Tax Structure in National Budget 2011-12 and Changes in the Indirect Tax Laws by the Finance Act 2011

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ABSTRACT

The paper has analyzed the tax structure as envisaged in the National Budget of 2011-12 and also portrayed the various aspects of statutory amendments made under the Finance Act 2011 in the indirect tax laws. Our tax structure has been slowly improving towards a better tax-GDP ratio and less dependency on indirect taxes. Under the Customs Act, prohibition on imported goods violating intellectual property right has been introduced and the provision on levy of transit fee has been withdrawn. Under the VAT Act, the VDS (VAT deduction at source) has been rationalized by bringing back the long practice. Some truncated rates have been prescribed which can be helpful to those entities not working under standards VAT system. The mandatory introduction of VAT accounting through software from January 1, 2012 might be a good step forword towards the formation of Digital Bangladesh.

Keywords: National Budget, Indirect Taxes, Finance Act

INTRODUCTION

The National Budget for the financial year (FY) 2011-12 (FY12) has been placed by the Finance Minister on June 9, 2011. This is the second digital presentation of budget speech, which was a comprehensive printed document of a total of 193 pages in English version (9 initial pages *plus* 168-page body *plus* 16-page annexures).[1] In terms of the size of total expenditure, the budget of 2011-12 is also the ever biggest (Tk. 163,589 crore in FY12 against Tk. 130,011 crore in revised budget of FY11). For financing this big budget, the growing revenue surplus (Tk. 30,534 crore in FY12 against Tk. 18,084 crore in revised budget of FY11 with a significant increase of 68.85%, *vide* GOB, 2011b: 51) is an indication of more self-dependency. But this revenue surplus is also affected by

[1] In Bangla version, the printed document is of a total of 173 pages (8 initial pages *plus* 148-page body *plus* 17-page annexures).

the dependency on indirect taxes, which is slowly declining over the years (66.5% of total taxes being targeted to be collected from indirect taxes in FY12, which was 67.1 percent in preceding year's revised budget). This paper mainly highlights the tax structure in the National Budget 2011-12 passed on June 29, 2011 and also gives an analytical overview of the changes in the indirect tax laws by the Finance Act 2011.

OBJECTIVE AND METHODOLOGY

The major objective of the paper is to analyze the tax structure as targeted in the National Budget of 2011-12 and also to portray the different dimensions of statutory amendments made under the Finance Act 2011 (FA 2011) in the fiscal statutes on indirect taxes. Although there are provisions of several indirect taxes in Bangladesh such as import duty, export duty, regulatory duty (RD), anti-dumping duty (ADT), countervailing duty (CVD), safeguard duty, value added tax (VAT), supplementary duty (SD), turnover tax (TT) and excise duty (ED) under the purview of the National Board of Revenue (NBR) and another tax (narcotics and liquor duty) under the control of the Ministry of Home Affairs, but the tax statutes are only a few. Three taxes (VAT, SD and TT) are being collected under the Value Added Tax Act 1991 (Act No. 22 of 1991), six duties (import duty, export duty, RD, ADT, CVD, safeguard duty) are under the ambit of the Customs Act 1969 (Act IV of 1969), excise duty is collected on two selective services (bank account and domestic use of air line) under the Excise and salt Act 1944 (I of 1944) and the narcotics and liquor duty is imposed and collected under the Narcotics Control Act 1990 (Act No. 20 of 1990). But for the purpose of the study, the indirect tax laws which are amended by the FA 2011 have been reviewed on the basis of potential impacts of those changes. Hence, the indirect tax laws that are covered here include the Customs Act 1969, the Value Added Tax Act 1991 and the Excise and Salt Act 1944.

The analyses and of tax structure and some other aspects of budget, such as overall budget, nature of expenditure in various sectors, and financing of the budgeted expenditure, have been undertaken as an exploratory study based mainly on the archival survey of budget documents including (i) Budget Speech; (ii) Power and Energy Sector; (iii) Digital Bangladesh; (iv) Gender Budget; (v) Budget in Brief; (vi) Annual Financial Statement; (vii) Supplementary Budget; (viii) Combined Demand for Grants; (ix) Consolidated Fund Receipt; and (x) Safety Net 2011-12. The Finance Bill 2011, the Finance Act 2011 (Act No. 12 of 2011), and other dispersed Gazetted and non-Gazetted budget related documents which have amended the indirect tax laws, are also consulted.

NATIONAL BUDGET 2011-12 AND TAX STRUCTURE THEREIN

An overview of the National Budget 2011-12 has been provided in Table I below.

Table I: National Budget 2011-12 at a Glance

(Amount in crore Taka)

Revenues/Expenditures Items	Actual 2009-10	Budget 2010-11	Revised 2010-11	Budget 2011-12	% of TE	% increase
Revenue	**75,905**	**92,847**	**95,187**	**118,385**	**72.4**	**24.4**
Tax Revenue	62,485	76,042	79,052	95,785	58.6	21.2
NBR Tax Revenue	59,742	72,590	75,600	91,870	56.2	21.5
Non-NBR Tax Revenue	2,743	3,452	3,452	3,915	2.4	13.4
Non-Tax Revenue	13,420	16,805	16,135	22,600	13.8	40.1
Total Expenditure (TE)	**101,608**	**132,170**	**130,011**	**163,589**	**100.0**	**25.8**
Annual Development Program (ADP)	25,553	38,500	35,880	46,000	28.1	28.2
Non-ADP	76,055	93,670	94,131	117,589	71.9	24.9
Deficit (excluding Foreign Grants)	**-25,703**	**-39,323**	**-34,824**	**-45,204**	**-27.6**	**29.8**
(as % of GDP)	(3.7)	(5.0)	(4.4)	(5.0)		
Financing	**25,073**	**39,323**	**34,824**	**45,204**	**27.6**	**29.8**
Foreign Grants	3,218	4,809	4,224	4,938	3.0	16.9
Foreign Borrowing-Net	6,036	10,834	5,783	13,058	8.0	125.8
Domestic Borrowing	15,820	23,680	24,817	27,208	16.6	9.6
From Banking System (Net)	-2,092	15,680	18,379	18,957	11.6	3.1
Non-Bank Borrowing (Net)	17,912	8,000	6,438	8,251	5.0	28.2
Gross Domestic Product (GDP)	**690,571**	**780,290**	**787,495**	**899,670**		
Tax-GDP Ratio	**9.05**	**9.75**	**10.04**	**10.65**		

Note: "% increase" means increase in Budget 2011-12 over Revised Budget 2010-11.
Sources: Compiled from GOB (2011b): 1-2.

