

Star BUSINESS

DHAKA THURSDAY FEBRUARY 25, 2016

Agrani MD caught in irregularities

STAR BUSINESS REPORT

The central bank has served notice on Agrani Bank Managing Director Syed Abdul Hamid for lending Tk 136.83 crore to a dubious company in Chittagong by violating a raft of rules.

The irregularities were unearthed during a Bangladesh Bank inspection at the state bank's Asadganj branch in Chittagong between January 10 and January 13 this year.

The branch had disbursed Tk 24.76 crore as cash credit and Tk 112.07 crore to settle liabilities of letters of credit in favour of Zaynab Trading without taking adequate mortgage.

The inspection team was told that Zaynab Trading gave mortgage of 185.50 decimals of land against the loans, when in reality only 33.59 decimals were furnished. The ownership is disputed too.

The office of Zaynab Trading was supposed to be located at Khatunganj in Chittagong, but the central bank inspection team could not find it.

The inspection team's report said Hamid was directly involved in the sanctioning and disbursement of the loans.

In another violation, the Agrani MD took the decision to shift the Asadganj branch to a building owned by the managing director of Zaynab Trading.

The managing directors are not allowed to take such decisions; the responsibility is vested to the board of directors.

Hamid also rescheduled loans of Zaynab Trading going above and beyond the permissible limit.

The report recommended stern actions against Hamid for the irregularities.

Subsequently, he was slapped with the show-cause notice last week and was asked to respond to it by March 3.

After receiving the response, the central bank will take actions as per the Banking Companies Act, said Anwarul Islam, a spokesperson for the BB.

Contacted, Zaid Bakht, chairman of Agrani Bank, said the notice has not been issued to him.

"Rather, it was issued to the managing director of the bank. So, he has to explain the issue to the central bank," he added.

Hamid remained unavailable for comment.

Inequality deepens on unfair tax treaties

ActionAid says Bangladesh has 18 restrictive tax treaties that curb govt's power to tax global firms

STAR BUSINESS REPORT

Bangladesh's inability to levy withholding taxes on dividends paid to overseas shareholders is costing the country millions of dollars a year in lost revenues, ActionAid said in a report.

The clause is one of the total 18 very restrictive tax treaties that hamper the government's power to tax global companies doing business in Bangladesh, unfairly limiting the collection of tax revenue, said the international non-governmental organisation.

Bangladesh has the highest number of very restrictive treaties with wealthier countries in the ActionAid tax treaty dataset.

