THE FIRST SCHEDULE
PART A
APPROVED SUPERANNUATION FUNDS OR PENSION FUND

[See section 2(6)]

1. **Definitions.**–For the purposes of this Part,–
   (a) "employer", "employee", "contribution" and "salary" have, in relation to superannuation funds or pension fund, the same meanings assigned to those expressions in paragraph 1 of Part B in relation to provident fund; and
   (b) "ordinary annual contribution" means an annual contribution of a fixed amount or an annual contribution computed on some definite basis by reference to the earnings, the contributions or the number of members of the fund.

2. **Approval and withdrawal of approval.**–(1) The Board shall within six months from the date of receipt of the application by it for according approval to any superannuation fund or pension fund, accord such approval, failing which the superannuation fund or pension fund shall be deemed to have been accorded approval and the Board may, if, in its opinion, the superannuation fund or pension fund contravanes any of the conditions specified in paragraph 3, withdraw such approval at any time.

   (2) The Board shall communicate in writing to the trustees of the fund the grant of approval with the date on which the approval is to take effect, and where the approval is granted subject to conditions, those conditions.

   (3) The Board shall communicate in writing to the trustees of the fund any withdrawal of approval with the reasons for such withdrawal and the date on which the withdrawal is to take effect.

   (4) The Board shall neither refuse nor withdraw approval to any superannuation fund or pension fund or any part of a superannuation fund or pension fund unless it has given the trustees of that fund a reasonable opportunity of being heard in the matter.

3. **Conditions for approval.**–In order that a superannuation fund or pension fund may receive and retain approval, it shall satisfy the

conditions set out below and any other conditions which the Board may prescribe–

(a) the fund shall be a fund established under an irrevocable trust in connection with a trade or undertaking carried on in Bangladesh;

(b) the fund shall have for its sole purpose the provision of annuities for employees in the trade or undertaking on their retirement at or after a specified age or on them becoming incapacitated prior to such retirement, or for the widows, children or dependents of persons who are, or have been such employees on the death of those persons;

(c) the employer in the trade or undertaking shall be a contributor to the fund; and

(d) all annuities, pensions and other benefits granted from the fund shall be payable only in Bangladesh:

Provided that the Board may, if it thinks fit and subject to such conditions, if an, as it thinks proper to attach to the approval, approve a fund or any part of a fund–

(i) notwithstanding that the rules of the fund provide for the return in certain contingencies of contributions paid to the fund, or

(ii) if the main purpose of the fund is the provision of such annuities as aforesaid, notwithstanding that such provision is not its sole purpose, or

(iii) notwithstanding the trade or undertaking, in connection with which the fund is established, is carried on only partly in Bangladesh.

4. Application for approval.–(1) An application for approval of a superannuation fund or pension fund or part of a superannuation fund or pension fund for any year of assessment shall be made in writing before the end of that year by the trustees of the fund to the Board and shall be accompanied by a copy of the instrument under which the fund is established and by two copies of the rules and of the accounts of the fund for the last year for which such accounts have been made up. The Board may require such further information to be supplied as it thinks proper.

(2) If any alteration in the rules, constitution, objects or conditions of the fund is made at any time after the date of the application for approval, the trustees of the fund shall forthwith communicate such alteration to the Deputy Commissioner of Taxes, and in default of such

PART B
RECOGNISED PROVIDENT FUNDS

[See section 2 (52)]

1. **Definition.**–For the purposes of this Part,–

(a) "accumulated balance due" to an employee means the balance to his credit, or such portion thereof as may be claimable by him under the regulations of the fund, on the day he ceases to be an employee of the employer maintaining the fund;

(b) "annual accretion" to the balance to the credit of an employee means the increase to such balance in any year, arising from contributions and interest;

(c) "balance to the credit" of an employee means the total amount to the credit of his individual account in a provident fund at any time;

(d) "contribution" means any sum credited by or on behalf of any employee out of his salary, or by an employer out of his own money to the individual account of an employee, but does not include any sum credited as interest;

(e) "employee" means an employee participating in a provident fund but does not include a personal or domestic servant;

(f) "employer" means–

(i) a company, firm, other association of persons, a Hindu undivided family or an individual engaged in a business or profession the profits and gains whereof is assessable to tax under the head "Income from business or profession", maintaining a provident fund for the benefit of his or its employees; or

(ii) any diplomatic, consular or trade mission or office of any intergovernmental organisation located in Bangladesh, maintaining a provident fund for the benefit of Bangladeshi employees of such mission or office.;

(g) "recognized provident fund" means a provident fund which has been and continues to be recognised by the Commissioner, in accordance with the provisions of this part;

(h) "regulations of a fund" means the special body of regulations governing the constitution and administration of a particular provident fund; and

(i) "salary" includes dearness allowance if the terms of employment so provides, but excludes all other allowance and perquisites.

2. According and withdrawal of recognition of provident funds.–(1) The Commissioner shall, within six months from the date of receipt of the application by him for according recognition to any provident fund, accord such recognition, failing which the provident fund shall be deemed to have been accorded recognition, and the Commissioner may, if, in his opinion, the provident fund contravenes any of the conditions specified in paragraph 3 and the rules made by the Board in that behalf, withdraw such recognition at any time.

(2) An order according recognition shall take effect on such date as the Commissioner may fix in accordance with any rules the Board may make in this behalf, such date not being later than the last day of the financial year in which the order is made.

(3) An order according recognition to a provident fund shall not, unless the Commissioner otherwise directs, be affected by the fact that the fund is subsequently amalgamated with another provident fund on the occurrence of an amalgamation of the undertaking in connections with which the two funds are maintained or that it subsequently absorbs the whole or a part of another provident fund belonging to an undertaking which is wholly or in part transferred to or merged in the undertaking of the employer maintaining the first mentioned fund.

(4) An order withdrawing recognition shall take effect from the day on which it is made.

(5) The Commissioner shall neither refuse nor withdraw recognition of any provident fund, unless the applicant is given a reasonable opportunity of being heard.

3. Conditions to be satisfied by a recognised provident fund.–In order that a provident fund may receive and retain recognition, it shall satisfy the conditions set out below and any other conditions which the Board may prescribe–

(a) all employees shall be employed in Bangladesh or shall be employed by an employer whose principal place of business is in Bangladesh:

Provided that the Commissioner may, if he thinks fit and subject to such conditions, if any, as he thinks proper to attach to the recognition, accord recognition to a fund maintained by an employer whose principal place of business is not in Bangladesh notwithstanding that a proportion not exceeding ten per cent of the employees is employed outside Bangladesh;

(b) the contributions of an employee in any year shall be a definite proportion of his salary for that year, and shall be deducted by the employer from the employee's salary in that proportion at each periodical payments of such salary in that year and credited to the employee's individual account in the fund;

(c) the contributions of an employer to the individual account of an employee in any year shall not exceed the amount of the contributions of the employee in that year, and shall be credited to the employee's individual account at intervals not exceeding one year:

Provided that, subject to any rules which the Board may make in this behalf, the Commissioner may, in respect of any particular fund, relax the provisions of this clause–

(i) so as to permit the payment of larger contributions by an employer to the individual accounts of employees whose salaries do not, in each case, exceed five hundred taka per mensem; and

(ii) so as to permit the crediting by employers to the individual accounts of employees of periodical bonuses or other contributions of a contingent nature, where the calculation and payment of such bonuses or other contributions is provided for on definite principles by the regulations of the fund;

(d) the fund shall consist of contributions as above specified and of donations, if any, received by the trustees, of accumulations thereof, and of interest, credited in respect of such contributions, donations and accumulations, and of securities purchased therewith and of any capital gains arising from the

sale, exchange or transfer of capital assets of the fund, and of no other sums:

(e) the fund shall be vested in two or more trustees or in the official trustee under a trust which shall not be revocable save with the consent of all the beneficiaries;

(f) the employer shall not be entitled to recover any sum whatsoever from the fund, save in cases where the employee is dismissed for misconduct or voluntarily leaves his employment otherwise than on account of ill health or other unavoidable cause before the expiration of the term of service specified in this behalf in the regulations of the fund:

Provided that in such cases the recoveries made by the employer shall be limited to the contributions made by him to the individual account of the employee, and to interest credited in respect of such contributions and accumulations thereof, in accordance with the regulations of the fund;

(g) the accumulated balance due to an employee shall be payable on the day he ceases to be an employee of the employer maintaining the fund;

(h) save as provided in clause (g), or in accordance with such conditions and restrictions as the Board may prescribe, no portion of the balance to the credit of an employee shall be payable to him.

4. Annual accretion deemed to be income received by the employee.–The annual accretion in any year to the balance at the credit of an employee participating in a recognised provident fund shall be deemed to have been received by him in that year and shall be included in his total income for that year, and, subject to the exemptions specified in paragraph 5 shall be liable to tax:

Provided that, for the purposes of section 44(3), out of such annual accretion only the employee's own contributions shall be included in his total income.

5. Exemption of annual accretion from tax.–(1) An employee shall not be liable to pay tax on contribution to his individual account in a recognised provident fund, in so far as the aggregate of such contributions in any year does not exceed one-third of his salary for that year.

(2) Interest credited on the accumulated balance of any employee in a recognised provident fund shall be exempt from payment of tax, if and in so far as it does not exceed one-third of the salary of the employee for the year concerned and in so far as it allowed at a rate not exceeding such rate as the Board may, by notification in the official Gazette, fix in this behalf.

6. Exemption of accumulated balance from tax.–Where an employee participating in a recognised provident fund has rendered continuous service with his employer for a period of not less than five years, and the accumulated balance due to him becomes payable, such accumulated balance shall be exempt from payment of tax and shall be excluded from the computation of his total income.

Provided that the Commissioner may allow such exemption and exclusion where the employee has rendered continuous service with the employer for a period of less than five years, if in his opinion, the service has been terminated by reason of the employee's ill health, or by the contraction or discontinuance of the employer's business, or other cause beyond the control of the employee.

7. Tax on accumulated balance.–Where exemption from payment of tax is not allowed under paragraph 6, the Deputy Commissioner of Taxes shall calculate the total of the various sums of tax which would have been payable by the employee in respect of his total income for each of the years concerned if the fund had not been a recognised provident fund, and the amount by which such total exceeds the total of all sums paid by or on behalf of such employee by way of tax for such years shall be payable by the employee in addition to any tax for which he may be liable for the income year in which the accumulated balance due to him becomes payable.

8. Deduction at source of tax on accumulated balance due.–The trustees of a recognised provident fund, or any other person authorised by the regulations of the fund to make payment of accumulated balance due to employees shall, at the time an accumulated balance due to an employee is paid, deduct therefrom any tax payable under paragraph 7 and any tax payable under paragraph 10(4), and the provisions of Chapter VII shall, so far as may be, apply as if accumulated balance was income chargeable under the head "Salaries".

9. Accounts of recognised provident funds.–(1) The accounts of a recognised provident fund shall be maintained by the trustees of the fund

and shall be in such form and for such periods and shall contain such particulars as the Board may prescribe.

(2) The accounts shall be open to inspection at all reasonable times by the income tax authorities, and the trustees shall furnish to the Deputy Commissioner of Taxes such abstracts thereof as the Board may prescribe.

