

Withdraw tax provision on capital gains: stockbrokers

STAR BUSINESS REPORT

Stockbrokers yesterday asked the tax authority to withdraw the provision of at-source taxes on capital gains made by institutions next fiscal year.

The provision that was introduced this fiscal year could not be implemented for complexities on deducting the tax at source from capital gains, said Trading Right Entitlement Certificate (TREC)-holders, who are stockbrokers.

Custodian banks or merchant banks or financial institutions or TREC-holders are supposed to deduct the 10 percent tax on realised gains derived by any company or firm from share investment until June 30.

The stockbrokers, however, proposed the National Board of Revenue to deduct the tax at source for this year by just calculating the capital gains in an institution's BO (beneficiary owner's) accounts, instead of adjusting the profit or loss in other BO accounts maintained with brokers or merchant banks.

"As we have placed the proposal with NBR, the tax authority has assured us that they will consider these," Ahsanul Islam, convener of DSE Brokers Association of Bangladesh, told The Daily Star after the meeting.

As per the existing provision, he said, it is possible for TREC-holders to deduct the tax at source after collecting necessary information on an institutional investor's net profits or losses from other houses.

The NBR sat with the Dhaka and Chittagong bourses, Bangladesh Securities and Exchange Commission, Central Depository of Bangladesh and DSE Brokers Association of Bangladesh to find ways to implement the provision of deducting tax at source on capital gains.

The Dhaka Stock Exchange in a recent budget proposal also asked the finance ministry to withdraw the provision, stating that such a deduction is not possible.

It would not be possible to collect necessary information, including realised gain and acquisition costs, if linked accounts are maintained in different places, the DSE said.

Also, TREC holders will not be able to calculate capital gains after adjusting the previous five years' capital loss, the premier bourse said.

Moreover, most TREC holders do not have the capacity for this task, it added.

If investors sell their shares in the middle of the year as well as withdraw their money, or a negative balance occurs, it again makes the tax deduction issue complex.

CDF gets new chairman

STAR BUSINESS DESK

Emranul Huq Chowdhury has recently been elected as the chairman of Credit and Development Forum, the Forum said in a statement yesterday.

Chowdhury is the executive director and chief executive of Uddipan, according to the statement.

He is also involved with various national, regional and international philanthropic and development networks and organisations, according to the statement.



USAID's programme to support labour rights

DIPLOMATIC CORRESPONDENT

The US Agency for International Development has announced a three-year worker empowerment programme in Bangladesh to support labour rights, formation of unions and women's empowerment in the garment sector.

The announcement coincides with the second anniversary of the country's biggest industrial disaster, the collapse of Rana Plaza that killed over 1,130 workers and injured double of that.

"USAID's worker empowerment programme demonstrates the United States' vigilance in promoting fundamental labour rights, including workplace safety and health; so tragedies such as Rana Plaza can be prevented in the future," said Jonathan Stivers, USAID's assistant administrator for Asia.

"We have partnered with the government of Bangladesh, international donors, and the garment industry to empower workers by giving them a real voice in this vital sector and to reform labour laws consistent with international standards."

The new programme aims to strengthen the capacity of independent workers' organisations by empowering their members, the US embassy said in a statement yesterday.

The programme will particularly focus on women workers with the skills and support necessary to protect their rights, promote their interests and improve conditions in their workplace and community, according to the statement.

The programme complements the existing global labour programme that trains workers on labour laws, provides legal support to workers and assists workers in organising and registering new unions.

Since inception, the programme has registered nearly 300 new labour unions in the garments industry, covering more than 65,000 workers.

The European Union and the United States in close cooperation with the ILO will remain closely engaged with the government of Bangladesh to continue working together to ensure that economic growth and sustainable development go hand-in-hand with workers' safety and rights.



Biplav Majumdar, vice president of Robi, and Mohammed Irad Ali, a director of Hotel Agrabad, pose at the signing ceremony of an agreement at Robi's corporate office in Gulshan, Dhaka yesterday. Robi's Platinum Ace and Platinum subscribers will get special offers at the hotel in Chittagong.



M Mahfuzur Rahman, head of Bangladesh Financial Intelligence Unit of Bangladesh Bank, inaugurates an anti-money laundering and terrorism financing workshop, at Long Beach hotel in the city yesterday. Sheikh Md Monirul Islam, chief anti-money laundering and compliance officer of bKash, was also present.



