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BUSINESS

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High tax looms over luxury cars

SOHEL PARVEZ

The revenue authority is set to slap higher advance tax for owners of luxury cars in the upcoming fiscal year in an attempt to meet the steep revenue target.

A new tax slab will be introduced for vehicles above 3,500CC, which are typically luxury cars or sports utility vehicles, said a senior official of the National Board of Revenue.

A tax of Tk 1.25 lakh will be imposed during registration or fitness renewals at the Bangladesh Road Transport Authority (BRTA), which would be adjustable with total income tax, he said. At present, owners of vehicles above 2,800CC are subjected to a Tk 1 lakh advance tax.

"It is rationalisation of the tax rate. We are planning to impose higher advance tax for owners of high-end cars while keeping the existing amount of tax for low- to mid-range cars. It will help ensure equity in taxation."

There would be no change in advance tax rates for vehicles of up to 2,500CC; the existing rate of Tk 50,000 will continue.

The move comes at a time when the sightings of high-end vehicles are on the rise.

Car importers said a portion of SUVs were imported by lawmakers enjoying duty-free import privilege as the existing duty for cars above 2,751CC is very high. But there are allegations that a section of

lawmakers sold vehicles to businessmen after importing.

Under the new scheme, which is due to take effect from July, the NBR is seeking to introduce a slab for the 3,000-3,500CC range, where Tk 1 lakh will be applicable.

Another slab will be put in for the 2,500-3,000CC range, where the advance tax would be Tk 75,000.

However, people owning microbuses will have to pay Tk 20,000 advance tax, up from the present Tk 15,000.

Abdul Haq, a director of the Federation of Bangladesh Chambers of Commerce and Industry, said the high tax should be slapped on luxury cars and not on utility vehicles.

The NBR's tax collection from car registration and fitness renewal is rising fast due to introduction of online payment system by BRTA.

Collection as advance tax from car registration and fitness stood at Tk 545 crore in July-May, whereas it was Tk 487.55 crore for the whole of fiscal 2012-13, according to NBR.

The amount of tax collection from car registration and fitness renewal was only Tk 50 crore in the fiscal 2009-10, when the government reintroduced the tax after a six-year gap.

BRTA does not have an estimate of the total number of luxury cars or SUVs in the country. But of the 20,47,408 vehicles registered with the BRTA until May, 259,126 are saloon cars and 37,936 are Jeeps.

India moves to curb onion exports

PALLAB BHATTACHARYA, New Delhi

India yesterday imposed a minimum export price (MEP) of \$300 a tonne on onion to curb its overseas sales amid an inflation scare that threatens to stoke public anger over rising prices at local food markets.

Prime Minister Narendra Modi has made tackling inflation his top priority after widespread resentment about rising prices contributed to the exit of the previous government last month.

Onion is now selling at Rs 25-30 a kg in the Indian capital, up from Rs 15-20 a fortnight ago. Until early March, the minimum export price was \$150 a tonne.

India's move is likely to fuel onion prices in Bangladesh markets as traders may squeeze supply.

In Dhaka, onion prices ranged between Tk 28 and Tk 35 a kg yesterday, a 5 percent rise from a month ago, according to Trading Corporation of Bangladesh.

The MEP, the rate below which no exports are allowed, has been re-introduced barely three months after India's previous government abolished it in March.

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Implement GI law soon to protect indigenous products

Analysts say at CPD discussion

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The government should immediately frame rules to implement a law, which got passage last year, to protect the patent rights of traditional products such as jamdani sari, hilsa fish and nakshi kantha, analysts said yesterday.

The geographical indicative (GI) products cannot be registered under the law in absence of the rules, they said.

GI is a name or sign used on certain products to certify that they possess certain qualities because they are made as per traditional methods or enjoy a certain reputation due to their geographical origin.

As a result, the country is losing the patent rights of some traditional products, such as jamdani sari and nakshi kantha, especially to India, they said.

The government passed the Geographical Indicative Products (Registration and Protection) Act in November last year.

Goods protected by the law will enable the real producers to get higher prices due to their supreme quality, said Debapriya Bhattacharya, distinguished fellow of Centre for Policy Dialogue.

He spoke at a seminar on 'protecting geographical indication products in the context of Bangladesh and way forward', co-organised by CPD and the National Crafts Council of



Debapriya Bhattacharya, distinguished fellow of Centre for Policy Dialogue (CPD), speaks at a seminar on protection of geographical indicative products on Act organised by CPD and the National Crafts Council of Bangladesh at CIRDAP in Dhaka yesterday.

Bangladesh at Cirdap auditorium in the city.

In 2009, India registered the Bangladeshi jamdani as Uppada jamdani saris due to an absence of the law in the country, said Iftekhar Iqbal, an associate professor at the history department of Dhaka University.

