

## NBR clears confusion over capital market incentives

# '10 pc at source, and that's all'

By M Shamsur Rahman

Officials of National Board of Revenue (NBR) have said that taxes on stock dividends will not increase according to the changes in the proposed budget as feared by market operators and investors.

The tax deducted at source at the rate of 10 per cent on dividend income will be treated as final settlement of tax liability according to the proposed 1998-99 budget, one NBR official told The Daily Star, explaining the issue.

He also said that the dividend income would not be added to the total taxable income and that this money earned would

be allowed to be shown in the wealth statement.

The NBR response came following a Daily Star analysis on Tuesday last questioning the package of incentives for the ailing stock markets of the country.

The market responded positively gaining over 11 points in three consecutive trading days following the budget speech by the finance minister on June 11, but lost 31 points in two trading days which was attributed by some market players to the Star analysis.

Traders were attributing the slide in the market to the con-

fusion over the package of incentives provided in the proposed budget.

Many investors made phone calls seeking a clarification. The Daily Star later spoke to NBR officials who said that the tax deducted at source would be treated as final settlement of tax liability.

The NBR officials also said that necessary amendments had already been proposed, which would be applicable from the next assessment year.

Moin Al Kashem, the capital market analyst and author of the analysis, welcomed the statement saying, "it was not

clear in the finance minister's budget speech to several practising lawyers whether any portion of dividend income will be added to total income."

"If NBR has assured that the dividend income will be treated as the final settlement and no portion of dividend income will be added to total income then it is a very good incentive to stock market," Kashem said.

He along with other market analysts also hailed the move to allow the dividend income to be shown in the wealth statement of the individual tax payer.

## Reflections on the proposed budget

# Tapping untaxed money needs more than just incentives

By M Tafazzal Hossain

The prevalence of black money in our economy is well known. People of means do not disclose their real income. A large number of people having taxable income conceal particulars of the sources of their income. As a result, the country is deprived of a huge amount of revenue.

The defaulting people are not poor people. They are the affluent and important people of the society. The government has long been pleading for voluntary disclosures of income and, accordingly, offering incentives to them.

In the budget just placed before parliament, a similar step has been proposed. By inserting a new section in the Income Tax Ordinance, 1984, the government has proposed to bring out undisclosed income circulating in the economy in huge quantum. The new section of 19AA has expanded the ambit of investment. It has widened the areas of laundering 'black' money and opened the floodgates for making them 'white'.

Of course, this is not a new measure. Last year, by adding section 19A in the statute book, it was provided that investment in new industry could be made in the period between January 1, 1997 and December 31, 1999.

In that case, no tax would be imposed and no question would be raised regarding the sources of investment. The National Board of Revenue described the details of the scheme in a circular on August 4, 1997.

Things have not moved in the desired direction. Response

was much less than expected. So, the government has felt the need for further measures to tap untaxed income. Instead of tackling the tax-dodgers in a tough manner, the government thought it expedient to liberalise the extra-judicial provision further.

So, the new section of 19AA has been proposed to be inserted in the Income Tax Ordinance, 1984 with carrots all around. Now any sum could be utilised for purchase of stocks and shares of a public limited company listed with stock exchanges. Similarly, any sum could be expended in the expansion, or balancing, modernisation, renovation and extension of an existing industry. Owners of undisclosed income are also permitted under the provision of the proposed Section 19AA to repay industrial loan. The period earmarked in the law is from January 1, 1997 to December 31, 1999.

All these activities would be termed as 'INVESTMENT' and rank for no questioning provided 7.5 per cent tax is paid on the invested sum.

An honest taxpayer introducing fresh capital will face innumerable questions regarding the source and shall have to offer acceptable explanation. This is the law of the land and has been followed by the tax officials. Now the legislature has come out with a piece of legislation wherein provision has been made that dishonest tax payers, tax-dodgers and evaders may launder their black money

in unmetten fields and go-scot free. They will not face any questioning. They do not require offering no explanation nor will they suffer any penal action. They will pay tax at the reduced rate of 7.5 per cent in place of normal rates of 40, 35 or 25 per cent.

