



# BUSINESS

DHAKA SUNDAY DECEMBER 25, 2016, POUSH 11, 1423 BS

## NBR launches drive to catch tax evaders

STAR BUSINESS REPORT

The National Board of Revenue has started a month-long programme to catch all types of tax evaders and boost domestic resource collection.

Under an enforcement programme that began on December 21, teams led by commissioners at the field level will take quick measures against violations of tax, VAT and customs related laws, the tax authority said.

An evaluation of the programme will be carried out on January 21, the NBR said in a statement. The results will be unveiled on International Customs Day on January 26.

"We will also realise tax in line with the law if anyone evades tax. Legal actions will be taken against those who remain silent and do not pay arrears despite reminder," NBR Chairman Md Nojibur Rahman said in the statement.

To reach the goal, the NBR issued an order instructing all field officials, including commissioners, not to leave stations without prior permission. Otherwise, administrative actions will be taken, it said.

The NBR announced the enforcement programme after holding a tax fair, Tax Week and VAT Day and VAT Week since early November to motivate people to pay tax and become compliant.

This is the first time the NBR launched an enforcement drive centrally to catch tax evaders in the country, where less than 1

percent of the population submit income tax returns.

Similar is the scenario in value-added tax returns. Nearly 50,000 firms submit VAT returns in Bangladesh where the total number of business establishments is about 80 lakh.

A senior official of the NBR said field offices had taken such initiatives in the past mainly to reach the revenue earning target. But the revenue authority itself did not announce any such enforcement programme in the past, he said.

"This is a positive initiative. It may energise tax and revenue officials. But the enforcement should continue throughout the year," said Towfiqul Islam Khan, a research fellow at the Centre for Policy Dialogue.

"At the same time, reforms should be expedited. The overall tax payment procedure should be made easier and services should be made better to motivate people to pay taxes," he said.

The revenue administration should also engage general people to ensure increased collection of VAT, Khan added.

The NBR said it has taken a 'zero tolerance' policy against corruption and harassment of taxpayers.

Officials are strictly monitored to turn the NBR into a service-oriented organisation, it said.

Tax collection by the NBR accounts for 85 percent of the total annual revenue, according to the finance ministry.

## United Airways to raise Tk 312cr to resume flights

STAR BUSINESS REPORT

Beleaguered airline United Airways will raise Tk 312.8 crore from six foreign firms to purchase seven planes and three spare engines.

The move will help the carrier resume its flight operations, which have remained suspended since March 5 due to the unavailability of serviceable aircraft. As a result, the airline had been desperately looking for funds from diverse sources.

Now, it will issue 31.28 crore ordinary shares of Tk 10 each to Singapore-based Swift Air Cargo, A-Sonic Aviation Solutions, Arctic Tern Aviation and Black Turnstone Aviation, Malaysia-based Phoenix Aircraft Investment, and Sterling Aerospace Ltd to raise Tk 312.8 crore.

In return, Swift Air Cargo will provide two Boeing MD-83 aircraft, while A-Sonic Aviation will provide another Boeing MD-83.

Sterling Aerospace will provide an Airbus A340-313, and Arctic Tern Aviation, Black Turnstone Aviation and Phoenix Aircraft Investment will provide one ATR-72-500 aircraft each.

The lone-listed airline last week received an approval from the Bangladesh Securities and Exchange Commission to raise the funds through private placement to parties other than the existing shareholders, according to a statement.

Private placement is a way of raising funds from chosen or select private investors without an initial public offering.

In Bangladesh's stockmarket, only an issue manager can sell shares under private placement on behalf of an issuer company.

Established in 2007, the airline had 11 aircraft in its fleet: two Airbus 310-325s, five MD-83s, three ATR-72-212s and a Bombardier Dash-8 100.

The aircraft were grounded for maintenance earlier this year but the airline did not have enough funds to do the required servicing, which is a matter of high cost.

