

# DCCI proposes to widen tax ceiling

STAR BUSINESS REPORT

The Dhaka Chamber of Commerce and Industry (DCCI) yesterday urged the government to widen the income tax threshold and upgrade the tax collection system further.

DCCI proposed that the National Board of Revenue (NBR) extend the limit of taxable income for an individual from Tk 1.65 lakh to Tk 2.25 lakh and, for women and elderly taxpayers from Tk 1.8 lakh to Tk 2.5 lakh.

The chamber also proposed to up the limit for physically and mentally challenged persons from Tk 2 lakh to Tk 2.75 lakh, while the highest income tax rate be reduced from 25 percent to 20 percent.

"The government should widen the limit of taxable

income for an individual, as the cost of living has increased manifold due to rising prices of commodities and inflation," said Asif Ibrahim, president of DCCI.

"Although, it may lessen the tax income for now, but eventually it will help enhance the tax net and make people to pay taxes," he added.

He was speaking at a pre-budget discussion between the chamber and the revenue board at the NBR, and handed over a set of recommendations on the upcoming national budget for 2011-12 to the NBR chairman.

DCCI also proposed the NBR to rationalise the corporate taxes to make the taxation system an industry-friendly one.

"The taxation system should be friendlier towards local industries to make the country a middle income country and achieve

the vision for 2021," said the Dhaka chamber chief.

"We have proposed to reduce the tax rate on income tax and rationalise the corporate tax rates. The tax rates on the profit of registered companies in the stock market should also be reduced, which will help local industries grow further," he added.

Ibrahim proposed the tax rate on profit for registered companies in the stock market from 27.5 percent to 25 percent.

He urged the government to extend the tax holiday period up to 2015 to facilitate industrial growth and foster investments in the country.

The chamber also demanded tax exemption on investment on plants, machinery and equipment of cottage industries with an investment of Tk 25 lakh to Tk 50 lakh from value added taxes (VAT).

"At the same time, the maximum VAT rate should be reduced from 15 percent to 10 percent for the sake of expansion of the local industry," said the DCCI chief.

He also said the VAT on annual turnover should increase from Tk 60 lakh to Tk 1 crore, while the turnover tax should be reduced from 4 percent to 2 percent.

He stressed on a tax exemption facility for five years for agro-based industries, and the duty free facility to import chemicals that are used in effluent treatment plants (ETP).

Dhaka chamber also urged the NBR to take necessary measures to modernise the tax rules and make the taxation system simpler.

Nasiruddin Ahmed, chairman of NBR, said the government is working to revise tax laws to introduce an industry-friendly taxation system.

"We agree with many of the chamber proposals, and the board is working to include many changes in the upcoming national budget for 2011-12. For example, we also feel the turnover tax for the small and medium enterprises (SMEs) should be reduced," he said.

"We also understand that the cost of business in Bangladesh has increased, so we will try to accommodate these recommendations in the next national budget," added Ahmed.

In response to a question, the NBR chief said, the board will scrutinise all tax evasion cases and complaints, including persons and companies involved in recent stock market scam. But he declined to comment on any specific actions right now.

Abu Huraira, and Osman Gani, directors of the DCCI, also spoke.



SONALI BANK  
ANM Masrurul Huda Siraji, general manager of Sonali Bank, addresses the bank's regional branch managers in Tangail recently.

## CARE hosts workshop on 'inclusive business'

STAR BUSINESS DESK

CARE Bangladesh hosted an international event on inclusive business and its benefits and developing win-win partnership that creates mutual value for all yesterday.

The development agency organised a workshop, 'Sustainability through Profitable Inclusive Business' at Lake Shore Hotel in the city.

Representatives from leading local and foreign private sector companies based in Dhaka took part in the event, which was conducted by globally renowned trainers from International Business Leaders' Forum (IBLF) and Business Innovation Facility (BIF), both based in the United Kingdom.

