programmes were fully justified. "MCCI is particularly happy to see that special attention has been given to transport and vocational education."

In utilising the allocation, higher priority should be given to primary and secondary education and skills development, the trade body said. "MCCI is pleased to note that GDP

growth target has been raised to 7.3 percent," it said, adding that as the time progresses, the rate should be raised to 8 percent as the economy has started showing encouraging signs.

The chamber also described financing and implementation as two major challenges in the budget. The government had not achieved the target revenue set for the current fiscal year.

The government's projected bank borrowing, which was the main source of financing the development plans, would be significantly higher compared to the last year's budget, the MCCI maintained.

There must be a cap on the government's bank borrowing; and the concept of public private partnership remains under-utilised, through its proper utilisation, private sector investment could be mobilised, it

The imposition of one percent surcharge on industrial units failing to set up an effluent treatment plant was a good step, the chamber said. "It will encourage establishment of green industries in our country.

It said special attention was needed to contain inflation.

"Increase of national savings is a prerequisite for investment and development of trade and industry. We have not: seen adequate measures in the budget for encouraging savings," the statement mentioned.

It also applauded the proposal to reduce corporate tax rate for companies non-publicly traded.

Withdrawal of tax rebate of 10 percent for listed companies, which declared more than 20 percent dividend, was disappointing, the chamber said, demanding restoration of the facility.

The MCCI, however, welcomed the reduction of tax rate from 0.5 percent to 0.3 percent of turnover and the proposal to enact the new VAT Act and Supplementary Duty Act from July,

The trade body expressed its concerns on the implementation mechanism and monitoring, which it said needed significant strengthening and enhancing to achieve the proposed economic growth.

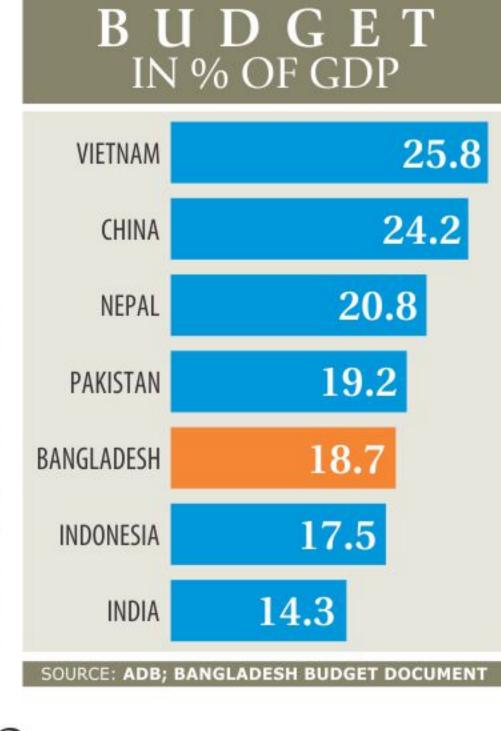
It welcomed the extension of tax holiday up to June 30, 2019, but was disappointed with the budget allowing the legalisation of undisclosed money, which might discourage honest tax-

payers from paying tax. The MCCI was disappointed with the allocation for agriculture, only Tk 19,100 crore or 7.6 percent of the total budget.

Finance Minister AMA Muhith speaking at the post-budget press conference held at the PHOTO:

Osmani Memorial Auditorium yesterday.

STAR



city

No more money whitening scope

FROM PAGE 1

though the issue was not mentioned in Thursday's budget speech, said the minister.

"We will incorporate it [in the budget].

The minister mistakenly mentioned stockmarket as one of the sectors enjoying the scope for whitening black : money. When reporters pointed out the mistake, he referred the issue to National Board of Revenue.

Hussain said the provision is now applicable to real estate, investments in treasury bills and individuals paying normal tax on undisclosed income and a penalty of 10 percent.

"There is no such scope for stockmarket," said the NBR chairman. "As mentioned by the minister, the provision for the existing sectors will go. But we will have to introduce a bill in parliament on the issue by June 30."

Muhith referred to land as the biggest source for investment of black money. There is a huge difference between the registered price of land and its real price.

"This is how the major portion of black money is generated," said the minister.

"We have to think how we can stop generation of black money. But we have not progressed much on the Everybody should support it." issue."

He said the finance ministry would

conduct a study to know the extent of black money in the country and how it is generated. The ministry will also recommend steps for containing generation of black money.

Barring a few exceptions, the scope for legalising black money was given, in one form or the other, in every : budget.

Between fiscal 1971-72 and fiscal 2012-13, about Tk 13,808 crore was whitened. During the period, the NBR received taxes of Tk 1,455 crore, which

is less than 1 percent of the revenue collection target for fiscal 2014-15.

Muhith yesterday admitted that the budget was ambitious.

