

Iran war sparks fuel fears, slows Eid motorcycle sales

The case for simplifying income tax law

MASUD KHAN

Bangladesh's Income Tax Act, 2023 marked an important legislative milestone. It replaced the decades-old 1984 ordinance and reorganised the framework of income taxation. Yet for many taxpayers, individuals and businesses alike, the system still feels complex, compliance heavy and uncertain.

The complexity did not emerge overnight. It developed gradually through successive amendments aimed at addressing revenue leakage and combating evasion. Each new anti-avoidance provision, withholding requirement, exemption or special rate may have been justified at the time. However, over decades, these incremental additions have produced a system layered with special cases, cross-references and administrative discretion.

While the 2023 act reorganised the structure, much of this accumulated complexity remains embedded within it. If Bangladesh seeks to improve voluntary compliance and sustainably raise its tax-to-GDP ratio, simplification must now move beyond structural reorganisation to substantive refinement.

One major source of complexity lies in the proliferation of exemptions and sector-specific incentives. Over time, reduced rates and special treatments have been introduced to stimulate investment and promote priority industries.

While incentives can serve legitimate policy goals, their accumulation fragments the tax base and increases interpretational disputes. Different sectors receive different treatments, sunset dates are often unclear, and the overall revenue cost is rarely transparent.

A more disciplined approach would involve consolidating exemptions into a coherent schedule, publishing an annual tax expenditure statement estimating the fiscal cost of each incentive, and introducing automatic expiry unless explicitly renewed. Simplification does not require eliminating incentives; it requires structuring them transparently and preventing indefinite expansion.

Another area requiring reconsideration is the breadth of withholding tax. Bangladesh relies heavily on withholding at source across a wide range of transactions, and in practice it often operates as a quasi-final tax or minimum tax.

While withholding is an effective enforcement tool, international practice shows a more focused approach. In most OECD countries, withholding is primarily confined to wages, dividends and interest, not imposed across dozens of transaction types.

When withholding extends too broadly, it increases compliance burdens, creates cash-flow distortions, and effectively transforms intermediaries into tax administrators. Rationalising withholding categories and clarifying which deductions are adjustable versus final would reduce friction without undermining revenue objectives.

Complexity is shaped not only by statutory length but also by how predictably the law is applied. Where tax authorities possess broad discretion in rejecting accounts, estimating income or invoking anti-avoidance provisions, uncertainty increases. Even well-drafted provisions can feel opaque if outcomes depend heavily on administrative interpretation.

Countries with stronger reputations for tax certainty – the United Kingdom, Australia and Singapore – place significant emphasis on clear, published guidance and advance rulings. Tax authorities issue detailed practice notes explaining how specific provisions will be interpreted, thereby reducing ambiguity and disputes.

A meaningful step toward simplification in Bangladesh would be publication of an official, consolidated, annotated version of the Income Tax Act in both Bangla and an authoritative English translation. This version should integrate the Act, relevant rules, schedules, circulars and amendments into a single updated text, accompanied by practical illustrations and structured FAQs aligned directly with statutory provisions. Such clarity reduces interpretational conflicts and promotes voluntary compliance.

Finally, limiting arbitrary discretion in assessments is essential. Clear statutory thresholds for audits, defined criteria for rejecting accounts and transparent procedural safeguards reduce unpredictability. When taxpayers perceive that outcomes depend less on individual interpretation and more on consistent application of published standards, compliance improves naturally.

Simplification is about designing a system that ordinary taxpayers can understand, comply with confidently and perceive as fair. The 2023 act has provided a structural reset. The next phase should focus on transparency, restraint, certainty and coherence.

The writer is the chairman of Unilever Consumer Care Ltd

South Korea lifts coal cap amid energy concerns

AFP, Seoul

South Korea's ruling party said on Monday the country will lift a cap on coal-powered generation capacity set at 80 percent and boost the use of nuclear power to about the same level.

The world's eighth-largest consumer of crude oil is feeling the squeeze on energy supplies as Iran has choked off the vital Strait of Hormuz, with the Middle East war now entering its third week.

The disruption along the key oil route has sent prices soaring and prompted Seoul to impose a fuel price cap for the first time in nearly 30 years.

Ahn Do-geol, an MP from the ruling Democratic party, told reporters after a meeting with relevant government agencies that the coal cap limiting generation to 80 percent would be lifted from Monday.

"Effective today the 80-percent cap will be removed," he said.

The government will also raise the utilisation rate of nuclear reactors by more than 10 percent to help offset the impact of disrupted energy supplies, he said.

