



Withholding tax can be paid online: NBR

STAR BUSINESS REPORT

Taxpayers will not only be able to pay withholding tax online but also prepare returns and file those electronically too, said the National Board of Revenue (NBR) yesterday.

The tax authority announced this highlighting the launch of an electronic tax deduction at source (e-TDS) system in October last year to check tax dodging.

Tax deducted at source, also known as withholding tax, accounts for more than a half of the direct tax collected by the NBR annually.

At present, the tax authority collects tax deducted at source from nearly 50 areas including from payment to contractors, imports, interest income of depositors and from property transfers, said officials.

"Online payment of withholding tax will help us ensure transparency in this area as the scope of forgery will reduce," said a senior official of the NBR.

China's import, export plunge for Covid rules

AFP, Beijing

China's imports and exports plunged in November to levels not seen since early 2020, official figures showed Wednesday, as severe Covid restrictions hit the economy hard.

The last major economy still wedded to a zero-tolerance virus policy, Beijing's snap lockdowns, travel curbs and mass testing have stifled business activity, disrupted supply chains and dampened consumption.

Imports in November fell 10.6 percent year-on-year, the biggest drop since May 2020, according to the General Administration of Customs.

Meanwhile, exports fell 8.7 percent over the same period – the steepest decline since February 2020, when the country was mired in the early stages of the pandemic.

"Weakening domestic and foreign demand, Covid disruptions and a rising comparison base lead to a perfect but well-expected storm to China's exports and imports," Bruce Pang, chief economist at Jones Lang LaSalle, told Bloomberg News.

The figures are the latest in a string of gloomy economic indicators as the world's number two economy charts a faltering path out of zero-Covid.

Official data last week showed China's factory activity shrank for a second straight month in November, as large swathes of the country were hit by lockdowns and transport disruptions.

The Purchasing Managers' Index – a key gauge of manufacturing – fell to 48.0 from 49.2 the month prior, well below the 50-point mark separating growth from contraction, according to the National Bureau of Statistics.

"In November, the pandemic had a negative impact on the production and operation of some enterprises, production somewhat slowed, and product order volumes decreased," the bureau's senior statistician Zhao Qinghe said.

Bangladesh again demands GSP revival at Ticfa meet

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Bangladesh has again demanded the reinstatement of the Generalised System of Preferences (GSP) of the US at a 6th Trade and Investment Cooperation Forum Agreement (Ticfa) meeting held in Washington on Tuesday.

Both countries affirmed the importance of Bangladesh's efforts towards reforming labour laws and discussed Bangladesh's interest in the GSP restoration, according to a statement from United States Trade Representative (USTR), the chief trade negotiation body of the US.

In line with the Biden administration's focus on a worker-centred trade policy, the US highlighted its priorities in implementing and enforcing labour laws to protect workers' rights to freedom of association and collective bargaining, and to a safe and healthy workplace, said the statement.

The US emphasised greater alignment between Bangladesh's domestic labour laws and international labour standards, in particular by extending fundamental rights of freedom of association and collective bargaining to the export processing zones (EPZs) and special economic zones (SEZs).

The US also expressed interest in collaborating with Bangladesh on new opportunities to promote labour rights, including eliminating forced labour in global supply chains.

The meeting was co-chaired by Assistant US Trade Representative for South and Central Asian Affairs Christopher Wilson and Secretary to Bangladesh's commerce ministry Tapan Kanti Ghosh.

Both delegations included officials from trade, labour, agriculture, and other relevant ministries and discussed issues like the bilateral trade relationship, including market access for agricultural products, labour rights, digital trade policies, intellectual property protection and enforcement, and policies impacting the investment climate.

The two countries stressed the importance of their strong economic and trade relationship, which surpassed \$10 billion in two-way trade of goods in 2021.

Both delegations affirmed their intent to boost future bilateral trade and investment opportunities following the Ticfa council meeting through sustained mutual engagement and technical work on, among others, the issues highlighted.

They discussed the progress

Bangladesh made on reducing market access barriers for certain agricultural products and discussed ways to further facilitate bilateral trade of food and agricultural products through the use of science and risk-averse policies that ensure trade of safe food and agricultural products.

The two countries exchanged views on issues related to digital trade. Participants discussed how digital policies can promote inclusive economic growth, innovation, and investment.

The US advocated for the development of digital trade policies that support the participation of micro, small and medium enterprises in the digital economy, increase trust for consumers, businesses and workers, and facilitate secure cross-border data flows.

The US emphasised that new digital policies should be developed in an open and transparent manner with opportunities for public stakeholder engagement. Participants discussed ways to ensure that digital policies do not disadvantage foreign and domestic suppliers, disclose proprietary data, or increase cybersecurity risks.

