

## Foreigners come under NBR's greater scrutiny

**SOHEL PARVEZ**

The National Board of Revenue has asked its field offices to increase vigilance to ensure tax collection from foreigners working in Bangladesh.

"We have come to know of tax evasion by foreigners working here. Many of them come to Bangladesh on a tourist or business visa but engage in jobs," said a senior official of the NBR, seeking to remain anonymous.

**KEY POINTS**

- Many foreigners do not get valid work permits and work on tourist or business visas
- Tax evasion due to lack of proper enforcement
- NBR instructs field offices to step up monitoring
- Tax clearance certificate is a must for leaving the country

Subsequently, the tax authority instructed its field offices to properly determine the incomes of foreigners working here and impose taxes in line with the laws.

It also requested the other government agencies to ask the foreigners to get income tax clearance or exemption certificates from the tax offices and submit the documents when they leave the country.

The NBR also instructed the employers to inform their foreign employees about their obligation to pay tax on their earnings.

Foreign nationals are subjected to 25 percent tax on their incomes, with the rate set to go up to 30 percent in the next fiscal year after the passage of Finance Bill 2014 in parliament.

But taxmen said the actual amount of tax does not come to the state coffers

mainly because of under-reporting of income and non-compliance with tax rules in absence of proper enforcement.

Nearly two lakh foreigners are residing in Bangladesh at present, according to an estimate of the Special Branch of Police, with many gainfully employed in the garment industry and the services sector. Indians, Sri Lankans, Chinese, Pakistanis, Koreans and Filipinos make up the majority of the numbers.

But there is no actual data of how many foreigners are working in Bangladesh, due to lack of coordination between government agencies that issue work permits and visas.

The Board of Investment, Bangladesh Export Processing Zones Authority and NGO Bureau separately issue work permits for foreigners. At present, there are more than 10,000 valid work permits in circulation, according to data from the Bol and BEPZA.

But taxmen said not all the foreigners residing in Bangladesh with valid work permits comply with tax rules due to inadequate vigilance.

In addition, liaison offices of foreign companies also cause revenue losses for the state: to evade taxes, they take permission for liaison offices but they function as branch offices, said taxmen.

## 25 Bangladesh firms to join trade fair in Turkey

**STAR BUSINESS REPORT**

Twenty-five Bangladeshi companies from construction and furniture sectors will take part in the "Turkey World Trade Bridge" in Istanbul from June 16-22.

The Confederation of Businessmen and Industrialists of Turkey (TUSKON) has been organising the event—an annual international mega exhibition—in the second largest city of Turkey since 2006.

About 2,000 international participants and 2,100 Turkish exporters will join this year's fair, Turkey-Bangladesh Chamber of Commerce and Industry (TBCCI) said in a statement yesterday.

Bangladeshi businessmen have been participating in the TUSKON with the help of TBCCI.

The participants will exhibit their products and attend business meetings, visit historical places, factories and companies in Istanbul.

Many Bangladeshi products have huge demand in Turkey, which could be the gateway for the products to enter into the European market, according to the statement.



Left, Commerce Minister Tofail Ahmed and US Trade Representative Michael Froman shake hands during a meeting in Washington on Wednesday.

## Tofail pushes for return of GSP

**STAR BUSINESS REPORT**

Commerce Minister Tofail Ahmed demanded duty-free access of Bangladeshi garment items to the US market at a meeting with US Trade Representative Michael Froman on Wednesday in Washington.

Ahmed also demanded reinstatement of the trade privileges as the government has made tremendous progress toward ensuring labour rights and improvement of workplace safety in the last one and a half year.

Nearly 97 percent of Bangladeshi-origin goods enjoyed duty-free access to the US market until the suspension of the generalised system of preferences for Bangladesh in June last year,

in the wake of the Rana Plaza collapse.

But garment, the country's main export, had always remained out of the GSP purview, subjecting garment makers to 15.61 percent duty in the US markets.

