

15% VAT SLAPPED ON IMPORT OF

IMPACT

IMPORT OF COMPUTER, ACCESSORIES

In million \$; July-March; SOURCE: BB

302	239	429
FY20	FY21	FY22

Students, freelancers and middle-class families to bear the brunt



Now laptops getting dearer

MAHMUDUL HASAN

Laptop users in Bangladesh are set for a bigger hit as the imposition of a 15 per cent value-added tax at the import stage of the essential digital device would lift the prices further.

Even before the budget for the next fiscal year was unveiled on June 9, laptop prices had gone up by 10 to 15 per cent in Bangladesh owing to rising US dollar costs, unprecedented shipping charges and supply chain disruptions in the global microchip market.

But owing to the new VAT measure, which took effect on the day the budget was placed in parliament, the prices of laptops will increase by as much as 50 per cent, industry people said.

This will hit consumers belonging to the middle class, students and the freelancing community, who have already been hit hard by runaway inflation, which has been rising since October due to escalated global commodity prices.

The budgetary move has frustrated many like Robiul Islam, who was planning to buy a laptop before Eid-ul-Azha.

"I have abandoned my plan as the price of the laptop model I had wanted to buy has already risen by a few

thousand takas," said the private sector employee.

For example, the price of HP 15s, one of the best-selling laptops in Bangladesh, was Tk 48,500 in early May. It rose to Tk 52,500 in early June, even before the budget proposal was unveiled, due to the depreciation of the local currency against the US dollar.



"We welcome any government move that encourages domestic production. But a 15 per cent VAT on laptops will hurt consumers directly as local production meets only 5 per cent of the demand," said Subrata Sarkar, president of the Bangladesh Computer Samity.

Unlike mobile phones, laptop manufacturing is complex and it is dominated by five to six companies globally.

"It's very difficult to establish a laptop manufacturing unit that will have a good value addition from the technology aspect," Sarkar said.

In most cases, only external components are assembled in Bangladesh. Besides, there is also no printer manufacturing company in the country.

In this context, imposing additional taxes on the imports to inspire local production would actually put more pressure on consumers than helping domestic manufacturing, said Sarkar.

"The move directly contradicts the government ambition of Smart Bangladesh."

Wahid Sharif, president of the Bangladesh Association of Call Center and Outsourcing, said the new VAT on laptops and printer imports will also affect the business process outsourcing sector.

"It will increase the cost of doing business. Many organisations will not want to be involved in outsourcing work. Besides, it will be difficult for freelancers to buy laptops. The VAT must be withdrawn."

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The recent inflationary pressures fuelled mostly by the Russia-Ukraine war are preventing people from buying non-essential goods such as furniture, dealing a fresh blow to the industry, which is still reeling from pandemic induced losses.

PHOTO: COLLECTED

Taka slides against dollar again

STAR BUSINESS REPORT

The currency of Bangladesh has depreciated further against the US dollar, hitting Tk 92.95 on the interbank platform yesterday.

The exchange rate stood at Tk 92.90 per dollar on Monday before slipping by another Tk 0.05 yesterday, the 16th decline of the taka this year.

The local currency is losing its strength against the American greenback owing to a shortage of US dollars caused by a sizeable reduction in the foreign currency reserves.

The reserves have taken a big hit because of a surge in import payments driven by higher commodity prices globally and the declining trend of remittance.

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Furniture sales fall victim to inflation

MD ASADUZ ZAMAN and ABRAR HOSSAIN

Furniture makers are passing tough times even ahead of Eid-ul-Azha, which is usually a high sales period, as people are uninterested in buying luxury items in the face of rampant inflation in recent months, according to market players.

The overall 30 to 35 per cent drop in sales this year comes as a double blow for the industry, which is still recovering from two years of pandemic-induced losses as people opted for cost-cutting amid the economic uncertainty caused by Covid-19.

Alamin Sheikh, owner of a wooden furniture shop called Snea Doors and Furnitures in Dhaka's Mohammadpur, said he has registered almost no sales since Eid-ul-Fitr in May.

"This is because people are buying less non-essential products in the face of rising living costs," he added.

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MARKET AT A GLANCE

- Annual demand: 4 lakh pieces
- Market size: Tk 3,500cr to Tk 4,000cr
- Demand for printer: 1.5 lakh
- Demand for toner cartridge: 3 lakh

PRESENT INCENTIVE FOR LOCAL MANUFACTURING

- Only 1% customs duty is applicable on import of components of computer, laptop and related items
- VAT is exempted from local manufacturing of computer, laptops

Govt's borrowing from banks spikes

AKM ZAMIR UDDIN

Government borrowing from banking sources has gone up significantly this month as it is now on a spending spree to materialise different development and non-development programmes



by the time this fiscal year ends.

The government had borrowed Tk 26,741 crore from banks from July 1 to May 26 of fiscal year 2021-22 against its fiscal target of Tk 76,452 crore.

But by June 14, the figure had gone up to Tk 41,444 crore, meaning it had borrowed Tk 14,703 in a span of just 19 days.

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THE NATION'S PROGRESS REACHES A NEW HORIZON

Syndicated Term Loan Facility of
BDT 7,600 Million

(IPFF II Facility of BDT 3,400 Million & Non-IPFF Facility of BDT 4,200 Million)

Arranged for City Economic Zone Limited



Lead Arranger and Agent



IPFF II Project

Implemented by
Funded by

Participants

