

IMF suggests code of conduct for NBR staff

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The International Monetary Fund (IMF) has recommended a code of conduct and increased salary for the staff of the National Board of Revenue (NBR) to curb corruption in the tax administration.

In a draft report on strengthening the NBR, the IMF urged the government to take action to restore integrity in the NBR and said corruption is recognised as a significant problem in Bangladesh revenue administration.

The report identified many factors that may lead to corrupt practices in a revenue collection agency. The factors include excessive discretionary power of officials, inadequate controls and supervision, lack of accountability and low remuneration.

Besides, cultural or social norms, inadequate staff selection processes, lack of professionalism, complex bureaucratic procedures and lack of effective disciplinary measures are also behind corruption, the report observed.

Suggesting increase of salaries, the IMF said remuneration levels in the public services are low and said to be less than half of the living cost at the entry level.

In the report, it has been suggested that an independent judiciary of high integrity is required as many tax law issues end up as the subject of a court dispute. Freedom of the press is also necessary to expose cases of corruption.

IMF's Fiscal Affairs Department prepared the report in consultation with different chambers and trade bodies, chartered accountants and officials of the NBR. It was submitted to the government last month.

Proposing a code of conduct for NBR staff, the report said the employees must not provide preferential treatment to friends, relatives,

fellow employees or other persons. Besides, they must report any gift, benefit, advantage or favour received by them or their immediate family from clients.

The employees must disclose any outside interests, investments, assets, or affairs that place them in a real or perceived conflict of interest, said the IMF report.

"The employees are guaranteed a work environment that is free from discrimination and harassment and are assured of police protection and legal assistance if they are threatened for doing their jobs," he added.

Explaining why the NBR needs a separate code of conduct when a code already exists for government employees, the IMF said, "The working environment for many of the officials of tax and customs administration differs from that of most other public servants."

Suggesting ways to curb corruption in the NBR, the IMF said there

should be a clear policy framework, simple and transparent procedures, professional tax administration and effective internal audit.

Against 13,000 approved posts in the NBR, there are 10,000 staffs. "The recruitment freeze should be lifted," the IMF said. "Due to the freeze, the authorities have been forced to fill vacancies with under-qualified staff."

Many inspector-level positions were filled by staff who were originally recruited for clerical jobs, the report pointed out.

The IMF also advocated exclusive recruitment for the NBR — instead of recruiting the officials through Public Service Commission. "The department should be recruiting more commerce and accounting graduates," it added.

National Housing signs MoU with Equity Property

National Housing Finance and Investments Limited, a leading financial institution operating home mortgage loan, and Equity Property Management Ltd, a Chittagong-based developer, have signed a memorandum of understanding (MoU) at Chittagong office of National Housing.

Anas Uddin Ahmed, managing director of National Housing, and Dr Kazi Aynul Hoque, managing director of Equity Property, signed the deal on behalf of their organisations in recently, says a press release.

Shabbir Ahmed, deputy managing director, AN Bari manager of Chittagong Branch of National Housing, Mahfuzul Haque, director of Equity Property, and other senior officials of both the organisations were present.

Under the arrangement, the prospective clients of Equity Proper will receive faster and superior customer service from National Housing in getting housing loans up to 70 percent of their apartment purchase.

Iraq restarts oil export from Basra

REUTERS, Dubai

Iraq restarted oil exports from the Basra Oil Terminal Sunday, hours after suicide bombers launched three boat attacks that shut down the vital oil export facility, a top Iraqi official said.

Shamkh Faraj, head of the State Oil Marketing Organisation (SOMO), said the attacks had not damaged the oil infrastructure and that Basra Light exports had resumed from the Gulf at the rate of about 1.6 million barrels per day (bpd).

"The order was issued earlier today to resume pumping and loading is normal," Faraj said, adding that two tankers were filling up at the Basra Oil Terminal, while one ship was at nearby Khor al Amaya.

"There is nothing wrong with the facilities."

Iraq is almost completely dependent on the terminal, which is in Britain's sector of occupation in the country, for exports to provide revenue for a country battered by wars and a 12-year economic embargo.

The SOMO chief described the attacks as a one-off incident and hoped for business as usual.

