

## Impose income tax on tech giants: ICAB

STAR BUSINESS REPORT

The Institute of Chartered Accountants of Bangladesh (ICAB) yesterday proposed imposing a "digital service tax" or an income tax on global technology companies offering digital services in Bangladesh.

Bangladesh currently imposes value added tax (VAT) on digital advertisement, including those put on social networking sites Facebook and YouTube.

The proposal was placed at a pre-budget meeting organised by the National Board of Revenue (NBR) at its headquarters in the capital's Agargaon and afterwards at a press conference on the ICAB premises in the capital.

The NBR has taken a number of initiatives to digitalise some processes such as return submissions but the processes are not comprehensive, said ICAB Member Snehasish Barua.

"We recommend a comprehensive, integrated, end to end digitalisation process so that hassles faced by taxpayers is minimised," he said.

Many governments try to avoid incurring high expenditures in tax collection and the Bangladesh government has to do the same while increasing tax revenue, said the ICAB.

In order to reduce cost of production and harassment faced by taxpayers, advance tax should be waived on raw materials or equipment used by companies registered for value added tax or VAT as manufacturers or service providers, said the ICAB.

It recommended amending The Customs Act, 1969 to facilitate export diversification.

"We can determine the duty correctly by following the correct procedures of the tariff act and following the currency exchange rate," said Md Moniruzzaman, president of the ICAB.



As construction of the first terminal of Payra Port nears completion, larger vessels are expected to arrive as early as the first week of April. While the largest ship to berth at Chattogram port had a draft of 9.50 metres, vessels with a draft of 10.5 metres will be able to sail into Payra port once the project ends.

PHOTO: SOHRAB HOSSAIN

# Payra port to see larger vessels from April

Construction of first terminal will be complete by May

SOHRAB HOSSAIN, Patuakhali

Payra port, the third seaport in Bangladesh, expects to see the arrival of larger ships from the first week of April, according to a statement from the shipping ministry issued yesterday.

The vessels will initially berth at a jetty of the Payra Thermal Power Plant, which is situated next to the port. Here, users will be able to load or unload cargo for transport all over the country.

But from May, ships will be able to berth at the port itself after the construction of its first terminal is complete, the shipping ministry said after a meeting regarding the project's implementation progress under the Annual Development Programme for fiscal 2022-23.

The meeting was chaired by

Khalid Mahmud Chowdhury, the state minister for shipping.

Md Mustafa Kamal, secretary of the shipping ministry, and Rear Admiral Mohammad Sohail, chairman of the Payra Port Authority (PPA), along with the heads of different organisations were present.

Contacted, Azizur Rahman, deputy director (traffic) of the PPA, said the largest vessel to dock at Chattogram port so far had a draft of 9.50 metres.

But from next month, vessels with a draft of 10.5 metres and 225 metres in length will be able to arrive at Payra port, he added.

Rahman went on to say that seven ships are expected to arrive at the port in the first week of April.

Besides, works on building the first terminal at Charipara of the Ravanabad channel is ongoing.

Once constructed, it will have the capacity to accommodate three mother vessels of up to 200 metres in length at the same time.

In addition, two more terminals are under construction at the port, he said.

Port officials say capital dredging of the channel of Payra port will be complete on March 26 while 1,000 acres of land has been filled with the collected sand.

Marking buoy lamps are also being installed at the inner and outer bars. Some 15 ships can be accommodated at the inner bar, where loading and unloading activities will be conducted.

They also said work on a 6.35 kilometre six-lane road to the terminal for transporting goods is also ongoing. Apart from this, the construction of a 1.12 kilometre four-lane bridge over

Andharmanik river has started.

The total cost of this project, including construction of the first terminal, six-lane road and four-lane bridge has been estimated at Tk 4,516 crore.

Captain SM Sarifur Rahman, harbour master of the PPA, said mainly ships carrying coal and stone are coming from Indonesia and the UAE.

Officials say about 1,400 domestic and foreign ships have been unloaded (ship-to-ship) at Payra port since it started operations in August 2016.

Of these, 296 foreign cargo ships were unloaded at the outer anchorage, generating about Tk 800 crore in revenue for the government.

Prime Minister Sheikh Hasina laid the foundation stone of Payra port on November 19, 2013.

## BSTI to run countrywide drives during Ramadan

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Bangladesh Standards and Testing Institution (BSTI) will carry out special drives across the country during the holy month of Ramadan for the Muslims to monitor whether businesses are cheating in weight or selling substandard and adulterated foods.