Iqbal, who conducted a study on jamdanis, said the ecological context of the production of cotton and finished jamdani products are unique in the Dhaka region.

The jamdani is a part of the national

culture and heritage of Bangladesh and such a long-term cultural and historic continuity of jamdanis is unmatched elsewhere in the world, he said.

"Hence, India's registration of the Uppada jamdani under its GI law is illegal and a violation of existing regulation of TRIPS [Trade Related Aspects of Intellectual Property Rights]," Iqbal said.

The study is a result of a qualitative and quantitative research between September and December 2013.

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Regulator fines Aman Cotton for false docs

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Bangladesh Securities and Exchange Commission (BSEC) yesterday fined Aman Cotton Fibrous Tk 5 lakh for providing false documents with its IPO prospectus.

The stockmarket regulator also fined LankaBangla Investments and Unicap Investments, the two issue managers of the IPO (initial public offering), Tk 5 lakh each due to their diligence failure in submitting the prospectus.

Aman Cotton provided false documents on its land mutation, DCR (duplicate carbon receipt) and land tax with its IPO prospectus, violating securities rules, BSEC said in a statement.

Aman Cotton is primarily engaged in manufacturing of yarn and marketing and selling of products in the global and domestic markets, according to the company's website.

President of TAFE, India now in Dhaka



Mr. G. Hari, President of TAFE, India is visiting Bangladesh from 18th to 19th of June. During his visit he will meet, along with Mr. Sadid Jamil, Managing Director, The Metal (Pvt.) Limited, the Honorable Agriculture Minister Begum Matia Chowdhury for exploring ways of improving farm mechanization in Bangladesh.

TAFE is India's leading manufacturer of Agricultural tractors. It is India's largest exporter of tractors & exports to 88 countries spanning all the key global markets.

The Metal (Pvt.) Limited is TAFE's local partner and is the pioneer in farm mechanization in Bangladesh since 1992.



Atiur Rahman, governor of Bangladesh Bank, speaks to chief executives of non-bank financial institutions at a meeting at the central bank headquarters in Dhaka yesterday.

BB plans to gauge weaknesses of non-bank financial institutions

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Bangladesh Bank will use CAMELS rating to introduce an early warning system for non-bank financial institutions, Governor Atiur Rahman said yesterday.

Rahman said the system will work automatically and help the regulator take preventive actions against flaws.

The central bank uses the CAMELS (capital, assets, management, earnings, liquidity and sensitivity) rating

to evaluate the overall strengths and weaknesses of banks and NBFIs.

"With the rating, we'll be able to identify the weaknesses of an NBFI easily," Rahman told chief executives of the non-banks at a meeting at the central bank headquarters in Dhaka.

"There will be no mercy; we will strictly regulate the financial institutions," SK Sur Chowdhury, deputy governor of the BB, told reporters after the meeting.

Asad Khan, chairman of

Bangladesh Leasing and Finance Companies' Association, hailed the decision.

"It is a sort of 'stress test' for the NBFIs. The move will help the central bank identify weak and problem institutions," said Khan, also the managing director of Prime Finance.

The chief executives of the NBFIs told the central bank high-ups that their business is dull now and any over-regulation could further deteriorate their condition.

Current account surplus erodes

REJAUL KARIM BYRON

The current account surplus has shrunk substantially in the first ten months of the fiscal year, but the foreign currency reserves have been soaring continuously.

Between July and April, the current account surplus dropped 36 percent year-on-year to \$1.38 billion, according to central bank statistics.

