

STOCKS		Week-on-week	COMMODITIES		As of Friday	ASIAN MARKETS				Friday Closings	CURRENCIES				As on Thursday STANDARD CHARTERED BANK
DSEX	CSCX		Gold	Oil		MUMBAI	TOKYO	SINGAPORE	SHANGHAI		USD	EUR	GBP	CNY	
▲ 0.29%	▲ 0.53%		\$1,884.30	\$43.34		▼ 0.03%	▼ 0.58%	▼ 1.26%	▼ 3.86%		BUY TK	83.95	95.99	105.82	11.76
4,080.94	7,044.64		(per ounce)	(per barrel)		38,128.90	22,751.61	2,579.51	3,196.77		SELL TK	84.95	99.79	109.62	12.36



BUSINESS

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Vendor has been paid in full, but NBR is still without a successful online tax return filing system

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Everything was going well for the online tax return filing project until the end of 2019.

The first online tax return filing scheme -- Bangladesh Integrated Tax Administration System (BITAX) -- completed on June 2018 and the National Board of Revenue's agreement with the vendor expired on 29 November 2019.

Just a month later, the first blow came from the then NBR Chairman Md Mosharraf Hossain Bhuiyan.

The former bureaucrat, who had been at the helm of the revenue administration for two years since January 2018, wrote to the Asian Development Bank (ADB), the major financier of the project, calling the BITAX project a failure.

He raised some allegations against the vendor, FPT Information System Corporation of Vietnam, that the contractor did not hand over the project credentials to the IT wing of the NBR.

"FPT is extremely non-responsive on any technical query. It is not in a position to hand over any substantial output," Bhuiyan wrote in the letter to the ADB on 1 January.

The letter referred to an investigation into the BITAX by the IT team of the NBR and said the audit found that the system would not bring the desired outcome and failed to meet its goals.

The reasons, he pointed out, for the failure included keeping the archaic system of return processing. He suggested the ADB investigate the matter.

BITAX was one of the two components of the project and the NBR spent \$7.5 million to develop the software and buy required hardware for its 650 field-level tax offices.

Another component was the digitalisation of the land records management system in selected districts and \$12.7 million was spent for the component.

The government took the project in December 2011 to facilitate the online filing of tax returns to improve tax collection and establish an efficient, fairer and less corrupt tax system and improve public service delivery.

The tax administration introduced e-filing facility in November 2016 and FPT operated and maintained the BITAX for three years until November 2019.

ADB RATED THE PROJECT SUCCESSFUL

The Manila-based multilateral lender did not respond to Bhuiyan's request for inquiry.

In a draft project completion report in May sent to the Economic Relations Division and the NBR, the ADB sang for the project, titled 'Strengthening Governance Management Project, for which it footed 86 per cent of the \$20 million cost.

"Overall, the project is rated successful,"



said the draft report.

The lender said the project was highly relevant at appraisal and completion. It rated the project as "less than effective" in achieving the outcome and output envisioned at appraisal.

Of the performance indicators, the establishment of the facility for online submission of tax returns for all taxpayers in all income tax offices has been achieved. However, the goal of ensuring online filing of at least 75 per cent of large taxpayers was not achieved.

Besides, only a small percentage of the taxpayers -- about 6,000 or 0.33 per cent of the 22 lakh returns submitted in fiscal 2019-20 -- submitted returns through

filing of tax returns possible. The primary stage of establishing transparency and accountability in the tax department has been established.

"However, the main problem is lack of acceptability among taxpayers."

The report also said FPT did not hand over the whole system to the NBR although the project had completed in 2018. The total bill was paid before the full handover.

The Vietnamese firm won the Tk 51 crore contract to develop the BITAX software and supply hardware to the tax offices.

The IMED said the software and hardware were purchased on a turn-key basis under the project because of a lack of knowledge of BITAX.



BITAX.

"Thus, the contribution of the online return filing was not significant in income tax collections," the lender said.

More time is needed for taxpayers to gain confidence in the online tax return filing, it said.

"Online filing of tax returns would in due course enhance the efficiency of the tax machinery and help expand the tax base, lower tax evasion and ultimately lead to higher tax collection."