"From the very beginning, the government has been rolling out ambitious budgets. We have also implemented those. High ambition is good for the country," he said.

"The achievement has been excellent from the very first year. That is why Ghulam Hussain, chairman of the our ability to spend has doubled over the last five years -- a thing that could not be seen in 10 years [before 2009]." "This is the character of the govern-

> ment. High ambition always succeeds. I have no intention to be miser when it comes to successful high ambition." Except for the current fiscal year marred by deadly violence, there was

> only a tiny gap between the budget size and actual achievement, said the minister. Justifying the proposed tax measures regarding gold, he said the government should have taken such

> measures in the past. "It is a good

source for collecting revenue. We should use this source.' "When the NBR told us about the potential source for revenue generation, I told them why haven't you told me about this in the past? Where have you been? ... It will continue.

On the Centre for Policy Dialogue's doubt about BBS' calculation of 6.12 percent growth in the outgoing fiscal year, Muhith said it was unjust and totally unacceptable.

"The BBS independently calculates the GDP. We don't interfere in the matter."

"I strongly refute such stupid allega-

tion," he said. On foreign aid, the minister said the government can't use foreign aid offered in a single year. "The unused

part is accumulated in the pipeline. "It becomes worrying when the

YEAR TAX MONEY COLLECTED WHITENED In crores of tak In crores of take 1971-1975 2.25 0.19 1976-1980 50.76 0.81 1981-1990 45.89 4.59 150.79 15.08 1991-1996 950.41 141.24 1997-2000 2001-2006 827.74 102.77 911.32 9,682.99 2007-2009 2,098.01 279.29 2009-2013 1,455.29 13,808.84 TOTAL SOURCE: NBR

pipeline gets bigger. About \$19 billion of foreign aid has piled up in the pipeline. It was \$9 billion five years ago."

He said one of the reasons behind this was the increase in commitments over the last few years. "We have to take special initiatives to utilise unused funds." Muhith expressed satisfaction at the

opposition party's presence while he was unveiling the budget in parliament. The opposition was present in parliament. It didn't matter in what form, he said.

In reply to a query, he said there would always be crimes in society. "It doesn't mean that you will patronise them. Every individual should protest wrongdoings; otherwise the society will be destroyed."

He said the Pay and Services Commission, which is to recommend a new salary structure for civil servants, will submit its report to the government by December this year. "We will act accordingly."

On the risk of relying too much on the banking system to implement the budget, Muhith said the government never borrowed heavily from banks in

the last six years.

set a target of five percent deficit of the : stakeholders beforehand," said Ali GDP every year, and it didn't go: imam, head of research of BRAC-EPL beyond 4.5 or 4.6 percent, he said.

limit of tax-free income is not seen in : director of Policy Research Institute, any other country, not even in the US: commended the move, saying some where the ceiling has not changed in: investors gain from the market even if the last one decade.

prime minister didn't consent to it ... : positive initiative. Capital gain is part Otherwise, I would have announced: of the normal tax system in any reasonthat TK 220,000 or Tk 250,000 would: ably developed economy." be the limit of tax-free income for the: next 10 years."

"We have given all incentives needed: ments. for the sector." Whenever the sector: faces any problem the government: impose a 15 percent tax if the sharegives utmost importance to it.

have got whatever allocation we dividend payment. wanted."

areas," she said. Inu said the ambitious target for realistic.

Planning Minister M Mustafa Kamal said, "The way we have imple-: mented the budget in the last five: 200 crore through this channel, a form years, we will be able to do the same in : of direct tax. the next fiscal year."

Abdul Mannan, state minister for finance, said people have accepted the present government. "The situation is: incomes, said taxmen. normal in the country."

Bangladesh Bank Governor Atiur BNP keeps Rahman said the central bank is following a prudent monetary policy to contain inflation in the next fiscal: mum on

On Thursday, Muhith announced the Tk 250,506 crore budget for 2014-15, which is 18.5 percent of the country's gross domestic product.

prices would increase, which might

trigger inflation.

garment sector.

Capital gains

beneficiary owner's accounts who get away without paying any tax despite earning millions.

"Our goal is not to tax small investors. We seek to impose the tax on those investors who earn high capital gains from stock investment," said : Syed Md Aminul Karim, member of tax policy wing of the National Board of Revenue. Market analysts though were not

welcoming of the move, as it is likely to have a negative impact on the short-

The market has been downbeat in recent weeks amid growing worries about the central bank's possible move : to reduce stock exposure of banks.

DSEX, the benchmark index of Dhaka bourse, lost 166.42 points or 3.54 percent from 4,562.96 in the month to June 5. The DSEX closed 4,396.54 on Thursday, losing 4.45 points or 0.10 percent a day before.

