

star BUSINESS



65% registered taxpayers skipped filing returns. Why?

MD ASADUZ ZAMAN

Tax compliance is a vital pillar of a country's economic stability. But in Bangladesh, despite various government efforts to widen the tax net, an alarming 65 percent of eligible taxpayers did not bother filing their returns within the deadline, which was extended thrice this year.

That means two out of every three taxpayers are yet to submit their income tax returns, a document filed with a tax authority that reports income, expenses, and other relevant financial information.

As of February 16 this year, only 39.86 lakh taxpayers, including 13,066 companies, filed their tax returns out of around 1.14 crore taxpayer identification numbers (TINs) holders, according to the National Board of Revenue (NBR).

This creates revenue shortfalls, deepens economic inefficiencies, and dampens the effectiveness of tax administration.

All these are happening at a time when Bangladesh has one of the lowest tax-GDP ratios in the world despite posting high economic growth over the past decade.

The failure of a significant portion of registered taxpayers to file returns has several other negative repercussions.

The government has lost a substantial amount of potential revenue, affecting its ability to invest in infrastructure, education, healthcare, and other critical sectors.

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Private sector struggling under mounting pressure

Businesses say at seminar

STAR BUSINESS REPORT

The private sector is facing increasing uncertainty as stubbornly high inflation, stagnant investments and inconsistent energy supplies continue to weigh on businesses, according to industry leaders.

"In recent months, business sentiment has been significantly affected by inflationary pressures, high borrowing costs and exchange rate volatility," said Tasneem Ahmed, president of the Dhaka Chamber of Commerce & Industry (DCCI), at an event in Dhaka yesterday.

He called for policy stability and structural reforms to restore business confidence.

Red-hot prices remain a key concern for both individuals and businesses, with inflation hovering at over 9 percent since March 2023. Making things worse, Bangladesh's foreign exchange reserves have been under strain for nearly three years, leading to a depreciation of the local currency against the US dollar.

For manufacturers, rising commodity prices usually result in reduced demand, while a weaker taka increases operational costs. Besides, authorities have raised interest rates to battle inflation, further pushing up borrowing costs for businesses.

In his keynote address at the event, titled "Bi-Annual Economic State and Future Outlook of Bangladesh Economy – Private Sector Perspective," the DCCI president said that industries are already under pressure due to inconsistent energy supplies, which they fear will worsen during the upcoming summer.

"Industries are struggling with frequent

KEYECONOMICDATA

Inflation eased further in Jan but remained elevated

Exports grew by 12.84% in Jul-Jan, FY25

Energy crisis impacting industries

Imports edged up 3.53% in Jul-Dec, FY25

Private investment-GDP remains almost stagnant at around 24%

Remittances soared 24% in Jul-Jan, FY25

Growth of private credit stood at 7.28% in Dec '24

Tax collection fell in Jul-Dec FY25

Net FDI fell 12.42% in FY24

Foreign reserves stood at \$20.61b (as of Feb 13)



power shortages and an unpredictable energy supply. The cost of gas has increased, yet supply is inconsistent," Ahmed said.

"If this continues, businesses will find it difficult to remain competitive."

The DCCI president mentioned that private investment has stagnated at 24 percent of GDP almost since the pandemic, while foreign direct investment (FDI) has dropped to a six-year low.

"Without urgent interventions, sustaining economic momentum will be challenging."

Regarding the financial sector, Ahmed pointed to the growing liquidity crisis, especially its impact on businesses.

"The central bank hiking the policy rate to 10 percent has made credit inaccessible for small and medium enterprises."

Private sector credit growth fell to 7.28 percent in December 2024, well below the target of 9.8 percent for the fiscal year 2024-25. The high cost of borrowing is discouraging investment."

Ahmed called for policy consistency, tax reforms and investment in infrastructure to support private sector growth.

"The private sector is ready to drive economic expansion, but we need clear and stable policies. If inflation, energy crises and financial instability drag on, businesses will struggle to sustain operations," he mentioned.

Masrur Reaz, chief executive officer of the Policy Exchange Bangladesh, said the country's macroeconomic situation has been in a fragile state since 2022 due to high inflationary pressures.

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Large listed RMG makers secure higher profits



AHSAN HABIB

Most listed readymade garment (RMG) producers secured higher profits during the October-December period of this fiscal year, buoyed by global demand even amidst the myriad challenges plaguing Bangladesh's overall business climate.

Companies that are relatively large, based on their export volume and capital, staged improved performances but small companies continued to struggle.

Among the 40 listed companies from this sector that published the data, 25 saw higher profits while 15 saw lower profits. However, 15 companies that have been in the Z category for many years have not published any data yet.

The combined profit of the 40 companies that shared reports showed the continuation of a rising trend after being hit hard during the politically volatile July-September quarter last year.

Their total profit soared 50 percent year-on-year to Tk 197 crore in the October to December period of last year, according to data compiled by Sandhani Asset Management Ltd.

The RMG sector has been facing difficulties since 2023 when salaries were hiked and energy prices almost doubled, said Shams Mahmud, managing director of Shasha Denims Ltd.

That year, it was decided that the

RMG workers would get a 9 percent annual wage increment whereas earlier it was 5 percent, he said.

Simultaneously, the minimum wage for an entry-level garment worker was raised to Tk 12,500 from Tk 8,000, he added.

Many companies, especially small establishments, could not absorb the rise in costs.

Their situation deteriorated further as political and industrial unrest and floods hampered production last year, Mahmud said.

Above all, factories were not supplied with adequate gas and electricity, so most fell into "deep problems," he said.

