

Star BUSINESS



Startup Fashol gets \$1m investment

STAR BUSINESS REPORT

Fashol, an agri-tech startup, yesterday announced that it has raised \$1 million in pre-seed funding as it looks to build the technology to optimise the supply chain and connect farmers to the market.

It secured the funding from SOSV, South Asia Tech Partners, and angel investors such as Foodpanda Co-Founder and CEO Ambareen Reza and Foodpanda Co-Founder and Managing Director Zubair Siddiky, according to a press release.

Fashol is committed to using recent investments to leverage data to minimise the supply and demand gap and bringing automation for seamless transactions from farmers to retailers, it said.

It also has the plan to build “Fashol Farmers Centres” and “Micro Distribution Centres” as well.

Fashol was founded in 2020 by Sakib Hossain and Mamunur Rashid, who bring a combined 18 years of experience in multinational corporations and startups.

Banks open in industrial areas on April 19-21

STAR BUSINESS REPORT

The Bangladesh Bank yesterday asked banks to remain open, albeit on a limited scale, in the industrial areas, including Dhaka city, during the public holidays on April 19-21.

The central bank took the decision in order to facilitate the payments of salaries, wages and festival allowances to garment workers ahead of Eid-ul-Fitr.

Other areas where the banking service will also be available are Ashulia, Tongi, Gazipur, Savar, Bhaluka, Narayanganj, and Chattogram.

Clients will be able to do banking between 9:30 am and 1pm on April 19 and April 20 respectively. The banking hours will be between 9:30 am and 12:30 pm on April 21.

Eid-ul-Fitr, the largest religious festival for Muslims, is likely to be celebrated in Bangladesh either on April 22 or April 23, depending on the sighting of the moon.

FBCCI TAX PROPOSALS FOR FISCAL 2023-24



OVERALL RECOMMENDATIONS

- Identify areas for reforms to make tax administration taxpayer-friendly
- Form a trade facilitation wing to separate tax policy making from tax collection
- Abolish source and advance tax
- Introduce a central bonded warehouse for

exporters to expand and diversify exports

- Pass and implement new customs law
- Refrain from curtailing tax exemption without detailed scrutiny
- Fast implement national single window project to facilitate trade



PROPOSALS RELATED TO VAT

- Establish two more Large Taxpayers Units in Dhaka and Ctg
- Open separate VAT offices in Barishal, Mymensingh divisions
- Reduce trade VAT to 0.5% from 5%
- Gradually abolish 3% advance tax on imported raw materials for production
- Introduce electronic VAT challan
- Ensure full automation of VAT



PROPOSALS FOR INCOME TAX

- Increase tax-free income limit for individuals to Tk 4 lakh from Tk 3 lakh
- Frame a timely tax law
- Keep a tax file free from auditing for three years after an audit
- Cut discretionary powers of taxmen
- Reduce advance income tax gradually to 3%
- Keep supply of essentials out of source tax

PROPOSALS RELATED TO CUSTOMS

- Bring down import duty on finished products to 15% by 2030 from 25%
- Keep import duty on intermediate goods at 5%-7%
- Keep import duty for capital machinery at 1%-3%
- Continue tariff benefit to industries to facilitate 'Made in Bangladesh'
- Reduce import duty for electric and hybrid cars

Remove AIT, end harasssment by taxmen

Businesses urge government

STAR BUSINESS REPORT

Businesses yesterday urged the government to bring an end to the harassment by revenue officials and remove advance income tax and advance tax against the imports of raw materials for domestic manufacturing in the next fiscal year.

The demands are aimed at helping them stay competitive and overcome the fallout of the Russia-Ukraine war and Covid-19.

The demands were placed at the consultative meeting jointly organised by the National Board of Revenue (NBR) and the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) at the Pan Pacific Sonargaon hotel in Dhaka.

The discussion was organised to hear the issues of the businesses ahead of the formulation of tax measures for 2023-24.

Entrepreneurs said they would face challenges following Bangladesh's graduation from the grouping of the least-developed countries to a developing nation in 2026 and urged the government to take actions to reduce the cost of doing business.

They also demanded the government increase the tax-free income ceiling to Tk 4 lakh for individuals from Tk 3 lakh to raise the disposable incomes of people amid soaring inflation.

Entrepreneurs called for reducing the source tax on export receipts and introducing bonded warehouse facilities for non-RMG sectors and providing incentives to some



There is nothing to be worried about the next budget. You [the businesses] will not be losers. The government will also not be a loser.

AHM Mustafa Kamal
Finance Minister

export-oriented sectors in FY24, beginning in July, with a view to expanding and diversifying exports.

Businesses also wanted the NBR to expand the tax net and reduce the value-added tax on house rent for business purposes.

Regarding the harassment at the hands of VAT officials, Obaidur Rahman, a former director of the FBCCI, alleged that a few days ago, VAT officials went to his office and searched it thoroughly.

Md Helal Uddin, president of the Bangladesh Dokan Malik Samity, said the VAT machine is like adding insult to injury as it is being introduced at a time when sales have declined significantly amid the economic slowdown.

