



# Bank Asia declares 20pc dividends

STAR BUSINESS DESK

**B**ANK Asia declared 20 percent dividends—5 percent bonus share and 15 percent cash dividend—for 2015 at the bank's 17th annual general meeting at Dhaka Ladies Club yesterday.

A Rouf Chowdhury, chairman of the bank, presided over the meeting, the bank said in a statement.

With 5 percent stock dividends, the paid-up capital of the bank would increase to Tk 881 crore, according to the statement.

Shareholders of the company attended the meeting in large numbers. They expressed satisfaction at the overall performance of the bank and approved the accounts for 2015, the bank said in the statement.

Bank Asia Chairman A Rouf Chowdhury presides over the 17th annual general meeting of the bank at Dhaka Ladies Club yesterday. Vice chairmen Mohd Safwan Choudhury and AM Nurul Islam, Chairman of Executive Committee Rumea A Hossain, Chairman of Audit Committee Mohammed Lakiotullah, directors M Irfan Syeed, Farhana Haq Chowdhury, Md Shahajahan Bhuiyan, Shah Md Nurul Alam and Mashiur Rahman, President and Managing Director Md Mehmood Husain and Additional Managing Director Aminul Islam were also present.

# Ageing Israel accords harm Palestinian economy: WB

AFP, Jerusalem

**T**HE Palestinian economy is losing hundreds of millions of dollars every year over outdated or insufficiently enforced fiscal agreements with Israel, a World Bank report said on Monday.

The lost revenue of \$285 million annually was equivalent to 2.2 percent of Palestinian Gross Domestic Product, according to the report prepared ahead of the bi-annual meeting of the Ad Hoc Liaison Committee (AHLC) which coordinates international donor support for the Palestinians.

The Ramallah-based Palestinian Authority (PA) "suffers from substantial revenue losses under the current revenue sharing arrangements outlined by the Paris Protocol", the report said of the 1994 agreement which governs

economic ties between Israel and the Palestinian territories.

It said most of the losses are a result of "tax leakages on bilateral trade with Israel in addition to undervaluation of Palestinian imports from third countries".

The World Bank also noted the handling fees Israel takes for imports en route to the Palestinians, which at the current rate of three percent "significantly outstrips costs incurred by (Israel) to handle Palestinian imports", recommending that the rate be reduced to 0.6 percent.

The World Bank said it could not quantify the losses to the PA because of a lack of access to Israeli data.

The Palestinian Authority has also so far failed to open a "dedicated fund" to receive \$669 million in pension payments collected by the Israeli government for Palestinians

working in Israel.

The World Bank noted recent meetings between Israeli and Palestinian finance ministers over the issues, and Israel's commitment to transfer \$128 million to "offset some of the PA's losses", calling it "highly encouraging as a first step".

"Reviving the Israeli-Palestinian Joint Economic Committee, originally set to monitor implementation of the Paris Protocol and resolve outstanding issues, could significantly enhance economic and fiscal cooperation between the parties," it said in a statement.

Resolving outstanding financial "issues" between Israel and the Palestinians could not only "ease the PA's fiscal stress" and improve its economy but might even "facilitate progress on the political front", the report said.

# Digital kidnappers on the loose

PRABEER SARKAR

**L**AST month, when a medical centre in Los Angeles had no choice but to pay a ransom of \$17,000 to regain access to its IT system, the warning bells were still ringing around the cyber world.

In fact, whistles began to blow across the globe on 'ransomware' quite some time ago. With an impending epidemic at hand, it is no longer a sideline concern.

Ransomware is a malware and it spreads across computers in the guise of most innocent files. One click on the malicious mail, file or link and cyber criminals can take over your PC or system, encrypt all your data, and ask for a ransom to pay to get the data back or regain access to the system.

Does an antivirus software protection help? Yes, some do, to a certain extent. At least for the known variations till date of these intrusions, but not for the latest variants popping up

every now and then.

We are still investigating a digital bank robbery. And sadly enough, we are already raising flags on digital kidnapping.

