

Star BUSINESS



Tax authority to split. Will it bring the desired outcome?

MD ASADUZ ZAMAN

The government is set to dissolve the National Board of Revenue (NBR) and replace it with two new divisions, aiming to modernise tax administration, boost revenue collection, and attract more investment.

A draft ordinance has been readied for the separation, outlining the changes.

Under the draft "State Policy and Revenue Management Ordinance, 2025", both the NBR and the Internal Resources Division will be abolished.

In their place, two new bodies will be created – the Revenue Policy Division and the Revenue Management Division.

Touted as a historic overhaul, the move has ignited debate over whether it will drive meaningful reform or merely deepen the layers of bureaucracy, given the NBR's persistent failure to meet its targets.

Splitting the revenue board has been a long-overdue task, with multilateral lenders, particularly the International Monetary Fund (IMF), urging the authorities to improve the country's tax-to-GDP ratio, which is currently one of the lowest in the world.

In its April issue of the Bangladesh Development Update, the World Bank (WB) also suggested separating tax policymaking and administration.

Apart from external pushes, there is also a question of principle: the same body should not be responsible for both making tax policies and enforcing them.

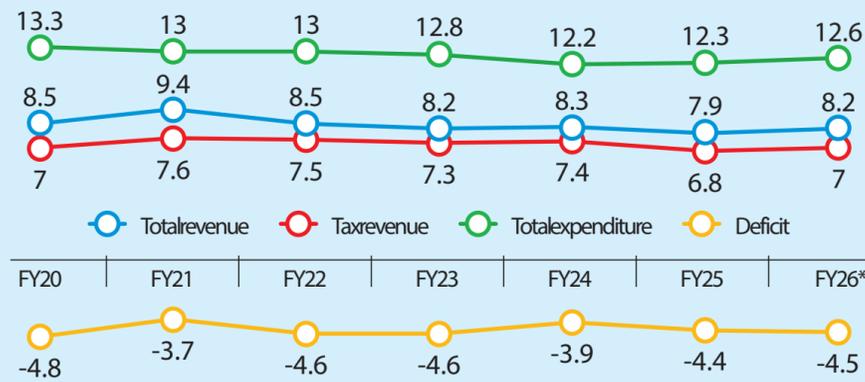
Now, amid the separation moves, some believe the split could solve persistent complaints about tax harassment from the business community and bring much-needed efficiency.

Others, however, fear it will merely create more opportunities for promotions and power consolidation within the bureaucracy.

In a context already marred by weak tax compliance and bureaucratic red tape, questions hang heavy over whether the split will usher in real change or simply repackage old problems with new labels.

Snehasish Barua, managing director of SMAC

Key fiscal data

In % of GDP; * Forecast
SOURCE: FINANCE MINISTRY & WB FORECAST

NBR REFORM INITIATIVES

Oct 9, 2024:	Jan 21, 2025:	Apr 17, 2025:
Interim government formed advisory committee	Panel submitted its primary report	Advisory council approved draft ordinance

Suggestions of advisory panel vs draft ordinance

(Filling the core posts in policy division)

- Panel's proposal: Official of taxation and customs cadre should be appointed
- Draft ordinance: Officials of cadre alongside taxes, VAT and customs can be appointed

Advisory Services, said that in theory, the initiative could be seen as timely and progressive.

"When one institution handles policymaking, implementation, and evaluation, transparency and accountability suffer," he said.

An independent policy division, he argued, would ensure greater autonomy and neutral oversight. However, success would depend on tackling deeper systemic issues.

"The draft ordinance suggests that a secretary or senior secretary will head the new policy division. But the key question is how will their experiences be defined?"

Barua said that beyond administrative ability, a clear understanding of revenue policy, international taxation, and socio-economic context would be essential for the posts.

'DISASTROUS GAPS'

To push forward NBR reform, the finance ministry formed an advisory committee on October 9 last year.

Among its members were two former chairmen of the revenue board Muhammad Abdul Mazid and Nasiruddin Ahmed; former tax members Md Delwar Hossain and Aminur Rahman; and former customs member Farid Uddin.

The committee's report, submitted to the finance adviser, outlined the rationale for separating revenue administration from policymaking.

