Google, Amazon register for VAT

STAR BUSINESS REPORT

Global tech giant Google and e-commerce company Amazon have finally got-value added tax (VAT) registration from the revenue authority, ending a two-year stalemate over the issue.

The National Board of Revenue (NBR) in July 2019 slapped conditions for tech giants to either set up offices in Bangladesh or appoint agents such that the government can collect VAT on the advertisements and other services provided by them to local firms.

However, internet companies were unwilling to set up representative offices here.

They were also not interested to pay the indirect tax or VAT to the NBR through agents or share data on sales containing information about customers on the ground of privacy breaches and security risks.

Early last year, the NBR decided to allow tech giants to get direct VAT registration without opening local offices in order to bring them under the tax network. However, progress had been slow over the last one year owing to technical and legal complexity, according to officials.

Revenue officials said despite delays, the state had been getting VAT as banks had deducted the VAT during payments to tech firms by local firms and individuals.

"Now, they will file returns and deposit VAT through their local agent. We expect a good amount of VAT from them," said Pramila Sarker, additional commissioner of the VAT Commissionerate Dhaka South, under which Google and Amazon got business identification numbers.

Google Asia Pacific Pte, based in Singapore, and Amazon Web Services Inc signed up for registration through its headquarters in Seattle last week.

PwC Bangladesh will work as local consultant to the two US-based global companies.

"We would like to profoundly thank the NBR, especially its former and present chairman, member VAT and his colleagues for their tremendous hard work over the last 18 months or so to put things in order for these global brands," said Mamun Rashid, managing partner of PwC Bangladesh.

The NBR decided to bring in the tech companies in its tax net as firms are growingly focusing on putting their advertisements digitally through google, Facebook and other digital platforms.

Industry insiders earlier said that the government did not receive much VAT from the ads running on Facebook, YouTube, Google and other digital platforms as a big amount of payments were not sent through banking channels.

Officials now expect that other global digital companies will follow suit and get VAT registration.

Banking hours 10am to 3pm until June 6

STAR BUSINESS REPORT

Bangladesh Bank yesterday extended the banking hour by half an hour and decided to keep banks open from 10am to 3pm until June 6.

However, the branches will remain open until 4:30pm to complete their regular activities. The central bank took the decision after the government extended the nationwide restrictions on public movement until June 6 to curb Covid-19 infections.

Banks have been following a special roster for their employees since April 14 as per the instructions of the banking regulator and the government.

The government enforced lockdown-like controls from April 5 after the Covid-19 infections rate and death tolls began rising alarmingly.

Enhance support for shrimp farmers, jute mill workers

Experts, businesspeople in Khulna urge govt ahead of national budget

DIPANKAR ROY

Crabs produced in Khulna region are exported to China and also sold in the local markets. The photo was taken from Rampal upazila of Bagerhat.

DIPANKAR ROY, *Khulna*

Various labour organisations and industry experts have urged the government to allocate special funds in the upcoming national budget to help distressed jute mill workers and shrimp farmers survive the ongoing coronavirus pandemic.

"More than 26,000 shift workers and temporary employees of nine state-run jute mills along with the Khulna-Jashore industrial belt have lived miserably ever since the factories were shut on July 1 last year for modernisation," said Professor Anwarul Kadir, executive director of Sundarban Academy.

Besides, they have yet to receive their dues after being laid off amid the current crisis, he added.

The Bangladesh Jute Mills Corporation (BJMC) is unsure about if and when these workers might get their arrears as it would require a separate allocation.

RUN-UP TO BUDGET FOR FY2021-22

The BJMC owes more than Tk 200 crore to displaced workers in the Khulna region alone for services completed between 2015 and 2020 due to the implementation of a new pay scale in January 2020 as per the Productivity and Wage Commission-2015.

Without new employment opportunities or cash assistance, the once vibrant jute industry cannot survive the Covid-19 fallout, according to the workers.

Similarly, around 40 private jute mills are in distress due to the ongoing pandemic, said Sayed Ali, chairman of the Bangladesh Jute Association.

Other than that, the coronavirus has also devastated the shrimp industry as farmers are being deprived of fair prices amid the current suspension of exports.

About 260,000 hectares of land in the coastal districts are used for shrimp cultivation with around 2.2 million people directly involved with the industry.

Making matters worse, more than one lakh shrimp farms in Satkhira, Khulna and Bagerhat districts were washed away by cyclone Amphan with the damage costing them roughly Tk 100 crore, said Aftabuzzaman, president of Bangladesh Shrimp Farm Association.

"So, they need cash assistance and bank loans immediately," he added.

The local shrimp industry is one of Bangladesh's main sources of foreign exchange but since production has declined year after year, the upcoming national budget should include intensive support for this industry.

READ MORE ON B3

GLOBAL BUSINESS

Meltdown? Turmoil at UK steel empire stokes job fears

AFP, *London*

Sanjeev Gupta's Liberty Steel company -- one of the world's largest steel empires -- faces an uncertain future after announcing plans to sell three of its UK plants.

Liberty employs 3,000 UK workers and parent company Gupta Family Group (GFG) Alliance has 35,000 employees around the world, with metalworks and mines in Europe, the United States and Australia.

Gupta was once seen as the saviour of British steelmaking but is now fighting for survival following the collapse of its main lender Greensill Capital and fraud allegations. The Indian-British billionaire has insisted none of his 12 UK sites will close.

Yet this week's decision to sell three plants in northern and central England plunges 1,500 jobs into uncertainty and comes after three of GFG's French auto parts factories sought bankruptcy protection last month.

