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এসআইবিএল রিটেইল ব্যাংকিং

এসআইবিএল ইসলামিক কনজুমার ফাইন্যান্স

এসআইবিএল অটো ফাইন্যান্স

যে কোন প্রয়োজনে ০৯৬৯২০০৯২২২

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BUSINESS

DHAKA THURSDAY JULY 23, 2015

VAT automation gets off the ground

Vietnamese company wins contract to run the automation system

REJAUL KARIM BYRON

Vietnam-based FPT Information Systems yesterday won the contract to automate the country's VAT system in preparation for the new law that will come into effect in July next year.

The move, which comes after much delay due to problems with the initial bidding process, will facilitate the release of the last two instalments of the \$1 billion loan from the International Monetary Fund.

The instalments have been held up partly due to a vendor not being selected then to implement the VAT automation system.

The government will pay the company Tk 228 crore over five years to install, operate and maintain an Integrated VAT Administration System (IVAS).

The IVAS, which is expected to be fully up and running by December next year, will integrate the 340 VAT offices dotted across the country as well as Bangladesh Bank, the Office of the Comptroller and Auditor General and the income tax department of the tax administrator.

FPT Information Systems won the contract over Canadian Sogema Group by quoting a lower amount.

Passed in 2012, the new VAT law imposes a 15 percent VAT at every stage in which value is added, a decision which was not welcome by the business community.

For implementing the new law, the government has taken a Tk 551 crore project titled "VAT and Supplementary Duty Act 2012 Implementation (VAT Online)", of which Tk 450 crore will be provided by the World Bank.

The VAT Online project will increase the number of active registered VAT-payers to 85,000 within the next five years compared to the existing 35,000, according to World Bank estimates.

The project will include regular disclosure of performance information to the public so they can monitor progress with the project, including the tax collection, according to the WB.

The use of an automated system will help the VAT wing be more effective in resolving disputes and finding irregularities.

The project is aiming to raise the ratio of VAT to gross domestic product by at least 1 percentage point of GDP by 2019, the WB said.

In fiscal 2012-13, the VAT to GDP ratio stood at 3.7 percent.

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DCCI opposes hike in city corporation taxes

STAR BUSINESS REPORT

The Dhaka Chamber of Commerce and Industry (DCCI) has slammed the government's move to suddenly increase trade licence fees, surcharges and taxes in city corporations.

"Although the city corporation fees and taxes increased, no discussion with the stakeholders took place on the issue," the chamber said in a statement.

On March 2, the LGRD ministry issued a notice increasing holding tax to 27 percent from 12 percent. Trade licence fees went up to Tk 5,000 from Tk 2,000 earlier.

As the notice came before June, home owners would have to count additional taxes as they have to pay dues from the previous year, said the chamber criticising the sudden tax increase.

Commercial organisations will have to pay taxes depending on their capital and the rates will range between Tk 1,500 and Tk 15,000.