As shown in Table I, the size of budget in terms of total expenditure (TE) is Tk. 163,589 crore in FY12 (FY 2011-12), which is 25.8% higher than the revised budget of FY11 (FY 2010-11). This total expenditure in FY12 consists of 28.1% ADP (Annual Development Program) and 71.9% non-ADP. To finance the huge amount expenditure, Tk. 118,385 crore revenue target has been fixed, which will finance 72.4% of total expenditure (58.6% from tax sources and 13.8% from non-tax sources), showing a deficit (excluding foreign grants) of 27.6% of total expenditure or 5.0% of GDP. The deficit-finance consists of 39.8% from external sources (10.9% from foreign grants and 28.9% from foreign borrowing) and 60.2% from internal sources (41.9% from domestic banking system borrowing and 18.3% from domestic non-banking borrowing). The very high targeted growth of 125.8% in net foreign borrowing in FY12 over FY11R (revised budget of FY11) and substantial growth target of 28.2% in non-bank domestic borrowing might be alarming due to future enhanced debt-servicing requirement. However, if we check the priority of expenditure according to different sectors, we would find a huge shift, as shown in Table II.

Table II: Sectoral Allocation in National Budget 2011-12

(in percentage)

Sectors	Revised Budget 2010-11			Budget 2011-12			% increase		
	Dev. Exp.	**Non-Dev. Exp.**	**Total Exp.**	**Dev. Exp.**	**Non-Dev. Exp.**	**Total Exp**	**Dev. Exp.**	**Non-Dev. Exp.**	**Total Exp.**
Public Service	3.4	9.4	**7.7**	5.0	18.6	**14.7**	84.9	148.2	140.1
Education and Technology	13.2	14.7	**14.3**	12.4	12.4	**12.4**	19.9	5.6	9.4
Interest	0.0	15.7	**11.2**	0.0	15.5	**11.0**	-	23.5	23.5
Agriculture	8.3	10.8	**10.1**	7.3	7.8	**7.7**	12.5	(9.4)	(4.2)
LGRD (Local Government and Rural Development)	23.0	2.1	**8.1**	21.8	1.7	**7.5**	20.7	0.8	17.0
Defence Services	0.5	9.8	**7.2**	0.7	10.0	**7.3**	64.7	27.5	28.3
Transport and Communication	14.3	3.6	**6.7**	16.4	3.0	**6.9**	46.1	5.2	30.2
Social Security and Welfare	5.4	9.1	**8.0**	5.3	7.3	**6.8**	26.3	1.2	6.0
Health	7.4	5.3	**5.9**	7.5	4.6	**5.4**	30.2	8.7	16.4
Public Order and Safety	1.7	7.4	**5.8**	1.3	6.7	**5.2**	1.3	13.2	12.2
Fuel and Energy	18.9	0.2	**5.6**	17.5	0.04	**5.1**	17.5	(79.9)	14.5
Recreation, Culture and Religious Affairs	1.7	1.1	**1.2**	1.5	0.9	**1.0**	11.0	1.5	5.1
Housing	1.3	0.9	**1.0**	1.5	0.7	**0.9**	44.4	(0.7)	15.7
Industrial and Economic Services	1.1	0.5	**0.7**	1.9	0.4	**0.8**	110.2	(17.7)	40.2
Others(Memorandum Item)	0.0	9.3	**6.7**	0.0	10.4	**7.4**	-	39.6	39.6
Total Expenditure (amount in crore Tk.)	100.0 (37,174)	100.0 (92,837)	**100.0** (130,011)	100.0 (47,276)	100.0 (116,313)	**100.0** (163,589)	27.2	25.3	25.8

Note: 'Dev.' = Development; 'Exp.' = Expenditure; "% increase" = increase in Budget 2011-12 over Revised Budget 2010-11.

Source: Compiled from GOB (2011b): 6-15.

Last year (FY11), Education and Technology got the highest allocation in terms of total expenditure, but according to development expenditure, LGRD (Local Government and Rural Development) got the highest allocation and according to non-development expenditure, the highest expenditure was for 'interest'. This year (FY12), Public Service gets the highest allocation in terms of total expenditure (Education and Technology in second position), but according to development expenditure, LGRD again gets the highest allocation and according to non-development expenditure, the highest expenditure is for 'Public Service' ('Interest' is in third position). It is interesting to note that 'Agriculture' got third highest total allocation in FY11, but its overall allocation in FY12 has been declined by 4.2% and its position goes to fourth place. Non-development expenditure allocation has been declined in FY12 in 'Fuel and Energy' sector (by 79.9%), 'Industrial and Economic Services' sector (by 17.7%), and 'Housing' sector (by 0.7%).

The tax structure as a percent of total expenditure in the budget of FY12 is still below at 58.6% (NBR portion of tax is 56.2% and non-NBR portion is only 2.4%). But the growing enhancement of tax-GDP ratio over the years is an indication of aspiration about self-reliance in budgetary finance (9.05% actual in FY10, 9.75% in original budget of FY11, 10.04% in revised budget of FY11, and

10.65% in original budget of FY12; *vide* Table I). Table III shows the tax revenue target in the budget of FY12. From Table III, we see that Tk. 95,785 crore of total tax is targeted in FY 2011-12 with an increase of 21.17% over the revised budget of FY11. The dominance of NBR taxes has been further increased from 95.63% of total tax in FY11 to 95.91% of total taxes in FY12. The annual growth of NBR taxes is also higher than non-NBR taxes (21.52% against 13.39%). However, in case of turnover tax (TT) the expected annual growth is negative (16.67% decline), which might be for shrinking tax-base through compulsory VAT-registration and decrease in rate from 4% in FY11 to 3% in FY12. The highest annual growth rate is targeted for excise duty (63.64%), although its base and volume is negligible (0.47% of total tax in FY12). Other high annual growth expectations are for travel tax (40.67%), corporate income tax (36.98%), VAT on domestic goods and services (25.23%), and SD on domestic goods and services (21.09%). But the presence of export duty in the tax-basket from the revised budget of FY11 (no revenue target from export duty in the original budget of FY11) and its expected annual growth of 11.11% in FY12 will work against export of the taxed commodities. High annual growth rate in corporate tax in FY12 might be for introduction of minimum corporate tax at the rate of 0.50% of the annual gross receipts irrespective of profit or loss, which is nothing but one equivalent form of indirect taxes.

