Withdraw 'excess' internet taxes

Interim govt task force recommends

STAR BUSINESS REPORT

An interim government-formed task force has recommended withdrawing "excess taxes" on the internet by declaring it a social good.

A social good refers to a product or service that benefits society as a whole and should be accessible to all, regardless of their economic status.

The task force on "Restrategising the Economy and Mobilising Resources for Equitable and Sustainable Development" made the statement in a report published last month.

"Declare the internet as a 'social good' and eliminate all forms of excessive taxation (such as 20 percent supplementary duty, surcharge, revenue sharing)," it said.

According to the taskforce, this measure will lower mobile data costs and significantly boost internet adoption in rural, low-income areas

According to the taskforce, this measure will lower mobile data costs and significantly boost internet adoption in rural, low-income areas.

The task force was headed by KAS Murshid, a former director general of the Bangladesh Institute of Development Studies.

The proposal was included in a chapter titled "Embracing the Digital Economy: A Rapid Transition", written by task force member Fahim Mashroor, CEO and co-founder of bdjobs.com.

The task force also advised liberalising the telecommunication licensing system in favour of unified licensing for the full ecosystem.

By reducing regulatory layers, it will help eliminate rent-seeking that inflates transmission and distribution costs. Additionally, this will substantially increase foreign direct investment in the sector, it said.

The task force also advocated mandatory resource and infrastructure sharing (active sharing), including towers and spectrum, to enhance resource efficiency and reduce costs.

"It will enable all industry players to better monetise their investments and pass on financial benefits to end users through lower prices. Additionally, it will improve service quality in underserved areas," it said.

The task force made four proposals on digital public infrastructure.

It suggested establishing a unified personal ID system for all citizens to enable seamless authentication, verification, and integration of identity information, ensuring efficient access to public and private services.

The task force also recommended enacting personal data protection laws and sharing an ordinance/act to establish a legal framework for privacy protection and to ensure individuals retain ownership over their personal data.

This would facilitate innovation, support technological advancements, and safeguard citizens' rights, it said.

The task force proposed developing a "Consent Framework and Data Transfer & Sharing Architecture" to empower individuals to control their data usage and extract greater value from it.

It will also enable instant digital payments across multiple platforms to ensure seamless interoperability of all financial transactions (P2P, P2B, P2G) in real-time, it said.

The task force made three recommendations for digital industry development.

It called for prioritising mid-level technical leadership development over general digital skills at the junior level, addressing the key barrier to industry growth -- an acute shortage of technical leadership in local IT firms.

The task force also emphasised the need to refine and simplify financing regulations to enable local financial institutions, including banks and capital markets, to fund the digital industry without depending on traditional collateral-based financing.

This would have a major positive impact on industry growth by resolving funding constraints, both short and long-term, driving innovation, fostering product development, and facilitating expansion into global markets, it said.

It also advocated regulatory support to attract both inbound and outbound FDI, enabling the integration of international financing models, including venture capital and debt financing, with the local industry.

At the same time, export-focused local firms will gain opportunities to expand their operations through acquisitions or investments abroad, said the task force.

Textile millers urged to raise solar energy use

Textile and garment machinery exhibition begins

STAR BUSINESS REPORT

Commerce Adviser Sk Bashir Uddin yesterday urged textile millers to increase the use of solar energy to cut production costs and reduce dependence on fossil fuels in order to stay competitive.

Businesses must enhance their capacity to remain competitive in global trade as Bangladesh will no longer enjoy preferential market access once it graduates from the least developed country (LDC) category, he said.

"The fixed cost must be reduced at any cost," he said while inaugurating the 19th edition of the Dhaka International Textile & Garment Machinery Exhibition at International Convention City Bashundhara in the capital.

Bangladesh Textile Mills Association (BTMA), in collaboration with Hong Kong-based Yorkers Trade & Marketing Service Co Ltd, organised the four-day exhibition to showcases the latest fabrics and textile technologies.

The exhibition features 1,600 stalls and over 1,100 top brands from 33 countries.

Leading enterprises from China, Germany, India, Italy, Japan, South Korea, and Turkey are participating in the show.

BTMA President Mohammad Ali Khokon said investment in the primary textile sector stands at $22 billion, and entrepreneurs were willing to invest more if the government ensures projections on gas prices and bank interest rates for the next 10 years.

Md Hafizur Rahman, administrator of the Federation of Bangladesh Chambers of Commerce and Industry, Fazlee Shamim Ehsan, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association, and Akai Lin, overseas director of Yorkers Trade & Marketing Service Co Ltd, were also present at the inauguration.