MARKET TREND AND SALES



Eid sales surged early but lost momentum later



Sales were about 30% higher initially than a year earlier



Momentum dropped sharply in recent weeks



Eid typically lifts sales by 30-35% compared to regular months

DEMAND SLOWDOWN

- Fuel anxiety spread quickly among buyers
- Rural customers turned cautious



FUEL-RELATED DISRUPTIONS

Fuel rationing disrupted market momentum

Panic buying was reported at filling stations

SALES VOLUME INDICATORS

Average monthly sales stand at around 39,000 units

Sales rise to nearly 52,000 units ahead of Eid

JAGARAN CHAKMA

Motorcycle sales ahead of Eid-ul-Fitr initially surged but have recently slowed as uncertainty in global energy markets – triggered by the US-Israel war on Iran escalating – has raised concerns over fuel availability and costs, dampening consumer enthusiasm.

Industry insiders say the conflict has pushed up global oil prices, raising worries about fuel availability and triggering panic buying.

Although the country meets the lion's share of its petrol and octane demand domestically, disruptions in global supply and the crude price shock have affected these segments, slowing motorcycle purchases during what is usually a peak season.

Subrata Ranjan Das, deputy managing director of ACI Motors, said the Eid season began with strong sales momentum before concerns over fuel availability and rising costs began to weigh on buyers.

"The market had a promising head start before the war brought on disruptions. If we compare this Ramadan with the

past one, motorcycle sales were about 30 percent higher than last year before the fuel crisis began," he said.

However, momentum slowed in recent weeks as concerns spread, particularly in rural areas.

"During the Eid month, sales are usually about 30 percent higher than in a regular month," he said.

Monthly sales normally stand at about 39,000 to 40,000 motorcycles but rise to around 52,000 units ahead of Eid, according to industry insiders.

"Once fuel availability returns to normal, sales momentum should recover," Das said.

He also warned that rising global oil prices and a stronger dollar are increasing cost pressures for importers and distributors. "This may eventually affect prices in the market," he added.

Shah Muhammad Ashequr Rahman, chief marketing officer of Bangladesh Honda Private Limited, said the market had started picking up ahead of Eid but suddenly slowed as panic over a possible fuel shortage spread at refuelling stations, even though there was no real supply

disruption.

"The Middle East crisis has caused anxiety among motorcycle users about fuel availability, which has dampened sales ahead of Eid – a period that usually contributes significantly to annual sales," he said.

Rahman highlighted that motorcycles are increasingly becoming a practical and reliable mode of transport for daily commuting.

"Demand for motorcycles usually rises ahead of Eid as people prepare for travel and festive activities," he said.

"Almost all brands offer attractive campaigns and benefits during the Eid season to share the joy of the festival with customers," he added.

INDUSTRY OUTLOOK REMAINS MIXED

Shafkat Sakin, head of marketing at Suzuki Bangladesh, said it is still too early to assess the full impact of Eid on motorcycle sales as the market has faced several challenges.

"Eid sales have not closed yet, so it is difficult to give a concrete number right now."

Suzuki has seen strong demand for specific models due to promotional offers, but Sakin said this does not reflect the performance of the entire market.

"If you compare the entire industry with last year, the market is still behind," he said.

"The market structure has changed compared with last year. Some big players are not as active, and there has also been a shift towards electric vehicles. These factors are influencing the industry numbers."

While final sales figures will only become clear after the Eid season ends, Sakin said the overall outlook remains mixed.

"I sense that this year's Eid-ul-Fitr will still be the peak sales period for motorcycle brands, but it may not be as strong as last year," he said.

He also pointed to fuel availability concerns as a factor slowing purchases.

"In some cases, customers are buying motorcycles but taking delivery several days later. If they cannot easily access fuel, they hesitate to use the bike immediately," Sakin said.

Stagflation risk in US 'quite high' Says Nobel-winning economist Stiglitz

AFP, Geneva

The war in the Middle East has put the United States at high risk of falling into stagflation, Nobel Prize-winning economist Joseph Stiglitz told AFP on Monday.

Even before the war erupted on February 28 with a barrage of US and Israeli strikes on Iran, Stiglitz said the US economy was already "close to stagflation" – a troublesome blend of high inflation and anaemic growth.

There were a number of "readings for slow growth before the war", he said in an interview at the United Nations' European headquarters in Geneva, "and this just... pushes us over the brink".

The Middle East war has virtually halted activity in the strategically vital Strait of Hormuz, through which a fifth of the world's crude oil supplies and a substantial amount of gas normally run, sending oil prices soaring.