Palliatives work sometime. They do not prove effective always. We have, therefore, strong reasons to believe that the good wishes of the government as enshrined in the provision of newly inserted section of 19AA may again fail to prove effective. We have every reason to think that the owners of black money, as in the past, may again play truant. Despite all the incentives, they may not respond in the expected manner.

The government of India recently undertook a measure for unearthing undisclosed income. Called VDIS, the measure reportedly proved a great success. The government of India mounted a huge campaign within the country and outside. National and international media were used for making it clear to all and sundry, that it was 'now or never'. Provision was made to exonerate the tax-evaders and tax-dodgers availing the benefit of Voluntary Disclosure of Income Scheme (VDIS) from penal action. They had to pay, however, tax at 30 per cent on the disclosed income and that too within the stipulated time frame. In the case of failure to avail the benefit, it was announced that severe penal action would follow.

In the scheme as envisaged in the newly inserted section of 19AA, this firmness appears absent. In the case of habitual defaulters failing to avail the benefit offered, what action would follow has not been spelled out. So, we may add one more laurel on our list of failures.

Tunnel vision must go. Voice of wisdom should prevail. Pleading and wooing cannot be substitute for firmness and effectiveness. Framers of law must have a clear vision and clarity of thought. Over the last few decades, the successive governments have offered various incentives but had very little success. The lessons learnt should form the basis for future action programme. Let us be wiser at least once. Let us think as to why response is poor every time efforts are initiated. It is said that an assessee is in trouble if he tells a lie to the tax officials. But he is in further trouble if he tells the truth. We must try to ascertain why this sense of disbelief pervades everywhere. We must know why the sense of confidence is absent among the taxpayers and tax collectors. If we know for certain the reasons behind less than expected responses, then we would be able to evolve satisfactory means and provide for an effective mechanism to unearth undisclosed income circulating in the economy.

(The writer has recently retired after serving as Member (Taxes), National Board of Revenue, and is now on LPR.)

## BGMEA expresses concern over stalemate at Ctg Port

### Star Business Report

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has expressed concern over the fresh stalemate at the Chittagong Sea Port during a peak trading season.

The equipment operators and mechanics of the port stopped work since Tuesday night without serving any prior notice to the users.

BGMEA President Mostafa Golam Qudus said the stalemate which took place at a time when port situation was improving, might affect badly the country's export trade, according to a press release.

He said in recent times the port was experiencing such problems quite frequently which were damaging the image of the country and the government.

BGMEA president felt such problems should be tackled on a permanent basis.



Giuseppe Sindoni, CEO, and G. Boffito, Technical Director of Italtino, visited the Berger Color Bank dealers at Uttara, Moghbazar and Gulshan in the city on Wednesday. They enquired about the Color Bank business in Bangladesh and exchanged pleasantries with them.

## Base metals ride high

LONDON, June 18: Copper and aluminium led the base metals complex in broad progress after US intervention yesterday to boost the sagging yen gave a much needed fillip to investor sentiment, reports AFP.

The economic crisis in Asia, and especially the debilitating weakness of the Japanese economy and yen have depressed the metals market, which sees Southeast Asia's once booming construction electronics and other industries as a major target.

The metals were also helped by falls in London Metal Exchange warehouse stocks across the complex.

Three-month aluminium traded at 1,339 dollars a tonne, up 22 dollars, with LME stocks falling 800 tonnes.

## \$ 70m Japanese grant aid for debt relief

Japan and Bangladesh signed an accord here on Wednesday on Japanese grant aid for debt relief, amounting to 9,609,661 million yen (approximately \$ 70 million), reports BSS.

Under the agreement Japan will provide Bangladesh with a grant assistance of the said amount with the intention of producing the same effect as cancelling an international debt. When the repayment of an official development assistance debt is made by a least less developed country, Japan, instead of reducing the debt, offers the same amount as the repaid debt. The grant will enable the recipient country to purchase commodities and equipment from all member countries of the Organisation for Economic Cooperation and Development (OECD).

