

# Tax system made complicated to enable corruption

Prof Selim Jahan says simple taxation will boost compliance

STAR BUSINESS REPORT

The country's tax system has been deliberately made "complex" to create opportunities for corruption, said economist Prof Selim Jahan yesterday, urging simplification of the tax regime.

"Due to the complex tax procedure, taxpayers are more reluctant to pay taxes than they are afraid of taxation," he said while speaking as the chief guest at a pre-budget shadow parliament held in Dhaka. "This is mostly seen among the affluent."

"Every budget must have a clear development philosophy and reflect the expectations of ordinary people," he said, adding that while infrastructure expanded during the Awami League-led government, the absence of qualitative improvements

has destabilised the economy.

Jahan noted that the upcoming national budget is being prepared amid mounting economic challenges. In addition to global uncertainties, including tensions in the Middle East, Bangladesh is currently grappling with a rising external debt burden.

About 25 percent of government expenditure now goes towards servicing foreign debt, both interest and principal, he said.

He also pointed to increasing subsidy pressures in the energy, export, and social protection sectors, which are pushing up public spending without a corresponding rise in revenue, resulting in persistent budget deficits.

Jahan also criticised the government's approach to taxation. "The government often hesitates

to impose taxes on the wealthy, as they are strongly represented within the state structure," said the economist.

Presiding over the programme, Hasan Ahmed Chowdhury Kiron, chairman of Debate for Democracy, said the current government has inherited a fragile and "disrupted" economy, alleging that many projects undertaken during the previous regime were heavily inflated.

"Nearly 40 percent of project expenditures were fictitious," he claimed, urging the government to curb such leakages to ensure financial stability.

Kiron called for a people-friendly, business-friendly, and cautious budget that does not exacerbate inflation or increase the burden on low- and middle-income groups.

# War's impact on fertilisers stirs food producer fears

AFP, Paris

Even as Gulf tanker traffic slowly resumes, the road back to normal food production will be long and arduous, given the war's impact on fertiliser supplies, the UN has warned. With factories shuttered and soaring gas prices driving up production costs around the world, fertiliser prices have risen across the board and are unlikely to fall back easily.

"If the Strait of Hormuz reopened immediately, i.e. not only a ceasefire but vessels moving, the impact would be significantly positive -- but incomplete and uneven," the Food and Agriculture Organization's chief economist Maximo Torero told AFP. "The FAO is clear that damage has already been done."

According to Argus Media, the price of urea from the Middle East has, for example, risen by 70 percent in a

matter of weeks. Gulf countries are major exporters of nitrogen fertilisers like urea -- which provides plants with nitrogen to aid green leafy growth -- as well as ammonia and phosphate.

Italy notably called last week for a "humanitarian corridor" in the Strait of Hormuz for fertiliser as Torero warned that if high prices continue, farmers would face a stark choice: "Farm the same with fewer inputs, plant less, or switch to less intensive fertiliser crops," which would reduce food supply well into 2027.

**LASTING BLOW TO SUPPLIES**  
Torero warned the bottleneck in marine traffic since the conflict began on February 28 meant even if Hormuz were to reopen immediately "infrastructure damage is not fully reversible in the short term."

According to Kpler data, around 1.9 million tonnes of fertiliser are trapped on 41 vessels, equal to 12 percent of all produce shipped out of the strait in 2024.

On March 2, the ammonia plant at the Ras Laffan refinery in Qatar was attacked. Plants have also suspended or reduced production in the UAE, Saudi Arabia, Iran, Jordan and Qatar, whose Qafba complex accounted for 14 percent of global trade in urea.



Girls sprinkle fertiliser in a corn farm in Nashik, India. With factories shuttered and soaring gas prices driving up production costs around the world, fertiliser prices have risen across the board. PHOTO: REUTERS/FILE

# Regulatory 'time tax'

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disproportionately to them, while most small and medium-sized enterprises and high-potential informal firms operate in a far less supportive environment.

Tax policy offers a clear example. The standard corporate income tax rate is 27.5 percent, but readymade garment and textile manufacturers enjoy preferential rates of 12 percent to 15 percent, largely granted through discretionary Statutory Regulatory Orders (SROs), according to the report.

Such exemptions led to foregone corporate tax revenue equivalent to 2.4 percent of GDP in 2021 alone, a sizeable cost in a country where the tax-to-GDP ratio hovers around 8 percent.

Access to finance deepens the divide. State-backed credit schemes have offered exporters loans at rates as low as 2 percent, while other producers pay up to 13 percent.

The Export Development Fund (EDF), a central bank initiative providing low-cost foreign currency financing to exporters for raw material procurement, reached \$9.29 billion in the 2020 to 2021 fiscal year.

