STOCKS Week-on-week		COMMODITIES As of Friday		ASIAN MARKETS Friday closings				CURRENCIES As on Thursday STANDARD CHARTERED BANK				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI		USD	EUR	GBP	JPY
1.42%	1.25%	$1,238.10 (per ounce)	$60.28 (per barrel)	0.09%	2.02%	1.09%	1.53%	BUY TK	82.95	93.50	103.97	0.72
5,251.02	9,754.34			35,962.93	21,374.83	3,077.09	2,593.74	SELL TK	83.95	97.30	107.77	0.75

Star BUSINESS

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Source tax for exporters may be slashed again

STAR BUSINESS REPORT

The National Board of Revenue is likely to cut the source tax on total export proceeds of exporters further in the face of demand from industries, particularly from apparel manufacturers.

The tax at source may be slashed to 0.25 percent from existing 0.6 percent on all export items except for jute and jute goods, said an official of the NBR seeking to remain unnamed.

A notification will be issued soon, the official added.

The move that comes just ahead of the 11th parliamentary election scheduled for December 30 is expected to please exporters.

The reduction of tax at source on export earnings would be helpful for owners to implement the new wage as they will have to pay less tax than before, said Siddiqur Rahman, president of the Bangladesh Garment Manufacturers and Exporters Association.

The garment makers will have to implement the new wage from this month.

The BGMEA had earlier demanded withholding tax of 0.25 percent.

In September, the NBR cut source tax on the total proceeds from exports for all items to 0.6 percent, three months after raising the rate to 1 percent in the budget for fiscal 2018-19 in a bid to increase revenue collection.

The source tax rate for exporters excluding jute goods makers was 0.7 percent in fiscal 2017-18, according to the NBR.

The revenue authority is yet to make public the latest data on tax at source or withholding tax collection.

The NBR collected Tk 1,484 crore as source tax, mainly from garment shipments, in fiscal 2015-16, down from Tk 2,080 crore the previous year, according to its annual report.

The NBR official said the reduced tax rate is likely to take effect from the first day of the current fiscal year and the tax that exporters have already paid might be adjusted in line with the new rate.

Export earnings grew 17 percent year-on-year to $17.07 billion in the first five months of the current fiscal year. Exporters fetched $36.61 billion last fiscal year, posting 5.81 percent year-on-year growth, according to data from the Export Promotion Bureau.

ANTI-DUMPING DUTIES

Bangladesh fails to hit back: govt official

STAR BUSINESS REPORT

Bangladesh is facing anti-dumping duty from some countries including its neighbours but has failed to retaliate due to a lack of research and information, analysts said yesterday.

"The commission is designated to impose anti-dumping duty from 1995, but we have failed to impose it on a single product," said Md Zahir Uddin Ahmed, chairman of the Bangladesh Tariff Commission (BTC).

Usually businessmen do not come forward and inform the commission about the problems they face, he said.

Ahmed also blamed the lack of unwillingness of businessmen to give information to the BTC for research purpose.

His comments came at the seminar -- Bangladesh Trade and Tariff Commission and its role in the economic development of Bangladesh -- at the Institute of Chartered Secretaries of Bangladesh (ICSB) at the Dhaka Club.

The government is working to rename the BTC as the Bangladesh Trade and Tariff Commission.

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Leading economists and businessmen take part in a civic dialogue titled "Middle Income with Quality and Dignity: An Agenda for Bangladesh" jointly organised by the International Chamber of Commerce Bangladesh and Power and Participation Research Centre at the LGED auditorium in the capital yesterday. (story on page 16)

Return to work by tomorrow

Garment stakeholders urge workers

STAR BUSINESS REPORT

The tripartite crisis management core committee on the garment sector yesterday urged the workers to join their workplaces peacefully from tomorrow as they promised to resolve any dispute in wage structure after the general election on December 30.

The development comes after production at more than 60 garment factories remained suspended for the fifth consecutive day yesterday fearing massive labour unrest.

The workers are assuming there would be discrimination in wage hike among grades.

To diffuse the tension, the government high-ups, members of the industrial police from different areas, trade union leaders, garment manufacturers and trade body leaders yesterday had an emergency meeting at the ministry of labour and employment to discuss the situation.

After the meeting, Salahuddin Swapan, secretary general of the IndustriALL Bangladesh Council, said in a press briefing that the stakeholders in no way want any kind of untoward incident before the general election.

The workers will receive the salary under the new wage structure in January as it came to effect in December.

"So the workers cannot agitate or demonstrate before receiving the salary." If there is any dispute there is room for discussion to resolve the crisis, he said.

"We will request the workers to not join in any rally or demonstration or stoppage of work programme," Swapan added.

At the emergency meeting, a consensus was reached to urge the workers to join in their respective workplaces from December 17, said Amirul Haque Amin, president of the National Garment Workers Federation.

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Import tax for gold on cards

REJAUL KARIM BYRON

The government may impose an import tax of Tk 1,000 to Tk 2,000 per bhori of gold under a new policy, mainly to discourage smuggling and use of legal channels to bring in bullion.

The decision was taken at a meeting of finance and commerce ministries, the National Board of Revenue and the Bangladesh Bank with Finance Minister AMA Muhith in the chair last week.

The revenue board might issue a circular in this regard this month.

A consolidated tax of Tk 1,000 a bhori (11.66 gram) stocked will be slapped, a commerce ministry official said.

Under the policy, tax on gold bar imported by authorised dealers would be Tk 2,000 per bhori.

On October 3, the cabinet approved the first-ever gold policy of the country aiming to make import and export of the precious metal easy, stop smuggling and ensure transparency in its trade.

After the policy was approved, a 7-member committee was formed in November led by the commerce secretary to recommend the amount of tax.

