

TAX IRREGULARITIES

Businesses for ombudsman's power to punish offenders

STAR BUSINESS REPORT

The office of the tax ombudsman should have the authority to take legal action against the offenders of irregularities, observed business leaders yesterday.

According to them, this office would not be able to yield any positive result, if it cannot act to curb the persistent malpractices in the taxation system.

The businesspeople made such an observation at a discussion organised by the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) in Dhaka.

However, Khairuzzaman Chowdhury, country's first tax ombudsman, differed with such an opinion seeing the existing law adequate to reach the goal of his assignment.

As per the Tax Ombudsman Act 2005, the tax ombudsman can do nothing but making recommendation against irregularity in any tax-related department. The government is the only authority to implement his recommendations.

This office has not yet put for-

ward any recommendation against the irregularities the taxpayers have complained about, although it started functioning three months back.

Responding to a query from Atiqur Rahman, an FBCCI member, Chowdhury said the job of a tax ombudsman in Pakistan, Korea and Australia is learnt to have so far been effective.

A considerable number of businesspeople exchanged views with the tax ombudsman at the programme, chaired by FBCCI Vice President Dewan Sultan Ahmed.

"The tax ombudsman is not like a court. It has no power to issue order against anybody. Only government has the authority to carry out the recommendations of the tax ombudsman," Khairuzzaman Chowdhury elaborated.

Replying to a question of Aftabul Islam, former president of American Chamber of Commerce (AmCham), he said tax ombudsman is a neutral body and it will act transparently.

While some of the businessmen spelt about possibility of political influence over the activities of the tax ombudsman as the finance

minister remains the higher authority, Chowdhury said all recommendations of the tax ombudsman are required to be discussed in the standing committee set by the parliament.

Narrating how his office is working for the taxpayers, he said the tax ombudsman has judicial power to investigate any complaint lodged by a taxpayer.

The ombudsman himself can probe any complaint or assign an official at his office to do the job, he added.

The existing law, he said, has allowed the ombudsman to issue warrant asking anybody to appear at his office.

The office of the ombudsman is recommending body and the government has obligation to implement its recommendations. The government will have to explain the reasons in case it fails to implement the recommendations, he said.

Chowdhury said the ombudsman will receive complaints from the taxpayers and hear both the taxpayers and tax officials to resolve the disputes. If necessary, he can take help of an advisory committee to

dispose of a complaint, as per the act.

If a tax official is found guilty, the ombudsman will recommend necessary action against him. If the NBR (National Board of Revenue) disagrees with the ombudsman's recommendations, it can explain to the ombudsman the reasons for such disagreement, he said.

If the ombudsman continues to differ with the NBR on a particular issue, he will seek the finance minister's guidance.

The law binds the tax ombudsman to report annually to the president within three months of completion of a calendar year.

Before lodging complaint against any tax official, a taxpayer will have to sign a declaration. If there is an issue the court has been dealing with or it remains pending, the ombudsman's office will not deal with it.

Price indices fall sharply on both bourses

STAR BUSINESS REPORT

Share price indices on the stock exchanges fell sharply yesterday due mainly to price adjustment of Pubali Bank and Dhaka Bank after their corporate benefits.

The DSE General Index went down by 60.83 points, or 3.42 percent, ending the day at 1717.70 points, while the CSE Selective Categories Index dropped by 35.20 points, or 1.33 percent, finishing at 2597.02 points.

The DSE All Share Price Index also declined by 52.60 points, or 3.48 percent, to close at 1454.78 points, while the CSE All Share Price Index fell by 79.66 points, or 1.91 percent, to finish at 4073.25 points.

A total of 9,713,505 shares worth Tk 61.02 crore changed hands on the Dhaka Stock Exchange (DSE) while a total of 3,121,525 shares worth Tk 20.60 crore were traded on the Chittagong Stock Exchange (CSE).

Of the issues traded on the DSE, 37 advanced, 139 declined and 19 remained unchanged. On the CSE, 91 issues were traded and of them 14 gained, 73 made loss and four remained unchanged.

Myanmar signs gas deal with Malaysia, S'pore firms

AFP, Yangon

Myanmar has signed another contract with two foreign firms to explore for natural gas in offshore waters, state media said Sunday.

The state-run Myanmar Oil and Gas Enterprise signed the deal with Rimbunan Petrogas, a firm registered in the British Virgin Islands, and Singapore's UNOG, the official New Light of Myanmar newspaper reported.