Table III: Tax Revenue Target in the Budget

Tax Revenue	**Revised Budget 2010-11**		**Budget 2011-12**		**%**
National Board of Revenue (NBR) Portion	**Crore Tk.**	**%**	**Crore Tk.**	**%**	**increase**
Taxes on Income and Profit:	***22,105***	***27.96***	***27,561***	***28.77***	***24.68***
Companies	12,820	16.22	17,561	18.33	36.98
Other than companies	9,285	11.75	10,000	10.44	7.70
Value Added Tax (VAT):	***28,274***	***35.77***	***34,304***	***35.81***	***21.33***
VAT on Imports	11,850	14.99	13,739	14.34	15.94
VAT on Domestic Goods and Services	16,418	20.77	20,560	21.46	25.23
Turnover Tax (TT)	6	0.01	5	0.01	-16.67
Customs Duty:	***10,915***	***13.81***	***12,664***	***13.22***	***16.02***
Import Duty	10,888	13.77	12,634	13.19	16.04
Export Duty	27	0.03	30	0.03	11.11
Excise Duty:	***275***	***0.35***	***450***	***0.47***	***63.64***
Supplementary Duty (SD):	***13,554***	***17.15***	***16,220***	***16.93***	***19.67***
SD on Imports	3,770	4.77	4,373	4.57	15.99
SD on Domestic Goods and Services	9,784	12.38	11,847	12.37	21.09
Other Taxes and Duties:	***477***	***0.60***	***671***	***0.70***	***40.67***
Travel Tax	477	0.60	671	0.70	40.67
Other Taxes and Duties	0.3	0.0003	0.4	0.0004	40.00
Sub-Total: NBR Portion	***75,600***	***95.63***	***91,870***	***95.91***	***21.52***
Non-NBR Portion					
Narcotics and Liquor Duty	60	0.08	70	0.07	16.67

Taxes on Vehicles	905	1.14	975	1.02	7.73
Land Revenue	525	0.66	570	0.59	8.44
Stamp Duty (Non-Judicial)	1,962	2.48	2,300	2.40	17.23
Sub-Total: Non-NBR Portion	***3,452***	***4.37***	***3,915***	***4.09***	***13.39***
Total Tax Revenue	**79,052**	***100.00***	**95,785**	***100.00***	***21.17***

Note: "% increase" = increase in Budget 2011-12 over Revised Budget 2010-11.
Source: Compiled from GOB (2010d): 5-13.

Table IV: Tax Structure in National Budget 2011-12

(in crore Taka)

Tax Structure	Revised 2010-11	% of Total Tax	Budget 2011-12	% of Total Tax	% increase
Direct Tax: NBR	22,582	28.6	28,232	29.5	25.0
Taxes on Income	22,105	28.0	27,561	28.8	24.7
Other Direct Taxes	477	0.6	671	0.7	40.7
Direct Tax: Non-NBR	3,392	4.3	3,845	4.0	13.3
Total Direct Tax	**25,974**	**32.9**	**32,077**	**33.5**	**23.5**
Indirect Tax: NBR	53,018	67.1	63,638	66.4	20.0
Taxes at Import Stage	26,535	33.6	30,776	32.1	16.0
Taxes at Local Stage	26,483	33.5	32,862	34.3	24.1
Indirect Tax: Non-NBR	60	0.1	70	0.1	16.7
Total Indirect Tax	**53,078**	**67.1**	**63,708**	**66.5**	**20.0**
Total Tax	**79,052**	**100.0**	**95,785**	**100.0**	21.2
(% of Total Revenue)	(83.0)		(80.9)		
Total Non-Tax Revenue	16,135		22,600		40.1
(% of Total Revenue)	(17.0)		(19.1)		
Total Revenue	**95,188**		**118,385**		24.4
Revenue-GDP Ratio	12.09		13.16		

Note: "% increase" = increase in Budget 2011-12 over Revised Budget 2010-11.
Source: Compiled from GOB (2010d): 5-13.

As shown in Table IV, the share of direct tax in total tax is still behind the share of indirect tax. But the situation is expected to be improved slowly. In FY11, out of total tax, 32.9% was direct tax and 67.1% indirect tax. But in FY12, out of total tax, 33.5% is expected to be direct tax and 66.5% indirect tax. Out of indirect taxes, previous domination of import-stage taxes (33.6% in FY11) has been shifted to local-stage taxes (34.4% in total in FY12). The annual growth rate of import-stage taxes has also declined in comparison to that of local-stage indirect taxes in FY11. However, the annual growth rate for total direct taxes from FY11 is 23.5% in FY12 and the same for total indirect taxes from FY11 is 20.0% in FY12. But total tax as a proportion of total revenue has been declined from 83.0% in FY11 to 80.9% in FY12. This is due to significant expected annual growth of non-tax revenue (40.1%).

STRUCTURE OF THE FINANCE ACT 2011

In the Parliament, just after the budget speech, the Finance Bill 2011 was placed on 9 June 2011 by the Finance Minister to effect the fiscal measures proposed in the national budget 2011-12. The Finance Bill has been passed as the Finance Act (FA) 2011 on 28.06.2011 as the 12th Act of 2011 (*The Financial Express*, 29 June, 2011). The Finance Act 2011 has been published in the *Bangladesh Gazette Extraordinary* on June 30, 2011 after the President's consent thereto. This year, six additional sections have been inserted in the Finance Act 2011, which were not in the Bill. The structure of the Finance Bill and the FA 2011 is as follows:

Coverage of the Tax Laws	Finance Bill 2011 (placed on 09.6.2011)		Finance Act 2011 (passed on 28.6.2011)	
Short title and commencement	Section 1	01 section	Section 1	01 section
Excise and Salt Act 1944	Section 2	01 section	Section 2	01 section
Customs Act 1969	Sections 3-9	07 sections	Sections 2A, 3-9	08 sections
Income Tax Ordinance 1984	Sections 10-57	48 sections	Sections 10-61	52 sections
VAT Act 1991	Sections 58-75	18 sections	Sections 62-80	19 sections
Total	**Sections 1-75**	**75 sections**	**Sections 1-80**	**81 sections**

Thus, major changes have been made in the Income Tax Ordinance 1984 (ITO), then in the Value Added Tax (VAT) Act 1991 and then in the Customs Act 1969. Following sections have enumerated an analysis of these changes.

