



STAINLESS STEEL
Steel price slips down



MEDICAL DEVICE, MEDICINE INGREDIENTS
Keep healthy for less



MICROBUS, HYBRID CAR
Head for family outing cheaper



SANITARY NAPKIN
Personal hygiene more affordable



FRESH FRUITS
Drink freely



LOCAL HOME APPLIANCE, GADGET
Boost for home tech

DOWN



No HOPE for the NEW POOR

A line of divide separates protected, unprotected

SYED ASHEAQUIL HAQUE

Money is not a problem, and the government too intends to support the poor in their dire need. What's the problem then? The government does not know who to help out!

According to local think tanks, number of the poor leapt from nearly 3.5 crore to well over 6.5 crore during the 16 months into coronavirus pandemic. From middle class to lower middle class, lower middle class to poor, and poor to extreme poor. And that's the silent but gradual journey down the hill for nearly half of the country's 16.3 crore population.

Ironically, the government has no data yet about this new vulnerable population and no means to reach out to them with support. The poor the government knows of today is through the dataset dated back to 2013. The government would have been in a far better position in dealing with this crisis had the Bangladesh Bureau of Statistics (BBS) delivered the much-needed poverty registry, the National Household Database, on time, in 2017. Sadly, that dataset, developed over the period of 2013-17, is going to be obsolete when it is released sometimes in 2021. Pandemic has changed the poverty landscape, altogether.

As budgetary measures were laid out yesterday, the social safety net, despite being boosted by a fatter allocation of Tk

SEE PAGE 12 COL 1



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Businesses get tax boost

No good news for individual taxpayers; plan for tougher scrutiny

SOHEL PARVEZ

By the time you pick up this newspaper, you might have already been aware of the major changes in personal and corporate tax rates proposed for the next fiscal year.

Except for restructuring of wealth surcharge tax slabs and reintroduction of 35 percent surcharge on super rich with net wealth of over Tk 50 crore, there is no change in terms of personal income tax.

For an individual taxpayer, it's a relief that he or she will continue to pay taxes at the same rate. Yet, taxpayers in the lower income threshold will be worse off because of rising living cost.

A major disclosure, which may bring initial cheer among entrepreneurs, is 2.5 percentage point cut in tax rates for both listed and non-listed companies at the stock exchanges, and 25 percent tax rate for One Person Company (OPC).

The government has reduced the corporate tax rate for the second consecutive year for non-listed companies -- a move aimed at boosting investment and also raising private investment to GDP ratio which remained almost stagnant at around 23 percent.

Tax rate for non-listed companies that include most of the multinational companies was 37.5 percent a decade ago. The new rate for those is 30 percent.

And the tax rate for listed companies is 22.5 percent.

There are some tax exemption offers too to encourage domestic manufacturing for sectors such as production of home appliances and milk and dairy items, establishment of hospitals, IT hardware and IT Enabled Services, automobile manufacturing, and vegetable and fruit processing.

The measures are expected to create enthusiasm among investors.

However, the tax rate remains unchanged for banks, financial institutions, insurance companies, mobile phone operators, and cigarette and tobacco firms.

SEE PAGE 12 COL 6

BUDGET SNIPPETS

WHERE THE MONEY GOING

- DEFENCE 6.2
- LOCAL GOVT & RURAL DEV 7
- INTEREST PAYMENT 11.4
- TRANSPORT AND COMMUNICATION 11.9
- EDUCATION & TECHNOLOGY 15.7
- PUBLIC ADMINISTRATION 18.7



- OTHERS 3.4
- ENERGY & POWER 4.5
- PUBLIC ORDER & SAFETY 4.8
- HEALTH 5.4
- AGRICULTURE 5.3
- SOCIAL SECURITY AND WELFARE 5.7

1 GDP growth target 7.2pc amid pandemic

The government has targeted a Gross Domestic Product (GDP) growth rate of 7.2 per cent for fiscal 2021-22 taking the post-Covid recovery situation into account. It had revised down the economic growth projection to 6.1 per cent for 2020-21, the second revision this fiscal year, reflecting the devastating impacts of the pandemic's second wave on a battered economy. The government had initially targeted an 8.2 per cent expansion in GDP but later reset the target to 7.4 per cent.

