

COMMODITIES		ASIAN MARKETS				CURRENCIES					
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
0.31%	0.56%	\$1,179.80	\$56.60	27,208.61	17,854.23	3,176.35	2,972.53	BUY TK 77.95	93.83	118.79	0.64
4,823.57	9,012.36	(per ounce)	(per barrel)					SELL TK 78.95	97.83	122.79	0.67

জীবনে প্রয়োজন আরো বেশি স্বাচ্ছন্দ্য
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Star BUSINESS

DHAKA THURSDAY DECEMBER 25, 2014, e-mail: business@thedailystar.net

Rescue package on the way for realtors

Housing Minister Mosharraf Hossain says as REHAB fair starts

STAR BUSINESS REPORT

Housing and Public Works Minister Mosharraf Hossain yesterday pledged to announce an incentive package for the ailing real estate sector shortly.

"It is a must to bring dynamism back to the sector," he said at the inauguration of the REHAB Winter Fair 2014.

The real estate sector is passing through a tough time as apartment sales have continued to decline this year too, said Alamgir Shamsul Alamin, president of the Real Estate and Housing Association of Bangladesh (REHAB).

The sector's sales fell as much as 60 percent in 2013 and the situation is not any better now as a significant number of completed flats remain unsold despite the stable political environment.

REHAB recently surveyed 209 companies and found that they were sitting on 12,185 units of unsold flats worth Tk 8,811.19 crore. Since the association has around 1,200 member companies, the actual number is far higher, officials said.

The companies surveyed have sold 1,749 units of flats this year, in contrast to 1,965 units in 2013 and 2,370 units in 2012.

The slump can mainly be attributed to the buyers' lack of access to low-cost home loans.

Apartment buyers now have to pay up to 18 percent rates for loans, which ward people off from going for apartment purchase, said Alamin.

Subsequently, the housing minister has called for a Tk 20,000 crore fund to disburse long-term loans with single digit interest rates to middle-income apartment buyers.

Hossain said many developing countries extend housing loans at lower than 5 percent interest rate to apartment buyers. "Such loans



People visit a stall of Rupayan at the Real Estate and Housing Association of Bangladesh's five-day fair that began at Bangabandhu International Conference Centre in Dhaka yesterday.

have been absent in our country."

"We will have to provide low-cost loans to keep the real estate sector alive," he said, while citing the sector's multiplier effect.

The sector has around 300 backward and forward linkage industries like cement, iron and steel, bricks, electrical equipment, tiles, fittings and ceramics and they too have been hit hard by the sluggish apartment sales, according to the REHAB president.

Hossain said his ministry will urge the prime minister to resume the scope to legalise undisclosed income through apartment purchase.

Such benefits will help reduce illegal capital flight from the country as well as boost apartment sales, he said. He will also call for more housing projects under public-private partnership.

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Tax receipts from depositors' interest earnings rise 78pc

SOHEL PARVEZ

Tax receipts from the interest earnings of savings and fixed-deposit account holders in banks rose 78 percent year-on-year in the last fiscal year.

The National Board of Revenue (NBR) received Tk 5,115 crore in 2013-14, up from Tk 2,869 crore a year ago.

Taxmen attributed the growth to the high rate of interest on deposits and the flow of funds into the banks after people shunned the stockmarket following its 2011 crash.

Continued monitoring by the NBR to ensure deduction of advance income tax also contributed to the increased collection, a senior NBR official said seeking anonymity.

Such collection of advance tax has, however, created criticism that many people with an annual income below the tax-free limit of Tk 2.2 lakh are being taxed when tax evasion by the rich is rife.

The NBR is collecting the tax at a time when Bangladesh Bank is pursuing a policy of financial inclusion and encouraging farmers, social safety net beneficiaries and students to open bank accounts with Tk 10 only.

