Indian govt panel recommends across board corporate tax cut to 25pc

REUTERS, *New Delhi*

An Indian government panel has recommended cutting the corporate tax rate to 25 percent from 30 percent for all companies and scrapping surcharges on tax payments, an official said on Tuesday, part of a major overhaul of the six-decades old tax act.

India has one of the highest corporate tax rates in the world even after Finance Minister Nirmala Sitharaman this year cut the rate to 25 percent from 30 percent for companies with annual sales of up to 4 billion rupees ($56 million).

The panel headed by Akhilesh Ranjan, a member of the central board of direct taxes, delivered its report to Sitharaman on Monday. It was not made public and a finance ministry spokesman declined to comment on its contents.

A finance ministry source who reviewed the report said it recommended an overhaul of the Income Tax Act. "The committee has said the government should move away from surcharges on income and reduce corporate tax to 25 percent," the source who declined to be identified told Reuters.

India imposes a 30 percent corporate tax rate on domestic companies and 40 percent on foreign firms, plus a 4 percent health and education surcharge on total tax payments.

It also charges a surcharge of 12 percent for domestic companies and 5 percent for foreign companies if their taxable income exceeds 100 million rupees, according to Deloitte, a global tax consultancy.

The panel was formed in 2017 and tasked with bringing the income tax law in line with other countries, and incorporating best practices according to the needs of the economy.

The finance ministry will study the report before taking a decision on its recommendations, the ministry source said, adding that they may be included in the government's 2020/21 budget proposals.

REUTERS/FILE

A commuter walks past the building of India's Ministry of Finance during dusk in New Delhi.

New figures show UK economy a little larger than thought

REUTERS, *London*

Britain's economy is slightly larger than previously thought, according to new official estimates published on Tuesday that take into account new methodology and data.

The Office for National Statistics added around 26 billion pounds ($31 billion) to the size of the world's fifth-biggest economy in 2016, a rise equivalent to around 1.3 percent of gross domestic product and bringing total output to just under 2 trillion pounds.

The ONS regularly updates its methods for measuring the economy, which usually results in slight increases to its size.

The latest estimates used new surveys on costs faced by businesses and "significant" changes to the way capital assets such as buildings and machinery are measured.

Average annual growth in the economy between 1997 to 2016 is now estimated at 2.1 percent, up from 2.0 percent previously.

"These new figures are produced using new sources and methods, giving significantly improved estimates of how money moves around the UK economy," Rob Kent-Smith, head of GDP at the ONS, said.

"While these figures are calculated using more and better information than was previously available, overall, they paint a very similar picture about the size and growth in the economy to our current estimates."

The new figures showed the economy contracted by 6.0 percent during the financial crisis, a smaller drop than the 6.3 percent estimated previously. The economy also returned to its pre-crisis peak in early 2013, slightly sooner than thought beforehand.

REUTERS/FILE

Shoppers browse through the aisles in a supermarket in London.

WhatsApp in talks to launch mobile payments in Indonesia

REUTERS, *Jakarta*

Facebook Inc's messaging service WhatsApp is in talks with multiple Indonesian digital payment firms to offer their mobile transaction services, in a bid to tap the nation's fast growing e-commerce sector, people familiar with the matter said.

Indonesia could become the second country worldwide where WhatsApp introduces such services, as it awaits regulatory approval from India, its biggest market by users, that has been delayed due to local data storage rules.

But unlike in India where it plans to offer direct peer-to-peer payment services, WhatsApp will simply serve as a platform in Indonesia supporting payments via local digital wallets due to tough licensing regulations, the sources told Reuters.

The Indonesia model could become a template for WhatsApp to adopt in other emerging markets to get around regulations on foreign players creating their own digital wallets, the sources said.

Indonesia, home to 260 million people and Southeast Asia's largest economy, is one of the top-five markets globally for WhatsApp, with over 100 million users.

