Discounts for Visa cardholders at eateries, fashion houses

STAR BUSINESS DESK

Global payments technology company Visa announced the launch of its "Swipe & Save" campaign for its customers in Bangladesh.

Debit, credit or prepaid cardholders of Visa will enjoy up to 20 percent discounts at popular restaurants and across leading fashion retail brands in the country.

The discount offer will remain available for the customers for six months from April to September 2016, Visa said in a statement yesterday.

Some of the dining outlets which will offer the discount include Khana Khazana, Korai Gosht, Pizza Inn, Emmanuelle's, Food Republic, Kiva Han and Veni Vidi Vici.

Artisti, Ahang, Amber Lifestyle, Smartex and Zaara Fashion Mall are some of the fashion brands which will also offer the discounts, according to the statement.

The campaign aims to encourage customers to use digital payments methods for making everyday purchases, thereby reducing the dependence on cash and enable faster, convenient and secure financial transactions.

"Visa is pleased to bring exciting new offers to customers in Bangladesh for a second consecutive year," said TR Ramachandran, group country manager of Visa for India and South Asia.

"This year we have an even bigger bouquet of offers for customers who can now benefit from Visa's expanding network of merchants."

This is a great partnership with 40 leading merchants who will offer Visa cardholders across 40 financial institutions, with attractive rewards and benefits, while shopping and dining at their favourite outlets, he said.

"Visa customers can now enjoy and celebrate the festival season with their families and loved ones, starting with the Bangla New Year in April, followed by Eid-ul-Fitr in July and Eid-ul-Azha in September."

Visa connects consumers, businesses, financial institutions and governments in over 200 countries and territories, according to the statement.

Oil falls on end to Kuwaiti strike, supply outlook

REUTERS, London

Oil prices fell on Wednesday as investor focus returned to worries about oversupply after Kuwaiti workers ended a three-day strike that had halved the nation's crude output.

Industry data showed US crude stockpiles rose last week, reinforcing concerns about the global surplus. Brent futures LCOc1 were down 77 cents at $43.26 a barrel at 1046 GMT.

US crude CLc1 was down 94 cents, or more than 2 percent, at $40.14, after dipping below $40.

Six supertankers have lined up at Kuwait's crude export terminal to load oil, and the country has raised its output to 1.6 million barrels per day (bpd) from 1.1 million on Sunday. The country produced 2.8 million bpd at the end of March.

The end of the strike revived the bearish mood brought on by the failure of major producers on Sunday to agree to freeze output and help overcome a market imbalance that has caused a slump in prices since mid-2014.

"Kuwait is moving back to full production, and we expected that oil would come off more after the Doha deal fell apart, so we're seeing the impact of that now," said Bjarne Schieldrop, chief commodity analyst at SEB in Oslo.

Data from the American Petroleum Institute showed US crude stocks rose more than anticipated last week.

Crude inventories increased by 3.1 million barrels in the week to April 15 to 539.5 million, the industry group said, compared with analysts' expectations for a rise of 2.4 million barrels.

Investors will now look to data from the US government's Energy Information Administration for more clues on the outlook for global supplies. The data is due out at 1430 GMT.

GP

Grameenphone CEO Rajeev Sethi speaks at the 19th annual general meeting of the mobile operator at International Convention Centre Bashundhara in Dhaka on Tuesday. Shareholders of the company approved 140 percent dividends for 2015.

UCB

Sibel Sanus, group head of financial institutions at Habib Bank AG Zurich, Dubai, UAE, along with other officials of the bank calls on Muhammed Ali, managing director of United Commercial Bank (UCB), at UCB's corporate office in Dhaka yesterday.

British jobless rate hits 10-yr low

AFP, London

Britain's unemployment rate stands at its lowest level in more than a decade, but the jobless total has risen for the first time in almost a year, data showed Wednesday.

Unemployment stood at 5.1 percent in the three months to February, unchanged from the three months to January, the Office for National Statistics (ONS) said in a statement.

That was the lowest rate -- or proportion of the workforce that are unemployed -- since 2005.

The ONS added that the unemployment total climbed by 21,000 to 1.7 million people in the three months to February compared with the previous three months. That was the first increase since last summer.

Ben Brettell, senior economist at Hargreaves Lansdown stockbrokers said "the UK labour market remains in reasonable health", adding that "the increase in unemployment wasn't even enough to change the rate".

