

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY	
▼ 1.02%	▼ 1.26%	\$1,871.99	\$66.28	▼ 0.68%	▲ 0.19%	▲ 0.18%	▼ 0.11%	83.95	101.21	117.59	12.80	
5,813.06	10,149.07	(per ounce)	(per barrel)	49,564.86	28,098.25	3,109.81	3,506.94	BUY TK	84.95	105.01	121.39	13.46



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SCOPE TO LEGALISE BLACK MONEY INDEFINITELY

In Bangladesh, the opportunity to legalise undeclared income, also known as black money, has been offered for decades, subject to the payment of a penalty, and it was limited to a few sectors. Until last year, government agencies could raise questions about the source of the money declared. In June, the government expanded the scope for all sectors and dropped the provision to question the source, intending to generate more revenues and jobs. On Wednesday, Finance Minister AHM Mustafa Kamal said the tool would be in place as long as undeclared incomes exist. Here are the views of a number of economists and businesspeople about the plan.

Kamal's plan draws flak from economists

MD FAZLUR RAHMAN

Economists yesterday lambasted Finance Minister AHM Mustafa Kamal for his plan to allow the black money whitening opportunity as long as undeclared liquidity exists in the country.

"This is a wrong statement and is completely devoid of ethics," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, a think-tank.

"With the statement, the government is incentivising the public to go for the black money. What type of perception would it give about the government?"

Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, echoed Mansur. "Such comments disincentivise honest taxpayers. This means the government would not get the amount of tax it expects to get. It is not justifiable economically and is not morally acceptable."

Taxpayers legalised a record amount of assets worth Tk 14,295 crore in the first nine months of this fiscal year by showing their wealth in the form of cash, fixed deposit receipts, saving certificates and



shares. The National Board of Revenue (NBR) got Tk 1,439 crore in taxes. Since independence, Tk 30,823 crore has been whitened,

which fetched about Tk 3,900 crore for the state coffers.

Mansur asked why people would pay 30 per cent personal income tax when there was a scope to whiten the undeclared money by paying only 10 per cent. The money whitening facility did not give much yield in terms of tax generation.

"We have lost at least twice the amount we have collected."

Zahid Hussain, a former lead economist of the World Bank's Dhaka office, said that a dual taxation system was being created in the personal income tax because

of the continuation of the black money provision.

Because of the whitening facility, a taxpayer has two options: they can pay the tax as usual. Or, they can wait until incomes become black and they pay the fine and whiten it.

Hussain said the black money whitening facility benefited the higher income group more than the low-income groups. People belonging to the high-tax rate bracket, especially those earning more than Tk 4 lakh a month, now have to pay 25 per cent in income tax.

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Keep money whitening scope in productive sectors

Businesspeople urge govt

REFAVEY ULLAH MIRDHA and MAHMUDUL HASAN

Businesspeople have urged the government not to allow any blanket black money whitening opportunity, saying the preferential tax treatment should be extended to the sectors that create jobs and have a positive impact on the economy.

"They argue that job creation for a massive number of people is needed, particularly during the coronavirus pandemic, as the crisis-induced economic slowdown has rendered many jobless."

"The government can allow black money whitening in industries that generate employment opportunities," said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association.

"However, it would not be wise to allow a blanket whitening scope in all sectors, particularly those industries that create fewer jobs opportunities and have little impact on the society."

The money whitening scope is unfair to honest taxpayers as it creates uneven competition and demoralises businesses, said Rizwan Rahman, president of the Dhaka Chamber of Commerce and Industry.

"When the government is trying to expand the tax net, it will encourage many not to pay tax properly. We should introduce a policy to inspire people to pay taxes and not to allow money to become black. It is not prudent to facilitate tax-dodgers."

He said the government could allow the black money to be invested in the economic zones. "However, it should be for a limited period." While unveiling the budget last June, Finance Minister AHM Mustafa Kamal introduced the provision that no authorities, including the National

LEGALISATION OF BLACK MONEY AND TAX PAID

(In crore taka)

PERIOD	DECLARED INCOME	TAX
1971-75	2.25	0.19
1976-80	50.76	0.81
1981-90	45.89	4.59
1991-96	150.79	15.08
1997-00	950.41	141.24
2001-06	827.74	102.77
2007-09	1,682.99	911.32
2010-13	1,805.01	230.41
2014-20	11,107.43	1,073.51
2020-21 (July-March)	14,200.70	1,420.07

SOURCE: NBR

Board of Revenue and the Anti-Corruption Commission, can raise questions on the sources of the untaxed money.

Individual taxpayers can whiten undisclosed cash, bank deposits, savings certificates, shares, bonds or other securities by paying 10 per cent tax as a penalty, way lower than the 25 per cent regular tax rate.

Over the last several years, the government has allowed untaxed money-holders to invest in areas such as real estate. Taxpayers can legalise any undisclosed properties, including land, buildings and flats, by paying tax per square metre.

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BSEC steps in to beef up bond market

AHSAN HABIB

The stock market regulator has stepped forward in strengthening the bond market so that it can be a long-term source of finance.

