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## Mobile operators caught in the cross-fire over SD hike rollout



MUHAMMAD ZAHIDUL ISLAM

Mobile operators are in the most bewildering situation: they are caught in the middle of a misunderstanding in the interpretation of the law by the revenue authority and the telecom

Following the announcement of the 5-percentage point hike in supplementary duty for all mobile services in the finance bill for fiscal 2020-21, they complied with the order within hours by raising the rate at the users' end.

been blasted with an angry

email from the Bangladesh Telecommunication Regulatory Commission (BTRC), which warned of dire consequences if the new supplementary duty of 15 per cent is implemented before

But, the finance bill dictates that the new rates should be in

certificates (NOCs) and tariff assistant director of the BTRC's

Operators will not be able to offer any services if the NOCs and service and tariff approvals are

note that any "Please Then on Friday, they have supplementary duty declared in



**INCREASE IN TAX BURDEN** 

force from the next day.

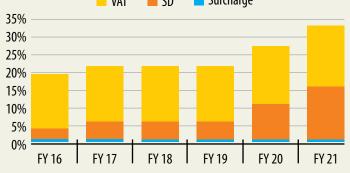
All sorts of no-objection approvals will be suspended if the carriers increase the duty, according to the email sent by a senior systems and services division.

the budget for fiscal 2020-2021

"There are some portions of the proposed taxes in the budget that have to be implemented immediately and the duty for

of Revenue officials said operators

ON MOBILE PHONE USE VAT ■ SD ■ Surcharge



regarding cellular mobile phone budget in the last few years and all those took effect from the next usage is supposed to be applicable from July 1, 2020," the email read. day, he added. However, the National Board

"BTRC might not be aware of this; they need to go through the should act upon as per the finance finance bill again," the official

Mobile operators declined to give an official comment on the matter but some of their officials said they received the order on the supplementary duty on Thursday when Finance Minister AHM Mustafa Kamal was placing the

BTRC Chairman Md Jahurul

the email and said the measures for raising tariffs and duties usually come to effect when the budget gets passed.

"We have contacted the NBR as the mobile operators have raised the issue to us. We are considering their points and if those are fair, we won't go for any action against them," Haque told The Daily Star last evening.

Apart from the latest hike in the supplementary duty, there is a 15 per cent value-added tax and 1 per cent surcharge on mobile phone bills from before, which make the total tax for mobile phone use 33.25 per cent now.

Market insiders said the total revenue in the industry currently stands at about Tk 25,000 crore and the government eyeing an additional Tk 1,000 crore to Tk 1,200 crore by increasing the supplementary duty.

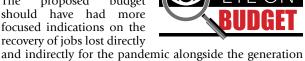
Operators, however, said the government's target might not be met because people are likely to limit their use in the face of rising

As of March, there are 16.53 crore active mobile connections in the country, of which 9.52 crore are being used for internet services as well, according to data

## Job hardly got any focus

STAR BUSINESS REPORT

proposed budget should have had more focused indications on the recovery of jobs lost directly



of new ones, according to a leading business chamber. The budget should have also focused more on the retention of existing jobs in the labour market, said the Metropolitan Chamber of Commerce and Industry (MCCI)

in its reaction on the proposed budget for fiscal 2020-21. The chamber appreciated the priority the finance minister put in allocations for agriculture, food security and healthcare and expansion of the coverage of social safety net programmes.

The MCCI also underscored the need for measures to create livelihood opportunities for expatriate Bangladeshis who have been forced to return from abroad. Making the workforce skilled and low-skilled is important, the chamber said.

Unfortunately, in a crisis, the weaknesses in governance and management capacities have been bluntly brought forward, particularly in the healthcare sector.

Fiscal management would be a difficult job for the government due to a slowdown in business for the pandemic.



#### METROPOLITAN CHAMBER OF COMMERCE AND INDUSTRY, DHAKA

Revenue mobilisation will also be a daunting task, given the various tax concessions and administrative forbearance that will have to be allowed to individuals and institutions in these very difficult times.

Ultimately, tax compliant enterprises are likely to face severe pressure from the tax authority, the MCCI said, advocating for structural reforms in the tax administration.

In light of the disruptions already caused to the economy and possible further disruptions, the budget deficit may turn out to be greater than what was targeted.

Tightening of the financial management will yield a significant amount in savings if unnecessary over-spending, wastage and other leakages of funds can be stopped.

The MCCI also said an ambitious revenue target may also distract the government's attention from trying to obtain as many low-cost funds as possible from multilateral and bilateral development partners or pursuing innovative solutions such as the issuance of bonds.

The chamber strongly urged the government to use its diplomatic strength to pursue every potential source of funding being made available internationally for coronavirus-affected countries to reduce pressure on domestic resource mobilisation and keep the budget deficit duly funded.