The nation is set to see its e-commerce industry tripling to $100 billion by 2025, according to some estimates, but it also has some of the region's strictest digital payments regulations.

WhatsApp is in advanced talks with several digital payments firms including ride hailer Go-Jek, mobile payments firm DANA, backed by China's Ant Financial, and fintech startup OVO, which is owned by Indonesian conglomerate Lippo Group and is also backed by ride hailing company Grab, the sources said.

Deals with the three firms are expected to be finalised shortly, the people said, declining to be named as the talks are private.

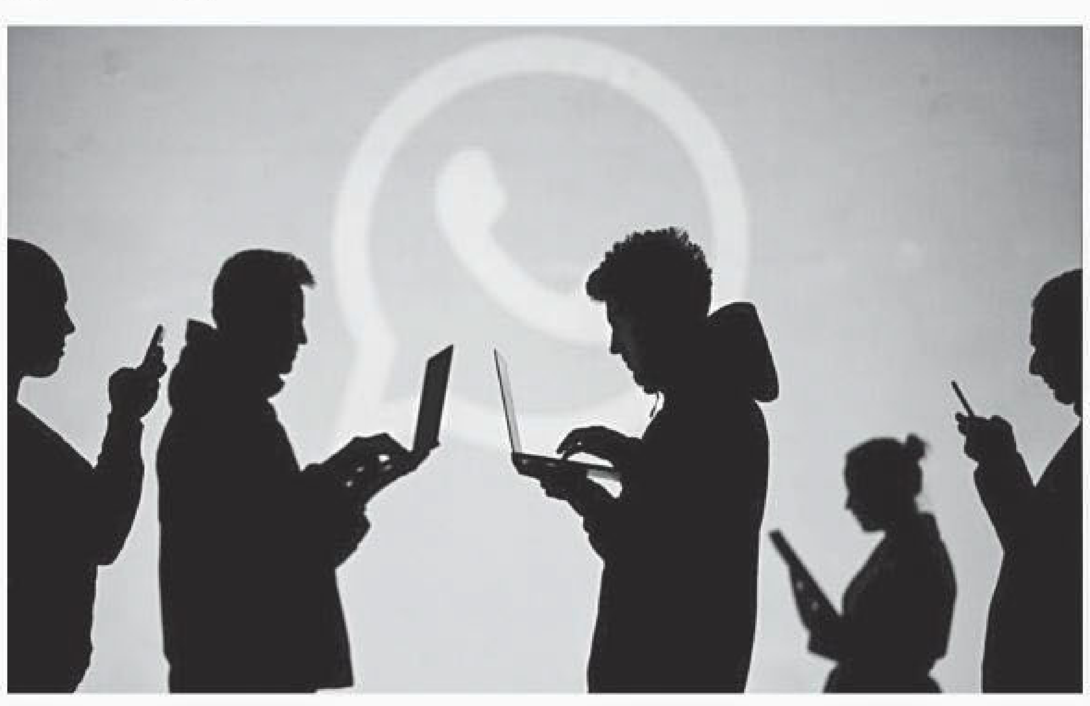
WhatsApp has also approached state-owned Bank Mandiri, which operates a digital wallet, they said.

The Indonesia plan comes after Facebook CEO Mark Zuckerberg announced earlier this year that it would be rolling out WhatsApp payments to "some countries".

"As Mark has said earlier this year... we are looking to bring digital payments to more countries," a Facebook spokeswoman told Reuters.

