

DHAKA TUESDAY JUNE 6, 2017, JAISHTA 23, 1424 B3

Private employees to face strict tax scrutiny

SOHEL PARVEZ

Private sector companies are going to face greater scrutiny in claiming their expenses for employees' salaries. From fiscal 2017-18, companies will have to pay taxes on the salaries to be paid to employees who avoid tax return submission despite having taxable income. This is also likely to be applicable to those working at management or executive level positions in a firm -- a further tightening of rules by the National Board of Revenue to increase collection of payroll tax that remains at a very low level because of

non-compliance. "We are focusing on compliance in the private sector after taking measures to ensure submission of income tax returns in public sector," said a senior official of the NBR. The NBR last year framed rules making it mandatory for public sector employees drawing more than Tk 16,000 in monthly salary to have Taxpayer Identification Number. The rule, however, has been waived for private sector employees drawing similar amount of wages a month. It also made submission of returns mandatory for public sector employ-

ees with basic salary of Tk 16,000 and above. The latest rule, proposed in the Finance Bill 2017, will empower taxmen to claim taxes on salary payment to those employees who do not submit returns even after having taxable income. Tax planners said employers will have to ensure that their employees with taxable income submit tax returns, to claim expenses for salaries. In other words, employees will have to inform their offices about tax returns submission, officials said.

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Linde, Praxair agree to \$73b merger

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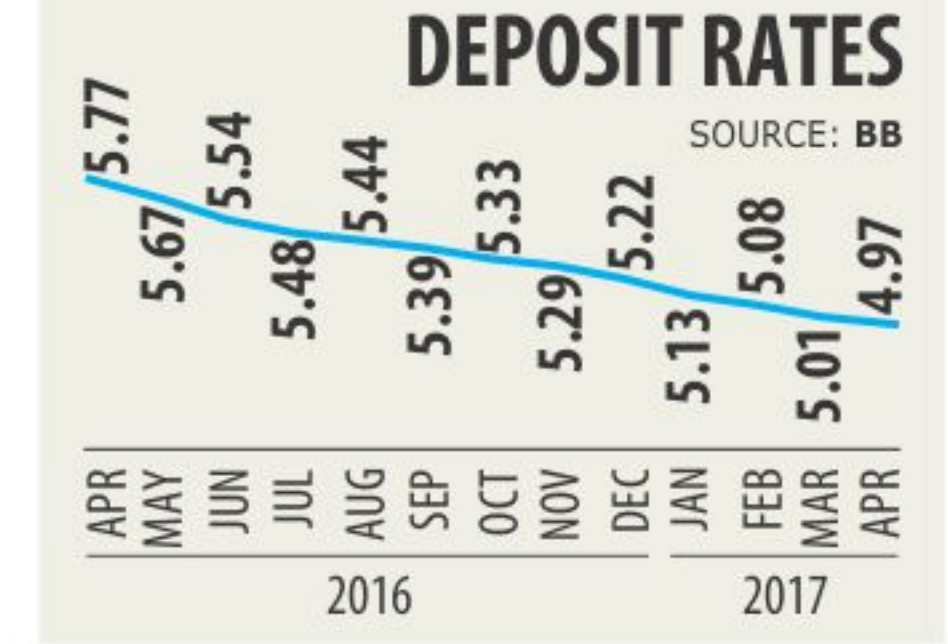
German chemicals giant Linde and its US rival Praxair have finally agreed to a \$73 billion merger. Linde Bangladesh confirmed the deal in a posting on Dhaka Stock Exchange website yesterday. "The proposed business combination of Linde and Praxair is expected to create significant synergies," said Linde, adding that there are no plans to bring any changes in its course of business in the country.

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Interest rate on deposits now below inflation

JEBUN NESA ALO

Interest rate on deposits slid below the 5-percent mark and well under the inflation rate, compounding the woes of savers who have already been hit by a large hike in excise duty on their balances. In April, weighted average deposit rate stood at 4.97 percent, down from 5.77 percent a year ago, according to Bangladesh Bank. However, deposits saw 12.21 percent year-on-year growth in March, higher than 8.28 percent registered in March last year. Bankers attributed the deposit growth to the excess liquidity in banks. BB Governor Fazle Kabir in a post-budget briefing said they mopped up Tk 5,000 crore on average every day from banks due to excess liquidity. "Depositors still trust banks to keep their money safe," said Mohammed Nurul Amin,



managing director of Meghna Bank. So much that the 67 percent hike in excise duty on account balances of more than Tk 10 lakh from next fiscal year is unlikely to deter savers from parking their funds with banks.

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Businesses dally in e-BIN registration

NBR asks field offices to ensure re-registration by June 15

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Only one-fourth of the regular return filer firms have so far re-registered online, an important cog for the smooth functioning of the automated VAT system that will take effect next month. From July 1, firms need the 9-digit electronically generated Business Identification Number to run their operations, including import and export. The existing 11-digit BIN will be invalid once the new VAT comes into effect, so firms need to re-register online for the e-BIN, which started at the end of March.

Of the 36,858 firms that regularly file returns, 9,768 firms have signed up for the e-BIN. This prompted the revenue authority to direct its field offices to ensure re-registration by all by June 15. "Overall, the numbers of return filers and re-registration are not satisfactory," said the National Board of Revenue in a letter sent to its field offices on June 4. "Revenue collection may also suffer," it said, while urging the field level VAT offices to encourage irregular return filer firms.

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