

# Kaus Mia: a role model in a nation where tax noncompliance is rife

SUKANTA HALDER

Kaus Mia had no posh office like those running conglomerates from their comfortable chambers in the capital's Gulshan, Banani and Motijheel areas. A room in the Hakimpuri Zarda factory on Aga Nawab Dewri Road in Old Dhaka was his beloved chamber from where he led his business empire and became a top taxpayer in Bangladesh.

He was born on August 26, 1931, in Chandpur, but his ancestors were the residents of the state of Tripura in undivided India. He passed the eighth grade in 1945 before dropping out.

His father did not want him to get involved in business but since he was obsessed with it, he took Tk 2,500 from his mother and started his grocery trading in Chandpur's old market in 1950. This marked the beginning of a long journey for the 19-year-old.

Soon Kaus Mia became an agent of 18 brands of cigarettes, biscuits and soaps. For the next 20 years, he ran operations from Chandpur. He moved to Narayanganj in 1970 and started a tobacco business.

From the tobacco business, the idea of producing zarda (scented tobacco) came to his mind.

Kaus Mia launched Shantipuri Zarda in 1976 but it was counterfeited. In 1996, he



**KAUS MIA**  
(1931-2024)

rolled out Hakimpuri Zarda, which went on to become a household name.

Until his death yesterday at the age of 94, the proprietor of Kaus Chemical Works ran 40 to 45 types of businesses. He owned assets worth Tk 10,000 crore, said the entrepreneur in an interview in 2016.

Apart from the Hakimpuri Zarda, it was his obsession to pay taxes regularly and retain the spot as a top taxpayer that helped him gain more prominence nationally.

The successful businessman had been one of the highest taxpayers in Bangladesh since 2010-2011. It sharply

contradicted the tax payments attitude in a country where tax evasion and dodging are rife, and the tax-to-GDP ratio is one of the lowest in the world. The International Monetary Fund also said there is much scope for further revenue mobilisation in the country.

He said it was patriotism and responsibility that led him to pay taxes for so many years.

"I have been paying taxes regularly since 1958. Paying taxes is a responsibility, not a legal obligation."

When people asked him why he was so passionate about paying taxes, he replied, "I pay tax as I make profits."

"Paying tax is a good thing. How will the state bear its expenses if we don't pay tax? If you pay tax, the money is white. I can do whatever I want," he said in interviews.

Kaus Mia became the epitome of tax compliance after the National Board of Revenue (NBR) introduced tax cards to honour top taxpayers and encourage compliance. He was celebrated as the best taxpayer in the Mujib Borsho, which marked the birth centenary of Bangabandhu Sheikh Mujibur Rahman.

Sharing his experiences, Shakil Ahmed, the tax adviser of the businessman, said in 2021 that the total tax of Mia came to Tk 99 lakh in one year. Mia suggested making it Tk 1 crore so that it made sense.

"He is ready to pay higher, if necessary," said Ahmed, a lawyer of the Supreme Court. He had looked after the tax issues of Mia and his business for 40 years.

Professor Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, said: "Kaus Mia is an exception in a country where there is reluctance among many people to pay taxes and many do not pay tax even after having taxable income."

"He has set a good example and become a role model for many. Many people have been inspired by him."

Muhammad Abdul Mazid, a former chairman of the NBR, said many employ tricks to evade taxes whereas Kaus Mia had been the exact opposite.

Apurba Kanti Das, a former member for income tax of the NBR, said the number of people who pay taxes voluntarily is low.

"I have seen many people and businessmen who feel joy in not paying taxes. As a result, it has not been possible for the NBR to bring all businesspeople under the tax net and raise collections to the expected level."

Kaus Mia had been suffering from old age complications and breathed his last at the Asgar Ali Hospital, Anwar Sadat, a grandson of the businessman, told The Daily Star. He left behind his wife, eight sons and eight daughters.

# Dhaka stocks rebound

STAR BUSINESS REPORT

The broad index of Dhaka Stock Exchange (DSE) rebounded yesterday after plunging on the preceding day.

The DSEX, the major index of the country's premier bourse, went up 21.65 points, or 0.41 percent, from that on the preceding day to close at 5,241.84.

The DSES, which comprises Shariah-based firms, also gained 6.7 points, or 0.59 percent, to reach 1,149.55.

The DS30, the index that represents the best blue-chip stocks, rose by 9.95 points, or 0.53 percent, to finally stand at 1,877.94.

In its daily market update, UCB Stock Brokerage said turnover, meaning the total value of shares changing hands on a day, giving an indication of the amount of trading activity, increased by 9.31 percent to reach Tk 524 crore.

The turnover of block trades, meaning large, privately negotiated securities transactions, however, amounted to Tk 99.86 crore, representing 19 percent of the day's total turnover.

The food and allied sector dominated the market's turnover, accounting for 18.97 percent of the total. With a rise of 4.8 percent, Unilever Consumer Care was the most-traded share with a turnover of Tk 53.7 crore.