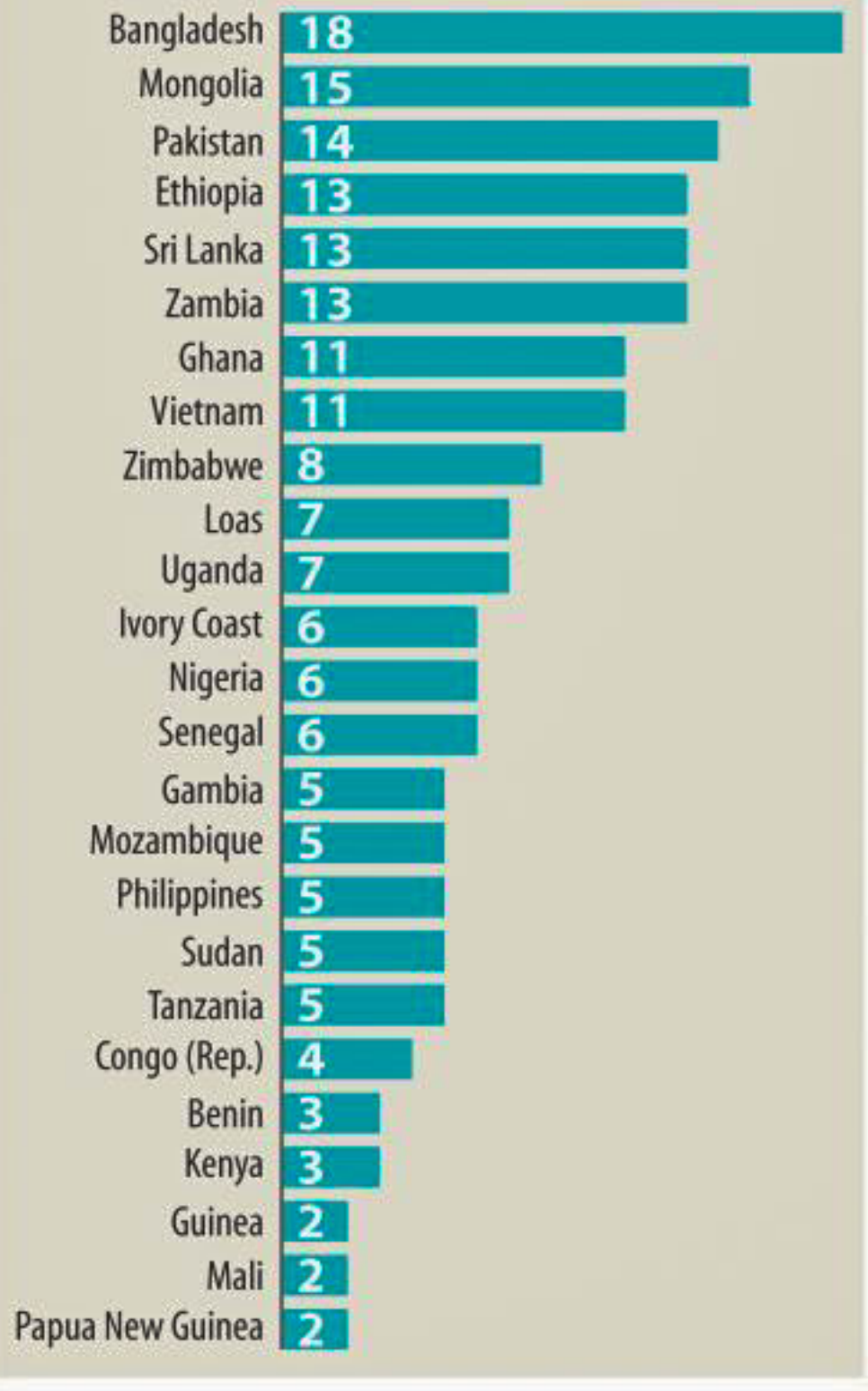
Thirty countries have negotiated dividend tax breaks for direct investment in treaties with Bangladesh, each making small savings for its multinationals.

ActionAid estimates that these small cuts add up to \$85 million given away by Bangladesh in 2013 alone, due to a single rule in the country's tax treaties.

"We estimate, for example, that restrictions on Bangladesh's ability to levy withholding taxes on dividend payments result in a revenue loss of \$85 million annually."

This is especially striking as the country has 66 million people living in extreme poverty, or on less than \$1.9 a day, said the report.

African and Asian lower-income countries with the highest number of very restrictive modern era treaties that risk severely limiting their taxing power



"With an annual total health expenditure of approximately \$25 per capita, remedying this alone could pay for health services for 3.4 million people," the Johannesburg-based organisation said in its report styled "Mistreated".

It is part of a global phenomenon which sees poorer countries losing billions in revenue because of the treaties that stop them taxing multinational companies.

The report is based on ground breaking research that for the first time examined more than 500 international tax treaties, revealing which ones affect the poorer countries' ability to raise taxes on multinational companies.

Treaties often ensure that corporate cash flows from poorer to richer countries untaxed, worsening global inequality and poverty, which imposes the highest costs on women and children in the form of lost funding for key public services like hospitals and schools.