As a result, 42 percent of frontier firms report having a bank loan or line of credit, compared with 29 percent of non-frontier firms. The disparity widens their ability to invest and expand.

The WB report said trade policy adds another layer.

The bonded warehouse scheme, which allows duty-free imports of inputs, remains more than 90 percent concentrated in the readymade garment sector and related industries, despite repeated pledges to extend it to others.

Meanwhile, firms serving the domestic market face average import duties of about 10.9 percent on final goods, roughly double the South Asian average. The result is a structural anti-export bias that makes protected domestic production more lucrative than competing abroad.

Finance constraints continue to curb upgrading. Around 22 percent of firms are partially credit-constrained and 8 percent fully constrained. Companies with bank loans record labour productivity about 4.5 percent higher than those without, underlining the role of finance in adopting technology, expanding capacity and investing in skills, according to the report.

It said strict collateral rules, limited credit scoring for young firms and weak insolvency frameworks further restrict the flow of capital to its most productive uses.

**DUALITY IN REGULATORY POLICIES**

The country's private sector has developed a stark dual structure shaped by trade, industrial and regulatory policies.

According to the WB, high tariffs

and para-tariffs, discretionary rules and selective incentives have favoured larger, established and export-oriented companies.

A small group of highly productive frontier firms now operates alongside a much larger pool of non-frontier firms, including small and medium-sized enterprises and informal businesses with growth potential.

Frontier firms, defined as the top decile of formal companies by productivity, are on average 11 times more productive than non-frontier firms and have continued to pull further ahead.

This divide creates a sharp imbalance between output, exports and employment. Frontier firms generate three-quarters of total sales but account for just 15 percent of formal jobs.

By contrast, most employment growth has come from non-frontier firms, particularly in domestically oriented services and younger, smaller manufacturers.

Yet these businesses face weaker incentives and tighter constraints when they seek to invest, formalise or scale up, said the report.

The gap between revenues and jobs is even starker in the RMG sector. Frontier firms in the sector generate almost half of national revenue but provide only one in 12 formal private sector jobs.

Broadening opportunities beyond this narrow group is therefore critical to creating more and better-paid work, according to WB.

It said that Bangladesh's investment promotion is also fragmented.

Over the past two decades, responsibilities for investor outreach, registration, incentives, land development, licensing and aftercare have been split among multiple bodies, including Bangladesh Investment Development Authority, Bangladesh Economic Zones Authority and Bangladesh Hi-Tech Park Authority, as well as line ministries and some subnational authorities.

Overlapping mandates, weak coordination and the absence of a single body accountable for results have become structural obstacles to diversification, according to the report.

**ELECTRICITY RELIABILITY GAP**

Unreliable electricity supply is the most frequently cited obstacle to doing business in Bangladesh. Power disruptions have repeatedly interrupted production and eroded output for firms.

Compared with peers in South Asia, firms in Bangladesh wait longer for electricity connections and endure more frequent outages, averaging 26 a month.

For the median firm, outages wipe out nearly 9 percent of annual sales. About a quarter of companies resort

to generators at times, driving up costs.

Weak grid reliability, particularly outside major economic hubs, widens regional disparities and undermines competitiveness.

With demand for electricity expected to grow by about 7 percent a year to 2030, the WB said reforms will be needed to improve efficiency and ensure the financial sustainability of power generation and distribution.

**FIRMS CHOOSE TO STAY INFORMAL, BUT WHY**

Informality remains widespread in Bangladesh because many businesses see little incentive to register.

Many stay outside the formal system not for lack of information, but because they judge that engagement with tax and regulatory authorities does not deliver benefits commensurate with the risks and costs of greater visibility.

Around 40 percent of informal enterprises already operate at productivity levels similar to small formal firms, despite limited access to formal markets, bank credit, supplier development schemes or government support.

Informality, the report said, reflects institutional and policy constraints rather than weak productivity.

**SETTING PRIORITIES FOR REFORM**

The WB called for a phased reform plan to tackle distortions across the economy while supporting firm upgrading and diversification.

The first step is broad reform to reduce uncertainty, lower business costs, strengthen competition, address informality and mobilise private capital.

Next come trade reforms to reduce barriers. Finally, market and sector measures should target priority segments such as small and medium-sized enterprises with strong job creation potential.

The WB said that a cross-cutting principle underpinning the reform matrix is the move toward a smart deregulation approach.

That means easing compliance for low-risk activities while tightening enforcement where risks are higher, simplifying cumbersome rules, introducing risk-based licensing and inspections, and expanding digital procedures.

# Fuel crisis drives e-bike demand

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small compared to fossil fuel motorcycles, e-bike demand has been growing steadily at 10 to 15 percent annually over the past three years.

He said the fuel crisis has clearly accelerated adoption, as e-bikes offer a practical alternative.

