

Tax fair logs in record number of visitors

Fair comes to a close today

STAR BUSINESS REPORT

The weeklong annual tax fair is set to conclude today with the highest foot traffic in the event's six-year history.

In the six days so far, some 6.50 lakh taxpayers have called in at the fair, up already from last year's total count of 6.49 lakh, according to the National Board of Revenue, the organiser of the event.

Tax collection until the sixth day stood at Tk 1,640 crore, up 25 percent year-on-year.

The number of returns submitted until the sixth day also exceeded last year's total, which indicates the rising popularity of the event, where a hassle-free environment can be found.

The tax fairs surely contributed towards encouraging people, especially the young generation, to submit returns on time, said Sajjad Zohir, executive director of Economic Research Group, a local research organisation.

The increased foot traffic may reflect two factors: one being that people find submitting returns in tax offices to be a hassle, and the other being the on-the-spot issuance of acknowledgement receipts.

This is the sixth year that the NBR has organised the show with the view to expanding the tax net and increasing compliance.

All forms of tax-related assistance can be

TAX FAIR BY THE NUMBERS		
	2014-15	2015-16
Service recipients	544,570	650,569
Tax returns submitted	114,770	122,855
Tax collection (in crores of Tk)	1,315.45	1,640.57

SOURCE: NBR; COMPARISON FOR FIRST 6 DAYS

found at the fairs as well as on the on-the-spot issuance of acknowledgement receipts for returns submissions.

At present, 12 lakh pay taxes -- a number that upsets policymakers, including Finance Minister AMA Muhith.

Of the total population of 16 crore, only 17 lakh have the taxpayer identification numbers (TINs). Muhith plans to raise the count to 40 lakh by fiscal 2018-19 to increase the collection of direct tax, now the biggest source of state revenue.

Zohir said the total receipts may not increase in line with the proportion of expected increase in the number of taxpayers.

"Individuals are in hardships and the local private businesses have also been passing through difficult times. Thus, the size of taxable income of the current taxpayers is likely to fall."

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Another power plant on way

REJAUL KARIM BYRON

The government is set to take up yet another power project at Ashuganj at a cost of Tk 2,931 crore in a bid to enhance the country's energy capacity in line with its growth ambitions.

Of the amount, 80 percent will come from the Asian Development Bank and Islamic Development Bank.

The project, Ashuganj 400 megawatt Combined Cycle Power Plant (East), is due to be placed at today's meeting of the Executive Committee of the National Economic Council for its approval.

The new power plant would have a 289-megawatt capacity gas turbine and a 135MW power generation capacity steam turbine.

The project is scheduled for completion by 2020, when the government has a target of supplying 24,000MW electricity to the national grid.

While Ecneec has approved big power projects in the past, their pace of implementation has been slow, due to which the tenure of the high-cost quick rental power plants has been extended again.

For instance, in 2011 an initiative to set up a combined cycle power plant at Ashuganj (North) with the generation capacity of 450MW was taken.

It was scheduled for completion in June this year, but as of March, only Tk 720 crore was spent from its budget of Tk 3,400 crore. This fiscal year, Tk 660 crore has been allocated to the project.

The ADB and the IDB have been financing 88 percent of this project too.

The project will be implemented by Ashuganj Power Station Company, which also has a 671MW plant at the site.

US team studies labour practices at EPZs

STAR BUSINESS REPORT

A high-powered delegation from the Office of US Trade Representative or USTR that visited Chittagong yesterday sought to know trade union practices in factories housed in the Export Processing Zones.

The management of the Chittagong EPZ (CEPZ) briefed the delegation on its electoral process as well.

However, the team did not visit any factory inside the CEPZ, said Khorshed Alam, general manager of CEPZ.

The team is reviewing the workplace safety progress in Bangladesh as the country has been lobbying with the US to reinstate the generalised system of preferences status, which was scrapped in June 2013 after the Rana Plaza building collapse, citing serious shortcomings in workplace safety and labour rights.

In the EPZs, trade union is not allowed, as the existing workers' welfare associations (WWAs) are seen as a way to address any dispute between workers and management.

The team was also briefed by the inspectors on the election process of WWAs in factories under Bangladesh Export Processing Zones Authority.

"The delegation members were satisfied with the WWA activities as these are working as trade unions to address workers' issues. We highlighted WWAs' activities to the delegation in a presentation as well," said Alam.

Launching trade unions in the factories housed in the EPZs was one of the 16 conditions of the action plan, an American guideline for Bangladesh to regain the GSP status.

The USTR team also visited ARK Sea Food Ltd at Sagorika in the port city to see the working condi-

In the EPZs, trade union is not allowed, as the existing workers' welfare associations are seen as a way to address any dispute between workers and management

tions in the shrimp factory.

