

Top Brazilian official meets Yunus, discusses social business

STAR BUSINESS DESK

Ambassador Maria Edileuza Fontenele Reis, under-secretary general of the external relations ministry of Brazilian, visited the Yunus Centre at Mirpur in the city yesterday.

During the visit, she met with Nobel laureate Professor Muhammad Yunus and discussed a range of future collaborations with the government of Brazil.

The visit was a follow up of Prof Yunus's meeting with Brazilian President Dilma Rousseff, according to a statement from Yunus Centre.

Yunus went to the Latin American country last month for a three-day visit and met with Rousseff. During the meeting, the Brazil's first elected woman president had showed keen interest in social business, a theory championed by the "Banker to the Poor".

The Brazilian leader also expressed her desire to introduce the business model in her country to solve some of the major social problems the continent's biggest economy faces today.

Ambassador Reis also discussed about the International Ibiza Fund of Brazil and sought advice from the microcredit pioneer on ways to collaborate internationally on the use of the fund.

The fund is already operating in Brazil, India and South Africa. In addition to this, she proposed that the ministry of social development sign an agreement with the Yunus Centre outlining collaborations in creating social businesses in Brazil.

Yunus, founder of the Nobel Peace Prize winning Grameen Bank, and Reis also discussed Brazilian government's intention to set up an Institute of Social Business in one of Brazil's leading universities.

Reis is the most senior diplomat responsible for matters pertaining to Asia with the ministry of exter-



Ambassador Maria Edileuza Fontenele Reis, under-secretary general of the Brazilian Ministry of External Relations, poses with Nobel Peace Laureate Professor Muhammad Yunus at Yunus Centre in Dhaka yesterday.

Tk 40,000cr lost in incentive, tax evasion a year: NBR

REJAUL KARIM BYRON

Tax evasion and incentives cost Bangladesh Tk 40,000 crore a year, according to National Board of Revenue (NBR).

To offset the losses, the NBR has taken up a five-year modernisation plan for fiscal 2011-2016 with the aim of lifting the tax-GDP ratio to 13 percent from 9.3 percent.

According to the reform plan placed in parliament on Thursday, less than 1 percent of the country's 16 crore population pays income tax, the lowest in South Asian countries.

Tax evasion is persistent even though a significant amount of potential revenue is sacrificed in the form of tax incentives.

Together, curbing tax evasions and dealing with incentives could add 5 percentage points to the tax-GDP ratio, potentially adding Tk 40,000 crore to the total revenue collection, according to the reform plan.

Finance Minister AMA Muhith said a detailed timeframe has been included in the implementation programme of the NBR's modernisation plan.

The tax administrator will formulate a detailed work-plan by September this year in line with the strategic paper. It will contain the methodology, detailed timeframe and demand for resources, the minister said.

"The NBR reform activities will be

conducted in the next five years in the light of the final plan framework," Muhith added.

Apart from boosting up tax revenue, the plan also aims to provide exemplary customer services to taxpayers through an enabled tax administration that will include e-registration, e-filing of tax returns, e-payments or refunds. It also plans to settle 80 percent of the pending court cases by 2016.

The objectives of the five-year plan also include setting up an efficient, integrated tax accounting network that correctly accounts for, reconciles and records tax payment information at transactional level of all three wings of the NBR.

The accounting network will also make visible the information on real time basis to taxpayers and all other stakeholders including the government, NBR, tax officials, and Bangladesh Bank.

The automation will be implemented over a period of five years and features well-defined goals and sub-goals under nine strategic areas.

These include: tax policy reforms; redefining the status and regulatory power of NBR; restructuring NBR according to function and size; enforcement improvement programme; integrated revenue management programme; automation of the tax processes; and strate-

gic communication and taxpayer outreach, education and assistance.

To reform the tax policy, specific timeframe, July 2011 to January 2012, has been fixed.

Besides, new income tax law and value-added tax law will be formulated and customs tariff will be restructured and rationalised.

The NBR hopes new tax policy and administrative system will raise the number of income taxpayers in the country to at least 20 lakh from the present 10 lakh.

The new tax policy seeks to achieve the target by making it simple for the honest taxpayers to meet their tax obligations with a minimum inconvenience and with no additional compliance cost. The plan will also seek to increase the cost of non-compliance and make the likelihood of detection of evasions much higher.

According to the automation plan, the tax administration reforms will segregate and consolidate non-customer facing non-discretionary, high volume mass tax tasks in a centralised processing centre for efficient processing and closure.

The centre will free up many NBR officials, who mostly now work manually, to be assigned for tasks such as compliance, customer service, collection, market surveys and intelligence gathering.