10. Treatment of balance in newly recognised provident funds.–(1) Where recognition is accorded to a provident fund with existing balance, an account shall be made of the fund up to the day immediately preceding the day on which the recognition takes effect, showing the balance to the credit of each employee on such day, and containing such further particulars as the Board may prescribe.

(2) The account shall also show in respect of the balance to the credit of each employee the amount thereof which is to be transferred to that employee's account in the recognised provident fund, and such amount (hereinafter called his transferred balance) shall be shown as the balance to his credit in the recognised provident fund on the date on which the recognition of the fund takes effect, and sub-paragraph (4) and (5) shall apply thereto.

(3) Any portion of the balance to the credit of an employee in the existing fund which is not transferred to the recognised fund shall be excluded from the accounts of the recognised fund and shall be liable to tax in accordance with the provisions of this Ordinance other than this Part.

(4) Subject to such rules as the Board may make in this behalf, the Deputy Commissioner of Taxes shall make a calculation of the aggregate of all sums comprised in a transferred balance which would have been liable to tax if this part had been in force, from the date of institution of the fund, without regard to any tax which may have been paid on any such sum, and such aggregate, if any, shall be deemed to be income received by the employee in the income year in which the recognition of the fund takes effect, and shall be included in the employee's total income for that income year, and for the purposes of assessment, the remainder of the transferred balance shall be disregarded, but no other exemption or relief, by way of refund or otherwise, shall be granted in respect of any sum comprised in such transferred balance:

Provided that, in cases of serious accounting difficulty, the Commissioner shall have power, subject to the said rules, to make a summary calculation of such aggregate.

(5) Notwithstanding anything contained in paragraph 3(h), an employee in order to enable him to pay the amount of tax assessed on his total income as determined under sub-paragraph (4), shall be entitled to withdraw from the balance to his credit in the recognised provident fund a sum not exceeding the difference between such amount and the amount to which he would have been assessed if the transferred balance had not been included in his total income.

(6) Nothing in this paragraph shall affect the rights of the persons administering an unrecognised provident fund or dealing with it, or with the balance to the credit of any individual employee, before recognition is accorded, in any manner which may be lawful.

11. Treatment of fund transferred by employer to trustee.–(1) Where an employer who maintains a provident fund (whether recognised or not) for the benefit of his employees and has not transferred the fund or any portion of it, transfers such fund or portion to trustees in trust for the employees participating in the fund, the amount so transferred shall be deemed to be of the nature of capital expenditure.

(2) When an employee participating in such fund is paid the accumulated balance due to him therefrom, any portion of such balance as represents his share in the amount so transferred to the trustee (without addition of interest, and exclusive of the employee's contributions and interest thereon) shall, if the employer has made effective arrangement to secure that tax shall be deducted at source from the amount of such share when paid to the employee, be deemed to be an expenditure by the employer within the meaning of section 29(1)(xxvii), incurred in the income year in which the accumulated balance due to the employee is paid.

12. Provisions of this Part to prevail against regulations of the fund.–Where there is a repugnance between any regulation of a recognised provident fund and any provisions of this Part or of the rules made thereunder, the regulation shall, to the extent of the repugnance, be of no effect; and the Commissioner may at any time, require that such repugnance shall be removed from the regulations of the fund.

13. Appeals.–(1) An employer objecting to an order of the Commissioner refusing to recognise or an order withdrawing recognition from a provident fund may prefer an appeal, within sixty days of the date of such order, to the Board.

(2) The appeal shall be in such from and shall be verified in such manner as may be prescribed.

14. Provisions relating to rules.–In addition to any power conferred by this Part, the Board may make rules–

(a) prescribing the statements and other information to be submitted with an application for recognition;

(b) limiting the contributions to a recognised provident fund by employees of a company who are shareholders in the company;

(c) providing for the assessment by way of penalty of any consideration received by an employee for an assignment of or creation of a charge upon his beneficial interest in a recognised provident fund;

(d) determining the extent to and the manner in which exemption from payment of tax may be granted in respect of contributions and interest credited to the individual accounts of employees in a provident fund from which recognition has been withdrawn;

(e) regulating the investment or deposit of the moneys of a recognised provident fund; and

(f) generally, to carry out the purposes of this Part, and to secure such further control over the recognition of provident funds, and the administration of recognised provident fund, as it may deem requisite.

15. Application of this Part.–This Part shall not apply to any provident fund to which the Provident Fund Act, 1925 (XIX of 1925), applies.

PART C
APPROVED GRATUITY FUNDS

[See section 2(5A)]

1. Definitions.–In this Part, unless the context otherwise requires, the expression "contribution", "employee", "employer", "regulations of a fund" and "salary" have, in relation to gratuity funds, the meaning assigned to those expressions in paragraph 1 of Part B in relation to provident funds.

2. Approval of gratuity funds.–(1) The Board shall, within six months from the date of receipt of the application by it for according approval to any gratuity fund, accord such approval, failing which the gratuity fund shall be deemed to have been accorded approval, and the Board may, if, in its opinion, the gratuity fund contravanes any of the conditions specified in paragraph 3 and the rules made by the Board in that behalf, withdraw such recognition at any time.

(2) An order according or withdrawing approval shall take effect from such date as the Board may communicate in writing to trustees of the fund.

(3) The Board shall neither refuse nor withdraw approval to any gratuity fund unless it has given the trustees of that fund a reasonable opportunity of being heard.

3. Conditions for approval.–In order that a gratuity fund may receive and retain approval, it shall satisfy the conditions hereinafter specified and any other conditions which the Board may prescribe–

(a) the fund shall be a fund established under an irrevocable trust in connection with trade or undertaking carried on in Bangladesh and not less than ninety per cent. of the employees of such trade or undertaking shall be employed in Bangladesh.

(b) the fund shall have for its sole purpose the provision of a gratuity to employees in the trade or undertaking on their retirement or after a specified age or on their becoming incapacitated prior to such retirement, or on termination of their employment after a minimum period of service specified in the regulations of the fund or to the widows, children or dependents of such employees on their death;

(c) the employer in the trade or undertaking shall be a contributor to the fund; and

(d) all benefits granted by the fund shall be payable only in Bangladesh.

4. **Application for approval.**–(1) An application for approval of gratuity fund shall be made in writing by the trustees of the fund to the Board and shall be accompanied by a copy of the instrument under which the fund is established and by two copies of the rules and, where the fund has been in existence during any year or years prior to the financial year in which the application for approval is made, also two copies of the accounts of the fund relating to such prior year or years (not being more than three years immediately preceding the year in which the said application is made) for which such accounts have been made up. The Board may require such further information to be supplied as it thinks proper.

(2) If any alteration in the regulations, constitution, objects or conditions of the fund is made at any time after the date of the application for approval, the trustees of the fund shall forthwith communicate such alteration to the Deputy Commissioner of Taxes mentioned in sub-paragraph (1), and in default of such communication, any approval given shall, unless the Board otherwise orders, be deemed to have been withdrawn from the date on which the alteration took effect.

5. **Exemption of income of gratuity fund from tax.**–Income derived from investments or deposits of an approved gratuity fund and any capital gains arising from the transfer of capital assets of such fund shall be exempt from payment of tax.

6. **Treatment of contribution by employer.**–Any sum paid by an employer as contribution towards an approved gratuity fund shall be deducted in computing his income, profits and gains for the purposes of assessment.

7. **Contributions by employer, when deemed to be his income.**–Where any contributions by an employer (including the interest thereon, if any) are repaid to the employer, the amount so repaid shall be deemed for the purposes of tax to be the income of the employer for the income year in which they are so repaid.

8. **Particulars to be furnished in respect of gratuity funds.**–The trustees of an approved gratuity fund and any employer who contributes to

an approved gratuity fund shall, when required by notice from the Deputy Commissioner of Taxes, furnish, within such period as may be specified in the notice, such return, statement, particulars or information as the Deputy Commissioner of Taxes may require.

9. Provisions of this Part to prevail against regulations of the fund.–Where there is a repugnance between any regulation of an approved gratuity fund and any provision of this Part or of the rules made thereunder, the said regulation shall, to the extent of repugnance, be of no effect, and the Board may, at any time, require that such repugnance shall be removed from the regulations of the fund.

10. Provisions relating to rules.–In addition to any power conferred in this Part, the Board may make rules–

(a) prescribing the statements and other information to be submitted along with an application for approval;

(b) limiting the ordinary, annual, and other contributions of an employer to the fund;

(c) regulating the investment or deposit of the money of an approved gratuity fund;

(d) providing for withdrawal of the approval in the case of a fund which ceases to satisfy the requirements of this Part, or the rules made thereunder; and

(e) generally, to carry out the purposes of this Part and to secure such further control over the approval of gratuity funds and the administration of gratuity funds, as it may deem requisite.

THE SECOND SCHEDULE
RATES OF INCOME TAX IN CERTAIN SPECIAL CASES

[See section 16(3)]

1. Where a person, not being a company, is a non-resident in Bangladesh, except a Bangladesh non-resident tax shall be payable by him or on his behalf, on his total income, at the maximum rate.

2. Where the total income of an assessee includes any income chargeable under the head "Capital gains" (hereinafter referred to as the "said income"), the tax payable by him on his total income shall be–

(a) where the said income has arisen as a result of disposal by the assessee of his capital assets after not more than five years from the date of their acquisition by him, tax payable on the total income including the said income;

(b) where the said income consists of capital gains which have arisen on account of the disposal by the assessee of his capital assets after five years from the date of their acquisition by him–

(i) in the case of a company–

(1) tax payable on the total income as reduced by the said income had such reduced income been the total income, *plus*

(2) tax at the rate of twenty-five percent on the whole amount of the said income;

(ii) in the case of other assessees where the capital gains arise as a result of disposal by the assessee of his capital assets after five years from the date of their acquisition, tax payable on the capital gains at the rate applicable to his total income including the said capital gains, or tax at the rate of fifteen per cent. on the amount of the capital gains, whichever is the lower.

3. Where the total income of an assessee includes any income from "winnings" referred to in section 19(13) chargeable under the head "Income from other sources" (hereinafter referred to as the "said income"), the tax payable by him on the said income shall be at the rate applicable to this total income including the said income or at the rate of twenty per cent., whichever is the lower.

THE THIRD SCHEDULE
COMPUTATION OF DEPRECIATION ALLOWANCE

(See section 27 and 29)

1. Depreciation allowance on assets used for agricultural purposes.- For the purpose of section 27(1)(f), depreciation allowance at the rates specified in the Table below shall be made in respect of depreciation of any irrigation or protective work or other capital assets:

TABLE

Sl. No.	Classification of irrigation or protective work or other capital assets.	Rate/percentage of the written down value, except as otherwise indicated.	Remarks
1	*2*	*3*	*4*
1.	Pucca buildings	10	
2.	Kutcha and pucca buildings	15	
3.	Kutcha buildings	20	
4.	Temporary structure	...	No rate is specified; renewal will be allowed as revenue expenditure.
5.	Pucca walls	5	
6.	Fencing of substantial material	10	
7.	Tube-well	15	
8.	Tanks	10	
9.	Pucca irrigation channel	15	
10.	Kutcha irrigation channel	20	

Sl. No.	Classification of irrigation or protective work or other capital assets.	Rate/percentage of the written down value, except as otherwise indicated.	Remarks
11.	Kutcha irrigation wells	$33^1/_3$	
12.	Pucca irrigation wells	5	
13.	Bullock drawn iron implements	15	
14.	Bullock drawn wooden or leather implements and other small hand/ implements.	25	
15.	Weighing machine	10	
16.	Tractors and oil engines and thin implements.	15	
17.	Power pumping machinery	20	
18.	Factory made cart of iron material with rubber tyre	15	
19.	Country Cart	20	
20.	Steam engine	10	
21.	Workshop tools	15	
22.	General (machinery, implements, plants and other assets) not provided for above specially.	10	

2. Allowance for depreciation.–(1) In computing profits and gains from business or profession, an allowance for depreciation shall be made in the manner hereinafter provided in respect of any building, machinery,

plant or furniture owned by an assessee and used for the purposes of business or profession carried on by him.