"There will be more care taken now to prevent this happening again," he said. "We will need to have more safeguards and more patrolling."

Indian bonds seen easing on rate concerns

REUTERS, Bombay

Indian bonds are seen drifting lower this week amid signs interest rates may be headed up worldwide after the Group of Seven rich nations said they saw solid grounds for prolonged global economic growth.

US Federal Reserve Chairman Alan Greenspan's comments last week, accompanied by stronger-than-expected data in recent weeks, also hinted at a US rate hike happening sooner than later, analysts said.

"With the US interest rate outlook having got clouded following Greenspan's comments that rates must rise at some point, uncertainty has crept in locally as well," said Mahendra Jajoo, head of primary dealership at ABN-AMRO Securities.

"So in the absence of any positive triggers, defensive selling may continue."

Bond yields edged up last week as sentiment turned cautious but a surfeit of cash prevented a sharp rise.

The yield on the 10-year benchmark bond rose nearly two basis points to end Saturday at 5.079 percent.

The Indian central bank, which mainly takes into account local factors such as inflation while determining domestic monetary policy, says it also considers global rate trends.

Traders are concerned that signs of a global monetary tightening could weigh on the Reserve Bank of India's decision-making ahead of its annual policy statement on May 18.

Analysts said the federal bond yield curve had flattened far too much in recent weeks on buying spurred by surplus cash and did not reflect the broad economic fundamentals.

When this limit on share prices will go, there will be limit on index, as exists in most stock exchanges of

EU enlargement won't harm trade interest of Bangladesh, other LDCs

Senior official says in Dhaka

UNB, Dhaka

Enlargement of the 15-member European Union to 25 with the accession of 10 new members, mostly former communist countries, on May 1 will not harm the development and trade interest of Bangladesh and other LDCs, a senior EU official said here yesterday.

"There is nothing to be feared," assured Anne Marchal, first secretary of the Delegation of the European Union in Dhaka, briefing the media at a local restaurant on the accession of 10 new states from central and East Europe on May 1.

Ten new countries formally joining the EU are Cyprus, Hungary, Lithuania, Malta, Poland, Slovenia, Slovak Republic, Czech Republic, Latvia and Estonia. Romania and Bulgaria are also expected to join the EU in 2007 while negotiation with Turkey is on.

Asked to comment on the issues of governance and current political situation, Marchal merely said that

the EU commission and its member-states were monitoring the situation in Bangladesh. "We're all observing the situation here," she said, adding that the EU has different channels to look at it. The EU has a subgroup on governance and human rights that would review the key issues in a particular country, she informed.

About the implication of trade with Bangladesh following the enlargement of EU, Zillul Hye Raji, political and economic affairs officer of the EU delegation, said all the 10 new members would be guided by the EU rules regarding trade with Bangladesh and hoped it would open new markets for Bangladesh products.

Bangladesh like others will enjoy the same GSP facilities extended by the EU while making trade with the 10 new EU member-states, he told a questioner.



Michel Lummaux, ambassador of France, speaks at the monthly luncheon meeting of the Foreign Investors' Chamber of Commerce & Industry (FICCI) in Dhaka yesterday. President of the Chamber Mahbub Jamil, FICCI Secretary Jahangir Bin Alam, and FICCI Committee Member Andrew Fawthrop are seen in the picture.

ICAB for raising income tax exemption limit

Budget proposal for 2004-05 fiscal

STAR BUSINESS REPORT

Chartered accountants have urged the government to raise the individual income tax exemption limit to Tk 120,000 from existing Tk 90,000.

In view of rising inflation the chartered accountants have proposed the increase to ease the difficulties of lower income people.

In its budget proposal for the 2004-05 fiscal, the Institute of Chartered Accountants of Bangladesh (ICAB) also stressed the need for widening the tax net.

Bangladeshi persons should be required to give their tax identification number while booking international air tickets, especially in the case of foreign travel in package tours, the ICAB suggested as a means to widen tax base.

Film artistes, cameramen,

directors, singers, scriptwriters, interior decorators and technical consultants should be required to file income tax return, the institute recommended.

"Tax rates for companies other than publicly traded companies are high, compared with those of fast developing countries. Corporate tax rates are also significantly higher than the personal tax rates and this has the effect of distorting tax economy."