### CLOSING PRICE OF UNITED AIR



United Airways has permission to operate domestic flights to Chittagong, Sylhet, Jessor, Cox's Bazar, Rajshahi, Barisal, Saidpur and Ishwardi.

On the international routes, it has permission to fly to Dubai, Kuala Lumpur, Kathmandu, Kolkata, Jeddah, Bangkok, Muscat and Singapore.

On the premier bourse Thursday, each share of United Airways traded between Tk 5.2 and Tk 5.1 before closing at Tk 5.2. The airline was listed on the stock exchange in 2010.

Earnings per share of the airline during the July-December period of last year stood at Tk 0.07, down 82 percent from a year earlier.

The airline's market capitalisation stands at Tk 330 crore.

Sponsors hold only 5.02 percent stake in United Airways, institutions 17.43 percent and general investors the remaining 77.55 percent.

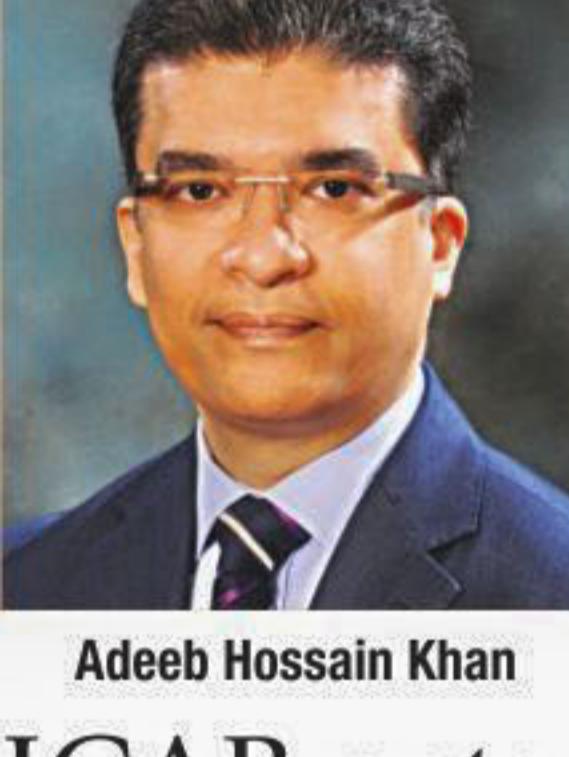
Also at last week's meeting, the BSEC approved the proposal of Aamra Networks to determine the cut-off price of its shares, as the company gears up to raise Tk 56.25 crore from public by using the book-building method.

The raised fund will be used for BMRE (balancing, modernisation, rehabilitation and expansion), establishing data centre, setting up Wi-Fi hotspots in different locations and repaying bank loans.

As of December last year, the net asset value of Aamra Networks stood at Tk 21.98 per share; the last five years' weighted average earnings-per-share stood at Tk 2.52.

The BSEC also extended the timeframe by one more year for provisioning against un-realised losses incurred in margin and dealers' accounts of stock dealers and brokers.

READ MORE ON B3



Adeeb Hossain Khan

## ICAB gets new office bearers

STAR BUSINESS DESK

Adeeb Hossain Khan, senior partner of Rahman Rahman Huq, a chartered accountants firm, has been elected president of the Institute of Chartered Accountants of Bangladesh (ICAB) for 2017.

Moddassar Ahmed Siddique, group chief financial officer of KDS Group; Mostafa Kamal, group company secretary of LankaBangla Finance; and Md Mahamud Hosain, proprietor of MMH & Co Chartered Accountants and Management Consultants, have been elected as vice-presidents.

The election took place shortly before the institute's 44th annual general meeting at the ICAB office yesterday, chaired by outgoing president Kamrul Abedin, according to a statement.

Khan is also a member of the governing body of ICAB and member of MCCB board from 2010 to 2016.

Currently, he is the chairman of the committee for professional ethics and independence of South Asia Federation of Accountants, a regional accounting forum.

Siddique has been in the ICAB council since January 2016. He has been serving the institute in different capacities in different standing and non-standing committees for several years.