Ali Reza Iftekhar, managing director of Eastern Bank, and Giriraj S Jadesha, regional industry head for Asia Financial Group at International Finance Corporation (IFC), exchange documents of a services project agreement, in Dhaka recently. IFC will provide services to EBL for credit scoring of SME loans, consumer loans and credit cards, customer management and non-financial services strategy.



Atiur Rahman, governor of Bangladesh Bank, presents the Centre for Non Resident Bangladeshis' award for highest remittance growth to Md Shafiqur Rahman, managing director of Social Islami Bank, at Pan Pacific Sonargaon Hotel in Dhaka yesterday.

BB must have more control over money market

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The sales of saving certificates rose 77.42 percent to Tk 26,533.48 crore in July-February from the same period a year ago, according to BB.

The spike is due to the high interest rate of 13 percent offered by the government on the instruments, while the rate is below 10 percent for banks; there are some instruments that are tax-free too, said officials.

"I will request the government to either reduce the interest rate on savings certificates or give control over the rate to the central bank," he said.

A reduction in the interest rate on savings certificates might facilitate a cut in bank rates and stimulate investment, he added.

"If it is done, investment will pick up," said Paul, urging the government to control taxes and fiscal issues.

The average lending rate declined to 12.32 percent in January from 12.46 percent in December, according to BB.

Inflation went down to 7 percent from 12 percent in the last three years, but the average lending rate did not go down to that extent due to institutional rigidity towards a downward revision, he said.

Many companies are switching to foreign borrowing because of the high lending rates in Bangladesh, Paul added.

However, foreign direct investment or FDI remains insignificant as a percentage of the gross domestic product, he said.

"We have to increase the efficiency of our bureaucracy. Our economy is strong but the institutions are not," he said, citing foreigners' complaints about weak

institutions.

BoI Executive Chairman SA Samad said FDI is less than 2 percent of GDP.

He said foreign investment is led by supply, and Bangladesh should be an attractive destination to foreign investors because of various incentives offered by the government.

"It does not depend on me. It depends on those who invest. Investors have choices, but as an economist, I asked why we are not getting it."

"I do not think there is any flaw in whatever we have designed to attract FDI," Samad said. FDI has been increasing since 2009, he added.

It cannot be explained why the member states of the Organisation of Islamic Countries get only 2 percent of global GDP and why China gets 10 percent, said the BoI chief.

"I believe Bangladesh is an attractive investment-wise, as it has a high rate of return and investment is secure here."

Most investors who went to Vietnam and Myanmar have already left those countries. "People do not keep record of that but, in Bangladesh, the investment that has come has stayed and most profit is reinvested."

Prime Minister's Energy Adviser Towfiq-e-Elahi Chowdhury said Bangladesh has made strides on economic and social fronts ranging from steady economic growth to poverty reduction. The standards of living have also improved, he added.

Some 70 percent of the population now has access to electricity, which was 45 percent a couple of years ago, he said.

Venezuela may have missed \$24b in oil revenue in 2014

REUTERS, Houston/New York

Venezuela, struggling to pay for essential items such as food and medicine amid strict foreign currency controls, may have failed to collect about a third of its potential oil revenue in 2014, a Reuters analysis suggests.

The OPEC member nation likely realized just over \$50 billion in oil revenue in 2014, according to an analysis of publicly available data and estimates based upon past performances of Venezuela's oil sector.

But as a result of generous financing mechanisms to allied nations through cooperation agreements and imports of crude oil and various products, Venezuela potentially deprived itself of about \$24 billion in oil revenue last year, the analysis suggests.

An exact figure for both realized and deprived revenues is unavailable given the absence of specific data from Venezuela's state-owned oil company, Petroleos de Venezuela (PDVSA), and the government. Accompanying this story is an interactive calculator allowing users to input their own estimates for some of these unknown elements.

The fact that the country holds the world's largest proven crude reserves has generally persuaded investors that it can afford to service its debts, in spite of Caracas' rhetoric lambasting capitalist imperialism.

That confidence is eroding amid the collapse in oil prices and the crumbling of the state-led economic model, resulting in prices on sovereign and quasi-sovereign U.S. dollar-denominated debt dropping to levels typically associated with a default.

Stocks suffer steepest fall since Nov 2013

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Losers massively outnumbered gainers 248 to 37, as 22 securities remained unchanged on the DSE.

All the sectors faced the frenzy of panic sales. Among the major sectors non-bank financial institutions declined 4.07 percent, fuel and power 3.08 percent, engineering 2.83 percent, textiles 2.6 percent and bank 2.39.