Asset recovery should not stop for political reasons: BB governor

FROM PAGE B1

took at least five years in each case.

Discussing the asset recovery process, he stressed that there is no reason for pessimism and expressed optimism about the country's efforts.

"We have already received considerable assistance from various countries, and joint investigation teams have been formed. However, this is not something that can be completed in one or two years.

"It is critical that the next government continues these efforts in the right direction. If the process is interrupted, success will not be achieved," he noted.

The governor also highlighted the need for strong measures to address the challenges facing the banking sector.

He mentioned that a draft of the Bank Resolution Act had already been prepared and that weak banks would be recapitalised, ensuring full protection for depositors.

He cited Islami Bank Bangladesh, which was among the hardest hit with one family allegedly taking away 87 percent of the bank's total loans.

Despite this, he pointed out that the bank has since recovered due to public trust and is now receiving significant deposits and issuing loans.

On the country's economy, the BB governor mentioned that the nation has always faced challenges, but never before has it encountered such a combination of issues.

While Sri Lanka faced only a Balance of Payments (BoP) crisis, Bangladesh has experienced significant money laundering alongside problems like BoP deficits, inflation, revenue shortfalls, and currency devaluation.

However, he provided some positive news: the current account of the BoP, which reflects the sum of a country's net exports, income, and transfers, has turned positive, and inflation is on the decline.

He also mentioned that interest rates on treasury bills and bonds have started to decrease, noting that the rate, which had risen to as high as 12.5 percent, is now down to 9.5 percent.

"This indicates that the central bank's policies are starting to work. It will take about 1 to 1.5 years to see the complete results," he added.

Addressing the bleak investment scenario in the country, Mansur said that the lack of investment was not solely due to high interest rates. Rather, he said the main issue was the low deposit growth, which increased by only 7.5 percent.

He also pointed out that the days when managing directors of banks could sit idly and still make profits are over.

"In the future, they will need to lend to the private sector to generate income," he said, adding that even if the Bangladesh Bank does not reduce the interest rate, the rate will decrease as market conditions change.

Regarding foreign exchange reserves, the governor gave assurances that there is no need to worry. Thanks to the crackdown on money laundering, remittances from expatriates have increased, showing a 24 percent growth so far.

He projected that remittances would exceed $30 billion by the end of this fiscal year. He also mentioned that exports are on the rise.

"Overall, after the political changeover, the exchange rate has remained stable without selling a single dollar from the reserves," he stated.

He also responded to questions about the dollar rate of Tk 122 per USD, saying, "We have maintained that the rate will not be determined by Dubai. Our banks will buy dollars at the rate we set."

Currently, the open market rate is Tk 123.50 per USD, while banks are offering it at Tk 121.50 per USD. With an additional 2.5 percent incentive, the rate becomes Tk 124 per USD, meaning banks are getting a better rate.

"Over time, the dollar rate will be determined by the market, but that will not happen immediately," the governor concluded.

Mustafizur Rahman, senior fellow at the Centre for Policy Dialogue, said, "We have never before faced such a combination of challenges in the post-independence period."

He stated that while most people would view controlling inflation as the primary challenge, the focus should instead be on increasing people's purchasing power by boosting investment.

"Major reforms must be made to the banking sector and the National Board of Revenue. Direct taxes should be increased in place of indirect taxes," he emphasised.

Regarding banking reforms, he noted that the Ministry of Finance should move away from its tendency to interfere with the Bangladesh Bank.

The economist also stressed that the interim government must make tangible progress in recovering laundered money to set a precedent for the next administration.

Mohammad Ali, managing director of Pubali Bank, said everything should be integrated in real-time to ensure good governance and transparency.

He raised concerns about the eKYC (Electronic Know Your Customer) system, questioning, "If a fugitive opens an account and begins transactions through this system, who will take responsibility?"

The seminar was chaired by ERF President Doulot Akter Mala and conducted by ERF Co-General Secretary Manik Muntasir.

Talks on trade deals show

FROM PAGE B1

According to the statement, both sides decided to work on scheduling dates for the fifth round of negotiations through diplomatic channels.

Bashir Uddin added that the government first needs to examine whether the country will benefit before signing such deals.

However, other promising negotiations appear to have fallen by the wayside.

Under the previous regime, Bangladesh and neighbouring India made progress in signing a CEPA, even conducting a joint feasibility study more than two years ago. However, no formal meeting has been held since then.