Now, Md Farid Uddin, an advisory committee member, criticises the draft ordinance for not taking into account what they have recommended.

He finds "disastrous gaps" between their recommendations and what the draft outlines.

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Singer records massive Q1 loss despite higher sales

STAR BUSINESS REPORT

Singer Bangladesh, a listed multinational electronics and home appliance seller, saw a massive year-on-year rise in losses in the first quarter of fiscal year 2025 despite registering higher sales, attributing it mainly to high bank loan and operating costs.

The company reported a loss of Tk 34.89 crore in the latest January-March quarter, a sharp increase from a Tk 2.11 crore loss in the same period a year earlier.

However, sales rose 39 percent year-on-year to Tk 557.85 crore, according to its financial statements.

"While the turnover of the company increased, its gross profit margin has decreased by 1.8 percent year-on-year," reads the financial report.

It was due to an increase in average product cost, including various offers, discounts, and promotions, whereas the selling price has not been increased or adjusted accordingly, it added.

SALES AND PROFIT/LOSS OF SINGER BANGLADESH

In crore taka; SOURCE: FINANCIAL REPORTS



"Moreover, selling price has been decreased for major products to remain competitive," it said.

Its operating profit has decreased by 3.7 percent compared to the same period of 2024, mainly due to an increase in advertisement and sales promotions, bank charges, and warranty expenses.

Meanwhile, the overall operating expenses have increased by 38 percent.

Finance costs have also increased by 145 percent due to an increase in short-term borrowing, coupled with an increase in interest rates by more than 3.5 percentage points compared to that in Q1 of 2024, it said.

Income tax expenses have also increased by 108.4 percent due to minimum tax and deferred tax expenses, the company said.

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Imports of farm machinery tumble

STAR BUSINESS REPORT

Imports of tractors and power tillers have fallen this fiscal year owing to higher prices driven by the depreciation of taka against the US dollar and the discontinuation of government subsidies.

The opening of letters of credit (LCs) for agricultural machinery imports plunged 59 percent year-on-year between July and February of the fiscal year (FY) 2024-25, according to Bangladesh Bank data.

Meanwhile, LC settlements dropped 45 percent year-on-year, reaching \$8.3 million in the eight months to the end of February.

"Increased cost of the dollar has pushed up the prices of tractors, and this has affected sales by up to 20 percent," said Sadid Jamil, managing director of Metal, a farming machinery

importer.

Sales of combine harvesters have also nosedived since the government scrapped subsidies that had been aimed at speeding up farm mechanisation, cutting reliance on manual labour, reducing production costs, and improving yields.

Previously, farmers received up to 70 percent subsidy on the purchase of combine harvesters. However, this support was withdrawn in the last fiscal year following allegations of irregularities.

Jamil said the situation for power tillers, the most widely used farm machinery for cultivation, mirrors that of tractors.

He said that the subsidy had given a major boost to agricultural mechanisation and urged the government to reinstate it.

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Taskforce submits final proposals on margin rules

STAR BUSINESS REPORT

The government taskforce on capital market reforms submitted its final recommendations on margin rules yesterday, bringing minimal changes to an initial draft.

Last February, the committee submitted the draft recommendations to the Bangladesh Securities and Exchange Commission (BSEC).

A member of the taskforce said the final recommendations were not that much different from the initial draft, as none recommended any major change.

The committee submitted the recommendations after incorporating suggestions availed through consultations with market stakeholders.

The broker community provided a separate set of recommendations, which were similar to those of the taskforce.

As a result, the final recommendations were not that different from the initial draft, said the taskforce member, adding that they also shared their opinions on the changes.

Now, the BSEC will finalise the amendments to the margin rules of 1999 and ensure their implementation in the market, he added.

According to the proposal, margin loans will be available only to investors who have a minimum equity of Tk 10 lakh and at least six months of experience in the secondary market.

The proposed changes aim to introduce stricter eligibility criteria, improve risk management, and enhance transparency in margin trading.

The reforms are intended to stabilise the capital market and protect investors from excessive speculation. A key component of the reform is the restructuring of eligible collateral, according to the taskforce.

The proposed framework allows margin financing against cash, listed A-category stocks, corporate bonds with a minimum BBB+ rating, and government securities.

