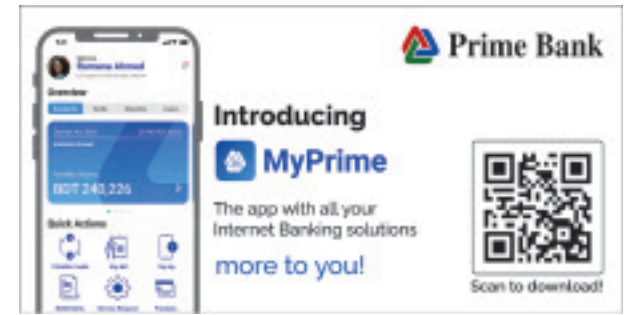


Star BUSINESS



BB to review FBCCI plea to ease rules of loan classification

STAR BUSINESS REPORT

Bangladesh Bank yesterday said it would review a proposal from the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) to reinstate the relaxed loan classification policy until December this year.

Md Serajul Islam, spokesperson of Bangladesh Bank, came up with the remark after a bankers' meeting between the higher-ups of the central bank and managing directors of all banks in the country.

The meeting, presided over by Bangladesh Bank Governor Fazle Kabir, was held at the central bank headquarters in the capital.

“We will take a final decision to this effect after scrutinising opinions of both bankers and businesses,” BB spokesperson said

The FBCCI, the country's apex trade body, demanded the central bank reinstate the relaxed loan classification policy on May 31.

It placed the demand considering the ongoing difficulties in running businesses that stem from the Russia-Ukraine war.

Islam said the central bank had taken opinions from the managing directors of banks on the issue.

“We will take a final decision to this effect after scrutinising opinions of both bankers and businesses,” he added.

Two managing directors of private banks, on condition of anonymity, said the central bank's stance at the meeting seemed as if it might allow businesses to enjoy the relaxed facility further.

They went on to say that the majority of banks had opposed the FBCCI proposal as such a move would deal a fatal blow at a time when they are already going through different crises.

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TO QUALIFY FOR 2.5PC CORPORATE TAX CUT...



Companies must accept incomes through banks



Transact expenses and investments of over Tk 12 lakh through banks



Listed companies must offload more than 10pc shares

*Corporate tax rate unchanged for banks, insurance, NBFIs, tobacco and telecom companies

BY THE NUMBERS

Number of total registered companies: 2.5 lakh

Number of firms that submit income tax returns: 30,000

Number of listed companies: 342

Corporate tax collection: Tk 37,086cr in FY20

WHY FIRMS MAY NOT BENEFIT FROM TAX CUT?



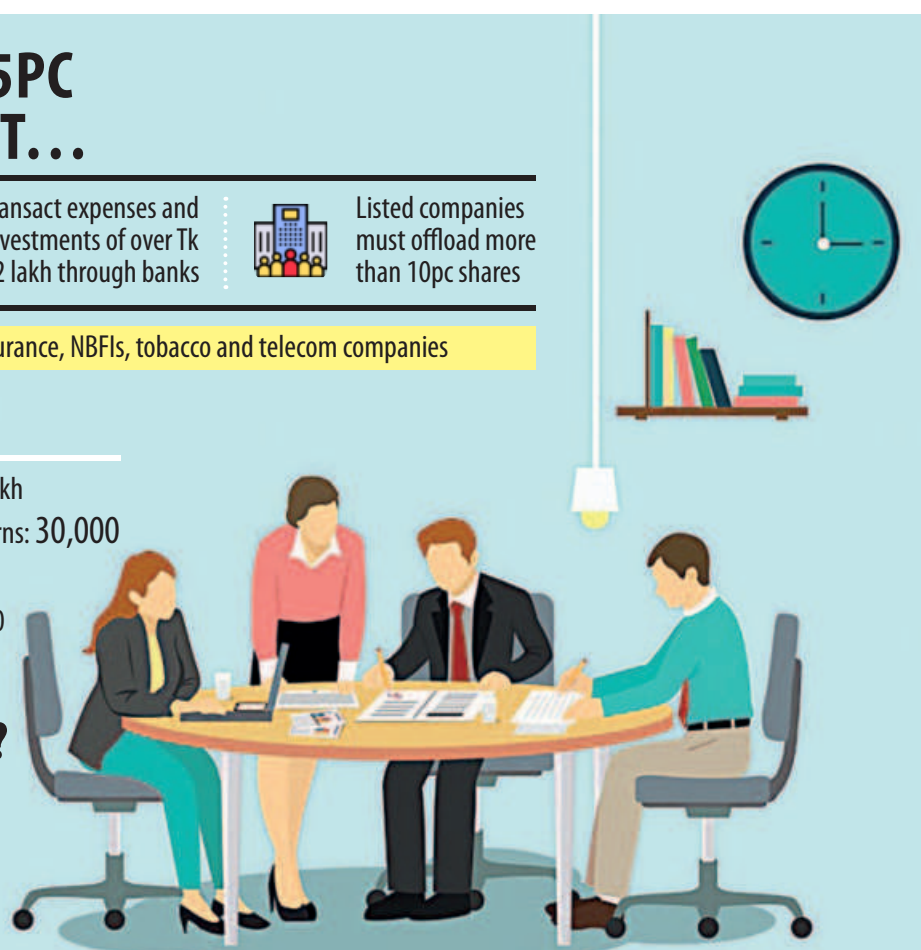
Stringent conditions



Companies often have to rely on cash while spending or investing over Tk 12 lakh



Most companies collect cash from customers whenever they can



The corporate tax reduction will not benefit us

RIZWAN RAHMAN

President of the Dhaka Chamber of Commerce and Industry

Firms unlikely to benefit from corporate tax cut

AHSAN HABIB

Most of the companies in Bangladesh may not qualify for the 2.5 percentage points cut in the corporate tax rate as proposed in the budget for the upcoming fiscal year owing to stringent conditions.

