

# Star BUSINESS



## Tax exemptions stood at Tk 1.07 lakh crore in FY23

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Bangladesh's direct tax expenditure — comprising rebates, exemptions, and concessional tax rates — fell 8 percent year-on-year to Tk 1.07 lakh crore in fiscal year 2022-23, according to data published by the National Board of Revenue (NBR) yesterday.

Tax expenditure, often described as implicit subsidies extended through the tax system, stood at 2.39 percent of GDP in FY23, down from 2.9 percent a year earlier.

Corporate income tax accounted for the bulk of the expenditure at Tk 73,989 crore, representing 69 percent of the total.

These benefits were largely concentrated in sectors such as microcredit and social welfare, power and energy, and garments, textiles, and accessories.

Among corporate tax expenditures, the highest allocation went to the microcredit and social welfare sector, amounting to Tk 12,589 crore, or 17.01 percent of the total corporate tax expenditure.

The power and energy sector followed with Tk 7,987 crore, equivalent to 10.79 percent.

Tax expenditure related to share capital gains stood at Tk 6,254 crore, accounting for 8.45 percent.

The garments, textiles, and accessories sector received Tk 5,829 crore in tax expenditure, making up 7.88 percent of the total.

Meanwhile, incentives for economic zones and hi tech industries, aimed at promoting industrial diversification and infrastructure development, amounted to Tk 4,638 crore, or 6.27 percent.

On the other hand, personal income tax expenditure was estimated at Tk 33,143 crore, comprising 31 percent of the total, with a significant portion attributed to salary-related relief measures.

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## Fully automated tax refunds to launch next year Says NBR chairman

STAFF CORRESPONDENT, City

The National Board of Revenue (NBR) plans to introduce fully automated refunds for individual income tax and corporate tax from next year to make the process faster and easier for taxpayers, NBR Chairman Md Abdur Rahman Khan said yesterday.

"Automation is already in place for VAT (value-added tax) refunds, and the system for income tax refunds is almost ready," Khan said. "We want the tax return submission period to feel like a celebration, encouraging taxpayers to file their returns with the hope of receiving refunds."

He made the remarks at a pre-budget meeting organised by the Chittagong Chamber of Commerce and Industry (CCCI) at the World Trade Centre conference hall in Chattogram.

Khan said that overall tax and revenue collection remains very low and that the country's economy needs a significant boost in revenue.

He, however, promised that the government will rely on rationalised tax rates rather than pressuring everyone to increase revenue.

The NBR chief also said the government is working to modernise and make bond management, tax, VAT, and customs systems paperless. "To encourage compliance, we have simplified rules so people do not hesitate to pay taxes, VAT, and customs duties," he added.

At the meeting, CCCI Administrator Md Motaheb Hossain submitted the chamber's budget proposals for the upcoming fiscal year.

He suggested raising the tax exemption limit for general taxpayers to Tk 5 lakh, citing current inflation.

In his written proposal, Hossain also noted that advance income tax (AIT) deducted on imported raw materials is supposed to be refunded, but the process is complicated, and AIT is often settled without proper adjustment against tax liabilities.

Representatives from various business sectors shared their proposals and challenges. Business leaders urged the government to expand the tax network rather than increase the burden on compliant taxpayers.

Mohammad Amirul Hoque, former

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## Petroleum import bills surged 52% even before Iran war

MD MEHEDI HASAN and ASIFUR RAHMAN

Bangladesh's petroleum import bill soared 52 percent year on year in the July-February period of the current fiscal year, even before the war in the Middle East broke out, raising fears of a heavier economic impact ahead.

The country spent \$5.50 billion on crude oil, petroleum, oil and lubricants (POL) imports in the first eight months of FY2025-26, according to Bangladesh Bank (BB) data.

Of it, the cost of crude petroleum imports surged 119 percent to \$885 million during the period. Meanwhile, payments for POL rose 43.6 percent year-on-year to \$4.62 billion.

The data on spiralling import bills for petroleum come as Bangladesh faces a fuel crisis. This follows the US-Israel's war on Iran and Iran's closure of the Strait of Hormuz. The strait is a key energy chokepoint that normally carries about one-fifth of the world's oil and liquefied natural gas (LNG) flows to Asia.