Only large companies managed to absorb the shock, continued to get export orders and shipped products properly, he said.

Bangladesh's RMG exports grew 13.28 percent year-on-year to \$19.88 billion in the current financial year of 2024-25, according to Export Promotion Bureau.

Envoy Textiles Ltd saw a 161 percent rise in profits, while Square Textiles Ltd reported 58 percent and Malek Spinning Mills Ltd 22 percent.

One of the ways that large companies managed to absorb the shock was by using their financial strength, said Mahmud, who is also a former president of the Dhaka Chamber of Commerce and Industry.

READ MORE ON B3

City Group to raise Tk 1,500cr thru bonds

STAR BUSINESS DESK

City Sugar Industries, a concern of City Group, one of the leading consumer goods importers and processors, plans to raise Tk 1,500 crore by issuing a fully mortgage-backed zero coupon bond.

BRAC Bank has been entrusted to facilitate fund mobilisation through the issuance of the zero coupon bond, which does not pay interest but instead trades at a deep discount.

To this end, Tareq Refat Ullah Khan, deputy managing director and head of corporate and institutional banking at the bank, and Mohammad Tanvir Hydar Pavel, director of finance and commercial at City Sugar Industries, signed an agreement at a function at the bank's head office in Dhaka recently, according to a press release.

Selim RF Hussain, managing director and CEO of BRAC Bank, and Md Hasan, managing director of City Group, attended the signing ceremony.

The funds to be raised through this bond will support City Sugar Industries Limited in expanding its trade operations, enhancing cash flow management, and diversifying its financing avenues, thereby reducing dependence on traditional credit facilities, the statement said.

The bond issuance is subject to approval from the Bangladesh Securities and Exchange Commission.

This three-year bond, fully secured and structured to offer an attractive return, is designed to cater to a diverse investor base, including individuals and corporate entities across Bangladesh.

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البنكية الإسلامية EBL Islamic Banking

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আমনার সক্রিয় অর্থ শরীয়াহ সম্মত বিনিয়োগের জন্য

আমনার পাশে আছে ইবিএল ইসলামিক ব্যাংকিং



EU trade chief says tariff reciprocity 'must work for both' sides

AFP, Washington

EU trade chief Maros Sefcovic said Thursday that reciprocity in tariffs should be made to work for both the bloc and Washington, after talks with his counterparts in US President Donald Trump's administration.

While the United States is planning "reciprocal tariffs," the European Union is open to working with Trump officials towards lowering duties for industrial goods and stepping up purchases of US products, Sefcovic told reporters.

"We will be ready to look (at) how we can lower the import duties for all industrial products," he said, a day after meeting Commerce Secretary Howard Lutnick and US Trade Representative nominee Jamieon Greer.

Trump has taken aim at the EU and others over trade, announcing plans for sweeping duties tailored to each US trading partner, and taking into consideration non-tariff factors.

But Sefcovic stressed after his four-hour meeting with trade counterparts that if Washington were seeking reciprocity, "it must work for both" sides.

During Sefcovic's three day Washington visit, he pushed back against Trump's claim of unfairness in US EU trade ties.

He said Thursday that one of his requests was to hold off US tariffs -- avoiding tit-for-tat escalation -- as both sides discussed their concerns.

He said his impression was that the United States too would be "ready to consider" a reduction in its tariffs, adding that auto duties were a priority.

Bank Asia organises 'AML & CFT Conference 2025'



PHOTO: BANK ASIA

AFM Shahinul Islam, head of the Bangladesh Financial Intelligence Unit, and Sohail RK Hussain, managing director of Bank Asia, attend an "AML & CFT Conference 2025" organised by the latter at Bank Asia Tower in the capital's Karwan Bazar yesterday.

STAR BUSINESS DESK

Bank Asia PLC yesterday organised an annual "AML & CFT Conference 2025" with the theme "AML-CFT: Fostering & Enduring a Culture of Compliance" to enhance anti-money laundering (AML) and combating the financing of terrorism (CFT) knowledge and awareness among all employees of the bank.

Around 2,800 officials from divisions, branches, centres, Islamic windows, and agents of the bank across the country, both physically and virtually, participated in the conference.

Prof MA Baqui Khalily, chairman of the board risk management committee and board audit committee of Bank Asia, was present as the guest of honour.

chief guest at Bank Asia Tower in the capital's Karwan Bazar, the bank said in a press release.

Islam highlighted the growing challenges posed by money laundering and emphasised the critical need for enhanced awareness and capacity building among reporting institutions to effectively address these issues.

He urged bankers to strictly adhere to AML and CFT practices, reiterating that such collective efforts are essential for accelerating the country's economic development.

Additional managing directors, deputy managing directors, and other senior management team members were also present.

Sohail RK Hussain, managing director of Bank Asia, presided over the conference.

Ziaul Hasan, deputy managing director, CAMLCO and head of channel banking of Bank Asia, and chairman of the Association of Anti-Money Laundering Compliance Officers of Banks in Bangladesh, was the convener of the conference.

Shadril Ahmed, additional director of BFIU, and Sahalam Kazi, joint director, were present as resource persons and discussed the AML CFT framework, initiatives, and recent typologies.

Additional managing directors, deputy managing directors, and other senior management team members were also present.

Pubali Bank holds managers' conference



Monzur Rahman, chairman of Pubali Bank, poses for photographs with participants of an "Annual Managers' Conference 2025" at Hotel Long Beach in Cox's Bazar yesterday.

PHOTO: PUBLI BANK

STAR BUSINESS DESK

Pubali Bank PLC organised the "Annual Managers' Conference 2025" at Hotel Long Beach in Cox's Bazar yesterday to motivate its managers to increase the bank's business by delivering better services.

