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Global tech giants may require filing tax returns

SOHEL PARVEZ

Global tech giants such as Google and Facebook are likely to come under the tax net from the next fiscal year as the authorities plan to make submission of returns mandatory for the firms that have no physical presence in Bangladesh but are doing business here.

Until now, the National Board of Revenue (NBR) has exempted non-resident firms having no offices in the country from filing income tax returns.

But this could change from the next fiscal year, starting on July 1, as the exemption is expected to be withdrawn as part of an initiative planned to collect taxes from digital service providers.

Until now, the NBR has exempted non-resident firms having no offices in the country from filing income tax returns

The lifting of the waiver will make it compulsory for digital multinational companies, which are doing business in Bangladesh by providing various services without setting up any physical office, to submit the statements of their income originating here, finance ministry officials said.

"What we see is that the business of tech companies is growing in Bangladesh. So, regular filing of tax returns by the firms with no office will allow us to tap into the expanding digital economy," said one official.

At present, global technology companies can secure value-added tax registration from the NBR without opening offices in Bangladesh.

Last year, a number of tech biggies, namely Google, Facebook, Amazon and Microsoft, received VAT registration, enabling the revenue authority to ensure compliance of the firms under the rule framed in 2019.

In October 2021, the High Court also directed the government to take steps to collect taxes, VAT and other charges on the

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OLD-AGE ALLOWANCE

FY21
Persons: 49 lakh
Allocation: Tk 2,940cr

FY22
Persons: 57 lakh
Allocation: Tk 3,444cr

CURRENT COVERAGE

All senior citizens in low-income families of 227 upazilas

Eligibility criteria: more than 62 years old

ALLOWANCE FOR OTHERS

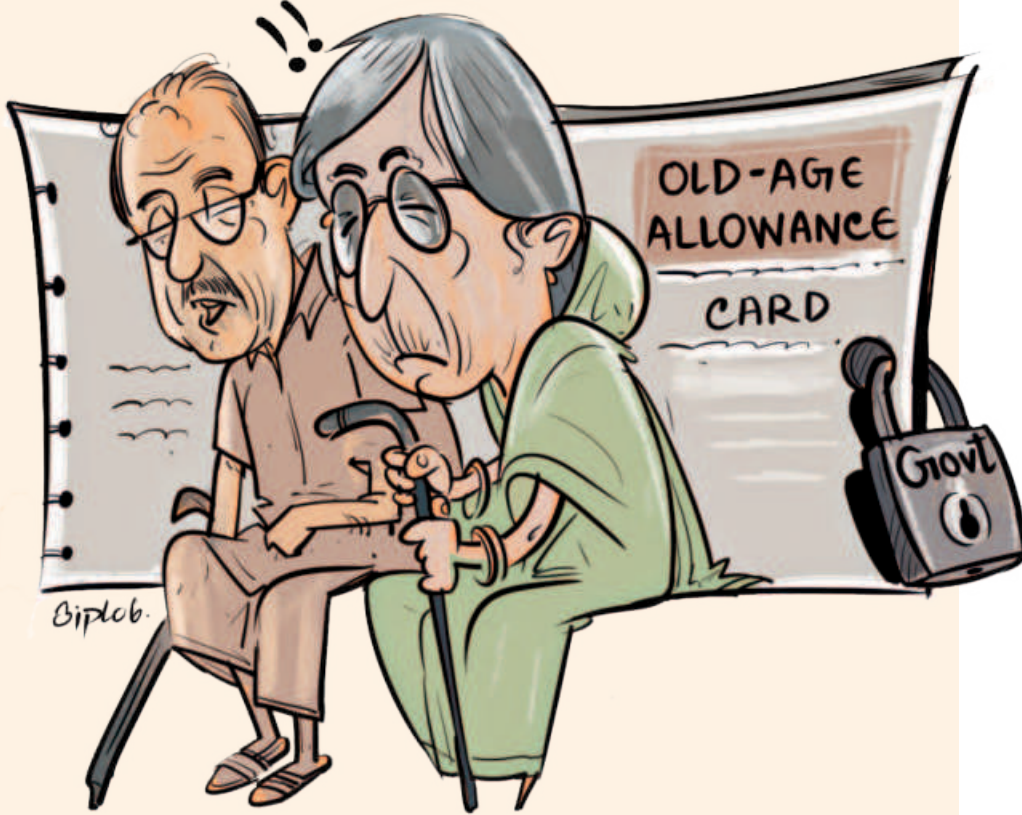
Allowance for differently-abled beneficiaries to go up to Tk 850 from Tk 750 now

Number of differently-abled beneficiaries to go up to 23 lakh from 20 lakh now

Beneficiaries for the scheme of poor lactating mothers will rise to 12.75 lakh from 10.45 lakh

IN % OF GDP

Total safety net allocation to slip below 3pc of GDP



ELDERLY POOR, OTHERS

Govt to shelve safety net expansion plan

REJAUL KARIM BYRON and JAMIL MAHMUD

The government is going to discard its plan to bring all elderly poor under its social safety net programmes in 100 more upazilas in a bid to prevent the non-poor from misusing the support.

In the first week of April, the cabinet committee on social safety net decided that the government would bring 100 per cent poor in another 100 upazilas under three major safety net programmes.

The programmes are the old-age allowance, the allowance for widows, deserted and destitute women, and the insolvent disabled person allowance.