2 Per capita income rises to \$2,227

Bangladesh's per capita income has risen by 7.9 per cent year-on-year to \$2,227 in fiscal 2020-21 despite the devastating impacts of the coronavirus pandemic. It was \$2,064 in FY2019-20. However, the latest per capita income figure is 4.25 per cent lower than the government's projection of \$2,326 for FY20-21.

3 Forex reserves spurt to \$45 billion

Foreign currency reserves have shot past \$45 billion riding on higher remittance inflow, lower imports and moderate exports. Bangladesh started the fiscal year with \$36.04 billion in the state coffers. On May 3, it reached a record high of \$45.1 billion. The government hopes the reserves will touch \$50 billion by Dec 2021. Remittance inflow to Bangladesh had increased by 40.1 per cent to \$22.75 billion as of April.

4 NBR stares at missing target for another year

Revenue generation did not pick up as expected because of the economic slowdown. Receipts stood at Tk 195,672 crore in April, accounting for 65 per cent of the target set for the entire fiscal year. The target of revenue collection for FY2020-2021 was set at Tk 378,000 crore. The target was reduced by Tk 26,468 crore and re-fixed at Tk 351,532 crore. In FY2019-20, revenue collection posted its first negative growth in history.

5 Foreign aid in pipeline crosses \$50b mark

Funds committed by the multilateral and bilateral development partners have shot past \$50 billion on the back of growing support in the wake of the coronavirus pandemic and Bangladesh's inability to use the funds. The government had aimed to use \$8 billion in foreign aid in FY20-21 but only managed to spend \$4.8 billion as of April, forcing it to revise down the target to \$7.4 billion.

6 Record black money whitened

Taxpayers legalised a record amount of assets worth Tk 14,295 crore in the first nine months of the outgoing fiscal year by showing their wealth in the form of cash, fixed deposit receipts, saving certificates and shares. The National Board of Revenue got Tk 1,439 crore in taxes for the year. Since independence, Tk 30,823 crore has been whitened, fetching about Tk 3,900 crore for the state coffers.

7 Poverty rate doubles

The poverty rate doubled as a massive number of people lost their jobs and incomes because of the coronavirus pandemic. In 2019, the population living below the poverty line was 20.5 per cent. The pandemic has since taken it to as high as 42 per cent, erasing the country's gains in poverty reduction in recent decades. However, the government did not provide an updated picture of the poverty rate for 2020.

8 LDC graduation pushed back by two years

Bangladesh was on track to graduate from the least developed countries (LDC) grouping in 2024 after having comfortably met all the required criteria. But with the coronavirus crisis continuing to wreak havoc, the government sought two more years from the United Nations for graduation as Bangladesh would lose many of its trade benefits and access to concessional loans during the transition period. The country will now graduate in 2026.

9 Investment drops as private sector's share declines

The government had projected that overall investment as a percentage of GDP would go up to 33.5 per cent in FY20-21. In the end though, it stood at 32.3 per cent because of the pandemic-induced economic slowdown. The public investment-to-GDP ratio rose to 8.2 per cent from 8.1 per cent but the private sector's share fell by 1.1 percentage points to 24.2 per cent.

10 Tax exemption for home appliances, agro-processing

A 10-year tax exemption has been proposed for the local producers of washing machines, microwave ovens, electric sewing machines, induction cookers, kitchen hoods, and kitchen knives in order to promote "Made in Bangladesh" products. To promote value addition in agro-processing companies, the government proposed the same facility for fruits processing, vegetable processing, milk and its by-product production, and baby food production.

11 Corporate tax rate reduction

It was proposed that the corporate tax imposed on listed and non-listed companies, sans lenders, merchant banks, tobacco, and mobile network companies, be reduced by 2.5 percentage points. However, the corporate tax levied on listed mobile financial service (MFS) providers may soar by 5 percentage points. If the MFS provider is not listed, then a 7.5 per cent increase in corporate tax has been suggested.

12 Highest GDP growth in Asia in FY 2020-21

Bangladesh has been able to achieve the real Gross Domestic Products (GDP) growth of 5.2 percent which is the highest in Asia. Finance Minister AHM Mustafa Kamal told this while placing the budget. "In spite of the pandemic, the government led by the able leadership of Prime Minister Sheikh Hasina, has been able to maintain the macroeconomic stability of the economy with prudent fiscal policy and accommodative monetary policy," he said.