A total of 508 branch managers, regional managers, and senior executives of the bank's head office participated in the conference.

Monzur Rahman, chairman of the bank, attended the conference as the chief guest, according to a press release. In his speech, Rahman emphasised the expansion of the

foreign remittance business through improved customer and modern banking services.

He also advised everyone to work hard, seek new business opportunities, adopt diversification, and make concerted efforts to achieve the target set for the year 2025.

Mohammad Ali, managing director and CEO of the bank, presided over the conference.

Ali reflected on the past tradition, history, and culture of the bank, stating that the country's largest private commercial bank has been providing modern banking services in line with the times, backed by a

skilled workforce, the highest quality online banking system, and effective management.

He expressed confidence that Pubali Bank will continue its efforts to extend services to the remote areas of Bangladesh. The bank rewarded 51 of its best managers for their outstanding performance in 2024.

Moniruddin Ahmed, Habibur Rahman, M Kabiruzzaman Yaqub, Azizur Rahman, Md Abdur Razzak Mondal, Mustafa Ahmed, and Arif Ahmed Choudhury, directors of the bank, and Mohammad Naushad Ali Chowdhury, independent director, were present.

Southeast Bank signs MoU with PMUK



Nuruddin Md Sadeque Hossain, managing director of Southeast Bank, and Md Saleh Bin Sums, executive director of Padakhep Manabik Unnayan Kendra, pose for photographs after signing a memorandum of understanding in Dhaka recently.

PHOTO: SOUTHEAST BANK

STAR BUSINESS DESK

Southeast Bank PLC recently signed a memorandum of understanding (MoU) with Padakhep Manabik Unnayan Kendra (PMUK), a non-governmental organisation in the country, to provide banking services, including payroll banking service, corporate payment module, collection service, and other financial solutions.

Nuruddin Md Sadeque Hossain, managing director of the bank, and Md Saleh Bin Sums, executive director of PMUK, signed the MoU in Dhaka, according to a press release.

On this occasion, Hossain said, "Our collaboration reflects our commitment to offering innovative banking solutions that enhance operational efficiency and financial management for corporate clients."

"We look forward to a fruitful and long-term partnership," he added.

This partnership deal is set to streamline the financial operations of PMUK by ensuring efficient salary disbursement, automating corporate

payments, and offering enhanced digital banking solutions.

Employees of PMUK will now receive their salaries and other banking benefits through the bank's payroll banking service. Additionally, the corporate payment module will enable seamless fund transfers, vendor payments, and other corporate financial transactions.

Abidur Rahman Chowdhury and Masum Uddin Khan, deputy managing directors of the bank, along with other high officials of both organisations, were also present.

Aarong opens 30th outlet in Noakhali

STAR BUSINESS DESK

Aarong, the country's popular fashion and lifestyle brand, yesterday launched a new outlet at 826 Napiter Pool on Main Road in Noakhali's Maijdee ahead of the upcoming Eid ul-Fitr season.

On the occasion, the multi-brand store offers a comprehensive range of Aarong products and services, according to a press release.

Visitors will find Aarong's sub-brands, including TAAGA, TAAGA MAN, Aarong Earth, and Grassroots Café, creating a one-stop destination for apparel, home decor, jewellery, and skincare.

"This new outlet offers customers a broad range of products, while celebrating the rich cultural heritage of Bangladesh," said Tamara Abed, managing director of BRAC Enterprises.

"We look forward to welcoming everyone to our newest location," she added.

Aarong continues to unite Bangladesh's diverse crafts under one roof, and the Noakhali outlet marks another milestone in promoting the culture and heritage of the country, the press release also said.



A new outlet of Aarong was launched at 826 Napiter Pool on Main Road in Noakhali's Maijdee yesterday.

PHOTO: AARONG



Tareq Refat Ullah Khan, deputy managing director and head of corporate and institutional banking at BRAC Bank, and Mohammad Tanvir Hydar Pavel, director of finance and commercial at City Sugar Industries, pose for photographs at a term sheet signing ceremony at the bank's head office in Dhaka recently.

PHOTO: BRAC BANK

Prime Bank gets new independent director

STAR BUSINESS DESK

Prime Bank PLC has appointed M Mostafa Shazzad Hasan, a director and chairman of the audit committee of the bank, as an independent director.

A certified forensic accountant, chartered accountant, and corporate legal expert,

Hasan has extensive experience in accounting, finance, financial fraud investigations, business dispute settlements, anti-money laundering, taxation, and corporate legal issues.

He is also a chartered accountant, a qualified fellow of the Institute of Chartered Accountants of Bangladesh, and a certified public accountant from the Certified Public Accountants Institute of Ireland, according to a press release.

Hasan is a certified professional forensic accountant and a fellow member of the Institute of Certified Forensic Accountants, the USA. He earned a diploma in forensic accounting from Bentwood College in the UK and was awarded a PhD in forensic accounting and financial fraud prevention from the Putra Business School at University Putra Malaysia.

Dollar rises

REUTERS, New York

The US dollar rose against a broad range of currencies on Friday including the euro, sterling and those tied to commodities such as the Australian dollar, as investors consolidated positions ahead of the weekend, looked to more inflation data next week and kept an eye on tariff headlines.