He said Tk 5 crore has been deposited by different quarters of the society to help rehabilitate the traders whose shops were

burnt to ashes in a fire on April 4.

Kazi Belayet Hossain, president of the Bangladesh Frozen Foods Exporters Association, demanded the withdrawal of the 10 per cent AIT from the sector as sales declined to Tk 3,500 crore from Tk 6,000 crore because of the impacts of the war and the coronavirus pandemic.

Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association, suggested scrapping all kinds of taxes on manmade fibre and sought a 15 per cent VAT exemption on recycled fabrics.

"If the VAT is waived, the cotton import will go down by 15 per cent."

Md Shahidullah Azim, vice-president of the Bangladesh Garment Manufacturers and Exporters Association, said the government should reduce the source tax on export receipts to 0.50 per cent from 1 per cent.

Shomi Kaiser, president of the e-Commerce Association of Bangladesh, demanded the government withdraw the VAT on house rents and delivery of goods to retain the momentum of the thriving e-commerce sector.

According to Newaz Chowdhury, president of the Bangladesh Embroidery Association, the government should cut the taxes on locally made inks, papers and yarns.

"This will add value to our garment shipments."

Shaheen Ahmed, chairman of the Bangladesh Tanners' Association, urged the government to remove the taxes on cottage,

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Colgate to build factory in Bangladesh

Teams up with ACI

AHSAN HABIB

Colgate-Palmolive (Asia) Pte Ltd, one of the largest manufacturers and suppliers of personal care products worldwide, is going to build a factory in Bangladesh in partnership with local conglomerate ACI Ltd to cater to the fast-expanding consumer market.

Colgate-Palmolive (Asia), which is incorporated in Singapore and part of New York-based Colgate-Palmolive, will spend around Tk 200 crore and while ACI Ltd will invest around Tk 50 crore to set up the factory to capture a significant pie in the Tk1,000 crore oral care market.

"We are delighted to partner with Colgate-Palmolive, which is a renowned multinational company known for providing world-class oral care products across the globe," said Arif Dowla, managing director of ACI Ltd.

"Colgate brand is a household name in Bangladesh and is known for its high quality

Colgate-Palmolive (Asia) will spend around Tk 200 crore and while ACI Ltd will invest around Tk 50 crore to set up the factory

products backed by research and innovations. This joint venture aims to make a meaningful impact on oral care awareness and bring smiles to many faces across Bangladesh."

Pradip Kar Chowdhury, executive director for finance and planning of ACI Ltd, said after six to seven years of negotiation, the joint venture has finally come true.

The factory would be a world-class manufacturing facility and it will maintain environmental, social and governance standards so it would take a few more months to start the construction of the factory.

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STOCKS	
DSEX ▲	CASPI ▲
0.16% 6,215.17	0.15% 18,331.27

COMMODITIES	
Gold ▲	Oil ▼
\$2,027.75 (per ounce)	\$83.02 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.06% 60,431.00	▲ 0.26% 28,156.97	▲ 0.26% 3,294.54	▼ 0.27% 3,318.36

Unlike the past, electronics sales down this Eid

JAGARAN CHAKMA

The sales of electronic home appliances usually pick up ahead of Eid-ul-Fitr as retailers introduce new models and offer discounts and consumers are awash with cash.

But the scenario has been disappointing for retailers so far this year as sales have been down by as low as 20 per cent since customers have tightened their belts for the higher cost of living.

Bangladesh, like many other countries, has been hit hard by the fallout of the Russia-Ukraine war as the world is reeling from deep uncertainty, the energy crisis and higher inflation. As a result, many consumers with a lower level of disposable income have cut down on non-essential spending, particularly the expenses related to home appliances.

Retailers say consumers are leery about opening their wallets to buy non-essential items amid the ongoing economic crisis and inflationary pains.

Although industry-wide data on the sales of electronic home appliances are hard to come by, the sales records of individual companies, both foreign and local, are showing a slump in demand.

Major players in the domestic consumer electronics market are Walton, Transcom Digital, Rangs Electronics, Rangs Toshiba, Best Electronics, MyOne Electronics Industries, Jamuna Electronics, Pran RFL (Vision), Esquire Electronics, Electra International, and Super Star Group.

Foreign companies such as Samsung, LG, General, Sharp, and Whirlpool are also popular among local consumers.

"People are prioritising essential expenditures instead of home appliances due to the inflationary pressures, declining disposable incomes, and a spike in the prices of electronic products," said Ritesh Ranjan, head of business at Transcom Digital.

Many consumers with a lower level of disposable income have cut down on non-essential spending, particularly the expenses related to home appliances

"The sales of electronic home appliances have slightly increased after the middle of March. But it is still 20 per cent down from normal times."

Inflation in Bangladesh has been at an elevated level since the middle of 2022 owing to the higher global commodity prices and shortage of US dollars.

The Consumer Price Index jumped to a seven-month high of 9.33 per cent in March as food prices rose and the adjustment of oil, gas, and electricity prices took hold. This means the spike in the CPI was just behind the 10 year high of 9.52 per cent seen in August last year.

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