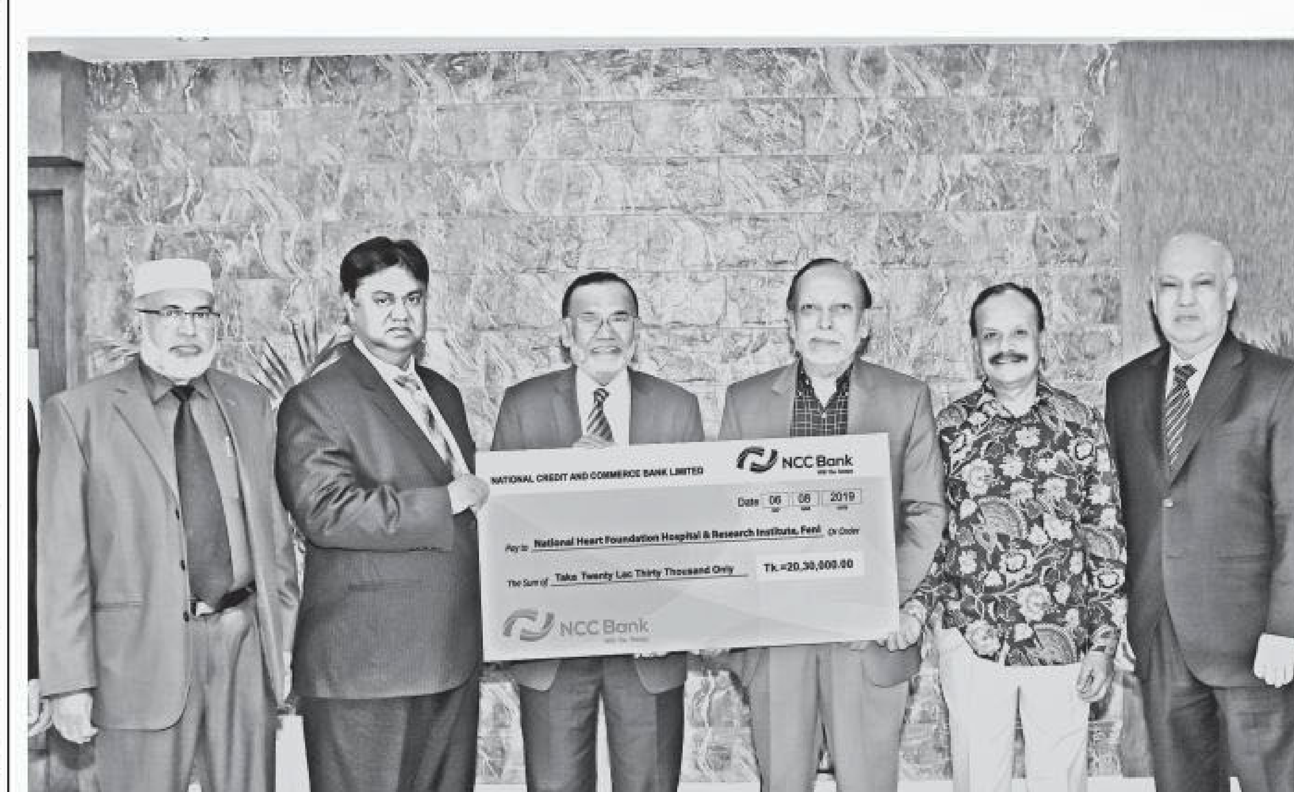
"WhatsApp is in conversations with financial partners in Indonesia about payments, however the discussions are in early stages and we do not have anything further to share at this stage."

Go-Jek declined to comment. DANA, OVO and Bank Mandiri did not immediately respond to requests for comments.



REUTERS/FILE

Silhouettes of laptop and mobile device users are seen next to a screen projection of WhatsApp logo in this picture illustration.



NCC BANK

Md Nurun Newaz Salim, chairman of NCC Bank, hands over the lender's donation of around Tk 20 lakh to Abdus Sattar, president of the executive council of the National Heart Foundation Hospital and Research Institute, Feni, and Mir Hossain Miru, general secretary, at the bank's head office in Dhaka recently.

BDBL

Mohammad Mejbahuddin, chairman of Bangladesh Development Bank Ltd (BDBL), presides over the bank's 9th annual general meeting at its head office in Dhaka yesterday. The bank earned Tk 74.89 crore in net profit after tax in 2018. Md Abdul Matin, managing director (additional charge), was present.