AMENDMENTS IN THE CUSTOMS ACT

As on June 30, 2010, the Customs Act contained 20 chapters 273 sections and 3 schedules. There are very few changes in the main statute (Customs Act) by the FA 2011. Only amendments have been made in 5 sections of the Customs Act, one section (section 129A) has been repealed and a separate chapter [Chapter XVIIIA with 11 sections (sections 192A to 192K)] has been inserted to introduce the Alternative Dispute Resolution (ADR) for settlement of disputes on customs duty. Thus, on June 30, 2011, the Customs Act contains 21 chapters 283 sections and 3 schedules. These changes have been enumerated below:

- A new post of "Chief Commissioner of Customs" has been created [sec. 3(a)].
- New prohibited items for bringing into Bangladesh have been added to the list under section 15: (i) other counterfeit product; (ii) obscene

"video or audio recording, CDs or recording on any other media"; (iii) goods having applied thereto a counterfeit trade mark within the meaning of "Copyright Act, 2000 (Act No. 28 of 2000), the Patents and Designs Act, 1911 (Act No. II of 1911) and Trade Mark Act, 2009 (Act No. 19 of 2009)"; (iv) foreign goods intended for sale, and having applied thereto, a design in which copyright exists under the "Copyright Act, 2000, and Trade Mark Act, 2009" in respect of the class to which the goods belong or any fraudulent or obvious imitation of such design, patent, copyright ***except*** when the application of such design has been made with the licence or written consent proprietor or right-holder; (v) goods involving infringement of copyright, layout, design of integrated circuits, industrial designs, patents within the meaning of the Copyright Act, 2000 and the Patents and Designs Act, 1911 ***except*** when the application of such design has been made with the licence or written consent proprietor or right-holder.

- Where there is a case pending at any court, tribunal or appellate authority, the provisional assessment under section 81 will be finally assessed within 120 working days from the date of receipt of the final disposal order of that case [amended sec. 81(2)].
- The provision on "Levy of transit fee" u/s 129A (introduced by the FA 2010) has been withdrawn by deleting section 129A.
- Penalty of 'ten times' of the value of goods (other than smuggled goods) for acquiring such goods without lawful excuse [item 90 in Table under section 156(1)] has been reduced to 'five times'.
- Introduction of the Alternative Dispute Resolution (ADR) through a separate chapter (Chapter XVIIIA) having 11 sections (sections 192A to 192K) for any importer or exporter concerned in any "disputes" under the Customs Act, who may apply to the concerned authorities for the resolution of the dispute through the ADR process in the prescribed manner.
- Period of maximum two years for disposal of an appeal under the Customs Act by the Customs, Excise and Value Added Tax Appellate Tribunal has been extended to maximum four years [sec. 196A(7)].
- Existing 4-tier duty structure (3%, 5%, 12% and 25%) has been continued this year (FY12).
- Existing 5% regulatory duty for goods subject to the highest customs duty of 25% has been continued this year (FY12). But where special rebate is applicable, those goods have been kept outside the net of regulatory duty.

AMENDMENTS IN THE VAT LAWS

Changes in the VAT Act 1991

As on June 30, 2010, the VAT Act contained 86 sections and 3 schedules. By the FA 2011, a number of sections [14 sections (sections 2, 3, 6, 8, 9, 13, 15, 20, 24, 37, 38, 40, 42, and 72] in the VAT Act have been amended, 14 new sections (sections 2A, 36A, 41A to 41K, and 71C) have been inserted and all the three schedules have been substituted. Thus, on June 30, 2010, the VAT Act contains 100 sections and 3 schedules. These changes have been briefly discussed below:

- Import-stage VAT deduction at source (VDS) has been renamed as 'VAT collected in advance' at import-stage and hence, the definition of 'input tax' [sec. 2(d)] has been changed accordingly. Under General Order No. 59/Musak/2011, dated 09.6.2011, 'VAT collected in advance' for commercial importer is referred to as "Advance Trade VAT (ATV)".
- A provision for honouring VAT-payers (who has submitted all the VAT returns in last year) have been inserted this year by giving a "letter of honour" [new section 36A and clause (yy) in section 2]. In the budget speech, the Finance Minister has mentioned, "The letter of recognition will be given considering the preciseness and appropriateness of the yearly tax-return of a tax payer. With these, it is hoped that the VAT payers will be encouraged to pay more taxes" (Muhit, 2011).
- *VAT on 'Service Recipient" [sec. 3(3) and 6(6)]:* A debate was created in 2009-10, when VAT was introduced @ 15% on commercial rent under service code S033.00 (Leaseholder) under SRO No. 105-Ain/2009/513-Musak, dated 11.6.2009. The debate was two-fold–one was how 'tenant of an office space' can be a 'leaseholder' and another debate was how a service recipient could be a registered (legal) VAT-payer. In 2010-11, a new service code for "Tenant of Place and Establishment" (S074.00) was introduced under 200-Ain/2010/549-Musak, dated 10.6.2010, which was also debated due to absence of concurrence in the main VAT Act. This year, clause (e) of sub-section (3) of section 3 has been amended to incorporate a 'service-recipient' as a legal VAT-payer. Under sew sub-section (6) of section 6, the NBR can make provision for payment of VAT by a service recipient through an order.
- *Reintroduction of VDS (VAT deduction at source) only on Selective Services [new sub-section (4AAA) and substituted sub-section (4D) in*

section 6]: This year (2011-12), a new sub-section (4AAA) has been inserted in section 6 to reintroduce VDS only on selective services. For this purpose, General Order No. 63/Musak/2011, dated 29.06.2011 has been issued under section 6(4AAA) and 33 services under 30 Heading Numbers are now subject to VDS w.e.f. 29.6.2011 [*Appendix-A*]. As a result, last year's 3% source VAT subject to presentation of invoice in Form 'Musak-11" after VAT-payment, has been withdrawn. Under 6(4D), VDS is applicable now at truncated rate, where it is applicable.

- *Reduced Turnover Tax Rate:* The tax rate for turnover tax (TT) under section 8(1) has been reduced from 4% to 3%. But a TT-enlisted business entity has to take also BIN (Business Identification Number) under section 8(2). Rule 4 has also been amended.
- *Input Tax Credit on Capital Machinery:* Previously Rule 20 dealt with the provision of "Input tax credit on capital machinery" under section 9(1A), but rule 20 was repealed by SRO No. 198-Ain/2010/547-Musak, dated 10.6.2010 and sub-section (1A) of section 9 was repealed by the FA 2011. For 2010-11, input tax credit could not be taken due to the provision of sub-section (1A) of section 9 and deletion of corresponding rule 20. Now the input tax credit on capital machinery is applicable under the definition of "input" [under clause (c) of section 2], where all machinery and spare parts [except land, building, office equipment and conveyance] are included in the definition of 'input'.
- *Central VAT Registration for Producers:* Previously no central registration was allowed for production-stage (only allowed to service-providers and traders). Proviso to section 15(2) has been amended to allow central registration for the producers also subject to the previous condition of maintenance of accounts in one place.
- A new post of "Chief Commissioner, Value Added Tax" has been created [sec. 20(a), 2(jjj)].
- *New Default in Section 37 and Reduced Penalty:* A new default has been included in the existing default-list under section 37(2), which is "if any person attempts to evade VAT by not recording the information relating to purchase of inputs in the Purchase Account Book (Musak-16)". Maximum penalty of "two and half times of VAT payable" has been reduced to "one and half times of VAT payable" [sec. 37(2) and 37(6)].
- *Introduction of the Alternative Dispute Resolution (ADR):* The ADR has been introduced through 11 new sections (sections 41A to 41K) for any VAT registered person concerned in any "disputes", who may

apply to the concerned authorities for the resolution of the dispute through the ADR process in the prescribed manner.

