

Stocks

DGEN	▲ 1.02%	5,918.85
CSCX	▲ 1.12%	11,315.29

Asian Markets

MUMBAI	▲ 0.68%	16,519.68
TOKYO	▼ 1.54%	10,030.31
SINGAPORE	▼ 0.75%	2,753.51
SHANGHAI	▼ 1.23%	2,555.94

Currencies

	Buy Tk	Sell Tk
USD	68.65	69.65
EUR	83.48	87.49
GBP	97.52	101.77
JPY	0.73	0.78

Commodities

Gold	▼	\$1,192.00 (per ounce)
Oil	▼	\$68.86 (per barrel) (Midday Trade)

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If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

Talk of tax in stockmarket

SARWAR A CHOWDHURY

Investors look to the upcoming budget keenly as talk of tax on capital gains from stockmarket is in the air. It also gives rise to debates among exchange authorities, market experts and business leaders.

A large number of investors, especially individuals, oppose any plan for tax, as they do not want to enter the tax net system.

"If the government imposes tax on the capital gains made by individual investors, it will have a negative impact on the market. Many will quit the market," says Md Mustafizur Rahman, an investor.

Professions or services of many fall out of the tax net but they have investments in stockmarket and make good returns. If tax is imposed, they will have to come under the tax net, Rahman said.

"I would pay tax for my capital gains, but I would not like to face difficulties in getting a tax identification number (TIN) certificate. There are many others who I think would like to avoid the TIN."

The compulsory taxpayer's identity will also create a mess in the stockmarket, which now has around 25 lakh investors. It means 25 lakh TIN certificates will be needed at a time.

Dhaka Stock Exchange (DSE) opposes any tax on the capital gains of individual investors, but proposes a 3 percent tax on the capital gains of institutional investors such as banks, insurance companies and non-bank financial institutions.

The premier bourse, in a budget proposal to the National Board of Revenue, said levying tax on individual investors would seriously affect the market.

Instead, a Tk 100 annual surcharge can be introduced on each BO (beneficiary owner) account, through which, the government can receive around Tk 25 crore in revenue, as the number of such accounts is close to 25 lakh, DSE said.

The institutional investors are counting hefty profits from share trade and should pay tax on their earnings from

the market, the DSE proposal says. There are already two types of tax on the stockmarket -- stockbrokers pay tax at 0.25 percent on each transaction, while there is a 10 percent tax at source deducted from the dividends of the company.

The DSE paid Tk 90 crore in taxes to the national exchequer in July-April, which was Tk 26 crore last fiscal year.

DSE President Shakil Rizvi said any tax on capital gains would take individual investors off the stockmarket.



Salahuddin Ahmed Khan, former chief executive officer of DSE, says no tax on capital gains should be there, either on institutions or individuals

"It is not the time to levy anything on the investors, especially the individuals who have little investment in the market."

Mamun Rashid, an economic analyst, however thinks taxes should be imposed on investors, including individuals. "The government needs revenue, and so the tax net should be widened."

"Whoever is making money from the stockmarket, should be brought under tax net, without hurting the retail investors' interest so much," he suggests.

However, Salahuddin Ahmed Khan, a former chief executive officer of DSE, said no tax on capital gains should be there, either on institutions or individuals. "Our stockmarket is not mature enough to face such pressure."

"The market should reach a stabilised position at first."

Direct banking link with Myanmar on the cards

REFAYET ULLAH MIRDHA

Bangladesh will establish a direct banking link with Myanmar to boost bilateral trade between the two neighbouring countries, said a senior official of the commerce ministry.

Bangladesh Bank (BB) Governor Atiur Rahman will discuss the issue with the officials of the central and commercial banks of Myanmar next month at the 39th board meeting of Asian Clearing Union (ACU).

The ACU board meeting is scheduled for June 11-12 at Thimphu in Bhutan.

The Myanmar exporters now transact with Bangladesh from a third country like Singapore or Thailand.

Being a member of the ACU, the exporters of Myanmar can also transact through this union for LC (letter of credit) payment. But the Myanmar exporters face troubles in international trade for the country's complex foreign currency rules and trade policies.

In case of border trade, the Myanmar businessmen transact through bank drafts and pay orders from a branch of Sonali Bank at Teknaf in Bangladesh and a branch of Myanmar Economic Bank at Mongdu, on the Myanmar side.

The issue of establishing a direct banking arrangement between the two countries was raised in a meeting in Dhaka in October last year.

Officials of the Myanmar central bank and Bangladesh Bank agreed at the meeting that there is no barrier in overseas trade between the two countries through ACU. refayat@thedailystar.net

Invest in Bangladesh

Hasina urges Malaysian business leaders

UNB, Kuala Lumpur

Prime Minister Sheikh Hasina yesterday urged Malaysian entrepreneurs to invest more in Bangladesh, particularly in labour-intensive industries including readymade garment, textile, light engineering, electronics, agro-based products, ICT, power and infrastructure.

She was addressing a roundtable with the Malaysian investors at Hotel Istana in Kuala Lumpur.

The premier also called for increasing import of Bangladeshi products like jute and leather goods, RMG, ceramics and pharmaceuticals, saying these are already being marketed in many developed countries.

Hasina said Bangladesh has adopted public-private partnership (PPP) policy to build infrastructure projects in power, gas and water sectors.

She said her government allocated a huge amount for PPP in these areas under 2009-10 national budget. "Malaysia, with its experience of PPP, can support Bangladesh for such projects."

Hasina said a joint working group of the two countries can promote these potential areas of investment and trade.

"For first hand knowledge, I believe, frequent visits and participation in trade fairs by businessmen of both the countries are important."