Japan allows further exports of high-tech material to South Korea

REUTERS, *Seoul*

Japan has approved shipments of a high-tech material to South Korea for the second time since imposing export curbs last month, two sources said, ahead of talks by government officials this week to resolve a dispute stemming from their wartime past.

Relations between the two US allies worsened late last year when a South Korean court ordered Japanese companies to compensate some of their former laborers forced by the firms to work during World War Two.

In early July, Japan tightened controls on shipments to South Korea of three materials used in chips and displays, threatening to disrupt the global tech supply chain. Japan also announced a plan to remove South Korea's fast-track export status from later this month.

The material cleared for Japan's exports to Samsung Electronics Co Ltd in South Korea is photoresists, which are crucial for the tech giant's advanced contract chipmaking production, the people who were familiar with the matter said on Tuesday. A Samsung Electronics spokeswoman and a South Korean trade ministry spokeswoman declined to comment. A Japanese official in charge of the issue was not available for comment.

An official at South Korea's presidential office confirmed the exports at a briefing, but said that "uncertainties" will remain until Japan completely removes the tighter export controls it has instituted.

"Tokyo's latest export approval is positive for the local industry, but I don't see Japan's move as a conciliatory message to South Korea," another South Korean government official told Reuters, requesting anonymity because of the sensitivity of the matter.

Earlier this month, Japan gave the green light to the export of photoresists to Samsung Electronics for the first time since it imposed the restrictions. Samsung Electronics shares ended up 1.95 percent on Tuesday, leading the wider market's .KS11 gain of 1.05 percent.

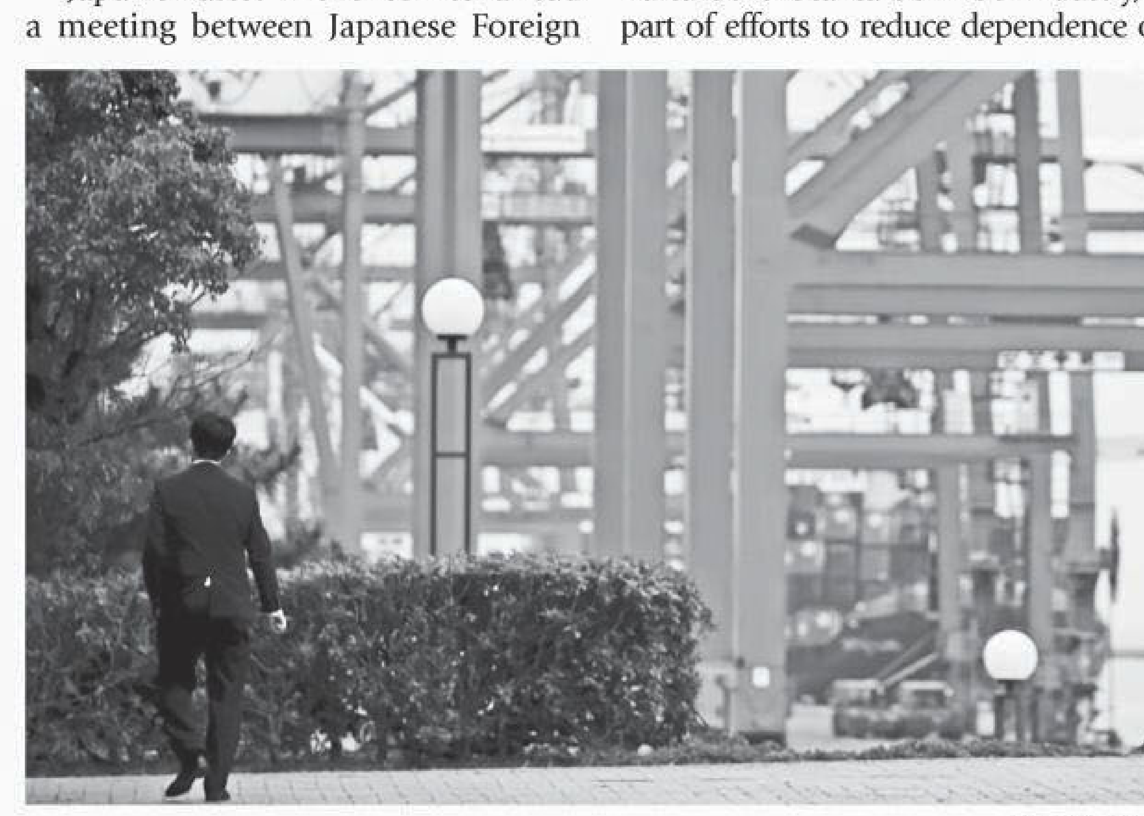
Japan's latest move comes ahead a meeting between Japanese Foreign Minister Taro Kono and his South Korean counterpart, Kang Kyung-wha, in Beijing on Wednesday.