However, securities under legal restrictions or lock-ups, highly speculative or illiquid stocks, and companies nearing insolvency will be excluded.



About 24 percent of the total credit disbursements for agriculture went to livestock and poultry businesses during July-February of FY25, while the share was 25 percent during the corresponding months of FY24.

PHOTO: STAR/FILE

Credit for livestock and poultry creeps downward

SUKANTA HALDER

The share of credit disbursement to the livestock and poultry subsectors of the agriculture industry slipped slightly in the first eight months of the current fiscal year (FY), according to a report by Bangladesh Bank.

It said that about 24 percent of the total credit disbursements for agriculture went to livestock and poultry businesses during the July-February period, while the share was 25 percent during the corresponding months of FY24.

Meanwhile, the crops subsector continued to dominate, claiming 48 percent of the disbursements in the first eight months of FY25 compared to 45 percent during the same period of FY24.

However, the fisheries subsector got the smallest share of 15 percent in July-February of FY25 compared to 14 percent for the same period of FY24.

The report also said that scheduled banks in the country disbursed a total of Tk 22,125 crore for agriculture in the July-February period of FY25, reflecting a decrease of 6.60 percent year-on-year.

This significant downturn is due to reduced disbursements by private commercial banks (16.71 percent) and state-owned commercial banks (0.64 percent).

On the other hand, disbursements by state-owned specialised banks and foreign

commercial banks increased 12.85 percent and 4.93 percent respectively compared to their values in the July-February months of FY24.

Mohammad Ali, managing director of Pubali Bank, told The Daily Star that entrepreneurs in the poultry and livestock subsectors secured favourable prices for their products in 2022, 2023, and 2024.

He explained that farmers' profit margins improved at the same time, thereby reducing their reliance on loans and causing a subsequent decline in overall borrowing.

Ali further said that as inflation has eased from double to single digits, the resulting decrease in production costs curbed the demand for agricultural loans.

An official of Bangladesh Krishi Bank said their credit disbursements to livestock and poultry businesses increased by Tk 102 crore year-on-year in the July-February period.

At the same time, overall agriculture credit disbursements increased by Tk 689 crore, he added.

THE SITUATION A FARMER FACED WHILE TAKING A LOAN

Mohammad Azizul Islam, a farmer from Dinajpur, said he took a loan of Tk 50,000 from a private bank last year at an interest rate of 4 percent without collateral.

Although the loan documents mentioned Tk 50,000, he claims to have received only Tk 48,000.

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BTRC approves licence for Starlink

Sends proposal to telecom ministry for final nod

MAHMUDUL HASAN

Bangladesh's internet regulator has given the green light for Starlink to obtain a satellite internet licence, sending a letter to the telecom ministry last week for final approval.

As per telecom law, it is mandatory for the Bangladesh Telecommunication Regulatory Commission (BTRC) to obtain pre-approval from the ministry before taking key decisions, including granting licences.

"We already sent a letter to the ministry for pre-approval last week," said BTRC Chairman Md Emdad ul Bari.

"Once it is granted, we will issue the licence upon payment of the required fees," he told The Daily Star yesterday.

This is the swiftest recommendation from the BTRC for any such licence, according to an official of the regulator

According to the document, Starlink Services Bangladesh Ltd applied for the licence on April 7 under the regulatory framework titled "Guidelines for Non-Geostationary Orbit (NGSO) Satellite Services Operators in Bangladesh" issued by the BTRC.

The company's registration states that its local office is in a building in Karwan Bazar, Dhaka.

After receiving the application from Starlink, the BTRC formed a seven-member committee to evaluate it. The committee found all the documents authentic and proper, and recommended Starlink for the licence.

Later, a two-member committee of the BTRC also visited Starlink's Bangladesh office and recommended in favour of granting the licence.

This is the swiftest recommendation from the BTRC for any such licence, according to a BTRC official.

The development comes as Chief Adviser Muhammad Yunus in March this year directed the authorities to ensure Starlink's commercial launch within 90 days.

Starlink has been trying to enter the Bangladesh market since 2021.

In April last year, the BTRC approved the formation of a committee comprising officials from various divisions to draft guidelines for satellite-based internet services.

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