In the case of China, a joint feasibility study was conducted and formal negotiations were supposed to be launched during former prime minister Sheikh Hasina's visit to China last year. But those formal negotiations have not yet commenced.

Bangladesh's imports from China -- mainly comprising raw materials, capital machinery, textile fabrics, chemicals, yarn, woven fabrics, garment articles, and food items -- declined to $16.63 billion in the fiscal year 2023-24 from $17.82 billion the previous fiscal year.

According to Rahman, the progress of negotiations with Japan is positive since an EPA with Japan would enhance Bangladesh's image and could be leveraged to sign deals with other countries.

Acting Commerce Secretary Abdur Rahim Khan also said the progress on talks for bilateral trade agreements has not been halted. Apart from Japan, he said preliminary negotiations with Singapore and South Korea are ongoing.

"If any country shows interest in negotiations, then talks can occur. Negotiations do not take place unilaterally," Khan said.

In the case of Japan, the negotiations have been progressing according to the previously set roadmap, with Japan insistent on strictly following the timeline, he added.

Bangladesh has long been negotiating with countries to sign trade deals, but so far, only a PTA with Bhutan was signed in December 2020.

Currently, Bangladesh also enjoys trade benefits from the South Asian Free Trade Area (SAFTA) and the Asia-Pacific Trade Agreement (APTA).

Review RMG wage annually

STAR BUSINESS REPORT

Researchers from Cornell University's Global Labor Institute (GLI) yesterday called for an annual review and wage-setting process in Bangladesh instead of reviewing wages every five years.

The analysis found that, given current inflation rates, garment workers in Bangladesh paid the minimum wage are losing income year after year, Jason Judd, executive director of GLI told journalists in Dhaka.

Currently, garment workers receive a nine percent adjustment to their basic payment annually, mainly to adjust to inflation.

NBR eases

FROM PAGE B1

managing director of Shwapno, Bangladesh's largest retail chain, said, "Previously, the 5 percent VAT or the currently effective 7.5 percent VAT on supershops was an extra financial burden for customers."

"Now, that additional expense will no longer exist. Hopefully, this will bring more balance to the market system," he added.

On January 9 this year, the revenue board issued an ordinance raising the trade VAT rate from 5 percent to 7.5 percent, which also applied to supershops. Following this, the Supermarket Owners Association and senior executives of various supershops held discussions with NBR officials, requesting a reduction in the VAT rate.

However, instead of lowering the rate, the NBR simplified the VAT process for supermarkets.

In the past, supermarkets collected an additional 5 percent VAT beyond the MRPs, increasing costs for consumers, said the NBR official.

"This was inconsistent with consumer law. So from now on, supermarkets will follow the standard VAT rate of 15 percent, maintain proper records of purchases and sales, and claim VAT rebates. This will relieve consumers from paying extra trade VAT," he added.

The revenue board's latest decision aims to simplify tax compliance and ease operational hurdles for supermarket businesses, according to NBR officials.

Gold prices hit all-time high in Bangladesh

STAR BUSINESS DESK

Gold prices have reached an all-time high of Tk 154,525 per bhori, making the precious metal more expensive for customers.

Bangladesh Jewellers' Association (Bajus) yesterday announced an increase in the price of gold to Tk 13,248 per gramme, effective from today.

This marks a 2.14 percent rise from three days ago, when the price was Tk 12,970, due to the increase in the price of pure gold in the domestic market.

With the new rate, customers will need to pay Tk 154,525 per bhori (11.664 grammes), starting today, according to a press release from Bajus.

The previous price for a bhori of 22-carat gold was Tk 151,282.

Gold prices, which Bangladesh heavily depends on foreign sources for, have been rising steadily for over a year. This is due to both hikes in the international market and volatility in domestic supply.

In July 2023, the price of gold surpassed Tk 100,000 for the first time in Bangladesh.

The country requires between 20 and 40 tonnes of gold, with about 80 percent of the demand being met through smuggling.

BTRC limits

FROM PAGE B1

were prepared to supply additional bandwidth immediately.

Under the revised framework, the IIG operators can maintain up to 10 percent of their total connected bandwidth as backup capacity via satellite earth station or VSAT until an alternative international long distance communication (ILDC) route was available.

A satellite earth station refers to any ground station that communicates with satellites. The VSAT (very small aperture terminal) is a specific type of satellite earth station that uses small dish antennas to transmit and receive data via satellite, typically used in remote areas where other forms of internet access are limited.

Operators must adhere to service level agreements (SLAs) and obtain prior approval from the BTRC to secure backup bandwidth via satellite.