

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
0.08%	0.20%	\$1,409.70	\$65.22	0.18%	0.13%	0.30%	0.21%	83.50	94.41	105.61	0.76	
5,379.15	9,982.11	(per ounce)	(per barrel)	39,122.96	21,285.99	3,311.53	3,008.15	BUY TK	84.50	98.21	109.41	0.80

SIBL NOW
Quicker Easier & Safer
 Transfer Fund, Pay Utility Bill, Top Up Mobile Balance & many more

SIBL
 Social Islami Bank Limited

Star BUSINESS

DHAKA TUESDAY JUNE 25, 2019, ASHAR 11, 1426 BS • starbusiness@thedailystar.net

Record FDI in 2018

STAR BUSINESS REPORT

Bangladesh received net foreign direct investment (FDI) amounting to \$3.61 billion in 2018, its highest yet thanks to the one-off payment of \$1.47 billion by Japan Tobacco Inc. to purchase Akij Group's tobacco business.

The inflows are an increase of 67.94 percent from a year earlier, according to the United Nations Conference on Trade and Development (UNCTAD).

The power sector attracted the highest amount of FDI of \$1.01 billion, followed by food at \$729.69 million, textile and weaving at \$408.08 million, banking at \$282.54 million, telecommunication at \$219.87 million, leather and leather products at \$110.55 million and trading at \$101.91 million.

