

# Trade bodies demand easier tax structure

STAR BUSINESS REPORT

Trade associations in Bangladesh are demanding a simpler and investment-friendly tax structure that would ensure sustainable economic growth and broaden tax collection in the country.

Leaders of the Bangladesh Chamber of Industries (BCI), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), Dhaka Chamber of Commerce and Industry (DCCI), and other trade bodies placed this demand at a meeting with officials of the finance ministry and the National Board of Revenue (NBR) yesterday.

Held at the finance ministry, the pre-budget meeting discussed potential support for local businesses, particularly small and medium enterprises (SMEs), in the fiscal year 2025-26 amid ongoing economic challenges at home and abroad.

The participating trade bodies issued several demands, such as reducing the source tax on exports to 0.5 percent from 1 percent, as exporters are facing global competition.

Additionally, they proposed lowering customs duties on raw materials, machinery, and essential inputs to

encourage local production and competitiveness.

They also recommended offering special tax benefits for SMEs, lowering corporate tax rates, and easing the tax return filing process to boost entrepreneurship.

They emphasised modernising VAT management, ensuring fair input tax credit, and rationalising advance income tax and advance tax rates.

Furthermore, they urged the restructuring of minimum tax calculations to prevent loss-making companies from becoming overburdened.

To address challenges following the country's graduation from the least developed country category, they proposed special incentives for labour-intensive and export-oriented sectors.

After the meeting, Finance Adviser Selahuddin Ahmed said the interim government is aiming for a business-friendly budget that will maximise investment, stimulate business activities, and drive GDP growth to its highest potential.

"We are also encouraging businesses to not only submit tax returns online but also make tax payments digitally," he

added.

He informed that the participants had raised concerns over certain inconsistencies in the tax system.

"We will address these anomalies and bring necessary corrections," Ahmed said.

BCI President Anwar ul Alam Chowdhury said the finance adviser specifically asked for their views on taxation.

**The trade bodies proposed lowering customs duties on raw materials, machinery, and essential inputs to encourage local production and competitiveness**

"He asked us to submit our demands regarding fiscal and banking issues in writing," he added.

Chowdhury also said that the finance minister appears determined to take stricter measures to enhance revenue collection.

"We highlighted how empowering industries could strengthen our economic capacity," he added.

Chowdhury pointed out that a 1

percent advance income tax is deducted from garment export proceeds, even when companies incur losses.

"The NBR has assured us that they will review this issue," he said.

Chowdhury also stressed that VAT on SMEs should be reduced to enhance their competitiveness, particularly in rural areas.

BKMEA President Mohammad Hatem told reporters that businesses face significant hurdles in accessing incentives.

"So, we have demanded that incentives be paid directly to exporters," he said.

Asked about allegations of fraud and counterfeit claims for incentives through false documents, Hatem dismissed the claims as inaccurate.

DCCI President Taskeen Ahmed said they placed numerous demands, including expanding the tax net instead of increasing the tax burden, fully digitising the tax system, introducing online corporate tax payments, and implementing a unified single digit VAT.

They also urged the Bangladesh Bank to offer at least a six-month moratorium and easy loan restructuring, as businesses are facing economic pressure.

## BCI calls for tax reforms

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The ongoing energy crisis, inflation, and slow progress of the Annual Development Programme (ADP) have been negatively affecting industries of all sizes, particularly small and medium enterprises (SMEs), which are facing significant financial pressure, said Parvez.

The BCI proposed several reforms aimed at reducing operational costs and improving the tax system to provide relief for businesses struggling with these challenges.

The government must adopt a tax framework that is not only revenue-centric but also conducive to industrial growth, said Parvez.

The BCI called for the simplification of the tax system to expand the income tax and VAT net, with the goal of increasing tax compliance across all sectors.

It proposed making tax registration mandatory for both government and private sector organisations to ensure that transactions are properly tracked and reported.

To further reduce costs for businesses, the BCI suggested that government fees related to land acquisition, licensing, and port services be aligned with administrative cost models rather than arbitrary fees.

This would bring Bangladesh's tax practices in line with World Trade Organization (WTO) guidelines, it said.

The BCI also advocated for reforms in customs and tax laws, aiming to streamline processes at the production, import, and export stages and improve the overall efficiency of the tax system.

The BCI recommended implementing a zero VAT rate on energy supplies for industrial and export sectors to help reduce production costs.

Additionally, it proposed tax relief for SMEs, particularly in rural areas, and suggested the introduction of bonded warehouses and distribution systems to help these businesses compete in the e-commerce market.

For Bangladesh to maintain its competitiveness and protect profit margins, value addition and market diversification are still crucial, said Rubel.

for special incentives for women entrepreneurs in the rural sector.

"We are optimistic that the NBR will pay heed to our proposals, which are designed to safeguard the interests of our industries and ensure continued progress," said Parvez.

## Garment exports

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India, Pakistan, and Cambodia secured \$411 million, \$360 million, and \$435 million in January 2025, respectively, from the EU clothing market.

In conclusion, the data indicates a more pressing need for strategic changes for future growth, even though Bangladesh demonstrated resilience in preserving export quantity and value.

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## Eid windfall

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In the eight months to February this year, inward remittances recorded a 23.8 percent year-on-year growth, according to BB data.

Bangladesh received a total of \$18.49 billion in remittances in that time, up from \$14.93 billion in the same period of the previous year.