That is the reality in the cyber security world. Unfortunately, the criminals in the cyber world are worse than in the real world. There is a cyber crime happening every moment in the cyber world. They come in various forms and views. Many just become an epidemic and criminals around the cyber space pick up on the threads of these epidemics to make it even bigger. The cyber crime industry is an extremely profitable one with billions in transactions. Just right now, ransomware happens to be the trendy serial crime.

Just imagine -- you walk into your office tomorrow morning to find that you cannot access your computers. All your data is inaccessible. And some joker is demanding a ransom to release your entire system. God forbid. Let's not even think of the conse-

quences to follow. But the threat lurks out there and anyone or any institution can be the next victim.

Ransomware has already been detected in Bangladesh and the detection rate is getting bigger.

As an initial line of defence, it is highly advised to take regular backup of data so that a system could be restored and to totally avoid opening any file, link, site or mail that is not known.

Practising safety is the foremost solution to cyber crimes. Criminals want us to give in. If we can avoid letting them into our system, we can stay safe to a large extent.

It is high time we started educating on and promoting cyber security. Knowing and understanding the threat is important, before creating the defence line. The government and the media need to give this a serious thought.

The author is the chief executive officer of Officextracts.

# How a boardroom feud left Brazilian steel giant on the brink

REUTERS, Cubatao

**O**N a warm September morning in 2014, the 10-man board of Brazilian steelmaker Usiminas met on the ninth floor of a blue glass tower in Sao Paulo.

In the room, the board members grappled over whether to fire the company's chief executive and two vice presidents after an audit found they'd claimed excessive bonuses.

The battle lines were clearly drawn, according to accounts given to Reuters by several people who attended.

On one side, Japan's Nippon Steel & Sumitomo Metal Corp., a part of Usiminas since it was founded 60 years ago, insisted the executives had to go.

Rallying to their defense was the company they used to work for, Ternium, a steel producer that is part of closely held Italian-Argentine conglomerate Techint. Ternium had bought into Usiminas in 2012 to get a foothold in the continent's largest and most protected steel market.

The tense impasse marked a new deterioration of a conflict between the two controlling shareholders that has now left the survival of Brazil's largest producer of flat steel in doubt.

Brazil's most tempestuous boardroom feud in years was rooted in a broad clash of corporate cultures and mutual suspicion over supply contracts, according to Reuters interviews with over a dozen former and current employees, including board members and senior executives, as well as union heads and lawyers.

A shareholder meeting this week will decide whether to approve an emergency

capital injection of 1 billion reais (\$288 million), but analysts question whether it will be enough to save the company.

Usiminas has already closed one of its two main steel mills, slowed work at its mines and laid off thousands of employees, its problems exacerbated by Brazil's worst recession in decades. Both sides increasingly see breaking up the company as the best way to resolve the dispute.

"It went further than common sense should ever have allowed it to," one former board member said of the feud.

Most of the employees, executives and other sources spoke on condition of anonymity, fearing disciplinary action or trouble getting new work in the sector.

Nippon Steel, Ternium and Techint declined to comment.

Usiminas, which has a workforce of around 25,000, said its Cubatao mill had been shut temporarily due to low steel demand and that all its supply contracts, including those with shareholders, go through a bid process. It declined to answer further questions.

As the tense September 2014 board meeting dragged into its sixth hour, Chairman Paulo Penido broke the deadlocked vote and the three executives were dismissed.

With his vote, Ternium lost its grip on the running of the company and the fight for control of one of the nation's most storied steelmakers, previously carried out behind the boardroom door, broke into the open.

Sources say tension was inevitable from the moment Ternium, an outsider with a strong reputation for cost control and productivity, took joint control in 2012.

# In need of cash, India chases \$117b in elusive back taxes

REUTERS, New Delhi

**T**HE Indian finance ministry is asking for regular progress reports from tax collectors and has set a date for an amnesty to pay off arrears on undeclared domestic assets, as the government intensifies efforts to meet its ambitious deficit target.