(2) Where any such building, machinery, plant or furniture is not wholly used for the purposes of the business or profession, the allowance under sub-paragraph (1) shall be restricted to the fair proportional part of the amount which would be admissible if such building, machinery, plant or furniture were wholly so used.

(3) No allowance under this paragraph shall be made unless–

(a) at the time of filing a return of total income such particulars as may be prescribed and such further information or documents as the Deputy Commissioner of Taxes may require, are furnished; and

(b) such building, machinery, plant or furniture has been so used during income year.

3. Normal depreciation allowance.–(1) The allowance for normal depreciation under paragraph 2 shall be computed at the rates specified in the table below:

TABLE

Sl. No.	Class of assets.	Rate/percentage of the written down value, except as otherwise indicated.	Remarks
1	*2*	*3*	*4*
1.	(1) Buildings (general)	12	
	(2) Factory buildings	24	
2.	Furniture and fittings	10	
3.	Machinery & Plant:	18	
	(1) General rate		
	(2) Special rates–		
	(a) Ships:		
	(i) Ocean-going ships (new)	12	

Sl. No.	Class of assets.	Rate/percentage of the written down value, except as otherwise indicated.	Remarks
	(ii) Ocean-going ships (second hand), age at the time of purchase		The allowance is to be calculated on the orginal cost.
	(a) less than 10 years	12	
	(b) 10 years or more	24	
	(iii) Inland ships including steamers, motor vessels, sails, tug-boats iron or steel flats for cargo, wooden cargo-boats, motor launches and speed boats.	24	
	(b) (i) Batteries, X-Ray and electrotherapeutic apparatus and accessories thereto;	20	
	(ii) Machinery used in the production and exhibition of cinematographic films;	20	
	(iii) Motor vehicles all sorts-not plying for hire;	20	

Sl. No.	Class of assets.	Rate/percentage of the written down value, except as otherwise indicated.	Remarks
	(iv) Motor vehicles all sorts-plying for hire.	24	
(c)	(i) Professional and reference books;	30	
	(ii) Aircraft, aeroengines and aerial photographic apparatus;	30	
	(iii) Moulds used in the manufacture of glass or plastic goods or concrete pipe.		
(d)	Mineral oil concerns–	100	
	(i) Below ground installations		
	(ii) Above ground installations, that is to say, portable boilers, drilling tools, well-head tanks and rigs.	30	

(2) The Board may, from time to time, by notification in the official Gazette, make any amendment in the Table referred to in sub-paragraph (1).

(3) Notwithstanding anything contained in sub-paragraph (1), in the case of any assessee or any class of assessees, or any asset or class of

assets, the Board may, by notification in the official Gazette, direct that depreciation allowance shall be a allowance at such rate or rates and in such manner as may be specified.

4. Extra depreciation allowance.– ***

5. Depreciation not to be allowed in cases where the cost of renewal or replacement is allowed.–Notwithstanding anything contained in this Ordinance, no allowance under paragraph 2 shall be made in the case of any asset falling under the description "Machinery and Plant" the normal useful life of which does not exceed one year, but the cost of renewal or replacement thereof shall be allowed as a revenue expenditure.

6. Initial depreciation allowance.– ***

7. **Accelerated depreciation allowance on machinery and plant.**–(1) In the case of any machinery or plant (other than office appliances and road transport vehicles) which, not having been previously used in Bangladesh, has been or is used in an industrial undertaking set up in Bangladesh between the first day of July, 1977 and the thirtieth day of June, [2005] (both days inclusive), an amount by way of accelerated depreciation allowance shall, subject to the conditions set out in sub-paragraph (2), be allowed and computed as follows, namely:–

(a)	if the industrial undertaking is set up in areas specified in this behalf by the Board, for the year in which the undertaking starts commercial production.	...	100 per cent of the actual cost of the machinery or plant to the assessee.
(b)	if the industrial undertaking is set up in areas other than in the said areas–	...	
	(i) for the year in which the undertaking starts commercial production	...	80 per cent of the actual cost of the machinery or plant to the assessee;
	(ii) for the next following year	...	20 per cent of the actual cost of the machinery or plant to the assessee.

Explanation.–For the purposes of this paragraph, "industrial undertaking" includes expansion of an existing undertaking if such expansion constitutes–

(a) an identifiable unit for production of similar or other goods or class of goods; and

(b) a similar unit carrying on an identifiable industrial process, but does not include an undertaking which is formed by splitting up or reconstruction of an existing business or by the transfer of machinery or plant of an existing business in Bangladesh to a new business.

(2) The industrial undertaking referred to in sub-paragraph (1) shall fulfil the following conditions, namely:-

(a) that the industrial undertaking is owned and managed by a Bangladeshi company, or a body corporate formed in pursuance of an Act of Parliament, having its registered office in Bangladesh;

(b) that it belongs to such class of industries as the Board may, by notification in the official Gazette, specify in this behalf;

(c) that the particulars required for the purpose of entitlement to, or claiming accelerated depreciation allowance under this paragraph have been furnished; and

(d) that the application in the prescribed form for accelerated depreciation allowance under this paragraph, as verified in the prescribed manner, is made to the Board within six months from the end of the month of commencement of commercial production; and the application is accompanied by a declaration in writing that the undertaking has not been approved for, and that no application in respect of the undertaking has been made or shall be made to the Board for approval of, exemption from payment of tax under section 45 or 46A of this Ordinance for any period.

(3) The machinery or plant on which accelerated depreciation has been allowed under this paragraph shall not be entitled to any other

depreciation allowance under this Ordinance or the Income-tax Act, 1922 (XI of 1922).

7A. Accelerated depreciation allowance on machinery and plant.–(1)In the case of machinery or plant (other than office appliances and road transport vehicles) which not having been previously used in Bangladesh, has been or is used–

(a) in the expansion unit set-up between the first day of July, 1995 and the thirtieth day of June, 2005 (both days inclusive) in any existing undertaking enjoying exemption from tax under section 46A; or

(b) between the first day of July, 1995 and the thirtieth day of June, 2005 (both days inclusive) in the treatment and disposal of toxic and environmentally hazardous wastes or in the collection or processing of bio-degradable wastes or in the research and development in any industrial undertaking owned and managed by a company as defined in clause (20) of section 2, an amount by way of accelerated depreciation allowance shall, subject to the conditions set out in sub-paragraph (2), be allowed and computed as follows, namely:-

(i) for the first year in which the expansion unit starts	...	80 per cent of the actual cost of the machinery or plant to the assessee;
(ii) for the next following year	...	20 per cent of the actual cost of the machinery or plant to the assessee.

Explanation.–For the purposes of this paragraph, "expansion unit" means the expansion of an existing undertaking if such expansion constitutes–

(a) an identifiable unit for production or operation of similar or other goods or class of goods or services;

(b) a similar unit carrying on an identifiable industrial process, but does not include an undertaking which is formed by splitting up or reconstruction of an existing business or by transfer of machinery or plant of an existing business in Bangladesh to a new business.

(2) The undertaking referred to in clause (a) or (b) of sub-paragraph (1) shall fulfill the following conditions, namely:-

(a) that the application in the prescribed form for accelerated depreciation allowance under this paragraph, as verified in the prescribed manner, is submitted to the Board within six months from the end of the month of commencement of commercial production or operation; and

(b) that the particulars required for the purpose of entitlement to, or claiming accelerated depreciation allowance under this paragraph have been furnished.

(3) The Board shall give its decision on an application under sub-paragraph (2)(a) within three months from the date of receipt of the application by the Board, failing which accelerated depreciation shall be deemed to have been allowed by the Board for the purposes of this paragraph.

(4) The machinery or plant on which accelerated depreciation is allowed under this paragraph shall not be entitled to any other depreciation allowance under this Ordinance.

(5) The Board may, on an application by any person aggrieved by any decision or order passed under sub-paragraph (3), if the application is made within four months of the receipt of such decision or order, review the previous decision or order and pass such order in relation thereto as it thinks fit.

8. **Special depreciation allowance on ships.**–(1) in the case of–

(a) a ship, being a passenger vessel, plying ordinarily on inland waters, or a fishing trawler registered in Bangladesh, which has been or is brought into use in Bangladesh, for the first time on any day between the 1st day of July, 1982 and the thirtieth day of June, 1995 (both days inclusive), and is the property of the assessee, or

(b) a ship registered in Bangladesh, not being a ship ordinarily plying on inland waters, which has been or is brought into use in Bangladesh for the first time on any day between the 1st day of July, 1982 and the thirtieth day of June, 1995 (both days inclusive), and is the property of the assessee, an amount by

way of special depreciation allowance shall, subject to the conditions set out in sub-paragraph (2), be allowed and computed as follows, namely:-

(i) for the first year ... 40 per cent of the original cost;

(ii) for the second year ... 30 per cent of the original cost;

(iii) for the third year ... 30 per cent of the original cost.

(2) For the purposes of special depreciation allowance under sub-paragraph (1), the following conditions shall be fulfilled, namely:-

(a) that the ship conforms to such specifications as the Government may, by notification in the official Gazette, specify in this behalf: and

(b) that the particulars required for the purpose of entitlement to or claiming special depreciation allowance under this paragraph have been furnished.

(3) Any ship including a passenger vessel or a fishing trawler on which special depreciation has been allowed under this paragraph shall not be entitled to any other depreciation allowance under this Ordinance or the Income-tax Act, 1922 (XI of 1922).

9. Limitation in respect of allowance for depreciation.–(1) The aggregate of the allowances for depreciation allowed under this Ordinance or the Income-tax Act, 1922 (XI of 1922), in respect of any asset, shall not exceed the original cost of the asset.

(2) Where full effect cannot be given to depreciation allowances under this Schedule in the year in which it is admissible there being no income chargeable for that year or such income being less than the allowance admissible, then, subject first to carrying forward of the loss, if any, under section 38, the allowances or the part thereof to which effect has not been given shall be added to the amount of the allowance for the following year or, if no allowance is admissible for such following year, shall be deemed to be allowance admissible for such year and so on for succeeding years till such time as the entire allowance on this account is adjusted against the profits.

