

Threshold for excise duty-free bank balance may rise

STAR BUSINESS REPORT

The National Board of Revenue (NBR) is likely to raise the excise duty-free threshold for bank balances in the upcoming budget for fiscal year 2025-26.

"People would get relief from such duties in the coming days," said NBR Chairman Md Abdur Rahman Khan.

He gave the hint while responding to a proposal at a pre-budget meeting with representatives of Economic Reporters' Forum (ERF) at the NBR headquarters yesterday.

Currently, the excise duty for bank balances ranging from Tk 1 lakh to Tk 5 lakh is Tk 150 and for balances from Tk 5 lakh to Tk 10 lakh is Tk 500.

The ERF also proposed reducing taxes on individuals' deposit profits, pointing out that people's ability to save has already declined, and due to various concerns, many are reluctant to keep money in banks.

Currently, if a person deposits money in a bank from their taxed income, a 10 percent to 15 percent tax is deducted from the profit, it added.

The NBR chairman said many businesspeople had complained that banks deduct source tax the moment they availed loans, even before the funds could be used for business purposes.

"Yes, indeed, it's irrational. This policy was taken aggressively to raise revenue collection. We will now reduce such policies even if we lose revenues," he said.

"We cannot withdraw the policy overnight. But we may increase the ceiling for a certain amount of deposit," he said.

The NBR chairman said two-thirds of taxpayers who filed e-returns have incomes below the taxable threshold of Tk 3.5 lakh.

"Out of 15 lakh e-returns, nearly 10 lakh taxpayers don't have taxable income. This situation was the same for

paper returns," he said.

At the meeting, the ERF proposed raising the tax-free income limit to Tk 5 lakh from Tk 3.5 lakh, considering the current inflationary pressures.

In response, the NBR chairman said even after the transition to digital returns, the scenario remains unchanged.

Currently, the excise duty for bank balances ranging from Tk 1 lakh to Tk 5 lakh is Tk 150 and for balances from Tk 5 lakh to Tk 10 lakh is Tk 500

"If we consider raising the tax limit to Tk 4 lakh or above, the number of returns paying zero tax may increase by another 1 lakh," he added.

The real issue is that the number of quality taxpayers is quite low. If we expand this tax bracket slightly, we will

certainly have discussions about it," he said.

Khan also described the situation as a significant challenge.

"This is a challenge—not necessarily a major one, but still something to think about. We need to assess whether we can address this, and I believe we will," he said.

He further acknowledged that the NBR's tax policy had become somewhat aggressive in an effort to boost tax collection.

"We have not focused enough on operational efficiency and tax evasion detection. We need to investigate this," he said.

However, the NBR may introduce an area-based enforcement strategy to collect value added tax and enhance revenue collection.

Among others, ERF President Doulot Akter Mala, along with leaders of the organisation and NBR members, was present at the event.

Banks to remain closed for 9 days

STAR BUSINESS REPORT

Banks in Bangladesh will remain closed for nine consecutive days from March 28 to April 5 on Eid holidays.

However, bank branches in areas with garment industries will stay open on March 28 and 29, despite the public holiday, to facilitate salary payments for garment workers.

The Bangladesh Bank issued a notice on Monday stating that all scheduled bank branches and sub-branches will be closed on April 3 following a government-declared public holiday centred on Eid ul-Fitr.

In another notice, the central bank stated that bank branches, sub-branches, and booths located in seaports, land ports, and airports (port and customs areas) must remain operational throughout the week.

From March 28 to April 5 (except on Eid day), import-export activities must continue on a limited scale, with necessary arrangements to be made in coordination with local administration, port, and customs authorities.

Officers and employees working on holidays will be compensated as per regulations, the notice added. The government has declared a public holiday on April 3 through an executive order to ensure smooth travel for Eid ul-Fitr celebrations.

The advisory council made the decision at a meeting yesterday, effectively extending the official Eid holiday from March 28 to April 3.

Wider safety net

FROM PAGE B1
He added the budget's limitations were understandable but stressed the need for a mid-term plan on how to achieve a transition from social safety to social security.