Bangladesh depends on imports for 95 percent of its annual petroleum demand of 70 lakh tonnes and nearly one-third of its gas consumption. Saudi Arabia, the United Arab Emirates and Qatar supply most of the country's fuel.

Since these nations transport their energy through the strait, the conflict and soaring oil and LNG prices have raised concerns about the wider economic impact.

"The unprecedented closure of the Strait of Hormuz has set off a massive energy crunch in Bangladesh, revealing its extreme sensitivity to disruptions to supply chains originating in the Middle East," said the South Asian Network on Economic Modeling (Sanem) in a statement yesterday.

It said that the conflict could hit Bangladesh's economy through energy, remittance and trade channels, with energy posing the most immediate threat.

Mustafizur Rahman, distinguished fellow at the Centre for Policy Dialogue (CPD), said the sharp rise in petroleum import costs was likely driven mainly by higher prices

### KEY POINTS

Crude oil import costs surge by 119% in Jul-Feb

Higher fuel costs widen trade deficit by 23.39%

Fuel subsidy burden rises sharply

Oil, LNG price shocks may cut GDP by 1.2%, raise inflation by nearly 4%

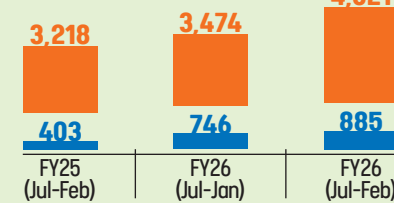
Subsidies may hit Tk 16,045cr by June

### PETROLEUM IMPORT PAYMENTS

In million \$

■ Crude petroleum

■ Petroleum, oil &amp; lubricants (POL)



SOURCE: BB

rather than increased import volumes, as the conflict began only at the end of February and had a limited impact during the period.

Energy ministry officials said the import-adjusted cost of diesel had reached about Tk 198 per litre in March, while the retail price stood at Tk 100.

For octane, the cost was Tk 150.72 per litre, compared with a retail price of Tk 120. In March alone, this translated into an estimated subsidy burden of roughly Tk 4,231 crore for diesel and Tk 779 crore for octane.

In early April, Energy Minister Iqbal Hassan Mahmood said the government might need to spend up to Tk 16,045 crore in subsidies by June to maintain current fuel prices.

Besides, the additional cost of LNG would require another Tk 15,077 crore in subsidies for the April-June period, according to calculations made until March 30.

Rising petroleum costs come alongside a surge in fertiliser import bills, which increased by 60.2 percent to \$3.17 billion during the first eight months of FY26, according to BB data.

Overall import bills for the July-February period rose 5.6 percent to \$46.17 billion, widening the trade deficit.

Rahman said further import cost increases in March could push the deficit higher, add

pressure on the current account, and affect the overall Balance of Payments (BoP), a summary of a country's transactions with the rest of the world.

During the July-February period, the trade deficit widened to \$16.91 billion, up 23.39 percent year-on-year, largely due to high petroleum import costs amid negative export growth. Export earnings fell 2.6 percent to \$29.26 billion.

The current account deficit narrowed to \$1 billion, from \$1.47 billion in the same period last year. Meanwhile, the financial account recorded a surplus of \$4.08 billion, up from \$435 million, according to BoP data.

Rahman said that the impact on the overall BoP may not be severe immediately, as part of the imports is financed through external loans, supporting the financial account.

He added that while Bangladesh's BoP position has improved due to strong remittance inflows and higher external financing, the country ultimately needs stronger export growth to sustain the gains, as financial account inflows create future debt obligations.

BB data showed the overall balance for the eight-month period turned positive at \$3.42 billion, compared with a \$1.15 billion deficit a year earlier.

## Higher energy prices could erode reserve gains: GED



A fuel station worker announces through a megaphone that the pump has run out of fuel for the day, leaving a long queue of motorists stranded on the street in Segunbagicha, Dhaka yesterday. Some drivers had waited more than an hour in line before the announcement was made.

PHOTO: PALASH KHAN

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Bangladesh's foreign exchange reserves strengthened in early 2026, though rising global energy prices could threaten the gains, according to a report by the General Economics Division (GED) of the Planning Commission.

Gross reserves stood at \$35.11 billion in February 2026, up from \$33.19 billion in December 2025, according to the Economic Update and Outlook (March 2026) released yesterday.

