Nearly two-thirds of TIN-holders don't submit tax returns

MD ASADUZ ZAMAN

Bangladesh recently reached a milestone registering one crore Taxpayer Identification Numbers (TINs), yet nearly 59 percent of these individuals did not file tax returns in the just-concluded fiscal year of 2023-24.

The number of registered taxpayers is gradually increasing but tax return submissions are failing to keep up with the size and growth of the economy, for which collection of tax required for public expenditure remains lower than the potential.

According to data from the National Board of Revenue (NBR), there were 1.04 crore TINs as of last month, when the fiscal year ended.

Meanwhile, only 43 lakh tax returns were submitted, up 22 percent year-on-year.

Bangladesh has one of the lowest tax-to-GDP ratios in the world, even though it posted high economic growth over the past decade.

"The increase in the number of TIN holders is a positive development. Overall, the tax net has not yet been adequately expanded in Bangladesh," said MA Razzaque, research director of Policy Research Institute (PRI).

But the number of tax returns being submitted is very low. Bangladesh still lags behind Southeast Asian countries such as Vietnam, Thailand and Malaysia in this regard, he said.

Many taxpayers do not submit tax returns to simply avoid going through all the paperwork and out of apprehensions over being harassed by the tax administration, Razzaque said.

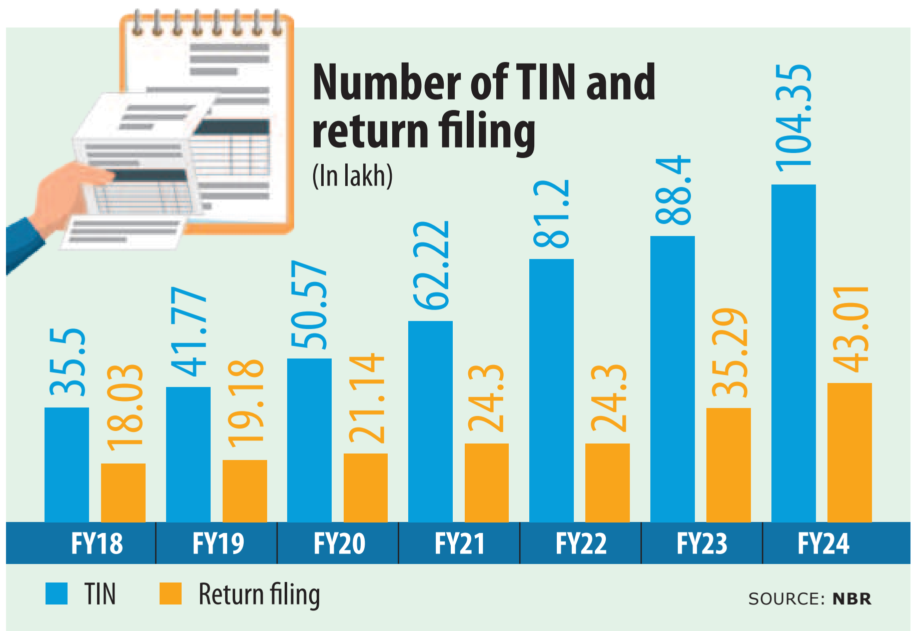
The economist suggested reducing individual contact between the NBR officials and taxpayers through automation.

"The NBR should ensure automation in auditing to reduce the scope of corruption and harassment," he said.

At present, filing of tax returns is mandatory for all with a TIN.

Currently, a TIN is required for availing around 40 services, so many people secure it but do not submit tax returns, according to the NBR.

Analysts blame inadequate monitoring and enforcement, the absence of regular taxpayer surveys by independent agencies, and the slow pace of automation of the tax administration for the low number of tax returns being submitted.



In a report prepared recently, the NBR said around 5 lakh people do not submit tax returns as they only needed the TIN for land transfers while around 4 lakh people availed TINs to seek specific services.

Over 2 lakh people with TINs have already passed away and some 3 lakh people availed TINs to migrate abroad for jobs and other purposes, according to the NBR.

Another prime reason is a lack of awareness among taxpayers.

Besides, a huge number of firms that registered as companies have become inactive.

The NBR found that Bangladesh has around 1.37 lakh inactive companies under the Registrar of Joint Stock Companies and Firms.

A large number of people availed TINs to get trade licences but those firms later became dormant.

Shams Uddin Ahmed, a former member of tax policy at the NBR, said the culture of tax payment needs to be developed gradually.