Government of the People's Republic of Bangladesh

Roads and Highways Department
Office of the Project Director (ACE, RHD)
Sylhet-Charkhali-Sheola Highway Improvement Project
Foreign Aided Projects Bhaban
Road No. 27, Block-A, Banani, Dhaka-1213

Memo No. 35.01.2607.077.07.086.24-104

Date: 22 February 2025

CORRIGENDUM-2 NOTICE

This is for general information to all concerned that the following amendments have been made to the Request for Bids (Works):

Employer : Roads and Highways Department (RHD)
Project : Sylhet-Charkhali-Sheola Highway Improvement Project under Accelerating Transport and Trade Connectivity in Eastern South Asia - Bangladesh Phase 1 Project (ACCESS)
Contract Title : Improvement of Sylhet-Charkhali-Sheola Highway into 4-Lane Highway from Sylhet (Kadamali) - Golagaj - Sheola Bridge - Sheola Landport (Ch. 00+000 to 42+985 km) (Length: 42.985 km)

Country : Bangladesh
Credit No. : IDA Credit No. 7166-BD
RFB No. : WP-1 (Lot-1, Lot-2, Lot-3)
Reference No. : 1) 35.01.2607.077.07.086.24-554, Date: 26 November 2024
2) 35.01.2607.077.07.086.24-32, Date: 16 January 2025

SL. No.	Texts as per CORRIGENDUM-1 Notice, Dated: 16 January 2024	Amended Texts
7.	Bids must be delivered to the address below on or before 02.00 PM local time (GMT+6 hrs), February 24, 2025. Electronic Bidding will not be permitted. Late Bids will be rejected. The outer Bid envelopes marked "ORIGINAL BID", and the inner envelopes marked "TECHNICAL PART" will be publicly opened in the presence of the Bidders' designated representatives and anyone who chooses to attend, at the address below on 02.30 PM local time (GMT+6 hrs), February 24, 2025.....	Bids must be delivered to the address below on or before 02.00 PM local time (GMT+6 hrs), March 17, 2025. Electronic Bidding will not be permitted. Late Bids will be rejected. The outer Bid envelopes marked "ORIGINAL BID", and the inner envelopes marked "TECHNICAL PART" will be publicly opened in the presence of the Bidders' designated representatives and anyone who chooses to attend, at the address below on 02.30 PM local time (GMT+6 hrs), March 17, 2025.....

All other Terms & Conditions of the above mentioned Request for Bids (Works) will remain unchanged. This Corrigendum Notice will be a part & parcel of the Bidding Documents.

(Khan Md. Kamrul Ahsan)
ID No. 005081
Project Director (ACE, RHD)
Sylhet-Charkhali-Sheola Highway Improvement Project
Phone: +8802-41080504
E-mail: pd_sship@gmail.com

Invest in education, care economy to create jobs Economists urge govt to redirect policy focus

STAR BUSINESS REPORT

Bangladesh needs to invest heavily in education and the healthcare economy, which can generate millions of new jobs, according to economists, as they say the manufacturing sector is unlikely to create massive employment opportunities due to an increasing use of artificial intelligence.

At an event in Dhaka yesterday, they also recommended working extensively to attract foreign direct investment, establishing free trade agreements with potential countries, and implementing new technologies to move forward in a turbulent time.

They came up with the recommendations at the eighth SANEM Annual Economists' Conference (SAEC), organised by the South Asian Network on Economic Modeling (Sanem).

Mohammad Abdur Razzaque, chairman of the Research and Policy Integration for Development (RAPID), said that the government is focusing on the manufacturing sector and offering incentives in the hope of creating new jobs from this sector. "But, this sector is not generating enough employment, nor is it contributing sufficient revenue to the government."

With the rise of AI, Razzaque said many white collar jobs are now being affected, even in the RMG sector. "Therefore, the government should reconsider where to focus its efforts and incentives."

In his view, there are vast opportunities in the leisure economy, which is expanding through social media.

Besides, he suggested that investment should be directed towards three key sectors: health, education and the care economy.

"The government should prioritise and incentivise these sectors," said the economist.

Meanwhile, M Masrur Reaz, chairman of Policy Exchange Bangladesh, said Bangladesh must focus on increasing foreign direct investment (FDI) amid the current economic turbulence.

[READ FULL STORY ONLINE](#)

65% registered taxpayers

FROM PAGE B1

Tax collection against the submitted returns declined 1.53 percent year-on-year from income tax, although the number of returns increased by 150,000 during July 1 to February 16.

On the other hand, in the first half of fiscal year (FY) 2024/25, overall tax revenue, including value-added tax (VAT) and customs, fell nearly 25 percent short of the annual Tk 480,000 crore target, and actual collection declined nearly 1 percent year on year.

To offset direct tax losses, the government often raises VAT and indirect taxes, disproportionately burdening lower-income groups.

Meanwhile, non-compliance by many taxpayers shifts the tax load onto a smaller group, risking long-term compliance.

For example, the interim government in January imposed value added tax and supplementary duties on nearly 100 goods and services. However, amid widespread criticism, the authorities withdrew duties from ten items.

A difficultially, insufficient tax revenue limits the government's ability to improve essential public services, ultimately impacting economic development and social welfare.

A weak tax compliance culture can also discourage foreign and domestic investment, as businesses seek stable and predictable tax environments. At the same time, the country is struggling to repay foreign loans and their interest.

In the first half of FY25, Bangladesh's foreign debt servicing rose 27 percent year-on-year. In local currency, the payments increased to Tk 23,675 crore from Tk 17,240 crore, intensifying pressure on public finances.

Several factors contribute to the low return filing rate in Bangladesh.

One major reason is the lack of awareness and tax literacy. Many individuals and businesses, particularly in rural areas, remain unaware of their tax obligations.

Another prime reason is a lack of awareness among taxpayers.