10. Disposal of assets and treatment of gains or losses thereof.–Where in any income year any asset representing any building, machinery or plant is disposed of by an assessee–

(a) no allowance for depreciation under paragraph 3, 4, 6, 7, or 8 shall be allowed in respect thereof in that year;

(b) where the sale-proceed exceed the written down value of such asset, so much of the excess as does not exceed the difference between the original cost and the written down value, shall be deemed to be income of the assessee of that income year chargeable under the head "Income from business or profession";

(c) where the sales-proceeds are less than the written down value of such asset, the deficit shall be deemed to be an expenditure, deductible from the profits and gains of business or profession of that year;

and the business or profession in which such building, machinery or plant was used before its disposal, shall be deemed to be carried on by the assessee during that year, and the provisions of this Ordinance shall apply accordingly:

Provided that the deficiency is actually written off in the books of accounts of the assessee.

11. Definitions.–For the purposes of this Schedule,–

(1) "furniture" includes fittings;

(2) "plant" includes ships, vehicles, books, scientific apparatus and surgical equipment used for the purpose of business or profession;

(3) 'sale-proceeds" means–

(a) where the asset is actually sold, the sale prices thereof or the fair market value, whichever is the higher;

(b) where the asset is transferred by way of exchange, the fair market value of the asset acquired through such transfer;

(c) where the asset is transferred otherwise than by sale or exchange, the consideration for such transfer;

(d) where an asset is discarded, demolished, destroyed or lost, scrap value, or the amount realised by the disposal thereof together with any insurance, compensation or salvage money received or receivable in respect therefor;

(e) where the asset is compulsorily acquired under any law for the time being in force in Bangladesh, the compensation paid thereof;

(f) where the asset ceases to be used by the assessee for the purposes of his business or profession, the fair market value thereof at the time of such cessation;

(g) where any machinery or plant, after having been used in Bangladesh in the execution of any contract or otherwise, is exported or transferred outside Bangladesh, the original cost thereof less the "normal depreciation" allowed under paragraph 3 of this Schedule; or the depreciation allowances allowed under section 10(2)(vi) of the Income-tax Act, 1922 (XI of 1922), except the further sum referred to therein;

and in each such case the asset shall for the purpose of paragraph 10, be deemed to have been disposed of by the assessee:

Provided that where the actual cost of a motor vehicle not plying for hire, is, in accordance with clause (6)(a), taken to be ten lakh taka, the sale-proceeds thereof shall be taken to be a sum which bears to the amount for which the said vehicle is sold, together with any insurance, salvage or compensation money received or receivable, or as the case may be, scrap value in respect thereof, at the same proportion as the said sum of ten lakh taka bears to the actual cost of the said vehicle to the assessee, had the said sub-clause not been applicable to such vehicle.

Explanation.–In the proviso, "sold" includes a transfer by way of exchange or otherwise or a compulsory acquisition under any law for the time being in force;

(4) "Ship" includes a steamer, motor vessel, sail, tug boat, iron or steel flat for cargo, wooden cargo boat, motor launch and speed boat;

(5) "written down value" means–

(a) where the assets were acquired in the income year, the actual cost thereof to the assessee;

(b) where the assets were acquired before the income year, the actual cost thereof to the assessee as reduced by the aggregate of the allowances for depreciation allowed under this Ordinance, or the Income-tax Act, 1922 (XI of

1922), in respect of the assessments for earlier year or years;

(6) For the purposes of clause (5),–

(a) in the case of motor vehicles, being passenger vehicles or sedan cars, not plying for hire, the actual cost to the assessee shall be deemed not to exceed seven lakh fifty thousand taka;

(b) in computing the actual cost of an asset, the amount of any grant, subsidy, rebate or commission and the value of any assistance (not being in the nature of any loan repayable with or without interest) received by an assessee from Government or any other authority or person, and any deduction or allowance admissible under this Ordinance or the Income-tax Act, 1922 (XI of 1922), shall be excluded;

(c) where, before the date of acquisition by the assessee, any such asset had at any time been used by any person for the purposes of his business or profession, the actual cost to the assessee shall, except in any case where sub-clause (d) applies, be deemed not to exceed the fair market value thereof;

(d) where any assessee has succeeded another person in business or profession by inheritance, or where the provisions of section 88 apply, the written down value of an asset shall be computed as if no succession had taken place;

(e) where an assessee has acquired any plant or machinery (hereinafter referred to as "asset") from a country outside Bangladesh for installation in Bangladesh for the purposes of his business or profession and, in consequence of a change in the rate of exchange at any time after the acquisition of such asset and before full and final payment of any foreign loan, there is an increase or reduction in the liability of the assessee as expressed in Bangladesh currency for making payment towards the whole or a part of the money borrowed by him from any person, directly or indirectly, in any

foreign currency specifically for the purposes of acquiring the asset (being in either case, the liability existing immediately before the date on which change in the rate of exchange takes effect), the amount by which the liability aforesaid is so increased or reduced during the income year shall be added to, or as the case may be, deducted from the actual cost of the assets, and the amount arrived at after such addition or deduction shall be taken to be the actual cost of the asset;

(f) where the whole or any part of the liability aforesaid is met, not by the assessee, but, directly or indirectly, by any other person or authority, the liability so met shall not be taken into account for the purposes of clause (e); and

(g) where the assessee has entered into a contract with an authorised dealer for providing him with a specified sum in a foreign currency on or after a stipulated future date at the rate of exchange specified in the contract to enable him to meet the whole or any part of the liability aforesaid, the amount, if any, to be added to, or deducted from the actual cost of the asset or the amount of expenditure of a capital nature or, as the case may be, the cost of acquisition of the capital asset under this sub-clause shall, in respect of so much of the sum specified in the contract as is available for discharging the liability aforesaid, be computed with reference to the rate of exchange specified therein.

Explanation.–For the purposes of this clause–

(a) "rate of exchange" means the rate of exchange determined or recognised by the Government for the conversion of Bangladesh currency into foreign currency or foreign currency into Bangladesh currency; and

(b) "authorised dealer", "foreign currency" and "Bangladesh currency" have the same meaning as in the Foreign Exchange Regulation Act. 1947 (VII of 1947).

THE FOURTH SCHEDULE
COMPUTATION OF THE PROFITS AND GAINS OF INSURANCE BUSINESS

[See section 28(2)(a)]

1. **Profits of life insurance to be computed separately.**–In the case of any person who carries on, or at any time in the income year carried on, life insurance business, the profits and gains of such person from that business shall be computed separately from his income, profits or gains from any other business.

2. **Computation of profits and gains of life insurance business.**–The profits and gains of life insurance business, other than pension and annuity business, shall be taken to be either–

(a) the gross external incomings of the income year from that business less the management expenses of that year, or

(b) the annual average of the surplus arrived at by adjusting the surplus or deficit disclosed by the actuarial valuation made for the last inter-valuation period ending before the year for which the assessment is to be made, so as to exclude from it any surplus or deficit included therein which was made in any earlier inter-valuation period and any expenditure other than expenditure which may, under the provisions of section 29 of this Ordinance, be allowed for, in computing the profits and gains of a business, whichever is the greater:

Provided that the amount to be allowed as management expenses shall not exceed–

(a) $7^1/_2$ per cent. of the premiums received during the income year in respect of single premium life insurance policies, plus

(b) in respect of the first year's premiums received in respect of other life insurance policies for which the number of annual premiums payable is less than twelve, or for the number of years during which premiums are payable is less than twelve, for each such premium or each such year, $7^1/_2$ per cent. of such first year's premium or premium received during the income year, plus

(c) 90 per cent of the first year's premium received during the income year in respect of all other life insurance policies, plus

(d) 12 per cent. of all renewal premiums received during the income year.

3. Computation of profits and gains of pension and annuity business.– The profits and gains of pension and annuity business shall be taken to be the annual average of the surplus computed in the manner laid in paragraph 2(b).

4. Deductions.–In computing the surplus,–

(a) under paragraph 2(b), for the purpose of life insurance business, three-fourths of the amounts paid to or reserved for or expended on behalf of policy-holders, shall be allowed as a deduction, and under paragraph 3, the amounts paid to or reserved for or expended on behalf of the members of an approved superannuation fund shall be allowed as a deduction:

Provided that in the first such computation made under this paragraph of any such surplus, no account shall be taken of any such amounts to the extent to which they are paid out of or in respect of any surplus brought forward from a previous inter-valuation period:

Provided further that if any amount so reserved for policy-holders or members of an approved superannuation fund, as the case may be, ceases to be so reserved, and is not paid to or expended on behalf of policy-holders or members of an approved superannuation fund, as the case may be, one-half or three-fourths of such amount or the entire amount, as the case may be, if it has been previously allowed as a deduction, shall be treated as part of the surplus for the period in which the said amount ceased to be so reserved;

(b) any amount either written off or reserved in the accounts or through the actuarial valuation balance-sheet to meet depreciation of or loss on the realisation of securities or other assets, shall be allowed as a deduction and any sums taken credit for in the accounts or actuarial valuation balance-sheet on account of appreciation of or gains on the realisation of the securities or other assets shall be included in the surplus:

Provided that if, upon investigation, it appears to the Deputy Commissioner of Taxes after consultation with the Controller of Insurance

that having due regard to the necessity for making reasonable provision for bonuses to participating policy-holders and for contingencies, the rate of interest or other factor employed in determining the liability in respect of outstanding policy is materially inconsistent with the valuation of the securities and other assets so as artificially to reduce the surplus, such adjustment shall be made to the allowance for depreciation of or to the amount to be included in the surplus in respect of appreciation of, such securities and other assets as shall increase the surplus for the purposes of these paragraphs to a figure which is fair and just:

(c) interest received in respect of any securities of the Government which have been issued with the condition that interest thereon shall not be liable to tax shall be excluded.

5. Adjustment of tax paid by deduction at source.–Where for any year an assessment of the profits and gains of life insurance business is made in accordance with the annual average of a surplus disclosed by a valuation for an inter-valuation period exceeding twelve months, then, in computing the tax payable for that year, credit shall not be given in accordance with section 62 for the tax paid in the income year but credit shall be given for the annual average of the tax paid by deduction at source from interest on securities or otherwise during such period.

6. Computation of profits and gains of other insurance business.–(1) The profits and gains of any business of insurance other than life insurance shall be taken to be the balance of the profits disclosed by the annual accounts, copies of which are required under the Insurance Act, 1938 (IV of 1938), to be furnished to the Controller of Insurance after adjusting such balance so as to exclude from it any expenditure, other than expenditure which may under the provisions of section 29 be allowed for in computing the profits and gains of a business. Profits and losses on the realisation of investments, and depreciation and appreciation of the value of investments shall be dealt with as provided in paragraph 4 for the business of life insurance.

(2) Where a company sets aside a portion of its income, profits and gains to meet exceptional losses, so much of such portion as does not exceed ten per cent of the premium income of the year in which it is set aside shall be deducted from the balance of the profits referred to in sub-paragraph (1).

(3) The amount deducted under sub-paragraph (2) in any year, together with the amounts, if any, deducted or carried to a reserve in

earlier years to meet exceptional losses (as reduced by the amounts, if any, paid out of such amounts or reserve to meet exceptional losses) shall not exceed the premium income of that year or the average premium income of the three years immediately preceding that year, whichever is the higher.