The NBR has initiated various steps to motivate taxpayers, said Ahmed, hoping that interest among taxpayers in doing their share in building the nation would increase in the coming days.

There is a lack of understanding among tax officials about new modes of digitalisation and innovative business models, he said.

BRAC Bank's profit jumps 77% in first half

STAR BUSINESS REPORT

BRAC Bank PLC saw its net profit after tax soar 77 percent year-on-year to Tk 591 crore in the first six months of 2024, with officials saying their improved financial indicators helped secure higher earnings.

"This result highlights our ability to serve a growing customer base," said Selim RF Hussain, managing director and chief executive officer of BRAC Bank.

"It is also a clear indicator of our long-term ambition of doubling our business by 2025," he added while thanking the lender's customers and stakeholders for their unwavering trust and support.

On an annual basis, deposits at the private commercial bank rose 34 percent to Tk 57,511 crore while its revenue grew 37 percent to Tk 2,061 crore in the January-June period, shows a press release.

Also, BRAC Bank's earnings per share rose to Tk 2.95 from Tk 1.75 while its net operating cash flow per share surged to Tk 35.83 from Tk 19.61 driven by higher customer deposit mobilisation.

Besides, the lender improved its non-performing loan ratio to 2.89 percent in the first half of 2024, down from 3.38 percent as of December 2023.

"My gratitude goes out to the dedicated BRAC Bank team for their relentless effort," Hussain said while also thanking Bangladesh Bank for taking timely regulatory measures amid the economic downturn.

Pubali Bank posts 55% rise in half yearly profit

STAR BUSINESS REPORT

Pubali Bank reported a significant 55 percent year-on-year increase in profits in the first six months of this year.

The amount was Tk 431.44 crore whereas Tk 278.27 crore in the same period a year earlier, according to its unaudited financial statements.

As a result, the bank's consolidated earnings per share rose to Tk 3.73 from Tk 2.41 in the same period last year.

Meanwhile, Pubali Bank's net operating cash flow per share saw a substantial turnaround, reaching Tk 17.15 from Tk 2.28 in the negative.

The net asset value (NAV) per share was Tk 44.29.

Pubali Bank's origins trace back to 1959 when it was established as Eastern Mercantile Bank, aimed at providing credit to entrepreneurs in the then East Pakistan.

Once Bangladesh gained independence in 1971, the bank was nationalised and renamed Pubali Bank. In 1983, it transitioned back to a private entity and adopted its current name, Pubali Bank.

Pubali Bank continues to enable the socio-economic, industrial, and agricultural development of Bangladesh through savings mobilisation and fund investment, according to its website.

Global economy's growing resilience at odds with rate cut expectations: poll

REUTERS, *Bengaluru*

Optimism about global growth prospects this year and next is building among hundreds of economists polled by Reuters, with risks still tilted toward higher inflation even as they cling on to their forecasts for interest rate cuts.

While most major central banks were successful last year in taming sky-rocketing inflation rates with rapid rate hikes, a resilient global economy with strong employment and wage growth has kept alive risks of price pressures surging again.

In all, a 56 percent majority of economists - 114 of 202 who responded to a question about inflation in the global poll covering nearly 50 top economies taken July 8-25 - said it was more likely to be higher than they forecast for the remainder of the year than lower. So too with rates.

The global economy was forecast to grow 3.1 percent this year and next, an upgrade from the 2.9 percent and 3 percent forecast in an April poll and roughly in line with the International Monetary Fund's latest prediction.

But even with that upgrade, many central banks are still expected to cut rates at least twice by year-end.

"I think the big story here is that growth globally has managed to keep grinding ahead ... the global economy has managed to hang in there in the face of a lot of stresses and strains and of course the major tightening cycle of the past two years," Douglas Porter, chief economist at BMO Capital Markets, said.

US stocks finished mixed Monday in choppy trading as investors await the results of a Federal Reserve meeting and earnings from several megacap technology companies later this week.

"It's still growing a little faster than 3 percent despite a wide variety of challenges ... Our call is for growth to hang in there in the neighborhood of 3 percent through the second half."

A resilient global economy with strong employment and wage growth has kept alive risks of price pressures surging again

That optimism stands in contrast to worries earlier this year whether the US economy would be able to absorb such an aggressive season of monetary tightening without a downturn, even though concerns about the No. 2 economy, China, remain.

