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DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
▼ 1.02%	▼ 0.81%	\$1,337.70	\$61.88	▼ 1.25%	▲ 0.03%	▼ 0.45%	▲ 0.20%	BUY TK 83.50	92.69	104.31	0.75
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Transport operators to face higher tax

SOHEL PARVEZ

Road and water transport operators are set to face 25 percent higher taxes on their earnings from next fiscal year as the revenue authority feels tax collection from the transport sector is not up to the mark.

"We get insignificant amount of taxes, especially from the land transport sector, although its share in GDP is quite high," said a senior official of the National Board of Revenue requesting anonymity.

The spike in taxes, which comes five years after the NBR had increased the presumptive tax from road and water transport owners, is expected to fetch higher revenues, he said.

Land and water transport accounts for nearly 8 percent of the country's GDP in fiscal 2018-19. Yet, tax collection from all vehicles, including personal cars, hover around Tk 1,000 crore, according to

BUDGET 2019-20

data from the Bangladesh Bureau of Statistics and the NBR.

The latest data on tax collection from vehicles, including buses and trucks, is not available. The recently released NBR's annual report for fiscal 2016-17 showed that the tax collector got Tk 894 crore, up 21 percent year-on-year.

It got Tk 10.94 crore in tax from inland water transport, up 58 percent from fiscal 2015-16.

Currently, a bus owner has to pay Tk 9,000 for a 52-seater bus as tax every year and Tk 12,500 for a vehicle with more than 52 seats. The same Tk 12,500 tax is applicable for a five-tonne truck.



Owners of luxury and air-conditioned buses have to count Tk 30,000 for each bus.

Inland water transport operators have to pay tax based on the carrying capacity of passengers and cargoes.

Owners of passenger carrying vessels have to pay Tk 100 for each passenger.

Transport operators have to pay the tax for each regardless of their income per bus, truck or vessel, the NBR official said.

The decision to increase the tax followed meetings with representatives of transport owners associations. It means if tax is hiked 25 percent, the total amount of presumptive tax for a below 52-seater will be Tk 11,250.

A notification will be issued in this regard soon, the official added.

To avail the scope to pay presumptive tax owners of vehicles and vessels will have to submit their income tax returns.

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Bank cards to be costlier

Budget measures a blow to cashless society drive, insiders say

AKM ZAMIR UDDIN

The cost for issuing new credit and debit cards will balloon 3-6 times after the government imposed fresh duty on the imported items, which the bankers say is conflicting with the Bangladesh Bank's push towards a cashless society.

In the budget for fiscal 2019-20 unveiled on June 13, there was a fresh tariff of \$0.70 on each magnetic stripe card import, \$2 for chip-and-pin card and \$3 for contactless card.

There was no declared tariff rate on the imported cards, but the Customs Department commonly imposed a maximum of \$0.52 on each card, according to an official of the National Board of Revenue.

"Given the government and the central bank's push for making a cashless society the new rates are completely illogical," said Syed Mahabubur Rahman, chairman of the Association of Bankers, Bangladesh, a platform of private banks' managing directors.

The move will discourage clients from asking for credit and debit cards as banks will be compelled to impose charges for issuing them.

"The ABB will approach the authority concerned within a day or two to withdraw the duty," he added.

Thanks to the duty a magnetic stripe card will cost Tk 120-Tk 125 in contrast to Tk 20-Tk 25 at present, said Jubayer Hossen Sayem, managing director of

Lark Technologies, one of the major card importers.

For a chip-based card, the cost of import will stand at Tk 370, up from Tk 100-Tk 120. The cost of contactless credit card will escalate by more than three times to Tk 550.

As much as 25-30 lakh cards are usually imported by the local companies per year to meet the domestic demand, Sayem said.

The local banks are highly dependent on imports as only one company in Bangladesh has the accreditation of Visa to manufacture the cards, said Rahman, also the managing director of Dhaka Bank.

The company's capacity is limited, he said, adding that it has yet to manage certification from Visa to manufacture contactless cards.

"No local company has so far taken authorisation from Mastercard, American Express, JCB and other global companies to produce their cards. So, the new duty has become a big blow for the banking sector," he said.

If a company wants to manufacture the cards locally more than \$100,000 must be paid as royalty and audit fees every year to card issuers like Visa, Mastercard, Nexus and so on, said an official of a bank with knowledge of the matter.

The local company will have to churn out nearly 1 crore cards to break-even and it is tough given the volume of the country's card market, he said.

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Improve public services to boost tax receipts: EquityBD

STAR BUSINESS REPORT

Improvement should be brought in the quality of essential government services especially related to food, education and health at first to ensure a rise in tax collection, experts said yesterday.

Enhancing tax collection requires political willingness and the culture of accountability in governance, they added.

People will pay taxes willingly if accountability is enhanced among government agencies dealing with essential services, said Ahsanul Karim, a coordinator of EquityBD, a civil society network on rights.

This can be done through establishing complaint response mechanisms, citizen charter and code of conduct, he said while presenting a paper at a press conference at the National Press Club in Dhaka.

EquityBD along with some worker and farmers' organisations organised the event themed on "expanding tax area cannot ensure tax collection: political willingness on paying taxes must be raised among the public".

"The ratio of allocations, especially in education and health, is still low in comparison to Unesco and WHO standards," added Karim.