READ MORE ON B3



Education Minister Nurul Islam Nahid opens a reading room—Akashleena—financed by Bank Asia, at the hostel of Begum Badrunnessa Govt Girls' College in Dhaka yesterday. Bank Asia Chairman A Rouf Chowdhury, President and Managing Director Md Arfan Ali and Principal of the college Mahbuba Rahman were also present.

## Focus of savings tools must be realigned: economist

SAJJADUR RAHMAN

The government should design a policy to avoid the mis-targeting of beneficiaries of the national savings schemes, a top economist said.

Savings tools are meant for middle-class and lower middle-class pensioners but relatively richer ones are getting the most benefits, said Mustafa K Mujeri, executive director of the Institute for Inclusive Finance and Development.

Robust sales of national savings schemes are not only a diversion from the government's welfare-thinking; it is pushing the debt burden upward as well, he said.

Net sales of savings tools stood at upwards of nearly Tk 15,917 crore during the July-October period, up 76.19 percent year-on-year, according to data from Bangladesh Bank.

Bangladesh sold savings certificates worth more than Tk 4,266 crore in October alone, which is an increase of more than 81 percent from a year earlier.

BB officials and commercial bankers attributed the robust growth to the higher returns the government offers for investments in savings tools in comparison to other alternatives in the market.

Investors were lured in by the interest rates, which are 5-6 percentage points higher than those offered by commercial banks on term deposits.

Presently, banks offer at best 5-6 percent for term deposits and the average return on five-year bonds is 6.5 percent.

The call money rate has come down to about 3.5 percent in recent days; and the capital market was not lucrative for investors either.

On the other hand, investments on government savings tools generate over 11 percent returns.

The situation is hurting banks, which are sitting on idle funds due to sluggish demand for credit.

More sales of savings tools will force the government to borrow less from the banking system.

The government borrowed only about Tk 4,000 crore from the banking system against the target of Tk 38,523 crore for fiscal 2015-16, though the banks were sitting on excess liquidity.

For the current fiscal year, the government has planned to borrow Tk 43,000 crore from the banking sector to meet its budget deficit. But as of October, the borrowing from banks has remained in the negative.

READ MORE ON B3

## Bangladesh drops in global trade rankings

STAR BUSINESS REPORT

Bangladesh dropped three places to 123rd in this year's Global Enabling Trade Index of 136 countries despite improving its overall scores.

In the scorecard of 1 and 7, Bangladesh scored 3.48 this year, up from 2014's score of 3.39 when the country ranked 120.

The index is part of the Global Enabling Trade Report 2016, a joint publication of the World Economic Forum and the Global Alliance for Trade Facilitation, a coalition between the WEF, the International Chamber of Commerce, the Centre for International Private Enterprise and the governments of Australia, Canada, Germany, the UK and the US.

The report evaluates the economies based on their capacity to facilitate the flow of goods over

### ENABLING TRADE INDEX: SEVEN PILLARS

- ↑ Availability and quality of transport infrastructure
- ↓ Domestic market access
- Availability and quality of transport services
- Operating environment
- Availability and use of ICT
- Efficiency and transparency of border administration: UNCHANGED

borders and to their destination.

In the seven rankings that made up the whole index, Bangladesh moved up in three, slipped down in three and remained unchanged in one.

All economies in South Asia have improved their score over the past two years, contributing to the positive economic momentum currently experienced by the region.

But some have progressed

slower than others, thus slipping down the ranking. Bangladesh is behind all five other South Asian countries included in the index.

Bhutan was the most improved country in the region, climbing 12 positions and becoming the regional leader at 92nd, followed by India (up four to 102) and Nepal (up four to 108). Pakistan was 122nd and Sri Lanka 103rd.

South Asia remains the most closed region in the world, particu-



বাণিজ্যিক ব্যাংক  
সুস্থিতি ব্যাংক

READ MORE ON B3

READ MORE ON B3