On Saturday, the team reviewed Bangladesh's progress in workplace safety measures in the garment sector in Dhaka, which is tied to restoration of the trade privilege.

Michael J Delaney, assistant USTR for South and Central Asia and head of the eight-member team, held meetings with three secretaries -- foreign, commerce and labour in Dhaka -- to review the measures taken by the government under the action plan.

Bangladesh fulfilled almost all the conditions and submitted the progress reports to USTR twice, but the Obama administration did not renew the status, although the trade privilege was given to 122 other countries last month. Of the major conditions, the Bangladesh government amended the labour law of 2006 in parliament in July 2013, two months after the Rana Plaza building collapse.

The government also appointed 235 factory inspectors to fulfil another condition and appointed 218 new fire fighters and 51 building inspectors to fortify workplace safety.

So far, three factory inspection agencies -- Accord, a platform of 200 retailers and brands, mostly European; Alliance, a platform of 26 North American retailers and brands; and a government sponsored inspection agency under the tripartite national agreement -- completed the inspection of 3,407 out of 3,668 garment factories. Of the inspected factories, only 34 were closed due to structural flaws.

All three inspection agencies were formed after the Rana Plaza building collapse to check flaws in structural, electrical and fire safety in the apparel units.

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WB pledges support for Bangladesh growth

STAR BUSINESS REPORT

The World Bank yesterday pledged its strong support to Bangladesh for its endeavours to become a legitimate middle-income country by 2021.

The Washington-based multilateral lender will help Bangladesh create more and better jobs, a key driver of growth and shared prosperity, according to Annette Dixon, WB's vice-president for South Asia.

It will also continue to provide support to improve power, transportation, health and education outcomes, manage urbanisation and mitigate climate change impacts.

Bangladesh will need sustained reform efforts for further advancement from its current status as a lower middle-income country, she said, while praising the country's progress in poverty reduction and economic development.

Dixon's comments came at the conclusion of her visit to Bangladesh in preparation of the WB's Country Partnership Framework for fiscal 2016-20.

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Power trading a solution to South Asia crunch: ADB

MD FAZLUR RAHMAN

Cross-border power trading can help South Asian countries meet their demand for electricity and save billions of dollars, the Asian Development Bank has said.

India, Bangladesh, Nepal, Bhutan, Pakistan and Sri Lanka will enjoy a total benefit of over \$4 billion annually from just six interconnections between them, for a cost less than one tenth of that amount, the ADB found in a study that analysed six projects.

The savings make a compelling case for the near-term interconnection projects, all of which have large benefit-cost ratios, to be fast-tracked so that necessary measures can be put in place to realise the benefits.

"A market-driven process for cross-border power trading together with a regulatory framework across the region that enforces a strong economic discipline would maximise the benefits from the development of interconnection projects among South Asian countries," said the report.

Study authors Priyantha Wijayatunga, D Chattopadhyay and PN Fernando analysed six interconnection projects focusing on benefits that could be delivered by these projects in 2016/17.

The projects are: India-Bhutan grid reinforcement; Nepal-India 400 kV link; India-Sri Lanka high voltage direct current (HVDC) link; India-Bangladesh HVDC link; India-Pakistan 220/400 kV link; and CASA (Central Asia-South Asia) 1000 and India-Pakistan 400 kV link.

The projects will cost some \$229-243 million annually whereas their total benefit would amount to \$3.86-4.13 billion, according to the report.

The analysis of the India-Bangladesh HVDC link found that in the most likely scenario or base-case demand projection,

where peak demand in 2016/17 is closer to the lower end, around 9,000MW, the supply capacity is in excess of this demand, but will leave little unserved energy in the system.

In the second case, if demand growth is stronger, peak demand may be around 11,000MW by 2016, or even higher--in excess of 12,000MW--in the third case.

The first case will yield an average net annual benefit of \$145 million resulting primarily from export of less expensive base-load gas based power from Bangladesh to India.

In the second case, benefits are much higher, at \$234 million, due to the interconnector largely importing power to meet peak demand in Bangladesh.

The third case sees the interconnector being used to import power to eliminate part of the unserved energy. It therefore renders the interconnector to have the highest net benefit at \$389 million.

"The benefit of the link clearly exceeds the cost of the link for all three cases," said the report.

It said on average the benefit-to-cost ratio of the link is in the range of 5.8 to 15.5.

It is a very healthy ratio that makes the link attractive by any standard. If Bangladesh were to find itself in a state of tight demand-supply condition, the benefits are high enough to recover the entire investment in a single year," the report said.

The relative size of the Indian power system, its high growth rate of demand and location relative to other countries, suggest that India has to assume the role of a central hub in driving cross-border power trading to a greater height, at least in the initial stages.

It said the successful development of power exchanges in India has laid a strong platform for cross-border power trading to be operationalised.

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+8801977716257
mfs@fsibld.com
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