Since the grant is to be utilised by the government of Bangladesh for import of commodities and equipment for much needed investment programmes, it will substantially contribute to the development of various sectors of the Bangladesh economy and social welfare. It will also contribute considerably to improving the balance of payments position of the recipient country.

Yoshihazu Kaneko, Ambassador of Japan to Bangladesh and Dr AKM Masihur Rahman, Secretary, Economic Relations Division signed the exchange of notes on behalf of their respective governments.

## Brazil's exports to Asia fall by 18 pc

BRASILIA, Jun 18: Brazil's exports to Asia fell by 18.2 per cent in the first four months of 1998 compared to the same period last year, Brazil's trade ministry said here on Wednesday, reports AP.

A ministry spokesman blamed the decline on the continuing fallout of Asia's economic crisis, which began last October.

The most dramatic fall was in exports to Korea, Malaysia, the Philippines, Thailand and Indonesia, exports to those countries principally iron, steel, aluminium, soya, coffee and poultry - were down by 43.5 per cent.

Exports to Japan were down by 17.5 per cent compared to the first four months of 1997, said Deputy Trade Minister Mauricio Cortes, adding that it was too early to judge the effect of Japan's recession on exports.

"The consequences of Japan's current crisis will certainly be felt when future contracts have to be revised because of the yen's devaluation," Cortes said.

He said the government was not worried by the decline in exports to Asia. "Brazil is making gains in other markets, mainly in Latin America, he said.

# Bid to boost export IOE, Myanmar firm sign MOU to develop computer software

### Star Business Report

ACE Data System Myanmar and International Office Equipment (IOE) of Bangladesh have signed a memorandum of understanding (MOU) to develop computer software for 100 per cent export.

The MOU was signed by Thein Oo, Managing Director of the Myanmar firm and Aftab ul Islam, CEO of the IOE at a meeting in the visiting DCCI delegation and local business leaders in Yangon on Tuesday.

According to a Dhaka Chamber of Commerce and Industry press statement received here on Wednesday, another deal for export of five million bags of jute and urea fertiliser to the tune of 30,000 tonnes from Bangladesh will take place shortly.

The business meeting organised by Olympic Group/Asia Wealth Bank, one of the leading private sector banks in Myan-

mar, was attended by a large number of leading business magnets and industrialists in Myanmar.

Dwelling on the business opportunities in Bangladesh with the liberalisation of trade and investment by the government and increasing role of the private sector of the country, the leader of the delegation, DCCI President R Maksud Khan, urged the business community in Myanmar to explore the possibilities of developing trade and business links with Bangladesh.

The Vice-Chairman of the bank underscored the need for closer ties between Myanmar and Bangladesh by boosting trade volume and making investment, the statement said. Ambassador of Bangladesh in Myanmar Jahangir Saadat urged the business communities of both the countries to narrow

the existing gap in the trade relations between the two countries.

Earlier at a meeting with the team, Myanmar Deputy Minister for Industries-I Thein Tun expressed keen interest in import of newsprint, pharmaceutical products, toiletries, soaps and detergent, bitumen and construction materials from Bangladesh.

The delegation convinced the Myanmar minister to allow the imports of bamboo and timber for the paper industries and limestone for the cement industries in Bangladesh, it said.

At a separate meeting with the DCCI team, the Deputy Minister for Hotel and Tourism Maj Gen Aye Mint Kyu sought cooperation from Bangladesh for development of tourism in both the countries for attracting foreign investment.

# Dhaka seeks sound international norms to manage migration

Bangladesh has called for developing a sound and non-discriminatory international norms to manage migration, reports BSS.

The call was made when the visiting Labour and Manpower Minister MA Mannan, met James N Purell Jr, Director-General of the International Organisation of Migration (IOM) in Geneva on Tuesday, a message from the Swiss city said.

The minister is now in the Swiss city in connection with

holding 86 annual general meeting of International Organisation.

Mannan appreciated IOM's assistance in running the English language training course meant for potential migrant workers in Bangladesh.

