

Businessmen criticize double taxation on indenting firms

by Staff Correspondent

Realisation of double tax by the Value Added Tax (VAT) authority on the commission earned by indenting agents came under sharp criticism from business community leaders at a discussion meet on Thursday.

Leading trade body leaders were also critical about the coercive collection procedures initiated by the National Board of Revenue (NBR) inaccessibility of the NBR officials, excessive documentation demands, inaccurate public announcements by the NBR and the government policies discouraging the indenting trade.

Organised by the Bangladesh Indenting Agents' Association (BIAA) at a local hotel, the meeting was addressed by the Federation of Bangladesh Chamber of Commerce and Industry (FBCCI) President Mahbubur Rahman, Metropolitan Chamber of Commerce and Industries (MCCI) President Morshed Khan, Dhaka Chamber of Commerce and Industries (DCCI) President M Yunus, BIAA President AKM Shamsuddoha and former BIAA president Azimuddin Ahmed.

The BIAA President pointed out that VAT paid by the importers at the entry point is on the CIF value, which also includes the commission. But charging an additional 15 per cent VAT on the commission of indenting agents is "simply a double collection of tax." Even the establishment expenses of the indenting agents are not

allowed to be deducted, he added.

He argued that if the clearing and forwarding agents are exempted from paying VAT, the indenting agents also deserve the same exemption for identical service.

"As far as we see it, it's double taxation," concurred Mahbubur Rahman, "as they are paying customs duty and VAT on the CIF value at the source."

He noted to the fact that collection of VAT on airline tickets is different where there is no tax on the ticket itself but VAT has been imposed on the commission earned by the travel agents.

However, the travel agents are allowed to deduct their expenses before paying VAT.

"As a whole, we support VAT as a taxation policy but we object to the timing, modalities and approach under which it is introduced," the FBCCI President said, adding "the distortions have to be phased out and VAT needs to be streamlined."

Morshed Khan agreed that there is an anomaly and distortion in the collection of VAT from the indenting agents. "In my opinion, all distortions must be removed as there cannot be double taxation on the same premise." He suggested that VAT should either be collected at the entry point minus the commission or the additional VAT on the commission later should be withdrawn.

The MCCI President sug-

gested that holding of round-table meetings between NBR officials and the BIAA can help remove the communication gap.

M Yunus, the DCCI chief, while terming it as 'irrational' said, "I do not find any reason why the indenting agents have to pay VAT again after paying customs duty on the CIF value."

He also criticised the government policy for charging Taka 20,000 as registration fee from the indenting agents. "I don't think it should be more than Taka 5000, Yunus said that if the government really wants the cooperation of the trade and commerce community, the attitude of NBR has to be changed."

The government policy allowing the local liaison offices of foreign manufacturers to act as indenting agents was also slated at the meeting.

Many of the local liaison offices have applied to become indenting firms and what are going to represent," asked Azimuddin Ahmed. "The only way out for us would be to keep the commission abroad," he warned.

Speaking at the meeting, Kazi Gofran, the Editor of Bangladesh Tax Decisions, a trade journal, agreed that applicability of VAT in some cases have been 'illegal'. Imposing VAT on the commission without taking the expenses into account is 'highly irregular and illogical', he said. "I suggest that you file a writ petition against such a move."

He also pointed out that al-

lowing liaison offices to work as indenting firms is "completely contradictory" to the existing government rules.

The BIAA President also expressed concern for allowing imports against direct proforma invoice. Shamsuddoha pointed out that the foreign suppliers pay commission to the importers against direct proforma invoice which is being utilised or repatriated through unofficial channel, thus depriving the country of a huge amount of foreign exchange every year.

He also complained that the Bangladesh Bank issued a circular to the banks recently that no remittances are to be credited unless the preceding months VAT clearance certificate is presented and termed it as a "coercive measure."

Furthermore, Shamsuddoha added, copies of all proforma invoice issued are now required to be sent to the bank along with explanation with each.

The NBR has so far refused to give any audience to the members of association despite repeated requests while the VAT administration regret their inability to address anomalies, the BIAA President said.

He cautioned that the impact of all these measures on the indenting agents may force them to run a legitimate business to become a covert operation, declare bankruptcy or go for litigation.

Weavers urged to make country self-sufficient in cloth

KHULNA, Nov 6: State Minister for Textiles Abdul Mannan today called upon the weavers community to strive for making the country self-sufficient in cloth through availing of facilities being provided by the present government, reports BSS.

He was addressing a weavers rally at Karikarpura of Phulatale thana under Khulna district.