The workshop is part of a project 'Responsible Business Promotion in Bangladesh' being implemented by CARE Bangladesh this year, with funding from United Kingdom Department from International Development (DFID) and CARE International UK.

The project aims at researching into and address the precise needs of national industry and civil society in understanding and implementing responsible business models in Bangladesh and providing training to the stakeholders, CARE Ban-

## EBL launches two new SME products

STAR BUSINESS DESK

Eastern Bank Ltd has launched two products 'EBL Unnoti' and 'SME Equity Builder' for small and medium entrepreneurs.

EBL Managing Director and Chief Executive Officer Ali Reza Iftekhar launched the new products at a press conference at Sonargaon Hotel in Dhaka.

EBL Unnoti is an asset product for SME customers designed to bring flexibility in loan usage where a customer can avail himself of the facility when required, and interest will be charged only on the amount utilised.

It is a bundle loan product having overdraft and term loan facility for SME customer having finance against fixed asset and working capital requirement for creditworthy business secured by collateral security (registered mortgage of land and building).

Any SME customer with a minimum two years of successful business operation and all legal documents can apply for the loan. The minimum loan is Tk 10 lakh and the maximum is Tk 1 crore.

The tenure of the loan is a maximum of five years. SME Equity Builder is a savings scheme for SME entrepreneurs, which can be opened by any SME client having valid trade licence at all EBL branches, the bank said.

The account will encourage SME entrepreneurs to develop habit of savings for enterprises. Ninety percent loan facility is available against deposited amount, it said.

SME Equity Builder offers an 11 percent interest rate on a monthly compound basis to be paid on maturity. It will help the fund in the account grow at a faster rate than the conventional savings schemes, the bank said in a statement.

An enterprise can open multiple accounts with convenient installment size between Tk 500 and Tk 50,000. The maturity of the scheme is 5 years. However, premature encashment is also available.

## Japan eases rules on knitwear shipments from LDCs

STAR BUSINESS REPORT

The Japanese government has relaxed the rules of origin for knitwear items from the least developed countries under the generalised system of preferences.

Bangladesh, being a member of 49-LDCs, will also enjoy exports of knitwear products to Japan, thanks to the latest move by Japan.

Woven garment exporters have been enjoying zero-duty benefits from Japan for long. The new rules came into effect from April 1, the Japanese Embassy in Dhaka said in a statement yesterday.

The Japanese government brought down the three-stage formulation to two stages in the imports of knitwear to give LDC members a duty-free access.

From now, knitwear makers will get zero-duty facility on exports to Japan even if the item is made of imported yarn but knitted and sewn in Bangladesh, the statement said.

Under the previous three-stage formulation, knitwear exporters had to make garments from the fabrics manufactured from locally spun yarn, although raw cotton was imported.

Earlier, the Japanese government imposed 17 percent duty on the imports of knitwear items to protect the age-old Japanese knitwear industry.

"The new move will expand opportunities for Bangladesh to further enhance economic relations between Japan and Bangladesh and thus accelerate her economic growth and industrialisation," the



AB BANK  
M Wahidul Haque, chairman of AB Bank, and Kaiser A Chowdhury, president and managing director, attend the 29th founding anniversary ceremony of the bank in Dhaka yesterday.



TRIUNE  
Managing Director of Eastern Bank Ltd Ali Reza Iftekhar, middle, speaks at the launch of two SME products at Sonargaon Hotel in Dhaka yesterday.

## Inequality is growing

Analysts speak at ERF discussion

STAR BUSINESS REPORT

Planning Minister AK Khandker yesterday said inequality is growing in the country though poverty is on the wane.

"A larger and larger share of the economy's growth has been going to families at the high end of the distribution and less and less of it to the rest," said the minister while addressing a discussion on poverty reduction.

The Economic Reporters' Forum (ERF) organised the programme at the National Press Club with its president Monowar Hossain in the chair.

