



BUSINESS

DHAKA THURSDAY APRIL 17, 2014, e-mail:business@thedailystar.net

Export tax cuts concern IMF

The lender demands concrete measures to offset revenue losses

REJAUL KARIM BYRON

The International Monetary Fund has sought a concrete action plan from the government to counter the impact of export tax cuts, expected to bring in revenue losses of around Tk 2,000 crore over the next 15 months.

Last month, the National Board of Revenue (NBR) slashed the export tax on readymade garments to 0.3 percent from 0.8 percent and on all other products to 0.6 percent from 0.8 percent, in a bid to make up for the losses incurred last year due to political turmoil.

The IMF said the political crisis has already hit revenue collections this fiscal year, and the export tax cuts, which will run from April 1 this year to June 30, 2015, will only deepen the shortfall.

Using data from the NBR, the multilateral lender has estimated that the tax cuts will yield forgone revenues of around Tk 2,000 crore.

Subsequently, it has asked the government to forward a list of administrative measures that would be taken to make up for the revenue loss, along with a deadline for adoption and estimated yield in fiscal 2014-15.

The finance ministry has preliminarily set the NBR's revenue collection target for next fiscal year at Tk 150,000 crore, which is 20 percent more than the current year's revised target.

NBR, however, is yet to finalise on the measures to be taken, according to a high official of the tax collector.

"The export tax was deducted at source, so there was little scope for evasion. It was

Export tax cut to cause Tk 2,000 cr revenue losses in next 15 months

Export tax for garments was lowered to 0.3% and for other exports to 0.6%, from 0.8%

Govt decided to reduce the taxes to help exporters hit by political unrest

The benefit will continue from April 1 this fiscal year to June 30, 2015

NBR's revenue collection target may be set at Tk 150,000 cr for next fiscal year

a sure shot source of revenue for us, so we are doubtful that the full amount can be recovered from other sectors. It is too big an amount."

Meanwhile, the government has informed the IMF about the host of tax reform plans that it would propose in the upcoming budget.

The most noteworthy among the reform plans is the intent to overhaul the corporate income tax by gradually reducing the rate and broadening the base, such that overall corporate income tax collections are raised.

At present, the corporate tax ranges from 37.5 percent to 45 percent, which economists and businessmen said was excessive.

The NBR official said they would decide on the exact rate cut after discussing with Prime Minister Sheikh Hasina next month.

Bangladesh can eradicate extreme poverty by 2021, analysts say

STAR BUSINESS REPORT

Bangladesh has the capacity to eradicate extreme poverty by 2021, well before other countries in the subcontinent, analysts said yesterday.

To achieve this, Bangladesh needs to bring one million extreme poor families out of poverty each year until 2020, they said.

The observation came at an inter-ministerial meeting co-organised by the Rural Development and Cooperatives Division (RDCD) of the government and Economic Empowerment of the Poorest (EEP) at Cirdap auditorium in Dhaka.

EEP, a partnership programme between the Department for International Development (DFID) and the government, was adopted to eradicate extreme poverty to achieve the millennium development goals.

MA Quader Sarker, secretary to RDCD, chaired the discussion attended by representatives of 10 ministries, which are directly involved in the process of dealing with the poor.

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Rana Plaza trust fund collects \$17m so far

REFAYET ULLAH MIRDHA

Retailers and brands have deposited a total of \$17 million so far with the Rana Plaza Donor Trust Fund to compensate victims of the building collapse that took lives of at least 1,135 people last April.

"The retailers and brands have started depositing money with the compensation fund. We will start paying the victims before the 24th of April, the first anniversary of the building collapse," Srinivasa Reddy, country director of International Labour Organisation, told The Daily Star yesterday.

Of the money deposited, the British brand Primark is paying \$9 million to the 580 workers of New Wave Bottom Ltd, a factory that was located on the second floor of the Rana Plaza building. The payment is being made through the ILO.

The ILO is chairing as a neutral body to disburse the funds to the victims; under ILO's convention 121, a total of \$40 million is needed to compensate the 3,600 workers who worked at Rana Plaza, Reddy said.

A total of 29 retailers and brands that sourced garments from the five factories in the Rana Plaza building are bound to compensate, he said.

THE 29 RETAILERS AND BRANDS THAT SOURCED GARMENTS FROM FIVE FACTORIES IN RANA PLAZA

Adler Modemärkte (Germany)
Auchan (France)
Ascena Retail (US)
C&A (Belgium)
Benetton (Italy)
Bon Marché (UK)
Camaieu (France)
Carrefour (France)
Cato Fashions (US)
The Children's Place (US)

LPP (Cropp, Poland)
El Corte Ingles (Spain)
Gueldernpennig (Germany)
Inditex (Spain)
JC Penney (US)
Loblaw (Canada)
Kids for Fashion (Germany)
Kik (Germany)
Mango (Spain)
Manifattura Corona (Italy)

Mascot (Denmark)
Matalan (UK)
NKD (Germany)
Premier Clothing (UK)
Primark (UK/Ireland)
Grabalok (UK)
PWT (Denmark)
Walmart (US)
YesZee (Italy)

SOURCE: CLEAN CLOTHES CAMPAIGN

Yahoo sees signs of growth in 'core'

APP, New York

Yahoo reported a stronger-than-expected first-quarter profit Tuesday, results hailed by chief executive Marissa Mayer as showing growth in the Web giant's "core" business.

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Rashed Khan Menon, civil aviation and tourism minister, visits a stall of Dhaka Travel Mart 2014 after inaugurating the four-day fair at Sonargaon Hotel in the capital yesterday.

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APRIL 17, 2014

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