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DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
0.29%	0.26%	\$1,380.20	\$63.30	1.25%	0.60%	0.80%	2.38%	83.50	93.10	105.05	0.76
5,395.62	10,011.40	(per ounce)	(per barrel)	39,601.63	21,462.86	3,314.51	2,987.12	BUY TK	SELL TK	84.50	96.90

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Tax benefits for car assemblers

SOHEL PARVEZ

The National Board of Revenue has exempted value-added tax and supplementary duty on import of raw materials and components to make cars as the government looks to encourage development of an automobile industry in Bangladesh.

Car assemblers would be able to import up to 1,600cc cars in completely knocked down forms and the requisite raw materials and spare parts to put them back together without any VAT and SD.

The benefit would prevail for two years beginning from July 1, according to a notification from the tax administration released on June 13 as part of its overall tax and duty measures for fiscal 2019-20.

Between 2013 and 2017, car registration increased, according to Bangladesh Road Transport Authority. On an average, 16,112 cars were registered in a year between 2011 and 2018.

At present, state-run Pragati Industries, Rangs Motors and PHP Family assemble sports utility vehicles and cars of certain engine capacity for the domestic market.

To avail the exemption benefit, assemblers will have to pay advance tax and must have

facilities to make more than one component such as reinforcement pipe and brake, fuel tank cover, battery seal and engine hook.

Assemblers will have to establish paint shops approved by the original car manufacturer and use battery and tyres that were manufactured locally and got the seal of approval from the brand.

There should be a technical assistance agreement between the car manufacturers and assemblers to develop skilled workforce and technology transfer, the NBR said.

The cars must be environment friendly and manufactured under the Euro 3 emission standard, it added. The exemption has been offered to lure in investors, particularly from abroad, to the automobile industry, said Md Tariq Hassan, second secretary of VAT policy of the NBR.

Sufi Mohamed Mizanur Rahman, chairman of PHP Family that assembles Malaysian Proton cars, said advance tax should not be imposed. "Why do they impose the tax if they say it will be VAT free?" he said without giving any further details. Md Touhiduzzaman, managing director of Pragati Industries, said the state-run company would be unable to avail the opportunity now as it does not assemble cars of 1,600cc.

It only assembles SUVs between 2,001cc and 3,000cc. Pragati though is building a modern assembling plant that would be complete in 2021 and hence sought the exemption benefit to be extended for five years instead of two. Touhiduzzaman also demanded extension of the exemption facility for assembling of vehicles from 2,001-3,000 cc.



Cars are being assembled at a plant of PHP Industries at Sagorika in Chattogram.

12 companies show interest to build LNG terminal

STAR BUSINESS REPORT

A total of 12 companies have shown interest in building the country's first onshore liquefied natural gas (LNG) import terminal, according to Reuters.

Bangladesh is turning to land-based LNG terminals as its first imports of the super-chilled fuel via a floating platform were delayed due to inclement weather and technical issues.

Rupantarita Praktirik Gas Company Limited (RPGCL), a part of state-owned oil and gas company Petrobangla, earlier this year had requested expressions of interest (EOI) from potential terminal developers for a land-based LNG regasification terminal at Matarbari in Cox's Bazar.

Twelve companies have submitted documents showing interest to build the terminal, two officials from RPGCL told Reuters.

The companies include Japan's Mitsui, South Korean utility KOGAS, and a consortium led by Summit Corp, a unit of Bangladesh's Summit Group, the officials said.

The consortium of Summit, Japan's Mitsubishi and JERA Co, the world's largest LNG buyer, was created for the proposed development of the LNG terminal in Matarbari. Summit

is the lead investor in the consortium with Mitsubishi and JERA as minority stakeholders, an official of Summit Group told The Daily Star.

Summit and Mitsubishi have been envisioning this project for over a year and it is part of Summit, Mitsubishi and GE's \$3 billion foreign direct investment (FDI) to Bangladesh, the official said, on condition of anonymity.

Citing an official, Reuters said a committee will evaluate the proposals and create a shortlist based on the capabilities and technical assessments of the 12 companies. It could take more than a year to complete and award the contract for the terminal.

The expressions of interest were initially due on March 20, but the closing date was delayed to this week after the companies requested more time.

The expression of interest is for the design, engineering, procurement, construction and commissioning of an onshore terminal that can handle 7.5 million tonnes of LNG a year, including receiving, unloading, storing and regasification facilities.

The project will run on a build-own-operate basis for 20 years, with ownership to then be transferred at no cost to the Bangladeshi government or a company nominated by the government.

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Venture capital firms demand tax exemption

STAR BUSINESS REPORT

The Venture Capital and Private Equity Association of Bangladesh yesterday sought tax exemptions for alternative investment fund managers, individual investors and mutual fund and tax rebates on provident fund investments for the next 10 years.

If the government does not provide such incentives, which aid robust growth in the digital space, potential investors will not gain interest in such new kinds of funding, the association added.

The platform had been seeking the exemptions for the last couple of years but found no response.

