

# The Finance Ordinance, 1985

( Ordinance NO. XXXII OF 1985 )

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

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

NOW, THEREFORE, in pursuance of the Proclamation of the 24th March, 1982, and in exercise of all powers enabling him in that behalf, the President is pleased to make and promulgate the following Ordinance:-

### **Short title and**

1. (1) This Ordinance may be called the Finance Ordinance, 1985.

### **commencement**

(2) Except as otherwise provided in this Ordinance, this section and sections 3 and 6 shall come into force at once, and other sections shall come into force on the first day of July, 1985.

### **Amendment of Act II of 1899**

2. In the Stamp Act, 1899 (II of 1899), in Schedule I, in article No. 23,-

(a) for the figure "17.5%" the figure "18%" shall be substituted; and

(b) for the heading "Exemption." and the existing entry thereunder the following shall be substituted, namely:-

"EXEMPTIONS.

(a) Assignment of copyright under the Copyright Ordinance, 1962, section 14.

(b) Transfer of landed property owned by an industrial entrepreneur to a limited company incorporated for industrial purposes, provided that the entrepreneur becomes a shareholder of the company to the extent of the value of the property".

**Amendment  
of Act I of  
1944**

3. The following amendments shall be made in the Excises and Salt Act, 1944 (I of 1944), namely:-

(1) in section 3A (1), for the full-stop at the end a colon shall be substituted and thereafter the following proviso shall be added, namely :-

“Provided that, if the assessed amount has a fraction of less than five poisha, the assessment shall be rounded off to the next higher five poisha.”;

(2) The FIRST SCHEDULE shall be amended in the manner set out in the FIRST SCHEDULE to this Ordinance.

**Repeal of  
Act XIV of  
1963**

4. (1) The Gift-tax Act, 1963 (XIV of 1963), is hereby repealed.

(2) Notwithstanding its repeal under sub-section (1), the Gift-tax Act, 1963 (XIV of 1963), and the rules, orders, instructions or directions made or issued thereunder shall continue to apply to the levy and collection of gift-tax payable thereunder before the repeal of this Act and to all proceedings connected therewith as if the said Act had not been repealed.

**Amendment  
of Act XV of  
1963**

5. In the Wealth-tax Act, 1963 (XV of 1963), in section 5(1) (xii), for the words “Taka one lakh” the words “Taka three lakh” shall be substituted.

**Amendment  
of Act IV of  
1969**

6. The following amendments shall be made in the Customs Act, 1969 (IV of 1969), namely:-

(1) in section 25, after sub-section (7), the following new sub-section shall be added, namely:-

“(8) If the appropriate officer finds that the value of the goods declared by the importer in the bill of entry is less than the value determined under this section, he may, without prejudice to any other action which he may take in respect of the importer or such goods, require the importer to clear the goods on paying the duty on their value determined as aforesaid, or if the importer is unwilling or fails to do so, acquire them on behalf of the Government by paying to the importer their value as declared in the bill of entry.”;

(a) against Tariff Heading No. 25.01 in column (1), against sub-head A.1. in column (2), in column (3), for the figure "10%" the figure "50%" shall be substituted;

(b) against Tariff Heading No. 66.03 in column (1), in column (3), for the figure "50%" the figure "100%" shall be substituted; and

(c) against Tariff Heading No. 84.10 in column (1), in column (3), for the figure "50%", wherever occurring, the figure "100%" shall be substituted.

**Amendment  
of Act XXIII  
of 1980**

7. In the Finance Act, 1980 (XXIII of 1980), in section 12(3), for the word, brackets and figure "sub-section (1)" the words "this section" shall be substituted and shall be deemed to have been so substituted on and from the 1st day of August, 1984.

**Amendment  
of  
Ordinance  
XXXVI or  
1984**

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

(1) in section 32,-

(a) in sub-section (6) (a) (i), for the words "previous year" the words "income year" shall be substituted;

(b) after sub-section (8), the following new sub-sections (9), (10) and (11) shall be added, namely:-

"(9) Notwithstanding anything contained in this section or section 31, where a capital gain arises from the transfer of a capital asset being buildings or lands which, within a period of one year immediately following the date on which the transfer took place, is invested in the acquisition of stocks or shares of public limited companies which fulfil the conditions laid down in paragraph 8 of Part B of the Sixth Schedule and the stocks or shares are held by the assessee for at least two years from the date of acquisition, the capital gain shall not be charged to tax as income of the year in which the transfer took place.

(10) Notwithstanding anything contained in this section or section 31, where a capital gain arises from the transfer of a capital asset being buildings or lands to a new company registered under the Companies Act, 1913 (VII of 1913), for setting up an industry and if the whole amount of capital gain is invested in the equity of the said company, then the capital gain shall not be charged to tax as income of the year in which the transfer took place.

(11) Notwithstanding anything contained in this section or section 31, where a capital gain arises from the transfer of a capital asset of a firm to a new company registered under the Companies Act, 1913 (VII or 1913), and if the whole amount of the capital gain is invested in the equity of the said company by the partners of the said firm, then the capital gain shall not be charged to tax as income of the year in which the transfer took place.”;

(2) in section 43(4),-

(a) in clause (a) (iii), the words “by way of gift or” shall be omitted;

(b) in clause (a) (iv), the words “by way of gift or” shall be omitted;

(c) in clause (b), the words “by way of gift or” shall be omitted;

(3) in section 45, after sub-section (2), the following new sub-sections (2A) and (2B) shall be inserted, namely:-

“(2A) Subject to the provisions of this Ordinance, the income, profits and gains of an industrial undertaking set up in Bangladesh between the first day of July, 1985, and the thirtieth day of June, 1990 (both days inclusive), shall be exempt from the tax payable under this Ordinance for the period specified below-

(a) if the undertaking is set up in such areas as the Board may, by notification in the official Gazette, specify to be “Special Economic Zone”, for a period of twelve years beginning with the month of commencement of commercial production of the undertaking;

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(b) if the undertaking is set up in such areas as the Board may, by notification in the official Gazette, specify to be "Least Developed Areas", for a period of nine years beginning with the month of commencement of commercial production of the undertaking;

(c) if the undertaking is set up in such areas as the Board may, by notification in the official Gazette, specify to be "Less Developed Areas", for a period of six years beginning with the month of commencement of commercial production of the undertaking; and

(d) if the undertaking is set up in the city of Dhaka, Chittagong or Khulna or the municipality of Narayanganj, or within ten miles from the outer limits thereof, for a period of four years beginning with the month of commencement of commercial production of the undertaking.

(2B) The exemption under sub-section (2A) shall apply to an industrial undertaking (hereinafter referred to as the "said undertaking") which fulfils the following conditions, namely:-

(a) that the said undertaking is owned and managed by-

(i) a body corporate established by, or in pursuance of, an Act of Parliament with its head office in Bangladesh; or

(ii) a company registered under the Companies Act, 1913 (VII of 1913), with its registered office in Bangladesh and having a subscribed and paid up capital of not less than one lakh taka on the date of commencement of commercial production;

(b) that the said undertaking belongs to such class of industry as the Board may, by notification in the official Gazette, specify for the purpose of this sub-section;

(c) that a part of the income exempted under this sub-section is reinvested in the said undertaking or is invested in the purchase of bond issued by the Government and such reinvestment or investment is not-

(i) less than five per cent of such income, if it is an undertaking set up in the areas referred to in sub-section (2A) (a) and (b);