(4) Notwithstanding anything to the contrary contained in this Ordinance, where any amount is paid, appropriated or diverted out of, or from the amounts deducted under sub-paragraph (2) for purposes other than the meeting of an exceptional loss, such amount shall, together with the other premium income, if any, of the company for the year in which such payment, appropriation or diversion takes place, be deemed to be the premium income of the company for that year; and in the event of the liquidation of the company or the discontinuance of the business to which this paragraph applies, whichever is the earlier, the aggregate of the amounts deducted under sub-paragraph (2) (as reduced by the payments made out of such amounts to meet exceptional losses) shall, together with the other income, if any, of the company for the year in which it goes into liquidation or in which such business is discontinued, be deemed to be the income of the company for that year.

Explanation.–For the purposes of this paragraph, "exceptional loss" means the amount by which the aggregate loss in any year exceeds fifty per cent. of the premium income of that year or fifty per cent. of the average premium income of the three years immediately preceding that year, whichever is the higher and total world income of the company corresponding to the proportion which its premium income derived from Bangladesh bears to its total premium income. For the purposes of this paragraph, the total world income of life insurance companies not resident in Bangladesh whose profits are periodically ascertained by actuarial valuation, shall be computed in the manner laid down in these paragraphs for the computation of the profits and gains of life insurance business carried on in Bangladesh *(seems to have been erroneously drafted).*

7. Profits and gains of non-resident person.–The profits and gains of the branches in Bangladesh of an insurance company not resident in Bangladesh in the absence of more reliable data, may be deemed to be the proportion of the total world income of the company corresponding to the proportion which its premium income derived from Bangladesh bears to its total premium income. For the purpose of this paragraph, the total world income of life insurance companies not resident in Bangladesh whose profits are periodically ascertained by actuarial valuation shall be

computed in the manner laid down in these paragraphs for the computation of the profits and gains of life insurance business carried on in Bangladesh.

8. Mutual Insurance Associations.–These paragraph apply to the assessment of the profits of any business of insurance carried on by a mutual insurance association.

9. Definition.–For the purposes of this Schedule,–

(a) "gross external incomings" means the full amount and incomings from interest, dividends, fines and fees and all other incomings from whatever source derived (except premium received from policy-holders and interest and dividends on any annuity fund) and includes also profits from reversions and on the sale or the granting of annuities, but excludes profits on the realisation of securities or other assets:

Provided that incomings, including the annual value of the property occupied by the assessee, which but for the provisions of sub-section (2) of section 28 would have been assessable under section 24, shall be computed upon the basis laid down in the last named section, and that there shall be allowed from such gross incomings such deductions as are permissible under that section;

(b) "management expenses" means the full amount of expenses (including commissions) incurred exclusively in the management of the business of life insurance, and in the case of a company carrying on other classes of business as well as the business of life insurance in addition thereto, a fair proportion of the expenses incurred in the general management of the whole business. Bonuses or other sums paid to or reserved on behalf of policy-holders, depreciation of, and losses on the realisation of securities or other assets and any expenditure other than expenditure which may under the provisions of section 29 be allowed in computing the profits and gains of a business are not management expenses for the purposes of this Schedule;

(c) "life insurance business" means life insurance business as defined in section 2(11) of the Insurance Act, 1938 (IV of 1938);

(d) "securities" includes stocks and shares;

(e) "pension and annuity business" means any life insurance business relating to a contract with the trustees of an approved superannuation fund, where such contract is–

(i) entered into only for the purposes of such fund, and

(ii) so framed that the liabilities undertaken thereunder by the person carrying on the insurance business correspond with the liabilities against which the contract is intended to secure such fund.

THE FIFTH SCHEDULE

PART A

COMPUTATION OF THE PROFITS OR GAINS FROM THE EXPLORATION AND PRODUCTION OF PETROLEUM AND THE DETERMINATION OF THE TAX THEREON

[See section 28 (2)(b)]

1. **Profits from exploration and production of petroleum to be computed separately.**–Where any person carries on or is deemed under an agreement with the Government to be carrying on any business which consist of or includes exploration and production of petroleum, the profits or gains of such person therefrom shall be computed separately from his income, profits or gains from any other business.

2. **Computation of profits.**–Subject to the provisions of section 29, the profits and gains for the purposes of paragraph 1, shall be computed after making the following additional allowances, namely:-

(a) where a person incurs any expenditure on searching for, or on discovering and testing a petroleum deposit or winning access thereto, but the search, exploration or enquiry upon which the expenditure is incurred is given up before the commencement of commercial production, such expenditure allocable to a surrender area and to the drilling of a dry hole shall be deemed to be lost at the time of the surrender of the area or the completion of the dry hole, as the case may be. A portion of such loss as provided for any agreement between any such person and the Government, shall be allowed in either of the following ways:-

(i) such portion of the said loss in any year shall be set off against income, profits or gains from business or under any other head of income, other than income from dividend, of that year. If the loss cannot be wholly set off in this manner, the portion not so set off shall be carried forward to the following year and set off against such income, profits or gains, for that year in the same manner, and if it cannot be wholly so set off, the amount not so set off shall

be carried forward to the following year and so on; but no loss shall be so carried forward for more than six years;

(ii) such portion of the said loss in any year shall be set off against income, profits or gains of the same business of the income year in which commercial production commences. If the loss cannot be wholly set off against the profit of the same business for that year, the loss not so set off shall be carried forward to the following year and set off against the profits or gains, if any, of the assessee from the same business for that year; and if it cannot be wholly so set off, the amount of loss not so set off shall be carried forward to the following year, and so on; but no loss shall be so carried forward for more than ten years;

(b) after the commencement of commercial production, all expenditure prior thereto not deemed to be lost under clause (a) and not represented by physical assets in use at the time the commercial production commenced, shall be allowed as deductions. The portion of such deduction to be allowed in any year shall be such amount (not being greater than 10 per cent. of the aggregate amount deductible) as may be selected by the assessee;

(c) expenditure incurred after the commencement of commercial production in connection with production and exploration shall be allowed as a deduction:

Provided that such expenditure on asset with respect to which depreciation is allowable shall not be deducted, and depreciation shall be allowable on such assets in accordance with the provisions of the Third Schedule. Depreciation shall also be allowed in respect of the expenditure referred to in the preceding clause on physical assets acquired prior to the date on which commercial production commenced, which were in use on that date, as if the assets were newly acquired at their original cost at the time of commencement of commercial production:

Provided further that where any depreciation allowance has been allowed before the commencement of commercial production, the original cost as aforesaid shall be reduced by the amount of such allowance;

(d) if, in any year, the deductions admissible under section 29 and the foregoing clauses (b) and (c) of this paragraph, exceed the

gross receipts from the sale of petroleum produced in Bangladesh such excess shall be set off against other income, not being a dividend, and carried forward in the manner and subject to the limitations laid down in sections 37, 38 and 42.

3. **Depletion allowance.**–In determining the profits or gains for any year ending after the date on which commercial production commenced, an additional allowance shall be made equal to 15 per cent. of the gross receipts representing the well-head value of the production from the business or part of the business to which the provisions of this Part apply:

Provided that such allowance shall not exceed one-half of the profits or gains as computed without the deduction of such allowance.

4. **Payments to the Government and taxes.**–(1) The sum of payments to the Government and taxes on income in respect of the profits or gains derived from the business or part of the business to which the provisions of this Part apply, for any year of assessment, shall be as provided for in the agreement with the assessee.

(2) For the purposes of this paragraph, "payments to the Government" means amounts payable to the Government or to any governmental authority in Bangladesh,–

(a) ***

(b) in respect of any tax or levy imposed in Bangladesh particularly applicable to oil production or to extractive industries, or any of them, and not generally imposed upon all industrial and commercial activities.

5. **Adjustments of payments to the Government and taxes.**–If in respect of any year, the aggregate of the sum of payments to the Government and taxes on income is greater or less than the amount provided for in the agreement referred to in paragraph 4(1), an additional income tax shall be payable by the assessee or an abatement of tax shall be allowed to the assessee, as the case may be, so as to make the aggregate of the sum of payments to the Government and taxes on income equal to the amount provided for in the agreement.

6. **Carry forward of excess payments.**–If, in respect of any year, the payments to the Government exceed the amount provided for in the agreement referred to in paragraph 4(1), so much of the excess as consist of any tax or levy referred to in paragraph 4(2)(b) shall be carried forward

and treated as payments to the Government for the purposes of paragraph 4 and 5 for the succeeding year.

7. **Sale price of oil.**–For the purposes of computing income under this Part, the "well-head value" shall be adopted as the sale price of the oil.

8. **Definitions.**–For the purposes of this Part,–

(a) "commercial production" means production as determined by the Government;

(b) "petroleum" has the same meaning as assigned to it in Bangladesh Petroleum Act, 1974 (LXIX of 1974), but does not include refined petroleum products;

(c) "surrender" means the termination of right with respect to an area including the expiration of rights according to the terms of an agreement;

(d) "surrendered area" means an area with respect to which the rights of a person have terminated by surrender or by assignment or by termination of the business;

(e) "well-head value" has the meaning assigned to it in the agreement between the assessee and the Government and, in the absence of its definition in the agreement, the meaning assigned to it in the Petroleum (Production) Rules, 1949.

PART B

COMPUTATION OF PROFITS AND GAINS FROM THE EXPLORATION AND EXTRACTION OF MINERAL DEPOSITS (OTHER THAN OIL AND OIL GAS) IN BANGLADESH

[See section 28(2)(c)]

1. **Profits from exploration and extraction of mineral deposits to be computed separately.**–Where any person carries on the business of the exploration or extraction of mineral deposits of a wasting nature other than oil and oil gas in Bangladesh, the profits and gains of such business, shall be computed separately from his income, profits or gains from other business, if any, and such business shall, for the purposes of these paragraphs, be treated as a separate undertaking (hereinafter referred to as such undertaking).

2. **Computation of profits.**–(1) Subject to the provisions of this Part, the profits and gains of such undertaking shall be computed in accordance with the provisions of section 29.

(2) All expenditure on prospecting and exploration incurred by such undertaking up to the stage of commercial production shall, to the extent it cannot be set off against any other income of the said undertaking or any other income in accordance with section 37, be treated as a loss.

(3) The loss computed in the manner specified in sub-paragraph (2) shall be set off against the income of such undertaking after the commencement of commercial production so, however, that if it cannot be wholly set off against the income, profits or gains of the said undertaking for the income year in which the commercial production was commenced, the portion not so set off shall be carried forward to the following year, and so on; but no loss shall be carried forward for more than ten years beginning with the year in which commercial production was commenced.

(4) Notwithstanding the provisions of paragraph 3 and 6 of the Third Schedule, after the commencement of commercial production, depreciation allowance in respect of machinery and plant purchased or acquired for extracting the ore shall be allowed as a deduction against profits and gains of the year in which they are used for the first time in an amount equal to the original cost of such asset; where such allowance cannot be made in full in any year owing to there being no profits or gains

chargeable for that year or owing to the profits and gains so chargeable being less than the allowance the allowance or part of the allowance to which effect has not been given, as the case may be, shall be added to the amount of allowance for depreciation for the following year and deemed to be part of that allowance or, if there is no allowance for that year, be deemed to be allowance for that year, and so on for succeeding year:

Provided that where any loss has also to be carried forward under sub-paragraph (3) effect shall be given to that paragraph.

