Housing fair on Dec 23 after two-year hiatus

STAR BUSINESS REPORT

The REHAB Fair 2021, a five-day event where members of the Real Estate and Housing Association of Bangladesh (REHAB) will showcase their housing solutions, is all set to begin on December 23 after a two-year hiatus.

The fair, to be held at the Bangabandhu International Conference Center in Agargaon, will feature 220 stalls with building material suppliers and financial institutions also taking part, according to REHAB.

"Since the fair hasn't been held in two years, we hope this edition will be good," Md Abdur Rashid Babu, head of media and communications of REHAB, told The Daily Star yesterday.

"This is the biggest fair for the real estate sector and its main purpose is to promote our brands," he said.

Babu went on to say that the price of many construction materials, including rod and cement, have gone up and so, the price of flats will increase in the near future as well.

"But in this fair, buyers can actually check and choose a lot before buying a flat and that's why many people will come with interest," he added.

Commerce Minister Tipu Munshi is scheduled to participate in the inaugural ceremony as chief guest.

Like every year, visitors who attend the fair will have the chance to win attractive prizes from a raffle draw with their entry tickets.

REHAB first started hosting the fair back in 2001 and has since handed over more than 2.25 lakh apartments from the annual event.

Earlier this year, most ready-for-occupant flats in Dhaka, the key market for real estate, were sold out.

This is because demand soared after the government provided amnesty for the use of undisclosed income to purchase land, apartments and other property upon paying a certain amount of tax based on the property's size and location.

With a current membership of 1,191 companies, REHAB is the only trade organisation of real estate developers in the country.

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Prices of many construction materials, including rod and cement, have gone up and so, the prices of flats may increase in the near future, says REHAB.

PHOTO: STAR/FILE

Introducing a pro-taxpayer revenue regime

MUHAMMAD ABDUL MAZID

Establishing a pro-taxpayer environment in an emerging economy like Bangladesh where the tax-GDP ratio is hovering around 10-11 per cent requires a very close review of existing rules and regulations one by one, if not word by word in fitting with present day demand of social norms and business practices.

If these regulations have to be effectively enforceable, prudently practiced, impartially implemented in a free and democratic environment unlike past colonial regime, it has to be such a public law framed by the lawmakers who should also be within its jurisdiction.

Appropriate ownership has to be established for each item of law equally on every footing. The reform should not be limited to reducing or introducing new taxes, but to making the tax code simpler, fairer and better equipped to promote economic growth.

Any proposal would have to be revenue-neutral. Global good practices should not only be incorporated in the reorganised law, it is needed to take suggestions from the stakeholders. It has been appropriately argued that the reorganisation proposals be made in stakeholders' vernacular (in Bangla) for their better comprehension and suggesting modifications.

It has to be simple, comprehensible, non-duality in meaning and interpretation, delegable, assertive but with adequate relieving and remedial provisions. The mindset of the tax collector and taxpayer must be pro-revenue and the canons of tax law should be digestible and implementable across the board and be applied without fear and favour.

Taxation, as an influential instrument for revenue income for the state, was very much there in ancient and medieval India in different form and style. The modern income tax system was first introduced by the British government in India. After the Mutiny in 1857, the country was in a bad state financially when the British government took over the power.

James Wilson, the first finance minister in India, moved a bill in the Indian Legislature to restructure tariff laws. Not just that, he introduced the budgetary system and paper currency. He introduced the Income Tax Act in India in his first-ever budget speech on April 7, 1860.

Though the modern income tax was put in place in 1860, the first formal tax law was promulgated in 1882, and the Indian Income Tax Law, 1922 came into being, which anthologised the entire annual amendments so far.

The Income Tax Law of 1922 was adopted by India and Pakistan in 1947 and later by Bangladesh in 1972 just by replacing the word 'India' by 'Pakistan' and 'Pakistan' by 'Bangladesh' respectively. The Republic of India reformed its own income

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tax law in 1961. Bangladesh reformed it in 1984 as an ordinance as there was no parliament in session at that time.

