

# The Finance Ordinance, 1978

( Ordinance NO. XXI OF 1978 )

## **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, 1978.

### **commencement**

(2) Except as otherwise provided in this Ordinance, this section and clause (16) of section 2, section 4 and section 6 shall come into force at once, clause (15) of section 2 shall come into force on the first day of July, 1979, and all other sections shall come into force on the first day of July, 1978.

### **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,-

(a) in clause (6AA), after the words “registered firm”, the words, brackets, letter and figures “or a firm treated as registered under clause (b) of sub-section (5) of section 23” shall be inserted;

(b) in clause (6C), the words, commas and brackets “and, in the case of a company having its registered office in taxable territories, the amount representing the face value of any bonus shares or the amount of any bonus declared, issued or paid to its shareholders with a view to increasing the paid up capital” shall be omitted;

(2) in section 4,-

(a) in sub-section (1),-

(i) in the second proviso, the words “or unless they are brought into or received in taxable territories by him during such year” shall be omitted; and

(ii) Explanation 4 shall be omitted;

(b) in sub-section (2), after clause (xviii), the following new clause (xix) shall be added, namely:-

“(xix) any capital gain received by an individual from sale of shares of public limited companies listed in a Stock Exchange, to the extent such gains do not exceed ten thousand taka.”;

(3) in section 4A, in clause (a), after sub-clause (iii), the following new Explanation shall be added, namely:-

“Explanation.- In the case of an individual, being a citizen of Bangladesh who is serving outside Bangladesh and who is or has been in Bangladesh on leave or vacation in the previous year, the provisions of sub-clauses (ii) and (iii) shall apply in relation to that year as if for the words “any time in that year” and “any time in that year otherwise than on an occasional or casual visit” respectively occurring in the said sub-clauses, the words “ninety days” were substituted.”;

(4) in section 7, in sub-section (1), the second proviso shall be omitted;

(5) in section 10, in sub-section (2), after clause (vib), the following new clause (vibb) shall be inserted, namely:-

“(vibb) in respect of depreciation of such passenger vessels plying on inland waters and fishing trawlers registered in Bangladesh and brought into use in Bangladesh for the first time on any day between the first day of July, 1978 and the thirtieth day of June, 1983, being the property of the assessee, a sum equivalent to 40 per cent, 30 per cent and 30 per cent for the first, second and third year respectively on the original cost to the assessee, notwithstanding anything contrary contained in clause (vi):

Provided that-

(a) the passenger vessel plying on the inland waters or the fishing trawler in respect of which the depreciation is claimed, fulfils such specifications as may be specified in this behalf by the Government by notification in the official Gazette;

(b) the prescribed particulars have been duly furnished;

(c) where the full effect cannot be given to such allowance in any year owing to there being no profits or gains chargeable for that year, or owing to the profits or gains chargeable being less than the allowance, then, subject to the provisions of clause (b) of the proviso to sub-section (2) of section 24, the allowance or the part of the allowance to which effect has not been given, as the case may be, shall be added to the amount of the allowance for depreciation for the following year and deemed to be the part of that allowance, or, if there is no such allowance for that year, be deemed to be the allowance for that year and so on for succeeding years; and

(d) the aggregate of all such allowances made under this Act shall, in no case, exceed the original cost to the assessee of the passenger vessel or the fishing trawler, as the case may be; and

Provided further that the passenger vessel plying on the inland waters or the fishing trawler to which the depreciation at 40%, 30%, and 30% has been allowed shall not be entitled to the allowances as referred to in clause (vi);

(6) in section 14A,-

(a) in sub-section (2B), in clause (a), in sub-clause (ii), the words “and not more than ten crores taka” shall be omitted;

(b) in sub-section (2D), in clause (a), in sub-clause (ii), the words “and not more than ten crores taka” shall be omitted;

(7) in section 15,-

(a) in sub-section (3), for the word "twenty" the word "thirty" shall be substituted;

(b) sub-section (4) and the Explanation thereto shall be omitted;

(8) in section 15A, in the first proviso, for the words and commas "twenty five per cent of such earned income chargeable under the head "salaries" up to twenty thousand taka plus twenty per cent of the balance, if any, of the said earned income but not exceeding, in any case, six thousand taka" the words and commas "thirty per cent of such earned income chargeable under the head "salaries" up to twenty thousand taka plus twenty-five per cent of the balance, if any, of the said earned income, but not exceeding, in any case, eight thousand taka" shall be substituted;

(9) in section 16, in sub-section (3), the following new proviso shall be added, namely:-

"Provided that nothing contained in sub-clauses (iii) and (iv) of clause (a) and clause (b) shall apply to any income from an asset transferred by an assessee by way of gift.";

(10) in section 18A,-

(a) for the words "additional amount of tax" or "additional tax" wherever occurring the words "simple interest" shall be substituted;

(b) for sub-sections (5), (5A) and (6) the following shall be substituted, namely:-

"(5) The Government shall pay simple interest at ten per cent per annum on the amount by which the aggregate sum of advance tax paid under sub-sections (1), (2), (3) and (7) exceeds the amount of the tax determined under section 23 from the first day of April in the year in which the tax was paid up to the date of assessment under section 23 or a period of two years from the first day of April in which the tax was paid, whichever is earlier.

(6) Where in any year an assessee has paid tax under sub-section (2) or sub-section (3) on the basis of his own estimate and the tax so paid is less