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BUSINESS

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# Money whitening scope to foster dishonesty: analysts

STAR BUSINESS REPORT

The opportunity to legalise black money at nominal tax will encourage compliant taxpayers to be dishonest, said business leaders and economists at a post-budget discussion yesterday.

The reaction came after Finance Minister AHM Mustafa Kamal proposed investment of undisclosed incomes without question in special economic zones and hi-tech parks upon payment of 10 percent tax on the invested sum from July 1 this year through June 2024.

For regular taxpayers, the tax ranges from 10 percent to 30 percent depending on income.

"This will set a bad example," said Abul Kasem Khan, a former president of the Dhaka Chamber of Commerce and Industry.

Thanks to the scope, it appears that good taxpayers will be encouraged not to pay taxes properly. They will be non-compliant and then invest in economic zones to avail the opportunity to legalise their money by paying 10 percent, he said.

"I think, you are encouraging people to be dishonest," said Khan, also a director of AK Khan & Co., at a discussion on the proposed budget



Planning Minister MA Mannan, ICAB President AF Nesaruddin and ICAB Council Member Md Humayun Kabir attend the "ICAB-The Daily Star Post-Budget Discussion 2019" at The Daily Star Centre in Dhaka yesterday.

held at The Daily Star Centre in Dhaka.

The event was organised by the Institute of Chartered Accountants of Bangladesh (ICAB) and The Daily Star jointly.

As much as \$79 billion would be required to meet the government's target of raising private investment to 24 percent of GDP next fiscal year.

"But, given the rising default loans and fund shortage in banks, where will the money come from?" Khan said.

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## OBSERVATIONS ON PROPOSED BUDGET

- Budget not too big, 18pc of GDP
- Revenue target over ambitious
- Too much dependence on indirect tax
- Higher bank borrowing may hurt private credit
- No measures to address rising inequality
- Automation and reform of NBR is a must to implement VAT law effectively
- Excessive penalty measures taken for non-compliance of VAT law
- Dictated interest rates will not work
- Taxing stock dividend is an anti-business move
- Actions must be taken against wilful defaulters
- Allowing black money may prove counter-productive
- Poor allocation for health sector
- Higher tax-free turnover for SMEs is a good move
- Tk 100cr allocation for startups is a brilliant step
- Widening of safety net schemes is welcomed

## PROPOSED DUTY HIKE

### Sugar price rises overnight in port city

MOHAMMAD SUMAN, Cg

Sugar prices have gone up by Tk 120 per mound in the Khatunganj-Chaktai market, the hub for wholesale of commodities in Chattogram, soon after the proposed budget for 2019-20 was placed on Thursday.

Commodity traders of Khatunganj-Chaktai said sugar was being sold at Tk 1,830 per mound on Saturday, which was Tk 1,710 on Thursday.

Finance Minister AHM Mustafa Kamal in his budget speech recommended increasing the specific duty and regulatory duty of both refined and raw sugar on import.

The specific duty for per tonne of raw sugar will be Tk 3,000, up from the existing Tk 2,000 while it will be increased by Tk 1,500 per tonne on import to Tk 6,000 for refined sugar if the proposals get go-ahead.

The regulatory duty for both refined and raw sugar will be raised to 30 percent from the existing level of 20 percent.

The demand of sugar increased suddenly overnight and few traders are now trying to take benefit of the increased demand, Nasir Uddin, general manager for marketing of Meghna Group, a major importer of sugar, told The Daily Star.

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## Cement in place of plastic raw materials

### Pran Dairy sued over tax-dodging; it blames supplier

STAFF CORRESPONDENT, Cg

The Customs House in Chattogram has filed a case against Pran Dairy alleging that it tried to dodge paying Tk 2.88 crore in duties by falsely declaring 30 containers of imported cement as raw materials for plastic products.

The importer, however, said it was deceived by the supplier, who sent cement instead of what was declared.

According to customs sources, the company, a sister concern of Pran Group, had declared to import 510 tonnes of polyethylene, a raw material for plastic products, worth Tk 4.78 crore from the United Arab Emirates.

The consignment arrived at the Chittagong port on May 26 and the company submitted documents at the Customs House that day to get the delivery. On May 27, it paid Tk 1.42 crore as customs duty for its "imported polyethylene".

Customs sources said Pran Dairy was supposed to pay Tk 4.3 crore as duty for the cement. The duty for polyethylene is 31 percent and cement 90 percent.

If the importer wants to have the goods released, it will have to pay at least another Tk 2.88 crore.

"During physical examination of the consignment on Tuesday, we found 510 tonnes of cement of Jebel Ali brand," Sadhan Kumar Kunda, joint commissioner of the Customs House, told The Daily Star. The case was filed on Thursday against the company following confirmation of the fraudulence through chemical examination.

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