Both countries recognised the importance of the protection of

intellectual property (IP) and enforcement of relevant laws for incentivising innovation and promoting trade and investment.

Participants welcomed the opportunity for additional expert-level engagement between the US and Bangladesh on patent rules and border enforcement.

The US also reiterated its interest in engaging with Bangladesh on upcoming IP reforms, the statement said.

The US acknowledged the important role of investment in supporting Bangladesh's development objectives as the country graduates to middle-income status.

Ticfa participants exchanged views on the importance of predictability and transparency for both Bangladeshi and foreign companies operating in Bangladesh.

The participants decided that the next meeting of the US Bangladesh Ticfa Council would tentatively take place in 2023 in Bangladesh, and that regular contact between officials would be maintained leading to that meeting.

The US and Bangladesh have formally engaged in meetings on trade issues since the US Bangladesh Ticfa entered into force in 2013. The last Ticfa meeting was held in Dhaka on March 5, 2020.

Summit a major player in ICT

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licence from which enables it to connect calls among different mobile network operators.

Another is a national internet exchange (NIX) licence, which enables it to keep data traffic within the country. Summit Towers, a subsidiary of Summit Communications, is the second largest tower infrastructure provider.

The government has recently awarded the Summit and two other companies submarine cable licences, which enables bringing bandwidth to the country through undersea cable systems.

This in effect broke the monopoly of state-run Bangladesh Submarine Cable Company in the submarine cable business.

These are likely to give the Summit a competitive edge, since it has all the permissions to bring data through undersea cables, get it passed through gateways and finally reach it to the end user through its fibre optic network, said industry stakeholders.

"We want to be the best primary end-to-end ICT infrastructure service provider," Arif Al Islam, CEO of Summit Communications, told The Daily Star.

"With the tower, fibre and internet services, submarine cable, IIG and ITC, we want to be the biggest and the best," he added.

The Summit embarked on its journey in the telecommunication sector in 2009 when the BTRC introduced the NTTN service to break "monopoly" of the mobile network operators (MNO) in telecommunication business.

Fiber@Home was the first to obtain the licence and the Summit was the second.

Mobile network operators and some telecom experts have long blamed the introduction of the NTTN licence – which made the mobile network operators dependent on a third party for fibre optic cable network – for data services not being up to the mark.

With the mobile network

operators unable to lay their own fibre network, less than 25 per cent of telecom towers are connected with the high-speed data transmission systems, causing customers to face slow internet speeds.

Defending the necessity of the NTTN providers, Islam said before the introduction of the NTTN licence, the price of one Mbps bandwidth was Tk 8,000 to Tk 10,000, which has now dropped to around Tk 50.

He said the Summit expanded its NTTN to upazila levels across the country laying over 47,000 kilometres of optical fibre and was able to provide service all over the country.

All mobile network operators – GP, Robi, Banglalink and Teletalk – and around 75 of the top internet service providers avail its IIG service, the licence for which was availed in 2012. The service encompasses a third of the market.

It also obtained the ITC licence that year and has now become the largest ITC provider in Bangladesh, bringing in 750 Gbps bandwidth from its Indian partners – Tata Communications and Bharti Airtel.

In 2018, the company was awarded the tower-sharing licence by the BTRC to build and operate tower infrastructures.

With its existing nationwide presence through fibre optic network and other services, the tower infrastructure licencemake it the only private organisation offering an end-to-end telecommunication infrastructure service provider in the sector.

In this segment, the Summit was lagging behind the tower brand of Malaysian telecommunications group Axiata Group, edotco, which holds the majority of the tower infrastructure. The Summit holds the second spot with 1,376 towers.

But the telecom watchdog has recently designated edotco as a significant market power (SMP), barring it from rolling out more than 25 per cent of new tower demand.

This will give a boost to the Summit

and the two other tower companies in increasing their market share.

Summit Communications has recently received the licence, along with Cdnnet Communications and Metacore Subcom, to establish, maintain and operate submarine cables, giving it further control in domestic and global data traffic.

On another note, Summit Group operates a last mile internet service providing company called Cosmopolitan Communications.

When a company obtains all types of licences in a sector, it creates a monopoly in the market. And that company wants to dominate all segments of business in that sector, said Md Emdadul Hoque, president of the Internet Service Providers Association of Bangladesh.

So, the regulator should intervene to ensure a competitive environment, he added.

Apart from the edotco, the BTRC earlier designated Grameenphone, the top mobile network operator with over 45 per cent market share, as a SMP and imposed some restrictions.

Interestingly, the inception of Summit Communications is linked to it obtaining the NTTN licence.

Telecom Minister Mustafa Jabbar says the NTTN licence was introduced to break the monopoly of the mobile network operators in the telecom business.

