

Next budget may cut tax at source

NBR official says; online tax return submission may be made mandatory for all salaried taxpayers

STAR BUSINESS REPORT

The National Board of Revenue (NBR) is now considering to make online tax return submission mandatory for all salaried taxpayers from next year.

It is thinking about bringing down the rates of withholding tax or tax at source in the budget for the upcoming fiscal year, said Md Alamgir Hossain, member for income tax policy of the NBR.

He spoke at a workshop on tax return filing at the Economic Reporters Forum (ERF) jointly organised for economic reporters by the ERF and Golden Bangladesh, a non-governmental organisation on tax matters.

The final demonstration of online return filing modules was likely to be held next February, Hossain said.

The online return filing facility is now suspended in all but one tax zone because of some technical glitches in the system.

Md Jahangir Alam, CEO of the organisation, said they were ready to extend all-out cooperation to the ERF members on filling up their tax returns and other tax-related services.

"We are ready to provide free-of-cost services to the ERF members on tax matters," said Alam, who is also a tax lawyer.

He said the organisation was working to develop a culture and build awareness on payment of taxes.

ERF President Sharmeen Rinvy said the taxpayers have been forced to bear additional cost for taking assistance on tax return filing as it was not easy for them.



She urged the NBR to simplify tax returns procedures and reduce harassment to encourage people into paying taxes.

ERF General Secretary SM Rashidul moderated the workshop.

The income tax member said the number of tax return filers remain at around 22 lakh, which was around 1 per cent of the country's population.

"We could not popularise the tax return filing despite taking required measures," he admitted.

To simplify the tax return system, the NBR has started drafting a new direct tax law and its first draft is likely to be placed for stakeholders' opinion by June next.

The new law would be drafted in Bangla where taxpayers will find details on return filing in one chapter, he added.

He said the taxpayers' dependency on income tax practitioners or tax lawyers will be reduced to a great extent after enactment of the new law.

He said the tax-GDP ratio remained stagnant compared to the country's per capita income and household expenditures.

He said the tax net would be expanded if the NBR could simplify the tax return submission process.

The NBR will be able to bring down the existing tax rate with the expansion of the tax net, he said.

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Set 2021's economic priorities in light of pandemic experiences



SAYEMA HAQUE BIDISHA

The year 2020 has been an unprecedented one for most of the countries of the world with Covid-19 costing lives and affecting economic activities severely.

As for Bangladesh, two months of general holiday to contain the spread of infection, along with a fall in demand at the local level have resulted in loss in employment and income for a large number of people. Besides, the spread of infection and slowing down of global economic activities have negatively affected export earnings and constrained the process of international migration.

In addition to direct economic impact, the long-term effect on human capital and skill formation of this pandemic can be quite substantial too, due particularly to the prevailing digital divide in education and skills training.

Despite such challenges, it is a matter of optimism that the country is on the path of economic recovery with positive trend in a number of key indicators.

However, with the second wave of infection affecting the economies, policy focus should be directed towards a well-balanced and sustainable recovery. While being at the end of 2020, the challenges to revive the economy are greater than before and for the coming year, it is imperative that we set our economic priorities in light of the experiences of Covid-19 along with our development goals.

The priority should be centred around generating employment opportunities to absorb the new entrants into the labour market and to recover the Covid-19 induced loss in employment and income.

Besides, strategy to incorporate the returnee migrants along with a large pool of potential migrants into the labour market should be in the agenda too.

In addition to the continued effort to revive private investment, given the uncertainties of global economy, we need to focus

more on creating small scale employment opportunities.

Effective implementation of Covid-19 incentive packages, especially for the cottage, micro, and small enterprises (CSMEs), is the key towards this and proper monitoring of such packages as suggested by some of the economists could be an effective strategy in this connection.

Emphasis is also needed for the expansion of e-commerce based businesses and for small-scale start-ups.

Against the backdrop of the pandemic, it is crucial to re-design the poverty alleviation strategies while incorporating the new-poor to the existing social protection schemes.

To this end, in addition to increasing budgetary allocation to the core programmes, streamlining the existing schemes in light of the National Social Safety Net Strategy and strict monitoring of the programmes are extremely important. Given the fact that Covid-19 has strong implication on urban low-

income dwellers, separate social protection programme targeting urban slums should be considered with due importance.

With Covid-19 affecting earnings of millions, the importance of containing prices of daily essentials is more than before.

Establishing a well-functioning price commission comprising relevant stakeholders can be an effective strategy to this end. It can monitor prices of essentials, keep record of stocks of food grains, conduct research on future projection of commodities, and help keep the supply chain well-functioning.

One of the key challenges in the coming year would be procurement of required dosages of reliable and WHO-certified vaccines at the shortest possible time and to distribute those while maintaining efficacy and reliability.

In this connection, we must build our own physical infrastructure and train our health professionals for Covid-19

vaccination.

In a separate yet related note, Covid-19 has highlighted the urgency of having well-functioning health infrastructure. With one of the highest out-of-pocket health expenditure, increasing budgetary spending in health sector along with its efficient utilisation and service delivery should be the top priority at the moment.