Rimbunan Petrogas is run by Malaysian businessman Tan Sri Datuk Tiong Hiew King, who also heads the Rimbunan Hijau Group.

"MOGE and the two companies will explore, drill and produce oil and natural gas at M-1 block in Mottama offshore," the newspaper said, but gave no other details.

Myanmar's military rulers have awarded a raft of contracts in the last two months to explore for natural gas off its coast, following major discoveries by South Korea's Daewoo of reserves of up to 10 trillion cubic feet in the Gulf of Bengal.

Military-run Myanmar, one of the world's poorest nations, is under a series of US and European economic sanctions imposed over the junta's human rights abuses and the house arrest of 61-year-old democracy icon Aung San Suu Kyi.

But the impact of the sanctions has been weakened as energy-hungry neighbours such as China, India and Thailand are spending billions of dollars for a share of Myanmar's vast energy resources to solve their power problems at home.

China lawmaker wants US coffee vendor Starbucks ousted

AP, Beijing

A Chinese lawmaker revived calls for the removal of a Starbucks coffee shop from Beijing's famed Forbidden City, saying its presence was a smear on China's historical legacy, the official Xinhua News Agency reported Sunday.

Jiang Hongbin, a deputy from the northeastern province of Heilongjiang, said he submitted a motion to the National People's Congress, the country's legislature, to close the outlet immediately, Xinhua said.

Starbucks "can no longer be allowed to taint China's national culture," Jiang was quoted as saying.

The outlet has stirred controversy among Chinese nationalists ever since it opened in 2000 in a side hall of the 587-year-old former home of China's Ming and Qing dynasty emperors, now a museum visited by 7 million people each year.

Calls for it to close grew again in January when a television host launched an online campaign to toss it out. Museum managers and the government haven't responded publicly to the demands.

It wasn't clear whether Jiang's motion would be discussed by the nearly 3,000-member congress, which meets in full session only once a year and is widely regarded as a rubber stamp for policies decided by the government.

DEVELOPING BUSINESS ENVIRONMENT

IFC to unveil new project for emerging markets

Senior official says

JASIM UDDIN KHAN

IFC, the private sector arm of the World Bank Group, is going to introduce a new project to emerging markets to develop business environment, a senior official said yesterday.

DFID (Department for International Development) and European Union will fund the project, Farida Khambata, regional vice president, Asia and Latin America of International Finance Corporation, said adding that the IFC is trying to create an environment conducive to private sector development. She was talking to a group of journalists at IFC's Dhaka office.

Khambata, who is currently visiting Bangladesh to coordinate some new project plans, also said the IFC will start the second phase of the SouthAsia Enterprise Development Facility (SEDF) project as the first phase ends next year.

The SEDF focuses on the need of small and medium enterprises (SME) in South Asian region to reduce poverty and stimulate pro-poor growth by increasing the number, profitability and growth rates of SMEs.

"We will discuss with the donor community whether we should modify the SEDF Phase-2 in light of what we have learnt from SEDF-1," Khambata said.

Khambata said the IFC considers its Bangladesh office the base for advisory services in South Asia.

She also said the government should concentrate more on power generation and improving port facilities to ensure sustainability of the development projects.

The IFC programme in Bangladesh has increased substantially since its office was opened here in 1995. IFC investments in Bangladesh cover a range of sectors including power, telecommunications, cement, gas, and the financial markets such as leasing, development financial institutions and housing finance.

The IFC is the largest multilateral provider of financing for private enterprises in developing countries. It finances private sector investments, mobilises capital in international financial markets, facilitates trade, helps clients improve social and environmental sustainability, and offers technical assistance and advice to businesses and governments.

About the changing role of multinational agencies, Khambata said the vision of development agencies has changed from a brokering role between foreign strategic investor and local investor to a genuine partner of emerging economies.

"The multinationals and other strategic partners realise that if they just confine themselves only to



Farida Khambata

Europe and the US they will be missed out from a huge amount of growth. The growth is coming from mainly the emerging markets," Khambata said.

She said the IFC worked only for multinationals 50 years ago but now it focuses on emerging markets.

"In early days, IFC was often the share holder playing the honest broker role between the foreign strategic investor and local investor. Now the emerging markets are the integral part of the world economy. So, IFC has to play risk mitigation role," she added.

She said IFC's client bases also changed to a great extent. "Today we are dealing much more with the corporate sector in emerging markets."

She said money alone cannot help achieve the objectives of development without necessary advisory programme.