Besides, 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 obtained TINs to get trade licence, but those firms later

STAR BUSINESS REPORT

Bangladeshi food product manufacturers secured confirmed purchase orders worth \$34.5 million at the recently concluded Gulfood 2025 in Dubai.

Additionally, local companies engaged in discussions on potential exports, valued at \$29.1 million, according to the Dubai World Trade Centre, the event's organiser.

Pran Group alone secured \$5 million in confirmed orders and discussed potential exports worth another \$2 million, Mizanur Rahman, executive director of export at the group, told The Daily Star.

"For the first time, Pran received an order from a Syrian company for biscuits, dry cakes, noodles, and juices," he said.

Another Syrian firm placed orders for Arabian spices, confectionery items, and mustard oil, Rahman added.

Initially, these companies will import three containers of these products to conduct market research before placing further orders, he said.

A Venezuelan businessman also ordered two containers of biscuits, noodles, and juices, he informed.

Pran secured its first confirmed order from Russia, amounting to \$75,000, primarily for juices and biscuits, Rahman said.

Kamal Hossain Shohag, assistant general manager of export at Banoful-Kishwan Group, reported receiving \$358,000 in confirmed orders.

GULF FOOD FAIR

Bangladeshi firms secure \$34.5m in orders



PHOTO: STAR

An attendant briefs foreign visitors about the products of Pran Group at a stall of the company at the 30th edition of Gulfood in Dubai.

"For the first time, we received orders for juices and sandwich biscuits from Mauritania and Yemen," he said.

"New buyers usually start with a single container to test consumer response before placing larger orders," he added, noting that Banoful-Kishwan Group currently exports goods to 47 countries.

MM Ispahani Limited secured \$100,000 in confirmed orders at the fair, said Sukla Sarker, assistant manager of export.

She said her company received its first-ever export orders from Finland, Cyprus, South Africa, Yemen, Afghanistan, Mali, and the Maldives.

"We received orders for tea, biscuits, snacks, and bakery items. And for the first time, we also received orders from Niger and Ireland," she said.

"There is strong demand for cookies, noodles, tea, and carbonated drinks, with tea receiving significant inquiries," she added.

Some 41 Bangladeshi companies were among the record 5,500 exhibitors at the five-day Gulfood 2025, which began on 17 February. The event featured firms from over 129 countries showcasing more than 1 million products in Dubai, a key commercial hub in the United Arab Emirates.

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Additionally, the process of filing returns is often seen as cumbersome and time-consuming, discouraging taxpayers from complying.

Weak enforcement mechanisms further exacerbate the problem. Despite legal obligations, tax laws are not strictly enforced, allowing many to avoid filing without facing consequences.

The prevalence of the informal economy also plays a significant role, as many potential taxpayers do not feel the need to file returns.

Although e-filing has grown, many still find it challenging to navigate. While overall compliance remains low, the submission of e-returns has seen a significant rise of 175 percent, reaching 14.31 lakh this fiscal year.

This shift indicates an increasing adoption of digital tax filing systems, which could help improve compliance in the future.

Furthermore, a lack of trust in how tax revenues are utilised discourages compliance, with some taxpayers believing that their contributions do not translate into tangible public benefits.

Currently, a TIN is required to avail of around 51 services, so many people secure it but do not submit tax returns, according to the NBR.

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

Brent futures settled down more than \$2 a barrel on Friday, posting a weekly decline as investors grappled with a fading Middle East risk premium alongside uncertainty about a potential peace deal in Ukraine.

Brent futures settled down \$2.05, or 2.68 percent, to \$74.43 a barrel, while US West Texas Intermediate crude settled down \$2.08, or 2.87 percent, to \$70.40.

Brent closed 0.4 percent lower on the week, while US crude futures posted a 0.5 percent weekly loss.

The relative calm in the Middle East as the Gaza ceasefire held has reduced risk in the market, said John Kilduff, a partner at Again Capital in New York.

Another prime reason is a lack of awareness among taxpayers.

Besides, 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 obtained TINs to get trade licence, but those firms later

Oil settles down

REUTERS, Houston

FROM PAGE B1

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An analysis of the

financials of the sector's

companies shows that

spinning mills struggled

the most.

The spinning mills were

troubled by a gas supply

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perform well, the country

had to import yarn from

India to meet demand,

added Mahmud.

Bangladesh's textile

sector experienced

persistent financial

difficulties and

widening losses,

highlighting ongoing

operational challenges.

Meanwhile, Dulamia

Cotton Spinning Mills Ltd

displayed an inconsistent

profitability trend.

While some companies

demonstrated resilience,

Private sector

FROM PAGE B1

He believes macroeconomic stability will remain elusive if the foreign exchange reserves do not increase by \$7 to \$8 billion by the end of this year. As such, the economist requested the government to secure \$5 to \$6 billion from multilateral lenders by June to stabilise forex reserves.

Reaz also advocated a stable and sufficient energy supply.

Sayera Younus, executive director (research) of Bangladesh Bank, said inflation would decline to around 6 percent by the end of the current fiscal year.

She hoped that the foreign exchange reserves would increase by at least \$5 billion by the end of June, driven by growing exports and remittance inflows.

Regarding Bangladesh's graduation from least developed country (LDC) status, which is scheduled in 2026, he said that despite the phasing out of subsidies and incentives, reducing business costs by 10-15 percent could enhance global competitiveness.

However, he pointed out that access to financing poses a challenge for entrepreneurs. Besides, it is important to attract foreign investment to build a diversified economy.

Referring to the current tax-to-GDP ratio of 8 percent, Khan said, "\$40 billion in revenue collection for a \$450 billion economy is completely unacceptable."

