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Star BUSINESS

Firms enjoying tax exemption to come under greater scrutiny

SOHEL PARVEZ

Companies that enjoy tax exemptions will come under greater scrutiny in the coming days as the tax authority seeks to scan their transactions with associated enterprises in a bid to curb profit shifting and tax evasion.

As per the proposed Income Tax Bill 2023, if a firm that enjoys tax exemption is engaged in any transactions with associated entities and tax officials find that transactions have not taken place as per open market prices and the income of the firms falls below the actual income, they would be able to impose regular tax rates.

A senior official of the National Board of Revenue (NBR) said there are provisions in the existing Income Tax Ordinance-1984 regarding transactions between associated entities. But there is a lack of clarity in the present law and tax offices could not apply the rules to curb tax evasions that take place through profit shifting by firms.

"We have overhauled the existing provision and defined associated firms in detail in order to remove ambiguity," the official said.

In the Income Tax Bill, which was placed in parliament by Finance Minister AHM Mustafa Kamal on June 8, the tax authority said an entity will be considered an associated enterprise if the firm enjoying the tax holiday participates in the entity's equity capital, controls it, or takes part in its management, directly or indirectly.

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A farmer carries saplings grown in nurseries for transplanting in larger fields while another prepares the land for the cultivation of Aman season paddy. Sowing runs from June to early September whereas harvests from mid-November to early January. The crop accounts for roughly 40 per cent of the annual rice production. The photo was taken at Khadimnagar union in Sylhet sadar upazila on Thursday. PHOTO: SHEIKH NASIR

Cotton consumption to rebound

USDA forecasts

REFAYET ULLAH MIRDHA

Cotton consumption in Bangladesh will grow in the marketing year of 2023-24 on the back of a rebound in work orders from international clothing retailers and brands, according to the United States Department of Agriculture (USDA).

Local mills may use 8.1 million bales of cotton in the next marketing year, starting in August, up 1.25 per cent from 8 million bales projected by the US agency last month.

The predicted increase is 11 per cent higher than Bangladesh's domestic use of 7.3 million bales in the 2022-23 marketing year, said the agency in its report styled "Cotton: World Markets and Trade". The report was published on June 9.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said cotton consumption would increase next year.

He went on to say that imports of US cotton will grow because of the withdrawal of the fumigation rule.

According to the USDA, global consumption increased by 800,000 bales to 117 million bales in June compared to the same month a year before. Each bale weighs about 480 pounds.

This growth was led by stronger consumption prospects in Bangladesh, Vietnam, Indonesia, Turkey, and Pakistan.

As such, cotton usage is now forecast to be 7.9 million bales higher compared with the previous year.

Besides, global production will rise by more than one million bales in the upcoming marketing year to 116.7 million as higher production in the US and Pakistan more than offset lower production in China.

In its 2022-23 outlook, the USDA said production mostly remained unchanged this month at 116.3 million bales as lower production across West Africa, including Benin, Mali, and Ivory Coast, was

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Nearly 50% policy-holders discontinue premiums after first year

Says Idra chief

SUKANTA HALDER

About 45 per cent of life insurance policyholders in Bangladesh don't pay premiums after the first year owing to a number of factors, including purchasing of higher value plans compared to their affordability and agents' tendency to not provide all key information to potential customers, said the top regulator.

Mohammad Jainul Bari, chairman of the Insurance Development and Regulatory Authority (Idra), said many a time, agents don't share all the rules and regulations with potential customers when they sell policies.

Agents may also sell a product that may not

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STOCKS (WEEK-ON WEEK)

DSEX ▼	CASPI ▲
0.04%	0.03%
6,352.84	18,762.73

COMMODITIES (AS OF FRIDAY)

Gold ▼	Oil ▼
$1,960.75 (per ounce)	$70.32 (per barrel)

ASIAN MARKETS (FRIDAY CLOSINGS)

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.35%	▲ 1.97%	▲ 0.01%	▲ 0.55%
62,625.63	32,265.17	3,186.97	3,231.41

A worker checks on the progress of ice forming inside a metal can at a commercial ice plant in Chattogram. Immersed in a tank of refrigerated sodium chloride brine, the water-filled rectangular cans usually take around 18 hours to form blocks of ice. However, nowadays it is taking around 36 hours due to the frequent power cuts the country is having to deal with over the last two weeks. This has led to a drop in the daily production of ice blocks at this factory from 2,313 to just 500 to 600. The photo was taken at Fishery Ghat last Thursday. PHOTO: RAJIB RAIHAN

Textiles, RMG neglected in budget

Says former DCCI president

JAGARAN CHAKMA

National BUDGET FY2023-24

Shams Mahmud

The textile and garment sector, which earns the lion's share of export proceeds, has been left neglected in the proposed budget, according to Shams Mahmud, a former president of the Dhaka Chamber of Commerce and Industry.

"Overall, the proposed budget has failed to address the burning issues at hand. But we did not expect it, especially because we have seen how effective a role the prime minister has always played in supporting the private sector," he said.

Mahmud, also the managing director of Shasha Denims Ltd, was sharing his thoughts on the proposed budget for the fiscal year of 2023-24 during an interview with The Daily Star on Thursday.

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US nationals top spenders thru credit cards in Bangladesh

STAR BUSINESS REPORT

US nationals were the top spenders through credit cards among all foreigners in Bangladesh, accounting for more than a quarter, or Tk 61.5 crore, of the amount spent by foreign nationals using the payment method in March.

Citizens of United Kingdom (UK) came in second with Tk 28.5 crore spent through credit cards while natives of neighbouring India placed third with Tk 24.6 crore, according to a report by Bangladesh Bank released last week.

Nationals of Singapore, China, Canada, Japan, Australia, Germany, the United Arab Emirates (UAE), Italy, and South Korea were among the other top spenders, shows the report, styled "An Overview of Credit Card Users Spending Pattern within and outside the Country for March 2023".

Credit card transactions by foreign nationals within Bangladesh rose by 10.30 per cent month-on-month to Tk 236 crore in March.

After analysing these transactions, Bangladesh Bank observed that the volume increased by nearly 10 per cent to Tk 2,375 crore in March compared to Tk 2,163 crore the month prior.

Similarly, the transaction volume was Tk 426 crore outside the country the same month.

"It is noticeable that this transaction amount recorded a significant increase of 36 per cent compared to that of February, when it stood at Tk 312 crore," the central bank report said.

The credit cardholders mostly used their cards in India, where about 24 per cent of the cross-border transactions took place.

The rest of the major cross border transaction took place in the USA, Thailand, the UAE, Singapore, the UK and Saudi Arabia.

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