

# EU launches probe into UK tax scheme for multinationals

AFP, Brussels

The EU on Thursday announced a major probe into a British scheme protecting multinationals from tax avoidance rules, in the latest move in the bloc's campaign to get international companies to pay their share.

Europe's competition chief Margrethe Vestager will investigate whether certain exemptions allowed under British rules amount to a breach of European Union regulations against state aid.

The EU has waged a major crackdown on member states bending rules to give big international firms unfair tax breaks in recent years, with US tech giants such as Apple and Google in the firing line.

"We will carefully look at an exemption to the UK's anti-tax avoidance rules for certain transactions by multinationals, to make sure it does not breach EU State aid rules," EU competition commissioner Vestager said in a statement.

The announcement of the investigation comes as London and Brussels are mired in slow-moving negotiations over Britain's departure from the EU in March 2019.

But the commission said that as long as Britain remains in the bloc, "it has all the rights and obligations of the membership".

"In particular, EU competition law, including EU State aid rules, continue to apply in full to the United Kingdom and in the United Kingdom until it is no longer a member of the EU," the commission said in a statement.

The scheme the commission will investigate centres around an exception to Britain's "controlled foreign companies" rule, which was brought in to stop multinationals moving profits to offshore subsidiaries to avoid paying tax.

The so-called "group financing exception" introduced in 2013 exempts from British taxation interest received by a parent company's offshore subsidiary from another foreign subsidiary.

"Generally speaking, financing income is often used as a channel for profit shifting by multinationals, given the mobility of capital," the commission said.

A spokesman for Britain's Treasury said its rules prevented profits from being artificially diverted overseas to avoid tax and defended the financing exception, introduced by former finance minister George Osborne.

"We do not believe these rules are incompatible with EU law but will cooperate with the European Commission's investigation," the spokesman said.



BANK ASIA

Mohd Safwan Choudhury, vice chairman of Bank Asia, and Md Arfan Ali, president and managing director, pose at the concluding ceremony of the 44th foundation training for the bank's officers at its training and development institute in Dhaka yesterday.

## Interoperability of digital payments comes to fore

FROM PAGE B1

Interoperability of credit and debit cards has already been established, said Subhankar Saha, an executive director of the central bank.

The BB will introduce the interoperability of internet banking through its national payment switch within the shortest possible time, he said.

The interoperability between banks and MFS would be introduced by December this year and MFS to MFS by June next year, Saha told The Daily Star after the roundtable.

Fahim Mashroor, CEO of bdjobs.com, said the

regulators and authorities concerned should establish a new platform to ensure the interoperability of all digital payment channels.

"Our neighbouring country India has already built such a platform which strengthened its financial inclusion tremendously."

Banks and other players should establish justice in the financial sector where the use of information technology is increasing fast, said Qazi Kholiquzzaman Ahmad, chairman of InM.

"A vested quarter has entered into the sector and we should avoid them."

Only two banks dominate 90 percent of the MFS market although 17 banks got licence to provide the service, he said.

The clients in Bangladesh pay Tk 20 to send Tk 1,000 through MFS whereas it costs Tk 2.5 in the neighbouring country, Ahmad said. The finance ministry and the central bank should do something to reduce the charge, he said.

Arijit Chowdhury, additional secretary at the finance ministry, and Md Ashrafur Islam, UNCDF country project coordinator, spoke among others.



UNILEVER BANGLADESH

KSM Minhaj, customer development director of Unilever Bangladesh Ltd, and Kunal Sharma, human resources director, pose for photographs with winners of Unilever BizMaestros 2017, a business competition for students seeking the best business minds, at a programme in Dhaka on Wednesday.

Umme Ahmed Shishir, wife of national cricketer Shakib Al Hasan, and Kazi Arif Zaman, country head of Hemas Bangladesh, sign the documents of a deal at a programme. Shishir became brand ambassador of newly launched Kumarika Soap, a brand of Hemas, a Sri Lankan multinational company.

HEMAS BANGLADESH



## Withdraw advance income tax: FBCCI

FROM PAGE B1

The FBCCI said assumptions made by tax official to determine gross profits was a big problem for businesses.

Taxmen at the field level do not accept the formula for determination of gross profits which was devised by a joint committee of NBR and the FBCCI, it said.

The apex trade body suggested that the NBR include a provision in the law to accept sales and gross profit accounts audited by chartered accountancy firms acknowledged by the Financial Reporting Council.

It also recommended for establishing an independent tax appellate tribunal under the law ministry.

Citing that 5 percent AIT is collected on import of industrial raw materials, the FBCCI said such provision should not remain if the government wants to frame a business-friendly tax law.

The draft of the law should be framed by abolishing the tradition of this type of AIT collection to help reduce business costs, it said.

FBCCI President Mohiuddin said profits and losses are the results of a business and one takes risks to make profits although losses may be incurred in the end.

He said a provision exists on collection tax refunds. However, a lot of time and money is wasted in the process to get the refund. And it becomes painful for those who incur losses after paying AIT, he said.

"We hope you will consider the matter," he said.

Golam Mowla, general secretary of

Moulvibazar Baboshayee Samity, a wholesale hub for essential commodities such as edible oil and sugar in Old Dhaka, said taxmen claim tax from many taxpayers assuming gross profits to be 15 percent.

