

NBR goes tough against non-compliant companies

Forms committee to list non-filers

SOHEL PARVEZ

Bangladesh has more than 180,000 officially registered companies. Yet, roughly 35,000 of those businesses, that is just one-fifth of them, file income tax returns regularly – a dismal picture even though rules make it compulsory for businesses to file returns annually.

Now, the National Board of Revenue (NBR) says it is going to identify the non-compliant companies, bring them under the tax net and take on fake audit filers.

To get the job done, it formed a seven-member team headed by a director of its Central Intelligence Cell (CIC) on 19 August.

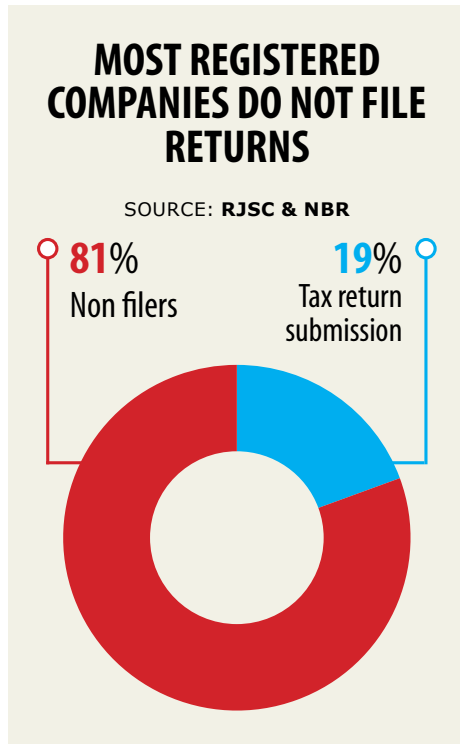
The team will identify and prepare a list of the companies that do not have valid taxpayer identification numbers (TIN) and do not submit tax returns before preparing plans to bring all the companies under the tax net, as per an NBR notice.

“We want to go to the core of the problem,” said a senior official of the NBR seeking to remain unnamed.

The initiative comes at a time when the coronavirus caused an economic crisis, putting a strain on revenue collection. NBR for the first time since independence reported a drop in overall revenue collection last fiscal year.

The collection of income tax, the second-biggest source of revenue after value-added tax (VAT), was marginally higher at Tk 73,000 crore, up 0.14 per cent from the previous year.

Of the collected revenue, companies account for more than 60 per cent of the tax and the rest comes from individual and other types of



taxpayers, according to the NBR's annual report.

The tax official said companies are supposed to be under a higher regulatory environment.

However, the high proportion of non-compliance among the companies registered with the Office of the Registrar of Joint Stock Companies and Firms (RJSC) portrays a grim picture.

Questions also remain regarding audit reports, the official said, citing that members of the Institute of Chartered Accountants of Bangladesh (ICAB) can annually audit 17,000 firms.

“Who are conducting audits of the rest?” he asked, adding that nearly 35,000 tax returns were submitted by companies annually.

Some 80,000 companies have TINs, according to the NBR's annual report of fiscal 2017-18.

“We also see a mismatch in the reports submitted to banks by companies to get loans. There are reports that fake companies are getting loans. The non-compliant firms should be brought to the surface for ensuring discipline in the financial sector.”

The revenue collection will not increase without ensuring compliance, he added.

The newly formed committee will devise strategies to prevent fake audit report submission, identify problems and suggest solutions to ensure that companies get TINs and submit returns and authentic audit reports.

The panel is also tasked to track the measures taken to curb anomalies and report to NBR.

“We will work with RJSC and ICAB to find out a system. There will be a big impact on revenue collection if we can curb the anomalies fully,” the official said.

Until July, 3,500 public limited companies, 176,000 private limited companies and nearly 1,000 foreign companies were registered with the RJSC.

The total number of registered entities including firms and societies was more than 245,500 as of July, according to RJSC.

Foreigners, NRBs can now invest in open-end mutual funds

STAR BUSINESS REPORT

In a bid to attract more foreign funds to the stock market, the Bangladesh Bank has decided to allow foreigners and non-resident Bangladeshis (NRBs) to invest in open-end mutual funds and repatriate earnings.

Mutual funds are investment funds that gather a fixed pool of money from several investors and re-invest them into stocks, bonds and other securities and then distribute the profits among the unitholders.

Open-end mutual funds have no timeframe to mature and are not listed with the bourses.

In a notice issued yesterday, the central bank said balances held in non-resident investors' taka accounts (NITA) may be used to purchase units of open-end mutual funds.

BB's foreign exchange investment department needs to be informed within 14 days of the issuance of units of funds

in favour of foreign investors, including the NRBs.

The funds should be operated under the authorisation of Bangladesh Securities and Exchange Commission, according to the BB notice.