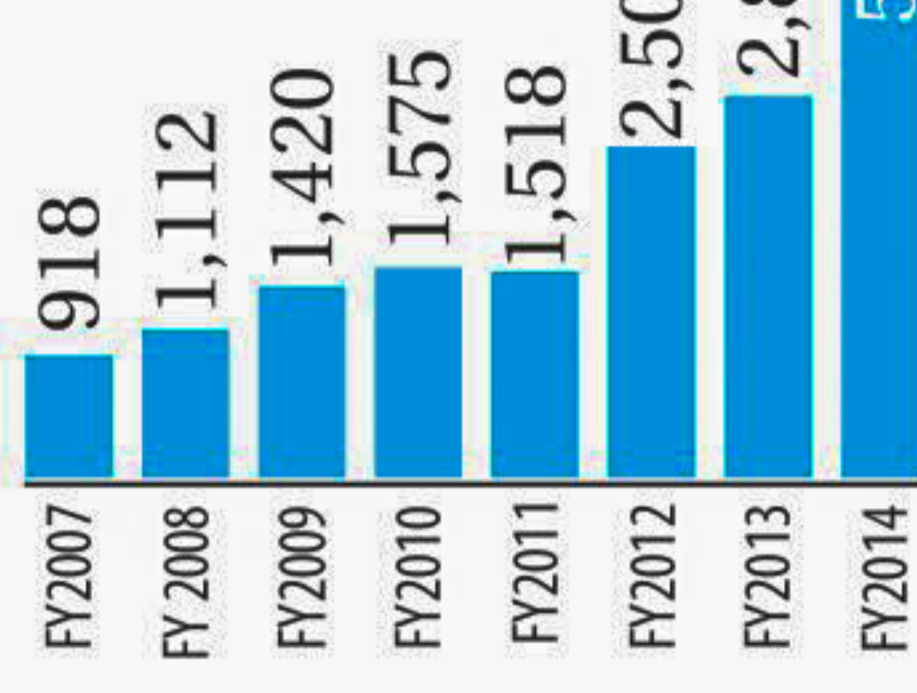
All of the nearly two crore savers now face a withholding tax on the interest income from their savings.

Savers who have deposits less than Tk 1 have to pay 10 percent withholding tax on their interest earnings.

People with over Tk 1 lakh in deposits and without any taxpayer identification number have to pay 15 percent advance tax on their interest income, and with TIN 10 percent.

The tax authority has been collecting such tax for more than two decades as a medium to tax the undisclosed income of

TAX COLLECTION FROM INTEREST ON DEPOSITS
 In crores of taka



those who hide their wealth in tax statements by depositing money using other's names.

Deposits in the banks rose 2.26 percent year-on-year to Tk 637,835.1 crore in October, according to Bangladesh Bank.

Taxmen, however, said tax on depositors' interest earnings is adjustable with the actual tax payable during submission of annual tax returns.

One who does not have taxable income can claim refunds by submitting returns. In addition, taxpayers can seek a waiver if their income is less than taxable income threshold.

"It is not possible for small savers, particularly holders of Tk 10 accounts, to go to the tax office to seek a waiver," said Md Aminur Rahman, former member of income tax at the NBR.

"The culture of giving refunds is also almost absent" in the tax administration, he said.

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PAY COMMISSION SUGGESTS Reimburse income tax for officials

REJAUL KARIM BYRON

The Pay and Service Commission has recommended giving public servants, who pay income tax, an additional half-month's basic salary at the year's end.

The recommendation is part of the report the commission, led by former Bangladesh Bank Governor Mohammad Farashuddin, submitted to Finance Minister AMA Muhith on Sunday.

Since fiscal 2010-11, sixth grade government employees and above have been paying a half-month's basic salary as income tax every year. The recommendation means the employees would indirectly be reimbursed the amount they shell out as income tax.

Before fiscal 2010-11, they would pay the tax first and get it back later from the government. In other words, the public servants' salaries and allowances then were tax-free, which the pay commission led by Farashuddin said was not consistent with the income tax law.

Getting back the amount they paid as income tax is convenient for the government staff but it was discriminatory, the report said. The exercise was not consistent with the idea that all are equal in the eye of the law. Furthermore, the system was complex and time-consuming.

Curiously, the commission recommended a similar move, one which indirectly entailed returning the amount the public servants paid as income tax.

Before independence, the government staff had to pay income tax just like private individuals.

The first national pay commission, formed in 1972, did not give any opinion on whether the government staff would pay income tax or not in its report.

Later in 1974, through a government order, the public servants were exempted from paying income tax. The order said that their income tax will be considered as paid by the government.

In 2004, based on the recommendation of the pay commission, a provision was made that the public servants will first pay their income tax and later through a separate bill they will get back the amount.

Then in 2008, the seventh Pay Commission proposed that the government employees will pay tax from their taxable income but they will not get back the money, a practice which is going on at present.

End red tape to boost economy: DCCI

STAR BUSINESS REPORT

- MAJOR SUGGESTIONS**
- Utility connections to new industrial units
 - Business-friendly environment
 - Single digit interest rate
 - Widening tax net
 - Modifying VAT law
 - Accelerating ADP efforts
 - Tax-free CSR expenses

Bureaucratic tangles and other complexities waste 2 percent of the country's gross domestic product, the newly elected president of Dhaka Chamber of Commerce and Industry said yesterday.

"It is good that Bangladesh is maintaining a 6 percent GDP growth. But we should have higher GDP growth, which is being delayed by bureaucratic tangles, a lack of time-befitting policies and other bottlenecks," said Hossain Khaled, the DCCI leader.