Global oil prices have surged by 40 to 50 percent after Iran choked off the waterway and attacked energy and shipping industry targets in the Gulf in response to the US-Israeli war against the Islamic republic.

This has sparked fears of a shock to a global trading system, which is already under stress from US President Donald Trump's tariff offensive as well as the fragmentation of supply chains since the Covid-19 pandemic and Russia's war in Ukraine.

Stiglitz, who jointly won the Nobel Economics Prize in 2001 for his analysis of markets with asymmetric information, said the United States was the country most at risk of falling into stagflation, as it did during the oil shocks in the 1970s.

"The risk of stagflation seems to be quite high for the US," said the professor at Columbia University in New York.

The situation elsewhere was not as clear-cut, said Stiglitz, who served as chief economist at the World Bank in the late 1990s after being the chairman of US president Bill Clinton's council of economic advisers.

READ MORE ON B2

Middle East war: global economic fallout

AFP, Paris

Here are the latest economic events in the Middle East war on Tuesday:

STOCKS RISE AS OIL PUSHES HIGHER

Oil prices resumed their push higher as several countries pushed back against US President Donald Trump's demand that they help secure the Strait of Hormuz, while Iran continued to target crude-producing neighbours.

Traffic in the Gulf waterway through which a fifth of global crude oil passes has been severely disrupted by the war.

International benchmark Brent North Sea crude pushed up 2.6 percent to \$102.84 per barrel, while the main US contract West Texas Intermediate had increased 2.4 percent to \$95.77 at around 0230 GMT.

DRONE STRIKE SPARKS UAE OIL FIELD FIRE

A drone strike caused a fire at a major oil field in the United Arab Emirates, authorities said, as Iran continued its drone and missile strikes across the Gulf.

The Shah oil field, located 230 kilometres (143 miles) south of Abu Dhabi city, has a production capacity of approximately 70,000 barrels of crude oil per day, according to the UAE's state-owned energy giant ADNOC.

DRONE ATTACK TARGETS IRAQI OIL FIELD

Two drones targeted a major southern Iraqi oil field, an oil ministry spokesperson told AFP, after the second attack in four days.

Majnoon oil field was "targeted by two drones, one hit a telecommunication tower," oil ministry spokesperson Saheb Bazoun said, adding that there had been no damage.

A security official confirmed the attack and said the second drone had targeted the offices of an American firm operating at the site.

PAKISTANI TANKER TRANISTS HORMUZ

A Pakistani oil tanker transited the Strait of Hormuz with its automatic transponder system activated, monitor Marine Traffic said, the first such voyage by a non-Iranian tanker

since the start of the war.

Marine Traffic said on X that the 237-metre-long Pakistani-flagged oil tanker had a draft of 11.5 metres, indicating it was heavy and likely loaded.

IEA HINTS AT MORE RELEASES

International Energy Agency chief Fatih Birol said more strategic oil stocks could be released if necessary to limit the fallout of the virtual blockade of supplies through the Strait of Hormuz owing to the war on Iran.

"In terms of government stocks and industry stocks held under government obligation, if you combine them, there will be still over 1.4 billion barrels remaining, which means we can do more later as and if needed," Birol said in a video statement.

UAE'S ADNOC 'SUSPENDS' LOADING OIL AT FUJAIRAH TERMINAL

The UAE's state-owned energy giant ADNOC halted the loading of oil into storage tanks at their Fujairah facility, a source with knowledge of the operations told AFP Monday, following repeated strikes on the energy installation.

Fujairah is home to a major port where Iranian attacks have already

targeted oil storage tanks. The port is also home to a key oil export terminal just at the entrance of the Strait of Hormuz.

IRAR HOPES TO REVIVE PIPELINE

Iraq is hoping to ship up to 250,000 barrels of oil per day to a port in Turkey via a rehabilitated pipeline that has been out of service for years, its oil minister said, after the US-Israeli war on Iran cut off its main export route.

The amount would be just a fraction of the roughly 3.5 million barrels per day (bpd) that Iraq exported before the conflict, mostly through its southern Basra port and the Strait of Hormuz.

JAPAN STARTS RELEASING OIL STOCKS

Japan said it was beginning the release of its strategic oil reserves after the International Energy Agency indicated earlier that the release would begin in Asia and Oceania before other regions.

IEA members agreed on March 11 to tap oil stockpiles to cushion the surge in prices caused by the war – by far the largest ever response of its kind. The IEA said releases in Europe and North America would start before the end of March.



A worker changes the price label of fuel at a petrol station in Manila yesterday. Oil climbed again in Asia after prices retreated a day earlier. PHOTO: AFP