The modules of e-payment and tax deduction at source were not included in the design of BITAX due to weak internet services in the country at the time of project preparation, the ADB added.

IMED FINDS TAXPAYERS NOT TAKING TO BITAX

Just a month after the ADB's report, the Implementation Monitoring and Evaluation Division (IMED) under the planning ministry released an impact evaluation report on the project.

The report, which was released in June, said the implementation of the project has made online

"But the software implementing agency implemented the tax system partially taking advantage of turn-key contract."

Only tax returns of individual taxpayers were uploaded and it was not possible to upload the returns of all categories of taxpayers, it said. No option has been kept for submission of withholding tax and advance income tax return.

The IMED alleged that the contractor and its technical team were accessing taxpayers' confidential information but confidentiality of such information is protected by law.

"It is a threat to the safety of the secret information of the state, which is not acceptable at all."

Tax returns contain information of wealth, income and expenditure of citizens. The returns contain income tax-related information of the president, the prime minister and other very important persons.

"It is essential to ensure the safety in preservation for the sake of ensuring the confidentiality of taxpayers' information," the IMED said.

The report recommended the NBR decide on the usage or application of the system as BITAX was implemented partially, was not expandable and there is a scope for uploading faulty information and

susceptible to abuse.

The NBR can't operate BITAX without the help of FPT at present, the IMED report said, while calling for taking full control of the system.

Accordingly, the NBR took an initiative after the end of the service agreement with FPT. But there was a dearth of sincere effort from the contractor to hand over the system.

In April 2018, an IMED official inspected the implementation of BITAX and submitted a report the following month.

The report said the project did not begin on schedule owing to a lack of coordination between local and international consultants.

The project implementation phase was apparently successful but there was no scope of e-payment, it said.

NBR'S REPORT TO IMED: 'PROJECT SUCCESSFUL'

Just a year before the release of the IMED's report, the NBR had submitted the project completion report to the IMED. It came in May 2019.

The NBR report said the implementation of the project was successful.

The project has been successful in introducing digitalisation of the NBR's tax revenue management through installation of BITAX, Bhuiyan said in his remarks.

"A follow-up project is needed to complete the remaining task of full automation of the tax administration," he said.

The completion report, in contrast to the IMED's report, said BITAX, which is based on SAP Integrated Tax Revenue Management, is easily configurable, standardised and able to support the full tax lifecycle management.

It, however, said engagement of the local IT team was minimal due to the lack of ownership, inadequate team members and lack of proper skill sets.

The report also identified drawbacks such as taxpayers' hassle in collecting password for online return filing, absence of e-payment facility and interfacing with other government agencies such as the Bangladesh Road Transport Authority (BRTA), the Bangladesh Bank and the Controller General of Accounts (CGA).

NBR RESPONDS TO IMED'S LATEST REPORT

The IMED's latest impact evaluation report did not mention the findings of the previous reports on BITAX and the versions of the NBR, the ADB and FPT.

In the middle of June 2020, Hafiz Ahmed Murshed, member for tax information management & services of the NBR and director of the BITAX, raised questions about the IMED's report.

In a letter to the IMED Director General, he said: "There is a lot of factual errors in the final draft report, which is undesirable. The errors need correction before finalising the report."

He blamed the absence of the scope for tax payment through online. E-payment was not deliverable in the online tax return filing project.

On the IMED's findings on making full payment before the handover of the system, the NBR's letter said the payment was done in line with the ADB's clearance and against a financial bond from the contractor.

READ MORE ON B3



Fair Group announces car assembly tie-up with Hyundai

MUHAMMAD ZAHIDUL ISLAM

Fair Technology yesterday announced it has entered into an exclusive partnership with South Korean automotive manufacturer Hyundai Motors to set up a car assembly plant in Bangladesh within the second half of next year.

Bangladesh is still a reconditioned car dominant market as only 25 per cent of cars sold here are new, said Mohammed Mesbah Uddin, chief marketing officer of parent company Fair Group, in a virtual ceremony marking the announcement.

