

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
0.21%	0.13%	\$1,275.90	\$50.48	0.48%	0.40%	0.73%	0.32%	77.85	86.78	110.37	0.71	
4,409.40	8,263.06	(per ounce)	(per barrel)	26,635.75	16,601.36	2,822.97	2,926.70	BUY TK	78.85	90.18	113.77	0.75
				Friday closings				STANDARD CHARTERED BANK				
								SELL TK				

আপনার বিআরটিএ ফি এবং সকল ইউটিলিটি বিল এসআইবিএল এর যে কোন শাখার মাধ্যমে জমা দিন

\* ফ্রি অনলাইন সেবা  
যে কোন প্রয়োজনে ০৯৬৬২০০১১২২

# Star BUSINESS

DHAKA MONDAY JUNE 13, 2016

## Falling interest rates on deposits erode NBR's tax receipts

**SOHEL PARVEZ**

Sliding interest rates on deposits have taken a toll on the National Board of Revenue's takings from savers -- a development that taxmen say might not lead to growth in collections this fiscal year.

The tax authority logged in about Tk 4,400 crore as tax from interest income from bank deposits in the first ten months of the fiscal year. The amount is 72 percent of last year's takings of Tk 6,075 crore.

"Our collection from interest earnings on savings and other deposits is still in line with the last year's collection. But it may not be possible to register growth over the previous fiscal year," said a senior official of Tax Zone-1, the main collector of tax from interest income of savers.

Tax deducted from interest earnings of savings and fixed deposits is the second biggest source of withholding tax collected by the NBR. The weighted average interest rates on deposits dropped to 5.92 percent in March from 7.06 percent a year earlier. In March 2014, it was 8.21 percent, according to the Bangladesh Bank.

Over the last two years, sluggish demand for loans and eagerness by a section of entrepreneurs to borrow from abroad forced banks to cut lending rates and, as a result, to lower deposit rates. The lending rate came down to 10.78 percent in March from 13.36 percent a year ago, according to central bank data.

The official said many of the fixed deposit schemes, which were opened earlier at higher interest rates, are now maturing. As a result, the impact on collections has so far been low, he said.

But the full brunt will most definitely be felt in the incoming fiscal year, as the interest rates have again declined this year, he added.

The government has been collecting tax from profits or interest incomes of depositors for more than two decades now, irrespective of whether the savers have taxable incomes or not -- the justification of which is questioned by many.

As of April, there were 7.62 crore bank accounts, 76 percent of which are savings accounts.

The total deposits stood at Tk 762,669 crore, in contrast to Tk 699,673 crore at the end of June last year, according to BB. Currently, the NBR charges 10 percent tax on interest income of savers who have submitted their taxpayer identification numbers to banks.

Depositors who do not have TINs or have not submitted TINs to the banks against deposits face a 15 percent tax deduction on interest incomes from savings and fixed deposits.

From next fiscal year, the tax authority is seeking to impose a 5 percent source tax on interest earnings of provident, pension or gratuity funds' bank deposits and savings instruments to bring all deposits under its withholding tax net and boost collections.

### TAX ON INTEREST INCOME OF SAVERS



## Realtors frustrated by new budget

*They say none of their demands was met*

**STAR BUSINESS REPORT**

Realtors yesterday expressed disappointment saying none of their demands was met in the proposed budget for the upcoming fiscal year.

"We are embarrassed as none of our 13 proposals made through the FBCCI was considered," Alamgir Shamsul Alamin, president of the Real Estate & Housing Association of Bangladesh (REHAB), told reporters at a post-budget briefing at Sonargaon Hotel in the capital.

The association, which represents 1,151 developers, also said they may not participate in pre-budget discussion with the National Board of Revenue in future as their demands went unheeded.

The REHAB's concern came a day after the Federation of Bangladesh Chambers of Commerce and Industry said they could stay away from future pre-budget consultation with the NBR after 394 out of its 447 recommendations were ignored.

The real estate sector contributes 15 percent to Bangladesh's gross domestic product, creating 35 lakh jobs for labourers and 35,000 for engineers, architects and management professionals.

But the sector is going through a rough patch due to high taxes, lack of policy support and non-availability of low-cost funds for customers.

Unsold flats have weighed the sector down as sales have dropped 80 percent since the 2013 political crisis, while the number of new projects plummeted 90 percent, according to REHAB.

Developers are not being able to repay bank loans as most flats remain unsold, it said.

Real estate business saw a huge boost in tourist destinations in recent times. But business in those areas has not recovered from slowdown following the political crisis.