Bank borrowing should be very carefully implemented so that the impact of crowding out does not further depreciate the already historically low private sector credit growth.

The finance minister may find it difficult to meet the bank borrowing target unless there is adequate money supply in the system.

It must be recognised that banks would bear a significant burden in rolling out the Tk 101,117 crore-stimulus packages as well as a possible uptick in default loans due to genuine financial difficulties caused by the pandemic.

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#### telecom services is one of them," said an NBR official, asking not to Different taxes were imposed budget in the parliament. on mobile use during the announcement of the national Haque acknowledged having sent Social protection schemes'

# expansion falls short of needs

REJAUL KARIM BYRON and MD FAZLUR

The social safety net programmes (SSNPs) for the next fiscal year have largely focused on expanding the coverage of the existing better targeted, increase allocation and include the new poor amid the raging coronavirus pandemic.

On Thursday, Finance Minister AHM Mustafa Kamal allocated Tk 95,574 crore for various social safety net programmes, which was Tk 74,367 crore in the original budget and Tk 81,865 crore in the revised budget for this fiscal year.

The allocation is 16.83 per cent of Tk 568,000 crore budget and 3.01 per cent of Bangladesh's Tk 3,171,800 crore gross domestic

Under the SSNPs, the total number of beneficiaries rose 16.06 per cent to 66.11 crore from 56.96 crore in fiscal 2019-20.

The allocation for the new schemes rose to Tk 492.34 crore in fiscal 2020-21 from Tk 288.39 crore in the revised budget, data from the finance ministry showed.

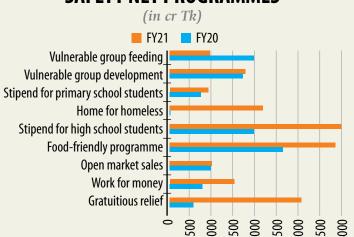
The allocation for gratuitous relief (GR) rose nearly six times to Tk 3,062 crore in fiscal 2020schemes amid calls to make them 21 from the current fiscal year's original budget. The number of beneficiaries would be 2.6 crore, up from 2.55 crore. The allocation for the work for

money programme doubled to Tk 1,500 crore, from Tk 750 crore. The number of beneficiaries rose to 15 lakh, which was 8.64 lakh in the outgoing fiscal year.

The budget has proposed to allocate Tk 972 crore for the open market sales operations, up from Tk 949 crore in fiscal 2019-20.

The allocation for the Food-





Friendly Programme went up to Tk 3,844 crore from Tk 2,624 crore in the current budget, finance ministry data showed.

The stipend for the students at secondary and higher secondary levels went up 102 per cent to Tk 3,964 crore for the doubling of

beneficiary students to 70.87 lakh from 35 lakh. There are four stipend schemes

and the overall allocation doubled from Tk 2,084 crore in fiscal 2019-20 to Tk 4,090 crore in the incoming fiscal year. The stipends for the students

at primary schools rose to Tk 900 crore from Tk 722 crore this year. Kamal has proposed to allocate

Tk 2,157 crore in fiscal 2020-21 for building homes for the homeless, which was only Tk 25 crore this fiscal year. The number of beneficiaries would be 2.55 crore, up from 2.96 lakh in fiscal 2019-20.

The allocation for the SSNPs includes Tk 3,000 crore set aside as interest rate subsidies for the loans going to the small and micro industries and services affected by the coronavirus pandemic.

Another Tk 2,000 crore has been allocated to subsidise partial interest waiver on the suspended loans at commercial banks.

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### Bill of entry must be presented to customs within 5 days of goods' arrival

Change brought in latest Finance Bill

SOHEL PARVEZ

The National of Board of Revenue (NBR) has made it mandatory for submission of bill of entry, a written account of imported and exported goods, to customs within five working days of the arrival of the goods at the port.

The rule has been imposed to speed up clearance of imported goods and ease congestion at ports, particularly at the Chattogram seaport, which import consignments arrived later

handles about 90 per cent of will have to furnish a bill of entry Bangladesh's annual \$100 billion overseas trade.

The measure, slapped for the first time, came in Finance Bill 2020 placed by Finance Minister AHM Mustafa Kamal at the parliament last Thursday along with the budget proposal for the next fiscal year. The new rule became effective straightaway.

"It means that importers whose

within the newly fixed time limit. We have introduced the rule to reduce congestion at ports," said a senior NBR official seeking to remain unnamed as he not authorised to talk to the media.

Non-compliance with the new provision added in the customs law will be subject to penalty, said the official, adding that the NBR would frame rules regarding the penalty.

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Dhaka residents throng to the capital's Bashundhara City shopping centre in the capital's Panthapath after it opened on Friday after more than twoand-a-half months, a sight that has bred hopes of a V-shaped economic recovery from the ongoing slowdown brought on by the coronavirus outbreak in Bangladesh.