He also expressed concerns over the lack of full automation of government services and the inadequate implementation of the National Single Window system.

Large listed RMG

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Large companies usually keep a huge amount of cash on hand and can also borrow funds from their sister concerns. So, they have low dependency on bank loans, which charge high interest rates, he said.

Spinners struggling

An analysis of the financials of the sector's companies shows that spinning mills struggled the most.

The spinning mills were troubled by a gas supply shortage. As they did not perform well, the country had to import yarn from India to meet demand, added Mahmud.

Bangladesh's textile sector experienced persistent financial difficulties and widening losses, highlighting ongoing operational challenges. Meanwhile, Dulamia

Cotton Spinning Mills Ltd

displayed an inconsistent profitability trend.

However, companies such as Tallu Spinning

Mills Ltd faced persistent financial

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While some companies

demonstrated resilience,

others struggled to maintain profitability amid economic uncertainties.

An analysis of quarterly profit data for major textile companies reveals the stark contrast.

Stylecraft Limited suffered significant losses in the first half of 2024 before rebounding slightly in the two subsequent quarters with profits.

Saiham Textile Mills Ltd exhibited a more stable trajectory, recovering from moderate losses in early 2023 to post a steady rise in profits.

However, companies such as Tallu Spinning Mills Ltd faced persistent financial

difficulties and

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Fresh fruit imports decline in first half of current fiscal year BTTC recommends reducing duties and taxes

STAR BUSINESS REPORT

Bangladesh's import of fresh fruits declined in the first six months of the current fiscal year, reflecting a slowdown in demand after import costs increased due to the devaluation of the taka against the US dollar and high import duties.

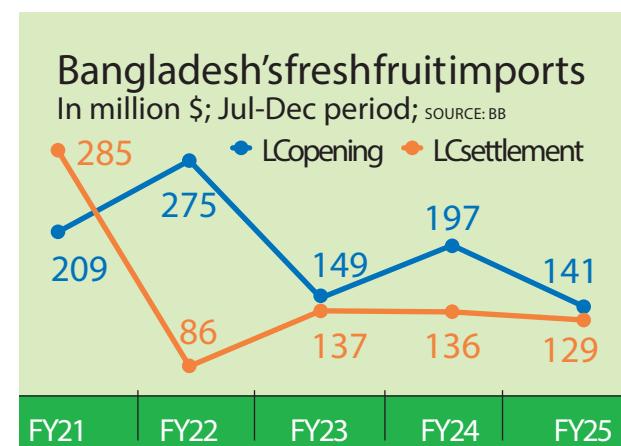
Amid this situation, the Bangladesh Trade and Tariff Commission (BTTC) has recommended reducing the duties and taxes imposed on fresh fruits such as apples, oranges, grapes, pomegranates and pears to reduce prices and make them more affordable.

As the country was facing a shortage of foreign currencies, the authorities were prompted to discourage the import of non-essentials to curb import bills and overcome the challenges.

As such, the country imported fresh fruits worth \$128.51 million in the first half of the fiscal year, the lowest in three years.

Additionally, Bangladesh Bank data showed that opening of letters of credit (LC) for fruit imports declined 3.29 percent year-on-year to \$140.5 million in the July-December period of FY25.

The BTTC believes that the increase in the dollar exchange rate and higher duties and taxes have significantly raised the prices of imported fresh fruits, placing an unbearable burden on consumers.



The commission said an importer must pay Tk 120 in taxes to import fruits worth Tk 86.

It stated that high tariffs would reduce legal imports while increasing smuggling through illegal channels and warned that traders may resort to excessive use of preservatives.

It added that a decline in imports would not only harm consumers but also reduce government revenue.

On February 17, the BTTC sent a letter regarding this matter to NBR Chairman Abdur Rahman Khan, mentioning that once imported, fresh fruits undergo minimal processing or value addition.

Therefore, imposing an advance tax, including a 5 percent advance VAT at the local level, is inappropriate.

It added that this measure was forcing traders to apply for refunds, leading to delays in approvals and financial strain. As a food product, fresh fruit could be exempted from such taxes.

Recently, the National Board of Revenue (NBR) increased the supplementary duty on fresh fruit imports from 20 percent to 30 percent, according to a BTTC document. The commission has now proposed reverting it to the previous rate.

Additionally, the BTTC has recommended reducing the advance tax on fresh fruit imports from 10 percent to 2 percent and rationalising the 20 percent regulatory duty.

In FY24, apple imports dropped 51 percent, orange imports 70 percent, and grape imports 29 percent year-on-year.

Moreover, due to the increase in supplementary duty in January, imports of mandarins fell 51 percent, grapes 21 percent, apples 3.5 percent, pears 45 percent, and pomegranates and dragon fruit 32 percent year on year.

According to the NBR's data, Bangladesh spent \$300 million on foreign fruit imports in FY24. Considering the exchange rate of Tk 117 per US dollar, this amounts to approximately Tk 3,500 crore. Including shipping, insurance, and other costs, the total expenditure rises to Tk 4,664 crore. On this import, the government collected Tk 5,139 crore in revenue.

Tech, auto, medicines: who will pay Donald Trump's tariffs?

AFP, Paris

After steel and aluminium, US President Donald Trump has set his sights on slapping 25 percent tariffs on semiconductors, cars and pharmaceuticals.

Trump has already slapped additional 10 percent tariffs on goods from China and has also threatened tariffs on Canada and Mexico, plus ordered a study into putting into place reciprocal tariffs.