Clive Royston, who represents the Community trade union at Liberty's Stocksbridge site in northern England, said he wants Liberty to be a "responsible seller" and find a buyer who will "not just strip off assets".

"We're worried and don't have any details. It's hard because they (workers) are asking questions and I can't answer," he told AFP.

Supply chain finance firm Greensill contributed to GFG's expansion through short-term corporate loans and avoided the stricter regulations imposed on traditional banks.

But its abrupt collapse in March triggered a liquidity crisis at GFG as creditors sought to recall their loans.

It has been reported that Greensill had 3.5 billion ($5 billion, 4.1 billion euros) of exposure with GFG.Greensill's lawyers claimed its demise could threaten 50,000 jobs worldwide.

Liberty has reportedly not repaid an 18-million loan to Metro Bank, which accuses it of breaching "covenants and restrictions".

Liberty Steel launched a major restructuring plan that includes the sale of some British assets following the collapse of its key financier Greensill. AFP/FILE

British retail faces 'tsunami of closures' without rent help

REUTERS, *London*

Britain's retail sector will endure a "tsunami of closures" if the government does not extend a moratorium on aggressive debt enforcement, industry lobby group the British Retail Consortium (BRC), said on Sunday.

Citing survey data, it said two thirds of British retailers have been told by landlords they will be subject to legal measures to recover unpaid rent from July 1 when the moratorium ends.

Many UK retailers deemed "non-essential" had to close their stores during multiple Covid-19 lockdowns over the last 15 months, accruing total rent debt of 2.9 billion pounds ($4.1 billion), the BRC said.

People walk past a closed shop following the outbreak of the coronavirus disease in Chester, Britain on August 10, 2020. REUTERS/FILE

The pandemic has hammered the sector and industry data shows one in seven shops already lie empty.

The BRC's survey found 80 per cent of tenants said some landlords have given them less than a year to pay back rent arrears. Without action, the end of the moratorium could see thousands of shops close, said BRC chief executive Helen Dickinson. She called on the UK government to allow the rent arrears built up during the pandemic to be ringfenced and the moratorium on repayment of these debts to be extended to the end of the year.

"With this in place, all parties can work on a sustainable long-term solution, one that shares the pain wrought by the pandemic more equally between landlords and tenants," she said.

"Without action, it will be our city centers, our high streets and our shopping centers that suffer the consequences, holding back the wider economic recovery."

Dubai property booms as wealthy buyers escape lockdowns

AFP, *Dubai*

Dubai's property market is powering out of a six-year malaise as "lockdown dodgers" and wealthy international investors drive a buying frenzy that is breaking records and fuelling an economic recovery.

Luxury villas are the hottest segment in the market, with European buyers in particular seeking homes on Dubai's signature Palm Jumeirah man-made island, as well as golf course estates.

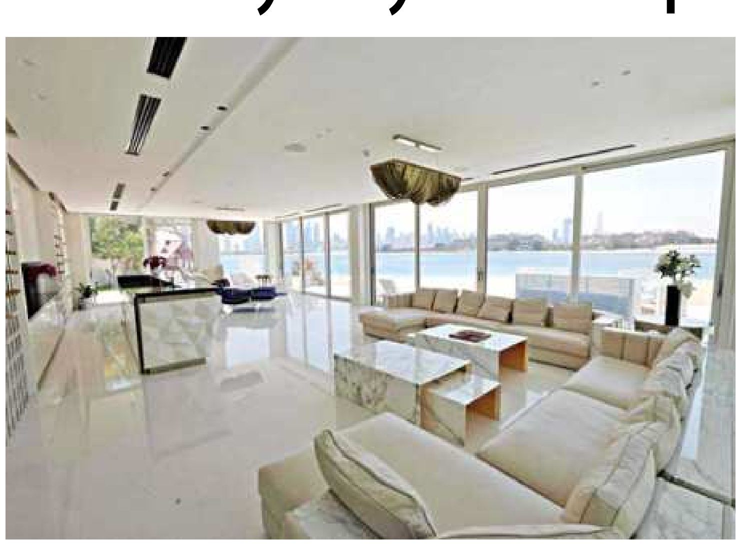
Dubai's rollercoaster property market, which had been in steady decline since 2014, went into flatline after Covid-19 hit last year and the emirate slammed shut its borders, said Zhann Zochinke, chief operating officer of consultancy Property Monitor.

"Then straight after that lockdown period we started to see transaction volumes increase, and they really haven't stopped since," he told AFP.

"We're now seeing record month-on-month gains and transaction volumes.

"The Gulf emirate became one of the first destinations to reopen to visitors last July, pairing the open-door policy with strict rules on masking and social distancing, and an energetic vaccination program which has produced some of the highest inoculation rates globally.

Despite a surge in coronavirus cases in the new year after holidaymakers descended en masse, life has continued largely as normal with restaurants and hotels open, and few of the restrictions that have blighted life elsewhere.



AFP

This picture shows the living room of a luxury villa for sale on one of the Palm Jumeirah man-made island, on the coast of the Gulf emirate of Dubai, on May 19.

"The lockdown dodgers from other countries? I think we're seeing a lot of that there," Zochinke said, adding that other draws were more relaxed residency rules and a decision to allow full foreign ownership of firms.

The flood of arrivals has regenerated the tourism industry, long an economic mainstay of Dubai which has little of the oil wealth that powers its neighbours, and helped business activity recover to pre-Covid levels in April, according to IHS Markit.

"Travel and tourism firms recorded the most notable bounce in performance, amid increasing hopes of a rise in tourism activity later in the year, boosted by the rapid vaccine roll-out," said the research firm's economist David Owen.