Stocks bounce back from deep loss

STAR BUSINESS REPORT

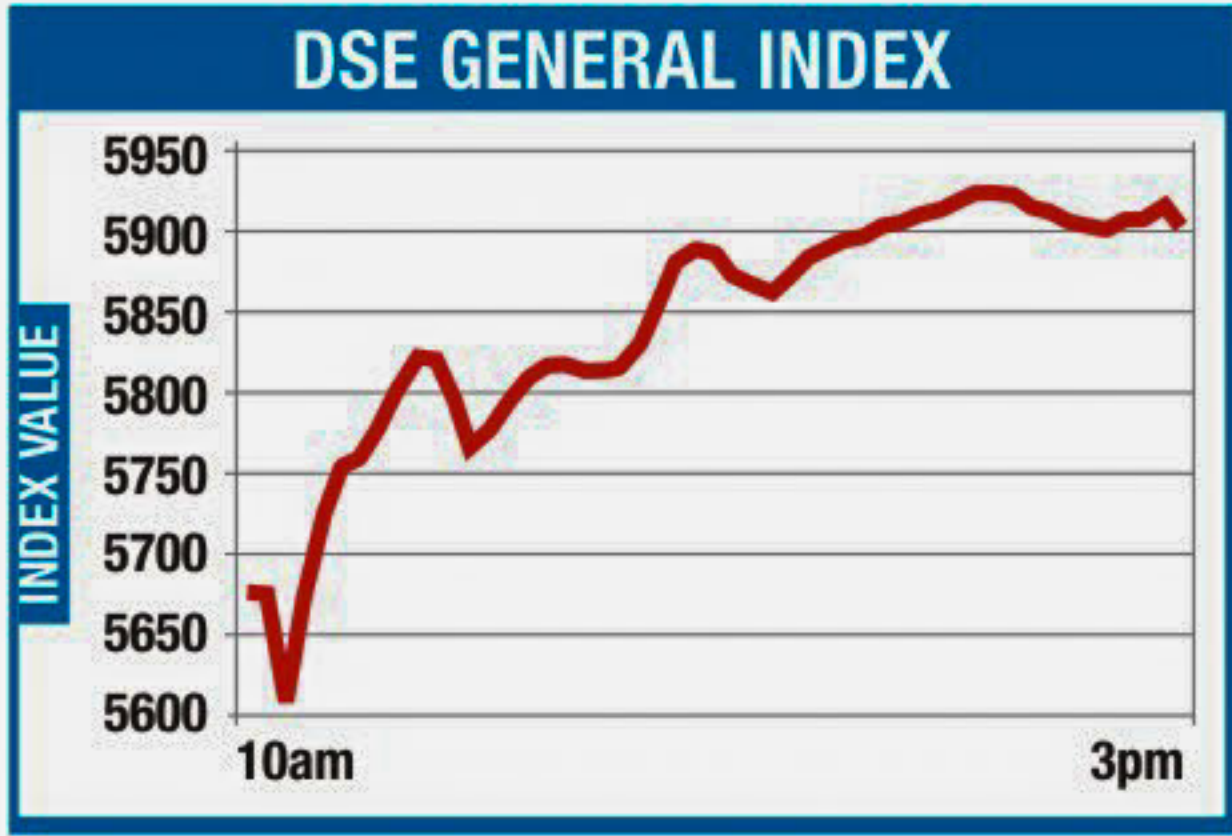
Stocks rebounded as investors used low prices as an opportunity to buy shares, a day after the stockmarket suffered a massive slide.

The benchmark general index of Dhaka Stock Exchange (DGEN) gained 228 points, or 4.02 percent, to close at 5,904 points.

Dhaka stocks on Sunday plunged by more than 5 percent or 313 points in reaction to the next fiscal year's budget that offered no incentives to the stockmarket.

The selective price index of Chittagong Stock Exchange gained 368 points, or 3.62 percent, to close at 10,551 points.

However, after resumption of the day's trading at 11:00am, the DGEN experienced a 68-point fall in



just five minutes to dip to 5,608.

A rumour was heard in the market that the Securities and Exchange Commission will issue a directive for directors of listed companies to hold 20 percent shares of individual companies.

A top SEC official, however, said they did not hold any meeting on the issue, nor did they receive any direction from the minis-

try.

Saiful Islam, vice-chairman of BRAC EPL Investment, said the behaviour of the market seemed irrational as investors reacted on Sunday in a negative manner without any justification and investors yesterday realised that there is no reason to sell shares out of panic.

Islam said there is no reason investors should react negatively over any

budget proposal.

Most of the investors went for buying of shares as they are trying to reap benefit from lower price of shares, said Islam. The investors should go for long-term investment in the stock market, he adds.

The banking sector gained 6.3 percent for the second time this month as the rumour of holding 25 percent stakes by the directors pulled the banking sector and other major sectors.

The other major sectors such as non-bank financial institutions gained 4.05 percent and fuel and power sector 1.67 percent respectively.

Grameenphone, which represents the telecoms sector, gained 2.92 percent on the day.

Of the total 254 issues traded on the DSE floor,

247 advanced and seven declined.

Turnover on the DSE stood at Tk 567 crore, down by 4.9 percent from the previous day's turnover.

United Commercial Bank topped the turnover leaders with 74.23 lakh shares worth Tk 39.74 crore.

