the rate of 35% (25%+10%) of comprehensive allowance.

c. **Purchase of Stationery and Booklet.**

(1) If training period is not more than 3 months and the training institute does not provide anything then actual expenditure subject to maximum US \$ 50.00 will be payable to the trainee. The original vouchers are to be submitted with TA/DA claim.

(2) If training period is more than 3 months but not more than 6 months and the Training Institute does not provide anything or does not pay any cash money for this purpose then actual expenditure subject to maximum US \$ 100.00 will be payable. The original vouchers are to be submitted with TA/DA claim.

(3) If training period is more than 6 months and the Training institute does not bear any expenditure for this purpose then actual expenditure subject to maximum US \$ 200.00 will be payable. The original vouchers are to be submitted with TA/DA claim

- d. **Allowance for Joining Field Trip/seminar etc.** If training period is more than 8 months and the training institute does not pay or bear the expenditure for the period of field exercise then the trainee will be paid daily allowance up-to 80 days and will be calculated as per PR (P) Rule-134. If training period is less than 8 months then daily allowance will be paid up-to 40 days. No pocket allowance/daily allowance will be entitled separately for this period.
- e. **Allowance for leave Period During Course.** If the training institute is closed during closed period leave and the training institute does not bear the expenditure of food and accommodation than daily allowance will be admissible which will be calculated as per PR(P)134. But no daily allowance/pocket allowance or its part will be entitled separately which was paid earlier.
- f. **Monthly Pay Admissible During course.**
- (1) Every trainee may take 50% of his basic pay in foreign currency for whole the period of the course.
 - (2) If trainee is allowed to take his family along with him take 100% of his basic pay in foreign currency for the period his family stays with him.
- g. **Outfit Allowance.** The trainee will be paid Tk.9227.00 in Bangladeshi currency as outfit allowance when duration of the course is more than 6 months. Outfit allowance will be payable for second time for another course until he complete two years from the return journey of direct course.
- h. **Transit Allowance.** Transit allowance is admissible as per the regulations applicable for visit/temporary duty to abroad.
- j. **Terminal Charge** Terminal charge is admissible as per the regulations applicable for visit/temporary duty to abroad.
- k. **Allowance forced Halt.** Allowance for the forced halt during journey will be payable as per the regulations applicable for visit/temporary duty to abroad.
- l. **Entertainment Allowance.** Entertainment allowance up to \$100.00 may be paid to a trainee who attends staff course, NDC, NDU, Command and General Staff course College, Inter Services higher war college course etc for the period of more than 8 months.
- m. **Facilities Admissible for Transportation of Excess Luggage.**
- (1) While proceeding abroad by Air the trainee may be paid advance in local currency to purchase MCO voucher for transportation of excess luggage up-to 18 KG in additional to free allowed by the airlines .He also may be paid advance in foreign currency to purchase MCO voucher for transportation of 10 KG training items by air in addition to above for journey from abroad. These advances will be adjusted on the actual expenditure on production of voucher. This is as per PR (P) Rule-382. Scale (B).

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(2) As per PR(P) Rule-382 Scale-`B` while returning from abroad a trainee will be entitled to transport.....Pained luggage by ship up to the maximum limit as mentioned below. The amount may be paid in foreign currency vouchers are to be submitted with TA/DA claim.

(a)	Luggage by ship for self	200 KG
(b)	Luggage by ship for wife	100 KG
(c)	For each child (maximum two)		50 KG

Note: The facilities stated in `b` and `c` above will be applicable when the family and children will travel on Govt expense.

2. The above regulations effected from 01-12-1987.

3. **Entitled of Traveling Allowance.** As per contract with the training institute if international air passage is borne by the Bangladesh Govt then actual air fare for the trainee, and members of the family if they are permitted to travel on Govt expense. The conditions of the air passage will be same as foreign TA/DA rules application for visit/temporary duty to abroad.