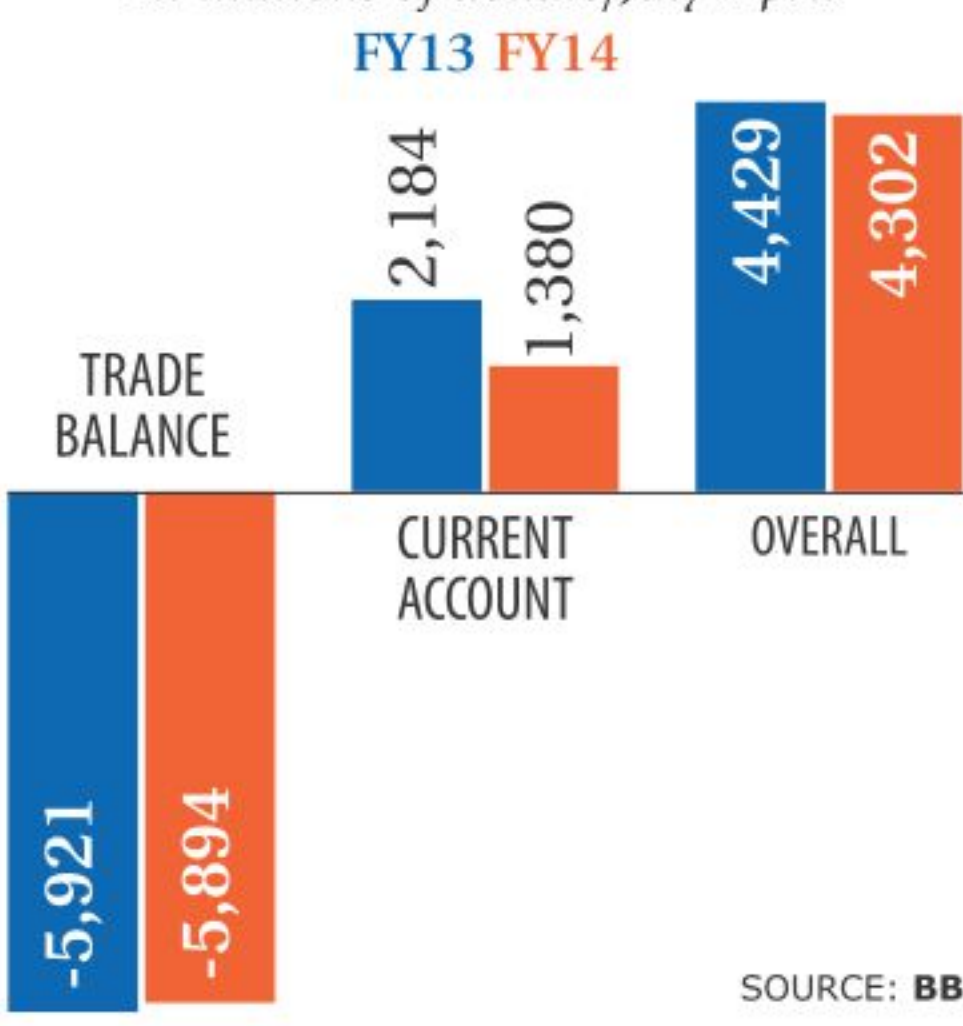
Foreign currency reserves, on the other hand, set another record yesterday, reaching \$21.07 billion, Bangladesh Bank General Manager Kazi Saidur Rahman credits the rise to lower food imports and comparatively higher exports.

Imports rose 10.54 percent year-on-year to \$30.21 billion and exports surged 30.58 percent to \$24.31 billion. The trade deficit is still large—of around \$5.89 billion.

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BALANCE OF PAYMENTS

In millions of dollars/July-April



SOURCE: BB

Merchant banks demand cuts in corporate tax

STAR BUSINESS REPORT

Merchant bankers yesterday urged the government to reduce corporate tax by 2.5 percentage points to 35 percent, which they said will give them relief amid a downtrend seen since 2011.

They said the tax cuts will bring them on a par with non-listed companies, for whom the finance minister has proposed a 35 percent corporate tax from next fiscal year. Non-listed companies now pay 37.5 percent corporate tax.

"Merchant banks are going through

serious financial troubles and many of them are incurring losses due to the sluggish market," said Akter Hossain Sannamat, vice-president of Bangladesh Merchant Bankers Association.

Asset management companies now pay 27.5 percent tax, while stockbrokers will have to pay 35 percent tax after the proposed reduction.

Among the capital market institutions, only the merchant banks will pay 37.5 percent tax, though they are the worst sufferers, Sannamat said.

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Participants

Dr. Atiur Rahman, Honorable Governor of Bangladesh Bank graced the occasion as Chief Guest. Among others, honorable guest Mr. Md. Abdul Jalil Chowdhury, AMD of Mercantile Bank Ltd, Mr. Md. Mohashin Miah, MD (CC) of Meghna Bank Ltd, Mr. K.S. Tabrez, MD of DBBL, Mr. Salim Rahman, MD of KDS Logistics Ltd, Mr. A.K.M. Abdullah, Financial Sector Specialist of The World Bank, Mr. Md. Abul Quasem, Honorable Deputy Governor & Project Director of IPFF Project Cell of Bangladesh Bank, Mr. Khalilur Rahman, Chairman of KDS Logistics Ltd, Mr. Niaz Habib, MD of Dhaka Bank Ltd, Mr. Selim R.F. Hussain, CEO & MD of IDLC Finance Ltd, Mr. S.M. Shamsul Arefin, MD of Uttara Finance & Investments Ltd, Mr. Syed Ehsan Quadir, MD of United Leasing Company Ltd, Mr. Abu Zafar Hedaytul Islam, DMD of Trust Bank Ltd were present in the program.

Syndicated Term Loan Facility

BDT 1,980.00 Million

Arranged for KDS Logistics Limited

Implemented by IPFF Project

Lead Arranger & Agent CHAKA

Participants

IPFF Loan: BDT

IPFF Loan: USD

Non-IPFF Loan: BDT