DHAKA REGENCY

Dhaka Regency Hotel and Resort Ltd organised a roadshow for its eligible investors on the premises of the hotel on Tuesday for an initial public offering (IPO) under book-building method. The hotel expects to raise around Tk 60 crore through IPO.

Tax not being deducted from govt staff's salaries

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Kashem said all other government officials will be inspired if the chief accounts officer at the Internal Resources Division under the finance ministry starts ensuring tax deductions on the monthly salaries of public employees.

He also suggested the NBR clarify whether the deduction of income tax at source from salaries of public servants is mandatory or not. The CGA office will instruct the accounts officers not to approve the salary bills if tax is not deducted, Kashem added. The NBR included the provision of deducting taxes against monthly salaries of government employees whose annual income exceeds Tk 250,000 during the passage of the budget for the current fiscal year.

Taxmen said basic salary, festival allowance and bonus are taxable and the money should be deducted at source as per the income tax law.

Government employees are required to determine their payable taxes at the beginning of the income year, which is then deducted from the salary every month.

Based on the tax payment, state employees will have to submit certificates on tax deduction, which will be issued by the accounts officers along with the income tax returns, the NBR said. The tax authority expects that up to 3 lakh government employees would come under the tax net due to a hike in their salaries following the new pay scale.

Taxmen said an additional Tk 100 crore may come as a result of the salary spike. Currently, 65,000-75,000 public employees submit returns, said Abdur Razzaque, member of Tax Administration and Human Resources Management of NBR. "Many are not deducting tax against their salaries," he added.

Contacted, NBR Chairman Md Nojibur Rahman said the tax authority would issue an order soon by taking permission from Finance Minister AMA Muhith.

He said he has already sent letters to secretaries to make all government employees aware of smooth tax collections at source. "Many have started deducting taxes from their salaries. But we have started a process of issuing an order to make the tax deduction institutional," he added.

At the event, Kanon Kumar Roy, commissioner of Tax Zone 2, said taxmen could not identify the sources of treasury receipts for lack of information.

As a result, they cannot prevent leakage in taxes, he said, while calling for information sharing between the NBR and the CGA in this matter.

"There is a big leakage. But we cannot prevent it. The conventional monitoring mechanism appears to be ineffective."

Ukraine central bank gets tough with owners of private banks

REUTERS, Kiev

Ukraine will closely track assets belonging to owners of banks to stop the offering of sweetheart loans to shareholders - a practice that helped bankrupt 40 percent of the banking sector, a deputy governor of the central bank said.

So far the regulator has been praised for its clean-up of banks, required under a $17.5 billion IMF-led bailout programme, which since early 2014 has closed 70 insolvent lenders that had become little more than personal piggy banks for their owners.

The progress made in revamping the banking sector is one of the rare bright spots in Ukraine's otherwise lacklustre reform progress, which has stalled over political infighting and corruption allegations to the dismay of Kiev's Western backers.

The central bank has now decided to analyse the business activity of the owners of Ukraine's remaining 110 banks annually to increase the transparency and prudence of lending practices.

"Almost all the shareholders have some kind of business and we will track and evaluate this so that in the case of any negative elements we can prevent risks developing," the central bank's Kateryna Rozhkova said in an interview with Reuters. She pointed to the case of Bank Khreshchatyk, which went bust in April.

A postmortem of the bank's finances showed that over 80 percent of its loans were to its own shareholders, compared with the recommended limit of 25 percent. Its two main owners controlled 60 percent of the company through offshore firms.

"Lending to shareholders is risky for a bank, because often the terms are not based on market conditions, without sufficient collateral, and if negative trends emerge these loans are not repaid," Rozhkova said.

Khreshchatyk could not be reached for comment.

An IMF-backed programme to diagnose the financial health of Ukraine's 20 largest banks, which account for 86.5 percent of the sector, was completed at the start of 2016 and showed that non-performing loans accounted for over 40 percent of their combined portfolio.

The central bank has now given the banks until Jan. 1 2019 to bring down lending to shareholders to 25 percent of capital, Rozhkova said.

It has also imposed new rules requiring owners of banks to establish supervisory boards of independent directors to monitor lending to shareholders and other beneficial transactions.