Businesses do not want to see any confrontational political activities like shutdowns and blockades in future, he said.

"We will work together to accelerate the country's GDP growth and attract both foreign and local investment," Khaled said at a briefing at DCCI office in Motijheel.

He termed the lack of long-term investment and industrial policies as a major barrier to foreign direct investment (FDI). "A country like Pakistan, where political uncertainty is rife, is receiving \$7 billion FDI every year, while the amount remains stuck at \$1 billion in Bangladesh," he said.

Frequent changes in policies are also a major problem. "We need long-term policies and a vision that will help attract FDI as well as local investment," he said.

"We need to enhance our productivity and efficiency by making the labour force skilled," he said.

Khaled said the proposed pay hike for

public servants will put pressure on the private sector.

He also said the government should not overlook the issue of inflation, as prices of essentials have increased even before the implementation of the new pay scale.

"We are also urging the government not to impose additional taxes on us to implement the Tk 2,200-crore pay structure," he said.

The cost of traffic jam in the capital city is more than Tk 27,000 crore a year, he said, citing a study by the Institution of Engineers, Bangladesh.

"We lose 32 lakh business hours every day, and the cost of fuel that is wasted every year is Tk 11,895 crore," he said.

The delay in the construction of Dhaka-Chittagong four-lane highway caused loss of Tk 10,000 crore, as found by a study by the Roads and Highways Department, he said. "Several Padma bridges could have been built with all the wasted resources," Khaled said.

Banks are charging high interest on industrial and business loans, he said, calling upon the government to set a single digit interest rate.

The DCCI president said, though the power generation situation has improved, new industrial units are still not getting utility connections. "If this situation continues, it will hurt the overall economy," he said.

He suggested the government widen the tax net, instead of increasing the tax rates.

GP to share profits with employees

ABDULLAH MAMUN

The Grameenphone management has decided to share 5 percent of the company's profits with its permanent employees, in line with a government instruction given in 2010.

The mobile operator's newly appointed chief executive, Rajeev Sethi, announced the decision yesterday at a meeting with Grameenphone Peoples Council, a platform of its employees.

The amount to be shared with the employees reached around Tk 378 crore between 2010 and 2012, said Mia Masud, general secretary of the platform.

One third of the amount will be spent on retirement schemes and the rest will be disbursed among the employees soon, officials said.

"The management of Grameenphone will hand over to the Board of Trustees a list of employees for the period of 2010-2012," the operator said in a statement.

"Grameenphone has been provisioning the Workers' Profit Participation Fund for the years 2010-2012 in the books of account; that fund has been transferred to the trustee fund this year."

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Bol signs deal with Japan's biggest bank to lure in investment

STAR BUSINESS REPORT

The Board of Investment, the country's apex investment promotion body, yesterday signed an agreement with Japan's largest bank to rope in investment from the Asian nation.

The Bank of Tokyo-Mitsubishi UFJ will handhold interested parties to explore investment opportunities in Bangladesh. It will conduct market research and road-shows and provide technical assistance and capacity building.

"Our prime minister has asked us to play a big role in promoting investment to Bangladesh," said Go Watanabe, chief executive officer of the bank's operations in Asia and Oceania, adding that his company will market Bangladesh to the big Japanese corporates.

This is the first time that the Bol has signed an agreement with a foreign institution to bring in investment from abroad, according to Syed A Samad, executive chairman of Bol.

The country received \$1.6 billion in foreign direct investment last year, which is 24 percent higher than in the previous year.

Of the sum, Japan accounted for \$94.37 million, which is more than a twofold increase from 2012. Between January and September this year, some \$292 million have arrived from the Asian nation.

Although the trend is positive, the growth of trade and investment between Japan and Bangladesh is still far below potential, Atiur Rahman, governor of Bangladesh Bank, said. Japan is 10th in FDI rankings.

Citing a recent survey of the Japan External Trade Organisation, Rahman said the country has outlay and profit advantages over many countries as the cost of production is the lowest in the world.

Kazi Akram Uddin Ahmed, president of the Federation of Bangladesh Chambers of Commerce and Industry, said the domestic market of 160 million people will create business opportunities for Japanese companies.

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Tea prices mark 7th weekly gain on winter demand

REUTERS, Dhaka

Tea prices in Bangladesh rose for the seventh straight week at the weekly auction on Tuesday amid strong demand in the winter season.

Bangladeshi tea fetched an average 192.96 taka (\$2.4) per kg compared with 192.04 taka at the previous sale, said an executive with National Brokers Ltd. The price for last week's auction was revised from 192.15 taka.

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