Growth rates for 24 of the 48 top economies surveyed were upgraded from three months ago, with 13 of those from developed economies, where there had been concerns about flagging demand, and the remaining 11 in emerging ones.

Eighteen economies saw a downgrade and six were left unchanged.

Still, among major central banks, economists expect the Federal Reserve and the Bank of England to cut rates twice this year, and the European Central Bank three, the survey showed.

Forecasters have held to a more consistent view than financial traders and investors. Aggressive market pricing for rate cuts at the start of the year retreated from six Fed cuts, down to one or two recently, and is now back to three.

With growth holding up for now, inflation still will mostly dictate how low interest rates can go and when. Even now a good majority of central banks - 19 of 27 with an inflation target - were not expected to meet it by end-2024.

"Risks are building ... in global core goods prices, where shipping costs are nearing 2021/22 highs," James Rossiter, head of global macro strategy at TD Securities, said.

"We don't expect as big a boost to inflation this time around ... But the threat of higher core goods inflation could reduce the offset to sticky services inflation and slow rate cuts."

Asked which component of core inflation will be the most sticky for the remainder of 2024, a majority - 56 of 104 who responded to that question - said services, followed by 30 choosing shelter and rents. The remaining 18 cited others.

A 60 percent majority, 131 of 220, said interest rates by the end of the year were more likely to be higher than they currently forecast instead of lower.

Linde's Q2 profit goes up 46%

STAR BUSINESS REPORT

Linde Bangladesh reported a profit of Tk 10.11 crore for the April-June quarter of 2024.

This was a 46.52 percent increase from the Tk 6.90 crore it generated in profits in the same period last year.

The company's profit was Tk 19.84 crore for the first half of 2024 whereas Tk 13.74 crore in the January to June period of last year, according to its financial statements.

The earnings per share (EPS) from the January-June period this year was Tk 13.04 whereas Tk 9.03 in the corresponding period of the previous year.

The rise in EPS was attributed to higher profits. It was partially offset by an increase in operating expenses and the depreciation of the local currency.

The net asset value (NAV) per share stood at Tk 384.30, up from Tk 371.27. The increase in NAV was primarily due to the profit earned during this period, said the company.

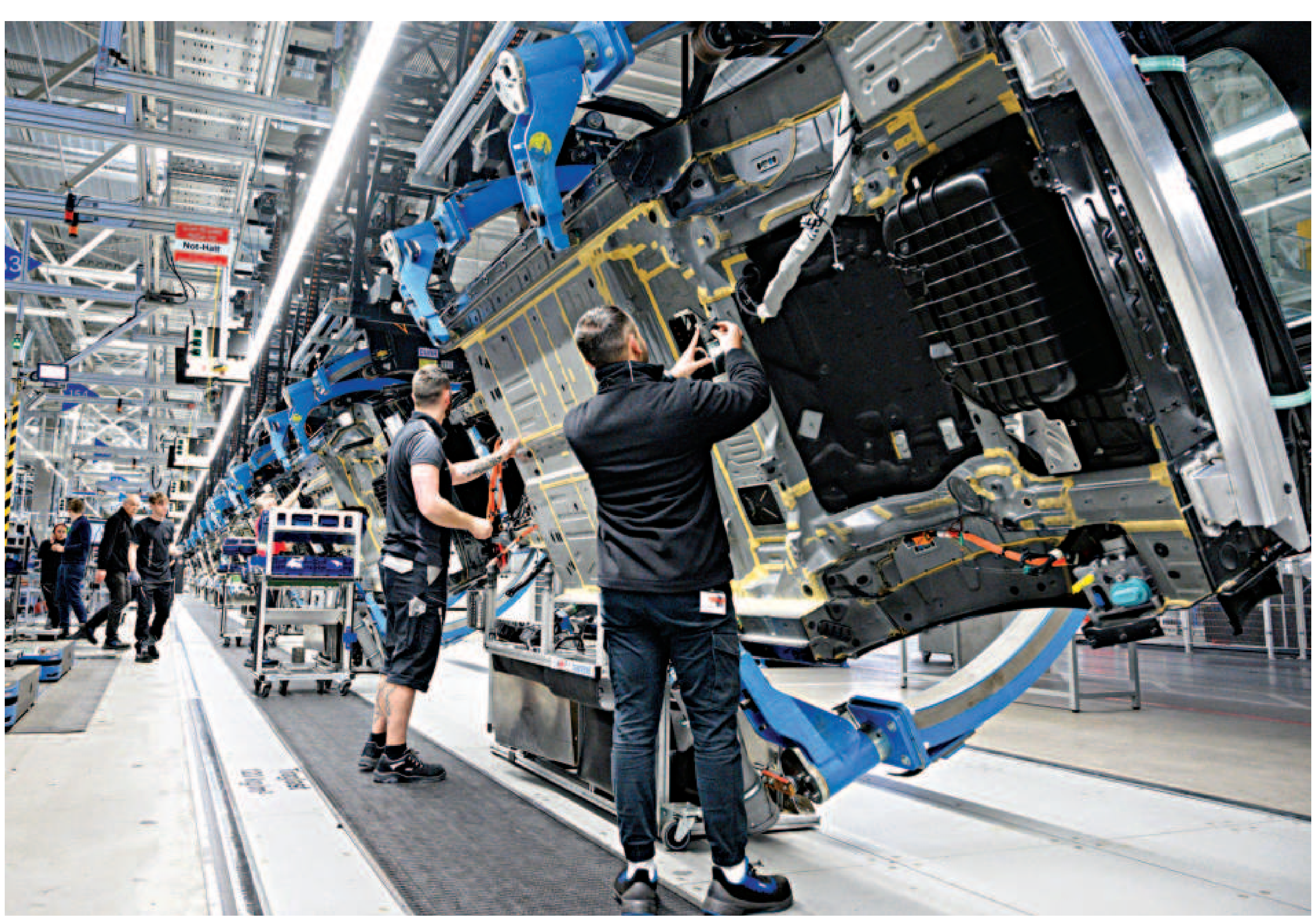
The net operating cash flow per share also improved, rising to Tk 13.69 from Tk 11.74.