Here's a look who would be hit the hardest if US import tariffs on semiconductors, cars and pharmaceuticals go into force. Semiconductors: Asia in the crosshairs

Semiconductors, or microchips, are the brains in our electronic devices and demand has soared with the development of AI, which relies on thousands of them to crank through reams of information. Asia is a major centre of manufacturing of semiconductors.

The United States exported \$70 billion of electronic components last year, but imported double that amount, according to the US Commerce Department. Imports from Taiwan alone represented nearly \$37 billion.

The island is home to chip manufacturing giant TSMC and a big portion of its factories. Tariffs could encourage it to diversify its production sites further. It already has plans to build three new factories in the United States.

Taiwanese President Lai Ching-te said last week that Taiwan would "expand investment and procurement in the United States to promote bilateral trade balance".

South Korea, home to Samsung, saw its exports of electronic components double last year to more than \$8 billion, according to the country's customs data. Its components are the country's second-largest export item to the United States behind cars.



A shop selling dates at Karwan Bazar in Dhaka yesterday. According to market prices data compiled by the Trading Corporation of Bangladesh, regular quality dates were selling at Tk 280 to Tk 550 per kilogramme in the capital, which is around 18.5 percent higher than that a year ago.

PHOTO: PALASH KHAN

Dates cheaper in Ctg this year as imports surge nearly threefold

MOHAMMAD SUMAN

Import of dates, a non-negotiable iftar item, surged nearly threefold compared to that recorded ahead of Ramadan last year due to duty reductions provided by the government.

This has resulted in ample supply and a price drop of anywhere from Tk 40 to Tk 300 per kilogramme (kg), particularly in the port city of Chattogram.

Date prices have remained relatively stable this year compared to previous years, thanks to the government's duty waiver and a decline in international market prices, according to market insiders.

Additionally, a rise in the number of importers has prevented a handful of traders from monopolising the market, they said.

There were only 58 importers last year, but this year more than 158 importers joined the market, as per National Board of Revenue (NBR) data.

Around 80 percent of Bangladesh's annual date imports are made in the three months leading up to Ramadan.

Over the past three months of the current fiscal year, importers brought in 46,123 tonnes of dates, worth Tk 833 crore. Around 17,826 tonnes were imported in the same period a year ago.

A majority of the fruit is imported from Saudi Arabia and the United Arab Emirates while a small portion is imported from 10 other countries, including Egypt, Jordan, Iraq, Iran and Afghanistan.

"In recent years, around 40 to 50 importers controlled the date market," said Abdul Wadud, proprietor of Chattogram-based importer Walid Enterprise.

"However, this year, the duty waiver has encouraged more traders to enter the business, leading to higher imports," he said.

He noted that in previous years, the tariff assessed value of dates was higher than the actual import price, while duty rates were also steep, for which many traders used to opt for importing small quantities.

"Banks did not provide any margin facility for opening letters of credit (LCs) in previous years due to a US dollar crisis," he said.

"But this year, importers were able to open LCs with a 30 percent to 40 percent margin. The LC margin also boosted imports and kept rates within a reasonable range," Wadud added.

Most varieties of dates are being sold at prices lower than those last year at wholesale and retail markets in Chattogram due to the increase in supply.

Mabroom dates, a premium variety of Saudi Arabia with a long slender body of dark maroon or brown colour, are available at Tk 1,000 to Tk 1,200 per kg, said Abdul Bashar, a wholesale trader at the Khatunganj market.

Last year, they were going for Tk 1,300 to Tk 1,400, he said.

Similarly, Ajwa dates, which are oval-shaped and medium-sized with black skin, are selling for Tk 650 to Tk 850 per kg while Medjool dates from Egypt are fetching Tk 900 to Tk 970 per kg.

Other varieties are available at Tk 250 to Tk 750 per kg, depending on the quality.

However, according to market prices data compiled by the Trading Corporation of Bangladesh, prices in Dhaka are higher this year.

Regular quality dates were selling at Tk 280 to Tk 550 per kg yesterday, which is nearly 11 percent higher than that a month ago and 18.5 percent higher than that a year ago.

"Compared to last year, date prices are more affordable this time," said Mansur Nabi, a college teacher who lives at Chattogram's Bayezid area.

"However, the prices of other essential Ramadan commodities, such as edible oil, flour, and sugar, remain relatively high," he said.

Revenue receipts from date imports rise despite duty cut.

Despite tax exemptions, the government has collected Tk 321 crore in revenue from date imports this year, compared to Tk 212 crore during the same period last year.

That means the increase in imports generated an additional revenue of Tk 109 crore.

At the beginning of this year, the customs duty was reduced from 25 percent to 15 percent while the customs valuation was also lowered anywhere from 8 percent to 25 percent, depending on the quality of the dates.

As a result, import costs dropped by 20 percent to 25 percent, according to industry insiders.

For taxation purposes, the NBR has set five valuation tiers for imported dates.

Those of the lowest grade are taxed at \$0.75 per kg, while premium-quality ones at \$3.75 per kg – a slight reduction from last year's range of \$1 to \$4 per kg.

However, last year, the NBR calculated customs duties based on an exchange rate of Tk 110 per US dollar, whereas this year it is Tk 120 per US dollar – meaning the greenback has turned 9 percent costlier.

Business owners argue that this has partially offset the tax reductions, preventing a proportional decrease in overall duty costs.

On February 2, Walid Enterprise paid Tk 170 in customs duty on each kg for a 25-tonne shipment of Ajwa dates.

Last year, a shipment of the same variety required Tk 208 per kg in duty – indicating a cost reduction of Tk 38 per kg due to the tax adjustments.