- *Tribunal's Appeal Disposal Period Extended:* Period of maximum nine months for disposal of an appeal under the VAT Act by the Customs, Excise and Value Added Tax Appellate Tribunal has been extended to maximum one years [sec. 42(4)].
- *Arrangement Tax Refund Fund and Reward and Incentive Fund:* Under new section 71C, provision has been made to create two funds: Tax Refund Fund and Reward and Incentive Fund.
- *Overriding Supremacy of the VAT Act:* Under new section 2A, the provisions of the VAT Act have been given overriding supremacy over other laws for the enforcement under the VAT Act.
- *Withdrawal/Reduction of Supplementary Duty (SD):* To keep in mind the protection of environment, the SD on Particle Board is exempted; SD on Paints is reduced by 5 percent; withdrawal of supplementary duty applied to concrete readymix, hollow concrete block, plastic goods (for kitchen and household) (Muhit, 2011).

Changes in the VAT Rules 1991

As on June 30, 2010, the VAT Rules contained 55 rules and 39 forms. This year (2011-12), there are a number of changes in the VAT Rules 1991 by two SROs (SRO No. 173-Ain/2011/596-Musak, dated 09.6.2011 and SRO No. 197-Ain/2011/610-Musak, dated 29.6.2011). Under these two SROs, 11 rules are affected: 8 rules (Rules 4, 11, 18A, 18E, 22, 24, 34A, and 41A) have been amended, Rule 18B substituted twice, Rule 18C first substituted and then amended again and Rule 18D repealed. By these two SROs, 2 forms (Form 'Musak-6' and Form 'Musak-9') have been amended, 2 forms (Form 'Musak-12Kha' and Form 'Musak-19') substituted, and 1 form (Form 'Musak-18Ka') repealed. Thus, on June 30, 2011, the VAT Rules contained 54 rules and 38 forms. Following are the major changes in this regard:

- *Information on New Bank Account [u/r 11(3)]:* A VAT registered person must inform about the new bank account in addition to any account mentioned in serial 8 in Form 'Musak-6' [Application Form for Registration/Enlistment (VAT/Turnover Tax/Cottage Industry)] within 14 days of opening such bank account.
- *Rules on VDS [under substituted rules 18B and 18C and repealed rule 18D]:* Under previous rule 18B, the time for depositing VDS was 7 days from the date of deduction, now u/r 18B(1), the date of depositing

VDS is 15 days from the date of deduction. Under previous provision, the second copy of the Certificate of VDS in Form 'Musak-12Kha' [Certificate of VAT Deduction at Source] was to be sent to the supplier's Commissionerate through post office. Under new provision, the second copy of the Certificate of VDS in Form 'Musak-12Kha' was to be sent to the concerned Circle (i.e., Circle under which VDS is made). No communication means is mentioned now. Previously, there was no clear rule for the office to which the original copy of Treasury Chalan on VDS deposit was to be sent. Now, the original copy of Treasury Chalan on VDS deposit is to be sent along with Form 'Musak-12Kha' to the Circle in which VDS is done. Now, there is guideline on how to write the Trasury Chala, which was given earlier. Due to repeal of Rule 18D, there is no need to maintain account on VDS in Form 'Musak-18Ka' [Account of VAT Deduction at Source]. Changes in Form 'Musak-12Kha' is as follows:

Latest Format of 'Musak-12Kha':

Sl. No	Name and address of supplier	Supplier's BIN (Business Identification Number)	Amount of money/ Value or Commission of VAT Imposable Good or Service mentioned in bill	Date of payment of bill	Amount of VAT deducted at source (figure)	Chalan/ Receipt/ Certificate No. of depositing tax to the Treasury/ online/ book transfer and Date	Remark
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Past Format of 'Musak-12Kha' (2010-11):

Nature of work	Work-order / Purchase Order No. and Date	Tender Price (excluding VAT)	Paid Price (excluding VAT)	Amount of VAT deducted at source (in Taka)	Chalan/ Receipt/ Certificate No. of depositing tax to the Treasury/ online/ book transfer and Date
(1)	(2)	(3)	(4)	(5)	(6)

- *Changes in Truncated Rate:* Truncated rate for VAT has been changed in case of following 5 services: Dockyard (S003.20), Goldsmith & Silversmith and Gold & Silver Jeweler and Gold Refiner (S026.00), Consultancy Firm & Supervisory Firm (S032.00), Audit and

Accounting Firm (S034.00), and Private University (S070.10) (Appendix B).

- *ATV (Advance Trade VAT) Reintroduced in Place VDS (VAT deduction at source) at Import-stage for Commercial Importer [substituted rule 18D]:* Last year (FY11), at import-stage previously applicable ATV was made effective as VDS @ 3% u/r 18D. After one year, import-stage VDS on commercial importer has been changed again to ATV @ 3% subject to exemption in same 11 situations (General Order No. 59/Musak/2011, dated 09.6.2011).
- *VDS by Limited Company at the Time of Issuing Licence, Registration and Permit [u/r 18E(1)]:* Limited company has been added to the list of VDS @ 15% for issuing licence, registration and permit [previous list includes Government, semi-Government, autonomous body and local authorities].
- *Maintenance of Accounts with Software [u/r 22(3)]:* Now accounts can be maintained with software in addition to ECR (electronic cash register) or computer or any other electronic equipment. The enterprises which pay VAT at Tk. 50 lakh or more per annum must use software from January 1, 2012 to be procured from the NBR-enlisted software companies (General Order No. 64/Musak/2011, dated 29.6.2011).
- *Extended Return Submission Period for Insurance Companies [new proviso to rule 24(1)]:* From 2010-11, tax period is one-month period for all entities and the return is to be submitted within 15th date of each subsequent month. Now for insurance companies, it will be within 20th date of each subsequent month.
- *No VAT Refund if Scope of Adjustment [u/r 34A]:* Previously, no refund was allowable if it was adjustable against input tax credit [u/s 34A(4)]. Now, no refund is allowable if it is adjustable through Account Current [substituted sub-section (4) of section 34A].