If implemented, more than nine lakh new beneficiaries would come under the schemes, and an additional Tk 550 crore would be needed to fund the initiatives.

In his budget speech last June, Finance Minister AHM Mustafa Kamal said 100 per cent coverage for deserving beneficiaries belonging to the extremely high and

high poverty groups will be extended to another 150 upazilas.

But finance ministry officials said the government has decided not to broaden the support programmes in new upazilas as, it believes, such a programme might include non-poor, depriving other priority areas of adequate funds.

people aged 62 and above is about 1.14 crore in the country, according to a survey of the Bangladesh Bureau of Statistics (BBS).

Of them, 57.1 lakh elderly people from all upazilas in the country are benefiting under the old-age allowance, accounting for more than half of the older population in the country, said an official



The government introduced the old-age allowance in the fiscal year of 2020-2021 in 112 most poverty-stricken upazilas to support the indigent elderly during the difficult period brought on by the outbreak of Covid-19.

The number of elderly

of the finance ministry. "So, the government has decided not to expand the programme."

The latest poverty survey of the BBS showed that about 20 per cent people are living below the poverty line. Even if the pandemic-stricken poor is considered, the number of

poor people could be a maximum of 30 per cent, the official said.

Prof MM Akash, chairman of the economics department of the University of Dhaka, said considering that the poor should be given priority, the government's decision could be a logical one.

"However, before that, the government needs to prepare a master list of the poor people which has not been done yet. There will be no benefit in talking big without having the list."

The economist called for eliminating the non-poor from the list of the beneficiaries under the old-

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Banks' provision shortfall widens

AKM ZAMIR UDDIN

The provisioning scenario of banks in Bangladesh further deteriorated in the first quarter of this year for an increase in default loans, an indication of the banking industry's health having worsened.

Provision shortfall widened to Tk 14,746 crore in March, up 180 per cent year-on-year and 5 per cent from that three months ago, according to data from Bangladesh Bank.

Provision shortfall occurs when a financial obligation exceeds the amount of cash available. It can be temporary, arising out of a unique set of circumstances, or persistent, indicating poor financial management practices.

Banks have to earmark 0.50 per cent to 5 per cent of their operating profit in provisioning against general category loans, 20 per cent



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against classified loans of substandard category, and 50 per cent against classified loans of doubtful category.

It has to set aside 100 per cent of classified loans of bad or loss category from the profits as provisioning.

The provisioning situation may further worsen as default loan figures are expected to jump higher this year as the central bank in December last year lifted a loan classification relaxation policy.

The central bank maintained a moratorium facility for borrowers throughout 2020.

As a result, banks did not reclassify the credit status of borrowers, bringing non-performing loans (NPLs) down to Tk 88,734 crore, a decrease of 6 per cent from that of 2019.

The BB also continued running the loan relaxation policy until last year, helping banks contain non-performing loans significantly.

Under the policy, borrowers were allowed to avoid slipping into the default zone in exchange of depositing only 15 per cent of the total instalments payable last year.

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STOCKS	
DSEX	CASPI
0.12% 6,489.17	0.10% 19,019.83

COMMODITIES	
Gold	Oil
\$1,850.55 (per ounce)	\$119.35 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
0.17% 55,675.32	0.56% 27,915.89	0.17% 3,226.63	1.28% 3,236.37

New VAT likely for handsets, internet

REJAUL KARIM BYRON and MAHMUDUL HASAN

The government is likely to hike value-added tax (VAT) on broadband internet and impose a 5 per cent VAT on handsets at retail in the upcoming budget, which will increase handset and internet prices from next fiscal year.

The National Board of Revenue (NBR) is going to increase the VAT on broadband internet by 5 per cent, taking the total VAT to 10 per cent, as per finance ministry sources. Currently there is no VAT on mobile phone sales at the retail level.

The decisions are going to hit 1.1 crore broadband internet users and make it harder for people to avail handsets, all the while the digital divide continuing to persist in the country.

"The government's vision of establishing a Digital Bangladesh will be adversely affected if another 5 per cent VAT is imposed," Aminul Hakim, managing director of broadband service provider Amber IT, told The Daily Star.

"Ultimately, end users will have to bear this extra cost," he said.

Currently, the government collects VAT during

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MOBILE PHONE

NBR may slap 5% VAT on mobile phone at retail level
Handset prices may rise for the VAT

90% of smartphone demand met by local manufacturing

14 firms make mobile phones in Bangladesh

About 1.33cr handsets were made locally in Jan-Apr

Over 60% of them are feature phones

BROADBAND INTERNET

VAT on broadband internet is likely to rise by 5%

Total VAT will stand at 10% at consumer level

Industry people say end-users will bear the burden

There are 1.99cr broadband internet users in Bangladesh

EXPORT-IMPORT 50 types of services now available online

Munshi says

STAR BUSINESS REPORT

The traders will be able to avail 50 types of export-import related services online from now on, Commerce Minister Tipu Munshi said yesterday.

The Office of the Chief Controller of Imports and Exports (CCIE) yesterday launched the 50 types of online services to mark the 50th anniversary of the country's independence.

The minister inaugurated the online services at the office of CCIE in Dhaka.

Digital Bangladesh is no longer a dream, it is a reality now, he said.

The government is now working under the leadership of Prime Minister Sheikh Hasina to build a smart Bangladesh, he said.

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