Bangladesh paid \$746 million in duty to the US customs for exporting a little above \$5 billion worth, the country's annual average, of garment items in 2012.

Before suspension, Bangladesh used to export 0.54 percent of its total export, or \$26 million, under the GSP scheme to the US in a year.

"Duty-free market access of Bangladeshi apparels into US markets can boost the ongoing progress of the RMG industry that has employed more

than 3 million women in the sector, bringing about positive changes in women's empowerment, child and maternal health, education and other socio-economic sectors," Ahmed said in a statement issued by the Bangladesh embassy in Washington.

Ahmed also briefed US officials on Bangladesh's progresses made in the Action Plan for regaining the GSP to the US market during the Washington meeting.

Bangladesh has taken a series of actions to improve worker safety and labour rights in the garment industry including amendments to labour law and formation of trade unions, Ahmed said.

## Novoair adds new aircraft to fleet

**STAR BUSINESS DESK**

Novoair has added a new Embraer jet to the airline's fleet, taking the number of Embraer planes to three.

"With the induction of another 49-seater Embraer jet, the airline will further consolidate its domestic operations and would shortly extend its wings to some of the regional destinations as well, said Mofizur Rahman, managing director of Novoair.

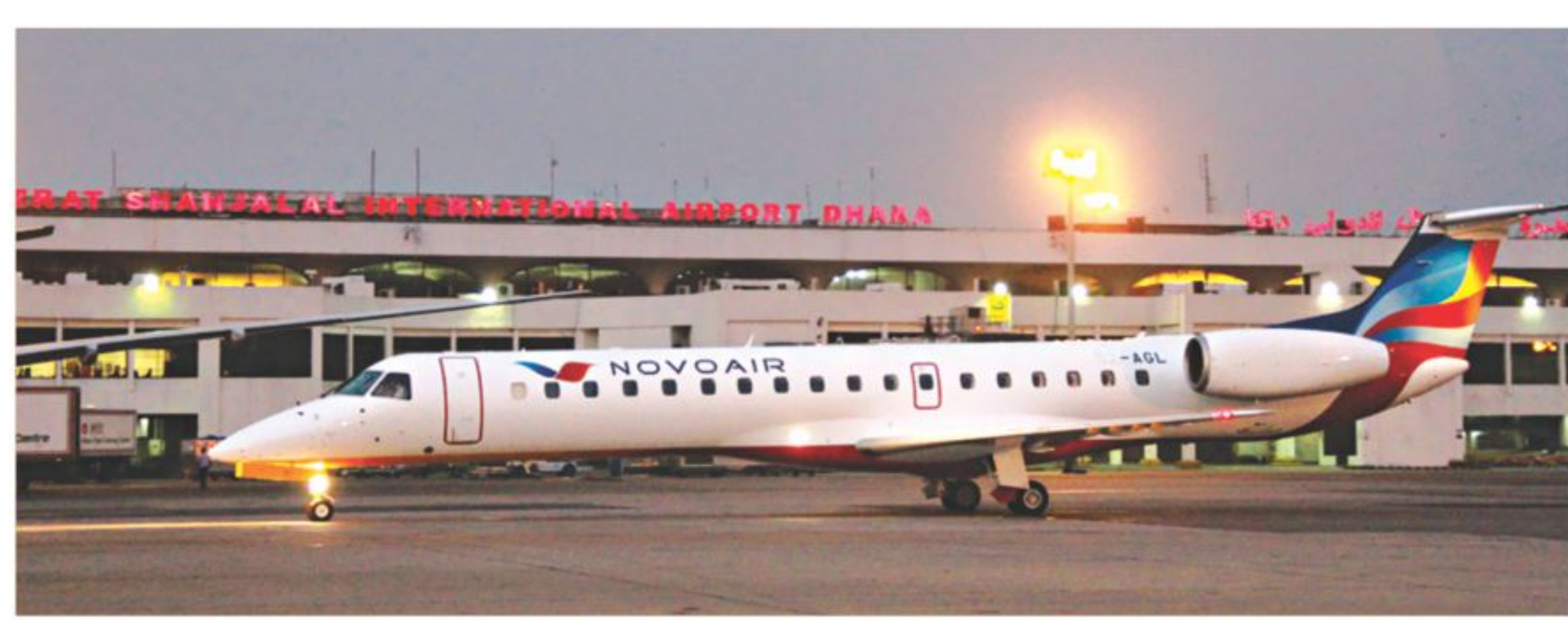
The airline has obtained approval from the Civil Aviation Authority of Bangladesh early this year to start international operations, he said.