Changes by SRO (Statutory Rules and Order)

From the budget placement date (09.6.2011) to the budget passing date (29.6.2011), total 24 SROs on VAT have been issued by the NBR (SRO 596 to SRO 608 on 09.06.2011, SRO 609 on 23.6.2011, SRO 610 to SRO 619 on 29.6.2011). Out of these 24 SROs, two SROs (SRO 596 and SRO 610) are related to changes in the VAT Rules, which have been discussed above. Some major changes by other SROs are as follows:

- *Changes in Definition of Taxable Services:* A substituted list of definitions for taxable services has been given by SRO 175-Ain/2011/598-Musak, dated 09.06.2011, which is amended further by SRO No. 199-Ain/2011/612-Musak, dated 29.6.2011. There are 77 Heading Numbers (S001 to S040, S042, S044 to S078 and S099) with 100 Service Codes (except S041.00 and S043.00) in SRO 598 updated by SRO 612). Under these SROs, the definitional scope of following four services has been changed:
  - **Advertising firm (S007.00):** Under the previous definition, "Advertising Firm" means a person, organization or association engaged, for the purpose of publicity of a good or service or any other publicity, in preparation, on commercial basis, of an advertisement of any title or kind or publicity or helping in publicity of an advertisement prepared for such purpose in any medium or any other means. Now, its scope has been widened by adding the following: (b) Advertising firm shall also include an advertisement if it is publicized in the website or online edition of any newspaper, periodicals, magazine etc. of any person, organization or association [Clause (b) inserted by SRO 175-Ain/2011/598-Musak, dated 09.06.2011; previous definition is placed under clause (a)].
  - **Goldsmith & silversmith and gold & silver jeweler and gold refiner (S026.00):** Under the previous definition, (1) "Service provided by Goldsmith & Silversmith and Gold & Silver Jeweler" means a person, organization or association engaged in making, repairing, storing or marketing of gold or silver or ornament of gold and silver in exchange of wage or service charge. (2) "Gold Refiner" means person preparing acidic (*tejabi*) gold or gold-lump by melting or cleaning gold or in any other method. Now, its scope has been widened by adding the following: (3) Maker, repairer, hoarder or marketer of ornament with or in association with the diamond or such similar valuable goods or stone [Clause (3) inserted by 199-Ain/2011/612-Musak, dated 29.6.2011].
  - **Courier & express mail service (S028.00):** Under the previous definition, "Courier & Express Mail Service" means a person, organization or association (except Government Postal Department and person, organization or association stated in Heading Number S015) engaged in sending message, news, information, documents, goods, or parcel (up to weight limit of

10 kg) inside or outside the country in exchange of money, but express mail sent by the Government Postal Department or any non-government association. Now, under the new definition, "sending and receiving money on the basis of communication through mobile, internet, phone, FAX or any other electronic media inside the country in exchange of money" have been included in the definition [amendment made by SRO 175-Ain/2011/598-Musak, dated 09.06.2011].

- **Recipient of rental of place and establishment (S074.00):** Under the previous definition, "Recipient of Rental of Place and Establishment" means a person, organization or association having the right to commercially use a place or establishment in exchange of consideration. It shall include obtaining the said facilities renewable after the end of the particular period. Provided that it shall not include a facility obtained for wholly using in residential activity or the use of an establishment not exceeding 150 square feet for commercial purpose. Now, under the new definition, for exemption purpose, the size of the establishment has been enhanced from "150 square feet" to "300 square feet" and "Private Universities being approved by the Government and University Grants Commission (under the conditions that the activities of which shall be shifted at its own campus by March 2013)" have been included [amendment made by SRO 175-Ain/2011/598-Musak, dated 09.06.2011].

- *New Exemption of VAT on Services:* This year, three new services are brought in the list of exempted services (SRO 174-Ain/2011/597-Musak, dated 09.06.2011, amended by SRO 198-Ain/2011/611-Musak, dated 29.06.2011):
  (i) "Purchaser of Goods Auctioned" (S060.00) if the purchaser is actual industrial enterprise and goods purchased as industrial raw material;
  (ii) "Private University (S070.10)" although on 28.07.2010, Finance Minister made an announcement to withdraw this VAT which was imposed on June 10, 2010 @ 4.5%, but it was not through SRO; and
  (iii) "Tenant of Place and Establishment" (S074.00) for Private Universities being approved by the Government and University Grants Commission under the condition that it shall be shifted at its own campus by March 2013.

- *Exemption of VAT on Goods:* This year, VAT exemption is allowed on various goods at production stage such as hand-made Biscuit and Cake valued at Tk. 100 (per kg.), welding fluxes for LPG (liquefied petroleum gas), hot-rolled coil, safety or relief valve for LPG, utensils made of plastic (except melamine), kitchen or other utensils made of aluminium, MS sheet, tin or steel (except presser cooker and its spare parts), containers for compressed or liquefied gas, of iron or steel (LPG Cylinder), Jute Fiber Separator, and USG produced by Bangladesh Machine Tools Factory Ltd. (SRO 174-Ain/2011/597-Musak, dated 09.06.2011, amended by SRO 198-Ain/2011/611-Musak, dated 29.06.2011).

Changes by Order under the VAT Laws

During June 9-29, 2011, a number of orders on VAT have been issued and following major changes have been made:

- *Changes in Tariff Value:* Tariff value on SIM Card Supplier (S012.20) has been reduced from Tk. 1,447.97 to Tk. 1,095.97 to collect tax of Tk. 600 in place of Tk. 800 (Tk. 507 as SD @ 35% and Tk. 293 as VAT @ 15%) on SIM (Subscriber's Identity Module). But based on tariff value of Tk. 1,095, total tax becomes Tk. 606 (Tk. 384 as SD and 222 as VAT). For Tk. 600 tax, the tariff value should be Tk. 1,085.97 to collect SD at Tk. 380 and VAT at Tk. 220. In some other cases (blades made from stainless steel strip, spices, hand-made biscuit, etc.), tariff value has been increased. In case of bidi and cigarette, tariff value has not been changed (General Order No. 57/Musak/2011, dated 09.6.2011).
- *NBR's Order on VAT Software:* General Order No. 64/Musak/2011, dated 29.6.2011, has been issued to make an enlistment of VAT-software providing companies and to give the detailed requirements on VAT software.

Some Issues on VAT in Budget Speech

Following issues on VAT have been mentioned by the Finance Minister in his budget speech on 09.6.2011:

- *BIN for TT-enlisted Entities:* Companies listed under turnover tax (TT) will be given 'Business Identification Number' (BIN) as companies listed under VAT. With this facility, companies listed under turnover tax would be able to participate in Export and Import trading (Muhit, 2011).