While unveiling the budget on June 9, Finance Minister AHM Mustafa Kamal proposed slashing the corporate tax for all listed and non-listed companies subject to fulfilment of two conditions.

In order to be eligible for a reduced tax rate, companies must use the banking system to accept incomes as well as all carry out expenses and investments of more than Tk 12 lakh.

For the listed companies, they have to offload more than 10 per cent shares in the market apart from meeting the banking transfer requirement.

Banks, insurance, non-bank financial institutions, tobacco and telecom

companies will not benefit from the move as their corporate tax rates have remained unchanged.

Bringing down the corporate tax has been a long-standing demand of the business community in



Bangladesh as the rate is one of the highest in the world and even higher than the average corporate tax rate in South Asia.

The government has, however, attached the conditions to ensure transparency and raise tax collection, which is the lowest in the world.

There are about 2.5 lakh registered companies in

Bangladesh. Of them, less than 30,000 firms submit income tax returns.

They collectively paid corporate taxes amounting to Tk 37,086 crore in the fiscal year of 2019-20, the latest for which data is

think it would be quite impossible to benefit from the corporate tax rate cut under the present socioeconomic conditions.

M Anis Ud Dowla, chairman of ACI Group, said the government proposed a 2.5-percentage point corporate tax cut upon maintaining all expenditures over Tk 12 lakh through bank transfers.

“This is nothing but a mockery,” he said at an event organised by the Centre for Policy Dialogue in Dhaka yesterday.

The government is showing that it has cut the corporate tax, but, in reality, it is actually depriving businesses of benefiting from it owing to the condition, he said.

He urged the government to work on advance income tax because people do not get the refund if their tax is lower than the advance tax paid.

The National Board of Revenue adjusts the tax

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WITHHOLDING TAX NBR toughens rules to raise collection

SOHEL PARVEZ

From the next fiscal year, government agencies, implementing authorities of various publicly funded projects and corporate entities will come under greater scrutiny of taxmen as the National Board of Revenue has toughened rules to plug scope of avoidance regarding withholding tax deductions and payments.

The tax administration, for the first time, seeks to impose up to Tk 10 lakh in fines for failures to deduct tax at source during payments made by agencies to contractors, suppliers and various other service providers.

The NBR also wants to make individuals at the



government agencies and project implementing authorities who are responsible for approving payments or granting any clearance, registration, licence and permits, liable to pay taxes or penalty for the failure to deduct taxes during payment.

Besides, private firms will face the same consequence for non-deduction of tax during payment.

If any entity fails to make the deduction, the organisation itself and individuals responsible for approving or allowing the payment shall be jointly liable to pay taxes or penalty, according to the Finance Bill 2022 placed by the finance minister as a part of the fiscal measures for year 2022-23.

The move comes as the NBR finds that many state and private agencies do not deduct tax at source properly, depriving the state of due tax, which is vital for increasing the government's capacity to finance development and non-development expenditure and create the fiscal space needed to intervene when needed.

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STOCKS	
DSEX ▲	CASPI ▲
0.80%	0.66%
6,425.73	18,898.24

COMMODITIES	
Gold ▼	Oil ▼
\$1,820.52	\$114.85
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 1.99%	▲ 0.40%	▼ 0.27%	▼ 0.61%
51,495.79	26,431.20	3,097.43	3,285.38

Budget gives no comfort to poor, jobless Speakers tell CPD meeting

STAR BUSINESS REPORT

The proposed budget for the fiscal year of 2022-23 has failed to give comfort to the poor, jobless and lower-income groups, said economists, politicians, entrepreneurs and senior officials of non-government organisations (NGOs) yesterday.

Moreover, it took measures that will encourage capital flight, they said.

The amount of income that is tax-free is very low when compared to current market prices as Tk 3 lakh can be earned by a rickshaw-puller in a year too, said Zafarullah Chowdhury, founder of Gonoshasthaya Kendra.

“It should have been raised to Tk 5 lakh.” If the government spends Tk 12 crore on every union-level hospital to ensure all equipment and opportunities for doctors, the health system will gain extra mileage, he added.

Chowdhury's comments came at a CPD Budget Dialogue 2022 organised by the Centre for Policy Dialogue (CPD) at the Lakeshore Hotel Dhaka.

The government should focus on health services for the poor as they do not get adequate healthcare, said former commerce secretary Sohel Ahmed Chowdhury.

Amir Khasru Mahmud Chowdhury, a former commerce minister, said the government showed many statistical plans on the basis of wrong data.

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Rice is being sold at subsidised rates from a truck of the Directorate General of Food in the capital's Palashi intersection on Saturday. The proposed budget for the next fiscal year has failed to comfort financially insolvent and lower-middle income people, said economists and politicians at a discussion yesterday.

PHOTO: AMRAN HOSSAIN

Relaxed policy extended for NBFIs defaulters

STAR BUSINESS REPORT

Defaulters of non-bank financial institutions (NBFIs) will get two months more to reschedule their bad debts under a relaxed loan classification policy, according to a notice issued by Bangladesh Bank yesterday.

Bangladesh Bank said in February that defaulters of NBFIs would be permitted to reschedule their non-performing loans (NPLs) by giving 2 per cent down payment under a one-time only exit policy within April this year.

But many defaulters have failed to apply for this on time, which is why Bangladesh Bank extended the deadline until July, the central bank notice said.

As such, NBFIs will have to settle new applications by September.

Loans that turned sour within December 31 last year can enjoy the relaxed policy, which allows NBFIs

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