The BSTI will carry out its surveillance activities with additional mobile courts apart from the existing ones to ensure safe foods for the consumers, Industries Secretary Zakia Sultana said at a press briefing at her office in the ministry in Dhaka yesterday.

"The mobile courts led by executive magistrates will act in the capital throughout the month of Ramadan, including holidays in cooperation with the law enforcement agencies, including police and Rapid Action Battalion."

It will also work to prevent sales of adulterated Iftar and Sehri foods and products by hotels and restaurants, she said.

Apart from the capital city, she said, the mobile courts will conduct drives in Narayanganj, Munshiganj, Manikganj, Tangail, Narsingdi, Gazipur, Kishoreganj and other districts.

The directives were also given to the divisional and district BSTI offices to conduct mobile court drives at upazila levels with the help of the local administration, she added.

To ensure safe food during Ramadan, the BSTI has recently collected some 826 food items from the market. The institution found that 760 of the items have maintained standard while 14 were substandard.

## Fed mulls more rate hikes

AFP, Washington, United States

US banks will be paying especially close attention to the Federal Reserve's interest rate decision on Wednesday after two weeks of market turmoil over the collapse of three regional lenders.

The central bank is walking a tightrope between continuing to raise rates to combat high inflation or stepping on the brake to prevent further upheaval in the commercial banking sector.

The Fed may have gained some wiggle room for another rate hike, however, as stock markets and banking shares have rallied this week after global financial authorities took measures to prevent contagion.

The majority of futures traders predict the Fed will increase its benchmark lending rate by a relatively modest 25 basis points to a range of 4.75-5.00 per cent, according to CME Group.

That would be in line with the size of the US central bank's previous rate hike in February, and mark the ninth increase since it began tightening monetary conditions last year.

Despite these efforts, price rises remained stuck well above the Fed's long-term inflation target of two per cent.

## Businesses demand

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Asif Ashraf, a director of the Bangladesh Garment Manufacturers and Exporters Association, demanded that the government provide an incentive on the use of manmade fibres to strengthen the sector.

Moreover, the government also needs to sign free trade agreements and prepare for availing the Generalised System of Preferences (GSP) Plus status of the European Union to enjoy the trade benefits after the IDC graduation in 2026, he said.

Ahsan Khan Chowdhury, chairman of Pran-RFL Group, demanded that the government introduce bonded warehouse facility for some sectors that bear potential so that they could grow like the garment industry.

Moreover, he demanded that the government simplify the process for paying advance income tax for businesses and for granting bonded warehouse facilities for businesses in the northern districts.

Three factors need to be addressed in the next budget – macroeconomic stability, investment facilities and food security, said Selim Raihan, executive director of the South Asian Network on Economic Modeling (SANEM).

Reforms in taxation is also important, he said.

Currently there is no liquidity crisis in the banking sector and the banks in the US are collapsing because they lost the confidence of their customers, said Mashrur Arefin, managing director of City Bank.

Over Tk 1 lakh crore has gone out of the local banking sector because of the recent volatility in the exchange rate between the US dollar and taka, he added.

Shafiqul Islam Mohiuddin, a lawmaker and former FBCCI president, questioned a government decision to not allow new utility services for industries established outside of industrial zones.

It will take at least five years for the Mirsarai economic zone to be prepared for the establishment of factories and it is not logical for interested investors to sit out that long, he said.

The government is formulating a budget to control the inflationary pressure on the economy, said State Minister for Planning Shamsul Alam.

Businesses running small-scale operations are not interested in paying taxes and such a mentality needs to change, said Salman F Rahman, adviser to the prime minister on private industries and investment.

Mainuddin Monem, managing director of Abdul Monem Limited, also spoke.

## Bangladesh, Bhutan sign

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Bangladesh signed its first preferential trade agreement (PTA) with Bhutan in 2021 as a goodwill gesture as the landlocked country was the first nation to recognise Bangladesh's independence.

Under the PTA, 100 types of Bangladeshi goods are enjoying preferential duty benefits during exports to Bhutan. Some 34 Bhutanese goods are being given the same treatment during their entry to Bangladesh.

In 2018-19, Bangladesh exported goods worth \$7.56 million and imported goods worth \$42.09 million, according to data from the

commerce ministry.