"This is a signal that Japan would not further escalate tensions. This is positive in that it creates an atmosphere for talks," said Ahn Duk-geun, a international studies professor at Seoul National University.

But he said he does not expect a breakthrough in the stalemate, citing wide differences over how to resolve forced labor issue between the two neighboring countries. "I hope there will at least be a handshake," Ahn said.

"We will have to actively express our position, but it is a very difficult (situation)," Kang said at an airport in Seoul on Tuesday before leaving for Beijing. Separately, South Korean President Moon Jae-in pledged to nurture the local carbon fiber industry, as part of efforts to reduce dependence on Japan imports for high-tech materials.

Moon attended an event by South Korean firm Hyosung Advanced Materials (298050.KS) to announce a total of 1 trillion won ($828.55 million) investment by 2028 in expanding production of carbon fiber, one of the items potentially subject to tighter export controls and used to make parts of hydrogen cars and aircrafts.



REUTERS/FILE

A businessman walks near a cargo area at a port in Tokyo.

G7 summit seen ending without communique due to gaps on trade

REUTERS

A Group of Seven summit to be held this weekend in France will likely end without a joint communique due to gaps between member nations on trade, a Japanese government official with knowledge of the matter said on Tuesday.

It would be the first time a G7 summit ends without a communique since meetings began in 1975, underscoring the rift U.S. President Donald Trump's "America First" trade policies has created among the G7 advanced economies.

"It's crucial for everyone to create a common understanding through thorough debate. But it's hard to deliver messages to the rest of the world when a communique isn't going to be issued," the official said, confirming an earlier report by Japan's public broadcaster NHK that there was no plan so far to issue a communique after the G7 leaders' meeting.

"There's no doubt the G7 will discuss the impact trade frictions could have on the global economy," the official told Reuters on condition of anonymity because he is not authorised to speak to media.

The summit, to be held in the southwestern French city of Biarritz on Aug 24-26, comes at a time when the U.S.-China trade war and volatile financial markets are putting pressure on policymakers to step up efforts to avert a global recession. Finding common ground between allies has become increasingly tough at the annual summit with the United States, an outlier in its approach to handling disputes over trade and the environment.

Last year, Trump threw the G7's efforts to show a united front into disorder by leaving early and backing out of a joint communique, undermining what appeared to be a fragile consensus on the trade row between Washington and its top allies.

Trump has expressed his preference for bilateral trade pacts over multilateral agreements and is locked in a lengthy trade war with China. He also pulled the United States out of the landmark Paris agreement to limit the effects of climate change against European opposition.

As this year's G7 chair, France is keen to make progress on a global debate on universal taxation on digital giants. But the leaders are unlikely to break new ground at the summit, the official added. The G7 comprises the United States, France, Britain, Japan, Germany, Italy, Canada and the European Union.