NBR plans to install nearly 20,000 EFDs in jewellery shops

SUKANTA HALDER

The National Board of Revenue (NBR) plans to install nearly 20,000 electronic fiscal devices (EFDs) in jewellery shops across the country to boost revenue collection from the sector.

As part of this nationwide initiative, the tax administration has initially selected 17 districts, including Narayanganj, Narsingdi, Munshiganj, Manikganj, Savar, Gazipur, Mymensingh, Netrokona, Kishoreganj, Sherpur, Tangail, Jamalpur, Chattogram, Cox's Bazar, Bandarban, Khagrachhari, and Rangamati.

According to NBR sources, the administration issued a letter to the leaders of the Bangladesh Jewellers Association (Bajus) and held a meeting with them to facilitate the process.

The NBR is scheduled to hold a virtual meeting with stakeholders on Thursday to raise awareness about the initiative.

Genex Infosys PLC Ltd has been assigned to install the EFDs, as stated in an official letter issued by the NBR.

This initiative comes at a time when the revenue board is struggling to meet its collection targets and has recorded a year-on-year decline in revenue.

During the first five months of the current fiscal year, the tax administration collected Tk 130,185 crore, marking a 2.62 percent decrease compared to the same period last year.

Additionally, on January 9, the NBR raised value-added tax (VAT) and supplementary duty (SD) on nearly 100 goods and services, despite concerns that the move could exacerbate inflation and slow economic activity.

The VAT and SD hike aligns with recommendations from the International Monetary Fund (IMF), which approved a $4.7 billion loan for Bangladesh in January last year.

PHOTO: STAR

In the first phase, electronic fiscal devices will be installed across jewellery shops in the Dhaka and Chattogram divisions.

The IMF advised that the government rationalise tax exemptions, improve compliance with tax laws, and implement reforms to strengthen domestic revenue collection in the country, which has one of the lowest tax-to-GDP ratios in the world.

The NBR's letter also requested a list of jewellery establishments located in various markets and areas under the jurisdiction of the Dhaka Commissionerate.

"If it is not possible to provide the complete list at once, it is requested to submit it in phases," the letter added.

Masudur Rahman, spokesperson for Bajus, told The Daily Star that in the first phase, EFDs will be installed across all jewellery shops in the Dhaka and Chattogram divisions.

The installation will continue in phases across the remaining divisions, he added.

Currently, the number of registered VAT payers in Bangladesh is just over 500,000, as a significant number of eligible businesses remain outside the system.

According to Bajus, many jewellery shops in the country do not have VAT registration. The government's revenue will increase if EFDs are set up across all establishments, as such shops would be required to register.

According to government estimates, the demand for gold in the country stands at roughly 20 to 40 tonnes per year.

The commerce ministry says almost 80 percent of the demand is met through smuggling. Bajus added that gold worth around Tk 73,000 crore is smuggled into the country each year.

Germany's Hellmann to buy 40% stake in Summit subsidiary

STAR BUSINESS REPORT

Germany's Hellmann Worldwide Logistics International GmbH, one of the world's largest international logistics service providers, is going to buy a 40 percent stake in Container Transportation Services Ltd (CTSL) to strengthen its presence in Bangladesh.

Hellmann and the CTSL, a subsidiary of Summit Alliance Port Ltd (SAPL), signed a share subscription agreement in this regard on January 19, the SAPL said in a disclosure on the Dhaka Stock Exchange (DSE) yesterday.

Under the agreement, Hellmann is set to purchase 3.33 lakh newly issued shares of the CTSL for Tk 2.21 crore. Each share will bear a face value of Tk 10 while the premium will be Tk 56.50, subject to shareholder approval and regulatory compliance.

Upon completing the transaction, the ownership structure of the CTSL will comprise the SAPL holding a 60 percent stake while Hellmann will hold the remaining 40 percent.

This will pave the way for stronger collaboration between the two entities, according to the SAPL, a major local off-dock service provider for exporters and importers.

Shares of the SAPL soared 9.9 percent to Tk 22.2 per unit yesterday at the DSE.

The disclosure came six months after the CTSL began freight forwarding and shipping agency operations in July 2024 as the local agent of Hellmann Worldwide.

A freight forwarding agency organises the transportation of goods while a shipping agency handles the work directly related to shipping.

