

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
▲ 0.20%	▼ 0.06%	\$1,344.00	\$62.32	▲ 0.17%	▲ 1.72%	▲ 1.53%	▲ 0.96%	BUY TK 83.50	92.46	104.03	0.75
5,411.40	10,038.47	(per ounce)	(per barrel)	39,12.74	21,333.87	3,288.17	2,917.80	SELL TK 84.50	96.26	107.83	0.79

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New VAT system to bring in Tk 11,000cr more

SOHEL PARVEZ
 The National Board of Revenue expects to collect about Tk 11,000 crore more for imposition of VAT on various goods and services and increasing rates on many others, said its officials.
 It also aims to register Tk 5,000 crore by ensuring use of electronic sales registers -- electronic fiscal device (EFDs), sales data controller (SDC) or point of sales -- by 25 types of businesses, including grocery stores, hotels and restaurants, sweetmeat shops, clothing stores, furniture sellers, jewellers, electronics sellers, and large and medium wholesalers.
 The NBR's collection target from VAT in the incoming fiscal year is Tk 117,672 crore.
 This year, it is expecting to collect Tk 81,820 crore, meaning it has to

come up with new ways to bring home an additional Tk 35,852 crore in fiscal 2019-20.
 Apart from the VAT measures, the hike in supplementary duty on cigarettes and tobacco products and mobile usage will bring in more than Tk 8,000 crore, according to an estimate of the NBR.
 "We expect to achieve nearly half of our additional collection target by introducing four main VAT rates and specific tax under the new law," said a senior official of the NBR.
 The government proposed multiple rates of VAT under the VAT and Supplementary Duty Act 2012, diverting much from the spirit of the law when it was formulated in 2011.
 After much delays, the new VAT law will take effect from July 1.
 Under the new law, the NBR slapped 5 percent VAT on most of the 84 products on which it collected the tax on tariff or assumed value. These include spices, biscuits, paper, LP gas, transformers, buses and water vessels.
 It removed exemption benefit



BUDGET 2019-20

on aluminium and plastic kitchen items, tableware and household goods and imposed 5 percent VAT, also known as consumption tax.
 Besides, the revenue collector hiked VAT on items such as bricks and rods, from which it collected VAT based on tariff value. Procurement provider, construction firms and furniture makers will also see spike in the VAT rates by as much as 2.5 percentage points.
 "We will get a good amount of VAT as a result," the official said, adding that the imposition of advance tax on imports will also fetch a handsome amount.

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Pran-RFL clarifies

Pran-RFL Group yesterday said Pran Dairy has not dodged taxes as opposed to claims after cement was found in 30 containers in place of raw materials for plastic products.
 "This incident is not an attempt to dodge tax at all," the group said in a statement.
 It came after the Customs House in Chattogram filed a case against Pran Dairy alleging that it tried to dodge paying Tk 2.88 crore in duty by falsely declaring 30 containers of imported cement as raw materials for plastic products.
 In a statement, Pran-RFL Group said Pran Dairy opened a 180-day deferred letter of credit in favour of GPG Middle East General Trading LLC of United Arab Emirates on March 21 this year with Mutual Trust Bank in order to import 510 tonnes of HDPE resin.
 Subsequently, the resin arrived at the Chattogram port on May 26 through Everbest Logistics, the local agent of SK Shipping Line.

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Budget positive for motorcycle makers

JAGARAN CHAKMA
 The continuation of concessionary duties on raw material import for motorcycle manufacturers into fiscal 2019-20 would help the fast-growing sector, said market players.
 Furthermore, Finance Minister AHM Mustafa Kamal added three new raw materials into the list for concessionary duty, which has been around since fiscal 2017-18.
 "This is great news for the automobile sector," said Hafizur Rahman Khan, chairman of Runner Automobiles, one of the leading motorcycle manufacturers.

He, however, called for a long-term policy for the sector, as the constant change in rules leaves investors in a state of confusion and scares off potential ones.
 "Investors would be at ease then."
 Khan went on to recommend a policy for local vendors who supply components for motorcycle manufacturers like tyres.
 The government's move to declare it a thrust sector would help expand motor bike assemblers and manufacturers' business, said Abul Kasem Khan, former president of the Dhaka Chamber of Commerce and Industry.

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Local motorcycle assemblers and manufacturers welcome the proposed duty benefit on import of raw materials for two-wheelers.

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India slaps anti-dumping duty on jute cloth

STAR BUSINESS REPORT
 In another bad news for the jute industry, India has slapped anti-dumping duty on jute sacking cloth from Bangladesh, triggered by a spike in its import following the imposition of similar duty on sacks and products in 2017.
 Earlier on 5 January, 2017 India had imposed anti-dumping duty, ranging from \$19 and \$352 per tonne, on jute yarn/twine, Hessian fabric and jute sacking bags from Bangladesh and Nepal.
 Jute sacking cloth was left out, which prompted wily Indian importers to bring it instead to get around the anti-dumping duty. The escalating imports of the item compelled the Indian authorities to investigate the matter.
 The tariff comes as the value-addition in converting jute cloth into sacks is insufficient, said the gazette notification from the neighbouring country's finance ministry on Tuesday.
 India has imposed anti-dumping duty of \$125.21 per tonne on jute sacking

cloth from 15 Bangladeshi exporters and \$138.97 on others.
 Some 11 exporters escaped the fine as the Indian finance ministry's investigations found their shipment quantities of jute cloth to not be excessive.
 The development is a big blow to jute goods exporters, who are progressively seeing their export market shrink for a host of reasons including competition from the lower priced polypropylene and synthetic goods and falling demand from traditional markets.
 India was one of the largest export destinations for Bangladesh's jute and jute goods but after the imposition of the anti-dumping duty in 2017 shipments shrank. The latest round of levy would exacerbate matters.
 Export of jute and jute goods dipped 20 percent year-on-year to \$773 million in the first 11 months of fiscal year 2018-19 according to data from the Export Promotion Bureau. And shipment of jute sacks and bags suffered a 33 percent slump.