Khandker said rising inequality is evident in plush areas like Gulshan where some people squander crores of taka every day in gambling at different clubs.

The minister said the government is trying to accelerate poverty reduction initiatives, but found education and health as major barriers. Corruption hinders development and delays implementation of many projects, he pointed out.

Former finance adviser to caretaker government AB Mirza Azizul Islam, former central bank governor Mohammed

Farashuddin, economists Binayak Sen and Zahid Hussain also spoke.

Mirza Azizul Islam said growth plays a vital role in alleviating poverty. He also stressed asset augmentation, which has to increase by improving the level of education.

The former finance adviser questioned the government statistics on poverty. The number of people living below the poverty line was 40 percent in 2005 and 38 percent in 2008.

"Now it is said to be around 30-32 percent, which is unacceptable," said Islam.

Binayak Sen, a research director of Bangladesh Institute of Development Studies, said growth is there, poverty is also declining, but inequality is growing. Sen said inclusive growth could help reduce the inequality.

Farashuddin said inequality has to reduce by ensuring people's ownership in assets.

Zahid Hussain of The World Bank said there is no alternative to investing more in education and health sectors to accelerate poverty reduction. Connectivity is also vital, he added.

## Businessmen oppose further lending rate hike

STAR BUSINESS REPORT

Businessmen yesterday urged the central bank governor again to keep the lending rate of commercial banks at existing 13 percent to maintain growth of the industrial sector.

A further rise in bank loan interest will hamper the growth of the industrial sector, because entrepreneurs are now facing gas and power supply crunches acutely, the businessmen said.

Owners' clubs of various private commercial banks have been lobbying the central bank and the ministry concerned for increasing the interest rate on bank loans, but businessmen opposed it.

Businessmen, small and medium entrepreneurs and leaders of different trade bodies expressed their concern on the proposed higher bank loan interest rates at a discussion on "Financing in the agro-based small and medium scale industrial sector" at the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) office.

Selina Quader, proprietor of Farm Fresh, said higher bank interest rates are a barrier to the

growth of the business. She said the government should subsidise exports of potato so that farmers get proper prices.

Syed Mahbubur Rahman, managing director of BRAC Bank, said the life blood of the present economy is the SME sector. Around 62 percent employment is generated by the SME sector, he added.

Abdul Awal Minto, former FBCCI president, said the government should focus not only on the agro-processing industries, but also on agricultural production.

"We cannot go for agro-processing industries until and unless we produce the agri-products," Minto said.

While moderating the discussion, AK Azad, FBCCI president, said businessmen are frustrated over the issue of higher bank interest rates.

"I heard the interest rate on bank loans might be capped at 14 percent. But I think this rate is also high. I want the central bank should continue with the present interest rate ceiling at 13 percent," Azad said.

He said directors of many commercial banks also think the

whole economy of the country cannot be affected to ensure the profit of a particular bank.

The private commercial banks invested in the stock market without maintaining any ceiling, which was not a right decision. The inflation rate is really high, he added.

At the discussion, Atiur Rahman, central bank governor, advised the small and medium entrepreneurs to produce more value added agricultural products for creating more employment for larger segments of people.

The governor also said the government has so far disbursed 65 percent of the targeted Tk 13,000 crore farm loans to the farmers for fiscal 2010-11.

He said the agriculture sector has also tended to turn into industries for increasing the number of entrepreneurs in the agro-processing industries, he added.

"So, the central bank is focusing on the development of both agriculture and industrial sectors," he said.

The central bank governor said the rising inflation is the biggest enemy of the farmers. "We are trying to rein in the growing inflation rate," he said.



THE METAL  
Aminul Islam, chairman of The Metal (Pvt) Ltd, and Sadid Jamil, managing director, attend the company's annual business conference in Dhaka recently.



GETCO  
Employees of GETCO Agri Technologies are seen at the company's stall at the Saarc seed congress and fair at Bangabandhu International Conference Centre on Monday.