In 2015 the central bank managed to establish the main shareholders of almost all the banks, nearly a third of whom are owned through multiple offshore companies, according to Reuters calculations based on central bank data.

Understanding who owns what offshore will also help the central bank stem the flow of capital overseas, Rozhkova said.

Over the past two years $18 billion - 60 percent of foreign currency deposits - was withdrawn from the banking system, causing a 65 percent fall in the national hryvnia currency.

France bills McDonald's $341m for unpaid tax

REUTERS

French authorities have sent McDonald's France a 300 million euro ($341 million) bill for unpaid taxes on profits believed to have been funnelled through Luxembourg and Switzerland, business magazine L'Expansion reported on Tuesday.

It said tax officials had accused the giant U.S. burger chain of using a Luxembourg-based entity, McD Europe Franchising, to shift profits to lower-tax jurisdictions by billing the French division excessively for use of the company brand and other services.

McDonald's France declined to comment on developments in the ongoing French tax investigation, first reported in 2014.

"McDonald's is one of the biggest payers of company tax in France and we're proud of it," the group said in a statement emailed to Reuters on Tuesday. McDonald's has paid 1.2 billion euros in tax and invested another 1 billion in the country since 2009, it said, creating 10,000 jobs.

In January 2014, McDonald's confirmed that its French offices had been searched by tax officials three months earlier, after L'Expansion reported that it was suspected of transferring 2.2 billion euros out of the country to evade tax.

The company said at the time it firmly denied the magazine's allegations "according to which McDonald's supposedly hid part of its revenue from taxes in France".

GP's net profits up 4.85pc

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Commenting on audit by Bangladesh Telecommunication Regulatory Commission, Sethi said the audit is yet to start, as Grameenphone has sought some clarifications from the BTRC and the ministry. Hopefully, he said, this will be resolved with a logical conclusion.

Dilip Pal, chief financial officer of Grameenphone, said: "We have delivered four consecutive quarters of revenue growth, driven by strong commercial execution and continued investment in our 3G coverage expansion."

Healthy revenue growth and efficient spending resulted in improved earnings before interest, taxes, depreciation and amortisation margin, according to Pal.

Earnings per share, which rose to Tk 4.15, also improved despite higher depreciation and amortisation, he added.

Grameenphone invested Tk 910 crore for the further rollout of 3G sites, expanded 2G coverage and capacity enhancement for higher volume of data and voice during the period.

It rolled out more than 1,800 new 3G sites to take the total 3G sites to around 7,600 and also taking the population coverage to 80 percent, according to Sethi. "We are well on our way to reaching the 10,000 3G sites by June," he said adding that it will help them boost internet revenue.

The operator paid Tk 1,420 crore to the state coffers during the period.

Global cybersecurity firms offer products to local banks

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Prime Bank, which is a second generation private bank, is also assessing its needs to ensure cybersecurity for its customers, who are increasingly making purchases online.

"We are assessing what we have and what we need to incorporate to prevent cyber frauds," said Ahmed Kamal Khan Chowdhury, managing director of Prime Bank.

Chowdhury said the problem is that local companies have no experience in this area.

Bari of the CTO Forum, however, cautioned banks not to go for inferior products just to save some money. "Banks should buy tested cybersecurity products from recognised companies," he said.

SIM re-registration gets a boost after court verdict

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The government made mandatory the biometric registration of all SIMs from December 16 last year and April 30 is the deadline to complete the process. Grameenphone is ahead of all operators in the biometric verification process, re-registering 57.47 percent of its total active SIMs.

As of March, the market leader had 5.62 crore active SIMs, 3.23 crore of which had completed the registration process. Second largest operator Banglalink got 54.85 percent of its 3.19 crore active SIMs re-registered.

IDLC FINANCE

Arif Khan, CEO of IDLC Finance Ltd, opens a new branch of the company in Kushtia. Md Abdur Rashid, managing director of Rashid Group, and Md Robiul Islam, president of Kushtia Chamber of Commerce and Industry, were also present.

BADC

Agriculture Secretary Mohammad Moinuddin Abdullah and Chairman of Bangladesh Agricultural Development Corporation (BADC) Md Shafiqul Islam Laskar attend a workshop on uniformity of seed testing procedure, at the seed testing laboratory in Mirpur, Dhaka yesterday.