"The main focus should be on how the number of people in need can be reduced by creating employment opportunities through increasing investment," Prof Rahman further said.

He emphasised that these aspects must be prioritised in the upcoming budget.

From the next budget for FY26, a "Dynamic Social Registry" system, financed by the World Bank, will be introduced to minimise safety net leakage and corruption.

A finance ministry official said the World Bank would provide \$200 million, including \$117 million as budget support, for the smooth operation of the new system.

The government's largest social safety net programme is the "Old Age Allowance" scheme.

Under this scheme, the monthly allowance next year will be increased by Tk 50 to Tk 650. Earlier in 2023, the government set the allowance at Tk 600 a month per person.

Although the country has continued to face high inflation since 2023, the government did not increase the allowance so far.

In the next budget, the government will increase the number of new beneficiaries under the Old Age Allowance programme by 100,000, which will be added to the existing 60,000 beneficiaries as of the fiscal year 2024-25.

The Old Age Allowance programme was introduced in fiscal year 1997-98 to provide social security to elderly people who are poor and unable to earn. At that time, Tk 100 was provided to each beneficiary a month.

The main objective of the unconditional cash transfer programme is to support the livelihood of elderly people and enhance their status in the family and society, according to the government's Social

Bangladesh underperforms

FROM PAGE B1

Moreover, Chinese importers are showing a lot of interest in importing more jackfruits, mangoes, guavas and hilsa fish from Bangladesh, which would help diversification, said Hossain, who is also the administrator of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Showkat Aziz Russell, president of the Bangladesh Textile Mills Association (BTMA), requested the relocation of Chinese factories to Bangladesh, especially in sectors such as textiles, garments, shoes and leather.

Moreover, Bangladesh should lobby to get large Chinese banks to open branches in Bangladesh, which would bolster financing and the supply of foreign currencies, he added.

An official of the Chinese Entrepreneurs Association in Bangladesh (CEAB) said the platform has more than 1,000 registered members, with most companies invested in garments and textiles enterprises in export processing zones.

Mohd Khorshed Alam, the immediate past president of the Bangladesh China Chambers of Commerce and Industry (BCCCI), blamed the lack of export diversity for lower shipments to China.

A lot of Chinese entrepreneurs come here but feel discouraged to invest when they hear about abnormal price hikes for energy and political unrest, he added.

However, a nearly \$5 billion Chinese investment plan may be unveiled during the chief adviser's visit to China as many are sending inquiries for investment in Bangladesh, he added.

Flow of foreign loans

FROM PAGE B1

"Projects that are almost complete should be given higher priority," it added.

The implementation of projects funded by foreign loans has declined this fiscal year.

Between July and February of FY25, the utilisation of foreign funds stood at just over one-fourth of this year's allocation under the ADP.

A year ago, the implementation rate of development projects funded by foreign financing was 34 percent, according to official data.

Muhammad Shahadat Hossain Siddiquee, a professor of economics at the University of Dhaka, noted that foreign loan disbursement was lower than commitments in FY24.

The trend, however, has reversed in the first eight months of the current fiscal year.

"At first sight, it might seem quite unrealistic, but this is the reality. This has been made possible due to the

realisation of prior commitments during the tenure of the current interim government," he said.

He added that if the current commitment trend continues until the end of the fiscal year, the total commitment may stand at around \$3.5 billion, indicating a decline of approximately 50 percent compared to FY24.

"Undoubtedly, this will negatively impact disbursements in the upcoming fiscal year, creating additional pressure on foreign currency reserves," he said.

Siddiquee, citing the increase in debt servicing, warned that if the current trend persists, total debt servicing for FY25 could be more than twice the amount in FY24—projected to reach around \$4.7 billion, representing a 112 percent increase.

"This scenario signals potential challenges in maintaining stability in the balance of payments," he said.

The CPD also noted that securing financing from foreign sources will be

a significant challenge in FY26.

It pointed out that the majority of foreign borrowing depends on the government's ability to design and implement ADP projects, while most budget support relies on policy reforms.

