

Star BUSINESS



EXPERTS SAY...

Current remittance flow not enough

More steps should be taken to contain hundi

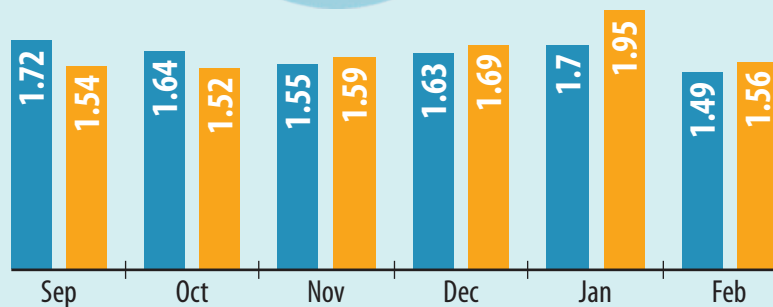
Forex market still in a tight situation

Banks should cautiously monitor dollar inflow the entire year

REMITTANCE INFLOW

(In billions of US dollar)

■ FY22 ■ FY23
SOURCE: BB



“The upward trend of remittances will help ease the ongoing stress in forex market to some extent. But we should put more efforts to increase the inflow.”

Selim RF Hussain
Chairman of ABB

Remittance rises in Feb But declines compared to Jan

STAR BUSINESS REPORT

Remittance inflow has increased 4.46 per cent year-on-year to \$1.56 billion in February this year as expatriate Bangladeshis have been opting to use the legal channel in the last couple of months to send their hard-earned money.

Both banks and Bangladesh Bank have recently taken various measures to encourage expatriate Bangladeshis to send their money through the banking channel, which is now paying off, said a central bank official.

Experts, however, say that the current inflow of remittance was not enough to tackle the erosion of the country's foreign exchange reserves.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said the

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Banks hike dollar rate for exporters

STAR BUSINESS REPORT

Banks yesterday hiked the rate to purchase US dollars from exporters by Tk 1 to Tk 104 as part of efforts to set a uniform exchange rate in Bangladesh by June replacing the ongoing multiple exchange rates.

The Association of Bankers Bangladesh, a platform for managing directors of banks, and the Bangladesh Foreign Exchange Dealers' Association, a platform that implements foreign exchange rules in the market, took the decision.

Earlier, the two platforms took a decision to provide Tk 103.50 instead of Tk 103 for every dollar if the exporters fetch their proceeds of December and January by February this year.

“But commercial banks have raised the exchange rate for exporters significantly as we are on course to establishing a single exchange rate in the banking sector in line with the central bank's decision,” said Syed Mahbubur Rahman, managing director of Mutual Trust Bank.

Banks provide Tk 107 for a greenback to mobilise remittances from exchange houses located abroad.

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Reduced corporate tax rates yield no benefits

Say two leading chambers

STAR BUSINESS REPORT

Companies in Bangladesh are failing to benefit from the reduced corporate tax rates owing to limits on cash transactions imposed by the National Board of Revenue (NBR) in the current fiscal year, said two leading chambers yesterday.

The tax authority has cut the corporate tax rate by 2.5 percentage points to 27.5 per cent for 2022-23.

But it comes with a condition: a non-listed company can avail the reduced tax benefit if it uses bank transfers in order to receive all revenues and receipts, make all single transactions exceeding Tk 5 lakh, and execute expenses and investments worth more than Tk 36 lakh annually.

In case of failure to do so, companies will have to pay 30 per cent taxes on their profits.

In separate tax proposals submitted to the NBR yesterday for 2023-24 beginning from July, the

Metropolitan Chamber of Commerce and Industry (MCCI) and the Foreign Investors' Chamber of Commerce and Industry (FICCI) called for the relaxation of the provision of cash transactions as non-cash payments or cashless transaction are not widely accepted in the economy.

headquarters of the revenue board in Agargaon.

The MCCI, which represents large companies that generate around 40 per cent of the state's revenue, said industries are expanding under the present context, in which both formal and informal systems are at play.

The current additional tax exposure exceeding the cash payment limit of Tk 36 lakh annually is a barrier for businesses to thrive on the benefits of the reduced corporate tax rate, said Snehasish Barua, partner at Snehasish Mahmud & Co, a chartered accountancy firm, while presenting the tax proposals on behalf of the FICCI.

“It needs to be acknowledged that a major portion of the economy of Bangladesh is still informal, where non-cash payments are still not widely accepted.”

Both chambers also complained of higher effective tax rates because of the disallowance of expenses by the tax officials claimed by the

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“More than 80 per cent of Bangladesh's economy is informal. So, it is not possible for companies to take benefit of the reduced corporate tax rates,” said MCCI President Md Saiful Islam.

He placed the tax, value-added tax and customs duty-related proposals on behalf of the country's oldest chamber at a pre-budget meeting with the high-ups of the NBR at the

tax proposals on behalf of the FICCI.

Both chambers also complained of higher effective tax rates because of the disallowance of expenses by the tax officials claimed by the

Insurers' asset, investment growth drops

Experts blame business slowdown

SUKANTA HALDER and AHSAN HABIB

The life and non-life insurance sectors have been in a tight spot for the past three years due to the economic shocks resulting from Covid-19 and the ongoing war between Russia and Ukraine.

As a result, their asset accumulation and investment growth dropped in 2021 and 2022.

Assets of insurers rose 4.55 per cent to Tk 63,629 crore last year while it grew by 6.29 per cent and 7.27 per cent respectively in 2021 and 2022, according to the

Insurance Development and Regulatory Authority (IDRA).

The last three years was not a good time for the insurance sector for various reasons, namely the global economic turmoil stemming from the coronavirus pandemic and Russia-Ukraine war, said Ahmed Saifuddin Chowdhury, managing director and CEO of Bangladesh General Insurance Company Limited.

No private industry in the country showed significant growth during the period as economic fallout had an

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Stalemate eases over waiver certificates at Ctg port

DWAIPAYAN BARUA, Ctg

A breakthrough finally came about yesterday over a stalemate centring issuance of waiver certificates which allow foreign flagged container vessels to carry cargo to and from the country's seaports.

Following a directive of the Department of Shipping's director general (DG) at a tripartite meeting in his Dhaka office, Mercantile Marine Department (MMD) in Chattogram has started issuing the certificates against applications of some 15 container vessels.

Operators of foreign container feeder vessels were either facing unusual delays in obtaining the certificate or being denied the document altogether since February 6.

On being denied, Dubai-based feeder operator Unifeeder withdrew one of its two

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“More than 80 per cent of Bangladesh's economy is informal. Under the socio-economic context, it is not possible for companies to take benefit of the reduced taxes.”

Md Saiful Islam
MCCI President

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