"On a single charge, riders can travel between 80 and 130 kilometres, depending on the model," he said.

Kamruzzaman Kamal, marketing director at Pran-RFL Group, said sales of its RYDO e-bikes increased by about 60 percent after fuel shortages emerged. He stressed the need for a balanced policy framework, as high import duties on parts raise costs for local producers, while cheaper imports of finished goods create pricing pressure.

Kamal also highlighted the lack of charging infrastructure, urging government support to accelerate adoption.

# USTR hearing on Bangladesh

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production capacity in several sectors, particularly the garment industry.

He said Bangladesh does not have overproduction in the apparel sector. He explained that exporters ship garments to the US only against confirmed work orders from American retailers and brands, and do not export surplus products.

Rahman also said Bangladesh's export subsidies comply with World Trade Organization rules, which allow member countries to provide incentives to boost exports and improve global competitiveness.

He added that Bangladesh has reduced net export subsidy payments as it prepares to graduate from the Least Developed Country (LDC) group to developing country status in November this year, although it has

formally requested a three-year delay of its graduation until November 2029.

The USTR has also said Bangladesh's cement industry is facing severe overcapacity amid a major downturn. National cement consumption fell to 38 million tonnes in 2024 -- less than 40 percent of total capacity -- and is expected to decline further in 2025.

In 2025, total US goods trade with Bangladesh was estimated at \$11.8 billion. US imports from Bangladesh stood at \$2.3 billion, up 1.4 percent or \$32.6 million from 2024. US exports to Bangladesh reached \$9.5 billion, up 13.3 percent or \$1.1 billion.

As a result, the US trade deficit with Bangladesh widened to \$7.1 billion in 2025, an increase of 17.9 percent (\$1.1 billion) from 2024, according to USTR data. Garments remained Bangladesh's main export

to the US, accounting for 86 percent of total shipments.

**LABOUR LAW AMENDMENTS AND UPCOMING CONSULTATIONS**

The USTR has also raised questions about Bangladesh's labour law amendments. Rahman said the interim government amended the labour law through an ordinance last year, making it easier to form trade unions at the factory level.

He added that the newly elected BNP-led government also approved the amended labour law in Parliament last week.

Rahman further said Bangladesh does not have child labour in any formal sector.

Ahead of the hearing, the commerce ministry will hold consultation meetings with stakeholders on April 20 or 21 to gather their views, he added.

# Third round of CEPA

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and paperboard, articles of paper, tanning or dyeing extracts, tannins and their derivatives, and more.

As an Economic Partnership Agreement (EPA) with Japan has already been signed, Bangladesh has a good example of signing a deal with a major trading partner, Commerce Secretary Mahabur Rahman said.

Therefore, it would not be difficult to sign the CEPA with South Korea

as the country has already expressed eagerness in the matter, he added.

Once Bangladesh is graduated to a developing nation from the group of least developed countries (LDCs), the country will have to face duty because of losing the preferential market access. Therefore, it is in Bangladesh's best interest to sign trade deals with major trading partners as a measure to retain the duty-free market access in the post-LDC era, he said.

The UN Conference on Trade and Development (UNCTAD) in a recent report said Bangladesh could lose more than \$17.5 billion in exports following its LDC graduation.

As an LDC, Bangladesh has been enjoying duty-free quota-free (DFQF) access to the South Korean market of about 95 percent (4000+) products under the Asia Pacific Trade Agreement (APTA) and WTO arrangements since 2008.

# Fertiliser, irrigation

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As such, the USDA said rice imports are likely to grow to 15 lakh tonnes in the coming MY27, posting a 7.1 percent increase year-on-year.

The report said rice prices, despite a drop in recent months, are very high in the domestic market. These high prices are anticipated to continue throughout most of MY27 as the cost of rice production is expected to increase.

"In response, the new government is expected to take a cautious approach in order to

maintain national food security. It is likely to continue facilitating rice imports through both public procurement via international tenders and government-to-government purchases, as well as private sector participation, to ensure adequate market supply and price stability," said the USDA.

Between July 1, 2025, and April 8 this year, the public and private sectors have imported 11.19 lakh tonnes of rice, according to data from the food ministry.

