

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
Week on week		As on Friday		Friday closing				As on Thursday			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
▼ 1.44%	▼ 1.44%	\$1,399.30	\$65.20	▼ 1.03%	▼ 0.95%	▲ 0.21%	▲ 0.50%	BUY TK 83.50	93.10	105.05	0.76
5,395.63	10,011.40	(per ounce)	(per barrel)	39,194.49	21,258.64	3,321.40	3,001.98	SELL TK 84.50	96.90	108.85	0.80



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Star BUSINESS

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NBR to lose Tk 400cr for pampering tobacco companies

STAR BUSINESS REPORT

The National Board of Revenue's move to change the VAT and Supplementary Duty Act 2012 to offer input tax credit to cigarette companies is likely to bleed about Tk 400 crore annually from the state coffers, said one of its former chairmen.

The benefit was left out when the new VAT law was formulated back in 2012. But now, the revenue collector has proposed the change in the Finance Bill 2019.

"This is really very upsetting," said Nasiruddin Ahmed, former chairman of the NBR, at a press conference at National Press Club yesterday.

The press meet was held by Campaign for Tobacco Free Kids (CTFK), PROGGA (Knowledge for Progress) and Anti-Tobacco Media Alliance (ATMA).

The provision of not offering input tax credit to tobacco companies must be reinstated because the government will lose nearly Tk 400 crore for the change, he said. The change has been proposed at a time when the NBR is routinely lagging far behind its revenue collection target.

In the first nine months of this fiscal year, the tax collector missed its periodic target by Tk 50,000 crore.

"There is no reason at all to offer input tax credit to tobacco companies," said Nasiruddin, who headed the NBR for four years.

The VAT and SD Act 2012 was drafted during his time and they had decided then to not allow input tax credit to cigarette and alcohol, which are termed as sinful goods because of risks to public health.

Citing his experience at the NBR, he said there must be influences of multinational tobacco companies behind the change.

"I have seen very high conflict of interest here. Some lawmakers and top public officials are directly or indirectly linked with tobacco companies," he said, adding that sometimes some ministers also tried to influence the tobacco tax structure.

Top officials of some ministries tried to lobby on behalf of the tobacco companies, according to Nasiruddin.

He also lamented the proposed tax measures for cigarettes and tobacco products.

"The prevalence of tax measures based on four price slabs will benefit cigarette companies. This is very frustrating," he said.

Citing the large price gap between the low and mid-segment of cigarettes, he said smokers will simply move to the mid-priced cigarettes as a result.



BUDGET 2019-20

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Focus on inequality: experts

STAR BUSINESS REPORT

The government should focus on inclusive growth to arrest the rising inequality and bring down the unemployment rate, analysts said yesterday.

"If the issues are not addressed properly there would be an explosion in socioeconomic stability," said Selim Jahan, an economist and former director of Human Development Report Department of UNDP.

In many cases, despite achieving a good GDP growth employment opportunities are not on the rise. Subsequently, he advised the government to allocate a fund to create jobs for the poor.

"Growth should be ensured by way of increasing employment opportunities," Jahan said at a seminar styled 'Economic Woes and Governance Challenge', organised yesterday by the Centre for Governance Studies at the capital's Brac Centre Inn.

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TURNOVER TAX HIKE Shareholders may consider sale of Robi, says CEO

MUHAMMAD ZAHIDUL ISLAM

The government's move to raise the mobile operators' turnover tax to 2 percent from 0.75 percent from the new fiscal year will drive the smaller operators out of the industry, said Mahtab Uddin Ahmed, chief executive officer and managing director of Robi.

In a group interview in his office yesterday, he said the increased tax on turnover will turn them into a loss-making venture even though they had projected to make about Tk 50 crore in net profit in 2019 at the beginning of the year.

"Robi logged in profit in the first quarter but thanks to the proposed tax measures - which will be the highest in the world - the trend will not continue for the rest of the year."

In 2018, Robi had declared Tk 214.7 crore in net profits. The operator's shareholders are very frustrated about the new tax measures and Ahmed will not be surprised if they decide to put Robi up for sale.

Referring to a study by PricewaterhouseCoopers (PwC), Ahmed said apart from Bangladesh only two other countries have turnover tax and their rates are much lower than Bangladesh's.

Pakistan charges up to 1.5 percent, while Nigeria charges 0.25 percent to 0.5 percent

based on different parameters.

Ahmed said Robi had planned to get listed on the stock market if their profit streak continued throughout 2019.

"But now we need to rethink our plan."

Other than the hike in turnover tax the National Board of Revenue also increased the supplementary duty on mobile usage to 10 percent from 5 percent along with the existing 15 percent value-added tax and 1 percent surcharge.