The chief executive of IOM thanked Bangladesh for her active contribution in running the affairs of this international organisation. He hoped that the sub-regional office of IOM in Bangladesh will become a centre of excellence in South Asia,

the message added.

Meanwhile sources at the Labour Ministry said sub-regional office of IOM in Bangladesh is going to be opened here next month.

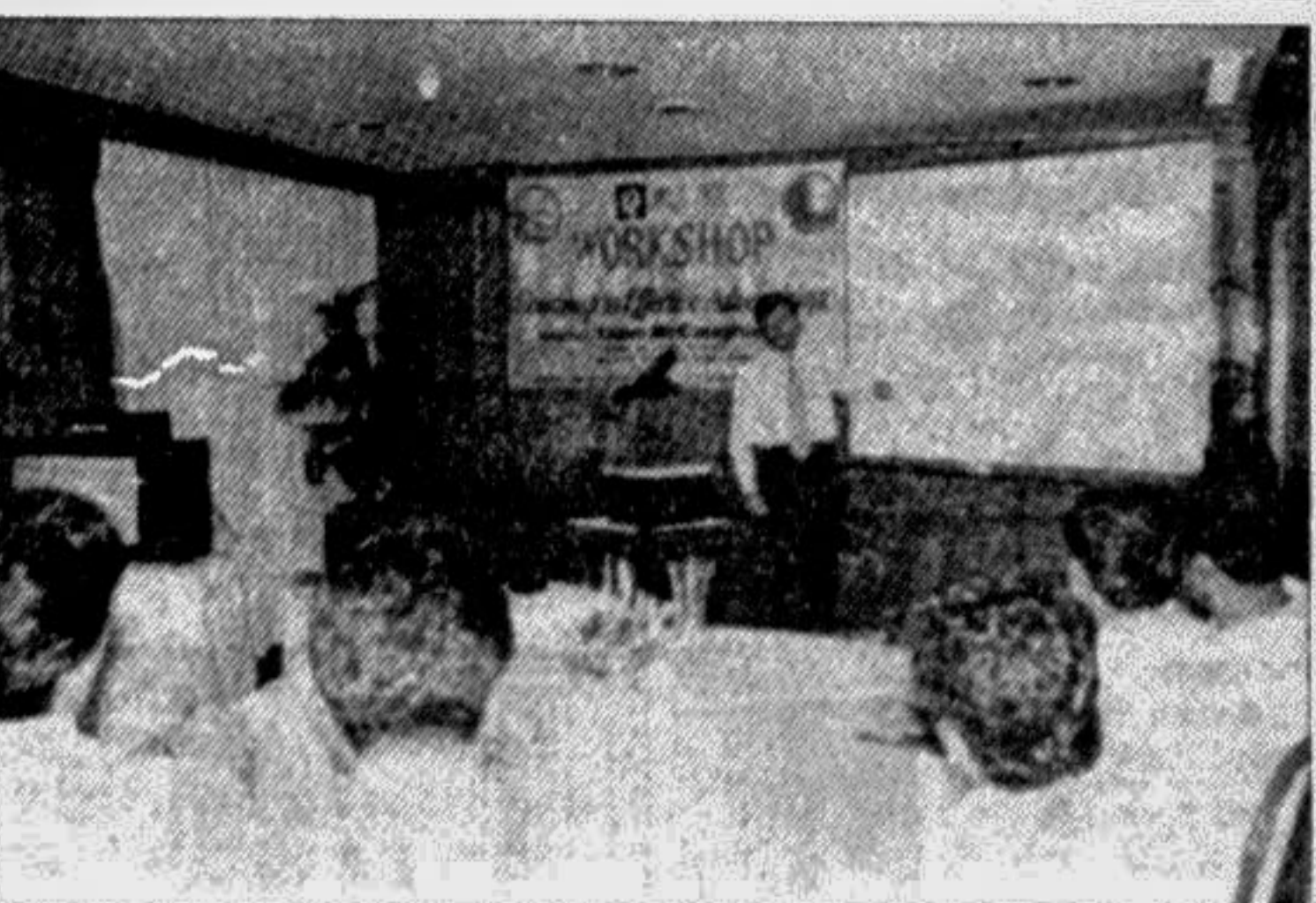
Preparations are going on and recruitment of some local employees have already been made, sources said. Bangladesh has around fourteen lakh labour force working outside mostly in Middle-Eastern countries. IOM played an important role in bringing back thousands of Bangladesh workers trapped in Kuwait during Iraq-Kuwait war through Jordan.