3. **Depletion allowance.**–(1) In computing the profits and gains of such undertaking for any year, an additional allowance (hereinafter referred to as the depletion allowance) shall be made equal to 15 per cent. of the total income of such undertaking (before the deduction of such allowance) or 50 per cent. of the capital employed in such undertaking (such capital being computed in accordance with such provisions as may be made by the Board for the purpose of this paragraph), whichever is the less.

(2) No deduction on account of the depletion allowance shall be allowed under sub-paragraph (1) unless an amount equal to the depletion allowance is debited to the profit and loss account of the relevant income year and credited to a reserve account to be utilised for the development and expansion of such undertaking.

(3) Where an allowance by way of depletion allowance has been made in any year and subsequently it is utilised for a purpose not specified in sub-paragraph (2), the amount originally allowed shall be deemed to have been wrongly allowed and the Deputy Commissioner of Taxes may, notwithstanding anything contained in this Ordinance, recompute the total income of the assessee for the relevant income year and the provisions of sections 93 and 94 shall, so far as may be, apply thereto, the period of four years specified in section 94 being reckoned from the end of the income year in which the amount was so utilised.

4. **Tax exemption of profits from refining or concentrating mineral deposits.**–(1) Where such undertaking is also engaged in the business of refining or concentrating in Bangladesh the mineral deposits extracted by it in Bangladesh, so much of the profits and gains (hereinafter referred to in sub-paragraph (2) as the *said amount of profit and gains*) derived from such business as does not exceed five percent of the capital employed in such business, such capital being computed in accordance with such rules

as may be made by the Board for the purposes of this paragraph, shall be exempt from tax.

(2) Where the profits and gains of such business, computed for any year of assessment cover a period which is less or more than one year, the amount of profits and gains exempt under sub-paragraph (1) shall be the amount which bears the same proportion to the said amount of profits and gains at the same proportion as the said period bears to a period of one year.

(3) The profits and gains of the business to which this paragraph applies shall be computed in accordance with the provisions of sections 28 and 29.

(4) Nothing contained in this paragraph shall apply to an undertaking which is formed by the splitting up, or the reconstruction of, a business already in existence, or by the transfer to a new business of any building, machinery or plant used in a business which was being carried on, on or before the first day of July, 1983.

(5) The provisions of this paragraph shall apply to the assessment for the year next following the income year in which commercial production is commenced, or the loss under paragraph 2(3) or allowance, if any, under paragraph 2(4), as the case may be, has been set off or deducted in full, whichever is the later, and for the next following four years.

THE SIXTH SCHEDULE
PART A
EXCLUSIONS FROM TOTAL INCOME

[See section 44(1)]

1. (1) Any income derived from property held under trust or other legal obligation or from operation of micro credit by such trust or obligation wholly for religious or charitable purposes, and in the case of property so held in part only for such purposes, the income applied, or finally set apart for application, thereto.

(2) Where any income is not applied or is not deemed to have been applied to charitable or religious purposes in Bangladesh during the income year but is accumulated, or finally set apart, for application to such purposes in Bangladesh, such income shall not be included in the total income of the income year of the person in receipt of the income, provided the following conditions are complied with, namely,–

(a) such person specifies, by notice in writing given to the Deputy Commissioner of Taxes, the purpose for which the income is being accumulated or set apart, and the period for which the income is to be accumulated or set apart, which shall in no case exceed ten years;

(b) the money so accumulated or set apart is–

(i) invested in any Government security as defined in section 2(2) of Public Debt Act, 1944 (XVIII of 1944), or in any other security which may be approved by the Government in this behalf, or

(ii) deposited in any account with the Post Office Savings Bank.

(3) The income of a local government.

Note: Before the amendment of this Paragraph certain income of local authorities was exempt. The Supreme Court of Bangladesh in the cases of Bangladesh Food and Applied Industries Corporation (now renamed as Bangladesh Sugar and Food Industries Corporation) v. Commissioner of Taxes held that under the General Clauses Act 1897 the income of Bangladesh Sugar and Food Industries Corporation being not a company is exempt from tax.

2. Any income of a religious or charitable institution derived from voluntary contributions and applicable solely to religious or charitable purposes:

Provided that nothing contained in paragraph 1 or 2 shall operate to exempt from the provisions of this Ordinance that part of the total income of a private religious trust which does not ensure for the benefit of the public.

3. The income of local authorities, except income from a trade or business carried on by the authority, so far as that income is not income arising from the supply of a commodity or service within its own jurisdictional area.

4. (1) Any income accruing to, or derived by, a provident fund to which the Provident Fund Act, 1925 (XIX of 1925), applies.

(2) Any income accruing to, or derived by, workers participation fund established under the Companies Profits (Workers Participation) Act, 1968 (XII of 1968), subject to any such conditions and limits as may be prescribed.

5. Any special allowance, benefits or perquisite specifically granted to meet expenses wholly and necessarily incurred in the performance of the duties of an office or employment of profit.

6. Any income received by the trustees on behalf of a recognised provident fund, an approved superannuation fund and an approved gratuity fund.

7. Any income received–

(a) by any ambassador, high commissioner, envoy, minister, charge d'affairs, commissioner, counsellor, consul de carriere, secretary, adviser or attache of an embassy, high commission, legation or commission of a foreign State, as remuneration from such State for service in such capacity;

(b) by a trade commissioner or other official representative in Bangladesh of a foreign State (not holding office as such in an honorary capacity) as his official salary, if the official salary of the corresponding officials, if any, of the Government, resident for similar purposes in the country concerned, enjoy a similar exemption in that country;

(c) by a member of the staff of any of the officials referred to in clauses (a) and (b), as his official salary, when such member is not a citizen of Bangladesh and is either a subject of the country represented or a subject of some other foreign State and is not engaged in any business or profession or employment in Bangladesh otherwise than as a member of such staff, and the country represented has made corresponding provisions for similar exemptions in the case of members of the staff of the corresponding officials of the Government of the People's Republic of Bangladesh in that country.

8. Any pension due to, or received by, an assessee in respect of any income year in which he was in Bangladesh for a period in all amounting to one hundred and eighty-two days or more.

9. Any income chargeable under the head "Salaries" received by or due to any person who is neither a citizen of Bangladesh nor was resident in Bangladesh in any of the four years immediately preceding the year in which he arrived in Bangladesh, for a period of two years from the date of his arrival in Bangladesh, as remuneration for services rendered by him during such period as a professor or teacher at a recognised university, college, school or other educational institution in Bangladesh.

10. ***

11. ***

12. Any income, not exceeding five thousand taka, chargeable under the head "Interest on securities" received by an assessee, being an individual from interest on any securities of the Government.

13. Any income, not exceeding twenty thousand taka, received by an assessee, not being a company, from interest on debentures approved by the Securities and Exchange Commission for the purposes of this paragraph:

Provided that the amount of exemption under this paragraph together with the amount of any exemption under paragraph 12 shall not exceed twenty thousand taka.

14. Any income chargeable under the head "Income from property,"–

(a) in respect of a building the erection of which is begun and completed at any time between the first day of July, 1975 and

the thirtieth day of June, 1980 (both days inclusive), and the building is intended to be, and is actually, used for residential purposes only, for a period of five years from the date of such completion, subject to the following limits, namely,–

(i) in a case where the annual value of such building does not exceed eight thousand and four hundred taka,	...	the whole of such value;
(ii) in a case where the annual value of such building exceeds eight thousand and four hundred taka,	...	eight thousand and four hundred taka:

Provided that where an assessee claims exemption in respect of more than one such building, the exemption under this clause shall be restricted to such portion of the aggregate annual value of such building as does not exceed eight thousand and four hundred taka;

(b) in respect of a building the erection of which is begun and completed at any time between the first day of July, 1980 and the thirtieth day of June, 1985 (both days inclusive), and the building is intended to be and is actually, used for residential purposes only, for a period of five years from the date of such completion, subject to the following limits, namely,–

(i) in a case where the annual value of such building does not exceed fifteen thousand taka,	...	the whole of such value;
(ii) in a case where the annual value of such building exceeds fifteen thousand taka,	...	fifteen thousand taka:

Provided that where an assessee claims exemption in respect of more than one such building, exemption under this clause shall be restricted to such portion of the aggregate annual value of such building as does not exceed fifteen thousand taka;

(c) in respect of a building the erection of which is begun and completed at any time between the first day of July, 1975 and the thirtieth day of June, 1980 (both days inclusive), and which is intended to be and is actually, used for residential purposes only, for a period of five years from the date of such completion, subject to the condition that the plinth area of the building is not more than two thousand square feet. The exemption

under this clause shall also apply in the case of housing companies, societies and estates where the construction comprises bungalows, flats, apartments or units (hereinafter referred to as *units*) each containing plinth area of not more than two thousand square feet provided the construction comprises not less than twenty-five units;

(d) in respect of a building the erection of which is begun and completed at any time between the first day of July, 1980 and the thirtieth day of June, 1985 (both days inclusive), and which is intended to be, and is actually, used for residential purpose only, for a period of five years from the date of such completion, subject to the condition that the plinth area of the building is not more than one thousand square feet. The exemption under this clause shall also apply in the case of housing companies, societies and estates where the construction comprises bungalows, flats, apartments or units (hereinafter referred to as *unit*) each containing plinth area of not more than one thousand square feet provided the construction comprises not less than twenty-five units;

(e) in respect of building the erection of which is begun and completed at any time between the first day of July, 1985 and the thirtieth day of June, 1990 (both days inclusive), and the building is intended to be and is actually, used for residential purposes only, for a period of five years from the date of such completion, subject to the following limits, namely,–

(i) in a case where the annual value of such building does not exceed fifteen thousand taka,	...	the whole of such value;
(ii) in a case where the annual value of such building exceeds fifteen thousand taka,	...	fifteen thousand taka:

Provided that where an assessee claims exemption in respect of more than one such building, the exemption under this clause shall be restricted to such portion of the aggregate annual value of such building as does not exceed fifteen thousand taka;

(f) in respect of a building the erection of which is begun and completed at any time between the first day of July, 1985 and the thirtieth day of June, 1990 (both days inclusive), and which is intended to be, and is actually, used for residential purpose only, for a period of five years from the date of such completion, subject to the condition that the plinth

area of the building is not more than one thousand square feet. The exemption under this clause shall also apply in the case of housing companies, societies and estates where the construction comprises bungalows, flats, apartments or units (hereinafter referred to as *unit*) each containing plinth area of not more than one thousand square feet provided the construction comprises not less than twenty-five units:

(g) in respect of a building the erection of which is begun and completed at any time between the first day of July, 1990 and the thirtieth day of June, 1995 (both days inclusive), and the building is intended to be, and is actually, used for residential purposes only, for a period of five years from the date of such completion subject to the following limits, namely,–

(i) in a case where the annual value of such building does not exceed thirty thousand taka;	...	the whole of such value;
(ii) in a case where the annual value of such building exceeds thirty thousand taka:	...	thirty thousand taka:

Provided that where an assessee claims exemption in respect of more than one such building, the exemption under this clause shall be restricted to such portion of the aggregate annual value of such building as does not exceed thirty thousand taka:

