

**ক্যাশ ওয়াক্ষ**

ইহকালীন কল্যাণ ও পরকালীন মুক্তির হাতিয়ার

এসআইবিএল এর ক্যাশ ওয়াক্ষ ফিন

স্বাধীন সম্পত্তির পরিবর্তে নগদ টাকায় ওয়াক্ষ করার সুযোগ -

যে কোন প্রয়োজনে ০৯৬৯২০০৯২২



# star BUSINESS

DHAKA FRIDAY JUNE 24, 2016

**Banks in industrial areas to remain open on July 2-3**

UNB, Dhaka

Bank branches will remain open on July 2-3 in industrial areas of Dhaka, Chittagong, Narayanganj, Gazipur and Savar to help factory owners disburse salaries to garment workers.

The decision was taken yesterday, but it is undecided whether the banks will remain open on July 4, said Subhankar Saha, executive director of Bangladesh Bank and spokesman. However, industry insiders said it is more likely that banks will remain open on the day for the sake of business.

The government has already announced that public offices will remain closed from July 1 to 9 for Eid-ul-Fitr, which created the confusion whether banks will remain open on June 4.

## BB steps in to keep exchange rate stable

*Dollar inflow rises ahead of Eid-ul-Fitr*

SAJJADUR RAHMAN

Bangladesh Bank is continuing to purchase US dollars from commercial banks to keep the exchange rate stable.

The central bank went on a buying spree recently amid an increase in the inflow of the greenback ahead of Eid-ul-Fitr, the biggest festival of Muslims. The move is also helping banks to avoid crossing the limit for their foreign currency holding.

So far this month, data shows that the central bank has purchased around \$350 million from different commercial banks to take this fiscal year's tally to \$3.9 billion.

"The supply of dollars is increasing significantly ahead of Eid and due to a rise in exports. Our decision to buy is helping the exporters and

### BANGLADESH BANK BUYS US DOLLAR



remitters," said a senior BB official.

The official said imports are not rising though exports and remittances are witnessing moderate growth.

BB data shows imports grew only 4.8 percent in July-April of the outgoing fiscal year. On the other hand, exports rose nearly 9 percent in the first 11 months of the fiscal year. Remittance is stable and the inflow

will go up this month because of Eid spending.

BB has been buying dollars for the past four fiscal years to manage the exchange rate and prevent the greenback from falling against the local currency. If the greenback falls, exporters and remitters would lose out on value, while importers would benefit.

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## Source tax from exports may double next fiscal year

SOHEL PARVEZ

The National Board of Revenue is set to log in about Tk 4,000 crore as source tax from export proceeds next fiscal year owing to the proposed hike in withholding tax rate to 1.5 percent from existing 0.6 percent.

The amount will be double the earnings the tax authority expects in the current fiscal year.

Taxmen said collections from exports are expected to be better this year than the previous year.

In fiscal 2014-15, only Tk 1,065 crore came as source tax, down 49 percent from fiscal 2013-14, according to data from the NBR.

Officials linked the slide in collection to the cut in source tax rate to 0.3 percent for apparel exports in fiscal 2014-15 from 0.8 percent a year earlier.

The source tax rate was 0.6 percent for jute, leather goods and frozen food exports last fiscal year, according to NBR.

"The amount of tax collection from export earning sectors is not encouraging, given the need for increased revenue to finance development expenditure to reduce infrastructure and other deficits," said a senior NBR official.

Bangladesh earned \$31.20 billion from exports in fiscal 2014-15, with garment products accounting for more than 80 percent of the receipts.

### SOURCE TAX SCENARIO

NBR may earn **Tk 4,000cr** as source tax from exports next fiscal year

Govt plans to hike withholding tax to **1.5% from 0.6%**

In 2014-15, only **Tk 1,065cr** came as source tax

Bangladesh earned **\$31.2b** from exports in 2014-15

This fiscal year, exports may rake in **\$33.5b**

This fiscal year, exports are expected to rake in a record sum of \$33.5 billion, meaning the taxmen stand to collect Tk 1,500 crore as source tax.

In the first 10 months of the fiscal year, Tk 1,332 crore came as source tax, which has already exceeded last year's total amount.

Taxmen said the tax deducted by banks from export proceeds for apparel items has so far been treated as final settlement for export earners.