- *Modernization of VAT System:* In line with achieving the goal of Digital Bangladesh, online VAT return submission has been introduced on a limited scale. Within a very short time, this system will be expanded across the country. Besides, a project named Modernization of VAT Environment (MOVE) will be lunched shortly to bring more VAT offices under automation (Muhit, 2011).
- *Awareness Building on VAT:* 'Value Added Tax Day' and 'Value Added Tax Week' will be observed to create awareness among taxpayers. It has been mentioned that the VAT ordinance was promulgated on 2 June, 1991 and the ordinance turned into the Act on 10 July, 1991[2]. That is why, decision has been taken to observe the Value Added Tax day on 10 July every year and Value Added Tax Week starting from 10 July (one week). On these occasions, different campaign programmes regarding VAT will be organized to create awareness among the people (Muhit, 2011). This year (FY12), already the VAT day has been observed on July 10, 2011 and VAT Week on July 10-16, 2011 (The Daily Star).
- *Reforms of VAT Administration:* As an expansion program of VAT and Customs department, several new departments will be established. These are as follows: 4 Customs Excise and VAT Commissionerate, 3 Appeal Commissionerates, and two extra benches in Appellate Tribunal (Muhit, 2011).
- *Tobacco Tax Policy Cell:* There is a huge campaign against tobacco because of its hazardous consequences on mass people. This year (FY12), the supplementary duties (SD) of chewing tobacco has been increased by 10% and fixing it to 30%. It will help to drop consumption of chewing tobacco. Further, SD on cigarettes has been refixed at 36%, 55%, 58% and 60% in different segments. The price level of cigarettes also has been increased. Over the years, the consumption of lower level cigarettes has increased whereas the

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[2] The *VAT Ordinance, 1991* (Ord. No. 26 of 1991) was promulgated on 31 May 1991 (Hannan, 2004, pp. 12-13). On 01 June 1991, the *VAT Ordinance, 1991* was published in the Official Gazette. On June 2, 1991, an SRO was issued to make effective the provisions on registration (sections 15-18) and the VAT authority (sections 20-22, 72) from 2 June 1991 and other sections from 1 July 1991. On 12 June 1991, the *VAT Rules 1991* was published in the Official Gazette. The *Value Added Tax Bill 1991* was placed in the Parliament on 01 July 1991 and was passed by the Parliament on 09 July 1991. After Presidential assent to the *VAT Act* on 10 July 1991, it was published in the Official Gazette on the same day.

consumption of higher premium level has decreased. This has been taken into consideration to bring changes in price level and SD of cigarettes. However, this will not jeopardize the *bidi* industry in any way as no new tax burden are imposed rather other comparative advantages have been increased. "Tobacco Tax Policy Cell" is formed at NBR to formulate a balanced tobacco policy taking into consideration of health and environmental hazards, employment generation and revenue earnings (Muhit, 2011).

AMENDMENTS IN THE EXCISE AND SALT ACT

Part II of the First Schedule to the Excise and Salt Act 1944 has been substituted without any the changes made therein and hence there is no effect also. Up to FY 2010-11, excise duty on international air-ticket is being collected under Customs, Excise and VAT Commissionerate Dhaka (South) under SRO No. 350-Ain/2010/306-Abgari, dated 18.10.2010. This excise SRO has been amended by SRO No. 186-Ain/2011/310-Abgari, dated 09.6.2011 and SRO No. 207-Ain/2011/311-Abgari, dated 29.6.2011. Under this provision, excise duty on international air-ticket now is to be deposited by 30th date of next month from the date of collection in the concerned Commissionerate under which the excise duty has been collected.

From 2008-09, the Large Taxpayer Unit (LTU) of VAT under section 8D of the VAT Act 1991 is empowered to collect excise duty under the VAT Act. But the VAT Act can give authority only to collect VAT, SD and TT. The VAT-LTU can do the same but then authority is to be given through amendment in the Excise and Salt Act 1944. This change should be made immediately as a correction of careless amendment of fiscal statutes.

CONCLUSION

As stated above, the tax structure as contained in the National Budget of 2011-12 has been slowly improving towards a better tax-GDP ratio and less dependency on indirect taxes. According to the new statutory amendments made under the Finance Act 2011 in the indirect tax laws, we find that under the Customs Act, prohibition on imported goods violating intellectual property right has been introduced and the provision on levy of transit fee has been withdrawn. Under the VAT Act, the VDS (VAT deduction at source) has been rationalized by bringing back the long practice. Some truncated rates have been prescribed which can be helpful to those entities not working under standards VAT system. The mandatory introduction of VAT accounting through software from January 1, 2012 might be a good step towards the formation of Digital Bangladesh.

In the budget speech, Finance Minister has mentioned that the Government has tried to enhance our Tax-GDP ratio which still lags behind many developing countries. The present government has been paying due attention to bring reforms in NBR, particularly in two areas, i.e., policy/legal reforms and tax administration. In this context, the Finance Minister has mentioned the 'NBR Modernization Plan' during 2011-16 in his budget speech, the main objectives of this plan are: (a) Raising Tax-GDP ratio to 13 percent by 2016; (b) Initiating exemplary modern web-based services for e-registration, e-filing, tax-return, declaration submission, tax payment and rebate within 2016; (c) Reducing the number of tax related suits to 80 percent by the year 2016 (Muhit, 2011). We hope all these will be materialized and our country will be more self-dependent from internal revenue mobilization. The tax structure in the coming budgets will also be improved significantly with a shift from indirect tax dependency to direct tax dependency.

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APPENDIX-A

33 Services under 30 Heading Numbers on Which VDS Applicable [w.e.f. 29.6.2011]

Heading No.	Service Code	Provider of Service
S002	S002.00	Decorators and Caterers*
S003	S003.10	Garage of Motor Vehicle and Workshop @ 4.5%
	S003.20	Dockyard @ 4.5%
S004	S004.00	Construction Firm @ 5.5%
S007	S007.00	Advertising Agency*
S008	S008.10	Printing Press*
S009	S009.00	Auctioneer Firm*
S010	S010.10	Land Development Firm @ 1.5%
	S010.20	Building Construction Firm @ 1.5%
S014	S014.00	Indenting Firm*
S020	S020.00	Survey Firm*
S021	S021.00	Plant or Capital Machinery Rental Firm*
S024	S024.00	Sales Center of Furniture @ 6% at production stage and 3% at marketing stage (if paid at production stage)
S028	S028.00	Courier and Express Mail Service*
S031	S031.00	Person, Organization or Firm Engaged in Repair or Servicing of Taxable Goods in exchange of Consideration*
S032	S032.00	Consultancy Firm & Supervisory Firm @ 4.5%
S034	S034.00	Audit and Accounting Firm @ 4.5%
S037	S037.00	Procurement Provider *[applicable for supply of an goods/service]*[3] @ 4%
S040	S040.00	Security Service @ 4.5%
S045	S045.00	Legal Adviser @ 4.5%
S048	S048.00	Transport Contractor @ 2.25% for carrying petroleum goods an 4.5% for carrying other goods
S049	S049.00	Rent-a-Car Service @ 4.5%
S050	S050.10	Architect, Interior Designer or Interior Decorator*
	S050.20	Graphics Designer*
S051	S051.00	Engineering Firm*
S052	S052.00	Sound and Light Equipment Renter*
S053	S053.00	Board Meeting Participant*
S054	S054.00	Broadcaster of Advertisement through Satellite Channel*

[3] Previously from 12.06.1997 to 05.6.2002, the scope of service under "Procurement Provider" (S037.00) was for supplying or rendering "**any VAT imposable goods or service or both**". The scope has been extended to supply or rendering of "**any goods or services or both**" by SRO No. 117-Ain/2002/342-Musak dated 06.06.2002.