The NITAs may be credited with the dividend income from the mutual funds after the deduction and payment of applicable taxes.

It also may be credited with the sale proceeds of the units of funds on receipt of approval from the central bank.

If the fund managers are irregular in weekly public disclosure of net asset value or the underlying investment in unlisted shares/securities is 30 per cent or more of the total fund then an application along with a valuation report of the funds shall be sent to BB.

The eligible amounts payable to the NRBs may be freely transferred to resident Bangladeshi nationals upon written prayers to fund managers by unitholders.

Bangladesh a potential hotspot for Qatari investments: FBCCI president

STAR BUSINESS REPORT

Entrepreneurs from Qatar should invest in Bangladesh's energy and infrastructure projects as the potential for mutually beneficial business between the two nations is strong in those areas, said Sheikh Fazle Fahim, president of the Federation of Bangladesh Chambers of Commerce & Industries (FBCCI).

“We hope that investors from Qatar will continue to consider Bangladesh's investment potential in these two sectors, which includes green energy, as well as technology, halal ecosystem, start-ups, innovation and resource sharing for complimentary cooperation,” Fahim said.

The FBCCI president made these remarks while addressing a webinar styled, ‘Bilateral and Synergistic Opportunities between Qatar and Bangladesh’, jointly organised by Bangladesh Forum Qatar and Doha Bank on Wednesday.

Bangladesh has a vibrant domestic market with around 160 million consumers. The country also has access to further 1.8 billion consumers at various markets across Asia through the South Asia Free Trade Agreement and South Asian Association Regional Cooperation, Fahim said.

Similarly, the country enjoys duty-free facilities for shipments to the EU under the Everything but Arms scheme while goods destined for India, China, Canada, Australia and New Zealand are provided with the same benefits under the Asia Pacific Trade Agreement.

Besides, Bangladeshi exports are given preferential access to a number of other markets due to its competitive edge in production, he added.

The FBCCI president also said that a recent study conducted by the Japan External Trade Organisation found that Bangladesh is a top destination in the Asia Pacific for Japanese investments.

Despite the long-standing economic relations between Bangladesh and Qatar in the service, energy and human development sectors, there is still room for a reasonably balanced expansion of bilateral trade.

This includes increased exports of fast-moving consumer goods, agro-processed goods, leather, footwear, pharmaceuticals, ceramics, and ICT products and services to Qatar, he added.

To reinforce the fact that Bangladesh can be considered a top investment prospect,

Fahim highlighted the measures taken by the finance ministry to address the ongoing Covid-19 crisis, such as policy interventions, increasing money circulation, providing social safety net programmes and cash transfer schemes.

The FBCCI president also cited the central bank's initiative to increase liquidity in the banking sector, introduce a 1 per cent interest rate waiver for a two-month period on all loans, allow deferment of all loan payments without penalty until September and impose interest rate blocks.



It is due to all these measures that local companies of all sizes had some room to breathe even amid the ongoing coronavirus pandemic.

Bangladesh Bank also ensured that Micro Small and Medium Enterprises (MSME) would survive the Covid-19 fallout by offering credit risk guarantees for funds secured from the government's stimulus packages.

This year, as the second level of intervention, all income taxes were reduced in the national budget. For example, corporate tax was slashed by 2.5 per cent, Fahim said in a statement.

“We believe that a combination of these measures, spearheaded by Prime Minister Sheikh Hasina, will allow us to sustain the economy for the rest of the year and eventually recover in 2021 and 2022,” he added.

Emphasising Bangladesh's potential for foreign investment, Fahim said that despite the pandemic, the country registered 5.2 per cent growth in GDP, 5.4 per cent increase in remittance and 10 per cent bump in foreign reserves in fiscal 2019-20.

Most multinational companies have operations in Bangladesh as it is one of the top five well-performing investment destinations in the world.

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Jute stalk being dried to be used primarily as fuel in earthen stoves following the extraction of the fibre, an example of the versatility of this bounty of nature. This year farmers have increased their jute cultivation area by 8 per cent year-on-year to 7.20 lakh hectares, showed data from the Department of Agricultural Extension. The photo was taken in Sultanpur village of Brahmanbaria sadar upazila.

Traders at Chaktai-Khatunganj suffer from waterlogging

MOHAMMAD SUMAN, from Chattogram

Many areas of Chaktai-Khatunganj, a wholesale hub for essential commodities, are inundated by rainwater every day and the water enters ground-level shops and warehouses, causing untold damages in the area.

According to the Khatunganj Trade and Industries Association, traders in the area incur huge losses during the rainy season as it becomes badly waterlogged.

Flash floods destroy huge consignments of essential goods, including kitchen staples such as onion, garlic, rice, lentil, sugar, and spices due to the poor maintenance of Chaktai canal, a major route for receding water to clear the area, local businessmen said.

