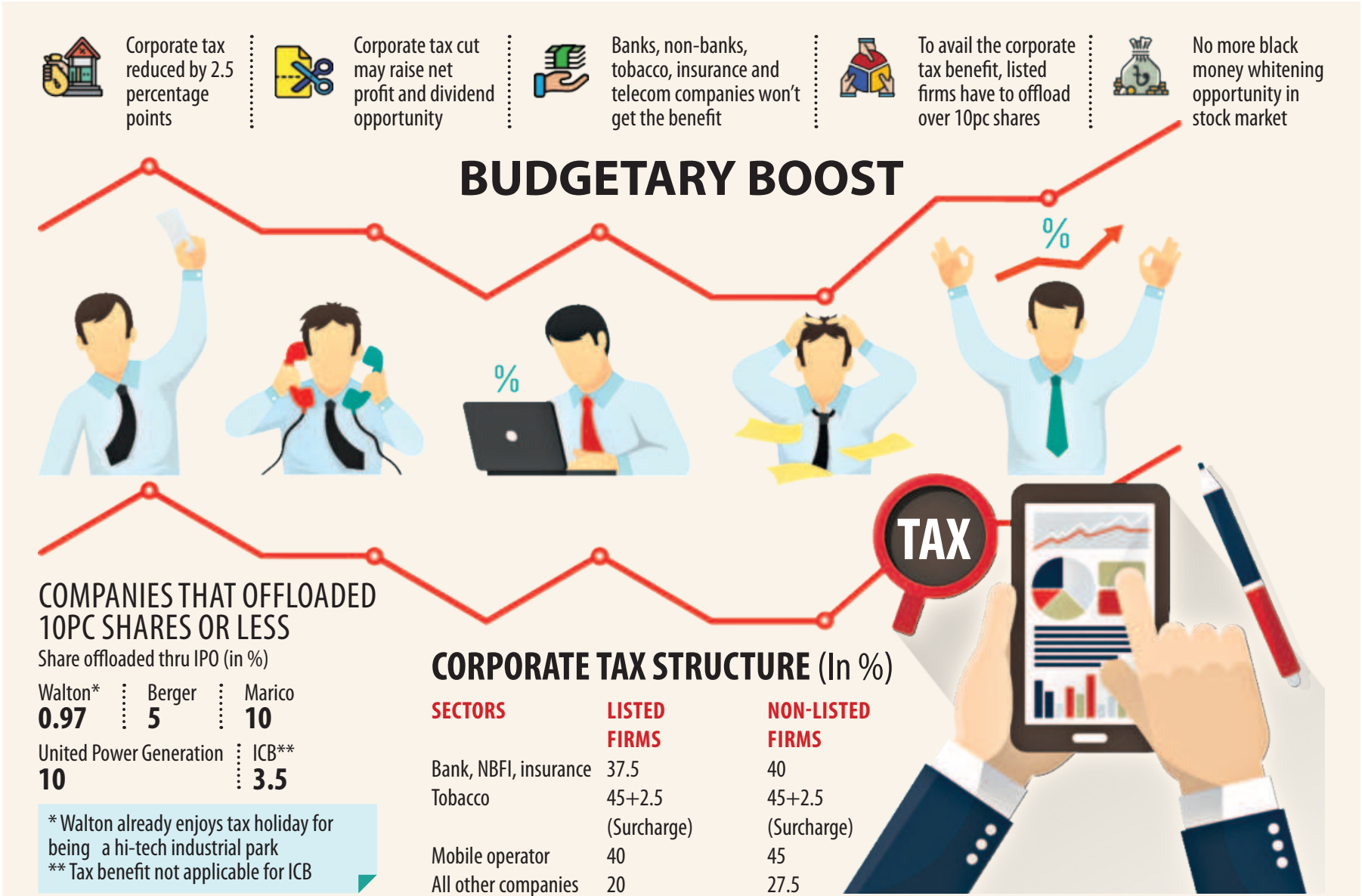




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CORPORATE TAX RATE CUT

Berger, Marico, United Power may miss out on benefit

AHSAN HABIB

The government has proposed a 2.5 percentage point cut in corporate tax rates for the listed companies in the national budget unveiled for the next fiscal year in a bid to develop the stock market and attract investments.

This brings down the corporate tax rate to 20 per cent from 22.5 per cent for the publicly-traded firms that have issued shares worth more than 10 per cent of their paid-up capital through initial public offerings (IPOs).

For the listed companies that have offloaded equities worth 10 per cent or fewer, the rate has been kept unchanged at 22.5 per cent.

However, the listed companies, whether shares equivalent to more than 10 per cent of their paid-up



2022-23

Budget

capital are offloaded or not, must carry out all receipts and incomes as well as all expenses and investments of more than Tk 12 lakh through bank transfer to qualify for the 2.5 percentage point cut in the corporate tax rate.

Industry people have welcomed the budgetary proposal.