S058	S058.00	Chartered Plane or Helicopter Rental Firm*
S060	S060.00	Purchaser of Goods Auctioned @ 3%
S065	S065.00	Building, Floor and Premises Cleaning or Maintenance Firm @ 2.25%
S071	S071.00	Program Organizer @ 4.5%
S072	S072.00	Human Resource Supply and Management Organization @ 4.5%

* No truncated rate is prescribed and hence the rate of VDS is 15%.

Sources: General Order No. 63/Musak/2011, dated 29.06.2011 [issued under section 6(4AAA)].

APPENDIX-B

Truncated Value-Base (TVB) and Net VAT Rate (NVR) for the Prescribed Taxable Services

ding No.	Service Code	Provider of Service	2010-11 TVB (%)	2010-11 NVR (%)	2011-12 TVB (%)	2011-12 NVR (%)	Change in NVR (%)
01	S001.20	Restaurant (AC)	100	15	100	15	no change
		Restaurant (non-AC)	40	6	40	6	no change
03	S003.10	Garage of Motor Vehicle and Workshop	30	4.5	30	4.5	no change
	S003.20	Dockyard	---	---	30	4.5	**New**
04	S004.00	Construction Firm	36.67	5.5	36.67	5.5	no change
10	S010.10	Land Development Firm	10	1.5	10	1.5	no change
	S010.20	Building Construction Firm	10	1.5	10	1.5	no change
19	S019.00	Photographers	30	4.5	30	4.5	no change
24	S024.00	Sales Center of Furniture	(a) 40% at production stage	6	40	6	no change
			(b) 20% at marketing stage (if paid at production stage)	3	20	3	no change
26	S026.00	Goldsmith & Silversmith and Gold & Silver Jeweler and Gold Refiner	10	1.5	30	4.5	increased

Heading No.	Service Code	Provider of Service	2010-11 TVB (%)	2010-11 NVR (%)	2011-12 TVB (%)	2011-12 NVR (%)	Change in NVR (%)
S029[4]	S029.10	Medical Institution	15	2.25	15	2.25	no change
	S029.20	Dental Treatment Center	15	2.25	15	2.25	no change
	S029.30	Pathological Laboratory	15	2.25	15	2.25	no change
S032	S032.00	Consultancy Firm & Supervisory Firm	---	---	30	4.5	New
S034	S034.00	Audit and Accounting Firm	---	---	30	4.5	New
S036	S036.10	Air-Conditioned Bus Service	33.35	5.0025	33.35	5.0025	no change
S037	S037.00	Procurement Provider	26.67	4	26.67	4	no change
S040	S040.00	Security Service	30	4.5	30	4.5	no change
S045	S045.00	Legal Adviser	30	4.5	30	4.5	no change
S048	S048.00	Transport Contractor	(a) 15% for carrying petroleum goods	2.25	15	2.25	no change
			(b) 30% for carrying other goods	4.5	30	4.5	no change
S049	S049.00	Rent-a-Car Service	30	4.5	30	4.5	no change
S057	S057.00	Distributor of Electricity	33.35	5.0025	33.35	5.0025	no change
S060	S060.00	Purchaser of Goods Auctioned	20	3	20	3	no change
S065	S065.00	Building, Floor and Premises Cleaning or Maintenance Firm	15	2.25	15	2.25	no change
S067	S067.00	Immigration Adviser	30	4.5	30	4.5	no change
S068	S068.00	Coaching Center	30	4.5	30	4.5	no change

[4] According to a verdict of the Appellate Division (dated 8.7.2010), VAT is prohibited for collection from patients (The *Prothom Alo*, 9.7.2010).

Heading No.	Service Code	Provider of Service	2010-11		2011-12		Change in NVR (%)
			TVB (%)	NVR (%)	TVB (%)	NVR (%)	
S069	S069.00	English Medium School	30	4.5	30	4.5	no change
S070	S070.10	Private University[5]	30	4.5	exempted	exempted	withdrawn
	S070.20	Private Medical and Engineering College	30	4.5	30	4.5	no change
S071	S071.00	Program Organizer	30	4.5	30	4.5	no change
S072	S072.00	Human Resource Supply and Management Organization	30	4.5	30	4.5	no change
S074	S074.00[6]	Tenant of Place and Establishment[7]	60	9	60	9	no change
S078	S078.00	Sales Center of Garments with Own Brand	33.35	5.0025	33.35	5.0025	no change

Sources: (1) SRO No. 114-Ain/2008/522-Musak, dated 11.06.2009, amended by SRO No. 179-Ain/2009/532-Musak, dated 30.6.2009; (2) SRO No. 201-Ain/2010/550-Musak, dated 10.06.2010, amended by SRO No. 247-Ain/2010/567-Musak, dated 30.06.2010; (3) SRO No. 09-Ain/2011/583, dated 09.1.2011; (4) SRO No. 200-Ain/2011/613-Musak, dated 29.06.2011.

[5] Exempted under SRO No. 174-Ain/2011/597, dated 09.6.2011.

[6] Truncated rate introduced under SRO No. 09-Ain/2011/583, dated 09.1.2011 [from 11.6.2009 to 09.6.2010, VAT @ 15% applicable on commercial rent under S033.00 (Leaseholder) under SRO No. 105-Ain/2009/513-Musak, dated 11.6.2009; from 10.6.2010 to 08.1.2011, VAT @ 15% applicable on commercial rent under "Tenant of Place and Establishment" (S074.00) under 200-Ain/2010/549-Musak, dated 10.6.2010].

[7] Exempted under SRO No. 198-Ain/2011/611, dated 29.6.2011 for a Private University being approved by the Government and University Grants Commission, which shall be shifted at its own campus by March 2013.