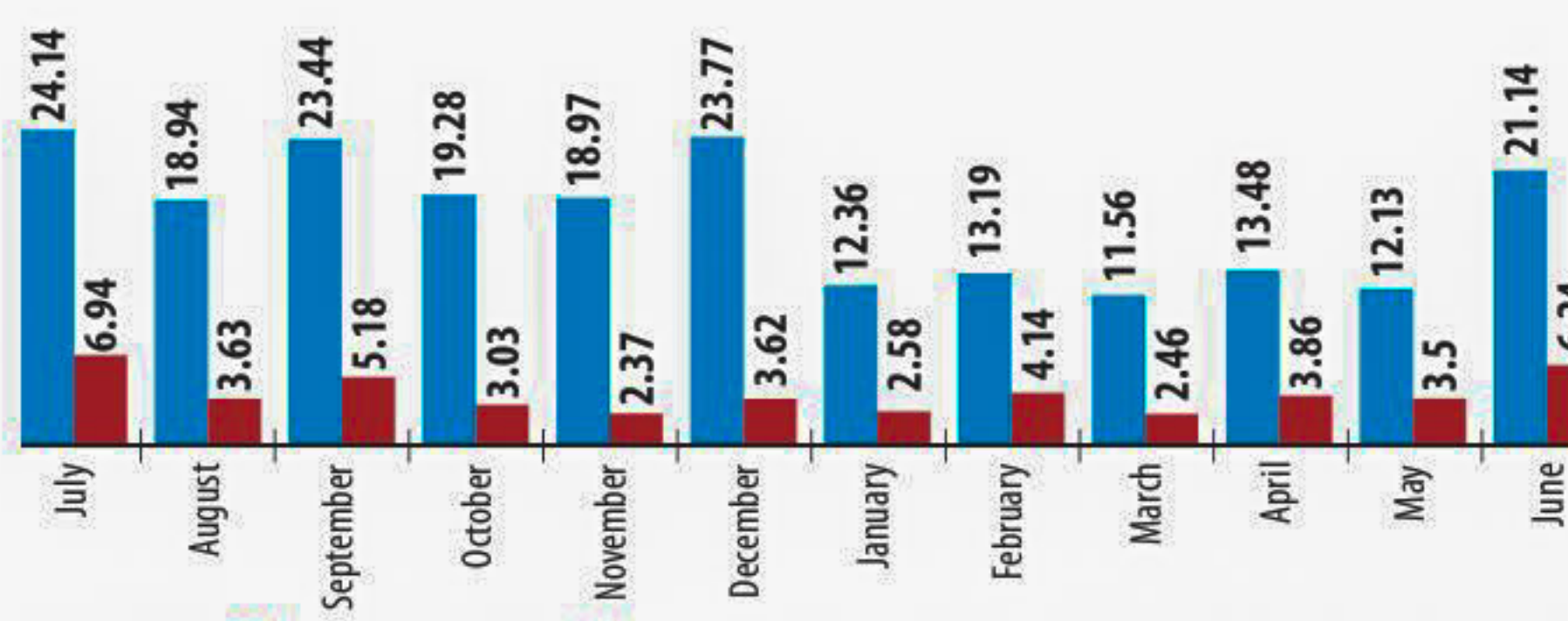
Annual tax paid by importers went up to Tk 3,000 from Tk 1,000, and it increased to Tk 3,000 from Tk 500 for exporters. The hiked rates have already come into effect.

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Mobile importers recovering from turmoil losses

HANDSET IMPORTS

(In lakh; fiscal 2014-15)



SOURCE: MOBILE PHONE IMPORTERS' ASSOCIATION

MUHAMMAD ZAHIDUL ISLAM

Mobile handset importers are gradually recovering from the damage inflicted on their businesses by the political turmoil in the first quarter of the year.

The importers brought in 27.38 lakh units of handsets in June, up 75.2 percent month-on-month, according to Bangladesh Mobile Phone Importers' Association.

The industry passed a sluggish phase in the first half of the year, but customers are now coming back to the market, said Rezwanul Haque, general secretary of BMPIA.

Last fiscal year, some 2.6 crore units of handsets were imported, up 29.4 percent year-on-year.

But between January and May, only

15.85 lakh handsets were imported on average, down from the preceding six months' average of 25.55 lakh.

Of the 2.6 crore handsets imported in fiscal 2014-15, 47.55 lakh units were smartphones.

After the introduction of 3G service, there was a spike in smartphone imports, but there is yet to be any real growth, said Haque, also a director of Symphony.

He however said the handset market is facing a setback due to heavy taxes and strong presence of the grey market.

The government imposed a 20.75 percent import duty on mobile handsets, which includes 5 percent customs duty, 15 percent value-added tax.

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Businesses urge govt to fast-track gas supply

STAR BUSINESS REPORT

Business leaders yesterday called for gas connections to industrial units by next month, which the government promised to give against demand notes.

The government issued some 70 demand notes for new industrial gas connections, while entrepreneurs have already paid the necessary fees to get the connections.

"Only eight to ten units have received the connections so far," said AK Azad, former president of Federation of Bangladesh Chambers of Commerce and Industry or FBCCI.