4. **Payment Procedure.** On receipt of Govt order from the officer of the Prime Minister, Armed Forces Division then Air HQ (Dte Air Trg) will issue the financial Govt order showing the full details of entitlement of the trainee as per rules. Advances both in foreign currency and local currency will be paid by SFC (air). On return from abroad any excess amount taken as advance in foreign currency must be refunded to the Govt treasury in foreign currency immediately. Along with all necessary voucher TA/DA claim will be submitted to SFC (Air) through Air HQ (U) Accounts within one month of return journey. After [pre-audit of the claim the credit amount (if any) will be paid by Air HQ(U) Accts.

FOREIGN TA/DA

5. On Govt visit/temporary duty to abroad the following TA/DA and other facilities are admissible. Govt officials/employees are divided into the following grades in connection with foreign TA/DA:

a. **Special Grade**

- (1) President, Speaker of the National Assembly, Prime Minister and Chief Justice.
- (2) Cabinet Ministers, Deputy Speaker and any person holding the equivalent status of Cabinet Minister.
- (3). State minister, Justice of Supreme Court, Chief Election Commissioner, Election Commissioner, Deputy Chairman of Planning Commission, Deputy Minister and persons equivalent to their status .
- (4) Cabinet Secretary, Chief Secretary and Chief of Staff Army/Navy/Air Force.
- (5) Member of National Assembly.
- (6) Ambassador and High Commissioner of Bangladesh Mission in abroad within their locality.

b. **General Grade**

- (1) Govt officer who are in the pay scale of ceiling Tk. 33,065/= and above (Air Cdre and Above)
- (2) Ambassadors and High-Commissioner of Bangladesh Mission in abroad in outside their locality.
- (3) Civil Leader of the Govt delegation.
- (4) Govt officers who are in the pay scale of ceiling Tk. 15,000/= and above but less than Tk. 31,160/= (Flt Lt to Gp Capt)
- (5) Civilian members of the Govt delegation.

c. Other classes I & II Govt officers and class III Govt servants who are in the pay scale of ceiling TK. 6,400/= and above but less than TK. 12,000/= (Sgt to Flg Offr)

d. Other Govt servants who are in the pay scale bearing ceiling less than TK. 5,500/= (Cpl & below and Cadets)

6. All countries in the world have been divided into three groups in connection with payment of foreign TA/DA.

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Group -1 : Saudi Arab , UAE, Bahrain, Kuwait, Qatar, Japan, Brunei, Oman, countries of North & South America and European countries (including former USSR).

Group- 2 : African countries, Middle East Countries including Turkey, Australia and New Zealand.

Group- 3 : Other Asian countries.

7. Daily allowance etc admissible to the personnel of special grade:

a. President, Speaker of the National Assembly, Prime Minister and Chief Justice during their state visit to abroad will be entitled for actual hotel fare on daily basis to stay in a Moderate suit of hotel subject to the following maximum rate of hotel fare and cash allowance:

	US DOLLAR		
Country Group	1	2	3
Hotel fare	400	328	281
Cash Allowance	91	72	72

b. Cabinet Minister, Deputy Speaker and personnel bearing equivalent status of Cabinet Minister during their state visit to abroad will be entitled for actual fare on daily basis to stay in moderate suit of a hotel subject to the following maximum rate of hotel fare and cash allowance:

	US DOLLAR		
Country Group	1	2	3
Hotel fare	300	247	211
Cash Allowance	91	72	72

c. Personnel and officers of special grade para-B will be entitled for actual hotel fare on daily basis subject to the following maximum rate of hotel fare and case allowance

	US DOLLAR		
Country Group	1	2	3
Hotel fare	223	187	164
Cash Allowance	72	62	62

d. Personnel of special grade while staying abroad food and other expenditure (ie Bakshish, Taxi fare, Cooli, etc) are included in concerned cash allowance.

e. Wife /husband of a person of special grade when visit s abroad as state guest along with her/his husband /wife will be paid allowance at the same rate for which her/ his husband/wife is entitled.