Novoair currently operates regular flights from Dhaka to Chittagong, Cox's Bazar, Sylhet and Jessore.

The airline has recently launched a frequent flyer programme 'Smiles' for its customers, a first of its kind by any private airline in Bangladesh.

Novoair taps the growing domestic aviation market as air traffic is gradually increasing on local routes, boosted by expansion of business and industrial activities.

In 2013, some 6.48 lakh people travelled nationally by air, up 10 percent year-on-year, according to data from CAAB.



A new 49-seater Embraer EMB-145 jet, the third aircraft of Novoair's fleet, sits on the tarmac at Shahjalal International Airport in Dhaka yesterday.

## Commonwealth telecom body's meeting in Dhaka in Sept

**STAR BUSINESS REPORT**

Bangladesh will host the 54th council meeting and annual forum of Commonwealth Telecommunications Organisation (CTO) for the first time this September.

The five-day mega event will take place from September 8 with the theme -- ICTs for development: from access to inclusive and innovative services.

The London-based CTO is a platform of 53 members of Commonwealth countries working

to promote telecom and ICT related cooperation.

Nearly 250-300 delegates, including ministers and other high officials from Commonwealth countries as well as regulators, and private sector companies and operators, will take part in the event at Radisson Blu hotel in Dhaka, Bangladesh Telecommunication Regulatory Commission said in a statement.

The CTO council meeting and forum would promote, facilitate and guide members in using ICT

to deliver effective development intervention, Brig Gen Golam Mowla Bhuiyan, BTRC director general, said at a briefing yesterday.

The present strategies emphasise six main areas -- broadband, especially mobile broadband, for rural development including food security, cyber security and cyber crime, ICT for people with disabilities, regulatory environments convergence, digital broadcasting switchover, and the use of ICT in education, the statement said.

## Stockmarket: a weakness in money-laundering battle

**Banking secretary speaks on capital market**

**STAR BUSINESS REPORT**

The Financial Action Task Force has warned Bangladesh to step up its vigilance in the capital market to prevent terrorist financing and money laundering.

M Aslam Alam, secretary of the Banking Division, said the global watchdog pointed out that the stockmarket is a major weakness in the country's monitoring system.

Due to the non-practice of maintaining know-your-customer (KYC) and suspected transaction (STR) reports in the capital market, keeping a watch on terrorist financing and money laundering becomes difficult, FATF said.

"Unless the issues are addressed, Bangladesh might be grey-listed by the FATF again," he said, while requesting the stock exchanges and the brokerage houses to maintain KYC and STR reports.

Bangladesh got out of the global financial watchdog's grey list in January, due to which there has been a great reduction in the cost and time of financial transactions with the rest of the world.

Alam made the comments while speaking at a meeting between the finance minister and officials of the twin bourses at the secretariat yesterday.

At the meeting, Finance Minister AMA Muhiith blamed the "fatkabaz" (speculators) for volatility in stockmarket.

"Lots of people who are investing in the markets are not investors. They are fatkabaz, that's all," he said.

Khairul Hossain, chairman of Bangladesh Securities and Exchange Commission, said the regulator and the government are blamed whenever the market falls.

"But we have no fund, we do not sell or buy shares, we do not make profit. So it's not possible for us to give instant support to the market."