Rupali Life Insurance Company, Beach Hatchery, and BRAC Bank were also on the list of those witnessing an increase in turnover, with a rise of 6.04 percent, 0.52 percent and 1.17 percent respectively.

Of the issues that changed hands at the DSE, 171 edged higher, 161 declined while 61 showcased no movement.

Non-bank financial institutions (NBFI), life insurance and mutual fund sectors closed in the positive while jute, tannery and engineering in the negative, said the brokerage.

NBFIs booked the highest gain of 3.89 percent followed by food and allied (0.80 percent), pharmaceuticals (0.74 percent), bank (0.30 percent), telecommunication (0.29 percent), fuel and power (0.23 percent) and engineering (1.41 percent).

It said companies which account for large amounts in market capitalisation posted a positive performance.

Market capitalisation refers to the value of a company calculated by multiplying the total number of shares by the present share price.

In another daily market update, Shanta Securities said the market was driven by positive changes in the market capitalisation of life insurance, financial institutions, and bank scrips.

Meanwhile, market capitalisation of travel and leisure, paper and printing, and tannery industries scrips underwent negative changes, it said.

Chittagong Stock Exchange also saw a similar trend, with its all-share price index gaining 111.02 points, 0.75 percent, to settle at 14,837.17.

# Oil prices edge down

REUTERS

Brent crude fell on Tuesday while investors awaited US inflation data later this week, but prices held above the \$85 level after the previous session's gains on escalating geopolitical tensions and hopes of improved demand this summer.

Brent futures for August settlement were down 43 cents at \$85.58 a barrel by 1100 GMT. US crude futures also dipped by 43 cents to \$81.20.

Both benchmarks gained about 3 percent last week, marking two straight weeks of gains.

Front-month Brent prices could push into the upper \$80s in the short term, driven by the confluence of increasing geopolitical risk and bullish fundamentals, steepening the market's backwardation," said Rystad Energy analyst Claudio Galimberti.

Backwardation is when front-month prices are higher than the second month, making oil likelier to be used now rather than be left in storage for the future. Oil and fuel stockpiles have declined and gasoline demand is rising as the United States, the world's biggest oil consumer, enters its peak summer consumption period.

# Chinese firm to invest \$109m in Bepza EZ

STAR BUSINESS REPORT

Alpen Banyan Garments BD Company, a Chinese company, will invest \$108.99 million to set up a woven and knit garment factory inside Bepza Economic Zone in Mirsharai of Chattogram.

This is the biggest investment proposal that the 1,138.55-acre zone received from a single company for establishing a factory, Bangladesh Export Processing Zones Authority (Bepza) said in a statement.

The factory will be established on 90,000 square metres of land and it targets to annually produce 43 million pieces of woven and knit garments.

The company will create employment opportunities for 11,995 Bangladeshi nationals, said Bepza.

Md Ashrafur Kabir, member for investment promotion at Bepza, and Li Tianning, director of Alpen Banyan Garments

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# Startups neglected in proposed budget

Experts say as they demand continuation of duty-free facility

MAHMUDUL HASAN

The proposed budget for fiscal year 2024-25 offered no relief to startups and neglected their long-standing demands, in sharp contrast with the government's vision for a Smart Bangladesh, where startups are key economic drivers.

Industry experts commented that in addition to not addressing their demands, the budget has also discontinued certain benefits, exacerbating the challenges faced by startups, which are already reeling from a funding crunch.

For example, Finance Minister Abul Hasan Mahmood Ali announced that investors and developers of hi-tech parks are going to lose the 10-year tax waiver on their incomes from the next fiscal.

This will hinder the growth of 13 private hi-tech parks and dent the startups established there, according to industry people.

"Such a move also contradicts the government's vision," said Russell T Ahmed, president of the Bangladesh Association of Software and Information Services (BASIS), urging the government to retain the benefits.

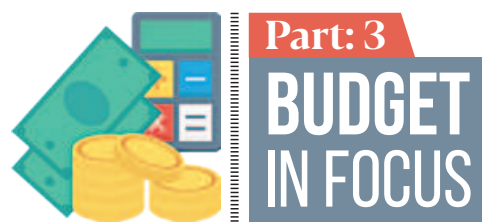
"Hi-tech parks are already struggling in terms of investments," he added.

As for government hi-tech parks, a 1 percent duty on capital machinery imports will be introduced from the upcoming fiscal year.

"Investors were mainly attracted to hi-

tech parks due to these benefits. Removing them will discourage investment," said Mir Shahrukh Islam of Bondstein Technologies Ltd, an IoT device manufacturer.

"We urge the government to maintain the existing duty-free facilities and collaborate with the private sector to boost investment. This will significantly increase foreign investment in hi-tech parks over the next few years," said Ahmed of BASIS.



The government has already laid out its vision for a Smart Bangladesh, with key pillars such as smart citizens, smart government, smart society, and smart economy.