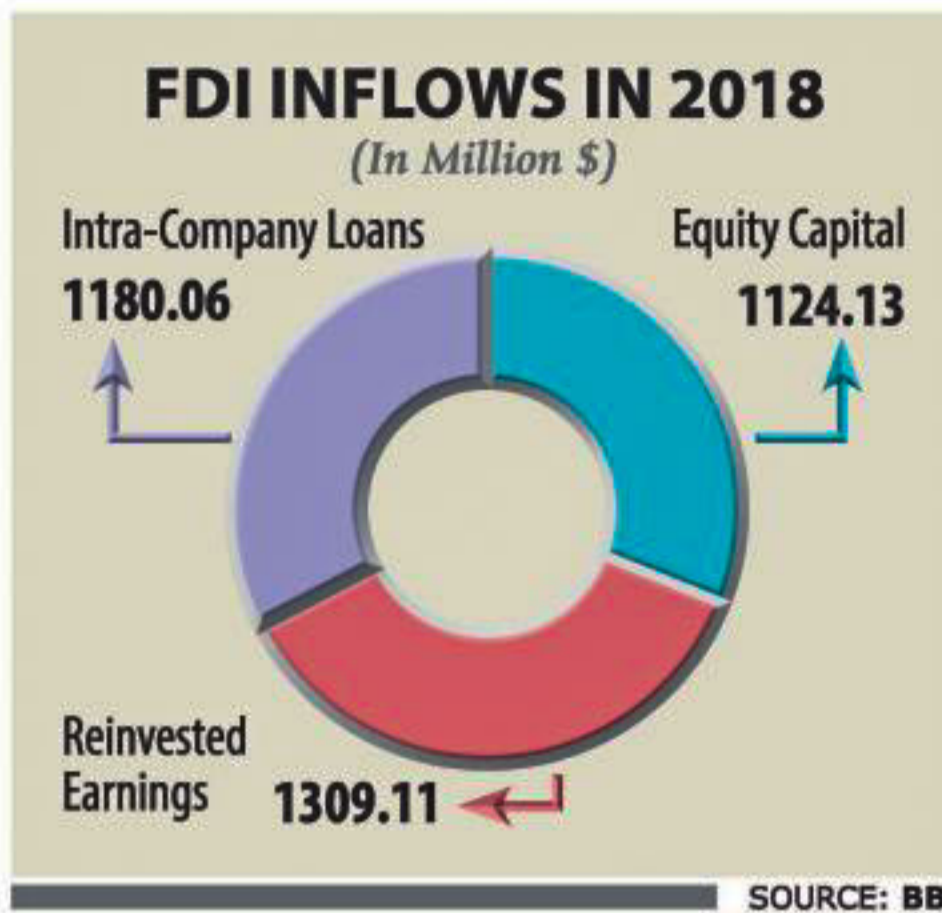
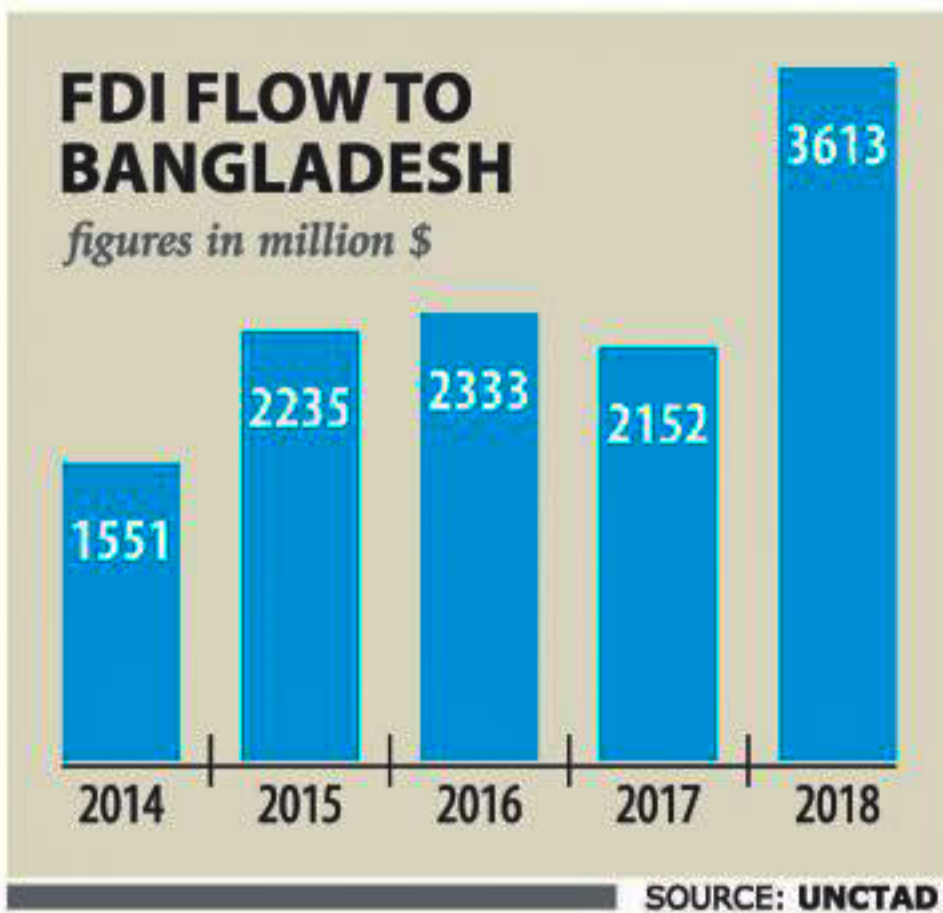
The other sectors received \$748.65 million, according to the Bangladesh Investment Development Authority (BIDA), which unveiled the compiled investment data of the Unctad at a media briefing at the capital's Pan Pacific Sonargaon hotel yesterday.

Of the \$3.61 billion that came into Bangladesh last year, \$1.12 billion were in the form of equity, \$1.30 billion as reinvested earnings, and \$1.18 billion as intra-company loan.

Country-wise, China was the biggest source for FDI inflows last year at \$1.03 billion, followed by the Netherlands at \$692 million, the UK at \$371 million, the US at \$174 million, and Singapore at \$171 million.

Japan though does not feature in the top five as Japan Tobacco has thus far released \$600 million and that too from the Netherlands.

FDI flows have declined all over the world, but in Asia they increased, particularly in



Bangladesh, said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

Merger and acquisition of big companies is one of the reasons for the higher inflows to Asia.

"Such deals indicate that foreign companies' interest in local assets is growing," Mansur said.

In future, more deals such as Japan Tobacco's acquisition of Akij's tobacco business may take place in Bangladesh.