After a long demand and decree, a new income tax law is now in the making and it is hoped that it will be enacted by the lawmakers in the parliament. The national income tax reform panel submitted the proposed changes to the tax breaks people have come to expect as well as to the complexity and costs of filing that many have come to loathe.

To be sound, a tax system must be economically efficient and logistically economical and inflicting as little damage as possible on the economy.

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GLOBAL BUSINESS

S&P dumps Chinese property giant Evergrande into default

REUTERS, *London*

The poster child of China's property crisis China Evergrande Group was officially declared in default by credit rating agency S&P Global on Friday after the sprawling firm missed a bond payment earlier this month.

"We assess that China Evergrande Group and its offshore financing arm Tianji Holding Ltd. have failed to make coupon payments for their outstanding U.S.-dollar senior notes," S&P said in a statement.

S&P added that Evergrande had asked for the ratings to be withdrawn following the downgrades to 'selective default' a term ratings firms use to describe a missed payment on a bond, but not necessarily all its bonds.

"Evergrande, Tianji, or the trustee have made no announcement or any confirmation with us on the status of the coupon payments," S&P said.

Japan business lobbyist backs Myanmar coup, urges investment

REUTERS, *Tokyo*

A Japanese former politician who campaigned to bring billions of dollars of investment from some of Japans top companies to Myanmar has urged Japan to endorse its military regime, saying the nation's coup leader has "grown fantastically as a human being," while praising his "democratisation efforts."

The 87-year-old former cabinet minister, Hideo Watanabe, is also pursuing a $42-million shopping mall investment in a tie-up with a firm linked to a sanctioned army conglomerate, according to a transcript of his remarks seen by Reuters and corporate filings.

Watanabes outspoken push for Japans re-engagement with the Myanmar military government stands in contrast with Tokyos official stance, which has cut new aid and called on the military to stop the violence.

Japan has sought to balance its support for Myanmar democracy against its efforts to counter Chinas influence there, officials and analysts have said.

Watanabe and the Japan Myanmar Association (JMA) he chairs declined to comment, as did Japan's foreign ministry.

His position also poses a dilemma for some of Japan's largest companies who sponsor the JMA a kind of lobby group and information exchange for Myanmar investment in Japan that he founded, business leaders and activists say.

These JMA members, like other multinationals, are under pressure from activists to step away from their investments in Myanmar, including in the special economic zone that Watanabe helped establish.

Watanabe, who also said the military's seizure of power in Myanmar was lawful, made his remarks at the JMA's regular meeting on June 30, when discussing his recent trips to the country, during which he met junta leader Min Aung Hlaing.

His comments, first reported by business publication Toyo Keizai in Japanese, were printed in a newsletter circulated to association sponsors and seen by Reuters.

At least six companies have quit the JMA this year and one member company has pushed back on Watanabes comments, according to the companies involved.

That company, XYMAX Corp, a property management firm, said it had expressed concerns to the JMA about the associations position on the coup several times this year.

We dont support the coup at all, and we cant support comments that seem to endorse the coup. Theres no change in our position there, Ryuhei Mori, an executive for international business at XYMAX, told Reuters.

Toyota Motor Corp, which in 2019 announced plans to make Hilux pick-up trucks in the special economic zone, quit Watanabes group earlier this year. A spokesperson declined to discuss Toyotas departure, including its timing.

The companys production plans for Myanmar have been put on hold since the coup, Toyota said.

Hotel chain Vessel Hotel Development Co and IT firm Global Innovation Consulting told Reuters they quit the association after the coup. Vessel said the company wanted to cut costs, and Global Innovation Consulting said the membership did not yield continuing benefits for the company.

Musashi Fusoh, a garment maker, told Reuters it resigned because it judged the information it was getting did not justify the cost.

SPARX Asset Management and credit card company JCB International Co said they also left the association earlier this year.

Hideo Watanabe, the chairman of the Japan-Myanmar Association, speaks during an interview with Reuters in Tokyo.