"We have learnt in the process that money alone does not achieve the objective. Money has to be coupled with advisory services. And these have to be provided to the client in a seamless manner," she added.

Nokia unveils new handset in local market

STAR BUSINESS REPORT

Nokia Bangladesh unveiled its new handset --Nokia 6300 -- at a formal ceremony in Dhaka on Saturday.

Nokia 6300 is constructed of quality materials and offers modern features for the consumers, according to a press release.

The stylish set offers a range of easy-to-use features, including a 2 megapixel camera with zoom, expandable memory, built-in MP3 player and FM radio.

Speaking at the launch, Prem Prakash Chand, general manager of Nokia Emerging Asia, said Nokia offers consumers a choice of phone that gives them the right balance of technology and design that is affordable, reliable and functional.

The unit price of the set is fixed at Tk 16,490.

IBM, Indian tech firm devise smart card for poor

AFP, Bangalore

US giant IBM and an Indian technology firm said Wednesday they had devised a smart card to help poor entrepreneurs access credit from institutions that lend to the "unbanked."

Small traders who have borrowed from microfinance institutions such as Bangalore-based Janalakshmi Social Services will be able to take part in fruit and vegetable auctions using the card, without having to take loans from greedy moneylenders, the companies said.

A technology platform developed by IBM and Financial Information Network and Operations, a unit of India's second-largest bank ICICI, will hold customer accounts of microfinance companies.

The system would be accessed by customers using a fingerprint-enabled smart card, which will serve as both proof of identity and an electronic passbook, the two companies said in a joint statement in Bangalore.

Financial Information Network said it plans to approach 200 microlenders based in India and abroad with the technology, enabling them to offer the poor not only credit but also investment, remittances and insurance services.

The system will cut costs, reduce paperwork, boost efficiency and create a database of unbanked poor, helping bring them into the mainstream, it said.

"We have a large number of customers with very large transaction volumes and small ticket sizes," said Ramesh Ramanathan, who heads Janalakshmi Social Services.

"Our audit and control systems need to match the volumes, and our transaction costs need to be low enough to enable low-cost delivery," he said.

Bangladesh to be presented as attractive foreign investment destination

Int'l investors' confce due in Dhaka in May

STAR BUSINESS REPORT

The two-day international investors' conference, due in May in Dhaka, would attract foreign investment here reducing dependency on foreign aid in the country's economic development, according to organisers.

The conference, they said, will disseminate information on Bangladesh's overall economic potentials, untapped capital market and reforms in the last decade, current legal and governance frameworks, and public and private foreign investment opportunities with special focus on some sectors of interest such as power, telecom, textile, pharmaceuticals and financial services.

In a word, Bangladesh will be presented as one of the most attractive destinations, especially for foreign investors, the organisers said announcing the programme schedule at a press conference in the capital yesterday.

Country's premier bourse Dhaka Stock Exchange (DSE) and globally acclaimed financial services company Citigroup's Bangladesh chapter are jointly organising the first-ever conference titled 'Bangladesh - The New Investment Frontier' on May 5 and 6 at Dhaka Sheraton

Hotel.

The organisers also hoped that reputed equity and fixed income investors from across the globe, leading corporate houses, regulators, market intermediaries and other stakeholders will attend the conference.

Speaking at the press conference, DSE Chief Executive Officer Salahuddin Ahmed Khan said although Bangladesh is currently maintaining a consistent economy, mainly driven by exports, a significant private sector led investment is needed in major infrastructure projects such as power and telecommunications, and export-oriented sectors like pharmaceuticals and textile.

"Instead of foreign aid we feel the necessity of foreign investment in the country's development process. And through this conference we will highlight Bangladesh with all its potentials to the foreign investors," he said.

Citing the proverb 'seeing is believing', Mamun Rashid, managing director and country officer of Citigroup Bangladesh, said the foreign investors, including leading equity and fixed income investors, from across the globe will not only have an idea of the country's capital market but will also look into the

investment opportunities here.

"We want to present Bangladesh as a potential investment destination to them through the conference," he said.

Replying to a query, he said his organisation may be listed with the stock exchange if there is encouraging or financially stimulating elements in the government policies.

Abrar A Anwar, head of Corporate Bank, Citibank NA, said there is a surplus liquidity in the Asia Pacific and Middle East regions and entrepreneurs from those regions are looking for new investment destinations, especially in emerging economies or developing countries.