"Bangladesh is now a proper place for FDI as every indicator of the country is in favour of business," Mansur added.

The government is working with the BIDA to introduce one-stop service with a view to enhancing the ease of doing of business in Bangladesh, said Salman F Rahman, prime minister's adviser on private industry and investment.

By next year the government wants to improve in the World Bank's ease of doing business ranking and move below 100. It has set a target to improve the rank to below 50 within the next two years, he said.

In the most recent iteration of the ranking, Bangladesh came in 176th out of 190 countries, the lowest amongst South Asian nations.

The government is considering withdrawing the proposed 15 percent tax on retained earnings as it is double taxation and investors will feel discouraged, Rahman added.

Some \$2 billion worth of investment is expected to come to one of the economic zones within the next two years, said Paban Chowdhury, executive chairman of the Bangladesh Economic Zones Authority (BEZA).

Some major Japanese companies have already signed agreements with the BEZA for investing in Bangladesh.

"I am expecting \$5 billion investment from China soon," he added.

Previously, the economy was confined to exports and imports, but now it is expanding to investment, said Abul Kalam Azad, principal coordinator for the SDG affairs at the Prime Minister's Office.

Ample scope to make profit accounted for such a big amount of FDI last year, said Kazi M Aminul Islam, executive chairman of the BIDA.

But Bangladesh's inflows pale in comparison with neighbouring India, up 6 percent to \$42.29 billion from the previous year.

In South Asia, Pakistan received \$2.35 billion, Sri Lanka \$1.61 billion, the Maldives \$551.8 million, Nepal \$160.8 million and Bhutan \$5.9 million.

Trade licence renewal tax to shoot up six times

Small, micro businesses oppose

SOHEL PARVEZ

The tax on trade licence renewal is set to increase six times from next fiscal year, raising concerns of soaring operational costs for small and micro businesses.

For traders in Dhaka and Chattogram city corporations the National Board of Revenue (NBR) has proposed increasing the withholding tax to Tk 3,000 from existing Tk 500.

In other city corporations, the tax would be increased to Tk 2,000 from Tk 300.



BUDGET
2019-20

For traders at municipality in district headquarters, the tax would be Tk 1,000. An increase in tax rate for other municipalities has also been recommended in the Finance Bill 2019 placed by the NBR before the parliament on June 13.

Many small entrepreneurs do not want to get trade licence fearing hassle, said Mamunur Rahman, founder of Ella Pad, a low-cost sanitary pad-maker.

READ MORE ON B3

Revised tax target to fall short by big margin

STAR BUSINESS REPORT

The National Board of Revenue (NBR) is on course to missing its collection target by a big margin once again this fiscal year, increasingly leaving the government dependent on bank borrowing and foreign sources to fund its budget.

In the first 11 months of fiscal 2018-19, the tax collector managed Tk 191,958 crore, meaning a staggering Tk 88,105 crore has to be collected in June to hit the target, which has already been revised downwards seeing the sluggish receipts.

The receipts are an increase of 6.97 percent from a year earlier, the lowest in 18 years, according to data from the NBR.

Both tax revenue and non-tax revenue collection have missed their respective targets by a significant margin during the first half of the fiscal year, said the Centre for Policy Dialogue earlier this month in its review on the state of the Bangladesh economy.

READ MORE ON B3



dbi CERAMICS
 danielceramics.com
 danielceramics
 01713656565

Banks call for exemption from stock dividend tax

STAR BUSINESS REPORT

Banks have sought to be excused from the government's decision to introduce tax on both stock dividends and retained earnings.

Finance Minister AHM Mustafa Kamal in his budget for fiscal 2019-20 proposed introducing 15 percent tax on stock dividends and retained earnings with a view to encouraging cash dividend.

"It makes sense for other listed companies but not for banks as our dividend policies are transparent and regulated," said Syed Mahbubur Rahman, president of the Association of Bankers, Bangladesh (ABB), a forum of private banks' managing directors, in letters to the Bangladesh

Bank and the National Board of Revenue yesterday.