8. **Exception** If any one of special grades without taking the abroad facilities is willing to stay at his own arrangement or any other way during his visit will be entitled for comprehensive allowance as per the rate applicable to the general grade sub-grade (a)

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9 Other personnel of officers /employees of general grade will be entitled for maximum hotel fare as per the following rate.

a. Personnel/officers/employees of general grade will be entitled for maximum hotel fare as per the following rate:

Hotel fare (Daily)	US DOLLAR		
General Grade	Country Group		
	1	2	3
'a'	200	164	140
'b'	176	140	118
'c'	140	118	107
'd'	118	107	83

If any body Leaves the hotel after the check out time due to un-avoidable circumstances and for it the hotel authority takes the full fare for the day, in this case if he can produce the original voucher then he will be paid hotel fare in full rate for the day.

b. Cash allowance at the following rate will be paid to the person/office/ employee who takes hotel fare:

Cash Allowance (Daily)	US DOLLAR		
General Grade	Country Group		
	1	2	3
'a'	72	62	62
'b'	65	55	55
'c'	65	55	55
'd'	55	46	46

While staying abroad food and other expenditure (ie Baksheesh, Txi fare, Cooli etc) are included in the cash allowance.

c. If anybody stays in hotel for more than 12 hours at the temporary place of halt without staying at night then he may be paid full cash allowance applicable for that place in addition to hotel fare. In the same way if he stay for more than 6 hours but less than 12 hours then he will be paid half of the cash allowance on addition actual hotel fare Officers/employees of Bangladesh Mission in abroad while staying in hotel within the sub-area outside their headquarters then the above rule will also be applicable to them.

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10. a. Visiting person/officer/employee may take comprehensive allowance at the following rate instead of the facilities stated in para-6 if he desires so :

Comprehensive Allowance (Daily)	US DOLLAR		
General Grade	Country Group		
	1	2	3
'a'	144	118	108
'b'	127	108	98
'c'	118	98	91
'd'	98	82	72

During stay in abroad food, accommodation and other connecting expenditure (ie Bakshis, Txi fare, Cooli etc) are included in above comprehensive allowance.)

- b. If anybody stay at a place for less than 20 days then he will be paid 10% less of DA for the period after 20 days and less 15% less of DA for the period after 40 days. This rule is applicable to both of hotel rate allowance and comprehensive allowance.
- c. Officers/employees of Bangladesh Embassy/Mission if stay for 6 hours or more but less than 12 hours without staying at night within their area outside headquarters then they will get $\frac{1}{4}$ th of comprehensive allowance fixed for that place and for 12 hours or more (where night stay in a hotel is not required) $\frac{1}{2}$ of comprehensive allowance will be payable.
11. a. Hotel rate allowance or comprehensive allowance whichever is applicable will be entitled for each night (Local time 6 PM to next 6 Am) of stay at the place of destination.
- b. Any part of pay will not be entitled in foreign currency for the period of visit to abroad.
12. No excess baggage beyond the free baggage allowance will be permitted to convey on Govt expenses while traveling by air. But if Govt documents and equipment if required to convey for Govt job then transportation fare of the same may be claimed subject to the prior approval of the concerned and competent authority.
13. When President, Speaker of the National Assembly, Prime Minister, Chief Justice, Cabinet Ministers, Deputy Speaker and the person bearing equivalent status of cabinet Minister are treated as state guests of the visiting country ie if the expenditure of their food and accommodation are born by the visiting country or organization then they will be paid pocket allowance at the rate of 52US Dollar for each night stay. Other persons of special grade if they are treated as state guest (as mentioned above) then they will be paid pocket allowance at the rate of 30% of comprehensive allowance applicable to general grade (a).

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14. If any person of general grade is treated date state guest is expenditure for his food and accommodation are born by the visiting state or organization then he will be paid pocket allowance at the rate of 30% of comprehensive allowance fixed for that country. But he will not get this allowance if he is paid any cash allowance for other connecting expenditure. This allowance will also not be paid in cash for food and accommodation by the visiting country/organization. This rule will not be applicable to participate in short course, seminar and workshop etc.

15. Terminal charge (Taxi fare to convey to and from airport/rail station, cooli charge, Bakshis etc are included in Terminal charge) will be paid at the rate of 10% comprehensive allowance fixed for the place for each journey by air from headquarters to abroad and from abroad to headquarters. But actual airport tax etc will be paid in local currency for air journey from any airport of Bangladesh to abroad and on return from abroad no terminal charge will be paid for any airport in Bangladesh. No voucher is required if it is within 10% of comprehensive allowance. But if it is more than 10% of comprehensive allowance then actual amount will be paid on production of the original voucher. But at any cost terminal charge will not be more than 20% of comprehensive allowance.