The committee recommended Tk 6,000 tax on per carat cut and polished diamond and Tk 50 tax on per carat silver.

The committee also called for continuation of the existing policy for import of gold under the baggage rule, which allows an airline passenger to bring a certain amount of product tax-free. The amount of gold to be allowed to import tax-free under the rule has been recommended to increase slightly. The NBR will decide by how much it will go up, said a commerce ministry official.

According to commerce ministry documents, Bangladesh's annual demand for gold ranges between 20 tonnes and 40 tonnes and almost 80 percent of it is met by smuggled gold and the rest by recycling.

This deprives the government of a huge amount of revenue and creates the scope for money laundering and accumulation of black money.

The existing rules allow import of gold, subject to permission from the central bank. But in reality, gold has never been imported through legal channels since the country's independence.

Between 1971 and 2015, 2.2 tonnes of seized illegal gold worth $90 million had been added to the foreign currency reserves.

Big hauls of the bullion make headlines regularly and indicate that gold is often smuggled into the country.

Under the new policy, traders would declare their stocks of gold and other precious metals to the VAT authorities within six months of the policy issuance. Every month, they would submit balance sheets of their sales to the VAT authorities.

The commerce ministry report said the policy would allow the government to know the extent of the stock and bring them under tax net.

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Purchasing apps, games made convenient

MUHAMMAD ZAHIDUL ISLAM

Mobile phone subscribers can now purchase digital services worth up to Tk 600 a month using his/her balance, a development that is expected to give a boost to local app and game developers.

Previously, only Tk 50 per content or per transaction was allowed, which is insufficient to purchase any app from Google's Play Store. The lowest price of any paid app is $0.99, which is equivalent to Tk 85.

So, Bangladeshi app developers were not getting any business from its own market.

Customers can also use the limit to purchase e-tickets and pay utility bills as well.

The move, which will be particularly helpful for those with international credit card, has been hailed by both app developers and mobile operators, as it would boost their data revenue and yield them commission.

"We can now bank on the local market too, which will give us more room to survive," said SM Ashraf Abir, chief executive of Multimedia Content & Communications (MCC), one of the leading mobile app and games development companies.

With the previous limit of Tk 50, customers were unable to purchase any game or app, so the developers were not concentrating on paid apps for the local market.

On paper, the local market should be the main field for budding developers, as it would give them experience to compete in the cutthroat global market, said Abir, also the former director of Bangladesh Association of Software and Information Services.

The app and games market accounts for 10 percent of the Tk 8,000 crore ICT market in Bangladesh.

The telecom regulator will evaluate how the new arrangement is faring after six months and take another call on it.

The Bangladesh Telecommunication Regulatory Commission had earlier proposed to the central bank to allow Tk 1,000 a month and Tk 6,000 a year, said senior officials who are related with the process.

But the Bangladesh Bank decided on the monthly ceiling of Tk 600 and yearly limit of Th 3,600.

Robi welcomed the move but said the revised regulation does not go far enough to accommodate purchase of quality apps.

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NON-LIFE INSURANCE

Bangladesh: most underinsured nation

Global insurance specialist Lloyd's finds

JEBUN NESA ALO

Bangladesh is the most underinsured country in the non-life insurance category, standing to lose as much as 0.8 percent of GDP from natural disasters a year, said Lloyd's of London, one of the leading insurance marketplaces in the world.

The country is also one of the most exposed to risks such as climate change and the least able to fund recovery efforts, the company said in its latest global report on the insurance sector. The last edition of the report came out in 2012.

In the report, Lloyd's shed light on the underinsurance or insurance gap, which depicts the value of assets at risk not covered fully by insurance policies.

Among the 43 countries covered in the report, Bangladesh has the largest insurance gap, which stands at $5.5 billion, or 2.1 percent of the country's gross domestic product.

Insurance premium per capita in Bangladesh is just $8, a statistic that masks the fact that most people have no insurance at all, according to the report.

Aside from affordability, which is a major barrier to adoption in emerging economies, some of the reasons people choose not to take out insurance include little understanding about the value and a lack of trust in insurance companies.

The insurance penetration in Bangladesh remained static in the last six years to 2012 although 13 new companies entered the market during the period, bringing the total to 77. The number of non-life insurance companies is 45.

"The insurance penetration remained low just because of the unholy practice of the insurers to hide a big portion of premium collected as they have to share a percentage of their premium with the government," said Mohammodi Khanam, chief executive of Prime Insurance Company.

NON-LIFE INSURANCE PENETRATION *In %*

COUNTRY	2018	2012
NETHERLANDS	7.7	9.5
SOUTH KOREA	5	4.6
UNITES STATES	4.3	4.1
INDIA	0.9	0.7
VIETNAM	0.8	0.9
PHILIPPINES	0.6	0.4
INDONESIA	0.5	0.6
BANGLADESH	0.2	0.2

Some insurers give up to 70 percent commission on the premiums collected by the agents to boost the company's income, which is unethical, she said.

Moreover, a lack of government initiative to bring all properties and businesses under the insurance coverage is also to blame for the low penetration, Khanam added.

A lack of trust on insurers, little knowledge about insurance and zero product diversification have caused the insurance premium to remain low, said Gokul Chand Das, a member of Insurance Development and Regulatory Authority (IDRA).

The country's insurers collected Tk 11,150 crore as premium in 2017, up 7.39 percent year-on-year, according to data from the IDRA. Of the total premium in 2017, the contribution of non-life insurance companies was Tk 2,934 crore.

"The insurance sector is not keeping pace with the GDP," Das added.

The report also highlighted the insurance penetration, which measures the contribution of insurance premium to the GDP of a country in percentage terms.

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