Tax fair kicks off amid much enthusiasm

STAR BUSINESS REPORT

SHAHNUZZAMAN Shanto, a young taxpayer, queued eagerly in front of a booth with the acknowledgement receipt of his tax return submission for the year 2017-18 at the tax fair that began in Dhaka yesterday.

His friend Imran stood behind him in the same line and waited for their turns to show the receipts and get "Income Tax ID Card", a new initiative taken by the National Board of Revenue to coax taxpayers into compliance and bring in more people to the tax net.

After waiting for a couple of minutes in the line, each of them got machine-generated cards that contained their names, Taxpayer's Identification Numbers, tax zones and acknowledgement for submission of tax returns for 2017-18.

"This is really very good. I feel proud to get such a card," said Shanto as soon as he was handed over the card.

He inquired taxmen about the usage of the cards. Taxmen told him that the cards are issued acknowledging receipt of returns submission.

Like Shanto and Imran, taxpayers who submitted returns at the income tax fair at the NBR's under construction building at Agargaon in Dhaka were also given Income Tax ID Cards as recognition and proof of tax payment.

And taxpayers received the plastic card cheerfully, although as of now it does not bring any extra incentive for them. "We are already using various sorts of cards. And this card can be used for many purposes as it contains TIN that is necessary for accomplishing many tasks. I will be able to claim that I am a regular taxpayer," said Md Jasim Uddin, another taxpayer.

Taxmen said the income tax ID card is one of the several incentives that are given to encourage people into tax payment and create a tax culture in the country, where many deliberately remain out of the tax net despite having taxable income.

In recent years, the number of tax return submissions has risen thanks to various measures, including regular holding of tax fairs since 2010 enabling individual taxpayers to complete their annual tax formalities on the spot in a hassle-free environment.

The introduction of electronically generated TIN, recognition of top taxpayers and rules tightening by the NBR to increase collection of payroll tax not only brought in an increased number of taxpayers but also buoyed the rate of submission of income tax returns.

For example, the number of e-TINs, that stood at 16.51 lakh on June 30, 2015, almost doubled to 31 lakh early this week.

On June 30 of fiscal 2015-16, 10.96 lakh taxpayers

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Taxpayers throng the income tax fair for the year 2017-18, organised by the National Board of Revenue at its under-construction headquarters at Agargaon in Dhaka yesterday.

submitted their returns.

The number rose 42 percent to 15.56 lakh in a year after the tax authority tightened rules to ensure increased collection of payroll tax, which accounts for 2 percent of the total tax collection in a year.

The NBR last year framed rules making it mandatory for public sector employees drawing more than Tk 16,000 in monthly salary to have a TIN. It also made submission of returns mandatory for public sector employees with a basic salary of Tk 16,000 and more.

This year, the government has brought changes in rules that require employers to ensure returns submission by their employees.

Unless employees with taxable income of an organisation submit tax returns, expenses claimed by the employers as salary payment will not be accepted and taxmen will have the authority to disallow expenses as salary, officials said.

Apart from rules tightening, for the first time the tax authority is set to recognise those families whose members have been paying tax for a long time.

The NBR plans to honour 16 families in Dhaka district, 8 in Chittagong district and one family from each of the remaining districts with the title of "Kar Bahadur".

And along with the recognition, the tax authority will give stickers reading "I am a proud taxpayer".

"The sticker can be glued to windshields of cars or at their residence," said Md Abdur Razzaque, a member of the tax administration.

The NBR plans to roll out the scheme of Income Tax ID Card and sticker throughout the country gradually, said Razzaque at the inauguration of the fair in Dhaka, where State Minister for Finance and Planning MA Mannan was present. NBR Chairman Md Nojibur Rahman said the revenue authority will take the initiative to provide a tax payment PIN to taxpayers.

Just after the opening of the fair yesterday, thousands of individual taxpayers thronged the venue, particularly in Dhaka, to complete tax procedures for 2017-18 -- be it for filing of returns or submission of returns.