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Tax uncertainties a challenge to e-commerce existence

Say entrepreneurs demanding long-term VAT exemption

STAR BUSINESS REPORT
 Tax-related uncertainties create a huge burden on the industry and also challenge their existence, said top e-commerce entrepreneurs yesterday.
 In a roundtable organised by the Bangladesh Association of Software and Information Services (BASIS), they demanded long-term tax exemptions for the market to grow and create a user base.
 In the proposed budget for fiscal 2019-20 the finance minister sought a 7.5 percent value-added tax on virtual businesses.
 "E-commerce is not only a business; rather, this is an ecosystem that digitalised all related stakeholders and ensured transparency," said Ashikul Alam Khan, chief executive officer of PriyoShop.com, a leading e-commerce site.
 So to ensure transparency the government should promote e-commerce.
 "If the proposed VAT is implemented,

we will have no option but to shut down our business," he added. This will clearly be double taxation, said Zeeshan Kingshuk Huq, CEO of Sindabad.com, a business-to-business e-commerce entity.
 "We are purchasing from suppliers after paying VAT and now we will have to pay another 7.5 percent VAT and will not be able to claim rebates from the National Board of Revenue (NBR)," he added.
 Meanwhile, e-commerce entrepreneurs sought tax exemption for at least five years.
 People had just started spending on the digital platforms and the government has started burdening it with taxes, said Syed Almas Kabir, president of BASIS.
 The industry needs to grow further and only then could the tax issue come up.
 "Online shopping is not a practice of the affluent class only. Rather, the platform is used more by the middle-class and marginal people," he added.

E-commerce sales amounted to about Tk 1,000 crore per year and if the government gets 7.5 percent of it it would hardly be Tk 75 crore, said Syed Mohammad Kamal, a BASIS member.
 "This is nothing compared to the NBR's collection. Saving a very important industry that has immense potential is much more important than collecting Tk 75 crore from it," said Kamal, also the country manager of Mastercard.
 People is just getting used to e-commerce and because of the 7.5 percent VAT prices would be hiked in online sites, said Mirajul Huq, CEO of bagdooom.com.
 "People will lose their motivation to make purchases online and that's why VAT should not be imposed right now in this sector," he added.
 If this VAT comes into effect none would be interested in investing on digital platforms, said Abdul Wahed Tomal, general secretary of the e-Commerce Association of Bangladesh (e-CAB).

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Stocks rise riding on insurance sector

STAR BUSINESS REPORT
 Dhaka stocks rose for a second consecutive day yesterday riding on the government's plan to increase penetration of the insurance sector through some positive measures.
 With eight of the top 10 in the gainers' list coming from the insurance sector, the DSEX, the premier bourse's benchmark index, rose 11.16 points or 0.20 percent to close at 5,411.40.
 In the budget for 2019-20, Finance Minister AHM Mustafa Kamal said preparations had been taken to bring expatriate workers under insurance schemes while all government employees under an integrated insurance system instead of group insurance.
 He also proposed introducing crop and livestock insurance. "Digitisation of the insurance sector and its high rate of penetration have been planned," the minister said.
 The new plans of the proposed budget have encouraged stock investors to pour money into the sector, according to market analysts.
 Investors should be cautious during making new investments in such companies, as stocks of some insurance companies have been found soaring abnormally, market insiders said.
 The top eight gainers are Rupali Life, Sunlife, Eastern, Progress Life, Sandhani Life, Eastland, Meghna Life and Prime Life Insurance.

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Textile millers demand VAT exemption on local sales

STAR BUSINESS REPORT
 Textile millers yesterday demanded the government exempt them from 5 percent value-added tax on the sales of yarn in the local market with a view to becoming more competitive.
 Export-oriented yarn producers are exempted from payment of VAT. But, the finance minister has proposed to impose 5 percent VAT on the sale of yarn in the local market in the budget unveiled last week.
 Yarn-makers who cater to the local market will have to pay Tk 24 as VAT on the sale of a kilogramme of yarn if the fiscal measure remains unchanged.
 "Because of the VAT, the mills will face tough competition from their competitors in countries such as China and India," said Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association (BTMA).
 "As a result, yarn users will not feel encouraged to buy the local variety and the yarn market will again be dominated by foreign yarn."

He spoke at a press conference on the proposed budget at the Pan Pacific Sonargaon Hotel in Dhaka. Khokon also says local mills would face closure and the price of clothing items, especially lungi and sari, will go up in the domestic markets, putting consumers under pressure.
 The association urged the government to continue the 0.25 percent source tax on the export receipts. The tax is expected to expire at the end of June.
 It called for withdrawal of the 5 percent advance tax on the import of textile machinery, spare parts and other raw materials.
 Polyester, viscose and tencel, the most important raw materials, have been importing tax-free for the last five years. Still, the customs department is deducting the advance tax which is unjustified, Khokon said.
 "A big opportunity has been created for us owing to the US-China trade war. The government needs to give us export incentive in the US markets so that we can export more to the country."



Mohammad Ali Khokon, president of Bangladesh Textile Mills Association, speaks at a press conference on the proposed budget at Pan Pacific Sonargaon Dhaka yesterday.

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৬ষ্ঠ বর্ষপূর্তি

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