15. (1) Any income chargeable under the head "Salaries" received by or due to any person who is neither a citizen of Bangladesh nor was resident in Bangladesh in any of the four years immediately preceding the year in which he arrived in Bangladesh, for a period not exceeding three years from the date of his arrival in Bangladesh, as remuneration for services rendered by him during such period, as a technician under a contract of service approved before the commencement of his services or within one year of such commencement by the Board for the purposes of this paragraph, employed whether before or after the commencement of commercial production, the employment before the commencement of commercial production being for the purpose of the supervision of the erection of the factory building, the installation of plant and machinery, or the trial production by an undertaking falling under any of the classes specified hereunder which has been set up or commenced in Bangladesh after the 14th day of August, 1947, and which employees (i) ten or more persons in Bangladesh and involves the use of electrical energy or any

other form of energy which is mechanically transmitted and is not generated by human or animal agency, or (ii) twenty or more persons in Bangladesh and does not involve the use of electrical energy or any other form of energy which is mechanically transmitted and is not generated by human or animal agency–

(a) the manufacture of goods or materials or the subjection of goods or materials to any such process:

(b) ship-building;

(c) electricity and hydraulic power undertaking;

(d) the working of any mine, oil well or other source of mineral deposits;

(e) any undertaking the profits and gains of which are liable to be computed in accordance with the provisions contained in **Part A** of the **Fifth Schedule**;

(f) any other undertaking to which the Board may declare this paragraph to be applicable:

Provided that this paragraph shall not apply–

*(i) in the case of an undertaking the profits and gains of which are liable to be computed in accordance with the provisions contained in **Part A** of the **Fifth Schedule**, after the commencement of commercial production or the expiration of a period of five years from the date of issue of the exploration licence, whichever is earlier;*

(ii) in the case of other undertakings, after the expiration of a period of five years from the date of the setting up or commencement of the undertaking; and

(iii) in respect of any remuneration, or any part thereof, as is subject to tax outside Bangladesh, or in respect of which the technician does not get credit for the tax which would, but for the exemption under this paragraph, have been payable in Bangladesh, or the tax payable outside Bangladesh, whichever is the less.

Explanation.–For the purposes of this paragraph, "technician" means a person who possesses specialised knowledge in industrial arts and science and has experience in industrial practice and whose employment in Bangladesh irrespective of his designation, is in a capacity in which such specialised knowledge and experience are brought into play.

(2) An application "in the prescribed form," for approval of contract of service under sub-paragraph (1) shall be submitted to the Board at any time before the commencement of the service of the technician or within six months of such commencement and the Board shall give its decision on such application within six months from the date on which the application was received by the Board, failing which the approval shall be deemed to have been accorded after the expiry of the said period.

16. Any tax payable by an employer in respect of the remuneration payable by him for a period not exceeding five years from the expiration of three years from the date of his arrival in Bangladesh to any technician to whom paragraph 15 applies and who continues to be employed by him in Bangladesh as a technician after the expiration of the said period of three years.

17. The provisions of paragraphs 15 and 16 shall, so far as may be, apply to a technician employed by a Bangladesh firm carrying on the business of consultants and engineers in Bangladesh, whether by itself or in association with any foreign firm carrying on such business in Bangladesh.

Explanation.–In this paragraph, "Bangladeshi firm" means a firm recognised as such by the Board.

18. Any income received by an assessee in respect of any share of income out of the capital gains on which tax has been paid by the firm of which the assessee is a partner.

19. Any sum received by an assessee as a member of a Hindu undivided family where such sum has been paid out of the income of the family.

20. Any income of an assessee representing payment received as gratuity.

21. Any payment from–

(a) A provident fund to which the Provident Funds Act, 1925 (XIX of 1925), applies; or

(b) a recognised provident fund, subject to any such conditions and limits as may be prescribed; or

(c) an approved superannuation fund, subject to any such conditions and limits as may be prescribed; or

(d) a workers participation fund established under the Companies Profit (Workers Participation) Act, 1968 (XII of 1968), subject to any such conditions and limits as may be prescribed.

22. (1) Any income from dividend received by an assessee (other than a company) out of investments made on or after the first day of July, 1984 in the purchase of shares of public limited companies listed with the Stock Exchange, subject to the following limits, namely:–

(a) where such dividend income does not exceed forty thousand taka,	...	the whole of such income;
(ii) where such dividend income exceeds forty thousand taka;	...	forty thousand taka:

23. ***

24. Any interest classifiable under the head "Interest on securities" receivable by an assessee on any security of the Government, which is issued with the condition that interest thereon shall not be liable to tax.

25. Any sum representing interest credited on the accumulated balance of an employee in a recognised provident fund, in so far as it does not exceed one-third of the salary of the employee for the year concerned and in so far as it is allowed at a rate not exceeding such rate as the Board may, by notification in the official Gazette, fix in this behalf.

26. Any amount received by an employee of a Government organisation, a local authority, or an autonomous or semi-autonomous body including the units or enterprises controlled by it, at the time of his voluntary retirement in accordance with any scheme approved by the Government in this behalf.

27. Notwithstanding anything contained in any order or regulation for the time being in force, any income of an individual, being an indigenous hillman of any of the hill districts of Rangamati, Bandarban and Khagrachari, which has been derived solely from economic activities undertaken within the said hill districts.

28. An amount equal to fifty per cent. of the income of an assessee, other than a company not registered in Bangladesh, derived from the business of export

Explanation.–For the purpose of this paragraph,–

(a) sale of locally manufactured machinery, equipments and other finished products within the country to any agency against its procurement program in foreign exchange quota; and

(b) supply of locally manufactured raw materials and other inputs to export-oriented industry under internal back-to-back letter of credit,

shall also be included in the definition of "business of export.

29. Any income, not exceeding forty thousand taka, chargeable under the head "Agricultural income" of an assessee, being an individual, whose only source of income is agriculture.

30. Any income of the mutual fund of the company issuing such mutual fund.

31. an amount equal to fifty percent of the income of an assessee, being a resident, derived from business of shipping in international waters, with the ships whose port of registry is in Bangladesh.

32. Any income not exceeding twenty five thousand taka received by an individual from interest on savings instruments.

PART B

EXEMPTIONS AND ALLOWANCES FOR ASSESSEES BEING RESIDENT

[See section 44(2)]

1. Any sum paid by an assessee, being an individual, to effect an insurance, or a contract for deferred annuity, on the life of the assessee or on the life of a wife or husband or a minor child of the assessee, subject to the limit of such payment, in the case of insurance, to ten per cent. of the actual sum assured (excluding bonus or other benefits.)

2. Any sum paid by an assessee, being a Hindu undivided family, to effect an insurance on the life of any male member of the family or the wife of any such member:

Provided that no exemption under this paragraph or paragraph (1) shall be allowed unless the premium and the proceeds of the life insurance policy or the contract for deferred annuity, as the case may be, are both payable in Bangladesh.

3. Any sum deducted from salary payable by or on behalf of the Government to any individual, being a sum deducted in accordance with the conditions of his service for the purpose of securing to him a deferred annuity or of making provisions for his wife or children, provided that the sum so deducted shall not exceed one-fifth of the salary.

4. Any sum paid by the assessee as a contribution to any provident fund to which Provident Fund Act, 1925 (XIX of 1925), applies.

5. Any sum representing the assessee's and the employer's contribution to a recognised provident fund in which the assessee is a participant subject to the limits laid down in **Part B** of the **First Schedule**.

6. Any sum paid by the assessee as ordinary annual contribution to approved superannuation fund in which the assessee is a participant.

7. ***

8. Any amount invested by an assessee, not being a company, in the acquisition, of any stock or shares of a company or other body corporate which fulfills the following conditions, namely,–

(a) in the case of a company, it shall be a company listed with a Stock Exchange in Bangladesh;

(b) in the case of any other body corporate, it shall be established by or under any Act of Parliament;

(c) in the case of any stocks or shares acquired by purchase from a previous holder, if such stocks or shares is transferred in the name of the transferee.

9. (1) Any sum invested by the assessee, not being a company, in the purchase, otherwise than from previous shareholders, of such debentures or debenture-stocks issued by a company as the Securities and Exchange Commission may approve for the purpose of this paragraph.

(2) The maximum amount of deduction admissible under this paragraph shall be the lesser of the following two amount, namely:-

(a) the amount invested by the assessee in the income year (a) as reduced by the amount of sale proceeds, if any, or the original cost to the assessee, whichever is greater, of the debentures or debenture-stocks, purchased by the assessee in the income year and the two immediately preceding income years and disposed of by him by sale, transfer or otherwise in the income year (b), that is to say, the amount arrived at after deducting (b) from (a);

(b) the aggregate of the amounts invested by the assessee in the income year and the two immediately preceding income years (c), as reduced by the sale proceeds or the original cost to the assessee, whichever is greater, of the debentures or debenture-stocks disposed of by him by sale, transfer or otherwise, in the income year and the two immediately preceding income years, (d), that is to say, the amount arrived at after deducting (d) from (c).

10. (1) Subject to the maximum laid down in sub-paragraph (2), any sum invested by an assessee, not being a company, in the purchase of the following, namely:-

(a) such savings certificates or instruments as the Board may specify in this behalf;

(b) unit certificates and mutual fund certificates issued by the Investment Corporation of Bangladesh;

(c) such Government securities (including Development loans or Bonds) as the Board may specify in this behalf; and

(d) shares of such investment companies as the Board may specify in this behalf.

Explanation.–For the purpose of clause (d) "investment companies" means companies engaged principally or wholly in buying and selling securities of other companies and includes a company eighty per cent. of whose paid up capital is employed at any one time as investment in other companies, but does not include a bank or an insurance company or a corporation which is a member of stock exchange.

(2) Where any certificate, security or share (herein referred to as *"the certificate"*) to which clause (a), (b), (c) and (d) of sub-paragraph (1) apply and in respect of which any credit in tax has been allowed to the assessee, is disposed of by sale, transfer or in any other manner within five years from the date of its purchase or before the maturity thereof, as the case may be, then, notwithstanding anything contained in this Ordinance, the amount of tax payable by the assessee under the other provisions of this Ordinance in respect of the income year in which such certificate was so disposed of, shall be increased by an amount equal to the credit in tax allowed to the assessee in respect of such certificate (hereinafter referred to as the *"said amount"*) and the sum so arrived at or where no tax is payable by the assessee under the other provisions of this Ordinance in respect of that income year, the said amount shall be deemed to be the tax payable in respect of that income year and other provisions of this Ordinance shall, so far as may be, apply accordingly.

11. Any sum contributed by an individual in any deposit pension scheme sponsored by the Government or by a Scheduled Bank with the prior approval of the Government.

11A. Any sum paid as donation by an assessee to a charitable hospital which is established out side the city corporation area three years before such payment and is approved by the Board for this purpose.

11B. Any sum paid as donation by an assessee to an organization set up for the welfare of retarded people, established at least three years before such payment and is approved by the Social Welfare Department and by the Board for this purpose.

12. ***

13. Any sum paid by an assessee as Zakat to the Zakat Fund or as donation or contribution to a charitable fund established by or under the Zakat Fund Ordinance, 1982 (XI of 1982).