**MAGURA POURASHAVA, MAGURA**

Memo No. 46.44.5557.063.08.017.25-1706 Date: 09.04.2026

**e-Tender Notice (LTM): 06/2025-2026**

E-Tender is invited in the National e-GP system portal (<http://www.eprocure.gov.bd>) for the procurement of Works as mentioned in the following table:


Tender ID no.	Package No.	Description of the Works	Last Selling Date & Time	Last Security Submission Date & Time	Closing & Opening Date & Time
1255031	MP/ADP-GOB/2025-26/P-01	(1) Upgrading of Stadium Para road (From Stadium South para Mosque to H/O. Mizan, Ch.0-122, Total Length=122.00m) at ward No.02, (2) Upgrading of Stadium Para road (From Stadium South para Mosque to H/O. Sriji Neer, Ch.0-132, Total Length=132.00m) at ward No.02, (3) Upgrading of Stadium Para Baitus Shafia Mosque road (From H/O. Bakul to H/O. Ruhul Amin, Ch.0-190, Total Length=190.00m) at ward No.02 and (4) Upgrading of Vaina TTDC Para road (From Part-A=East side of Upazila road to H/O. Mizan (Ch.0-155) & Part-B= H/O. Shajhan to H/O. Kabir Nazir, Ch.0-080, Total Length=235.00m) at ward No.02	26-April-2026 15:00	27-April-2026 13:00	27-April-2026 14:00
1255079	MP/ADP-GOB/2025-26/P-02	(1) Construction of RCC Covered drain at north side of Habibur Rahman road (From Kashob-More to Judge Court side Existing drain, Ch.0-050), Total Length=50.00m) at ward No.09, (2) Construction of PVC Pipe drain at East side of MFC/College road (From College Mosque to Infront of SP Office side Existing drain, Ch.400-750, Total Length=350.00m) at ward No.09, (3) Interconnection of 150mm dia. uPVC water supply pipe line (From Hazi road Bashtalla to Doarpur Minner Mosque, Ch.0-050, Total Length=50.00m) at ward No.02 and (4) Upgrading of Magura-Sreepur road by-lane (From Rangamati Furniture to H/O. Mehedi, Ch.0-092, Total Length=92.00m) at ward No.02	26-April-2026 15:00	27-April-2026 13:00	27-April-2026 14:05
1255093	MP/ADP-GOB/2025-26/P-03	Upgrading of Central Bus Terminal yard at ward No.06	26-April-2026 15:00	27-April-2026 13:00	27-April-2026 14:10
1255104	MP/ADP-GOB-Special/2025-26/P-04	(1) Construction of RCC Top slab at West side of Magura-Sreepur road side Existing RCC Drain (From Magura-Jhenaidah road near RS Bhaban to Hazi Shahab road side Existing RCC Drain, Ch.0-300, Total Length=90.00) at ward No.02, (2) Construction of RCC Top slab at Rashad-Salim road side Existing RCC Drain (From Kalkoliapara Mosque to River, Ch.0-180, Total Length=180.00m) at ward No.08, (3) Upgrading of police Line West Para road (From H/O. Kalam Police to H/O. Sattar, Ch.0-100, Total Length=100.00m) at ward No.02, (4) Improvement of autistic/Disability School at Stadium Para ward No.02, (5) Construction of Secondary disposal center for Solid waste management at important place in Magura Pourashava area and (6) Upgrading of Habibur Rahman road by lane (From East side of Law-Chamber to H/O. Mr. Masbha, Part-A=Ch.0-060 & Part-B=Ch.0-020, Total Length=80.00m) at ward No.09	26-April-2026 15:00	27-April-2026 13:00	27-April-2026 14:15
1255168	MP/ADP-GOB/2025-26/P-05	1. Re-Excavation of existing earthen drain at East side of karighorpara main road side (From Existing RCC drain near Siddique more to Shulakahr more (Ch.1800-2240, Total length=440.00 meter) at ward No.08 & 2.Re-Excavation of existing earthen drain at East side of Magura-Jashore road side (From Vaina more to Upazila Model Mosque, Ch.0-600, Total length=600.00 m) at ward No.03	26-April-2026 15:00	27-April-2026 13:00	27-April-2026 14:20

This is an online Tender where only e-Tender will be accepted in the national e-GP portal and no offline/ hard copies will be accepted to submit e-Tender registration in the National e-GP system portal (<http://www.eprocure.gov.bd>) is required.

The fees for down loading the e-Tender documents from the national e-GP System portal have to be deposited online through any registered bank branch up to 26/04/2026 till 15.00 PM. Further information and guidelines are available in the national e-GP system portal and e-GP help desk ([helpdesk@eprocure.gov.bd](mailto:helpdesk@eprocure.gov.bd))

**Eligibility of Tenderer: Only Enlisted Contractors (Construction) of Magura Pourashava, District: Magura, Possessing Current Renewal Certificate (For the year 2025-2026) according to their Financial Limits are eligible to participate in the Tendering Process. Copy of the Magura Pourashava Enlistment Book must be enclosed/uploaded with the Tender.**

**Note: Bill will be payment after fund received.**

  
**Md. Ahsan Bari**  
 Executive Engineer  
 Magura Pourashava, Magura  
 e-Mail: [xen.ps.magura@gjl.gov.bd](mailto:xen.ps.magura@gjl.gov.bd)  
 Phone: 0247771014

GD- 805