A positive impact of this venture was reflected in the SAPL's financial statement for the quarter that ended on September 30 last year, said the company, which handles over one-fifth of containerised exports and one-tenth of imports through Chattogram port.

Policy consistency critical for attracting foreign investment

Commerce Adviser Sk Bashir Uddin says

STAR BUSINESS REPORT

Commerce Adviser Sk Bashir Uddin questioned why foreign investors would be interested in investing in Bangladesh if even local entrepreneurs do not find the country's business environment conducive.

He stated that attracting local or foreign investment requires relevant policy support, adding that policy consistency is critical.

However, he opined that there is no alternative to increasing the private sector's capacity to meet the challenges of trade and investment in the future.

The commerce adviser made these comments during a meeting with Dhaka Chamber of Commerce & Industry (DCCI) President Taskeen Ahmed at the former's office at the secretariat yesterday.

Uddin noted that the student-led mass uprising in July, its subsequent impacts on the overall law and order situation, and floods across the country had caused supply chain interruptions and disrupted local business activities last year.

However, he added that the overall situation is already improving and that the government is working relentlessly to enhance the environment further.

He also expressed hope that prices of essential commodities would stabilise during the holy month of Ramadan, set to begin at the end of February.

Sk Bashir Uddin

He said the recent rise in rice prices had come to the government's attention and assured that efforts are being made to keep prices tolerable.

He emphasised that containing inflation and ensuring the continuation of overall economic development requires expanding tax collection and widening the tax net.

Mentioning that the private sector will face numerous challenges after Bangladesh graduates from the list of least developed countries (LDCs), the commerce adviser stressed that reforms in trade- and investment-related policies, along with collective efforts from all stakeholders, would be indispensable for the economy's betterment.

DCCI President Ahmed stated that radical reforms and modernisation of existing frameworks related to trade and investment -- including import-export policy, revenue structure, financial management, logistics policy, national budget, and monetary policy -- are essential to addressing the challenges of LDC graduation.

He noted that Bangladesh could not adequately prepare for the challenges of the post-LDC era due to the Covid-19 pandemic, the Russia-Ukraine war, unrest in the Middle East, and political instability in the country in 2024.

Ahmed suggested that the government consider deferring the process to allow sufficient time for preparation since the country will lose significant preferential trade benefits on the international market upon graduation.

He also criticised recent initiatives by the National Board of Revenue (NBR) to increase VAT, supplementary duty, excise duty, and taxes on over a hundred products, saying these measures have already caused concern among the general public and businesses.

Ahmed cautioned that if these measures are implemented in the current economic context, the impacts would include increasing inflation, raising the cost of doing business, and potentially hindering both local and foreign investment.

Although the government announced it would reconsider the proposed tariff hikes for several sectors, the DCCI president remarked that the timing of such moves, especially with Ramadan on the horizon, is unacceptable.

Govt to turn closed jute mills into fertiliser storages

STAR BUSINESS REPORT

Abandoned and closed state-owned jute mills in Bangladesh will be turned into fertiliser storage facilities, according to a senior official of the Ministry of Agriculture.

Mohammad Emdad Ullah Mian, secretary of the agriculture ministry, said this initiative will help tackle potential shortages of the key farming input in local markets.

"Domestic fertiliser crises will be eliminated. As part of a long-term plan, steps have been taken to increase the country's fertiliser storage capacity," he said.

Mian informed that the move is expected to save Bangladesh between Tk 1,500 crore and Tk 2,000 crore annually by reducing the need for local importers to place multiple orders. At present, fertiliser importers have to curtail their purchases considering the country's existing storage capacity.

As such, they have to order numerous batches of the agricultural input each year, thereby increasing expenses related to logistics and placing them at the mercy of exchange rate fluctuations.

He made these comments at the closing ceremony of a training programme for agricultural journalists held at the Press Institute of Bangladesh in Dhaka yesterday. Furthermore, Mian said a separate project for constructing new warehouses is also underway to enhance the country's fertiliser storage capacity.

"However, we do not want to increase the overall budget for such agricultural projects by even a single taka in the coming days," he added.

Mian also said a balance will be achieved in funding such projects, with unnecessary initiatives being shut down while essential ones will receive higher allocations.