The latest move is likely to propagate the descent, they said. "This will surprise the market as it

The Awami League-led government : was not consulted with the relevant Muhith said repeated rise in the: But Ahsan H Mansur, executive

: it is sluggish. "We wanted to do the same. But the: "So, they should pay tax. It's a

The rate will remain unchanged for : companies: a flat 10 percent tax on On the agriculture sector, he said, : their realised gains from stock invest-The revenue authority also plans to

Agreeing with him, Agriculture: taxpayer identification numbers to the Minister Matia Chowdhury said. "We: respective company at the time of Shareholders who provide the e-"We are also getting assistance from: TINs will see a 10 percent tax deducthe finance minister in many new: tion on their dividend earnings.

holders fail to provide electronic

Until now, directors of banks, Information Minister Hasanul Haq : insurance, leasing companies, mer-

: chant banks, brokerage firms and revenue generation and the ADP is companies were subjected to 5-10 percent taxes for their realised gains during the submission of tax returns. The NBR expects to get nearly Tk

The tax deduction will be treated as final settlement and no additional tax will be imposed on the capital gain

budget

Govt illegal, says Fakhrul

STAFF CORRESPONDENT

BNP acting secretary general Mirza Fakhrul Islam Alamgir yesterday said the government had placed the budget for the next fiscal year in a bid to : stay in power without people's man-

The CPD distinguished fellow: "I do not want to make any remark slammed the government move to : on the budget as this government is extend the highest cut tax at source -- : immoral and illegal and there is no from 0.8 percent to 0.3 percent -- to the : representation of people in the parlia-

> "I just want to say how much it will appear moral if the immoral people are going to utilise the people's fund," : Fakhrul told reporters after a discus-: sion programme at the Jatiya Press

> When his attention was drawn to a remark made by Awami League leader Mahbubul Alam Hanif about ruination of the BNP, Fakhrul said Hanif, through his comment, had proved that the AL did not believe in democ-

"How a party that believes in democracy can make this kind of remark about ruination of another well established political party. Such comment exposes the fascist character of the Awami League," alleged the

During a political programme in take the country to a higher growth : Kushtia yesterday, Hanif termed the BNP an illegal political party and Fahmida Khatun, research director: urged the BNP spokesman to disband

> CCCI criticised the proposal for not having clear directions on investment. Bangladesh Women Chamber of

> turmeric, pepper, rice, wheat, flour,

Commerce and Industry congratulated the government for continuing the Tk 100 crore in grants for women entrepreneurs in the budget for 2014-15. It said the proposed budget will

further help empower women entrepreneurs and accelerate overall development of the country.

SUPPORTED

30 percent tax for over Tk 44.20 lakh income

Increased wealth surcharge for richer people

Tax cut for non-listed firms Reduced turnover tax for companies

Increased tax at source on land deed value Tax at source on land ownership

transfer in city corporations, municipalities

Health Development Surcharge

Green tax

 Tax holiday extension Tax rebate on setting up industries in lagging regions

Social Health Insurance Programme

DOUBTFUL Achievement of growth target

Revenue collection goal

Foreign aid target

OPPOSED

Black money amnesty

Continuation of rental power plants

Private investment the key

FROM PAGE 1

CPD.

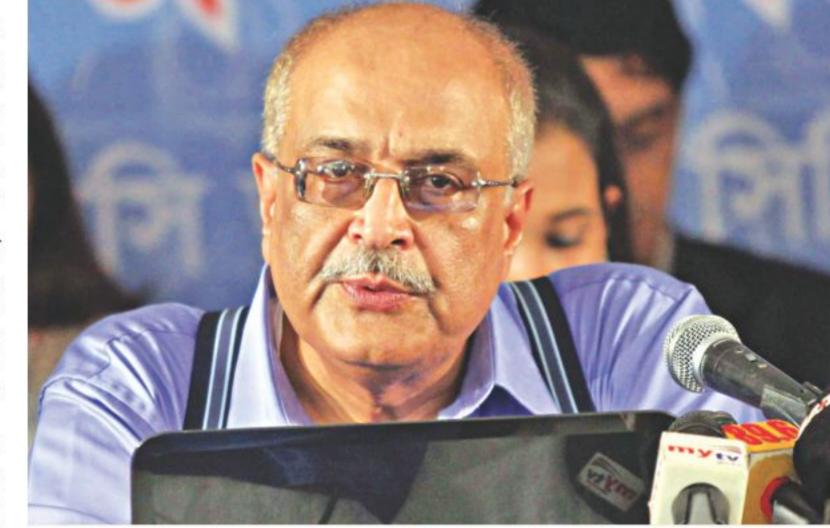
individuals, higher surcharge on wealth of richer people, health surcharge on tobacco products, green tax to curb environmental pollution by industries, imposition of VAT in new areas, increased source tax for land registration, were all welcomed by

About the revenue growth target of 16.8 percent, the think-tank said it is not attainable considering the dismal growth in the outgoing year: the overall revenue collection may fall short by Tk 12,000 crore from the target.

