

The Finance Ordinance, 1976

(Ordinance NO. XLV OF 1976)

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

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

NOW, THEREFORE, in pursuance of the Proclamations of the 20th August, 1975, and the 8th November, 1975, and in exercise of all powers enabling him in that behalf, the President is pleased to make and promulgate the following Ordinance:-

Short title and

1. (1) This Ordinance may be called the Finance Ordinance, 1976.

commencement

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

Amendments of Act XI of 1922

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

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

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

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

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

Provided that this clause shall not apply to-

- (i) capital gains chargeable under the provisions of section 12B; or
- (ii) receipts arising from business or the exercise of a profession, vocation or occupation; or
- (iii) receipts by way of addition to the remuneration of an employee;”;
- (b) clause (viii) shall be omitted;
- (c) in clause (xii), in sub-clause (f), for the full-stop at the end a semicolon shall be substituted;
- (d) after sub-clause (f) amended as aforesaid, the following new sub-clause (g) shall be added, namely:-

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

- (i) the plinth area of the building is not more than two thousand square feet; and
- (ii) the cost of construction is not more than Taka two lakhs exclusive of the cost of land and registration charges.

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

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

(3) in section 5,-

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

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

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

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

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

“(iiia) Agricultural income.”;

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

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

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

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

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

(ii) any local rate or cess paid in respect of such land:

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

(iii) any sum paid in respect of the cost of collection of rent or revenue including the cost of maintenance of any katchari or other capital assets and any expense of litigation, not in excess of fifteen per cent of the total amount of rent or revenue excluding cess and selami, if any, which accrued to the assessee in the previous year in respect of the land from which such rent or revenue is derived;

(iv) when rent derived from such land is rent in kind the cost incurred by the assessee-

(a) in performing any process contemplated in item (ii) of sub-clause (b) of clause (1) of section 2 for rendering the produce which comprises such rent in kind fit to be taken to market;

(b) in transporting such produce to market;

(c) in maintaining in good repair any agricultural implements or machinery and in providing for the upkeep of cattle for the purpose of such process or transport;

(v) where the land is subject to a mortgage or other capital charge, the amount of any interest paid by the assessee in the previous year in respect of such mortgage or charge; and where such land has been acquired, re-claimed or improved by the use of borrowed capital, the

amount of any interest paid by him in the previous year in respect of such capital:

Provided that no allowance shall be made under this clause in any case for any interest chargeable under this Act which is payable without taxable territories except interest on which tax has been paid or from which tax has been deducted under section 18 or in

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

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

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

(vii) depreciation at the prescribed rate in respect of any irrigation or protective work or other capital asset, constructed or acquired for the benefit of the land from which such agricultural income is derived or for the purpose of deriving such agricultural income from such land, provided the required particulars have been duly furnished by the assessee;

(viii) any sum paid as premium in order to effect any insurance against loss of, or damage to, such land or any crops to be raised or cattle to be reared thereon;

(ix) any expenditure incurred in cultivating such land or raising livestock thereon;

(x) any expenditure incurred in performing any process contemplated in item (ii) of sub-clause (b) of clause (1) of section 2 for rendering the produce of such land fit to be taken to market;

(xi) any expenditure incurred in transporting such produce or livestock to market;