If the proposal goes through it would have an adverse effect on banks' capital base.

Banks will have to maintain at least 12.50 percent capital against their capital adequacy ratio under the Basel III guidelines within this year but the proposed tax will create a roadblock, the letter said.

"The budgetary proposals will more or less have an adverse impact on the entire banking sector," he said.

The ABB hopes that the government will withdraw the tax.

In another letter issued on June 19, the ABB said the cost for issuing new credit and debit cards would increase significantly as the

government imposed fresh tariff on their import.

In the proposed budget, \$0.70 has been imposed as import tariff on each magnetic stripe card, \$2 for chip-and-pin card and \$3 for contactless card.

Though there was no declared tariff on card import, customs used to charge a maximum \$0.52 on each card.

Given that the government and the central bank are pushing for creating a cashless society, the new rates are illogical, said Rahman, also managing director of Dhaka Bank.

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

Career fair begins Thursday

STAR BUSINESS REPORT

A two-day career fair is going to begin in the capital on Thursday aiming to connect graduates alongside students with prospective employers.

Brac University is organising the fair named "NRB Jobs Presents National Career Fair-2019" and themed "Campus to Corporate" at the Bangabandhu International Conference Center.

Over 100 renowned public and private entities, including multinationals, corporates and development organisations will seek out new employees, said Dilara Afroz Khan Rupa, director of the Office of Student Affairs.

There will be "Career Grooming Sessions" where jobseekers will hear from industry leaders and experts, she told a press conference at the National Press Club yesterday.

READ MORE ON B3

Cement to be 10pc costlier

Say manufacturers

STAR BUSINESS REPORT

The price of cement will go up by Tk 42 per 50kg bag owing to some tax and VAT measures the finance minister has proposed on the imports of the raw materials used to produce the construction material, manufacturers said yesterday.

Until the current fiscal year, cement manufacturers pay 5 percent advance income tax (AIT) to import raw materials and the tax is adjustable.

The AIT to be paid by the cement makers to import raw materials will be treated as the minimum tax from the next fiscal year of 2019-20, according to the proposal of the National Board of Revenue (NBR).

Manufacturers said the bid to consider 5 percent AIT as the minimum tax will put increased burden on them. They already pay source tax against the supply of cement locally.

The sum of the two minimum taxes - 5 percent at import stage and 3 percent during local supply - will be a reason for losses for the cement industry, said the Bangladesh Cement Manufacturers Association (BCMA).

In addition, manufacturers will have to pay 5 percent advance tax (AT) while importing raw materials and other required ingredients. This will increase the operational cost and thus the prices of cement, according to the BCMA.

"Under these circumstances, the production cost of cement will increase by 10 percent which will have to be borne by consumers," said BCMA President Mohammed Alamgir Kabir.

He spoke at a press conference organised by the BCMA at its office in Dhaka to share its reaction on the proposed tax measures.

READ MORE ON B3

সম্মানিত বিনিয়োগকারী,
 ২০১৯-২০২০ অর্থ বছরের বিও একাউন্ট নবায়ন ফি বাবদ ৪৫০/- (চারশত পঞ্চাশ) টাকা আমাদের যে কোনো শাখায় পরিশোধ করার জন্য অনুরোধ করা যাচ্ছে।

বিস্তারিত:
 www.mtbsecurities.com
 Contact: 02 9347567

MTB SECURITIES
 you can grow with us

Standard Chartered

Make a difference when you fly with Regent Airways.

The card that makes you fly with privilege.

Travel around the world to all your favourite destinations with Regent Airways. Get exclusive discounts on base fare when you pay with your Standard Chartered card on selected routes. Pack your bags and take off for your getaway!

Offer details:

- 12% discount on base fare of all international business class and premium economy class tickets
- 10% discount on base fare of all international economy class tickets
- 7% discount on base fare of all domestic economy, premium economy & business class tickets

Sales and travel period of this campaign is valid till 31 August 2019.

For more information on flights, call Regent Airways at 09612669911.

sc.com/bd

Here for good

Terms and conditions apply