



Leather, leather goods and footwear exports from Bangladesh reached a 10-year-high of \$1.25 billion in the last fiscal year that ended in June, since orders flocked to the country as importing countries reduced their dependency on China. PHOTO: STAR/FILE

Leather maintains healthy export growth despite global crisis

Shipment up 17.56% in Jul-Nov

JAGARAN CHAKMA

Despite the raging global economic crisis, Bangladesh's leather and leather products sector witnessed a 17.56 per cent year-on-year growth in export earnings in the first five months of the current fiscal year on the back of orders shifting away from competitors.

In July-November, exporters earned \$537.50 million from the shipment of leather and leather products. It was \$456.85 million during the corresponding period in the previous financial year, data from the Export Promotion Bureau (EPB) showed.

The leather footwear segment fetched \$328.19 million during the five-month period, up 17.55 per cent year-on-year, while leather products brought home \$153.74 million, an increase of 26.89 per cent.

Leather shipment was, however, down 1.61 per cent at \$55.57 million.

The sector suffered severely in 2020 and partly in 2021 as orders slumped for the coronavirus pandemic. But it did not take much to make a comeback.

As a result, leather, leather goods and footwear exports from Bangladesh reached a 10-year-high of \$1.25 billion in the last fiscal year that ended in June, since orders flocked to the country as importing countries reduced their dependency on China and other producing nations amid the Covid-19 pandemic.

Nasir Khan, managing director of Jennys Shoes Ltd, a footwear exporter, says the export volume of leather products and leather footwear has gone up thanks to the higher demand ahead of winter and Christmas.



"Some manufacturers did well in July-November."

Khan is, however, not sure whether the current export trend would continue during the rest of the financial year as the global crisis, driven by the Russia-Ukraine war, shows no sign of abating anytime soon.

The entrepreneur urged the government to resolve the challenges facing the sector regarding using the bonded warehouse facility and sought cooperation from the National Board of Revenue and the customs department to this effect.

"If we get the necessary support, exporters will be able to lift earnings to a much higher level as there is a huge potential sector for export."

According to Khan, though the export performance of the sector is growing, it is far below the expectation.

"The sector is still un-organised. Manufacturers can't collect raw materials and accessories on time. As a result, they struggle to maintain the lead time."

Mohammed Nazmul Hassan Sohail, managing director of Leatherex Footwear Industries Ltd, described the export

growth as insignificant compared to the pre-pandemic period.

"If the export growth surges 60 per cent, then it would be considered a better performance," he said.

Although the EPB data portrays a better export performance of footwear and leather goods, the scenario for manufacturers is not that rosy, according to the vice-president of the Leathergoods and Footwear Manufacturers & Exporters Association of Bangladesh.

"My export order is still 40 per cent below the pre-pandemic level."

He said the non-leather footwear sector is doing better than the leather sector due to the increasing global demand for footwear items made from low-priced synthetic.

The global synthetic leather market is expected to reach \$66.84 billion by 2030, growing at an average rate of 8 per cent annually in the decade, according to a study.

The shipment of leather goods is gaining momentum despite the crisis induced by the Russia-Ukraine war, according to manufacturers.

"The higher quality of leather in Bangladesh and the improvement in designs have attracted foreign buyers. This has driven up the export of leather goods," said Rubina Akter Munni, owner of Design by Rubina, a leather goods manufacturer and exporter.

According to the entrepreneur, Bangladeshi manufacturers can offer comparative prices as raw materials are available locally.

"I have received export orders even from Japan and Poland."

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Why should you submit tax return by Dec 31?

JASIM UDDIN RASEL

If you miss your tax filing by December 31 this year, you will lose a significant amount of tax credit due to strict deadline of tax submission. So, if you have not yet been able to lodge your tax return then decide to submit within the stipulated time.

Now the question is why it is important to submit your tax return by December 31?

There are two main reasons. Let's discuss using simple examples.

Lose 50 per cent tax credit facility!

You will lose a 50 per cent tax rebate facility if you miss the deadline.

