

Robi Axiata's revenue rises 16% on strong data sales

STAR BUSINESS REPORT

Telecom operator Robi's profit rises 5.45 per cent year-on-year Tk 42 crore in the January-March quarter of 2023.

At the same time, the company's revenue grew over 16.25 per cent to Tk 2,347.74 crore on the back of strong sales of data, Robi Axiata said in a statement.

"With a strong performance in Q1'23, we feel Robi is well poised for the remaining part of the year," Robi CEO Rajeev Sethi said in the statement.

"Unfortunately, due to factors beyond our control, our profit after tax continued to struggle to fully reflect our robust performance. Due to 2 per cent minimum tax, our profit after tax more than halved in Q1'23; which meant, instead of being Tk 89.2 crore, our profit after tax was Tk 42 crore."

"Besides, forex loss of 76 crore taka also worked as a spoiler for our performance. We urge the tax authority to remove the 2 per cent minimum tax from the industry in the upcoming budget to ease the pressure for us," he said.

In the January-March quarter, Robi's voice revenue increased by 14.5 per cent year-on-year while data revenue grew by 17.5 per cent.

Having added 12 lakh subscribers in the three-month quarter, Robi's subscriber base reached 5.56 crore now, representing 30.2 per cent of the subscriber market share at the end of first quarter.

Binance pulls out of Canada amid new crypto regulations

REUTERS

Binance said on Friday it was withdrawing from Canada, weeks after the country issued a series of new guidelines for cryptocurrency exchanges including investor limits and mandatory registrations.

Canada has tightened regulations for crypto asset trading platforms in recent months, with the introduction of a pre-registration process. The companies that do not adhere to the rules will face potential enforcement action, according to the website of the Ontario Securities Commission.

"Unfortunately, (the) new guidance related to stablecoins and investor limits provided to crypto exchanges makes the Canada market no longer tenable for Binance at this time," crypto exchange Binance said in a tweet.



The current tax structure for e-commerce companies includes 6 per cent turnover tax, 5 per cent value-added tax on sales commission and 15 per cent VAT on delivery charges.

PHOTO: STAR/FILE

Tax rebates needed for recovery of e-commerce: e-CAB

MAHMUDUL HASAN

Different tax rebates are needed to help e-commerce companies in Bangladesh regain their growth trajectory after facing a significant downturn for the past two years, according to industry people.

The current tax structure for e-commerce companies includes 6 per cent turnover tax, 5 per cent value-added tax (VAT) on sales commission and 15 per cent VAT on delivery charges. Meanwhile, different rates of tax deducted at source are also levied.

As such, the e-Commerce Association of Bangladesh (e-CAB) has placed their demand for rebates or reductions of these taxes to boost the industry's growth.

In a letter to the National Board of Revenue, the e-CAB also proposed cutting the 15 per cent VAT on rent for office space, fulfilment centres and sorting houses.

If e-commerce platforms get these rebates, it will support the growth of the country's digital economy, said Mohammad Sahab Uddin, vice president of e-Cab.

E-commerce platforms in Bangladesh are not very profitable and so, 6 per cent turnover tax only exacerbates their losses, said Fahim Mashroor, CEO of AjkerDeal.

Instead, the tax structure should be favourable and encourage people to make online purchases.

But in Bangladesh, people pay an additional Tk 100 for every Tk 1,000 worth goods bought from e-commerce companies, he added.

While the government only collects a very small amount of revenue from e-commerce, it puts enormous pressure on the platforms, said Zeeshan Kingshuk Huq, director and Group COO of Agile Minds Solutions Ltd.

Huq then pointed out that India and Singapore implemented a tax-free policy for their e-commerce platforms, propelling their growth for over a decade.

"Most of these countries had relaxed tax regimes to bolster e-commerce growth. And now, only after the sector boomed, they are bringing taxes on online shopping similar to offline

shopping," he added.

Huq went on to say that the worst trouble e-commerce companies have to go through is tax return submission as all the complicated tax rules imposed are somewhat open to interpretation.

To address the issue, industry people suggest including the definition of an "online marketplace" in VAT regulations, where the classification of digital shopping portals such as Sheba XYZ and Daraz is not clear.

"We believe this proposed amendment will create a more inclusive, transparent and equitable business environment for all while also helping the government maximize its revenue from the sector," said AHM Hasinul Quddus, chief corporate affairs officer of Daraz.