IOM chief assured Mannan that his organisation would continue to support Bangladesh to develop skills of its migrant workers to raise their capability of employment abroad.

## Agreement on computer education

ATI Limited (Training Division), a sister concern of leading pharmaceutical industries has entered into an agreement with Genetic Computer School, Singapore, to open a franchise education centre at Uttara, Dhaka for development of human resources in IT field.

Dr M M Amjad Hussain, Managing Director of ATI Limited and William Goh, Principal, Genetic Computer School, signed the agreement on behalf of their respective organisations recently, says a press release.



Unitrend-McCann held a one-day workshop on "Road Map to Effective Advertising," which was conducted by Dave McCaughan, Consumer Insight Director Asia Pacific. The workshop was attended by Unitrend's clients from Coca-Cola, Nestle, Philips, Marico, Standard Chartered Bank, Social Marketing Company and Bangladesh Edible Oil.

## Book on Newton's theories nets \$ 3 lakh

NEW YORK, Jun 18: An original edition of a 1687 book in which Sir Isaac Newton explained his theories about gravitation and gravity, fetched 321,500 dollars late Tuesday at the renowned Christie's auction house, reports AFP.

An anonymous European bidder acquired the work, "Philosophiæ Naturalis Principia Mathematica," which had been estimated to net between 80,000 and 120,000 dollars.

The Newton book was one of roughly 3,000 works - many of them original, rare editions - for sale this week from the library of Dr Haskell Norman, a San Francisco physician who died in 1996.

## OOCL launches new intra-Asia service

Orient Overseas Container Line (OOCL) announced that a new intra-Asia service had been launched providing a link between Laem Chabang, Kaohsiung and Hong Kong, says a press release.

This fixed day weekly service calls at Laem Chabang, Kaohsiung, Hong Kong and back to Laem Chabang. Two vessels each with an average capacity of 1,000 TEUs have been deployed.

Orient Overseas Container Line (OOCL) is represented in Bangladesh by Omnitrans International Limited.

## Exchange Rates

The following are the **Sonali Bank's** dealing rates (BD Tk for one unit of Foreign Currency) to public as on 18th to 20th June 98.

Name of Currency	Buying		
	TT Clean	OD Sight	OD Export Bills
US Dr	46.1500	45.9000	45.8675
GB Pound	76.4555	76.1413	75.9759
D Mark	25.7023	25.6007	25.5651
F Franc	7.8299	7.8284	7.8268
C Dr	31.4343	31.3051	31.2371
S Franc	30.7770	30.6505	30.5839
JP Yen	0.3355	0.3341	0.3334

Name of Currency	Selling	
	T.T & O.D.	B.C.
US Dollar	46.5098	46.5495
GB Pound	77.6790	77.7433
D Mark	26.1818	26.2041
F Franc	7.8158	7.8225
C Dollar	32.0087	32.0350
S Franc	31.3497	31.3754
JP Yen	0.3451	0.3454

A) TT (DOC) US Dollar Spot Buying Tk 46.0551  
B) Usance Rate  
30 Days 60 Days 90 Days 120 Days 180 Days  
46.057 45.2911 44.8065 44.5219 43.7528

C) US Dollar sight export bill 3 months forward purchase: Same as OD sight export bill buying rate.