Additionally, the agriculture secretary mentioned that instead of focusing solely on developing new seeds for crop production, efforts should be made to boost the supply of those already being used.

Bangladesh begins potato export to Nepal

OUR CORRESPONDENT, *Thakurgaon*

Over the past two days, Bangladesh exported 84 tonnes of potato to Nepal through the Banglabandha land port in Panchagarh, which also connects the country to neighbouring India and Bhutan.

The local exporter, called Things to Supply, used clearing and forwarding agent Taseen Trade Link to ship the potatoes, which were delivered to the Siddhi Binayak Potato Store in Nepal.

A shipment of 42 tonnes was sent daily on Sunday and Monday, marking the start of this season's potato exports via the port, said Mithun Roy, assistant manager of Banglabandha land port.

The potatoes were sourced from Pirganj upazila in Thakurgaon and exported at $152 per tonne, according to Mominur Islam, a representative of Taseen Trade Link. He said the potatoes were shipped to Kakarbhitta in Nepal, with regular exports expected to continue.

About 95 percent of all imports through Banglabandha land port consist of stone from India and Bhutan, with others including tea-processing machinery, molasses, ginger and onion from India and Nepal.

Meanwhile, Bangladesh mainly exports raw jute, cotton rags, glass, medicine, batteries, food products and tissue paper through the port to India and Nepal.

Trump's inauguration poses new test for Western firms in Russia

REUTERS, *London/Moscow*

Hold or fold?

That is the dilemma facing the hundreds of Western companies still operating in Russia as Donald Trump returns to the White House with a promise to end the Ukraine conflict while Moscow's tougher exit conditions make it costlier to leave.

Many companies, including Renault, McDonald's and Heineken have left Russia since Moscow sent troops into Ukraine in February 2022, usually taking hefty writedowns and selling their assets at steep discounts demanded by the Kremlin.

Others have stayed. Makers of food and hygiene products, such as PepsiCo, Procter & Gamble and Mondelez have maintained a presence citing humanitarian reasons. European lenders Raiffeisen Bank International and UniCredit remain ensnared by profits stuck in Russia and the need for exit approval from Moscow.

Russia tightened its exit terms in October to encourage businesses to stay, demanding discounts of at least 60 percent on exit transactions and a 35 percent "voluntary contribution" to Russia's budget from the deal price, termed an "exit tax" by Washington.

Reuters spoke to 15 lawyers, bankers, advisers and business people involved in dozens of Western corporate exits from Russia for this story. They said that companies still present would be carefully watching what Trump, who will be sworn as president of the United States on Monday, can deliver and adjusting their plans accordingly. Some requested anonymity to speak freely.

"Trump's election victory adds another layer of uncertainty for multinationals with assets in Russia," said Ian Massey, Head of Corporate Intelligence, EMEA, at global risk consultancy S-RM. "While the Kremlin continues to ratchet up the costs of leaving the Russian market, Trump may reduce the costs of staying, creating a kind of stasis."

It is far from clear what Trump can accomplish in his second term, with his advisers now conceding the conflict will take at least months to resolve.

PHOTO: AFP/FILE

In this file photo, people queue outside an H&M clothing store, which opened the final sales before shutting down its business operations in Russia, at the Metropolis shopping centre in Moscow.

Yet his mere arrival may give some companies the political cover to stay on in Russia, while others could see prospects for potential sanctions relief as an opportunity to leave.

"We might see some sanctions being dialled down if the new administration is able to negotiate a settlement of the conflict in Ukraine," said Alan Kartashkin, Partner at Debevoise and Plimpton. That could unfreeze some foreign-owned assets stuck in Russia, unlocking another wave of exit deals, he said.

Companies already reluctant to leave may be more likely to wait things out, said an M&A investor who has worked on dozens of deals. Another person, who has advised on over 100 exits, said Trump's return may also cause those looking to cut ties with Russia to change plans and decide to stay.

Alexei Yakovlev, director of the finance ministry's financial policy department, told Reuters in December that negotiations on exit deals were ongoing, without naming specific companies.

Asked whether Trump's arrival may pause exits or see some companies return, he said: "That's beyond our understanding."

A lot has changed since the relative free-for-all in dealmaking of 2022, six of the people said, particularly in terms of navigating the whims and demands of the exit committee.