Industry players say VAT law applies differently to different categories of sellers and so, it is impossible for a marketplace that bridges merchants and customers to ensure VAT compliance.

So, e-Cab proposed the reporting of liabilities for VAT should lie with the individual sellers of goods and services.

Grameen Bank to invest Tk 200cr in stock market It forms a mutual fund

STAR BUSINESS REPORT

Grameen Bank is going to invest Tk 200 crore in the stock market by forming a mutual fund named Capitec Grameen Bank Growth Fund.

Yesterday, the fund's sponsor Grameen Bank, trustee Investment Corporation of Bangladesh (ICB) and fund manager Capitec Asset Management Company signed two separate agreements in this regard at Grameen Bank's head office in the capital.

Mutual funds pool money from investors to channel it into securities such as stocks, bonds and other assets. Investors are then paid their share as dividends depending on the profits earned.

This is going to be the fourth mutual fund managed by Capitec Asset Management. The objective of the fund is to provide lucrative dividend to its shareholders by making money by getting capital gain and cash dividend from listed companies.

It would invest in several securities of the capital market and money market.

Capitec's Chairman Hasan Rahman and Managing Director M Mahfuzur Rahman attended the signing ceremony of the deals.

Prof AKM Saiful Majid, chairman of Grameen Bank; Md Mosleh Uddin, managing director (acting), and Md Abul Hossain, managing director of ICB, were also present.

IDLC Finance's profits slump 29% in Q1

STAR BUSINESS DESK

IDLC Finance Limited yesterday reported securing a profit of Tk 13.9 crore in the first quarter of 2023.

This is however 29 per cent less than what the non-bank financial institution made in the same period of the previous year.

The company logged a consolidated profit after tax of Tk 34.4 crore in the January-March quarter of the current year.

It was Tk 48.3 crore in the same period last year. The details of the first quarter's financials were declared at a board meeting.

The rate cap imposed by the central bank resulted in lower interest income and higher payments on deposits while capital market income has decreased, the two major reasons for the fall in profit, the company said in a press release.

In Q1 2022, the lending business operated on an open market and risk-based pricing system.

Moreover, the central bank had imposed a mandatory rate revision on NBFIs in July 2022, significantly decreasing the interest income from lending operations.

Furthermore, the ongoing liquidity pressure in the market since the second half of 2022 created a deposit rate push, the impact of which was the hike in the cost of funds.

Govt gets down to signing trade pact

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by the Japan External Trade Organisation (Jetro) showed that 85 per cent of local and Japanese companies with operations in both nations want their respective governments to strike FTA so that they can continue enjoying duty benefits after Bangladesh becomes a developing nation.

An FTA is an agreement in which two or more countries agree to provide preferential trade terms, tariff concession and other benefits to the partner country. A negative list of products and services is maintained by the countries on which the terms of FTA are not applicable.

The Jetro survey showed 20 per cent of companies may even relocate from Bangladesh to more competitive destinations in Southeast Asia if no FTA is signed.

Of the respondents among the local companies, 87 per cent have sought an FTA between the two countries.

Japan is the only Asian nation

where the export of goods from Bangladesh crossed the \$1-billion mark for the first time since 2012 on the back of increased garment shipments, which account for 95 per cent of the earnings.

Local garment exporters have targeted to ship \$10 billion worth of garment items to Japan by 2030 and are drawing up strategies in a bid to elevate sales in the growing Asian market in general and in Japan in particular.

Trade ties between Japan and Bangladesh have deepened over the decades.

The number of Japanese companies operating in Bangladesh has tripled over the last decade, reaching 338 in 2022.

In December, the Japanese Special Economic Zone at Araihaazar of Nayaranganj was inaugurated to attract more investments from the world's third-largest economy.

According to the foreign affairs ministry of Japan, the nation currently has 21 operational FTAs or

EPAs.

Some local companies say the country would lose its competitiveness in the absence of a generalised system of preferences (GSP) facility in comparison to the countries that have signed FTAs with Japan.

The tariff will go up from 7.4 per cent to 10.9 per cent on garment exports to Japan if the GSP expires, the survey said.

Bangladesh shipped goods worth \$1.35 billion to Japan in the last fiscal year, up 14.40 per cent year-on-year, according to data from the Export Promotion Bureau. Of the sum, \$1.10 billion came from apparel shipments.

The shipment of garment items started leapfrogging in April 2011, when Japan relaxed its Rules of Origin for the LDCs and for the knitwear sector.