Khan said growing inward remittance was a positive sign for the country's economy, especially as it helps build foreign exchange reserves. Thanks to higher remittance earnings in recent months, the central bank is clearing dues and has relaxed import restrictions.

As of March 13, Bangladesh's foreign exchange reserves stood at \$19.73 billion (BPM6). On the same day a year prior, the amount was \$19.99 billion.

"Now, the central bank should disclose how much of the due payments it has cleared and how much remains outstanding. This data will boost people's confidence," Khan said.

Apart from high inflation, fiscal control, and restoring stability

in the banking sector, the government's major concern is foreign exchange, which should be allowed to accumulate with high remittance earnings, he added.

A mid-level banker of IslamiBank said remittance increases during every festival month.

"This rise in remittance is because non-resident Bangladeshis are sending their income to their relatives. It is a common phenomenon and has been observed in every Eid-related month," the banker said.

"Moreover, the availability of hundi has dropped, so people are sending money through formal channels. As a result, a rising trend in remittance has been observed in the last several months."

Another major reason why people prefer formal channels is the fact that the gap between the price of the dollar through formal and informal channels has narrowed to Tk 1.5 to Tk 2, the banker said.

"So, people have lost interest in sending remittance through the informal sector."

## US labour market stable, but job opportunities limited

REUTERS, Washington

The number of Americans filing new applications for unemployment benefits increased slightly last week, suggesting the labor market remained stable in March, though the outlook is darkening amid rising trade tensions and deep cuts in government spending.

Despite the low level of layoffs, more people are staying on jobless rolls longer compared to the same period last year. Economists say still high interest rates and policy uncertainty are making companies cautious about increasing headcount.

"The data continue to tell a story of relatively few private-sector layoffs but limited employment opportunities for those who are unemployed," said Nancy Vanden Houten, lead US economist at Oxford Economics.

Initial claims for state unemployment benefits rose 2,000 to a seasonally adjusted 223,000 for the week ended March 15, the Labor Department said on Thursday. Economists polled by Reuters had forecast 224,000 claims for the latest week.

Claims have been bouncing in the middle of the 203,000-242,000 range this year, with layoffs generally staying low and hiring cooling off.

A separate program for unemployment compensation for federal employees (UCFE), which is reported with a one-week lag, still showed a

## Gold steadies near record highs in global market

REUTERS

Gold prices were steady on Thursday, after touching another record high earlier in the session, driven by the Federal Reserve's indication of likely interest rate cuts later this year and geopolitical and economic uncertainty fueling safe-haven demand for the bullion.

Spot gold held steady at \$3,044.44 an ounce as of 0928 GMT, after hitting a record high of \$3,057.21 earlier in the session.

US gold futures gained 0.3 percent to \$3,050.90.

"The US dollar index is up, weighing on the prices of the precious metals," Quantitative Commodity Research analyst Peter Fertig said.

But with the support of ongoing geopolitical factors and strong central bank demand, gold could still see upward momentum, he added.

The US dollar was up 0.3 percent, making bullion more expensive for foreign buyers.

Trump's tariffs are widely seen as inflationary and have prompted gold to notch 16 record highs so far this year, four of them above the \$3,000 milestone.

Meanwhile, the US central bank left its key interest rate unchanged on Wednesday, but the Fed is still expected to deliver rate cuts by the end of this year.

## গণপ্রজাতন্ত্রী বাংলাদেশ সরকার

### নির্বাচী প্রকৌশলীর কার্যালয়, সওজ

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### “মধুমতি সেতুর ইঞ্জার দরপত্র সংশোধনী বিজ্ঞপ্তি”

দরপত্র নং: 01/Manual/PSN/GRD/2024-2025 এর  
বিক্রয়, গ্রহণ ও খোলার তারিখ ও সময়ের  
নিম্নলিখিত সংশোধন করা হলো।

Subject	Present Date & Time	Amended Date & Time
Tender Last Selling Date	24-03-2025 and 04.00 pm	16-04-2025 and 04.00 pm
Tender Closing Date and Time	25-03-2025 and 12.00 pm	17-04-2025 and 12.00 pm
Tender Opening Date and Time	25-03-2025 and 03:00 pm	17-04-2025 and 03:00 pm

\* উপরোক্ত সংশোধন ছাড়াও দরপত্র তফসিলের বিভিন্ন তথ্যাবলী সংশোধন করা হবে।

\* বর্ণিত দরপত্রের সংশোধিত সকল অংশ দরপত্রের অবিচ্ছেদ্য অংশ হিসেবে পরিগণিত হবে।

\* দরপত্র তফসিলের সংশোধিত তথ্যাবলী বিনামূল্যে সংগ্রহ করা যাবে।

20.3.25  
(মোঃ আজহারুল ইসলাম)  
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## Lentil acreage falls

FROM PAGE B4

Faridpur, in Kanaipur, said lentil cultivation has declined in the past five years due to low prices and disease outbreaks.

"We used to buy lentils directly from farmers and process them into pulses for sale. But now, the government has to import BARI-8 seeds to meet demand, forcing small mill owners like us to shut down," he said.

Shahadujaman, deputy director of the

Department of Agriculture, said lentil cultivation has declined in the past five years due to low prices and disease outbreaks.

"To meet demand, the government has to import lentils. However, better weather and improved BARI-8 seeds have led to good yields this year, and farmers are also getting better prices."

Shahadujaman said if this trend continues, they hope to see an increase in lentil cultivation next year.

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