On the first day of the fair, 79,112 taxpayers received various services, up 33 percent year-on-year.

The number of tax returns submission shot up 93 percent year-on-year to 31,041 yesterday, according to the NBR.

Rising expenses take shine off StanChart profit rise

REUTERS, *London*

HIGHER expenses and flat revenues overshadowed better than expected quarterly profit for Standard Chartered on Wednesday, sending shares in the Asia-focused bank more than 5 percent lower.

Pretax profit jumped 78 percent from the third quarter of last year to $814 million, higher than the $809 million average of analysts' estimates, according to Thomson Reuters data.

But the bank's shares looked set for their biggest single-day fall in three months, with analysts saying the profit increase was driven by a drop in provisions for bad loans rather than growing income significantly, as investors had hoped for.

Loan impairment charges fell 42 percent year-on-year as the bank avoided heavy losses from private equity and bad loans that hit earnings a year ago.

Impairment levels are closely watched by investors in the bank, which has had a glut of bad debts in the past few years following over-exuberant lending.

Rising expenses largely came from reinvestment in the retail banking business and wealth management technology platform as StanChart tries to boost returns, finance director Andy Halford told reporters.

"We have accelerated spend on some of the investment projects and that has put slightly more costs earlier into the P&L in the first nine months of the year ... it's a conscious decision to invest more but at the same time we are taking the underlying costs out of the business," he said.

"We would expect the full-year cost this year, excluding regulatory, to be pretty flat on last year."

Investors are hoping StanChart can begin to grow revenues again, after a two-year restructuring under former JPMorgan banker Bill Winters that has seen him slash more than 15,000 jobs and axe business lines such as Asian equities.

Low global interest rates, lost income from axed businesses and rising competition from regional players in its key markets have combined to temper hopes of higher income, however.

The bank's core capital ratio, another closely-watched measure of financial strength, fell from 13.8 percent at the end of June to 13.6 percent, reducing the chance of the bank resuming dividend payments this year.

"This is likely to dash any hopes for a capital distribution this year," Jefferies analyst Joseph Dickerson said.

Income in StanChart's financial markets business fell around 9 percent year-on-year in the third quarter to $663 million, a more modest decline than at some US and European rivals.

StanChart had on Tuesday announced a reshuffle in its senior ranks, as it promoted Ben Hung to be its new global retail banking chief as Karen Fawcett retired.

IMF tells Gulf states to speed up switch from oil

AFP, *Dubai*

THE IMF on Tuesday advised energy-rich Gulf economies to speed up their diversification away from oil after projecting the worst growth for the region since the global financial crisis.

Oil exporters in the Middle East, especially those in the Gulf Cooperation Council, have been hit hard by the collapse in crude prices which provided a major part of their finances.

Following the slump, GCC members Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates undertook fiscal measures and reforms to cut public spending and boost non-oil revenues.

As a result, economic growth has slowed considerably as the GCC six and other regional oil exporters posted huge budget deficits.

In its Regional Economic Outlook, the International Monetary Fund on Tuesday projected GCC economic growth at just 0.5 percent this year, the worst since the 0.3 percent growth in 2009 following the global financial crisis.

"It is the right time for GCC economies to accelerate their diversification outside oil and to promote a greater role for the private sector to lead growth and create additional jobs," said Jihad Azour, director of the Middle East and Central Asia at IMF.

"Preparing their economies to the post-oil era is something that is becoming a priority for authorities all over the GCC," Azour told AFP.

"We are seeing governments developing diversification strategies and introducing a certain number of reforms to allow the economy to be prepared for the post-oil era. And those are important reforms," he said.

Azour said the GCC growth projections are mainly driven by the oil producers deal to cut output to bolster low crude prices which meant GCC states pumped and exported less oil.

The IMF report also projected that the economies of oil exporters in the Middle East and North Africa -- also including Iran, Iraq, Algeria, Libya and Yemen -- would grow 1.7 percent, down from 5.6 percent the previous year.