The other turnover leaders were United Airways, National Bank, Uttara Bank, Aftab Automobiles, People's Leasing and Financial Services, Pubali Bank, City Bank, MI Cement Factory and BSRM Steels.

Pubali Bank was the biggest gainer of the day, posting 9.97 percent rise from the previous day, while the ICB AMCL Mutual Fund was the worst loser, slumping by 2.67 percent.

AirAsia moves on ticket refund

SAYEDA AKTER

Malaysian budget carrier AirAsia will refund money to its clients who bought tickets for the flights after June 30 on its Dhaka-Kuala Lumpur route.

The decision on refunding money came nearly a week after the airline announced suspension of flights on the route from July 1 for an indefinite period.

The refunding process will start from this week, said Nafees Mostafa, station manager of the carrier in Bangladesh. The airline will refund the money in three ways.

Firstly, the clients who have booked tickets in advance for flights within February 2012 can travel within June 30 this year.

"In this case, we'll change the flight schedule to an earlier date on a first-come-first-serve basis for the available seats," said Mostafa.

Secondly, the carrier will refund the entire booking amount through credit cards or travel agents. For that, travellers have to fill in an online form posted on the carrier's website.

Thirdly, AirAsia can issue a 'Credit-Shell' by which one can get service worth the booking amount from other airlines and travel anywhere they like. Credit-Shell will be valid for three months.

In a message posted on its website yesterday, AirAsia said it will notify all affected passengers through phone call, SMS or email, and they will be given a dedicated hotline along with a unique password.

Meanwhile, confusion and tension went high among thousands of passengers as the airline had declared the suspension without any instructions on how it will repay them.

Moreover, AirAsia has so far no official

sales agent in Bangladesh, which helped intensify the confusion.

"Now, we have been instructed from the AirAsia headquarters to inform our clients that we are all set to compensate our clients," said Mostafa.

For more information, the carrier requested passengers, who have made advanced bookings, to contact its call centres.

This decision calmed the nerves of many like Yasif Ahmed Togor, who planned to travel with a group of cousins and his flight was scheduled in October.

"We were shocked when we heard about the route suspension on Wednesday, and were in dark about how to get back the ticket money," he said.

"Now, we feel some sort of relief."

AirAsia launched its Bangladesh operations on March 12, 2009 and started daily passenger flights on the Dhaka-Kuala Lumpur-Dhaka route, which soon become popular among migrant workers and middle-income leisure tourists due to its low fare.

One of the main reasons behind the latest decision of route suspension is the absence of any general sales agent in the country that created a lack of promotional activities, which slowed the profitability of the carrier, insiders said.

Last October, the carrier signed agreement with Tune Aviation Bangladesh Ltd, which is yet to start operation. Insiders claim that the company retreats because of a shift in interest and moves to become a sales agent for another airline.

At present, Biman Bangladesh Airlines, GMG, Malaysia Airlines and AirAsia operates passenger and cargo flights between Malaysia and Bangladesh.

sayedat@thedailystar.net

300 products get duty-free access to Malaysia

REFAYET ULLAH MIRDHA

The Malaysian government has offered duty-free export facility to 300 Bangladeshi products, including main export earning apparel.

The new regime will come to effect soon, said a senior official of the commerce ministry, requesting not to be named.

Last year Malaysia gave the same facility to 19 products, the official added.

The announcement of duty-waiver for the 300 products was made in October last year, although the declaration is yet to come into force.

Major products on the list of 300 include apparels, handbags, shoes, shampoos, suits, children's apparels, wallets, hair colourants, golf balls, imitation jewellery, talcum powder, curtains, tablecloths, blankets, bed sheets, shirts, undergarments, lingerie, nightwear, perfumes and mosquito nettings, the official said.

The new offer will help reduce bilateral trade gap that heavily favours Malaysia, he added.

According to Export Promotion Bureau (EPB) data, during the July-March period of the current fiscal year, Bangladesh imported goods worth \$1.23 billion from

Malaysia and exported goods worth \$29.84 million.

In the last fiscal year, the import amount was \$1.24 billion, while that of export was \$62 million.

"The duty-free facility will benefit Bangladesh. Malaysia might be a good apparel market for us, as its people have a strong purchasing power," said Shafiul Islam Mohiuddin, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

He said there are some markets such as Australia and New Zealand that have a little population with strong purchasing capacity.

Syed Moazzem Hossain, president of Bangladesh-Malaysia Chamber of Commerce and Industry, said the Malaysian government has already allowed duty-free facility to 300 Bangladeshi products. Now it is the responsibility of the Bangladesh government to move fast on the matter, he added.

"We have potential in Malaysia, but we have to explore it. Bangladeshi garment exporters should explore the Asian countries like Malaysia," he said.

reefat@thedailystar.net

Bus owners want import tax to go

STAR BUSINESS REPORT

The Association of Bus Companies, an organisation of CNG-run bus owners, demanded withdrawal of import tax on tyres for buses, proposed in the

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