Linde Bangladesh, a subsidiary of Linde PLC, a leading global industrial gases and engineering company, has a longstanding presence in Bangladesh dating back to the 1950s.

Operating from three locations—Tejgaon, Rupganj, and Shitalpur—Linde Bangladesh serves over 35,000 customers through seven sales centres nationwide, according to Linde Bangladesh's website.

The company offers products such as liquid and gaseous oxygen and nitrogen, argon, acetylene, other gas mixtures, medical oxygen and medical equipment and accessories.

Shares of Linde Bangladesh fell by 0.75 percent to Tk 1,032 at Dhaka Stock Exchange yesterday.



Employees of German car maker Mercedes-Benz work on the bottom side of an EQS passenger car at the Mercedes-Benz manufacturing plant in Sindelfingen, southwestern Germany. Eurozone's growth will delight many but concerns remain over Germany, which is weighing on the single currency area's performance.

PHOTO: AFP/FILE

Eurozone economy grows more than expected

AFP, *Brussels*

The eurozone economy grew faster than expected in the second quarter of 2024, official data showed Tuesday, confirming the single currency area's rebound since January despite Germany's weak performance.

The figures will likely support the European Central Bank's view that there is no need to rush to further lower interest rates so soon after a rate cut in June.

The EU's official data agency said the 20-country single currency zone recorded growth of 0.3 percent over the April-June period, beating economists' forecasts.

Analysts surveyed by FactSet and Bloomberg had expected growth of 0.2 percent.

That comes after the eurozone also grew by 0.3 percent in the first quarter of this year, breaking away from stagnation in the second half of 2023.

In the final six months of last year, the eurozone recorded zero percent growth.

The better-than-hoped-for growth will delight many but concerns remain over Germany, Europe's largest economy, which is weighing on the single currency area's performance.

Germany's output contracted by 0.1 percent in the second quarter.

"All in all, today's data once again confirms that Germany is the growth laggard of the eurozone," ING Bank's Carsten Brzeski said.

But he added that "a rebound in the second half of the year is still possible, even though it is highly unlikely that it will be a strong one".

There are however warning signs for the European economy after data last week showed business activity in the eurozone slowed further in July, with persistent weakness in the manufacturing sector.

In stark contrast to Germany, France, the eurozone's second biggest economy, and Spain, the fourth, beat forecasts to grow in the second quarter by 0.3 percent and 0.8 percent respectively.

France is currently hosting the Olympic Games in Paris, which Capital Economics said should give "a small boost" to the eurozone economy in the third quarter of 2024.

Growth in Spain, one of the region's strongest performers, was driven by exports and strong household spending, while in France, output grew thanks to foreign trade and a recovery in corporate investment.

Southern Europe appeared to be doing better than its counterparts elsewhere on the continent.