

star BUSINESS



NBR doubles tax to 20% for refrigerator, AC and bike makers

STAR BUSINESS REPORT

The National Board of Revenue (NBR) has doubled the corporate income tax rate to 20 percent for manufacturers of freezers, refrigerators, motorcycles, air conditioners (ACs), and compressors, starting from the fiscal year 2025-26.

In a notification issued yesterday, the tax authority said that producers of these electronic appliances and two-wheelers will have to pay the revised tax rate until June 30, 2032.

"We have been advised by the high-ups to hike the rate," said a senior revenue official preferring anonymity.

This comes following the recent move to hike value-added tax (VAT) on 43 items and services as the government looks to bolster revenue collection and enhance fiscal space, and also to fulfil conditions of the International Monetary Fund (IMF).

The tax authority said that producers of these appliances and two-wheelers will have to pay the revised tax rate until June 30, 2032

Aiming to encourage domestic manufacturing to build capacities and create jobs, the revenue board began offering tax privileges to freezer, refrigerator, and motorcycle manufacturers in July 2009, initially setting the corporate tax rate at 5 percent for 12 years.

The concession was extended later. However, the NBR increased the tax rate to 10 percent from fiscal year 2020-21, with air conditioners added to the list of eligible products.

Md Nurul Afser, deputy managing director of Electro Mart Group, said the taxes could have been hiked gradually and based on a slab.

"As the overall business suffers from an economic slowdown, it will be a pressure for us if taxes and VAT are hiked simultaneously," he said.

The latest decision comes as the government seeks to bolster revenue collection, enhance fiscal capacity, and reduce reliance on borrowing from both domestic and foreign sources to finance expenditures.

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Listed firms' profit drops 24% amid economic slowdown, political turmoil

AHSAN HABIB

Listed companies across all sectors saw their profits fall by around 24 percent on an average year-on-year during the last January-September period, due mainly to an economic slowdown and widespread political turmoil, according to an unofficial estimate.

Shanta Securities, a leading brokerage firm, calculated this figure based on data published by the listed companies.

In its report titled "Bangladesh Finds its Lighthouse Amid Reform Hopes," Shanta Securities said the paper and printing, and ceramic sectors were the worst victims, with their earnings declining by over 149 percent in the first three quarters of 2024.

Profits in the textile and tannery sectors declined by over 70 percent, while the fuel and power sector saw a 62 percent profit erosion.

The engineering sector experienced a 42 percent profit decline, and the banking sector's profits fell by 17 percent.

Apart from the economic slowdown and political turmoil, the report cited higher interest rates on bank loans and a surge in raw material prices as key contributors to increased business costs.

Besides, low export orders in the textile

REASONS BEHIND PROFIT DROP

- » Slowdown in economic activities
- » High interest rate
- » Surge in raw material prices
- » Disruption in supply chain in Jul-Aug
- » Low work orders in textile sector
- » Higher provisioning in banks

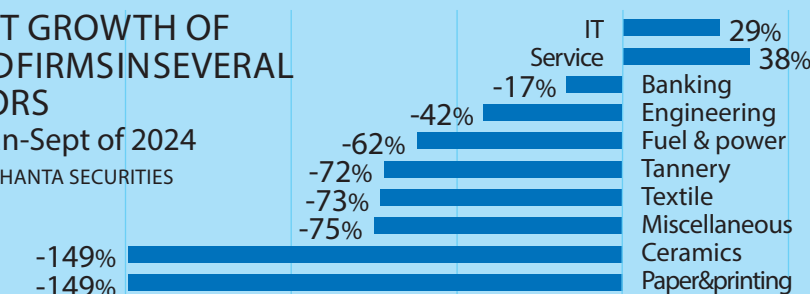
MAJOR CHALLENGES IN 2025

- » Political instability
- » Banking sector instability
- » Elevated inflation
- » High interest rate
- » Exchange rate volatility

PROFIT GROWTH OF LISTED FIRMS IN SEVERAL SECTORS

In %; Jan-Sept of 2024

SOURCE: SHANTA SECURITIES



sector and higher provisioning in the banking sector were identified as factors contributing to lower earnings.

After mid-July, overall business activities came to a grinding halt as the quota reform movement spread throughout the country, according to the report.