Navigating post-LDC challenges

MAMUN RASHID

While Bangladesh's move toward graduating from the Least Developed Country (LDC) status is a testament to decades of perseverance and growth, it will be time to take on the weight that comes with it once the celebration dies down.

Two approaches can be taken: one is to postpone the official graduation, and the other is to face the game head on. However, there are two sides of the coin for both scenarios.

If we look at postponement, then ideally there is a chance to fix the existing issues in our economy and give ourselves a better shot for a successful transition. Note the use of the term "ideally", because it's often not the reality. Two things might happen here: first is that there might be an indefinite postponement, and second is the factor of unpredictability. To address the first issue, an indefinite postponement will create a bubble of comfort from the continued misuse of privileges that come with being an LDC, keeping Bangladesh stagnated with no concrete steps towards improvement. The second issue could be another Ukraine-Russia war, another Covid-19, or another global meltdown, pushing the graduation back further. Therefore, a hard deadline is required, after which, no matter the status of the economy we need to face the transition head on.

The second approach would be to go ahead with the graduation and fix our issues as they come up. Because unless we drop ourselves into the ocean of Developing Countries (DC), we will not learn to swim and navigate the market.

Losing preferential market access is like starting at the halfway mark. For decades, Bangladesh's garment sector has thrived under duty-free and quota-free access to the European Union and other key markets. Over 83% of Bangladesh's exports are ready-made garments, with the EU alone absorbing over half of these. When the graduation hits, tariffs could rise from zero to as high as 12%, making

Bangladeshi goods pricier and, consequently, less competitive because countries like Vietnam, are already formidable with its free trade agreements and superior infrastructure and Cambodia and India have more favourable tariffs. The potential fallout looks grim because millions of workers (mostly women) could lose their jobs, which will compound social inequalities.

But all is not bleak. If Bangladesh recalibrates its export sector, it has a chance to emerge stronger. But strategies as robust as the challenges are needed. The first frontier is diversification of both market and product. It's time to champion other sectors like pharmaceuticals, ICT, and agro-processed goods. Pharmaceutical exports, for instance, could flourish to meet rising global demand, if we can harness our existing capacity and pivot toward patented medicines post-LDC graduation.

Secondly, technology holds the key to future competitiveness as automation in manufacturing, data-driven supply chain management, and AI in design and forecasting can increase efficiency. Thirdly, Bangladesh's infrastructure inefficiencies in ports, roads, and customs have long been an Achilles' heel. According to a World Bank study, logistics add around 20% to the cost of exports compared to a global average of 10-15%. So, we need better logistical processes and facilities to restore competitiveness.

The road ahead isn't smooth and internal challenges like bureaucratic red tape, lack of innovation culture, and political instability could derail our progress. While the private sector is dynamic, it often struggles with fragmented coordination which requires a bold and cohesive national strategy in the form of public-private partnerships, industry-specific task forces, and a unified export strategy.

With all that said, Bangladesh has weathered storms before. Preparing for post-LDC life will require determination. The global stage is daunting without crutches, but Bangladesh has what it takes to run.

The author is the chairman at Financial Excellence Ltd

Trump tariffs leave WTO adrift in eye of the storm

AFP, Geneva

The World Trade Organization's entire mission is overseeing global trade, but US President Donald Trump's tariff offensive has left it adrift.

Cedric Dupont of the Geneva Graduate Institute, an international relations professor and an expert in trade policies, law and the WTO, told AFP that Trump's moves had put the global trade body centre-stage but powerless to act.

Why is the WTO being undermined?

Dupont: "The basic idea of the WTO, to guarantee predictability in world trade, is totally ruined by Donald Trump's attitude. Everyone is starting to wonder what is the point of having invested so much time in trade negotiations. It finds itself somewhat in the eye of the storm. The people working at the WTO must feel quite helpless and a little dejected."

Trump increased tariffs before, is the WTO more ready now?

Dupont: "The WTO has been weakened for several years. This worsened during the first Trump administration, as the legal settlement of disputes was paralysed because there are not enough judges on the appellate body" -- their appointment being blocked by Washington.

"With no avenues of appeal any more, procedures cannot be followed through, whereas at the start of the first Trump administration, this possibility was always available."

"The WTO is now even more helpless and can no longer resolve trade disputes involving the United States."

"What was strong about the WTO was

that it allowed trade retaliation to bring its members back on track. This framework seems to have disappeared completely."

Does the US tariff offensive sink the multilateral trading system?

Dupont: "The future of multilateralism in trade is clearly in question. Essentially it will depend not on the United States,



Cars for export are seen at a port in Yantai, China's eastern province of Shandong on February 20.

but on other countries: to what extent are other countries going to continue working together within the WTO?

"There might be danger for the WTO with an inflationary spiral of customs duties, but maybe it's also an opportunity for other countries to show this is not how problems should be resolved."

"However, if member states do not provide the impetus, the WTO will not move. The organisation itself has very little room for manoeuvre, unlike many UN agencies, such as the World Health Organization (WHO) or the World Bank and the International Monetary Fund."

Are tariff wars new for the WTO?

Dupont: "There have always been customs threats. The WTO's goal is to make sure protectionist moves are only temporary. The idea is to push countries to follow the rules -- to maintain the organisation's legitimacy. But it is unclear whether this will actually happen under the second Trump administration."

Could Trump withdraw from the WTO? Dupont: "I would sooner bet on him not doing so because the WTO is not expensive for the United States. The WTO's overall budget is ridiculously low (\$227 million in 2024) compared to the WHO (\$3.4 billion in 2024)."