"Consequently, there will likely be increased pressure on bank borrowing to cover the budget deficit," it said.

"The government's fiscal space will be constrained unless private sector borrowing is squeezed, given the liquidity situation in commercial banks and the government's decision not to borrow from the central bank," it added.

Towfiqul Islam Khan, senior research fellow of the CPD, said at the end of the day, the government's ability to mobilise tax revenue would define the fiscal space.

"In the constrained fiscal space, we expected that the government will take initiatives to revisit project costs. We could not see any such significant initiative," he said.

Poverty rises sharply

FROM PAGE B1

The report attributed the rise in poverty to inflationary pressures, climate change-induced disasters, and economic slowdowns following global disruptions. The impact is more severe in rural areas, where the population living below the upper poverty line is higher than in urban areas.

A key indicator of the crisis is the Food Insecurity Experience Scale (FIES), which shows a worsening trend, according to the report.

The study found that the number of households experiencing moderate food insecurity has increased significantly compared to previous years.

Severe food insecurity has

also risen, deepening the crisis for vulnerable populations.

Households are increasingly adopting negative coping strategies, such as reducing meal portions, skipping meals, and altering food consumption habits, the report added.

The study examined five districts—Bandarban, Dhaka, Khulna, Rangpur, and Sylhet—finding notable variations in poverty trends. While Dhaka maintains relatively lower poverty rates, perception surveys indicate that many residents feel worse off compared to previous years.

In contrast, districts like Khulna and Rangpur have seen dramatic increases in poverty severity, with climate-induced factors such as riverbank

erosion exacerbating the situation.

In Sylhet, Zalikganj emerged as a new poverty hotspot, with food insecurity affecting a growing number of households. The study warns that without immediate intervention, these regions may face deeper crises in the coming years. Moderating the seminar, AK Enamul Haque, director general of the BIDS, stressed the urgent need for targeted policy interventions.

He highlighted the necessity of expanding social safety net programmes, strengthening food distribution mechanisms, investing in rural employment programmes, and addressing inflationary pressures that erode purchasing power.

Office of the Dhunat Pourashava District: Bogura

Memo No. 46.00.1030.000.007.00.0009.24.102

Date: 24/03/2025

Invitation for Tender (Works) e-Tender Notice No. 01/2024-2025 (LTM)

e-Tender is invited in the National e-GP System Portal (http://www.eprocure.gov.bd) for 09 (Nine) Packages for the procurement of:		
Tender/ Proposal ID	Documents last selling date & time	Closing date & time
1087003, 1087004, 1087005, 1087006, 1087007, 1087008, 1087009, 1087010, 1087011	09/04/2025; 17:00	10/04/2025; 14:00

All other terms & conditions will remain unchanged. Further information & guidelines are available in the National e-GP System Portal (<https://www.eprocure.gov.bd>). Interested persons can communicate with the undersigned during office hours.

Md. Shazedy Haque
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Reference No-25.36.6500.103.07.05-20-463

Date: 24.03.2025

e-Tender Notice

e-Tender is invited in the National e-GP System Portal <http://www.eprocure.gov.bd> for the procurement of following packages

SL No	Tender ID	Name of work	Closing date & time	Opening date & time
1	1090007	Beautification and painting work of tennis court at Narail District Commissioner's Office and Residence.	10-04-2025 At 12:00	10-04-2025 At 12:00
2	1090009	Changing electric pole and installation of search lights at Narail District Police Line.	10-04-2025 At 12:00	10-04-2025 At 12:00
3	1091513	Wall and floor tiling work of Ground floor, 1st and 2nd floor toilet zone at Narail District Police Lines Barracks building	10-04-2025 At 12:00	10-04-2025 At 12:00

This is an online Tender, where only e-Tender will be accepted in the National e-GP Portal and no off line/hard copies will be accepted. The fee for downloading the e-Tender Document for the National e-GP System portal have to be deposited online through any registered Bank's branches. Further information and guidelines are available in the National e-GP System portal and for e-GP help desk.

21/03/2025

Md. Sarwar Hossain