The goods from Bangladesh that would qualify for the duty benefit include garment items, fruit juices, particle boards, potatoes, cement, biscuits, cosmetics, sugar, jute or coconut fibre carpets, footwear, corrugated iron sheets, iron rods, cables, and dried fish.

Some of the major goods of Bhutan eligible for the benefit are milk, natural honey, cement clinker, soap, mineral water, portland cement, ferrosilicon, wheat bran, boulder stone, dolomite, gypsum, calcium carbonate, apples, pears, cabbage, cauliflowers, orange, potato seed, dried chilli and cardamom.

## Health insurance getting popular

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Ala Ahmad, CEO of MetLife Bangladesh, the only foreign insurance company in the country, said they are seeing renewed interest in taking insurance policies for healthcare.

"Corporates can improve employee wellbeing and foster a more productive workplace by providing health insurance in their employee benefits package."

"The financial support that comes with insurance gives employees the confidence to overcome life's difficulties and raises their loyalty for their employers."

Habibur Rahman, a private sector employee, said he had not thought twice before taking his wife and son to hospitals for treatments after they fell sick last year.

"This is because I knew that a major portion of the treatment costs would be covered by the insurance facility of my office."

Emran Hossain, also a private sector employee, says he was admitted

to a hospital in the capital recently. "After the admission, I just informed my office about the situation. The rest was taken care of by the insurance company."

He was hospitalised for several days and the bills totalled Tk 86,000. But Hossain had to pay Tk 36,000 from his own pocket.

"Health insurance coverage is very important. Had there been no such support, I would have struggled to pay the bills," he said.

ABM Haroon, managing director of Samorita Hospital Ltd, said interest in group health insurance has increased since 2015.

"However, insurers are quite frugal in settling claims. As a result, many customers suffer a lot."

In Bangladesh, there are 35 life insurance and 46 non-life insurance companies.

But insurance penetration is dimly low in the country at about 0.4 per cent. As a result, patients have to dip into their savings to pay for three-fourths of medical expenses.

## Meghna Bank

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bKash and Nagad that led to a discount war between the two companies, making it very difficult for others to penetrate the market.

And despite having a good amount of cash to burn, Upay and Tap are struggling to solidify their positions in the MFS market, according to industry people.

Other than basic services such as fund transfer, add money and mobile recharge, Meghna Bank will focus on introducing innovating banking facilities under the MeghnaPay umbrella, the lender said in a statement.

"We launched an innovative MFS – MeghnaPay – using our banking

experience and expertise," said HN Ashequr Rahman, chairman of Meghna Bank.

"MeghnaPay is an alternative digital banking service delivery channel, through which various types of financial services will be available," added Rahman, who is also a lawmaker.

He then said the main task will be to identify the cash "transaction points" and encourage the use of MeghnaPay at those points.

Sohail R K Hussain, CEO of Meghna Bank, said they are very keen to invest in new technologies to provide banking services that lead positive changes in their customers lives.



Ujjwal Kumar Das, additional director of Bangladesh Bank, handed over a cheque for Tk 3 lakh to Naima Akter, proprietor of M/S Rahman Store, under a refinancing scheme of the central bank at a programme organised by Al-Arafah Islami Bank Ltd (AIBL) in Rangamati recently. Mahmudur Rahman, deputy managing director of AIBL, Mohammad Azam, senior executive vice-president, Md Manjur Hasan, executive vice-president, and Asadul Hoque, assistant vice-president, were present.

PHOTO: AL-ARAFAH ISLAMI BANK

## Country needs a roadmap

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the UK and France, through Airbus, to support us in our journey is very crucial."

Sheikh Hasina said, "The transformation of our economy helped boost the travel opportunities for our people and open up new routes and markets for our airlines."

When Bangladesh turns into an upper middle-income country by 2031 and a developed country by 2041, the aviation market will have further expanded, she said.

The premier said as the economy of Bangladesh has grown, so has the

importance of air cargo.

"The air cargo market of Bangladesh is rapidly growing at 8 per cent per year - three times the world average," she said.

"This underlines the strong demand for a dedicated national cargo operation in our country. With all of this in mind, there are areas where aviation actors need to do more," she said.

PM's Private Industry and Investment Affairs Adviser Salman F Rahman, State Minister for Civil Aviation and Tourism M Mahub Ali and British lawmaker Rushanara Ali, among others, spoke at the summit.