

জীবনে প্রয়োজন আরো বেশি স্বাচ্ছন্দ্য
 সর্বাধুনিক প্রযুক্তি সম্বলিত ব্যাংকিং সেবায় মাসিক আয়ের সাথে বাড়তি আয় যোগ করুন আর জীবন করুন সুসমৃদ্ধ।

যে কোন প্রয়োজনে ০৯৬১২০০১১২২
 ইসলামী শরীআহ'র মুনাবা বা নিতির ভিত্তিতে পরিচালিত

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Star BUSINESS

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Govt panel proposes multiple VAT rates

SOHEL PARVEZ

A government review panel has suggested the revenue authority impose multiple VAT rates, instead of the universal 15 percent in all areas, to help flourish micro and small businesses and protect consumers.

"Multiple rates of VAT are present in many countries, including France, which is the pioneer in introducing value added tax," said Md Jashim Uddin, co-chairperson of the committee and a businessman.

Besides, a 15 percent VAT will lead to spiral in prices of various goods and services and affect consumers, he added.

Businesses said, due to the 15 percent VAT, local products will face tough competition with the imported ones.

The nine-member panel, headed by a former National Board of Revenue member, put forward its recommendations to Finance Minister AMA Muhith early this month.

The NBR formed the committee with representatives from the business community and the government, as the Federation of Bangladesh Chambers of Commerce and Industry demanded review of the new law before its implementation.

The new VAT and Supplementary Duty Act 2012 is expected to be effective from July next year. It will replace the existing VAT Act 1991, which VAT officials say suffers from distortions due to presence of

various types of VAT rates.

The new law, framed at the prescription of the International Monetary Fund, will end the scope for package VAT, VAT determined on a truncated basis and tariff value system that various sectors now enjoy.

The FBCCI had earlier said that the government consulted businesses when the law was being formulated but their recommendations and concerns were not reflected in the final law.

The review panel for the law suggested raising the ceiling of turnover VAT to Tk 36 lakh from Tk 24 lakh to facilitate growth of small and cottage industries, rural enterprises and to reduce hassles of retailers and small businesses.

The committee also recommended increasing the upper limit of annual turnover VAT to Tk 1.5 crore from Tk 80 lakh for companies in the manufacturing, trade and services sectors. It, however, recommended that manufacturing firms, having turnover between Tk 36 lakh and Tk 1.5 crore, should be charged only 3 percent VAT on turnover.

The committee also suggested slapping only 2 percent VAT for traders having turnover above Tk 36 lakh. But the traders will not be able to adjust the tax paid during import.

Instead of imposing 15 percent VAT on all imports and supplies, the report proposed slapping VAT at reduced rates for the firms that are unable to take input tax credit.

KEY POINTS

- A 15% VAT may lead to spiral in prices of various goods and services
- Businesses say flat VAT will put local product in tough competition
- Govt panel suggest raising the ceiling of turnover VAT to Tk 36 lakh from Tk 24 lakh
- Multiple VAT rates are present in many countries

Four garment makers hit by \$5.72m losses

REFAYAT ULLAH MIRDHA

Four garment factories have suffered losses worth \$5.72 million (Tk 45 crore) between January 14 and January 18 due to the ongoing countrywide blockade, the garment makers' platform said.

The disclosure comes as the Bangladesh Garment Manufacturers and Exporters Association has started assessing the damage caused to the sector by the political turbulence. It has asked its members to quote the amount of losses they incurred since the blockade began on January 6.

The loss amount has been calculated on the basis of order cancellations, air shipment fares and discounts to retailers for delayed shipment.

Moreover, the cost of transporting consignments from the factories to the Chittagong port has also risen, owing to greater risks of arson and vandalism on the trucks and covered vans on highways.

BGMEA conducted a similar survey during the previous political impasse in 2013, and based on the findings, the government offered incentives to the affected businesses at that time.

BB makes outsourcing policy for banks

STAR BUSINESS REPORT

Bangladesh Bank has, for the first time, prepared an outsourcing policy for banks using third-party service at home and abroad to help them mitigate risks and meet regulatory requirements.

Banking institutions throughout the world are increasingly turning to outsourcing as a means to reduce costs and achieve strategic aims.

When these third-party service providers handle much of banks' activity -- regulated or unregulated, it may impact their ability to manage their risks and monitor compliance with regulatory requirements, the BB said in a notice yesterday.

Subsequently, banks can mitigate the risks by: drawing up comprehensive and clear outsourcing policies, analysing the service providers' financial and infrastructure resources, negotiating appropriate outsourcing contracts and establishing effective risk management programmes.

The new policy allows banks to outsource 20 types of activities to service providers within Bangladesh, and prior approval of the central bank will not be required for using the services.

The services include mailing, storing physical records or virtual data, verification of address and documents, call centre, marketing for credit cards, among others.

Banks however cannot outsource its core management functions, any of its risk management functions or core banking operations.

But in case of foreign banks, parts of its core management functions or risk management functions can be operated by any of its offices abroad subject to fulfilling conditions, said the notice.

Any outsourcing outside Bangladesh will require prior approval of the central bank.

When engaging service providers in a foreign country, banks should closely monitor government policies and political, social, economic and legal conditions in the countries.

Moreover, an activity should not be outsourced if it impairs BB's right to assess or its ability to supervise, the notice said.