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Nobel laureate Muhammad Yunus is seen at the commencement procession of University of California at San Diego led by its Chancellor Pradeep Khosla on Saturday. Yunus spoke on creativity and entrepreneurship. Story on B3

## Muhith stresses need for more foreign assistance

**STAR BUSINESS REPORT**

Finance Minister AMA Muhith yesterday told parliament that foreign assistance still can play a vital role in Bangladesh's socioeconomic development.

"We have no intention to reduce foreign assistance. Rather, we want to go for big projects by taking foreign assistance. But, we are not a foreign assistance-dependent country," he said.

The percentage of foreign assistance at present is insignificant: it is 1.5 percent of the total gross domestic product, according to the finance minister.

Bangladesh mainly takes Official Development Assistance from multilateral organisations or countries, which are soft loans or grants.

And to ensure that the foreign loans do not put pressure on the economy, the government looks to get soft foreign assistance, keeping aside the loans with tough conditions, he said.

Foreign assistance is used for infrastructure and socio-economic development and eradication of poverty under the government's annual development programme.

## Govt stops awarding new ISP licences

**STAR BUSINESS REPORT**

The government stopped awarding new licences to internet service providers last week to check the status of the ISPs who received approvals in recent times.

The government wants to ensure that the existing licence-holders are genuinely doing business and are not misusing the licences, said State Minister for Telecom Tarana Halim.

The telecom division has received recommendations for 200 licences from the regulator since November last year, when the government resumed issuing new licences after a two-year break.

Last week, the telecom division asked the regulator to put an end to the licensing process and submit a report about the business condition of the newly licensed ISPs. Bangladesh has 126 legal internet service providers.

## Govt opens e-learning platform

**STAR BUSINESS REPORT**

Bangladesh Computer Council yesterday launched an e-learning platform—www.eshikkha.net—that offers lessons on computer programming in Bangla.

The site will get a complete look in six months with the inclusion of lessons in English and lessons on physics, mathematics, chemistry and basic science, State Minister for ICT Zunaid Ahmed Palak said at the launching ceremony at the BCC auditorium in Dhaka.

People living in remote rural areas can now easily learn computer programming through the platform, he said.

The government will start using the platform for educational purposes primarily by this month, Palak said.

All the upazilas are now connected through fibre optic cables and all the unions will be covered soon, which will boost ICT use in the country, he said.

Palak also talked about Bangladesh origin Salman Khan, who developed world famous Khan Academy, an internet-based non-profit educational organisation.

The newly launched platform will be given a complete shape within this year after further consultation with experts, said SM Ashraf Islam, executive director of the council.

ICT Secretary Shyam Sunder Sikder and Prof M Kaykobad of Bangladesh University of Engineering and Technology were also present.

## BSRM Steels raises Tk 245cr through zero-coupon bonds

*StanChart is the lead arranger for the transaction*

**STAR BUSINESS REPORT**

BSRM Steels, a unit of Chittagong-based BSRM Group, raised Tk 245 crore through what has been the largest issue of zero-coupon bonds by a company in Bangladesh yet.

A zero-coupon bond, also known as discount bond or deep discount bond, is bought at a price lower than its face value, with the face value repaid at the time of maturity.

The proceeds of the bonds will be utilised for BSRM Steels' capital expenditures, refinancing and equity investment in its subsidiary company.

Ten institutions invested in BSRM Steels' zero-coupon bonds, arranged by Standard Chartered Bank.

Of the institutions, 66 percent were corporate, 21 percent banks and non-bank financial institutions, 7 percent insurance companies and 5 percent asset management companies.

The subscription closing ceremony took place at the Westin Hotel on June 2 and was attended by BSRM Group Managing Director Aameer Alihussain, who is also the managing director of BSRM Steels.

BSRM Group is a leading steelmaker, with a market share of about 20 percent. The company started its journey in 1952 and since then it has been pioneering the steel industry in the country.

Standard Chartered is delighted to be the mandated lead arranger for this landmark transaction, said Abrar A Anwar, chief executive officer of the British bank's Bangladesh operations.

BSRM Steel was listed on the stockmarket in 2009. Its net profit was Tk 209.68 crore in 2015, up from Tk 123.92 crore a year ago.

On the Dhaka Stock Exchange yesterday, each BSRM Steel share traded between Tk 93 and Tk 94.5, before closing at Tk 93.2.

Sponsors hold 70.87 percent stake in the company, while institutions 17.94 percent, foreign investors 0.36 percent and general public the remaining 10.83 percent, according to DSE data.

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