"We want to pay tax based on our actual profits," he said.

FBCCI Director Md Abu Naser demanded of an income tax law that anyone could easily understand.

Kamrul Islam, senior vice president of the Dhaka Chamber of Commerce and Industry (DCCI), recommended curtailing audit of tax returns submitted by taxpayers.

He suggested for auditing 1 percent of tax returns based on random sampling. This will increase the tax net, he added.

Iqbal Hasan Jewel, a businessman, said the tax file he submitted under universal self assessment was audited eight times.

Abdus Salam, a DCCI member, said business was sluggish and the revenue authority's move to frame new laws raised tension of businesses.

"You ask for tax. But how could we pay tax at a high rate when we can make 4-5 percent profit," he questioned.

FBCCI Director Abu Motaleb demanded that the NBR frame a law prioritising FBCCI's suggestions.

NBR Chairman Rahman said the NBR for the first time this year would recognise taxpaying families with a Tax Hero award.

The tax authority also plans to issue stickers among taxpayers certifying tax payment to encourage compliance, he said.

## BJMC plans to build jute industrial villages

FROM PAGE B1

Hassan said there are specialised areas, such as weaving villages, in the country and the idea of developing jute industrial villages is derived from that to promote small and medium enterprises.

"Products such as jute bags and sandals will be made in the small scale factories in the villages. We will produce diversified products."

He said BJMC has 100 acres of land adjoining its mills while there is quite a good amount of land under the former Bangladesh Jute Corporation, which was closed in 1993. Roughly, 25 units can be established on 50 acres, he said.

Bangladesh is the second largest pro-

ducer of the eco-friendly fibre after India, and two-thirds of Bangladesh's domestic production is shipped abroad.

Of the total annual domestic production of over 75 lakh bales, state and privately-run jute mills consume over 60 percent to make yarn and jute sacks, bags and other items, mostly for exports, according to industry statistics.

Another 11-12 lakh bales are exported as raw jute and the rest is used by growers to meet their requirement for ropes and other items.

The jute industry, which employs nearly 2 lakh workers, is Bangladesh's third largest export earning sector after garment and leather.

## Stocks end week on positive note

FROM PAGE B1

Three banks also announced hefty earnings in the third quarter, prompting investors to inject fresh funds into the market, said market insiders.

The seven banks that were fined in the first week of October for their overexposure to the stockmarket brought down their exposure within the permissible limit following the central bank's strict monitoring, said a senior official of a private bank.

The central bank penalised the banks for violating stockmarket rules by way of miss-reporting on share investment and overexposure.

The move hit the market negatively as

the overexposed banks started to sell shares pushing the main index below 6,000 points on Monday. This week the banks appealed to the central bank seeking waiver of the penalties.

As a result, the market rode out the selling pressure and the price indices started to move upward, added the banker.

Of the five trading days of the week, two days closed in the red with combined fall of 74 points. The three other days saw a combined gain of 53 points.

Most of the heavyweight equities reported moderate loss.

Gemini Sea Food was the highest traded share with a turnover of Tk 32.69 crore, followed by Brac Bank with Tk 28.5 crore.

## Spain jobless queue shortens thanks to tourism

AFP, Madrid

Spain's jobless queue shortened once more in the third quarter, official figures showed Thursday, as seasonal work boomed during the country's thriving tourist summer.

Unemployment in the period from July to September stood at 16.4 percent, down from 17.2 percent in the previous quarter, the National Statistics Institute said.

The number of people out of work fell to 3.7 million at the end of September from 3.9 million at the end of June.

The third quarter is prime tourism season, and the services sector created the most jobs -- 236,400 -- as hotels, restaurants and other businesses took on extra staff.

While Spain's unemployment rate is down from a peak of 26.9 percent in the first quarter of 2013, it is still the second-worst performer in the eurozone after Greece, and many of the jobs created are temporary contracts rather than permanent.

## India bank recap bonds unlikely to reflect in fiscal deficit

REUTERS, New Delhi

The Indian government's 2.11 trillion-rupee (\$32.53 billion) plan to infuse capital into its banks, bulk of which will be funded via recapitalisation bonds, is unlikely to reflect in the fiscal deficit, a finance ministry official said on Thursday.

The government announced the recapitalisation plan earlier this week. As part of the plan 1.35 trillion rupees worth of bonds will be issued.

The government has a target to keep fiscal deficit at 3.2 percent of gross domestic product in the year to March 2018, and at 3 percent in the next financial year.



MA Mannan, state minister for finance; HBM Iqbal, chairman of Premier Bank; Khondker Fazle Rashid, managing director, and Md Abul Bashar, general manager at the financial inclusion department of Bangladesh Bank, cut a cake marking Premier Bank's 18th anniversary at its head office in Dhaka yesterday.

PREMIER BANK



MIDLAND BANK

Masihul Huq Chowdhury, additional managing director of Midland Bank, and Al Emran Chowdhury, chief operating officer of Labaid Hospitals, exchange the documents after signing a deal at the bank's head office in Dhaka. Visa cardholders and employees of the bank will enjoy special discounts on medical services from the hospital.