It is also important to review different fees and charges in banks while the interest rate should be limited to a single digit, he said.

Bangladesh is a still a leading country when it comes to illicit money flows while India has reduced this in the last few years, he added.

"The proposed budget may be growth-based but not public welfare-based which is a common trend in most of the countries. There is no good news for the farmers in it," said Badrul Alam, president of Bangladesh Krishok Federation, a platform of farmers.

Rezaul Karim Chowdhury, the event's moderator, said one of Bangladesh's state principles was socialism, a dream of Bangabandhu Sheikh Mujibur Rahman, where equality, redistributive justice and social welfare are fundamental.

The budget hardly reflects this spirit, he added.

NBR needs overhaul: economists

STAR BUSINESS REPORT

Economists yesterday suggested massive reforms in the National Board of Revenue (NBR) to separate the tax administration from tax policymaking with a view to bringing in more efficiency and fairness in revenue collection.

"Let me be very honest: we will never get out of this 'threatening' trap unless we reform the NBR itself," said Ahsan H Mansur, executive director of the Policy Research Institute (PRI), at the regular luncheon meeting of American Chamber of Commerce in Bangladesh (AmCham) at the Sonargaon hotel in Dhaka.

AmCham held the meeting to share its reactions on the proposed budget for fiscal 2019-20 that was presented in the national parliament on June 13.

Economists, diplomats, businessmen and leaders of different trade bodies attended the discussion, which was moderated by AmCham President Nurul Islam.



AB Mirza Azizul Islam, a former caretaker government adviser, speaks at the AmCham's luncheon meeting at the Sonargaon hotel in Dhaka yesterday.

"The NBR is the administration; it has no executives on formulation of tax policies," Mansur said.

Administrative conveniences have been dictating the formulation of tax policies.

"This is manifested again in the proposed budget for next fiscal year," Mansur said.

The tariff commission was not empowered enough to determine the tariff on different issues, said the senior PRI official.

Subsequently, AB Mirza Azizul Islam, former caretaker government adviser, advocated reforming the NBR. When he was in charge of the finance ministry during the caretaker government he took some initiatives to separate the tax collectors from the tax administrators. But his initiatives are yet to be implemented.

If the local business community does not invest on a massive scale then foreign direct investment will not come as the latter get confidence seeing how the domestic entrepreneurs are faring.

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Expos on building construction, furniture kick off Thursday

STAR BUSINESS REPORT

Two international tradeshows will kick off in Dhaka on Thursday to showcase materials, products, tools, machinery, and technology in the building construction and furniture sectors.

The fifth edition of the Bangladesh Buildcon International Expo 2019 and the fifth Bangladesh Wood International Expo 2019 will take place at the International Convention City Bashundhara in the capital's Purbachal from June 20 to 22.

ASK Trade and Exhibitions Pvt Ltd and Future Trade Fair and Events Pvt Ltd are jointly organising the three-day tradeshows. A total of 250 exhibitors from 10 countries - China, India, Turkey, Hong Kong, the US, Sri Lanka, Austria, Malaysia, Italy and Bangladesh - will join the events.

They will display more than 3,000 products, including, materials, equipment, machinery and technology related to building, construction, roadways along with woodworking machinery for furniture production, hardware and tools, fittings and fixtures, laminates, boards, coating, abrasives and adhesives.

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Tax on digital service contradicts policy

Mobile phone users call for withdrawal of supplementary duty

STAR BUSINESS REPORT

A consumer rights body yesterday called for withdrawal of the supplementary duty on mobile phone use as the tax goes against the government's telecom and ICT policies and the Digital Bangladesh agenda.

In a press conference at Dhaka Reporters' Unity, Bangladesh Mobile Phone Consumers Association said many services have been introduced in the country like ride-sharing and digital commerce which have generated a huge number of jobs.

On Thursday, the finance minister, while unveiling his maiden budget, increased the SD on the overall mobile phone use to 10 percent from 5 percent and the customs duty on smartphone import to 25 from 10 percent.

He also imposed a 7.5 percent value-added tax (VAT) on virtual business, which includes ride-sharing and e-commerce.

The association says the taxes on the digital services were increased and imposed without taking into account the overall consequence.

"Wholesale tax increases will hinder the digitalisation of the country," said Mohiuddin Ahmed, president of the association.

"This goes against the government's

digitalisation agenda."

Owing to the new tax, customers will now have to pay 27.77 percent in taxes of the services provided through mobile phones. Users also pay a 15 percent value-added tax and 1 percent surcharge on phone bills.

On Thursday, the National Board of Revenue issued a statutory regulatory order and mobile phone operators reacted straightaway by raising the charges.

"It is easy to collect handsome revenue from the digital industry with less effort and that's why the government sees it as one of its cash cows," Ahmed said.

The finance minister has also proposed to raise the minimum tax on turnover for mobile companies to 2 percent from 0.75 percent.

"The government has allocated a huge amount of money for different ministries and increased the allocation for the telecom and ICT divisions. But, it has not allocated any money for Teletalk," Ahmed said.

Raising the SIM tax from Tk 100 to Tk 200 will double the burden for the industry in case of giving new connection, according to Ahmed.

Zonayed Saki, a politician, and Abu Naser Khan, chairman of the Poribesh Bachao Andolon, were present.

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