This situation further deteriorated with deadly crackdowns by law enforcement agencies and army deployment, curfews and the ouster of the government eventually through a mass uprising in the first week

of August.

Subsequently, the interim government assumed office. Regarding the political changeover, the report said, "Things started to improve slowly after the new government took over."

However, the report cautioned that "business activities are yet to reach pre-July 2024 levels due to a cautious stance among businesspeople".

REGAINING ECONOMIC MOMENTUM MAIN CHALLENGE

Domestically, the report identified the containment of inflation, meeting government revenue target and maintaining

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Monetary policy likely in last week of January

STAR BUSINESS REPORT

Bangladesh Bank will soon announce its monetary policy for the second half of the ongoing fiscal year (2024-25) with the aim of addressing several economic challenges plaguing the country.

Sources at the central bank confirmed that the next monetary policy is being formulated, and that Governor Ahsan H Mansur will likely declare it by the last week of January.

As part of its efforts, the central bank has invited all interested individuals and institutions to send their suggestions and feedback

This will be the first monetary policy announced by Mansur since he became governor of Bangladesh Bank following the political changeover on August 5.

As part of its efforts, the central bank has invited all interested individuals and institutions to send their suggestions, opinions, and feedback regarding potential policy measures by January 15.

Additionally, the monetary policy department of Bangladesh Bank will hold meetings with internal and external stakeholders as well as economists from January 12.

But beforehand, the monetary policy department will hold a meeting with its executive directors and other senior officials at the central bank headquarters that same day to take their suggestions.

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Local refiners have proposed reviewing soybean and palm oil prices just a month after the government substantially raised the rates.

PHOTO: STAR/FILE

Soybean oil prices rising again

SUKANTA HALDER

Edible oil prices have been rising over the past week in the local market, as grocers say they are not getting enough supplies from the cooking oil companies.

Amid the supply shortage in the retail market, soybean and palm oil refiners have proposed the authorities review the prices, which were raised just a month ago.

To be specific about the latest price rise, the price of a one-litre bottle of soybean oil has increased by 1.46 percent, according to the state-run Trading Corporation of Bangladesh (TCB) under the commerce ministry.

In the case of a one-litre bottle of palm oil, the price has increased by 0.31 percent.

In other words, bottled soybean oil was sold for Tk 173 to Tk 175 per litre yesterday – up from Tk 168 to Tk 173 a week ago.

As for palm oil, each litre was sold for Tk 162. It was Tk 159 a week ago. On January 6, the Bangladesh Vegetable Oil Refiners' and Vanaspati Manufacturers' Association requested the commerce ministry to adjust prices of soybean and palm oil in tune with the global market.

The association also mentioned that they submitted the proposal as per a decision of its meeting with the

Ministry of Commerce last month.

After analysing the prices of crude soybean and palm oil in the global market, it is necessary to adjust the prices in the domestic market, it said in the letter.

The price adjustment is necessary to ensure a normal supply of the key item during the upcoming holy month of Ramadan, it mentioned in the letter.

After analysing the prices of crude soybean and palm oil in the global market, it is necessary to adjust the prices in the domestic market, according to refiners

As per the decision of the last meeting, the price adjustment is scheduled to take place on January 10.

The government on December 9 raised the retail prices of soybean and palm oil by Tk 8 per litre. The price of bottled soybean oil was set at Tk 175, and loose soybean oil and palm oil at Tk 157.

The new rates came into immediate effect and, according to decisions taken at a meeting between ministry officials and industry leaders, the prices would be readjusted every month.

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EBL CLIMATE CHANGE ACTION AWARDS 2025

The EBL Climate Change Action Awards 2025, initiated in partnership with the US, German, French, and Danish embassies, aims to recognize and celebrate outstanding contributions towards tackling the most pressing challenges of climate change and promoting sustainability in Bangladesh. The awards will honor individuals, businesses, and organizations excelling in five different categories, thereby fostering innovation and leadership in addressing climate challenges.

Log on to our website www.ebl.com.bd for detailed submission guidelines.

Any queries related to submission, please contact us at submission@ebl-bd.com or 09666777325

Submission closing: January 31, 2025

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