STOCKS	Week-on-week	COMMODITIES	As of Friday	ASIAN MARKETS			Friday closings	CURRENCIES	BANGLADESH BANK			
DGEN	CSCX	Gold ▲	Oil ▼	MUMBAI	TOKYO	SINGAPORE	SHANGHAI		USD	EUR	GBP	JPY
▼ 1.52%	▼ 2.33%	$1,583.22	$86.01	▼ 0.11%	Flat	▲ 0.79%	▲ 0.02%	BUY TK	81.80	100.09	126.80	1.02
4,164.95	8,030.67	(per ounce)	(per barrel)	17,213.70	8,724.12	2,995.56	2,185.90	SELL TK	81.81	100.11	126.85	1.02

Star BUSINESS

DHAKA SUNDAY JULY 15, 2012, e-mail:business@thedailystar.net

Eight-hour flight suspension from Nov 1

Shahjalal airport upgrade underway

SAYEDA AKTER

The Civil Aviation Authority of Bangladesh (CAAB) is set to suspend flight operations for eight hours daily from November 1 to April 30, 2013 to reconstruct the lone runway of Hazrat Shahjalal International Airport.

No flight will take off or land at the airport from 12.30am to 8am. However, flight operations will be closed from 1.30am to 8.30am during the hajj season, a CAAB official said.

"We have sent letters to all domestic and international airlines that use this airport, so they can adjust their flights with the new timing," said Wing Commander SM Nazmul Anam, director for flight safety and regulations of CAAB.

The CAAB plans to increase manpower in the immigration department and in ground handling, as passengers face hassles at the airport when two or more large planes take off or land at a time, Anam said.

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Govt moves to curb illegal capital flight

Rules in place to stop abuse of transfer pricing

SOHEL PARVEZ

Multinational companies' transactions with their associated enterprises overseas are set to come under strict scrutiny.

The government has designed rules to check illicit capital transfer by foreign companies through misuse of a mechanism, known as 'transfer pricing'.

Transfer price is the price at which divisions of a company transact with each other for goods or services.

It takes place when two related companies -- such as a parent company and a subsidiary, or two subsidiaries controlled by a common parent -- engage in international trade with each other for goods and services.

Transfer pricing is not illegal, but 'transfer mispricing' is, analysts say.

Sometimes, related entities of a multinational firm show artificially high prices for an imported product or service in an attempt to deflate profits to evade taxes. This practice is known as 'transfer mispricing'.

Bangladesh loses a huge amount of taxes because of the abuse of the transfer pricing mechanism by foreign firms, several studies show.

Global Financial Integrity (GFI), a Washington-based firm, said a total of $34.12 billion flew out of Bangladesh between the years 1990 and 2008. It means the country lost $1.8 billion in capital a year during this period, causing the tax authority to lose a huge amount of revenue.

The government designed the rules to ensure that profits taxable in Bangladesh are not understated (or losses overstated) by declaring low receipts or higher outgoings than those actually are.

The rules exist in around 60 countries, including India, Sri Lanka, China and Vietnam.

Under the new rules, which became effective from July I, any international transaction above Tk 3 crore by a multinational or its associated entities from Bangladesh will come under scrutiny of the National Board of Revenue (NBR).

A report from a chartered accountant will have to be submitted to the NBR for transactions above Tk 3 crore in a financial year, according to Finance Act 2012.

Firms will need to provide proof that transactions have been done on the basis of 'arm's length price' -- a price at which two independent or unrelated entities trade with each other.

The arm's length price reflects the price of a genuine negotiation in a market and it is usually considered to be acceptable for tax purposes, according to Tax Justice Network (TJN), a UK-based independent organisation.

But when two related companies trade with each other, they may wish to artificially distort the price at which the trade is recorded, to minimise the overall tax bill. This might, for example, help it record as much of its profit as possible in a tax haven with low or zero taxes, adds the TJN.

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Export-import fees to double

REJAUL KARIM BYRON

The commerce ministry, in a bid to increase the government's non-tax earnings, has proposed doubling of registration and renewal fees for exporters and importers.

In the new policy, the annual import floor has been raised to Tk 5 lakh from Tk 1 lakh.

The registration and renewal fees corresponding to the import floor have been set at Tk 5,000 and Tk 3,000 respectively, from the existing Tk 3,000 and Tk 1,700.

Currently, the most that can be paid as registration and renewal fees are Tk 23,000 and Tk 17,000 respectively, corresponding to annual imports of above Tk 1 crore.

In the proposed policy, they stand at Tk 60,000 and Tk 30,000 respectively, for annual imports of above Tk 5 crore.

If an importer fails to deposit the renewal fee on time, a fine of 100 to 233 percent in excess of the existing fees, have to be paid.

The registration fee for the indenters has been increased by 45 percent to Tk 40,000, while the renewal fee has been raised by 48 percent to Tk 20,000.

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