A series of announcements in recent weeks aims to streamline tax collection in a country where the tax-to-GDP ratio, at 16.6 percent, is among the lowest among emerging economies. Only about one in 18 earning individuals pays tax.

Arrears now amount to some \$117 billion, roughly four times what they were six years ago.

Yet one tax official estimated only 15-20 percent of that was realistically recoverable, with many major debtors simply unable to pay. Even the lower target would take years to achieve, he said, given India's sluggish legal process.

Tax officials may go increasingly after entities they think can pay, with possible repercussions for long-running disputes between the government and companies such as Vodafone and Cairn Energy.

The need for money is pressing.

In the union budget, Finance Minister Arun Jaitley stuck to an ambitious pledge of reducing the fiscal deficit to 3.5 percent of gross domestic product from 3.9 percent, and improved tax collection could help meet that target.

"The finance minister asks almost every week how much tax arrears have we recovered," said a senior finance ministry official, requesting anonymity as he was not authorised to speak to the media on tax issues. Hasmukh Adhia, the top bureaucrat in charge of revenue and a long-time aide of Prime Minister Narendra Modi, is driving the effort, officials said. Adhia did not respond to an interview request.

"The government has to recover the arrears in any case from the taxpayers from whom it is due," finance ministry spokesman D.S. Malik said.

Jaitley faces big spending demands, including paying for a 24 percent wage hike for nearly 10 million government employees and pensioners this year.

Tax arrears amount to about 6 percent of India's \$2 trillion GDP and are more than the government's market borrowing target of \$90 billion this fiscal year.

In fiscal year 2015/16, authorities recovered nearly \$5.2 billion, according to tax department data as of February 29. But they also



Narendra Modi

raised new tax demands of over \$18 billion.

Some current and former finance ministry officials said they were reluctant to reach settlements or write off losses even when it was clear the money was lost, fearing political retribution and corruption investigations.

Instead, they said they made new demands for back taxes to be paid, raised targets and left others to clean up the mess. One official said he did not know of a single decision to write off a major tax demand in the last 10 years.

Modi's government is trying to modernise the system, tax experts said.

For example, tax officials have been told to not appeal tax tribunals' decisions involving dues of up to 1 million rupees, and Jaitley has offered to settle outstanding tax disputes out of court, although it comes with conditions.

He has promised not to invoke a contentious rule on retrospective taxes, at the heart of a bruising dispute with Vodafone, in future.

"We want people to clean up their taxation issues," Jaitley said last month, while warning of "sleepless nights" to evaders using offshore accounts.

He also offered a three-month amnesty to taxpayers, starting June 1, to pay off taxes on undeclared domestic assets.

A similar scheme announced last year to declare foreign assets yielded recovery of less than \$1 billion in extra taxes. Amit Maheshwari, a Delhi-based corporate

tax consultant, said the government could do little to settle past tax disputes, but was trying to reduce future litigation.

"The government is trying to project an investor- and taxpayer-friendly regime."

Some 4.4 trillion rupees in outstanding tax dues are owed by companies and the remaining 3.3 trillion by individuals, tax department data obtained by Reuters show.

Last year the government told parliament that just 17 people owed the government 2.14 trillion rupees, with each more than 10 billion rupees in arrears.

Among them is Hasan Ali Khan, a businessman who raised racing horses for a living.

In 2007, tax officials raided his offices in Maharashtra state for not filing returns since 2001, and charged him with tax evasion and money laundering violations.

They also slapped a back tax demand on Khan of nearly 370 billion rupees.

After a near decade-long battle, which saw Khan imprisoned for more than four years, the tax tribunal cut his liability to 30 million rupees.

In the ruling on Feb. 29 the tribunal said tax authorities did not have evidence of his income to back their demand and should reassess his case.

Khan was not available for comment. His lawyer said he planned to appeal the new tax demand.



REUTERS/FILE

People walk along the main entrance of Brazilian steelmaker Usiminas in Cubatao, Brazil.