

Budget FY2023-24 : both domestic, int'l air travel to be costlier

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Dhaka : Air travel across the country and to international destinations will be becoming costlier as the government, at the parliament, proposed to introduce travel tax for domestic air passengers for the first time ever and to also increase the existing travel tax for international air travellers to 67 per cent.

On top of the ever-increasing airfare due to continuous fuel price hikes, the latest move of higher travel tax comes as a new blow to the passengers as it will make travel even costlier.

This, in turn, might hamper the aviation market amid rising air travel demand.

According to Civil Aviation Authority of Bangladesh's data, 5 million passengers travelled by air in 2022 from Bangladesh to abroad, 145 per

cent up from the BDT 20 lac in the previous year.

Also, the number of domestic air travellers increased by 70 per cent in 2022 to 5.5 million from the previous year.

The aforementioned new policy moves were mentioned by Finance Minister AHM Mustafa Kamal while he was announcing the proposed budget for the fiscal year 2023-24 at the national parliament on June 1.

According to the proposed budget, domestic air passengers will have to pay BDT 200 travel tax from the fiscal year 2023-24.

On the other hand, international air travel tax to SAARC countries will be increased by 67 per cent to BDT 2000, to the Middle East by 33 per cent to BDT 4000 and to any other country by 50 per cent to BDT 6000, as per the proposed budget.

Also, for travel to any country by road or sea, the travel tax will be upped to BDT 1000 from the current BDT 500.

Before this, travel tax was upped last by the National Board of revenue nine years ago in 2014.

After the Covid-19 pandemic, as air travel returned to normalcy gradually, NBR also witnessed a surge in their collection from travel tax.

In the nine months to the end of March during fiscal year 2022-23, travel tax collection shot up 94 per cent to BDT 1,069 crore, higher than the tax authority's target for the whole fiscal year.

Hence, such budget allocation follows efforts to reduce unnecessary air travel to save US dollars and develop a new revenue sector, said the finance minister in his proposal.

Gold carrying limit for travellers halved, tax increased

Finance Minister AHM Mustafa Kamal also proposed reducing the gold carrying limit for travellers and implementing higher tax rates.

According to the Baggage (Import) Rules, 2016, a passenger can import gold bars or gold pieces weighing 234 grams on arrival from abroad subject to payment of all duties and taxes.

During the budget speech, the Finance Minister said, "In order to

increase the flow of valuable foreign currency in the country, I propose to curtail the facility and decrease the amount of gold to 117 grams instead of existing 234 grams."

Currently, under Baggage Rules, a passenger needs to pay BDT 2,000 duty for every 11.664 grams of gold bars or gold pieces on arrival from abroad.

The Finance Minister proposed to increase the duty-tax to BDT 4,000.

The Minister also proposed to amend the existing baggage rules by incorporating the provision of confiscation of any amount of gold in excess of the declaration or brought concealed by the passenger.

Advance tax on aircraft parts import exemption

To the delight of the airline industry stakeholders, during the budget presentation at the parliament, the finance minister proposed to exempt the 5 per cent advance tax on import of aircraft engine, turbo jet and aircraft parts, imported by registered airlines.

The move is aimed at facilitating trade and reducing aviation operational costs, the minister added.

Concessional benefit in constructing hotels lifted

The government up until now had been allowing the country's hotels with a large amount of tax rebate on the import of essential materials for hotel construction in an attempt to develop the country's tourism sector. However, the tax rebate will now be lifted.



The government had been offering this tax rebate for a decade. About 10 per cent import duty had been effective until now for the construction of commercially operated luxury or quality residential hotels.

Once lifted, under the HS code, up to 110 per cent import duty on different imported materials for hotel construction will be reimposed as earlier.

The Finance Minister, while presenting the proposed budget for the coming fiscal year, said, with the help of the concessional benefit,

already plenty of large star hotels emerged across the country.

Therefore, considering the current context and to protect the nation's revenue, it is unnecessary to continue the exception of tariff duty in the hospitality sector, added the Finance Minister.

Budget for MoCAT reduced

The budget allocation for the Ministry of Civil Aviation and Tourism in the fiscal year 2023-24 was proposed to be reduced.

The finance minister said the budget allocation for the Ministry of Civil Aviation and Tourism for fiscal year 2023-24 will be BDT 6,597 crore, BDT 407 crore less from the current BDT 7004 crore for FY2022-2023.

Also, the operational cost of the ministry will be reduced for FY2023-24 to BDT 54 crore, from the current BDT 72 crore for FY2022-2023.

It may be mentioned here, the finance minister, himself, in his budget presentation at the parliament, said, the Ministry of Civil Aviation and Tourism, is making significant strides in expanding air fleet and undertaking airport development projects.

As he mentioned, currently, construction of the Third Terminal building of Hazrat Shahjalal International Airport is underway, expected to be opened in October 2023. The construction of the export-import cargo complex is scheduled to be completed by April 2024. An Export Cargo Complex has been constructed at Sylhet Osmani International Airport to facilitate the storage and handling of export goods. The upgrading work of Cox's Bazar Airport to an international airport is also underway.

The finance minister also mentioned, the 'Tourism Master Plan' spanning 25 years is being formulated for the promotion and expansion of the tourism industry.

It is worth mentioning that tourism has been identified as a significant industry in the National Industrial Policy, 2022, Kamal added.

"We are building three tourist parks namely, Sabrang tourism Park, Naf Tourism Park, and Sonadia Eco-Tourism Park to international standard in terms of accommodation and entertainment facility in the district of Cox's Bazar," he said.

Also, the "National Tourism Human Capital Development Strategy for Bangladesh: 2021-2030" has been prepared as a strategy document to create employment opportunities and to supply tourism workers in the tourism industry in the country, concluded the finance minister.