



Govt may scrap money whitening provision

Tk 790,000cr budget likely to be passed today

MD ASADUZ ZAMAN

The interim government is likely to scrap the provision that allows black money to be legalised through the purchase of apartments and land in the next fiscal year (FY) 2025-26, amid criticism from civil society groups, think tanks and watchdogs.

The decision may be finalised at today's advisory council meeting in Dhaka, where the Tk 790,000 crore national budget is expected to be passed, according to a top finance ministry official.

"We have increased the black money whitening rate several times in the proposed budget for the next fiscal year. However, if the council discards it, the provision will be scrapped altogether," the official said yesterday.

The proposed Finance Bill 2025 retained the scope for legalising undisclosed assets through investment in real estate, but at a much higher cost.

For years, individuals with black money could make it legal by investing in property and paying additional tax.

Last year's rates went up to Tk 6,000 per square metre for real estate and Tk 15,000 per square metre for

land.

This time, the rates have been proposed as high as 259 percent. Buyers of flats, buildings or apartments in areas like Gulshan, Banani and Baridhara would have to pay Tk 21,527 per square metre to whiten their wealth.

Unlike last year's budget, this year's proposal offers no indemnity against questions from the authorities.

The flat 15 percent tax on

Meanwhile, officials said the council is also expected to scrap the 5 percent tax currently applied to heart stents.

"There is also a 5 percent advance tax on cornea imports for eye treatment, which we plan to remove. These are some of the steps we are taking," said a senior official of the National Board of Revenue (NBR).

The government also plans to lower the high duty on solar energy system components, he added.

"So, we are introducing measures that genuinely benefit the environment and public welfare," he said.

BUDGET TO BE PASSED THROUGH GAZETTE

The new budget for FY26 is likely to be passed today through a government gazette, rather than a vote in the National Parliament.

Once cleared at the advisory council meeting chaired by the chief adviser in the morning, both the Appropriation Act for the new fiscal year and the Supplementary Appropriation Act for the current year will come into force after ratification by the president and gazette publication.

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undeclared immovable property, which granted such immunity in FY25, is absent from the proposed budget too.

Still, the move to allow black money whitening through real estate drew criticism from different corners.

Transparency International Bangladesh (TIB) said it would fuel corruption, while local think tank Centre for Policy Dialogue (CPD) called it a contradiction of the spirit of the "July Uprising" and said it would demoralise honest taxpayers.

EPA talks with Japan to end in August

Commerce secretary says

STAR BUSINESS REPORT

The negotiation for the signing of an economic partnership agreement (EPA) between Bangladesh and Japan will be completed by the end of August, said Commerce Secretary Mahbubur Rahman yesterday.

After the finalisation of the negotiation, the EPA can be signed soon, he said.

In March last year, Bangladesh began talks for signing the EPA, mainly to secure preferential trade benefits from Japan after the country graduates to a developing nation from the group of least developed countries (LDCs) by November next year.

The secretary, however, said signing any free trade agreement (FTA) with China would not bring any benefit for Bangladesh, as imports from China generated duties of nearly Tk 50,000 crore.

Currently, China is Bangladesh's largest trading partner, as local traders and businesspeople import goods worth over \$16 billion a year.

However, exports from Bangladesh to China have been at a very low level for years, hovering around \$600 million to \$700 million.

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Tight monetary policy alone can't reduce inflation

Economists say

STAR BUSINESS REPORT

Inflation in Bangladesh is not a monetary phenomenon, so only a tight monetary policy may not reduce it at the expected pace. Rather, it will reduce investment and job creation, said economists yesterday.

They were addressing a seminar of the Bangladesh Economic Association (BEA) at the Centre on Integrated Rural Development for Asia and the Pacific (CIRDAP) in the capital.

"This inflation, which has remained high for a couple of years, is not a monetary phenomenon, so it will not drop due to a tight monetary policy," said Prof Abu Ahmed, a former chairman of the economics department at the University of Dhaka.

Investment and job creation will be hampered due to contractionary monetary policy, said an expert.

Meanwhile, investment and job creation will be hampered due to the contractionary monetary policy. Bangladesh's inflation is high due to supply-side constraints and the massive devaluation of the local currency, he added.

Abdul Awal Mintoo, a business leader and lifetime member of the BEA, echoed Ahmed, saying that it was true Bangladesh Bank only had a single instrument—the policy rate—to contain inflation.

However, this instrument will not work in Bangladesh, said Mintoo, a former president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

On the other hand, contractionary monetary and fiscal policies work only

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