CPD said the budget was not properly designed, as financing it would require \$4.1 billion, which is quite high and seems unachievable in a single year.

Its alternative is to borrow from domestic sources, which comes at an average cost of 8.75 percent as opposed to 0.97 percent for foreign funds, meaning increased interest payment burden, which already got the third biggest allocation in the proposed budget.

"The fiscal framework may once again be found to be vulnerable in the face of reality," the analysis said, adding that the quality of planning in the area of fiscal framework in



Debapriya Bhattacharya speaking at the press briefing yesterday.

Bangladesh remain wanting.

The report went on to question the significant increase in block allocation, an aspect of expenditure that lacks transparency. Some Tk 1,428 crore has been set aside for block allocation in the proposed budget.

CPD came down heavily on the continued provision to legalise black money via investment in residential buildings.

"This provision is an unjust scheme

that creates a culture of tax evasion.

This is also discrimination against honest taxpayers and contradicts other measures of taxation," Debapriya said.

The think-tank also criticised the extension of phase-out period of quick rental power plants, while calling out on the government's failure to implement large power sector projects.

"Is it for keeping dependence on the quick rental power plant forever?" questioned Debapriya.

fuel subsidy, he said the petroleum

"It is surprising why other sectors: face discrimination. The jute industry is suffering the most now. It should receive no less support than garment."

CPD, however, lauded the tax holiday and tax rebate facilities : Club. extended to encourage industrialisation in the less-developed regions of : the country and the exemption of duty on pre-fabricated building and fire safety equipment.

To conclude, it said budget implementation will critically hinge on noneconomic dimensions of institutional and policy environment, such as implementation capacity of the state, oversight capacity and capacity for reforms.

There must also be political stability and a participatory electoral process to create a conducive environment for : BNP leader. businesses, who, ultimately, want to path, it said.

About the 67.35 percent slash in of CPD, and Khondaker Golam; his party first if he had a minimum of Moazzem, additional research director: moral standards.

Challenges aplenty

tion rate at source on garment exports has been reduced from 0.8 percent to 0.3 percent, and for all other exports, the rate has been reduced from 0.8 percent to 0.6 percent to give exports a competitive edge. FBCCI also hailed the government's

proposal to impose a green tax on polluting industries. Muhith, in his budget speech,

proposed imposing 1 percent 'Environment Protection Surcharge' or 'Green Tax' on an ad-valorem basis on all kinds of products manufactured by polluting industries.

"It is a good initiative but the

government should take appropriate In the proposed budget, the tax deducsteps so that taxmen cannot harass the government for reducing the tax to 3 tax collection from the dealers and Ahike in the customs duty rate from maize, salt, edible oil and sugar. companies on collecting such a surcharge," the chamber said.

proposal to exempt duties on the import of billet manufacturing raw materials, such as sponge iron and reduced iron, and increase duties on imported LPG cylinders. "The move will help grow the

domestic industries further," it said. Bangladesh Garment

Manufacturers and Exporters Association (BGMEA) said the proposed budget would have a positive impact on the readymade garment sector as it was given special priority.

Garment makers commended the holiday benefit and reduce the rate of the telecoms operators. percent from 5 percent on the earnings from cash incentives given by the cent. The association also praised the government to the exporters. BGMEA also said a duty exemption

on the import of prefabricated building materials and fire safety equipment would help the sector grow and improve safety standards.

Foreign Investors' Chamber of Commerce and Industry (FICCI) try. termed the GDP growth rate of 7.3 percent ambitious, but praised the budgetary allocation to eliminate the environment.

extreme poverty.

The chamber also appreciated the concern over some proposals, like budget proposal to extend the tax introducing a SIM replacement tax for onions, garlic, gram, lentils, ginger,

distributors from 5 percent to 3 per-

sumed by the pharmaceuticals indus-FICCI also praised the surcharge to

However, the chamber expressed

welcomed the proposals to reduce the rate of corporate tax for unlisted companies from 37.5 percent to 35 percent and the rate of customs duties on a number of raw materials con-

be imposed on industries that pollute

(CCCI) praised the government for withdrawal of the tax at source on opening letters of credit to import basic commodities like potatoes,

2 percent to 25 percent on some

accessories consumed by electrical The chamber, in a statement, also manufacturers will increase the cost of production. FICCI also expressed concern over enhancement of the truncated VAT rate

for transport service providers from 4.5 percent to 7.5 percent, said its state-In another statement, Chittagong Chamber of Commerce and Industry

The association however urged the government to introduce a single digit interest rate for women entrepreneurs

against bank loans and tax relief for women's income of up to Tk 350,000