There is no denying the fact that the development efforts of the country rely heavily on its labour force and with changed mode of production along with the challenges of automation and fourth industrial revolution, increased emphasis is needed for upskilling and reskilling the labour force.

In this regard, on one hand skills training programmes should be modernised with the growing needs of the local as well as global markets, while on the other hand, combined efforts are needed to address the mismatch of skills between the demand and supply sides of the labour market.

In this pandemic, an often overlooked yet highly important area is the growing gap in education, particularly between rural and urban areas and across income classes. The importance of investing in quality education for all segments of the population while dealing with the digital divide should always be among our top priorities.

Finally, it must be kept in mind that, institutional weaknesses remain the key challenge towards fulfilling the development objectives of the country. Regular and effective monitoring of public spending and establishing transparency and accountability are key towards dealing with such challenges.

In addition, major reforms in certain sectors like those of taxation and banking are urgently needed for attaining the broader objective of inclusive development.

The writer is a professor of economics at the University of Dhaka.



STAR/FILE

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GLOBAL BUSINESS

Apple says no new business for supplier Wistron after India plant violence

REUTERS, New Delhi/Bengaluru

Apple Inc on Saturday said it had placed contract manufacturer Wistron on probation and would not give the Taiwanese firm new business until it took corrective actions following lapses at its southern India plant.

Early findings of an Apple audit, which followed violence at the Wistron plant in southern Karnataka state last weekend, show violations of the U.S. tech giant's 'Supplier Code of Conduct', Apple said in a statement.

Wistron failed to implement proper working hour management processes, which "led to payment delays for some workers in October and November," Apple said.

Apple will continue to monitor Wistron's progress on corrective action, the Cupertino-California based company said. "Our main objective is to make sure all the workers are treated with dignity and respect, and fully compensated promptly."

In a statement earlier on Saturday, Wistron admitted some workers at its plant in Karnataka's Kolar district had not been paid properly and said it was removing a top executive overseeing India business.

Contract workers angry over unpaid wages destroyed property, factory gear and iPhones at the plant early on Dec. 12, causing millions of dollars in losses to the Taiwanese contract manufacturer and forcing it to shut the plant.

The plant - located some 50 km outside of the southern tech hub of Bengaluru - assembles one iPhone model, and became operational earlier this year. "This is a new facility and we recognise that we made mistakes as we expanded," Wistron said in the statement. "Some of the processes we put in place to manage labor agencies and payments need to be strengthened and upgraded."

Wistron could not cope with the rapid scaling up of manpower and breached several laws at this factory, according to an inspection of the plant by Karnataka state officials following the violence.

China's economic recovery 'not yet solid' after pandemic

AFP, Beijing

China said its economy had yet to fully bounce back from the coronavirus pandemic and pledged financial support for recovery efforts at the end of a key annual policy meeting on Friday.

The country suffered its first contraction in decades this year in the wake of a public health crisis that prompted drastic lockdowns in Wuhan -- the central industrial city where the virus first emerged late last year -- and sent factory activity into a

nosedive.

Its economy has since improved after authorities managed to largely contain the infection, and China is likely to be the only major world power to record positive growth this year.

But officials at this week's Central Economic Work Conference, presided over by President Xi Jinping, said the global recovery would be "unstable and uneven" and signalled a fiscal policy focused on maintaining economic stability.

"We must be clearly aware that there are many uncertainties in the evolution of the pandemic and external environment, and the foundation for our country's economic recovery is not yet solid," said a statement from the three-day summit published by state broadcaster CCTV.

Beijing will boost financial support to technological innovation, small business and green projects into the new year in efforts to keep the economy on an even keel, the meeting said.

Officials also said they would prevent "the disorderly expansion of capital", strengthening a new anti-monopoly push.

It follows Beijing's recent signs of displeasure with the growing power of the country's tech giants, with draft antitrust rules last month suggesting more regulation for the sector is on the horizon.

China has moved to clip the wings of its fast-growing online platforms, earlier halting the planned record-smashing \$34 billion IPO of Ant Group, the financial arm of e-commerce giant Alibaba.



REUTERS/FILE

A worker sets up a line at a square in the Financial Street area of Beijing following the outbreak of the coronavirus disease.

NEWS In Brief

UK extends virus jobs support until April 2021

AFP, London

Britain announced Thursday that it will continue to heavily subsidise millions of workers' wages until the end of April, extending its furlough coronavirus jobs support scheme by one month.

Finance Minister Rishi Sunak also extended the UK government's business loan scheme -- and added that he will present his next budget on March 3, 2021.

"The furlough scheme has been extended until the end of April 2021 with the government continuing to contribute 80 percent towards wages -- giving businesses and employees across the UK certainty into the New Year," the Treasury said in a statement.

Fed keeps countercyclical capital buffer at zero

REUTERS

The US Federal Reserve Board voted Friday to keep its countercyclical capital buffer at zero percent, saying it would not order banks to hold additional capital to protect against losses in a future economic downturn.

The Fed said it made the decision after consulting with other bank regulators.

The tool is intended to direct banks to build up capital during times when the economy is strong to bolster resilience in future recessions.



REUTERS

Federal Reserve Board building is pictured in Washington.