As per Fair Technology's market study, some 25,000 to 30,000 cars are sold every year in Bangladesh -- and most of them are second-hand ones brought in from Japan, where due to the superior road conditions the wear-and-tear is minimal.

"We are committed to building the car assembling ecosystem in the country. Our target is to reshape the market as one of new cars," Uddin said.

The company is targeting to upgrade the market share of brand-new cars to 50 per cent within the next three to four years.



Some years ago, the government undertook a favourable policy to develop the car assembling industry and a few companies moved to take advantage of it.

Fair has started discussions with the government, especially with the National Board of Revenue, over some tax issues and if a clear direction comes up the company would expedite the preparations for the plant, Uddin added.

Fair already has developed the competency to manufacture sophisticated, high-tech products.

It is already manufacturing a huge variety of electronic goods of Samsung in their Narsingdi plant including smartphone, television, refrigerator, washing machine, air conditioner, microwave oven, air purifier and other home appliances.

Fair Technology also obtained the exclusive dealership of Hyundai and yesterday rolled out two car models of the South Korean brand.

A few more would be made available within the next 15 days.

Fair had planned to launch the cars sometime between March and April but the pandemic forced them to bring changes to the plans, according to Uddin.

"Our vision is to transform the Bangladeshi car market and provide the best quality products for the consumers," said Mutassim Daiaan, director of Fair Technology.

Hyundai has the best in quality in their car line-up and Fair Technology would provide a world-class customer experience in their showrooms and after-sales service, he said, adding that attractive warranties would be provided too.

The South Korean brand is currently dominating different markets, including that of India, where it is the second biggest player.

READ MORE ON B2

Upscale boutiques had a choice: pivot or perish. Some chose the former and survived

MAHMUDUL HASAN

It is not the strongest or the most intelligent who will survive but those who can best manage change, said the most famous naturalist Charles Darwin back in the 19th century.

And Sultana Nasreen Shumi, the owner of upscale boutique Azaaraz, has unconsciously been following the adage in the last four months.

When news first came out of the novel coronavirus outbreak in China's Wuhan for a wet market -- where live animals are sold, slaughtered and skinned, in squalid condition -- in January, she did not pay much attention.

Then the following month, when the rogue virus began to tear through parts of Europe and Asia, her husband told her that the pathogen's arrival to Bangladesh was inevitable.

Before she could take any preparations, she was confronted with a flight-or-flight situation, as the first confirmed cases of COVID-19 in Bangladesh was announced on 8 March.

About a fortnight later, the country



Sultana Nasreen Shumi, proprietor and designer of upscale boutique Azaaraz, shows her clients her latest creations. The boutique, whose atelier is located a floor above, is open on an appointment basis and is making the bulk of its sales online.

went on a general shutdown, leaving her with no option but to shutter her shop and factory for the time being.

As the shutdown, which was initially supposed to be for ten days, kept on getting extended, she became restive.

Does she continue to keep her business on pause, which would ultimately go on endanger the mere survival of her fledgling business? Or does do something out-of-the-box to help her pay the salary of her 12 staff and rent of the space?

She chose to fight and opted for the latter option.

Her atelier and her showroom were housed in the same residential building in Gulshan and the building authority walked off the property to non-residents.



COLLECTED

Besides, a big portion of the workers live in Mohammadpur, another part of the city, and asking them to commute such a long distance every day and brave the possibility of coronavirus contagion did not sit right with her conscience.

So, she rented a space in Mohammadpur and shifted her atelier there, and in one fell swoop, she was able to solve the dilemma of lives and livelihood that has been consuming businesses and governments alike.

And she pivoted from her business from one rooted in bricks and mortar to one online. She opened a Facebook page for her boutique, where she put up her creations, whose ticket prices start at Tk 5,000 and go up to Tk 30,000, up on display and also took custom orders.

"I never thought that people would respond so much during this hard time. With what I have been able to earn, I have been able to pay the salaries due times," Shumi told The Daily Star yesterday.

The 30-something woman entrepreneur has recovered about 60 per cent of her sales and is now upbeat about steering her business in this 'new normal' situation.

The boutique has since opened its doors to customers but only an appointment-basis, just in time to log in Eid sales.

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