The minimum wages declared by the government of Bangladesh must be taken into consideration while deter-

OUTSOURCING JOBS

- Storing physical records and documents, electronic data
- Printing of cheques, drafts, pay orders
- Telephone operators
- Address and document verification
- Call centre, mail receiving and dispatch
- Marketing credit, debit cards, consumer and SME loans
- Credit related security verification
- Recruitment process before interviews
- Background checking, verification of candidates, employees
- Payroll processing and employee benefit programmes
- CSR programmes
- Customer, industry and market survey
- Servicing cash in ATMs, booths
- Development and maintenance of software
- Maintenance of software, hardware, machines, equipment
- System access management and user support
- Procurement processing
- Sorting, filing and imaging records, documents
- Market and industry information through subscription

mining the rate of wages, salary and compensation, to be paid against services provided by the staff employed by the service provider.

Details of such rates must be clearly stated in the contract, and banks should see through that the terms are being honoured.

Regular audits, at least annually for all outsourcing activities, should be conducted.



Kazi Akram Uddin Ahmed, new chairman of BCIM Business Council, a platform of businesses from Bangladesh, China, India and Myanmar, calls on Prime Minister Sheikh Hasina at Gono Bhaban in Dhaka yesterday.

SECOND INSTALMENT Tk 300cr released for stock investors

SARWAR A CHOWDHURY

The central bank has released the second instalment of the government's Tk 900 crore refinancing scheme for stock investors affected by the market crash in early 2011.

The fund's manager, the state-run Investment Corporation of Bangladesh, will now start disbursing the fund amounting to Tk 300 crore, said its Managing Director Md Fayekuzzaman.

The third and final instalment of Tk 300 crore will be released after utilisation of the second instalment.

Part of the government's compensation package for the ailing stockmarket, the refinance scheme is open to retail

investors whose stockmarket exposure was lower than Tk 10 lakh between January 2009 and November 2011.

The ICB receives the fund from Bangladesh Bank at 5 percent interest and lends it to merchant banks and stockbrokers at 7 percent.

The merchant banks and the stockbrokers then disburse the fund to retail investors at a 9 percent interest rate, according to the guideline of the refinance scheme.

The borrowers will have to repay the loans every three months and should give corporate guarantee against the loans to the ICB, who will deposit the received amount to the refinance fund.

Regulator plans to fine Banglalink

ABDULLAH MAMUN

The telecom regulator has revived a plan to fine Banglalink Tk 10 lakh for offering a package without taking approval as far back as in 2011.

The second largest mobile phone operator will also be asked to return or adjust Tk 9.25 crore as talk-time to its customers, which it earned from the offer, Sunil Kanti Bose, chairman of Bangladesh Telecommunication Regulatory Commission (BTRC), told The Daily Star yesterday.

The package with flat tariff was one of the four packages the operator offered in 2011; but all were deactivated by the BTRC in November the same year.

Of the amount, Banglalink earned Tk 5.9 crore from its existing users and Tk 3.35 crore from the customers who left the operator, Bose said.

"The mobile phone operator earlier proposed to deposit Tk 3.35 crore to the regulator; but we did not agree. It has to publish advertisements asking the users to come back and receive the talk-time."

Asked, Taimur Rahman, senior director of Banglalink, said the operator did not receive any letter yet regarding the matter.

National Feed: best player of the day on trade debut

STAR BUSINESS REPORT

Share prices of National Feed Mill more than quadrupled to Tk 42.5 on its trade debut yesterday.

The company's flying start boosted turnover, the most important indicator of the stockmarket, by 13.4 percent to Tk 285.14 crore compared to the previous day.

National Feed Mill captured 12.67 percent of the total turnover.

Listed with a face value of Tk 10 per share, the company oscillated between Tk 49 and Tk 40, before closing at Tk 42.5 on Dhaka Stock Exchange.

The company's 81.27 lakh shares traded on the premier bourse, generating a turnover of Tk 36.13 crore.

The company raised Tk 18 crore by floating 1.8 crore shares of Tk 10 each through initial public offering approved by Bangladesh Securities and Exchange Commission in August last year.

The IPO proceeds will be used for the company's expansion, working capital enhancement and repayment of bank loans. National Feed deals in poultry, livestock, and aquatic feed business.

The company's net profit stood at Tk 2.22 crore with basic earnings-per share of Tk 0.56 during July-September period of 2014.

It has three units, all in Gazipur, with each unit having a production capacity of 5-8 tonnes an hour. Its monthly sales run into 5,000 tonnes.

Despite National Feed Mill's positive reinforcement, most of the other stocks were in the negative territory with the key indices declining for a second day.

DSEX, the benchmark general index of the premier bourse, fell 50.29 points or 1.02 percent, closing the day at 4,867.08 points.

Charges for cash withdrawal from other banks' ATMs to go up

REJAUL KARIM BYRON

Customers are set to incur more charges for taking out cash from ATM booths of banks other than their own.

At present, it costs Tk 20 to take out cash from another bank's ATM booth, but the charge is split evenly between the customer and his/her bank.

But banks have urged the central bank to excuse them from paying half of the Tk 20-charge, as it is the customers who enjoy the service and not them, said a high official of Bangladesh Bank.

In other words, banks want their customers to bear the entire Tk 20 cost for the convenience to take out money from any cash machine.

More and more people are now using the option and banks have to pay a significant sum to others as a result. Customers withdrew about Tk 104 crore from ATM booths of other banks last month. The BB took a middle ground: the customer will pay Tk 15 for the service and his/her bank will foot the remaining Tk 5 of the charge.

The official said the central bank will notify all banks of its decision this week.

Meanwhile, in another development seven more banks have entered the National Payment Switch (NPS) system to take the total number to 38.

The NPS system, recently introduced by the BB to cut the risk of carrying large amounts of cash, allows these banks' customers to use each other's ATM booths.

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