

The Finance Act, 1980

(ACT NO. XXIII OF 1980)

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

WHEREAS it is expedient to make provisions to live effect to the Financial proposals of the Government and to amend certain laws for the purposes here in after appearing;

It is hereby enacted as follows:-

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| Short title
and
commencement | 1. (1) This Act may be called the Finance Act, 1980.
(2) Subject to the Provisional Collection of Taxes Act, 1931 (XVI of 1931), and the declaration made thereunder, this Act, shall, except as otherwise provided, come into force on the first day of July, 1980. |
| Amendment
of Act VI of
1898 | 2. In the Post Office Act, 1898 (VI of 1898) for the First Schedule thereto the contents of First Schedule to this Act shall be substituted. |
| Amendment
of Act II of
1899 | 3. In the Stamp Act, 1899 (II of 1899), for Schedule (1) thereto the Schedule set out in the Second Schedule to this Act shall be substituted. |
| Amendment
of Act XI of
1922 | 4. The following amendments shall be made in the Income tax Act, 1922 (XI of 1922), namely:

(1) in section 2, in clause (6C), for the semi colon at the end a comma shall be substituted and thereafter the following shall be added, namely:-

“receipts in the nature of compensation or damages for cancellation or termination of contracts and licences by the Government or any person, cancellation of indebtedness which makes any debtor taxable, goodwill |

money, salami or premia receivable on account of all leases or transfer of any business;”;

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

(a) in clause (via), the words and comma “not being winning from lotteries,” shall be omitted;

(b) In clause (xii),-

(i) after sub-clause (f), a new sub-clause (ff) shall be inserted, namely:-

“(ff) 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 annual value off such building does not exceed twelve thousand Taka The whole of such value;

(ii) in a case where annual value of such building exceeds twelve thousand Taka Twelve thousand Taka:

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

(ii) in sub clause (g), for the full stop at the end a semi-colon shall be substituted and thereafter the following new sub clause (h) shall be added, namely:

“(h) 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 day 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 one thousand square feet. The exemption under this sub 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 one thousand square feet provided the construction comprises not less than twenty five units.”;

(c) in clause (xiib), in the proviso, for the words “five thousand taka” the words “ten thousand taka” shall be substituted;

(3) in section 5A, in sub section (3), in the Explanation, in clause (b), after the words “service as”, the words “Appellate or Inspecting” shall be inserted;

(4) In section 7, in sub-section (1), in the third proviso, for the words “two thousand and four hundred taka”, “one thousand and two hundred taka” and “nine hundred taka” the words “three thousand and six hundred Taka”, “one thousand and eight hundred Taka” and “one thousand and five hundred Taka” shall respectively, be substituted;

(5) in section 9, in sub-section (1), in clause (iv) after the words “mortgage or other capital charge”, the words “for purposes of extension or reconstruction or improvement” shall be inserted;

(6) in section 9A, in sub-section (2) in clause (v), after the words “mortgage or other capital charge”, the words “for purposes of reclamation or improvement” shall be inserted;

(7) in section 10, in sub-section (4), for clause (e) the following shall be substituted, namely:-

“(e) any allowance in respect of expenditure on entertainment in excess of the amounts specified below:-

(i) on the first Taka 5 lakhs of income, profits and gains of the business, profession or vacation	4% or Taka 20,000, whichever is higher.
(ii) on the next Taka 15 lakhs	2%
(iii) on the next Taka 30 lakhs	1%
(iv) on the balance	½ % or
(ee) any allowance in respect of such expenditure on foreign travels for holidaying and recreation of employees and their dependents as may be prescribed; or”;	
(8) after section 12AA, the following section 12AAA shall be inserted, namely:-	
<p>“12AAA, Salami or premia receipt.- Where any lump-sum amount is received or received by an assessee during any pervious year represents income on account of <i>salami</i> or premia receipts, such income shall, if he so, claims, be allocated for the purpose of assessment proportionately to the years covered by the entire lease period, but such allocation shall in no case exceed five years.”;</p>	
(9) in section 12B,-	
(a) in sub-section (2), after the second proviso, the following new proviso shall be inserted, namely:-	
<p>“Provided further that if in the opinion of the Deputy Commissioner of Taxes the fair market value of a capital asset transferred by an assessee as on the date of the transfer exceeds the declared value therefore by more than 25% of such declared value, the Government may offer to buy the said asset in such manner as the National Board of Revenue may prescribe.”;</p>	
(b) in sub-section (5),	

<p>(i) the words “by the assessee or a parent of his mainly”, the words “his own or the parents’ own” and the words “his own” shall be omitted;</p>
<p>(ii) in clause (b), in sub-clause (ii), in the proviso, the words “assessee’s own” shall be omitted;</p>
<p>(c) <i>after</i> sub-section (5) amended as aforesaid, the following new sub-section (6) shall be <i>added</i>, namely:-</p>
<p>“(6) Notwithstanding anything contained in sub-section (1) where a capital gain arises from the sale, exchange or transfer of a capital asset being government securities and stocks and shares of public companies which fulfill the conditions laid down in sub-section (3) of section 15C, then no tax shall be charged under this section if the sale proceeds are reinvested within a period of two years in the acquisition of similar securities, stocks and shares.”;</p>
<p>(10) section 13 shall be numbered as sub-section (1) of that section, and <i>after</i> sub-section (1) as so renumbered the following new sub-section (2) shall be added namely:-</p>
<p>“(2) Notwithstanding anything contained in the second proviso to sub-section (1) every person engaged in the manufacturing and wholesale business shall maintain such books of accounts and other documents (including inventories where necessary) and shall maintain such record of payments of commercial nature and other commercial transactions as the National Board of Revenue may prescribe in this behalf.”;</p>
<p>(11) in section 14, in sub-section (3), in clause (b), in sub-clause (ii), the word “or” at the end shall be omitted and thereafter the following explanation shall be <i>added</i>, namely:-</p>
<p>“Explanation.-In this sub-clause, “cottage industry” means an enterprise, not being owned by a joint stock company, which fulfils the following conditions, namely:-</p>