The Bangladesh Securities and Exchange Commission (BSEC) in a meeting yesterday passed an order making getting listed a prerequisite for entrepreneurs issuing perpetual bonds.

A perpetual bond is a fixed income security with no maturity date, for which these are not redeemable.

IDLC Investments Managing Director Md Moniruzzaman welcomed the BSEC's



decision, saying that now investors of the perpetual bonds would be able to avail an exit route.

Every instrument should have an exit route but perpetual bonds had no such route, he said, adding that this listing in the secondary market would help popularise perpetual bonds for issuers. Investors now will be interested in buying the perpetual bonds, he said.

It would be positive for the stock market too because those involved will get another instrument apart from equity, he added.

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Ring Shine Textiles commits forgery

Regulator finds

AHSAN HABIB

Ring Shine Textiles has sold shares in the pre-IPO (initial public offering) period free of cost through a private offer, a clear act of forgery, according to a special audit of the Bangladesh Securities and Exchange Commission (BSEC).

What is more, it provided stock dividend too to non-paying shareholders.

With the share allotment, the company increased its paid-up capital, but in reality, the company had received nothing against the shares. Now, the stock market regulator has ordered the company to rousticate the shares and reduce the paid-up capital.

Ring Shine Textiles raised Tk 150 crore in funds from the stock market in order to purchase machinery and repay bank loans in 2019.

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Spend wisely, save up to beat the pandemic

SOHEL PARVEZ

The ongoing coronavirus pandemic has led to great uncertainty over life and livelihoods. As the virus is not going to leave us anytime soon, it will continue to hurt economies and threaten jobs.

Amid this uncertain situation, many are deferring their plans to go for large investments while others are shying away from fresh loans or increasing credit card debt.

But what are the strategies one may follow in making financial decisions? What are the issues to consider regarding saving, investing and spending during this period of crisis?



Hussain Ahmed Enamul Huda, assistant professor of Finance at the University of Dhaka, suggests that a person may follow some strategies as pandemics such as Covid-19 are a major blow to any retail-level investment planning.

"On average, disposable income levels drop and uncertainty regarding economy mounts," he said. "Amidst such uncertainty, one should defer his or her discretionary expenses like buying a new flat or a car."

The second strategy is to start saving more money for precautionary purposes such as future medical bills and living expenses.

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Trade deficit widens

A promising sign of recovery, experts say

AKM ZAMIR UDDIN

The country's trade deficit widened moderately in the first nine months of the ongoing fiscal due to higher import growth, which is a sign that

the economy is gradually recovering from its depressed state of affairs.

Between July and March, the trade deficit, which occurs when imports outweigh exports, stood at \$14.49 billion, up 20.02 per cent year-on-year,

data from Bangladesh Bank showed.

During the period, imports increased six per cent from that of a year ago to \$42.76 billion while exports went up 0.06 per cent to \$28.27 billion.

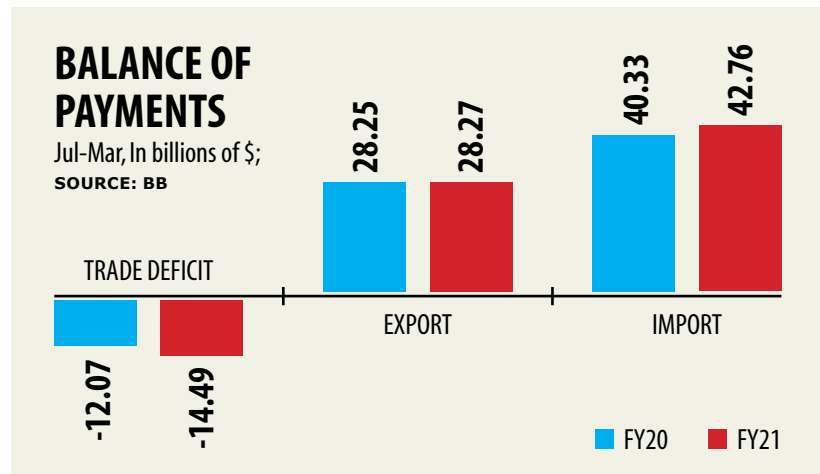
"Expanding the trade deficit is a good phenomenon for Bangladesh as the economy is largely as an import-driven one," said Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue.

Major imported items of industrial raw materials have increased in recent months, which has already given a boost to the export sector as well, he added.

Imports of dyeing and tanning materials increased 8.54 per cent year-on-year to \$615 million in the first nine months of this fiscal year.

Imports of yarn also rose 1.61 per cent to \$1.52 billion, but staple fibre declined 17.25 per cent to \$733 million.

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Java apple collected from farmers of Purba Brahmanakathi village in Atghar Kuriana at Tk 10 per kilogramme being packed for transportation by traders of Pirojpur district's Nesarabad upazila seeking higher profits through sales in the capital and around the country. Every day around 100 maunds (one maund equals about 37 kilogrammes) of the fruit is being sent off. The photo was taken recently.

TITU DAS