14. ***

15. Any sum which the assessee is entitled to receive out of the income of an association of persons (other than a Hindu undivided family, company or a firm)on which tax has already been paid by the association:

Provided that where there is included in the total income of an assessee any income exempted under this paragraph, the tax payable by the assessee shall be an amount bearing to the total amount of the tax which would have been payable on the total income had no part of it been exempted, at the same proportion as the unexempted portion of the total income bears to the total income.

16. Any sum being the share or portion of the share of the assessee in the income of a firm if tax of such income has already been paid by the firm:

Provided that where there is included in the total income of an assessee any income exempted under this paragraph, the tax payable by the assessee shall be an amount bearing to the total amount of the tax which would have been payable on the total income had no part of it been exempted, at the same proportion as the unexempted portion of the total income bears to the total income.

17. Any sum paid by an assessee, in order to make provision for his wife, children or other persons dependent on him, to a benevolent fund or any premium paid under a group insurance scheme if such fund or the scheme is approved by the Board for this purpose.

18. ***

19. ***

20. ***

21. Any sum paid by an assessee as donation to any socio-economic or cultural development institution established in Bangladesh by the Aga Khan Development Network.

THE SEVENTH SCHEDULE
COMPUTATION OF RELIEF FROM INCOME TAX BY WAY OF CREDIT IN RESPECT OF FOREIGN TAX

[See section 144(4)]

1. Definitions.–(1) In this Schedule,–

(a) "Bangladesh tax" means income tax charged in accordance with the provisions of the Income Tax Ordinance, 1984;

(b) "foreign tax" means, in relation to any country an agreement with the Government of which has effect by virtue of section 144 of this Ordinance, any tax chargeable under the laws of that country for which credit may be allowed under the agreement;

(c) "foreign income tax" means any foreign tax which corresponds to income tax.

(2) Where, an agreement having effect by virtue of the said section 144, provides for any tax chargeable under the laws of the country concerned being treated as income tax, that tax shall be treated as foreign tax or foreign tax other than foreign income tax, as the case may be.

(3) Any reference in this Schedule to foreign tax or foreign income tax shall be construed, in relation to credit to be allowed under any agreement, as a reference only to tax chargeable under the laws of the country with the Government of which the agreement was made.

2. Credit against Bangladesh tax.–Subject to the provisions of this Schedule, where, under an agreement concluded under section 144, credit is to be allowed against Bangladesh tax chargeable in respect of any income, the amount of the Bangladesh taxes so chargeable shall, subject to the provisions of the said agreement, be reduced by the amount of the credit.

3. Credit admissible to residents.–Credit shall not be allowed against income tax for any year of assessment unless the persons in respect of whose income the tax is chargeable is resident for the period on the basis of which income is assessed.

4. Computation of credit.–The amount of the credit to be allowed for foreign tax against Bangladesh tax in respect of any income shall not

exceed the amount which would be arrived at by applying the average rate of such tax to the doubly taxed income.

5. Effect on computation of income on allowance of credit.–(1) Where the income includes a dividend and, under the agreement, foreign tax, whether chargeable directly or by deduction in respect of the dividend or not, is to be taken into account in considering whether any, and if so, how much, credit is to be allowed against the Bangladesh tax in respect of the dividend, the amount of the income shall be treated as increased by the amount of the foreign tax appropriate to the dividend which falls to be taken into account in computing the amount of the credit.

(2) Where the amount of the income is to be treated as increased under sub-paragraph (1), the foreign tax not chargeable directly or by deduction which is to be taken into account, shall be so much as borne by the body corporate paying the dividend upon the profits for the period for which the dividend is paid, or, if the dividend is not paid for a specified period, the profits of the last period for which accounts of the body corporate were made up which ended before the dividend became payable.

Explanation.–In this sub-paragraph "paid" means paid, credited or distributed or deemed to have been paid, credited or distributed.

(3) Notwithstanding anything contained in the preceding provisions of this paragraph and in section 30, where part of the foreign tax in respect of the income cannot be allowed as a credit against the Bangladesh tax, the amount of the income shall be treated for the purposes of income tax as reduced by that part of that foreign tax.

(4) Where the income tax payable depends on the amount received in Bangladesh the said amount shall be treated as increased by the amount of the credit allowable against income tax.

(5) In computing the total income of a person for the purpose of determining the rate mentioned in paragraph 4, sub-paragraph (1) and (3) of this paragraph shall not apply, and for the reference in sub-paragraph (4) of this paragraph, to the amount of the credit allowance against income tax, there shall be substituted a reference to the amount of the foreign tax in respect of the income.

6. Limitation for claim.–(1) Subject to the provisions of sub-paragraph (2), any claim for an allowance by way of credit for foreign tax in respect of any income shall be made to the Deputy Commissioner of Taxes of the district in which the claimant is chargeable to income tax not

later than two years from the end of the year of assessment for which that income falls to be charged to Bangladesh tax or would fall so to be charged if any such tax were chargeable in respect thereof.

(2) Where, the amount of any credit given under the agreement is rendered excessive or insufficient by reason of any adjustment of the amount of any tax payable either in Bangladesh or under the laws of any other country, nothing in the Ordinance limiting the time for the making of assessment or claims for refund shall apply to any assessment or claim to which the adjustment gives rise, being an assessment or claim made not later than two years from the time when all such assessment, adjustments and other determinations have been made whether in Bangladesh or elsewhere, as are material in determining whether any, and if so, how much, credit falls to be given.

7. **Appeal.**–A person claiming an allowance by way of credit for foreign tax may appeal to the Appellate Joint Commissioner against any order of the Deputy Commissioner of Taxes disallowing the claim either wholly or in part, within thirty days of the date on which the order of the Deputy Commissioner of Taxes was communicated to the claimant, and the provisions of Chapter XIX of the Ordinance shall, with the necessary modifications, apply accordingly.

8. **Provisions as to the deduction of tax at source.**–(1) The provisions of this paragraph shall have effect where an agreement having effect under section 144 of the Ordinance provides for the exemption from Bangladesh tax of any class of income arising to persons resident in the country with the Government of which the agreement is made, being income from which deduction of tax is required to be made under the Ordinance.

(2) Any person who pays income of any such class (referred to in this paragraph as *"the Bangladesh payer"*) to a person in the said country who is beneficially entitled to the income (such person being referred to in this paragraph as *"the non-resident"*) may be required, by notice given by or under the direction of the Board, to pay any such income to the non-resident without deduction of tax, and where such notice is given, any income from any source specified in the notice, being income for a year for which the agreement has effect, which the Bangladesh payer, the date on which the notice was communicated, pays to the non-resident whose name is specified therein, shall, subject to the following provisions of this paragraph, be paid without deduction of tax.

(3) Any notice given under sub-paragraph (2) may be expressed to become ineffective if certain specified events happen or, whether so expressed or not, may be cancelled by a notice of cancellation given by or under the direction of the Board. and if, to the knowledge of the Bangladesh payer, any of those events happens or if such notice of cancellation is given. any payment made to the non-resident by the Bangladesh payer after the happening of that event becomes known to the Bangladesh payer. or after the date on which that notice was communicated to the Bangladesh payer. as the case may be, shall be subject to deduction of tax in accordance with the Ordinance.

(4) If it is discovered. after a notice has been given under sub-paragraph (2) that the non-resident is not entitled to exemption from tax in respect of income from any source specified in the notice, any tax which, but for the notice, would have been deductible from any payment made to the non-resident by the Bangladesh payer but by virtue of the notice has not been so deducted shall, if a deduction to that effect is given by or under the direction of the Board, be deducted by the Bangladesh payer out of so much of the first payment made to the non-resident after the date on which the direction was communicated to the Bangladesh payer as remains after the deduction of any tax deductible therefrom under the Ordinance, and any balance which cannot be deducted out of the first such payment shall be deducted, subject to the same limitation, out of the next such payment, and so on, until the whole of the tax (the amount of which shall be specified in the direction) has been deducted.

(5) Any tax which the Bangladesh payer is required to deduct under sub-paragraph (4) shall be paid to the Government and the provisions of Chapter VII of the Ordinance relating to deduction of tax at source shall, with necessary modifications, apply accordingly.

(6) A notice may be given under sub-paragraph (2) where income is paid to a person authorised to receive such income on behalf of a non-resident, and in such a case, the reference in this paragraph to payment to the non-resident shall be treated as including references to payment to that person.

(Amendments made in the Finance Act, 2000 have been incorporated in the Schedules)

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Appendix-I : Note on Finance Act, 2001

This book was mainly based on the statute as it was stated in the Income-tax Manual, Part-I, 1999 and subsequently the amendments made in the Finance Act, 2000 have been incorporated in the book in a concise way.

The amendments as proposed in the Budget Speech of the Finance Minister in 2001, though not on very important issues so for as the income-tax matters are concerned, are noted below in a summary manner since the book had been sent to the press which was at the final stage of publication:

(i) the existing provision for collection of tax at source by the Airlines on the agency commission paid to travel agents (s. 52g) has been proposed to be withdrawn;

(ii) at present companies who have not declared any profit are not required to submit return under s. 75. It has been proposed that all companies will be required to file income-tax returns irrespective of whether they have any profits or losses;

(iii) at present all categories of assessees having income of more than one lakh taka are required to pay advance tax (s. 64). The amount of one lakh taka has been proposed to be enhanced to three lakh taka;

(iv) it has been proposed that person having income under the self-assessment procedure or from exempted income from poultry, fishery etc., shall be debarred from making any gift or giving any loan unless they are assessed under the normal procedure by submission of normal return;

(v) under the existing law, so much of the amount as paid by the employer to the employee on account of perquisites and other benefits as exceeds one lakh thirty two thousand taka shall be inadmissible as business expenses and will be deemed to be the income of the employer under the head 'business or profession' (s. 30(e)), but in cases where such excess expenditure on perquisites is made on the recommendation of the Wage Board constituted by the government and the employer has no control over this expenditure such excess expenditure shall be an admissible deduction;

(vi) under the existing spot assessment scheme (s. 82D) an assessee, other than a company, having capital of less than five lakh taka was required to pay tax of Tk.2,500 if the business establishment is situated in City Corporations. The tax will be Tk.1,500 in a case where the business establishment is located in divisional or district towns. It has been proposed in the budget of 2001 that tax in such a scheme will be Tk.1,000 irrespective of the areas where such business establishments are situated;

(vii) with the substitution of Para 3 of Part A of Sixth Schedule in the Finance Act, 2000 local authorities are no longer exempt from tax but they are liable to tax at the rate of 40 percent. It has been proposed in the budget, 2001 that local authorities providing public services along with commercial activities, if approved by the government for the purpose will be required to pay tax at the reduced rate of 25 percent;

(viii) under the existing law income from poultry, fishery etc. is exempt from tax. This exemption has been proposed to be extended to income from seed production and marketing of locally produced seeds and also to the income from poultry feed.

(ix) under the existing law of Tax-holiday (s. 46) hotels, motels, private picnic spots are considered as tourist industry for the purpose of tax-holiday. With the proposed amendment, amusement and theme park, holiday home, tourist resort, family fun and games will be considered as tourist industry for the purpose of tax-holiday.