Under the smart economy, the ICT sector's contribution to the economy was projected at \$50 billion with the goal of establishing at least 25 unicorns by 2041.

A unicorn is a startup valued at over \$1 billion. The term symbolises the rare success and rapid growth often seen in innovative sectors.

Fahim Mashroor, former president of BASIS, saw nothing in the budget that could accelerate the growth of startups.

He said e-commerce and logistic startups have been demanding the withdrawal of a 15 percent VAT on parcel delivery and 5 percent VAT on online product sales. But the demand has not been met.

In the budget for FY23, the government introduced a startup sandbox, reducing the rate of turnover tax to 0.1 percent from 0.6 percent.

However, a condition was added that startups older than 5 years would be unable to avail the benefits of the sandbox.

"Most of the top startups in Bangladesh are older than 5 years. So, they cannot apply for the benefit. As far as I know, no company has availed this benefit," Mashroor added.

In the proposed budget, the government has announced tax exemptions for 19 ICT businesses for the next three years, provided they implement cashless transactions.

However, companies that provide cloud services and web hosting were removed from the list, causing concern among startups that heavily rely on such services for their operations.

Industry people said web hosting and cloud services are crucial for startups as they provide scalable, cost-effective infrastructure for

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# Sri Lanka to sign debt restructuring deal with creditor nations today

REUTERS, Colombo

Sri Lanka will sign a debt restructuring agreement with a group of creditor nations on Wednesday, the government said in a major step to help stabilise the country's finances following its economic crisis.

President Ranil Wickremesinghe updated his cabinet on the debt restructuring late on Monday, Foreign Minister Ali Sabry told Reuters by phone.

The cabinet also approved the debt restructuring framework, Cabinet spokesman Bandula Gunawardana told reporters, while declining to divulge details.

"The president informed cabinet the agreements with the official creditor committee will be signed tomorrow," he told the weekly cabinet press briefing.

"Details of the agreement will be presented to parliament later to ensure transparency."

The deal will allow creditor nations to resume lending to Sri Lanka. The economy crashed in 2022 when a fall in foreign exchange reserves prompted the island to default on its foreign debt.

Sri Lanka's bonds, were up 0.2-0.3 cents in late Asian trading, slightly outperforming most emerging markets and maintaining the more than 15 percent gains made since February.

Sri Lanka's finance ministry said in November that the debt restructuring agreement in principle covered

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# Boeing is just too big to jail

REUTERS, New York

Justice isn't always blind. When it comes to levying punishments on powerful companies, the challenge is to inflict enough pain that bad behavior is deterred, but not so much that it creates unintended suffering elsewhere. Boeing, an American icon in a heap of trouble, exemplifies that quandary.

Prosecutors are recommending that the Department of Justice bring criminal charges against the \$104 billion aviation company, according to sources cited by Reuters, for breaching the terms of its deferred prosecution agreement. After two crashes killed 346 people, Boeing agreed in 2021 to a three-year settlement, that shielded it from criminal prosecution, but in which it admitted former employees had misled regulators, pledged to do better, and paid \$2.5 billion. The government says Boeing has failed to live up to its side of the bargain. Boeing disagrees.

There's a problem, though. Boeing is a national champion with a big economic footprint, and that could limit the amount of pain the government is able to inflict. For example, commercial aviation is essentially a duopoly shared between Boeing and its European rival Airbus. It's also the nation's single largest exporter,

with over \$30 billion of foreign revenue in 2023.

And what hurts the US aircraft-maker also hurts numerous small subcontractors who supply Boeing

planes' parts. Customers like Southwest Airlines, already reeling from delayed jet deliveries, might see their problems worsen.

One of the biggest threats of a

prosecution for a company like Boeing – debarment from government contracts – is also hard to enforce. Consolidation has already left too little competition in the sector, and over a third of the company's \$78 billion of revenue last year came from government contracts.

Past guilty pleas by Boeing, including for felonies, did not stop the company from quickly getting back on the government-contract gravy train. In 2003, for example, the Air Force suspended some of the company's units from winning work, but granted two waivers to the Boeing units for space and rocket contracts. Then there are fines. Those hurt, but not much for a company that has already lost around \$100 billion of market capitalization in the past five years.

Boeing could find itself subject to more mundane punishments, like the appointment of "monitors" who sit in the companies' offices and report back to regulators, something imposed on banks in the past for money-laundering slips, for example.

Such scrutiny might have an effect, since the company, and its outgoing CEO Dave Calhoun, haven't been able to fix various self-inflicted problems. Prosecutors will hope so anyway. Creating a national champion is hard; bringing one to heel is harder.



Boeing 777X and Boeing 737 MAX 10 airplanes are seen parked at King County International Airport-Boeing Field in Seattle, Washington. Prosecutors are recommending that the Department of Justice bring criminal charges against the \$104 billion aviation company.

PHOTO: REUTERS/FILE