This leaves the mobile users in Bangladesh the most taxed after Turkey.

Mobile users in Turkey count 32 percent direct tax, while their Bangladeshi counterparts pay about 27.50 percent.

"The customers will be the ultimately loser and that will reduce the government's overall revenue collection from this industry."

Ahmed, also the acting president of Association of Mobile Telecommunication Operators of Bangladesh (AMTOB), said increasing the import duty for smartphones to 25 percent from 10 percent will also impair the industry.

Robi have invested huge sums last year to build its 4G network but only 21 percent of their customers are using 4G-enabled devices.

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Mahtab Uddin Ahmed

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New VAT law to hit consumers: CAB

STAR BUSINESS REPORT

The prices of a number of commodities will increase, hurting consumers as the VAT network is set to widen after the new law takes effect on July 1, a consumer rights group said yesterday.

The budget for 2019-20 has proposed three value-added tax rates along with the existing 15 percent rate.

As a result, consumers may be compelled to count extra, the Consumers Association of Bangladesh (CAB) said, giving example of imposition of VAT on edible oil, a key cooking ingredient.

"We hope that steps will be taken so that consumers do not have to pay additional prices. All daily essentials should be kept out of the VAT net after discussion in the parliament," said CAB President Ghulam Rahman.

He spoke at a press briefing at the Dhaka Reporters' Unity. The CAB organised the conference to share its observations on the finance minister's proposed fiscal measures for 2019-20.

The CAB said tax burden would increase on people belonging to the lower income group as the government seeks to keep the tax-free income limit unchanged for another year. The government should increase the threshold considering inflation.

"The tax-free income limit should go up to give relief to the people in the lower income group," he said.

On VAT, the CAB said the prospect of increased collection of VAT will depend on the automation of the VAT system and the use of electronic fiscal device and sales data controller by businesses.

"Consumers bear the burden of VAT and businessmen deposit VAT to the state coffers by collecting them from consumers," the CAB said, demanding strong vigilance so that the indirect tax reaches the exchequer properly.

The consumer rights organisation suggested reducing tariff protection to industries.

Citing a finding of a study of the Policy Research Institute of Bangladesh, a private think-tank, the CAB said because of the tariff protection, consumers had to pay an additional \$14.22 billion to buy goods in fiscal 2017-18.

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Farmers pour milk onto streets protesting 'low tariff' on imports

STAR BUSINESS REPORT

Dairy farmers yesterday threw milk on the street as a mark of protest to the low hike in tariff on imported milk in the proposed budget for the incoming fiscal year.

The import tariff on milk has been raised to 10 percent from 5 percent at present.

The proposed duty increase will not be enough to protect the domestic producers from the competition of imported milk, said a press release of the Bangladesh Dairy Farmers Association (BDEFA).

"We demand anti-dumping duty and an increase in the overall import tariff to 50 percent," said BDEFA President Md Imran Hossain at a press conference at the National Press Club.

The association later formed a chain and poured milk on the street.

Dairy farming expanded fast in the last seven years, due to which milk production soared to 94 lakh tonnes in fiscal 2017-18, the BFDA said. In fiscal 2010-11, local production was 29 lakh tonnes, said the association citing estimates of the Department of Livestock Services.

The country's requirement for milk is 1.50 crore tonnes.



Dairy farmers dump milk in front of National Press Club in Dhaka yesterday terming "low" the proposed tariff hike on milk import from 5 to 10 percent.

Under the circumstance, the government is expected to provide incentives to the dairy industry, which involves 12 lakh producers and the growth of which created tens of thousands of jobs, the BDEFA added.

The association demanded of development of area-wise milk preservation facilities, withdrawal of import duty on dairy machineries and cattle feed as well as fixing electricity tariff at rates applied for agriculture.

Ensure proper use of start-up fund

BCI urges govt

STAR BUSINESS REPORT

Proper utilisation of the Tk 100 crore fund proposed for start-ups and entrepreneurs is necessary for the sustainability of the economy, Anwar-Ul-Alam Chowdhury (Parvez), president of the Bangladesh Chamber of Industries, said yesterday.

"If we want to make our economy sustainable, we must create new entrepreneurs continuously," he said at a post-budget press conference at the chamber's office in Dhaka.

"Those who are in the micro and small level, their capacity must be improved for the growth of the business."

Funding is a big challenge in creation of new entrepreneurs who have strong focus on what they want to do, he said.

However, they fail to become successful entrepreneurs due to lack of fund, guidance and training, Parvez said.

If there is fund, the elder entrepreneurs can help them to grow as they have a lot of experience, he said.

"With the supportive fund from the government, the budding entrepreneurs will be able to build micro and small firms, which could act as the subcontractors for the bigger companies."


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