Currency	Selling		Buying	
	TT	OD	TT	OD
Saudi Riyal	12.4125	12.2229		
UAE Dirh	12.6636	12.4855		
Kuwait Dir	153.4977	148.8977		
D Guilder	22.9440	22.6181		
S Krona	5.7845	5.7002		
Malay Ringgit	11.4782	11.2624		
Sing Dollar	26.8532	26.4326		

## Tender Invitation Notice

No. 91 (1997-98) Dated: 8-6-98/25-2-1405 BS

Memo No. 7-2/2142

Tenders in Bangladesh Form No. 2911 under sealed cover are invited from Public Works Directorate's special first class & E/M works enlisted first class/second class contractors for the undermentioned work. Tenders will be received in the tender box kept at Public Works E/M Division-4/5/6 & Public Works Eden Building Division, Dhaka offices up to 12-00 Noon of 29-6-98 & the tenders will be opened on the same day at 12-30 PM in presence, if any, of the tenderers or their nominated representatives. Tender schedule, form and terms & conditions etc. can be purchased from E/M Division 4/5/6 & Public Works Eden Building Division, Dhaka offices against payment of usual price Tk 425/= (four hundred twenty-five) only (non-refundable) during office hours latest up to 28-6-98. Earnest money at the rate 2% (two per cent) of estimated cost must be submitted with each tender in the form of Bank Draft/Pay Order from any scheduled bank in Bangladesh in favour of the Executive Engineer, Public Works E/M Division-6, Dhaka. This office authority reserves the right to accept any tender or reject all tenders without assigning any reason. Contractor himself or his attested letter bearer representative can purchase the tender form on production of registration book with necessary papers. Participant in the tender must submit TIN certificate with the tender.

Serial No.	Name of work	Estimated cost	Earnest money	Approved time
1.	Electrical repairing work including change of burnt out dilapidated wiring, fittings fixture control system of 3-storey Chief Instructor's Quarters (6-unit) of Technical Training Centre, Mirpur, Dhaka.	Tk 1,47,692/=	Tk 2,954/=	20 (twenty) days

Md. Nurur Rahman  
Executive Engineer  
Public Works E/M Division-6  
Dhaka  
Phone No. 9351012

DFP-13399-11/6

G-1443

## Government of the People's Republic of Bangladesh

Office of the Executive Engineer  
Sylhet PWD Division, Sylhet

## Notice Inviting Tender

No 126/1997-98

1. Tenders in sealed covers in the BD Form No 2911 are hereby invited from the approved and eligible special Class-I & Class-I building enlisted contractors of PWD approved Class-II building enlisted contractors under PWD Zone, Chittagong and approved Class-III building enlisted contractors under PWD Circle, Sylhet for the undermentioned work. Tenders will be received by the undersigned as well as the Executive Engineer, PWD Division, Sunamganj/Moulvibazar/Habiganj under PWD Circle, Sylhet on 30-6-98 up to 12:00 Noon and will be opened on the same day at 12:15 PM in presence of the tenderers who may like to remain present at the time of opening.

Name of work	Estimated cost in taka	Earnest money in taka	Time allowed
Construction of Tea Industries Labour Welfare Centre at Khan Tea Estate in Gwainghat Thana at Sylhet under the scheme "Establishment of Labour Welfare Centre in 7 (seven) valleys of Tea Estate (site improvement and palasiding) during the year 1997-98.	6,29,604/-	12,600/-	30 (thirty) days

2. Contract documents, consisting of BD Form No 2911, schedule of items, additional terms and conditions etc can be seen and purchased from the office of the undersigned and Executive Engineer, PWD Division, Sunamganj/Moulvibazar/Habiganj under PWD Circle, Sylhet & Sub-Divisional Engineer, VII/III/E/M of Sylhet PWD Division on payment of usual charges of Tk 425/- + 100/- = Tk 525/- (Tk five hundred twenty-five) only Non-refundable per set of schedule, terms and conditions and per copy of BD Form No 2911. Tender form may be purchased by the intending contractor himself or by his authorised representative on production up-to-date renewed book of registration & other requisite papers of his eligibility with signature of the representative duly attested by the contractor on any day during office hours up to 29-6-98.

Abdul Wahed Joarder  
Executive Engineer  
Sylhet PWD Division, Sylhet.

DFP-13604-15/6

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