According to changes in tax law brought about this year, if an assessee fails to submit income tax return, s/he shall be entitled to a credit from the amount of tax payable on his/her total income at the rate of 7.5 per cent of the eligible

amount.

Tax rebate is the way to reduce tax liability and you are eligible to get 15 per cent tax rebate on your investment allowance. So, if you cannot submit the tax return by due date then your tax rebate rate shall be 7.5 per cent instead of 15 per cent.

Sometimes for reasonable cause, it may not be possible to file a tax return within a specified date and in that case, we apply for a time extension to the deputy commissioner of taxes (DCT). Even in that case, if you get the time extension then you will also not be eligible to claim the tax rebate of 15 per cent. You have to calculate a tax rebate applying the rate at 7.5 per cent.

Suppose your eligible investment allowance on taxable income is Tk 200,000 and you are usually eligible to get the tax rebate at 15 per cent which is Tk 30,000. But due to failing to submit the tax return within December 31, you will get 7.5 per cent, which is Tk 15,000. So, you will lose this amount and have to pay this tax within your tax return filing.

You will lose a 50 per cent tax rebate facility if you miss the deadline

This is the new major financial loss if any assessee misses the deadline. But there is another financial disadvantage which is not new this year. The simple interest rate shall be paid on the tax payable amount at 2 per cent per month.

Pay 2 per cent simple interest per month

In relation to the above example, assume that you had applied for a time extension for two months and got the approval from the DCT. Then for these two months you have to pay simple interest at 2 per cent per month on the tax payable.

Suppose your gross tax liability is Tk 50,000 and after deducting a tax rebate of Tk 15,000 as calculated above, and withholding tax of Tk 15,000, your tax payable amount is Tk 20,000 which is still due to be paid at the time of your tax filing to the tax office. So, on this due amount of Tk 20,000, you have to pay interest at 2 per cent for the two months, which shall be Tk 800. In total, including this interest, you have to pay Tk 20,800 with your tax return.

Now imagine you had been able to submit your tax return within December 31. Then you will get the full tax credit of Tk 30,000 and need not pay the additional interest of Tk 800. In that case, you have to pay only Tk 5,000. And that's why you should submit your tax return by December 31.

The author is the lead consultant at Taxpert

Cassava cultivation catching on in hilly areas of Tangail

MIRZA SHAKIL

Cassava farmers in the Madhupur, Ghatail and Sakhipur upazilas of Tangail are enjoying bumper harvests of the crop, which has changed the fortunes of many in the fertile, hilly region.

The nutty-flavoured root vegetable, which is chock full of carbohydrates as well as key nutrients and minerals, can be eaten boiled, baked, steamed, grilled, fried or mashed.

In addition, the high-quality starch that can be extracted from cassava has multiple uses in the textile, pharmaceutical, cosmetic and food processing industries.

For example, cassava starch is often used as a sizing agent to strengthen yarn, applied as a finishing agent to produce smooth fabrics or as a colour enhancer to obtain wear-resistant prints.

In pharmaceuticals, cassava starch is used in the production of tablets while a

special modification of the material acts as a carrier for emollients in many skincare products.

Besides, the tuber is rich in glucose that has uses in making bread, biscuits, noodles, semolina, chips and much more.

Considering the various benefits and how easy it is to cultivate, farmers say cassava could prove vital for combatting food shortages in Bangladesh while also becoming a major cash crop.

As such, the demand for cassava is increasing daily with different private companies, including the country's top food processor Pran-RFL Group, going as far as paying farmers in advance for a supply.

During a recent visit to Abedali village under Lakshindar union of Ghatail upazila, this correspondent found that private companies are the main buyers of cassava while it is also available in retail markets.

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A farmer showcases cassava being grown at his field in Ghatail upazila of Tangail. Hilly areas in the region are increasingly getting used to cultivating the crop, which has multiple uses in the textile, pharmaceuticals, cosmetics and food processing industries. PHOTO: MIRZA SHAKIL