"The tax rate cut for the listed companies will have a positive impact on the market," said Mir Ariful

Islam, managing director of Sandhani Life Insurance Asset Management Company.

Mohammad Emran Hasan, chief executive officer of Shanta Asset Management, said the reduction in the corporate tax would directly raise the net profits of the listed companies.

However, Berger Paints, United Power Generation and Marico Bangladesh, are likely to miss out on the benefit since they have offloaded 10

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per cent or fewer shares.

Berger Paints has offloaded 5 per cent shares while it is 10 per cent for Marico and United Power Generation, data from the Dhaka Stock Exchange showed.

"If the three companies offload more shares to qualify for the tax benefit, it will be good for the stock market," Islam added.

A top official of the National Board of Revenue (NBR), preferring anonymity, said some companies

enjoy huge tax benefits by offloading a meagre number of shares, prompting the revenue administration to take the latest move.

"The firms that have offloaded 10 per cent or fewer shares will be able to avoid paying a higher amount of tax if they offload more shares to the public."

The NBR move came nearly a year after the Bangladesh Securities and Exchange Commission (BSEC) asked listed companies to ensure at least 10 per cent of their shares are available for general investors in the stock market.

The instruction came after the regulator included a new provision in the public issue rules in September 2021, making it mandatory for the companies to offload at least 10 per cent of their holdings.

Budget to spur entrepreneurship
FBCCI says, calls on govt to expand tax net

STAR BUSINESS REPORT

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) has welcomed the proposed national budget for the upcoming fiscal year, saying some of the steps will help entrepreneurs.

However, it opposed several proposals that would affect businesses adversely.

"The proposed budget would be helpful to the development journey of Bangladesh amid the current crisis," said Md Jashim Uddin, president of the FBCCI, at a post-budget media briefing at the conference room of the apex trade body of Bangladesh yesterday.

The federation has identified the main



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challenges for the budget implementation. They are ensuring good governance, proper monitoring, raising investment, and attaining revenue generation goal.

"Bangladesh's tax-to-GDP ratio is not rising," Jashim said.

The revenue collection has risen in the current fiscal year on the back of higher import duty receipts amid increased prices of imported products.

In order to generate more revenues, the FBCCI suggested making tax policies business-friendly and automating the collection system.

"We recommended expanding the tax net several times, but the NBR is stabbing existing taxpayers. But don't kill the goose that lays eggs," said Jashim.

The apex trade body recommended accelerating the use of external financing to meet the budget deficit, instead of relying on the banking system.

"A huge government borrowing can crowd out the private sector," said Jashim.

The FBCCI said the budgetary proposal to

STOCKS		WEEK-ON WEEK
DSEX	CASPI	
0.45% 6,480.30	0.70% 19,025.84	

COMMODITIES		AS OF FRIDAY
Gold	Oil	
\$1,871.61 (per ounce)	\$120.62 (per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▼ 1.84% 54,303.44	▼ 1.49% 27,824.29	▼ 0.87% 3,181.73	▲ 1.42% 3,284.83	

LIQUEFIED PETROLEUM GAS
VAT reduction extended for cylinder makers

SUKANTA HALDER

The National Board of Revenue (NBR) has extended for another year a value added tax (VAT) reduction for local liquefied petroleum gas (LPG) cylinder manufacturers, who believe it would help keep fuel prices low against rising demand.

The NBR reduced VAT on domestic manufacturing of LPG cylinders to 5 per cent from 15 per cent in September 2020 in response to demands from manufacturers seeking to better compete with imported cylinders.

The benefit was set to expire on June 30 this year.

"The extension of the support will help the industry grow further," said Azam J Chowdhury, chairman of East Coast Group, which has an LPG cylinder production plant.

He said LPG prices were spiralling globally, exceeding the purchasing capacity of many families, and so extending the reduction would enable keeping prices low.

"We have been demanding that the government continue it until the market grows and comes to a size. But if the price goes beyond the purchasing power of the people, then the market will not grow anymore. It is good that the government has accepted our request," he added.

Officials of the NBR said the market for LPG, now used in both urban and rural areas, had been growing fast



Cylinders of liquefied petroleum gas (LPG) await distribution among dealers in Barishal on being refilled from Mongla. The photo was taken in Rupatoli area of Barishal city yesterday.

UNPAID VAT
Lowering penalty business friendly

Says ICAB

STAR BUSINESS REPORT

The proposed reduction of the fine on businesses failing to pay value added tax (VAT) in the national budget for fiscal year 2022-23 will reduce operational costs, said The Institute of Chartered Accountants of Bangladesh (ICAB) yesterday.

The fine was 100 per cent of the payable VAT and the National Board of Revenue's (NBR) proposal was to reduce it to 50 per cent.

The penalty reduction by the revenue authority is timely and business friendly, said the ICAB.

A corporate tax reduction for transactions through banks, operation of bonded warehouses electronically and equal

PHOTO: TITU DAS

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