Incentive drives up potato exports

SOHEL PARVEZ

Potato exports have increased 18 percent to 4,182 tonnes in April from a month ago, encouraged by a hike in cash incentives by the government.

But the trend may not remain so for the rest of the current fiscal year because of the eroding quality of potatoes, said exporters.

The exports would have been higher if the government had raised the incentive earlier, as the bulk quantity of tuber is usually exported in February-April.

Bangladesh exported close to 9,000 tonnes of potato in the three months to April -- mainly to Malaysia and Singapore, said exporters and officials at the Department of Agricultural Extension (DAE). DAE's Plant Protection Wing issues plant health certificates before such shipments.

"It's encouraging and quite a big amount," said Jasim Uddin, chairman of Bangladesh Cold Storage Association.

On April 8, the government hiked the cash incentive for potato exports to 20 percent from 10 percent for the April-June period to drive up exports after prices fell on the local market due to a surplus production.

Primary estimates show the sector is likely

to run a surplus of about 20 lakh tonnes of potato this year as the production has exceeded 80 lakh tonnes, an 18 percent rise from a year ago.

"We informed the government in January of the possibility of a bumper output and demanded more incentives. But the government did not respond quickly enough," said Belayet Hossain, chief executive of Global Agro Resources Incorporation, a leading exporter.

"The best time is over." "A small quantity of potatoes will still be exported," said Belayet, who has shipped nearly 4,000 tonnes since February.

Uttam Deb, head of research of the Centre for Policy Dialogue (CPD), said the hike in cash incentive has made a positive impact on exports.

But the exports failed to bump up potato prices on the domestic market, according to retail price data from Trading Corporation of Bangladesh.

Belayet said: "More farmers would have got fair prices if the export volume had increased." He added that his company had purchased potatoes directly from farmers for Tk 12 a kg. sohel@thedailystar.net



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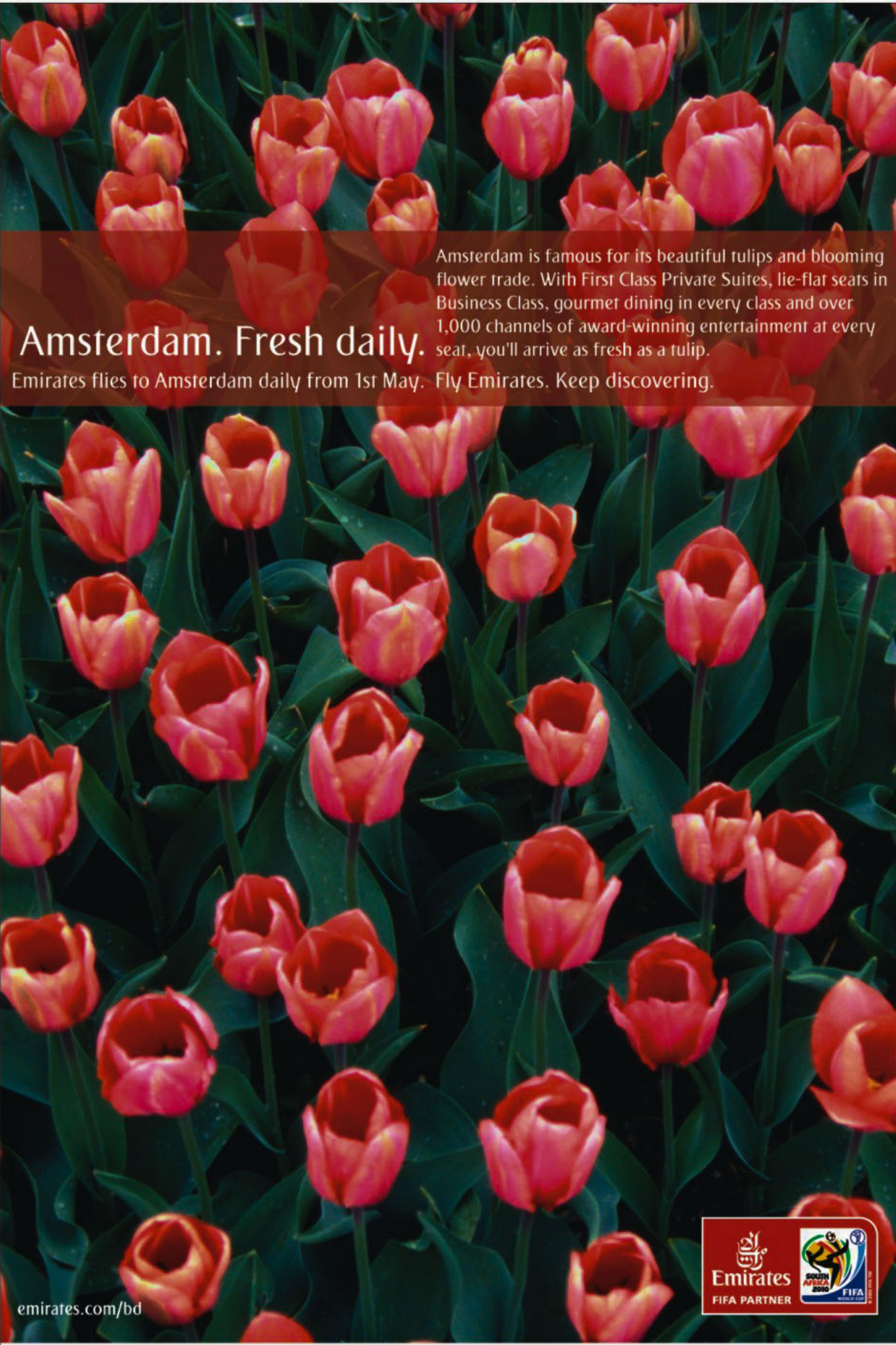
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