To encourage investment, promote real corporate growth and generate more employment opportunities, the ICAB suggested reducing the tax rates for publicly traded companies to maximum 35 percent from 37.5 percent.

It also proposed reduction of tax rates for non-publicly traded companies to 35 percent from existing 37.5 percent and for banks, insurance,

leasing and other financial companies to 40 percent from 45 percent.

The institute suggested restricting tax holiday only to industries of national importance and thrust sectors and industries located in under-developed area.

It urged the government to waive import duty on mobile phone sets to expand the telecommunications industry as well as generate more revenue from the sector.

Presently, a mobile phone set costing below Tk 10,000 is subject to import duty of Tk 3,000 while it is Tk 4,000 for a set priced at above Tk 10,000.

"Imposition of such a duty is a barrier to expansion of telecommunications industry," the ICAB said.

SEC agrees to widen circuit breaker on A, B category shares

STAR BUSINESS REPORT

The Securities and Exchange Commission (SEC) has agreed in principle to widen the price limits in present circuit breaker on A and B category shares.

The commission yesterday reached a consensus on the issue with the two bourses at a meeting of the consultative committee comprising SEC and bourse officials.

SEC Chairman Mirza Azizul Islam first time attended the meeting and had discussions with the CEOs of Dhaka and Chittagong stock exchanges.

SEC will widen the circuit breaker system to pave way for complete withdrawal of the price limit on A and B category shares.

When this limit on share prices will go, there will be limit on index, as exists in most stock exchanges of

the world, they added.

Capital market sources said success in withdrawal of circuit breaker on Z category shares inspired the regulators to implement it for A and B category securities also.

They said widening of circuit breaker system will help bridle market manipulators who take advantage from the system in taking calculative risk.

Under the present circuit breaker system, a share with closing price up to Tk 100 cannot be traded at 15 percent higher or lower price in a single day.

Shares with price ranges of Tk 100-Tk 300, Tk 300-Tk 500 and Tk 500-Tk 1,000 also have certain limits.

Yesterday's consultative committee meeting also discussed the issue of reducing investors' margin in broker houses to increase market liquidity and introduction of over-the-counter trade for Z category shares.

EU candidate for IMF chief wins wide backing

AFP, Washington

Former Spanish finance minister Rodrigo Rato, the EU candidate to head the International Monetary Fund, won wider backing Saturday as the Group of Seven rich countries joined the endorsement of his candidacy.

An IMF spokesman here said, meanwhile, that Rato would be in Washington to meet African finance ministers at their invitation. The encounter would come Sunday outside the IMF during the spring meetings of the policymaking bodies of the Fund and the World Bank.

Rato is also supported by finance ministers and central bank governors from the Group of Seven -- Britain, Canada, France, Germany, Italy, Japan and the United States -- according to German political sources.

China looms large in G7 debate

AFP, Washington

Even in its absence, China has come to loom large at meetings of the Group of Seven rich countries, whose leaders struggle to regulate the global economy without the presence of the industrial power-house and voracious consumer of key commodities.

As a result, the finance ministers and central bank governors from Britain, Canada, France, Germany, Italy, Japan and the United States are now looking for a means to get China more closely involved in their deliberations.

Their challenge is illustrated by a debate over the Chinese currency, the yuan, currently pegged to the US dollar.

Meeting in Dubai last September, the G7 adopted a statement calling for more flexibility in exchange rates.

The goal, approved at the insistence of the United States, was to convince China to allow the yuan to fluctuate more freely, that is, to appreciate, in order to reduce the intense competitiveness of Chinese exports.

But the initiative failed. China turned a deaf ear to the appeal, which caused great disruption on exchange markets where it was interpreted as a green light to sell the dollar -- thereby eroding the strength of a weakening greenback even further.

PHUKET AIRLINES

Haider Uzzaman, managing director of Nora Travels Ltd, general sales agent of Phuket Air in Bangladesh, speaks at a function in Dhaka yesterday to announce resumption of the Thai private airline's service in Bangladesh. Inthorn Wankeao, minister counsellor (commercial), Thai embassy in Dhaka, is also seen.

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