REUTERS/FILE

China's factories speed up but new Covid pain hits retailers

REUTERS, *Beijing*

China's factory output grew faster than expected in November, supported by stronger energy production and a moderation in sky-high materials costs, but new curbs to fight rising Covid-19 cases hit retailers in the world's second-largest economy.

The data, along with a slowdown in investment growth, underlines the persistent headwinds facing the economy, which have already prompted policymakers this month to ratchet up support.

"The economy remained quite weak in November," said Zhiwei Zhang, chief economist at Pinpoint Asset Management.

"Domestic consumption weakened further, which is driven by the zero tolerance policy that hurts the service sector and the continued slowdown in the property sector."

Factory production rose 3.8 per cent in November from a year earlier, official data showed on Wednesday, beating expectations for a 3.6 per cent rise and accelerating from a 3.5 per cent increase in October.

China's coal output hit a record in November as Beijing urged miners to ramp up production to ensure sufficient energy supplies in the winter heating season, while daily crude oil throughput rebounded in November. Retail sales, however, rose 3.9 per cent in November from a year earlier, below the 4.6 per cent growth expected in the poll and October's 4.9 per cent rise.

Fixed asset investment rose 5.2 per cent in the first 11 months from the same period a year earlier, slower than the 5.4 per cent increase tipped by a Reuters poll and the 6.1 per cent in January-October.

China's economy, which is losing steam after a solid recovery from the pandemic last year, faces multiple challenges heading into 2022, due to a property downturn and strict Covid-19 curbs that have hit consumer spending.

Despite the pick-up in industrial activity in November, new Covid-19 outbreaks are creating fresh problems for policymakers as the Omicron variant of the virus threatens the global economic outlook.

More than a dozen Chinese-listed companies said they had suspended production in coronavirus-hit parts of Zhejiang province in response to new Covid-19 curbs, causing their share prices to plunge this week.

Separate data on Wednesday showed China's property downturn persisted in the final quarter of 2021 with home prices, sales, investment and construction mired in negative territory last month, weighed by weak demand and a cash crunch among developers.

Some analysts expect fourth-quarter gross domestic product growth to dip below 4 per cent from the 4.9 per cent pace in the previous quarter, although the full-year growth could still be about 8 per cent, above the official target of over 6 per cent.

China's red-hot factory-gate inflation cooled slightly, driven by a government crackdown on runaway commodity prices and an easing power crunch.

Fitch downgrades Sri Lanka as default fears mount

AFP, *Colombo*

International ratings agency Fitch downgraded cash-strapped Sri Lanka Saturday due to mounting fears of a sovereign default on its $26 billion foreign debt, but Colombo insisted it will meet its obligations.

The downgrade by one notch from "CCC" to "CC" came a day after Sri Lanka reported a 1.5 per cent contraction in the third quarter of this year as a foreign exchange crisis wrecked its recovery from the coronavirus pandemic.

Fitch said the downgrade reflected its view of an "increased probability of a default event in coming months" as Sri Lanka's foreign reserves slumped to $1.58 billion at the end of November.

"We believe it will be difficult for the government to meet its external debt obligations in 2022 and 2023 in the absence of new external financing sources," the agency said in a statement.

However, the Central Bank of Sri Lanka accused Fitch of making a "reckless" downgrade ignoring "positive developments" in the economy.

"It must also be noted that the government has given a clear assurance that Sri Lanka will honour all debt obligations in the period ahead," the bank said in a statement. Fitch noted Sri Lanka has to repay two international sovereign bonds of $500 million in January 2022 and $1.0 billion in July 2022 with little improvement in capital inflows into the nation of 21 million people.

It added foreign-currency debt service payments, including principal and interest, total $6.9 billion for next year, the equivalent of nearly 430 percent of the island's official gross international reserves as of November 2021.

The island's tourism-dependent economy was hammered by the pandemic and authorities responded to falling foreign exchange reserves with a broad import ban, triggering shortages including food, fuel and medicines.