16. a. President, Speaker of the National Assembly, Prime Minister, Chief Justice, Cabinet Ministers, Deputy Speaker and the person bearing equivalent status of Cabinet Minister while going to the destination in abroad will be entitled for 38 US dollar for each day of transit. Other personnel of special grade will be entitled for transit allowance at the rate of 25% of comprehensive allowance fixed for the visiting country as per applicable to general grade (a).

b. All personnel of general grade will be paid transit allowance at the rate of 25% comprehensive allowance for each day of transit while traveling by air. For onward journey it will be calculated at the rate applicable for the next visiting place. In the same way for return journey it will be calculated at the rate applicable for the place he left. Transit allowance for one day will be entitled when journey continued for 3 hours to 24 hours one way. Journey for less than 3 hours no transit allowance will be payable.

c. During air journey if there is any night halt for connecting and the airlines does not bear the expenditure for his food and accommodation then he will be paid daily allowance for each night stay but no transit allowance will be paid. In this case, if there is no approval of the competent authority then he will not get daily allowance but transit allowance will be paid. If the airlines bear the expenditure for the same stay then he will get transit allowance only. No transit allowance is payable for the internal journey in abroad if daily allowance is paid for the same.

17. If any visiting person at his own request his food and accommodation is arranged by the Bangladesh Embassy he himself will be responsible for all liabilities of this arrangement.

18. During the period of visit while on Govt duty conveyance (ie Taxi fare or other transport fare) may be claimed if this expenditure exceeds 10% of comprehensive allowance. In this case actual expenditure after deducting 10% of comprehensive allowance subject to the 20% comprehensive allowance will be payable.

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19. Those who take advance at hotel rate allowance (including cash allowance) are to submit hotel voucher with TA/DA claim and the advance is to be adjusted within month after return from abroad. Advance take at comprehensive allowance is also to be adjusted within one month.

20. All types of excess amount taken advance in foreign currency beyond the entitlement are to be refunded in foreign currency. If due to any un-avoidable circumstance it is not possible to refund the same in foreign currency then it will be refunded in Bangladesh currency at the current exchange rate and half of the same amount as fine. If advance taken less than the entitlement then balance will be paid in Bangladeshi currency.

21. While setting the TA/DA claim foreign currency will be paid converted in to Bangladeshi currency at the same exchange rate under which the foreign currency was purchase. Bank Commission paid for the exchange of foreign currency will be born by the Govt on production of the original voucher.

22. All claims must be supported by proper receipt/voucher except cash allowance, comprehensive allowance, pocket allowance, terminal charge and transit allowance.

23. While traveling by air on Govt expense nobody will be entitled for 1st class except Speaker of the National Assembly, Prime Minister, Chief Justice, Cabinet Ministers, Deputy Speaker, State Minister and Deputy Ministers or person bearing the same status.

24. The rate of allowances mentioned above rules is not applicable for course in abroad.

25. The Minister, officers of the Ministers/Divisions, Govt Departments, Autonomous Bodies, Semi-Autonomous Bodies, Public Sector-Corporations, Local Bodies or Members of official delegations will must avail their air passage with Biman Bangladesh Airlines. In case however, the destination to which a person has to travel does not lie on a route served by Bangladesh Biman the person must travel to the point nearest to his destination by Bangladesh Biman and from there by a foreign airline. Air ticket will not be purchased through any travel agency but direct from Bangladesh Biman office. To avail Bangladesh Biman flight, officials may be allowed to commence journey and/or over stay abroad for one or two days if required. In exceptional circumstances, where journey by a foreign airline becomes unavoidable prior approval of the President will have to be obtained before undertaking or authorizing the journey.

Authy : Ministry of Finance letter No নং-১ আ-১/সশস্ত্র/৮৫/ডি-১৫/৬৪৪ তারিখ...৩১-১২-১৯৮৭