BPM6 reserves rose correspondingly, from \$28.58 billion to \$30.36 billion over the same period. The GED attributed the short-term buildup to strong inflows and improved external liquidity.

However, it warned that the global energy crisis is likely to accelerate the drawdown of reserves, as higher fuel import costs — a major component of Bangladesh's import basket — require more foreign currency.

"This could place downward pressure on the exchange rate and potentially lead to currency

depreciation if not carefully managed," it stressed.

The GED noted that countries facing similar external pressures have responded with exchange rate flexibility, import rationalisation, and strategic reserve management.

For Bangladesh, a balanced approach combining measured exchange rate adjustment, demand management, and external financing support may be necessary to maintain reserve adequacy.

"Without such measures, the reserve position may weaken despite recent gains," the report cautioned.

**REMITTANCES PROVIDE CUSHION**  
Remittance inflows continue to play a crucial stabilising role in Bangladesh's external sector, helping offset rising import payments amid the prolonged global energy crisis.

The GED noted a notable year-on-year increase in recent months, suggesting a possible structural improvement, though short-term volatility persists.

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## War exposes critical gaps in Bangladesh's energy sector Say speakers at DCCI event

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The war in the Middle East has exposed weaknesses in Bangladesh's energy sector, highlighting long-standing gaps in planning and implementation, speakers said at an event yesterday.

They stressed that the country must increase both offshore and onshore gas exploration and diversify energy import sources to ensure long-term energy security.

To attract local and foreign investment in solar and renewable energy, they suggested reducing tariffs, offering low-interest loans, cutting bureaucratic delays, and ensuring strong political commitment.

The event, titled "Navigating the Global Energy Shock: Impact on Bangladesh and Way Forward", was organised by the Dhaka Chamber of Commerce & Industry (DCCI), in collaboration with the Bangladesh Sustainable and Renewable Energy Association and the Infrastructure Development Company Limited, at the DCCI auditorium.

### ENERGY SECURITY 'CRITICAL'

"Country's energy security is in a critical state, like a patient on its deathbed," said Prof M Shamsul Alam, dean of the Faculty of Engineering of Daffodil University and vice energy adviser to the Consumers Association of Bangladesh.

### To attract local and foreign investment in solar and renewable energy, speakers suggested reducing tariffs and offering low-interest loans

He said only short-term fixes are being used instead of long-term solutions.

"Industries and other sectors are already suffering as emergency measures replace proper planning," he added.

Alam also claimed that during the Awami League government's tenure, structural problems were deliberately created across the energy supply chain, including oil, gas, and electricity.

He stressed these problems existed from the ministry level down to companies and licensing authorities, leading to favouritism and unequal access to licences, especially in sectors like CNG and LPG.

"This allowed a few groups to gain control, while others were denied fair opportunities. The government has yet to address these systemic issues," he said.

Alam criticised the lack of collective action among business leaders. "Some individuals managed the crisis through personal influence, but most organisations stayed silent out of fear of government retaliation," he said.

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## Brummer Frontier to sell one-third shares in Runner Auto

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Brummer Frontier PE II (Mauritius) Ltd is going to sell one-third of its stake in Runner Automobiles Ltd, worth more than Tk 19 crore.

Through a disclosure published on the Dhaka Stock Exchange (DSE) website yesterday, Brummer Frontier, a corporate director of Runner Automobiles, expressed its intention to sell 50 lakh out of its total holding of 1.83 crore shares of the company.

The share will be sold at the prevailing market price through the DSE by April 30, 2026, the disclosure states.

Brummer Frontier PE II (Mauritius) is a Bangladesh-focused private equity fund run by Brummer & Partners, a Scandinavian hedge fund manager.

As of yesterday, each share of Runner Automobiles was worth Tk 38.70. Considering this price, the value of 50 lakh shares amounts to Tk 19.35 crore.

The fund made Tk 105 crore equity investments in Runner Automobiles in September 2013 through its frontier fund. It started selling its stake in 2022.

Runner Automobiles PLC was founded in 2000 with the vision of becoming Bangladesh's first local 2-wheeler manufacturer.

Now, it is one of the leading names in the automotive sector, offering a diverse portfolio of non-electric and electric two-wheelers, multi-fuel three-wheelers and commercial vehicles.

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