MENA oil importers, on the contrary, were expected to expand 4.3 percent this year, up from 3.6 percent in 2016, the report added.

Azour said the IMF was projecting flat growth this year for Saudi Arabia, the largest economy in the MENA region, but the non-oil sector was growing faster than expected.

This was an indication "that the Saudi economy is bottoming up and it shows that the gradual implementation of the fiscal adjustment now is going to allow the Saudi economy to grow faster," Azour said.

He estimated that Saudi Arabia and UAE could achieve a fiscal balance by between 2020 and 2022.

AFP

Oil exporters in the Middle East have been hit hard by the collapse in crude prices.

European investors keen on Bangladesh

REFAYET ULLAH MIRDHA

MANY European companies and individuals want to invest in Bangladesh in a bigger way as they deem the country to be a good option, said a foreign investor in the country.

"It is because of a sizeable ready-to-work labour force of the country and its fast growing economy," Nuria Lopez, managing director of Zalo Knitting and Arrow Sports Wear, told The Daily Star in an interview recently.

But, unfortunately, foreign investors face a lot of hurdles in setting up their businesses in Bangladesh due to a complicated company registration process, energy crisis, bureaucratic tangles and higher tax structures.

For instance, in the absence of a one-stop service a foreign investor has to collect nearly 25 permissions from different government agencies and departments for starting a business, said Lopez, who has been doing business in Bangladesh for more than 24 years now.

Bangladesh is still languishing in the lower rungs of the World Bank's ease of doing business index: out of 190 countries, it came in at 177 in the latest edition -- only higher than Afghanistan in South Asia.

"The reason is that Bangladesh's business climate is still difficult. We have to improve the business climate."

Lopez went on to call for a national single window from where investors can collect all necessary documents without any hassle or harassment.

The Spaniard also touched upon the trade policies of Bangladesh. "The country still follows protectionism -- this is not a good policy for the long run."

Foreign investors want a liberalised trade policy, she said.

The government should also formulate a clear and long-term plan on power and energy as predictability in power and gas reserve is very important to investors for making an investment plan here.

She also said there should not be any discrimination in the tax regime between domestic and foreign investors and should be stability in the tax rates for at least 10 years. Much has changed in the country's garment sector in the 24 years she has been here.

For instance, 24 years ago, international retailers did not want to travel to Gazipur, where the garment factories were mushrooming then.

"But now, Gazipur has become the centre point for garment sourcing companies. This is the way Bangladesh changed over the last 24 years."

On workplace safety in Bangladesh, Lopez said it has improved by leaps and bounds after inspections by the two foreign agencies -- Accord and Alliance.

"The Rana Plaza building collapse has opened our eyes. Now, many companies in the world cannot reach the standard that Bangladesh has reached after the tragic incident."

Nuria Lopez

Although garment shipments from Bangladesh to the EU will keep growing in future, Myanmar and Ethiopia are looking to become strong contenders for the country's throne as the world's second largest apparel supplier, she said.

"They can be good places for garment sourcing in future as both the countries have been giving incentives to attract foreign investment."

Lopez, who is also the president of Spain-Bangladesh Chamber of Commerce and Industry, said potential European investors look for a platform in Bangladesh where they can discuss the challenges they face and seek remedy from the government such that their investment plans can go through.

After years of discussions, the EU's businessmen have decided to form a platform named the EU-Bangladesh Business Chambers' Forum to act as the federation of EU trade bodies and chambers in Bangladesh.

The forum will run in parallel with another platform named the EU-Bangladesh Business Climate Dialogue that was launched three years ago at the government level and has already held three dialogues with the Bangladesh government.

"I hope that we will get a positive nod from the Bangladesh government for the proper functioning of the EU-Bangladesh Business Chambers' Forum," said Lopez, who is set to become the convener of the proposed platform.

The platform will help in attracting more EU investment to Bangladesh, she said.

"Many still think that this country is a very lucrative destination for them."