The twin bourses urged the finance minister to scrap the tax on capital gain from share sales for individual investors in the upcoming fiscal year.

Stock investors are set to be slapped with a 3 percent tax on capital gains upwards of Tk 10 lakh in the next fiscal year. Furthermore, for gains above Tk 20 lakh, a 5 percent tax will be applicable.

As the finance minister proposed tax exemption for five years at a graduated rate for the demutualised stock exchanges, the bourses sought the benefits at a fixed rate.

The exchanges also requested the finance minister to increase the limit of tax-free dividend income to Tk 50,000, whereas the minister in his budget speech proposed Tk 15,000 from the existing Tk 10,000.

The DSE and CSE also urged the finance minister to reduce the tax on capital gains for exchanges' shareholders to 5 percent from the proposed 15 percent.

## AirAsia launches first flight into loss-making India

**REUTERS, Bangalore**

AirAsia Bhd's Indian joint venture launched its debut flight on Thursday, promising the budget airline would buck the trend of accelerating losses that is hurting rivals and break-even around October.

High costs, low fares and a highly competitive market have left all but one of India's big airlines losing cash. Jet Airways Ltd and SpiceJet Ltd last month reported record losses as a price war intensified.

But Chief Executive Mittu Chandilya believes his airline can break-even "in four months". "India is a huge potential. My goal

would be to scale up as soon as possible. We're looking at bringing in maybe an aircraft a month," Chandilya told reporters in Bangalore hours before its first Indian flight - to the coastal state of Goa - took off.

Chandilya declined to give specifics on its cost base - key to profitability in the cut-throat Indian market - but said AirAsia's cost structure was one of the lowest in the industry.

AirAsia India will have to juggle some of the highest fuel costs in the region, an array of local and national taxes, and heavy price discounting by rivals desperate to win market share. Competition is set to increase further too, when Singapore Airlines Ltd's joint venture with the Tata Group starts

## Stocks end week on a flat note

**STAR BUSINESS REPORT**

Stocks ended on a flat note yesterday as shaky market momentum left investors cautious about fresh bids.

DSEX, the prime index of the Dhaka Stock Exchange, ended at 4,408.80 points after falling 2.36 points or 0.05 percent.

The shariah index of Dhaka bourse, DSES, however, managed to close on a positive note, gaining 1.56 points or 0.15 percent to close at 1,018.23.

"Changing preferences forced market dynamics to remain volatile," said IDLC Investments.

However, expectations of upcoming corporate declaration and lower net asset value sent investors toward mutual funds, it added.

Almost all the mutual funds gained, with eight of them featuring in the top ten gainers' chart. The sector gained 3.02 percent.

"The market remained choppy on the closing day of the week, with the benchmark index closing on flat red zone and turnover value down to six session-low," LankaBangla Securities said.

Turnover declined 15.68 percent from the previous day to Tk 368 crore.

A lower growth forecast by the World Bank than the government's target for fiscal 2014-15 and a 3.4 percent fall in remittance flow in the first 11 months of the fiscal year might have sapped investors' appetite, said the stockbroker.

Of the 296 issues that traded on the DSE floor, 133 advanced, 132 declined and 31 closed unchanged.

A total of 0.85 lakh trades were executed, with 7.69 crore shares and mutual fund units changing hands on the Dhaka bourse.

All major sectors ended in the red except telecoms and pharma, which advanced 1.43 percent and 0.07 percent respectively.

The food sector was the highest loser with a loss of 1.94 percent, followed by power 1.06 percent, non-bank financial institutions 0.61 percent and banks 0.28 percent.

Grameenphone dominated the top turnover chart with its transaction of 11.31 lakh shares worth Tk 33.85 crore, followed by Lafarge Surma Cement, BSRM Steels, Appollo Ispat Complex and Square Pharma.

Grameen Mutual Fund One was the day's highest gainer, posting a rise of 9.76 percent, while Wata Chemicals ended up as the worst loser, slumping 16.37 percent.