Given this positive growth trajectory and the overall investor liquidity in the regions, it is a right time to attract the surplus liquidity in Bangladesh, he said.

"We have already started publicity of this conference in the world's different capital market hubs and we hope that at least 50 to 75 reputed investment organisations will take part at the conference," he said.

Among others, DSE President Abdullah Bokhari and Senior Vice President Ahmad Rashid Lali spoke at the press conference.

China to focus on making economy benefit 1.3b

AFP, Beijing

If there is an overall theme for this year's gathering of 3,000 lawmakers in the heart of Beijing it must be the challenge of making the economy work to the benefit of all 1.3 billion Chinese.

Economic issues are never off the agenda when the National People's Congress meets, but this year they have been especially important -- and for good reason, according to analysts.

"China is moving towards a market economy, and it's encountering a lot of new problems because of this," said Zhang Xin, a professor of public administration at the People's University in Beijing.

"The market economy can help raise the efficiency of an economy, but it's not good at making the economy more just. It can't resolve issues such as wealth distribution," he said.

China is the world's fourth-largest economy, but as double-digit growth keep pushing it up the global ranking, it is also becoming a less equal and more divided society.

There is only so much laws can do to stem this sort of development, but even so the struggle to prevent the rich-poor divide widening further will be reflected in the legislation of the coming years, observers said.

"I believe that in the coming three to five years, the distribution of wealth will continue to be the focus of work at the National People's Congress," said Zhang.

The quest for fairness shows in two laws legislators are being asked to review, and eventually approve at the end of the ongoing session -- the Property Law and the Corporate Income Tax Law.

The Property Law is the most controversial piece of legislation ever in China, because it orders equal protection of private and state property.

Opponents of the law say it devalues state ownership, and China is after all still an officially communist society, but proponents call the law necessary at a time of rapid development of the market economy.

"All players have equal status in the market, enjoy the same rights, observe the same rules and bear

the same responsibilities," said Yin Tian, a professor at Peking University.

The Corporate Income Tax Law invokes some of the same principles of fairness, according to observers.

Once the law takes effect next year, domestic and foreign companies will be paying the same 25 percent tax, as opposed to now, when overseas enterprises pay less than half the rates of their local counterparts.

"They have to be treated equally now, given that China has opened nearly all its markets to foreign players," said Liu Jinyong, a professor at Beijing's University of International Business and Economics.

The passage of the two laws suggests remarkable changes are under way, according to academics.

"The two laws show that Chinese society is developing in the direction of more fairness, but the process has not been completed yet," said Zhang Jun, an economist at Shanghai's Fudan University.

Bush, Lula see a Doha trade pact urgent

AFP, Sao Paulo

Brazil and the United States emphasized Saturday the need to achieve an agreement in World Trade Organization negotiations in the first half of 2007.

One day after US President George W. Bush held talks with his Brazilian counterpart Luiz Inacio Lula da Silva, US Trade Representative Susan Schwab and Brazilian Minister of Foreign Affairs Celso Amorim stressed the urgency of reaching a deal on a new global trade regime in the Doha round of negotiations.

"There is a real sense of urgency," Schwab said after a two-hour meeting with Amorim.

"We're cautiously optimistic that we will be able to reach a breakthrough and have a success. But we know we have a lot of work ahead of us."

Schwab warned that "Doha fatigue" could set in "after a few months" and that negotiators could lose a window of opportunity to seal a deal on the broad outlines of a new trade pact.

"If we fail to get a breakthrough in this window we do risk the future of

the Doha round," she said.

"I believe we are very close" to an agreement, said Amorim. "The most important progress must be realized during this half-year."

The Doha round of the WTO talks ground to a halt in July.

The European Union and United States have been unable to agree on the size of cuts in agriculture subsidies and tariffs protecting their farm industries, while rich and poor countries are at loggerheads over trade in industrial goods and services.

Speaking in Uruguay Saturday, Bush said he was "optimistic" a deal could be achieved.

"The United States is fully prepared to reduce agricultural subsidies ... We just want to make sure there is market access for our products," he said at Estancia Anchorena, the ranch of Uruguay President Tabare Vazquez.

On Thursday Lula -- whose country leads a key block of developing countries in the talks -- proposed a joint effort with the United States and Germany to relaunch stalled global trade negotiations.



PHOTO: BANGLALINK

A Banglalink Point was opened on SSK Road in Feni recently. Senior officials of the mobile phone operator's regional team were present at the inauguration.