The government is dithering over giving the new connections, Azad said at a press conference on the 'Potential in current industrialisation and steps for implementation', organised by FBCCI in Dhaka.

FBCCI President Abdul Matlub Ahmad said they are not in favour of gas-based industrialisation; there must be power-based industrialisation in the long-run.

"The government will provide power and we will set up industrial units."

But the government should immediately give the connections that it committed to, Ahmad said.

"The industries are not able to start production and are facing losses," he said, requesting the government to issue the connections by August.

There are many industries that are using captive power in the absence of an adequate electricity supply, he said. "Captive power generation increases their production costs. They cannot expand their businesses and are falling behind in competition."

"There is no alternative to a smooth gas and electricity supply to encourage investment as well as continue existing production," the FBCCI chief said.

Referring to Bangladesh Economic Survey 2015, he said the country has 14.56 trillion cubic feet of gas storage and yearly demand is around 800 billion cubic feet.

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Workers of Swan Garments stage a sit-in outside the National Press Club in Dhaka yesterday, demanding due wages and Eid bonuses. The factory has been shut since April.

Committee mulls selling Swan land to pay workers

REFAYET ULLAH MIRDHA

Four bigas of land belonging to the owner of Swan Garments might be sold off by the committee formed to pay outstanding salaries for more than 1,300 workers, Labour Secretary Mikail Shipar said yesterday.

The committee will sit in a meeting today at the office of the Department of Inspection for Factories and Establishments (DIFE) in Dhaka to discuss all possible ways of arranging the required funds for

payments, Shipar told The Daily Star by phone.

The labour ministry formed the committee headed by Inspector General of DIFE Syed Ahmed last week as Swan Group's two units have remained shut since April this year. The Chinese owner of the group died on April 22, he said.

"Earlier, on June 26 we advertised for the sale of the land in a local newspaper, but nobody responded as the owner could not be contacted," he said.

"But now we have found the heir to the factory and the land and have called the wife [a Bangladeshi] of the owner to the meeting," Shipar said.

There is no scope of selling the machinery of the two factories of Swan Group, situated at Mollartek in Dhaka, as the company's assets are mortgaged with a bank for Tk 42 crore.

"So far, we found that the group holds four bigas of land in Dhaka, which we will try to sell for funds to pay the workers with," he said.

Primary estimates put a month's salary bill over Tk 80 lakh.

"We need at least Tk 4 crore to settle all workers' payments," Shipar said.

"However, we don't know as yet if the land is mortgaged to a bank or not." "In case of no resolution, we will have to resort to a settlement through the courts," he said.

Some Swan Garments workers have been demonstrating for payments in front of the National Press Club over the last few days.

Four rental power plants get extension

STAR BUSINESS REPORT

The government yesterday renewed contracts with four gas-based rental power plants with renegotiated tariff rates to maintain smooth supply of electricity.

The decision came at a meeting of the cabinet committee on purchase chaired by Finance Minister AMAMuhith at the secretariat.

One of the companies, Energy Prima, applied for extension of its contract by five years for its 50-megawatt plant in Fenchuganj since the previous agreement expired in February.

But a technical committee of the government has extended its contract by three years with a reduction in power tariff from Tk 3.536 to Tk 3.262 a unit.

Similarly, the 145MW Ghorasal power

plant of Aggreko International Project also got an extension for three years with tariff cut to Tk 3.268 from Tk 4.75 a unit.

The tenures of Aggreko's 85MW plant in Brahmanbaria and 95MW plant in Ashuganj were extended for a year.

The new tariff for the Brahmanbaria and Ashuganj plants has been fixed at Tk 3.268 a unit, down from Tk 4.75 a unit.

The decision came in the light of the government move in September 2013 to extend the contracts of rental and quick rental power plants from three to five years as the government requires more time to begin operating its coal-based power plants.

Earlier in April, the tenure of three other rental power plants run by Energy Prima was extended by three years and that of Venture Energy Resource by two years.

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