Voicing the demand at a press meet in the capital's Karwan Bazar, Shameem Ahsan, the association chairman, said venture capital bore noteworthy relevance for economic development, particularly in countries like the US, Singapore and Indonesia.

Venture capital got adequate policy support from governments in those countries, which directly aided the emergence of the biggest multi-billion dollar companies, he said.

"Venture capital directly triggers employment generation, creates self-employment opportunities and is often the only available source of financing for small and young companies," said Ahsan, also a partner at Pegasus Tech Ventures.

Venture capital is financing that investors provide to startup companies and small businesses that are believed to have long-term growth potential.

Shawkat Hossain, the secretary general, said the nascent venture capital and private equity sector needed a decade-long exemption.

"A period of 10 years is standard and before that, the earnings are small and required to keep the company afloat," he said, adding that tax on this small income would be "very much ruinous" for the industry.

Financial discipline in banking a must: IBFB

STAR BUSINESS REPORT

Financial discipline in the banking sector should be restored in order to overcome the challenges of budget implementation, the International Business Forum of Bangladesh (IBFB) said yesterday.

The rising non-performing loans are fuelling the cost of doing business and affecting the overall economy, and it is the main bottleneck to bringing down the interest rate to a single digit, it said.

However, the IBFB thanked the finance minister for the six proposals to reform the banking sector and to slash the interest rate.

The officials of the research and advocacy-based business forum made the comments in its post budget press



budget's deficit financing is hurting investment in the private sector, he said. He suggested the government mobilise external sources to meet the needs for deficit financing.

The private sector is still dependent on bank borrowing as the capital market is yet to become a dependable source of fund for the investors, Rashid said.

The IBFB differed with the government's proposal of giving the scope for whitening of the black money by investing in flat purchase and economic zones.

Rather, the government should encourage people to invest in Rangpur and Rajshahi regions to help reduce economic disparity and create employment for the poor, the platform said.



Agriculture Minister Md Abdur Razzaque, President of Yanmar Agribusiness Hiroaki Kitaoka, ACI Group Chairman M Anis Ud Dowla and Japanese Ambassador to Bangladesh Hiroyasu Izumi attend a programme to announce the entry of Yanmar Agro Tech, at InterContinental Dhaka hotel on Wednesday.

Farm mechanisation cuts cost

Analysts say

STAR BUSINESS REPORT

Agricultural mechanisation will reduce the cost of production and make farming profitable, in a boost to the farmers in Bangladesh at a time when they are facing rising cost of labour and often struggle to recoup investment, agriculturalists said.

Agriculture Minister Md Abdur Razzaque said true food security does not mean only food for all. "It means to ensure nutritionally balanced, enriched and safe food for all. Mechanisation will help ensure the true food security."

Anis Ud Dowla, chairman of ACI Group, said farm mechanisation was inevitable due to rising cost of labour.

They were addressing the launching of global agricultural machinery manufacturer Yanmar Agribusiness' two combine harvesters, AG 600 and YH 150, by the Japanese company and ACI Motors at InterContinental Dhaka on Wednesday.

The marketers say the machines, coming with 70 horsepower engines, hydrostatic transmission systems and crawlers specifically designed for muddy conditions, are capable of harvesting 1.1 acres of cropland in an hour.

It is also suitable where intact straw is not demanded, increasing productivity and income of farmers, they said.

Hiroaki Kitaoka, president of Yanmar Agribusiness, said Bangladesh's growth was accelerating, so it would need more mechanisation in agriculture.

"We are committed to providing modern technology to farmers. Our vision is not only to give high quality products but also provide a solution to farmers so that their production cost reduces," he said.

Razzaque said Yanmar's combine harvester would help reduce labour requirements and bring down the cost of production. "It is a good step for agricultural mechanisation in the country."

He said farmers, particularly commercial ones, suffer because many of them can not make profit from farming.

In the last boro season, the price of paddy was awfully low and the government took many steps to revive the price, but it went down further, he added.

High cost of production, particularly that of labour, and excess supply of paddy are among the reasons behind the farmers' misery, the minister said.

NEWS IN brief

HR Textiles' corporate bond approved

The Bangladesh Securities and Exchange Commission (BSEC) has approved HR Textiles' fixed-rate coupon bond worth Tk 50 crore.

The tenure of the non-convertible bond is seven years and it will be issued through private placement. The face value is Tk 10 lakh.

The textile company will use the proceeds to repay bank loans and develop production line.

HR Textiles' earnings per share were Tk 0.54 in the third quarter of the current fiscal year. Its net asset value stood at Tk 42.85 per share on March 31, 2019.

BSEC to ensure proper use of investors' info

The stock market regulator is going to issue a circular to ensure proper use of the personal information of the beneficiary-owner account-holders within July 21.

The regulator says many BO accounts have similar account number, mobile phone number and national identification number which is not acceptable.

The commission will ask the Central Depository Bangladesh Ltd (CDBL) to submit a report by July 31.

It also ordered the CDBL to store the email address of the stock investors, if possible.

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