According to the findings of the Jetro survey, the existing RoO in the GSP for garment products should be continued.

Value-added tax, the biggest source of collection, has been the major driver of collection. The indirect tax receipts grew 12 per cent to Tk 95,100 crore.

PRF's Razzaque said there has been a continuing stagnation in NBR revenue growth in comparison with the growth of gross domestic product (GDP).

Revenue earned as a percentage of the GDP from VAT and import duty has deteriorated in 2021-22 compared to 2009-10.

However, there has been a slightly positive impact on income tax, the economist added.

In the next fiscal year, which starts in July, the NBR is likely to be given the task of collecting Tk 430,000,

Tax target likely to be missed

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are yet to rebound from the coronavirus pandemic and they are now facing the fallout of the war in Ukraine," Fahmida said.

The NBR, which saw a recovery in tax collection following the reopening of the economies after the lifting of Covid curbs, recorded only 6 per cent growth in tax collection in the July-April period of FY3. It was 15 per cent during the identical period a year ago.

NBR data showed that tax collection from international trade grew only 1.68 per cent year-on-year to Tk 74,230 crore in July-April owing to falling imports.

Income tax receipts rose 3.15 per cent to Tk 78,058 crore.

China's deposit pile stands in the way of recovery

REUTERS, Shanghai/Singapore

China's increasingly urgent efforts to tip its mountain of savings into the economy are running up against depositors shy of all but the safest investments, in the latest sign that weak confidence is holding back post-pandemic spending and growth.

The latest move -- prodding the "big four" state banks to cut top deposit rates this month -- seems only to have extended a rush into other deposit products and government debt, suggesting caution runs so deep it will be

difficult to shift. Television pictures this week showed early-morning queues at banks in Beijing for buying treasury savings bonds, while newspapers carried stories of young investors riding trains and buses to far-flung branches seeking the highest deposit rates.

Bankers told Reuters they ran out of bonds soon after opening. Government debt yields - which fall when prices rise - dropped to levels unseen since November, when the economy was still being throttled by China's zero-tolerance policies to combat Covid-19.

The trend defies expectations that savings would pour back into stocks and consumption once virus controls were lifted, and as term deposits have swelled that looks even more unlikely to happen.

"The 8 trillion yuan surge in new household deposits in 2022 triggered some bullish market views that this ... would lead to a massive release of post-pandemic pent-up demand," said Ting Lu, chief China economist at Nomura.

"However, new household deposits rose further," he said.

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Islamic banks post higher profit

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shareholders have kept their faith in our bank while the regulators have played a supportive role as we work for the national interest."

He cited the contribution of the sukus to the profits of Shariah-compliant banks.

The instruments were almost non-existent in Bangladesh a couple of years ago.

"The Shariah-based banks lacked diversified investment tools. Sukuks have helped banks diversify the

investment portfolio," Moula added.

Exim Bank's profits rocketed 73 per cent to Tk 372 crore and Union Bank's profits jumped 73 per cent to Tk 151 crore.

In line with global trends, Islamic banking in Bangladesh is witnessing robust growth due to strong public demand and policy support from the Bangladesh Bank, said the central bank in a report.

At the end of December, Islamic banks represented a 25.81 per cent share of the entire banking system in

terms of deposits and 29.20 per cent when it comes to investments.

The number of branches of Islamic banks, including Islamic branches and windows of conventional commercial lenders, rose to 2,217 in 2022 from 2,080 a year ago. They employed 49,851 at the end of December, central bank data showed.

Eleven conventional banks have Islamic banking branches and 14 banks have Shariah-compliant windows.

Ctg port operations

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operational. Import-export trade will begin," he said.

"So far I have not received any news of any accident or shipwreck in the waters under the port's jurisdiction," he added.

However, the port's "Alert-4" will not be called off until the meteorological department withdraws its warning, said Faruk.

The port authority issued the

alert, the second highest as per its Cyclone Disaster Preparedness and Post-Cyclone Rehabilitation Plan, on Friday night to avoid possible risks.

It was in line with the meteorological department's "Great Danger Signal No. 8" issued for the maritime ports.

As a result, goods unloading at the port's jetties, internal management activities, product delivery, transfer of goods from large ships to small

ships at the outer anchorage and movement of goods inside the port were suspended.

All vessels at the jetties were sent out to sea at high tide on Saturday while cargo ships in the outer anchorage were barred from entering.

At the same time, all equipment used for lifting and handling products at jetties were secured and kept away at a safe distance.