Even though their earnings are soaring, many exporters show profits or incomes in line with the amount of tax deducted at source of their exports earnings to avoid having to pay additional tax.

For instance, the corporate tax rate is 35 percent, so if they show reduced income their corporate tax amount shrinks too.

"So, what we collect as source tax from export proceeds is actually the total amount of tax that we get from the export-oriented sectors -- the amount should be much higher."

On the flipside, exporters face problems in investing their legally earned money for having shown lesser income on paper.

"As a result, a large amount of their legally earned income turns illegal and they cannot officially show the income," the official added.

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## Cut corporate tax in phases: FICCI

STAR BUSINESS REPORT

Foreign companies based in Bangladesh yesterday demanded gradual decrease of corporate tax towards 25 percent to ensure more revenue generation and make Bangladesh an attractive destination for overseas investors.

"What can we do with the 35 percent corporate tax? People will dodge more [in a high tax environ-

ment]," said Rupali Chowdhury, president of the Foreign Investors' Chamber of Commerce & Industry, in a meeting with Finance Minister AMA Muhith in the secretariat.

"You can set a policy to have 25 percent corporate tax in the next five years. You can't do it overnight, but you can go phase by phase."

She also referred to India, which has brought in major changes in case of foreign direct investment,

opening up key sectors, including aviation, defence, food retail and single-brand retail.

Chowdhury, who has been serving as the managing director of Berger Paints Bangladesh since 2008, also differed with the finance minister about the growth in FDI in 2015.

Although the FDI grew an impressive 44 percent in terms of percentage, the amount received -- \$2.2 billion -- is "peanuts" for

Bangladesh.

"Cambodia and Myanmar are ahead of Bangladesh -- it should not be. It should be recognised that we are not doing well in that platform."

She said foreign companies exactly know why FDI is not coming to Bangladesh, pointing out constraints related to land and energy.

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## Motif artisans in Ctg busy ahead of Eid



Workers busy to deliver their creative handiwork in time.

ARUN BIKASH DEY, Chittagong

Motif artisans at the port city's Bihari Colony are busy trying to keep up with demand from boutiques and individuals ahead of Eid-ul-Fitr.

Workers, young and old, are seen hunched on the frames round-the-clock in an effort to deliver their creative handiwork in time, including beautiful Zardozi and Karchupi motifs on panjabis, saris and salwar suits.

Although the inhabitants of this colony, most of whom are Urdu speaking, have already left their traditional profession due to a slump in demand over the years, those who are still carrying the legacy hope for the return of golden days.

"It is our traditional profession and we have been doing motif work for many generations now," said Mohammad Ali, a motif artisan who has been in the profession for around 20 years now, since the time he was 13 years of age.

There was a time when more than 100 motif artisans in the area were engaged in the profession, with the place abuzz round-the-year, he said.

The work flow was good in between 2000 and 2010, when he used to receive at least 15 orders -- ranging from salwar suits, saris and burqas -- on average every week.

But in the last couple of years, the demand for motif artisans' skills has been on the decline, with cheaper Indian merchandises flooding the market.

"The years 2014 and 2015 were the

worst, as the number of orders dwindled to two to three a week."

Subsequently, to make ends meet many of the motif artisans were compelled to find jobs in garment factories, Ali said, adding that about 50 of them have stuck around in this trade.

But the flow of orders has picked up this year: he now gets 10 orders on average a week. "We hope the numbers will go up and many will return to this line of work."

Ali said their charges vary according to the intricacy and breadth of the designs.

For panjabis, it is Tk 500 to Tk 1,500, for salwar suits Tk 500 to Tk 3,000, and for burqas Tk 800 to Tk 2,000. For saris, the price starts at Tk 500 and goes up to Tk 25,000.

"I make a profit of around Tk 1,000 a day during this season and on other days, I make a profit Tk 500 a day, after bearing all the costs," he added.

Md Raju, another motif artisan from the colony, which is situated in Artagan area of Chittagong, agreed that the influx of Indian and Pakistani products is responsible for the downturn in their fortunes.

In the last two years, he received orders for just two salwar suits and two burqas on average a week.

But this year, the orders have increased to six or eight salwar suits and three to four burqas a week.

He hardly got orders for saris in the last two years, but this year, he is getting two to three sari orders a week ahead of Eid.

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