The rally was addressed, among others, by convener of Bangladesh Jatyatabadi Tanti Dal Shahidullah Khan MP.

Abdul Mannan said the government was taking updated and effective programmes for enhancing facilities to the weavers with a view to regaining the country's past glory of weaving industries.

He said, the time limit of repayment of loans of weavers had been extended and the

government was contemplating to withdraw the certificate cases field against them. Listing the welfare oriented programmes taken for their betterment, he said the government was taking steps to ensure reasonable and fair price of yarn and others required materials for the weavers so that smuggling of cloth and yarn could automatically be stopped.

The State Minister said mismanagement and corruption in distributing loan and yarn to the weavers should be uprooted and serious action would be taken against fake weavers.

Earlier, the State Minister visited different handlooms at Pabla village of Khulna and enquired about the welfare of the weavers. He formally inaugurated the office of Khulna district Jatyatabadi Tanti Dal at Daulatpur.

Dhaka Stock Prices

Weekly review: At the close of tradings on October 29 and November 5, 1992

Company	FV/ML*	October		November		High	Low
		29	29	5	5		
BANKS (10)							
AL Baraka Bank	1000/1	900.00	900.00	1200.00	760.00		
AB Bank	100/5	182.00	182.00	215.00	155.00		
City Bank	100/5	290.00	300.00	305.00	172.00		
IFIC	100/5	178.00	178.00	200.00	160.00		
Islami Bank	1000/1	1600.00	1700.00	1900.00	1190.00		
National Bank	100/5	106.57	106.18	122.50	102.00		
Pubali Bank	100/5	102.00	102.00	110.00	85.00		
Rupali Bank	100/10	78.67	79.00	110.00	68.00		
U.C.B.I.	100/5	150.00	150.00	131.00	118.00		
Uttara Bank	100/5	110.00	112.00	200.00	115.00		
INVESTMENT (08)							
ICB	100/5	103.00	103.00	100.00	79.00		
1st ICB M.Fund	100/5	400.00	370.00	414.00	320.00		
2nd ICB Fund	100/5	184.00	166.00	220.00	148.00		
3rd ICB M.Fund	100/5	145.00	156.94	195.00	124.00		
4th ICB M.Fund	100/10	139.00	152.50	170.00	120.00		
5th ICB M.Fund	100/10	96.00	106.00	128.50	85.00		
6th ICB M.Fund	100/10	63.21	66.00	93.00	56.00		
Unit Certificate							
Sales Price		112.00	112.00				
Re-purchase		107.00	107.00				
INSURANCE (04)							
BGIC	100/10	147.25	151.00	178.00	104.50		
Green Delta	100/10	146.00	154.00	165.00	106.00		
Peopla	100/10	160.00	163.00	168.00	120.00		
United	100/10	159.00	165.07	182.00	116.50		
ENGINEERING (19)							
Aftab Automobiles	100/5	192.00	192.00	280.00	180.00		
Atlas Bangladesh	10/50	43.00	50.92	67.00	30.00		
Aziz Pipes	100/5	200.00	216.43	330.00	218.00		
Bangladesh Autocars	100/5	70.00	72.40	123.00	65.00		
Bangladesh Lamps	100/5	245.00	245.00	315.00	225.00		
B.Thai Aluminium	100/10	80.13	81.00	143.00	70.00		
Bengal Carbide	100/5	265.00	265.00	269.50	220.00		
Bengal Steel	10/50	20.00	20.00	18.00	18.00		
Eastern Cables	100/5	79.00	78.56	116.00	73.00		
Flowing PVC	100/10	99.00	100.00	125.00	82.00		
Karim Pipe	100/5	106.00	107.00	212.00	112.00		
Metalax Corp.	100/5	72.00	73.00	153.07	75.00		
Monno Staffers	10/05	150.00	150.00	220.00	190.00		
Monno Jute	100/5	240.00	240.00	260.00	210.00		
National Tubes	100/10	83.00	82.08	148.44	92.00		
Panther Steel	10/50	8.00	8.00	8.00	8.00		
Quasem Drycells	10/50	10.51	10.67	14.85	8.00		