"All national resources that can be mobilised behind the fight for development should be explored. Outdated and unfair treaties make it possible for multinational companies to potentially significantly reduce the tax they pay in lower income countries," said Farah Kabir, country director of ActionAid Bangladesh.

GSP claim grows stronger as EPZs improve labour rights

REFAYET ULLAH MIRDHA

Bangladesh's claim for the restoration of trade benefits to the US market has got stronger as the government took measures to improve labour rights in factories housed inside the export processing zones.

The existing workers welfare associations (WWAs) in the EPZ factories will act as collective bargaining agents (CBAs) similar to trade unions, once the Bangladesh EPZ Labour Law 2016 is passed in parliament.

The cabinet last week gave the nod to the draft of the law, which will supersede the EPZ Workers' Welfare and Industrial Relations Act 2010.

Allowing trade unions in the EPZ factories was the last of the 16 conditions put down by the United States Trade Representative, the chief trade negotiation body for the US government, to regain the Generalised System of Preferences scheme.

Under the new rules, 30 percent workers of a factory would have to ask the Bangladesh Export Processing Zones Authority (Bepza), the regulatory body for the EPZs, for the formation of the WWAs by filling in a form.

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IFC buys 5pc of City Bank

STAR BUSINESS REPORT

The International Finance Corporation, the private sector arm of the World Bank Group, has invested more than Tk 131 crore to hold 5 percent of local City Bank's shares.

The IFC will pay Tk 28.3 for each share, which includes a premium of Tk 18.3.

Rubel Aziz, chairman of the City Bank; Sohail RK Hussain, managing director of the bank, and Wendy Jo Werner, country manager of IFC, signed an agreement in this regard at the capital's Westin Hotel yesterday.

The City Bank, which is a first generation private bank, has applied to Bangladesh Bank, Bangladesh Securities and Exchange Commission and other relevant regulatory authorities for approval of the equity sale to the IFC.

The IFC provides debt, equity and guarantee products in sectors, including financial markets, infrastructure, agribusiness and manufacturing to help enhance employment opportunities, fuel growth and spur innovation.

READ MORE ON B3

United Airways resumes flights

SARWAR A CHOWDHURY

Private carrier United Airways yesterday resumed its flight operations, which remained suspended for three weeks due to an unavailability of aircraft.

Operations recommenced with a daily flight on the Dhaka-Cox's Bazar route with an ATR-72-212 aircraft, said Foyez Ahmed, manager of public relations of the airline.

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DBBL introduces virtual cards for app developers

STAR BUSINESS REPORT

Dutch-Bangla Bank Ltd has rolled out virtual cards for individual app developers and programmers, solving the difficulties they face when making international transactions online.

A virtual card has an annual card limit of \$300.

The amount can be used to pay for games, software licence, mobile and games application development, vendor certification exam fee, domain registration, hosting, cloud service and hackathon on online market places such as Windows, Android, iOS, BlackBerry and Firefox.

Sayem Ahmed, chairman of DBBL; KS Tabrez, managing director of the private commercial bank; and Shameem Ahsan, president of Bangladesh Association of Software and Information Services, inaugurated the service at a press conference at the Westin hotel in Dhaka on Tuesday.

Speaking at the event, Ahsan said individual app developers and programmers have been facing troubles for not having the payment service in Bangladesh.

BASIS has been negotiating with Bangladesh Bank for a long time to take the necessary steps to this effect.

The BB directed banks to issue virtual cards in 2014 to facilitate international payments online.

"We hope the initiative will mitigate the hazards the individual developers and programmers were facing during online international transactions," he said in a statement.

Ahsan said the first step on the path to the app stores is to register as a developer in order to get started with app development.

Global debit card system is essential to facilitate the payments for app store registration fees and domains, and participation at boot camps and courses offered by different international organisations on apps development.

As per directive from the central bank, BASIS will verify whether an applicant meets the criteria of being a developer or programmer.

BASIS will then authorise the authentic applicants to be issued the virtual cards.

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