Asked if the Summit is now exercising monopoly in the telecommunication business with so many licences, Jabbar said if the Summit has the qualifications of doing business in many segments, they can do those businesses.

AK Enamul Haque, dean of the Faculty of Business and Economics at East West University, said for any Bangladeshi company to become a big player was not a bad thing.

However, growth should be fair and there should be fair competition in the market, he said.

"If there is any anti-competitive behaviour or practice, that is an issue. Otherwise, I don't find it bad for a company becoming big, said Haque.

NPL much higher than reported

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at state-owned commercial banks and 17.81 per cent at public specialised development banks.

Talking to The Daily Star yesterday, he said the total amount of classified loans in banks would be two to three times higher than the reported amount.

Mansur said there were important issues relating to the corporate governance of banks.

"Importantly, public banks are not within the purview of Bangladesh Bank. As such, there are serious concerns about the quality of the board and top management of these banks. Furthermore, their compliance with prudential regulations is weak," he said.

"The experience of the past few years has shown that the lack of autonomy of the central bank sometimes undermines the conduct of sound monetary policy and the granting of licences to new banks," Mansur continues.

The risks of political interventions in the functioning of the central bank must be averted to establish a healthy banking system, he added.

Apart from Mansur, PRI Vice-Chairman Sadiq Ahmed, State Minister for Planning Shamsul Alam, Executive Director of the Institute of Microfinance and Development Mustafa K Mujeri, Executive Director and CEO of the Center for Research Initiatives Neaz Mujeri, Executive

Director of the South Asian Network on Economic Modeling (SANEM) Selim Raihan, PRI Chairman Zaidi Sattar, SANEM Chairman Bazlul H Khondker, Chairman of the Research and Policy Integration for Development (RAPID) Society Mohammad Abdur Razaque, Chairman of Bangladesh Securities and Exchange Commission (BSEC) Shibli Rubayat-Ul-Islam, academic and researcher M Rokonuzzaman and PRI Director Sarwar Jahan also have articles in the book.

The book contains articles on a wide range of issues – Bangladesh's development, national planning, agriculture, its achievement and challenges, growth of manufacturing and readymade garment and way forward, remittances, financial sector, ICT, urbanisation, poverty reduction and social security.

It highlights Bangladesh's advancement in various socio-economic areas with a focus on the future.

"The policy makers of Bangladesh can breathe a sigh of relief that it has now been able to put an end to stigma of once-being known as an international basket case. Bangladesh is now following the path of Asian miracle countries proving the doubters wrong," said the state minister for planning in his article.

However, he said, essentially there remains a few major challenges ahead – the sustainability of economic

transformation, the ease of doing business, an improved regulation framework for attracting foreign direct investments, institutional reforms, governance, climate change, and expanding fiscal space.

In his article on the manufacturing sector, the PRI vice-chairman said Bangladesh has made remarkable progress in the manufacturing sector.

"Nevertheless, there is a sizable unfinished agenda. First, the strong growth in RMG exports has not been repeated in any other manufacturing activity due to a policy dichotomy. The special facilities enjoyed by the RMG sector is not generally available to all exports," he said.

Govt to revise

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"A GDP growth of 6 per cent without fanning inflationary pressures would be a good achievement," he said.

Hussain says often the government increases expenditure and relaxes monitoring policy and loan facilities to lift GDP growth.

"But it will be risky in the current context. Nothing has been done in the area of monetary policy to address inflation. Initiatives have so far been taken to protect the foreign currency reserves."

BB rolls out

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efficiency and recycling, renewable energy and heat and temperature management, according to a central bank notice.

Borrowers will enjoy the fund at 5 per cent interest from banks.

Lenders, however, will manage the fund at 1 per cent interest from the central bank, meaning that they can enjoy a profit margin of 4 percentage points.

The nature of the fund is term loan as the repayment tenure of the fund is more than two years.

Clients will be allowed to enjoy a grace period of one year when they will repay any instalment.

Govt extends tariff benefit

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Yesterday, consumers in Dhaka had to buy each kilogramme of coarse rice at Tk 48-Tk 55, which was 3 per cent higher from that a month ago, according to the Trading Corporation of Bangladesh.

The customs authority, on June 23 this year, first slashed import duty for rice import to 25.75 per cent from 62.5 per cent on condition that importers would be able to import the grains with permission from the food ministry.

This is the second time the NBR

extended the deadline.

"We have issued the notification in line with the food ministry's recommendation and stabilise the food grains market," said a senior official of the NBR.

Between July and December 6, Bangladesh imported 5.22 lakh tonnes of rice. Of the amount, the private sector imported 2.69 lakh tonnes while the food directorate imported the rest, according to food ministry data.

Total rice import was 9.87 lakh tonnes in fiscal year 2021-22.