Renwick Jaineswar	100/5	97.50	89.00	104.50	48.00		
Singer Bangladesh	100/5	810.00	815.00	1800.00	700.00		
FOOD & ALLIED (23)							
Alpha Tobacco	100/5	200.00	200.00	200.00	180.00		
Aman Sea Food	100/5	23.00	23.00	40.00	25.00		
Apex Food	100/5	450.00	475.00	500.00	270.00		
Aroma Tea	100/5	75.00	75.00	85.00	45.00		
Bangor	100/5	150.00	150.00	155.00	145.00		
Bengal Food	100/5	500.00	500.00	500.00	290.00		
B.D. Plantation	100/5	136.75	136.17	255.00	111.00		
B.L.T.C.	100/5	500.00	500.00	500.00	400.00		
B.T.C.	10/50	60.00	60.00	83.00	35.00		
Ctg. Vegetable	100/10	80.80	79.50	117.00	83.00		
Dhaka Vegetable	100/5	102.00	102.00	175.00	113.00		
E.L. Cemelia	100/5	1040.00	1040.00	1250.00	1000.00		
Frogleg Export	10/50	2.00	3.50	6.75	1.75		
Gemini Sea Food	100/5	100.00	100.00				
Hill Plantation	100/5	550.00	550.00	550.00	300.00		
Modern Industries	100/5	185.00	185.00	200.00	135.00		
N.T.C.	100/5	245.00	240.00	282.00	220.00		
Rabeya Flour	10/500	NT	NT				
Rupani Oil	10/100	5.85	5.85	9.00	5.75		
Taj Textiles	100/10	6.00	6.00	105.00	81.00		
Yashwanth Flour	10/50	NT	NT				
Zeal Bangla Sugar	10/50	10.17	10.00	19.00	7.50		
FUEL & POWER (04)							
Padma Oil Co.	10/50	58.63	67.00	50.00	40.00		
Eastern Lubricant	10/50	14.00	14.00				
BD Oxygen	10/50	103.75	103.75	80.00	39.50		
National Oxygen	100/10	45.00	47.50	130.00	109.00		
JUTE (12)							
Ahad Jute	100/10	NT	NT				
Anowara Jute	10/50	NT	NT				
Delta Jute	10/50	8.50	8.50				
Gawasia Jute	10/50	NT	NT				
Islami Jute	100/5	55.00	55.00	75.00	49.00		
Jute Spinner	100/5	78.00	78.00	100.00	81.00		
Mutual Jute	100/5	105.00	105.00	105.00	50.00		
Northern Jute	10/50	NT	NT				
Shamsar Jute	100/5	100.00	100.00				
Specialised Jute	10/50	NT	NT				
Shine Pukur Jute	100/5	97.00	97.00	100.00	92.00		
Sonali Anarsh	10/50	100.00	100.00	101.00	83.00		
PHARMACEUTICALS & CHEM (18)							
Ambee Pharma	10/50	15.00	61.00	29.00	11.00		
Bangladesh Chemicals	100/10	195.00	195.00	200.00	140.00		
Beximco Pharma	100/5	435.00	480.42	395.00	400.00		
Glaxo	10/50	125.00	125.00	240.00	125.00		
IC I	10/50	10.00	10.00				
Kohinoor Chemical	100/5	81.17	80.29	127.55	66.00		
National Polymer	100/20	11.75	11.75				
Petro Synthetic	100/5	110.00	110.00	22.00	11.00		
Pfizer	100/5	195.00	195.00	195.00			
Pharma Aids	100/5	48.00	50.00	260.00	138.00		
Pharmaco	100/5	64.00	65.00	78.00	40.00		
Progressive Plastic	100/5	110.00	110.00	100.00	35.00		
Reckitt & Colman	10/50	40.00	41.60	240.00	110.00		
Rahman Chemicals	100/10	90.00	90.00	75.00	32.00		
Therapeutics	100/5	101.00	101.00	105.00	40.00		
The Ibsmina	100/10	103.21	102.50	101.20	82.00		
Wata Chemical	100/20						
PAPER & PRINTING (06)							
Eagle Box	10/50	18.50	18.50	40.00	13.00		
Monospool	100/5	78.00	78.00	110.00	70.00		
Paper Converting	100/5	05.00	105.00	115.00	112.00		
Paper Processing	100/10	40.00	38.00	75.00	42.00		
Padma Printers	10/50	50.00	50.00				
Sonali Paper	10/50	55.00	55.00	56.00	49.00		
SERVICE (02)							
Bangladesh Hotel	10/50	12.00	12.00				
Bd. Service	10/50	NT	NT				
TEXTILE (20)							
Alhaj Textile	10/50	NT	NT				
Arbee Textile	100/10	112.00	112.00	112.00	112.00		
Ashraf Textile	10/50	34.58	34.00	41.00	26.00		
Chand Textile	10/50	NT	NT				
Chand Spinning	10/50	NT	NT				
Desh Garments	100/10	54.00	54.00	75.00	54.00		
Dulamia Cotton	100/10	65.00	65.00	120.00	72.00		
Eagle Star	10/50	22.30					