ACI Formulations was the day's best performer, advancing by 9.02 percent, while Popular Life Insurance was the worst loser, slumping by 35.62 percent.

Chittagong stocks also fell sharply yesterday with the bourse's benchmark index, CSCX, slumping 166.9 points to 7,648.09.

Losers beat the gainers, as 181 scrips declined and 26 advanced, with 16 securities remaining unchanged on the Chittagong Stock Exchange.

The port city bourse traded 85.95 lakh shares and mutual fund units, generating a turnover of Tk 32.85 crore.

Correion

In an interview -- Commitment earns him success -- published on B4 yesterday, it was mentioned that Anis A Khan is now serving his second term as the CEO of Mutual Trust Bank, where his service may be extended for another term. Actually, the board of Mutual Trust Bank has already extended the contract of Khan as its CEO for another four years to November 30, 2019. The new contract came into effect on April 15 with the approval of the central bank. We regret the error.

Britons and Greeks reviving Cyprus tourism

AFP, Nicosia

A surge in British and Greek tourists ensured visitors to Cyprus rose more than a quarter in March, helping its bailed-out economy battle a three-year recession, official data showed.

Tourism arrivals to Cyprus soared 25.7 percent to 97,479 compared with the same month of 2014, according to the state statistical service.

Arrivals from Britain -- the island's largest tourism market -- leapt 35.5 percent to 41,149, helped by heavy advertising and a weaker euro, which made Cyprus a cheaper destination.

Tourist numbers from Greece spiked 50 percent in March to 10,557, while arrivals from Germany rose 14.6 percent to 7,443.

The figures were partly offset by a 3.4 percent decline in tourists from Russia -- the island's second biggest market -- to 7,855 last month.

Sonali gets new chairman

STAR BUSINESS REPORT

The government has appointed former senior secretary Fazle Kabir as the new chairman of Sonali Bank.

Kabir has been appointed as a director as well as the chairman of the state-run bank, the Bank and Financial Institution Division at the finance ministry said yesterday in a circular. His appointment came a week after AHM Habibur Rahman resigned from the bank citing personal reasons, eight months before the end of his tenure. Kabir retired from public service as the finance secretary in 2014.

Sliding euro a boon for importers

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Bangladesh maintains single currency pegging -- the US dollar -- to determine the exchange rate for the taka.

If the value of the dollar rises or falls, so does the currency pegged to it. Officially, Bangladesh Bank has a floating of market determined exchange rate. However, the BB trades actively in the dollar/taka currency market to impact the effective exchange rates.

Most of the country's exports to the EU are denominated in the dollar, so the exporters were not exposed to the EUR/USD exchange rate fluctuations.

And, the slide of the euro did not affect local exporters unless they agreed to do the transaction in the euro.

Exporters said 10-15 percent of the country's exports to the EU are done in the euro and this segment is badly hurt by the steep exchange rate fall.

"Exporters who accept euro LCs [letters of credit] from their buyers in the EU have been impacted hugely. Many of them will incur big losses," Hasanat said. Exports to the EU may also be affected as buyers are negotiating to cut the price further due to the weakening euro, said Anwar-ul Alam Chowdhury Parvez, a former president of Bangladesh Garment Manufacturers and Exporters Association.

Monzur Hossain, senior research fellow of Bangladesh Institute of Development Studies, has urged the policymakers to follow the exchange rate keenly and take measures accordingly to reduce the risks.

One option could be competitive devaluation of the dollar, Hossain said.



RN Paul, a director of RFL; Md Rashedur Rahman, chief operating officer of Rangpur Metal Industries; and Mohamed Iqbal, general manager of Lichfield Fire and Safety Equipment Co (LIFECO), pose at a programme on Saturday. RFL is now the sole distributor of LIFECO products in the country.

Chief Guest	: Mr. Shaikh Abdul Aziz, Hon'ble Managing Director & CEO.
Special Guest	: Mr. Mohammed Rabiul Hossain, Deputy Managing Director.
	: Mr. Sultan Ahmed, Executive General Manager.
Presided Over	: Mr. Syed Saidur Rahman, GM & Zonal Head, Chittagong Zone.
Dated : 25 April, 2015. (Saturday) Venue : Hotel Agrabad, Chittagong.	



Shaikh Abdul Aziz, managing director of Uttara Bank, and Mohammed Rabiul Hossain, deputy managing director, pose at the bank's second branch managers' conference held at Hotel Agrabad in Chittagong on Saturday.