

NBR moves to tax Facebook, Google

SOHEL PARVEZ

The revenue authority is taking steps to realise value-added tax on digital advertisements on social media or other platforms by local firms following pleas from the Newspaper Owners' Association of Bangladesh (NOAB).

Digital advertisement is progressively accounting for a lion's share of companies' advertisement budget and it is not taxed like other forms of advertisement.

The tax collector asked its field office to take steps to ensure collection of 15 percent VAT on payment made by local firms to digital platforms such as Facebook and Google.

The National Board of Revenue said the money is sent through the banking channel to the recipients abroad, so banks should collect 15 percent VAT when the advertisers make the payment.

In a letter signed by Md Tariq Hassan, second secretary for VAT policy of the NBR, the revenue administration asked its field office to inform the headquarters whether the tax is being properly collected from the area.

"We have provisions to collect VAT from payment made by advertisers to tech companies for online ads. Now we have taken steps to ensure proper compliance with the provision," said Hasan Mohammad Tarek Rikabder, first secretary of NBR VAT policy.

The NBR also sent a copy of the letter to the Bangladesh Bank.

In November last year, the NOAB sent a letter to the finance ministry, the BB and the NBR to voice out its grievance over the rise of digital advertisement.

Facebook and Google are earning a huge amount of money from digital advertisements but they are not paying any tax, the



association said.

The two tech giants have no office in Bangladesh, which allows them to remain out of the purview of Bangladesh's laws. But it is a requirement that every company that wants to do business in any country complies with the local laws.

The NOAB also placed the proposal to the revenue authority at a pre-budget meeting earlier this month and the NBR chairman asked his colleagues to take the issue into consideration.

To bring the income of the tech companies under the tax net, the NBR slapped a 15 percent withholding tax this fiscal year on 'advertisement income or digital marketing'.

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LPG market heating up

Too many companies come as boon for consumers, bane for sellers

SAJJADUR RAHMAN

The household market for the liquefied petroleum gas is growing amidst intense competition among new players coming into the market every year.

The competition is helping consumers get a new cylinder at less than half the production price, but it is increasing financial burden on the companies.

An imported cylinder of 12-kg-capacity costs a company Tk 2,200 to Tk 2,400 but it is being sold at Tk 1,000-Tk 1,100 just to hook new customers, according to industry insiders.

Some companies are manufacturing cylinders locally and that too costs about Tk 1,600 a cylinder.

"The loss we incur from the sale of a cylinder takes at least 4 years to make up by refilling gas," said Md Farukuzzaman, head of marketing of Orion LP Gas, which has entered the market in January.

On an average, a consumer refills gas four times a year.

The other new players like Index, Navana, Sena Kalyan Sangstha and Beximco are also in the same boat.

There are already 12 companies in the market and another one -- Petromax -- has entered the fray yesterday. But the number of players does not just end there.

Seven more companies -- Euro Petro, Universal, JMI, Bengal, Meghna, S Alam and Runner -- are set to roll out their LPG business within the next year with the view to capturing the household segment of



AT A GLANCE

13 companies in operation

Seven are in the pipeline with around Tk 1,500cr investment

Total consumption was 6.84 lakh tonnes in 2017

A new cylinder of 12-kg-capacity costs Tk 2,200-Tk 2,400, but is being sold at Tk 1,000-Tk 1,100

Consumers buy 12kg gas at around Tk 1,000

the market.

The combined investment of the seven companies would be about Tk 1,500 crore.

"It is not just cylinders; companies are selling gas at a very competitive price due to competition among too many players," said Nurul Alam, chief executive officer of BM Energy that came into the market last year.

The company used to make gross profit of about \$200 by selling a tonne of gas, but it has now come down to \$100.

"It has become very tough to sustain in this condition," Alam added.

At present, natural gas is piped to households in Dhaka, Chittagong and some other big cities as cooking fuel.

But the supply is fast depleting, which has encouraged businesses to step into the market.

LPG is a mixture of propane and butane that becomes liquid under pressure, which can then be stored in pressurised containers for use. It is relatively new in Bangladesh and the market is still small.

Bangladesh consumed 1.6 lakh tonnes of LPG in 2015, according to industry insiders. Of the quantity, 1.42 lakh tonnes were imported and 18,000 tonnes generated from different government factories as by-product.

The 12 companies that are in operation supplied 6.84 lakh tonnes of LPG last year at 57,000 tonnes per month, according to market players.

"The main market for LPG is in

Dhaka and Chittagong, but the households there are running on natural gas. We cannot grow by selling LPG to semi-urban and rural areas," said a senior official of one of the two foreign companies operating in this segment.

Totalgaz and LAUGFS Gas Bangladesh (formerly known as Petredec Elpiji) are the two foreign players in the field.

As of April, a tonne of imported LPG cost \$594 (about Tk 50,000), including freight charge of \$110.

A tonne of gas yields 83 12-kg cylinders. So, the production price of a 12-kg cylinder stands at Tk 610.

Companies sell the gas at Tk 750-Tk 780 to wholesalers, who then sell it at about Tk 1,000 to consumers.

Farm loan disbursement rises 2.55pc in Jul-Mar

STAR BUSINESS REPORT

Farm loan disbursement rose 2.55 percent year-on-year to Tk 16,214 crore in the first nine months of the current fiscal year amid a sluggish demand from the industrial sector, according to central bank data.