Most businesses or housing establishments in Chaktai-Khatunganj and Asadganj areas are built two or three feet above ground level to keep the water out and save goods from a tidal wave of rainwater.

However, during full or new moons, nothing can deter the water from its course, various traders said.

“We approached the city mayor as well as the chairman of the Chattogram Development Authority (CDA) and the commerce ministry several times but not one pays any heed to our pleas for help to save Khatunganj,” said Sagir Ahmed, general secretary of the Chaktai-Khatunganj

Warehouses Samiti.

The CDA is yet to complete the construction of a sluiceway or re-excavate the canal even though it took the responsibility for a project three years ago. If the problem is not resolved quickly, traders will turn away from the 200-year-old market, he said.

Before 2000, about 50 per cent of Khatunganj's trade was conducted through the waterway. But now, due to the narrowing and filling of the canals, trade through the waterway has come down to less than 2 per cent.

“Waterlogging happens mainly because the canals were paved on the bottom back in 1996,” he added.

The area is home to about 4,000 businesses and more than 5,000 warehouses. These businesses have suffered from waterlogging and flash floods since 2007, incurring crores of taka in losses each year in the process.

“Every year we incur huge losses. We want an end to the chronic waterlogging problem,” Mahbubul Alam, president of the Chattogram Chamber of Commerce and Industry, told The Daily Star.

The government took the initiative before but could not implement it within the stipulated timeframe, he said, adding that the CDA and the City Corporation should put special emphasis on solving the issue to save the major commercial hub.

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Vessel hits gantry crane, slows container handling at Ctg port jetty

STAFF CORRESPONDENT, Ctg

Container handling was hampered at a jetty of Chattogram port yesterday noon after a container vessel hit and partially damaged a quayside gantry crane.

The vessel—MV Mount Cameron—knocked one of the three quayside gantry cranes at jetty number 2 of the New Mooring Container Terminal (NCT) while taking a turn to berth at jetty number 5 at around 12:00 pm, said Md Omar Faruk, secretary of the Chattogram Port Authority (CPA).

The port has a total of 14 such quayside gantry cranes, which are required to handle containers.

Due to the incident, minor damages occurred at the crane as some wires were torn, according to the CPA official.

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GDP growth target will be difficult to achieve: ICC-B

STAR BUSINESS REPORT

The government's target to achieve 8.2 per cent GDP growth in fiscal 2020-21 is seemingly a difficult goal given the ongoing coronavirus crisis, International Chamber of Commerce (ICC)-Bangladesh said yesterday.

Despite the Covid-19 pandemic, Bangladesh's economy grew by 5.24 per cent in fiscal 2019-20 instead of 2 per cent as forecasted by the World Bank and IMF.



The coronavirus is an unprecedented threat to health and the economy as it has had a severe impact on peoples' livelihoods as well as businesses operations worldwide.

Currently, governments around the globe are enforcing measures to curb the spread of the deadly disease and its subsequent social and economic impacts.

The G20, alongside the WHO, IMF, World Bank, United Nations and other international organisations, have mobilised to take active steps to overcome the pandemic while the ICC is collaborating

as a trusted business advisor with many of these engaged stakeholders, according to ICC-B's quarterly news bulletin (April-June) published yesterday.

The ICC welcomed various steps to fight Covid-19 and stem human and economic losses during the virtual G20 Summit held on 26 March, including the G20's commitment to ease the flow of essential medical equipment and maintain a bold and large-scale fiscal stimulus in the global economy.

The ICC-B has written to G20 trade ministers with a roadmap for G20 countries to use trade policies in their fight against Covid-19 and rebuild the future.

Countries around the world are implementing economic and fiscal policy stimuli, including emergency tax measures, to support their economies under the pandemic.

To control the spread of Covid-19, the government announced a nationwide lockdown from 26 March onwards, forcing the whole economy to a virtual standstill.

A large number of people who depend on their daily earnings were left unemployed by the pandemic and according to a Bangladesh Institute of Development Studies survey, there will be 16.4 million new poor people in the country by the end of 2020 due to the coronavirus fallout.

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PepsiCo introduces the new Slice in Bangladesh

STAR BUSINESS DESK

PepsiCo yesterday launched its new formulated mango drink, Slice, for Bangladesh market with a campaign featuring brand ambassador and film superstar Katrina Kaif on the new packaging.



The new Slice, which brings the taste of irresistible mangoes to consumers in Bangladesh, will be available for purchase in a 200ml PET pack priced at Tk 20.

There is a growing demand of consumers looking for newer and better taste experiences in Bangladesh, said Naseeb Puri, marketing director of PepsiCo for area countries, about the campaign.

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