In July-March, eight state-owned commercial and specialised banks -- Sonali, Janata, Agrani, Rupali, BASIC, Bangladesh Development, Bangladesh Krishi and Rajshahi Krishi Unnayan -- collectively lent Tk 7,035 crore in agriculture loans.

The amount is 73.36 percent of their total annual farm loan target of Tk 9,590 crore.

Private and foreign banks disbursed Tk 9,179 crore during the period, which is nearly 85 percent of their annual target of Tk 10,810 crore.

Commercial banks have long been showing interest in disbursing more farm loans amid a sluggish demand from the industrial sector, according to officials of the Bangladesh Bank.

However, farm loan disbursement

BY THE NUMBERS

In July-March, farm loan disbursement was Tk 16,214cr

During the period, eight state-owned banks together lent Tk 7,035cr in agriculture loans

The amount is 73pc of their entire year's target of Tk 9,590cr

Private and foreign banks disbursed Tk 9,179cr during the period; the amount is nearly 85pc of their annual target of Tk 10,810cr

could face a slowdown in the months to come.

Six to seven months ago, most banks had an excess of cash, which prompted them to channel more money to the farm sector.

The surplus liquidity in some banks, however, has dwindled significantly in

the last few months because of an increase in non-performing loans.

A good number of banks, burdened with classified loans, are being forced to keep a large amount of provision that weakened their liquidity position, the BB officials said.

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Monitoring centre for telecom services on cards: BTRC

MUHAMMAD ZAHIDUL ISLAM

The telecom regulator plans to set up a separate monitoring centre for about Tk 15 crore as part of its efforts to improve the quality of services in Bangladesh.

All telecom service providers, including mobile operators, WiMAX and internet service providers will have to be connected with the centre, said

Shahjahan Mahmood, chairman of the Bangladesh Telecommunication Regulatory Commission.

The main part of the centre will be called the monitoring and data management system and through it the BTRC will ensure the quality of data, network and services of the operators.

The other part will deal with the customer complaints and ensure

compliance, according to Mahmood.

Currently, there is no digital system for the BTRC to monitor the service quality of operators, said a top official of the regulator.

The centre will also help in bringing transparency in the earnings of the operators, said an official of the engineering and operations division of the BTRC that will implement the project.

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Indonesia fair draws orders of \$274m

STAR BUSINESS REPORT

Indonesian companies got orders worth \$274 million or Tk 2,250 crore from Bangladeshi importers during the first Indonesia Fair 2018 which ended yesterday.

Arlinda, Indonesian deputy trade minister, disclosed this at the three-day trade and tourism fair's closing ceremony at Le Méridien Dhaka, says a press release from the country's embassy.

She said the deals were on products such as carriages, motor vehicles (buses), spices, cosmetics, fashion and food commodities.

Nearly 10,000 visitors came to the fair, organised by the embassy in cooperation with the Ministry of Trade of Indonesia and Indonesia-Bangladesh Chamber of Commerce and Industry.

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Former HSBC banker jailed for fraud

AFP, Washington

The former global head of cash currency trading at the British banking giant HSBC was sentenced Thursday to two years in prison for defrauding a client out of millions of dollars, the Justice Department said.

British national Mark Johnson, 51, also will pay a \$300,000 fine following his October conviction on nine wire fraud and conspiracy charges.

Bring more firms with strong fundamentals to stockmarket

BSEC chief asks merchant bankers

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission has instructed merchant bankers to bring companies with sound fundamentals for listing for the sake of their own reputation and the development of the capital market.

M Khairul Hossain, chairman of the BSEC, came up with the instruction while opening the office, logo, and website of the Bangladesh Merchant Bankers Association (BMBA) at a programme at the Hotel 71 yesterday.

"We give approval to companies to raise capital from the market on the basis of the disclosure of information. So, merchant bankers have to ensure that the disclosures are real and complete."

As the issue managers, the merchant banks have a huge responsibility to maintain the reliability of all the disclosures of new companies to help investors get the real picture of the firms that plan to go public, he said.

The chief of BSEC also asked merchant bankers not to inflate the earnings of the companies that want to be listed, as inflated figures put the stockmarket regulator in an embarrassing situation.

Hossain said the commission has worked relentlessly in the last seven years to develop the market.

On Tuesday, the government extended the tenure of Hossain as the chairman of the stockmarket regulator by two years. He has been serving the BSEC for the last seven years.

He urged large companies to raise funds

As the issue managers, merchant banks have a huge responsibility to maintain the reliability of all the disclosures of new companies

through the capital market in order to avoid difficulties in getting bank loans.

Hossain also touched upon the issue of picking a strategic partner of the Dhaka Stock Exchange.

"The process is underway and the strategic partner of the DSE will deepen the depth of the capital market."

According to Hossain, the strategic partner will not only bring some investments to the market but also ensure governance in the stock exchange.

"The capital market now stands on a strong platform and it only requires positive policy support with a long-term vision," said BMBA President Mohammed Nasir Uddin Chowdhury.

Chowdhury said the capital market witnessed huge reforms, including the demutualisation of Dhaka and Chittagong stock exchanges, after 2010 as per the guidance and supervision of the commission.

BSEC Commissioners Md Amzad Hossain and Swapan Kumar Bala were also present.

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