DHAKA SUNDAY JUNE 28, 2026, ASHAR 14, 1433 BS ● starbusiness@thedailystar.net

Star BUSINESS

Govt moves to trim slow-moving projects

Ministries instructed to review projects with less than 30% progress and scrap those no longer viable

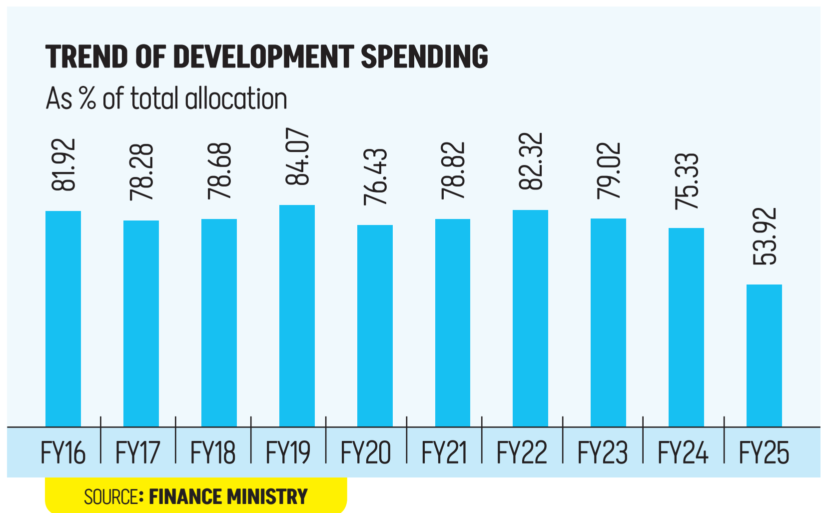
REJAUL KARIM BYRON

The government is tightening oversight of development spending by introducing tougher rules to weed out slow and wasteful projects and hold ministries accountable ahead of implementing a record development budget.

As part of it, the planning ministry has instructed all ministries and divisions to review projects that have achieved less than 30 percent progress and scrap those found to be no longer viable.

It has also directed ministries to investigate project delays, cost overruns, irregularities and take action against those responsible, introduce dashboard-based monitoring systems, appoint qualified project directors and speed up the implementation of projects that are ready to begin.

The directives came after decisions were taken at a meeting of the Executive Committee of the National Economic Council (Ecnec), chaired by Prime Minister Tarique Rahman in May. The planning ministry issued the instructions to ministries and divisions on June 14.



SOURCE: FINANCE MINISTRY

Economists welcomed the move, saying trimming slow and wasteful projects was "long overdue". However, they said the reforms would make little difference unless ministries implement the directives properly and approve future ones only after ensuring full implementation readiness.

Bangladesh has become progressively worse at implementing its Annual Development Programme (ADP) over the past three fiscal years.

The implementation rate fell from 84.16 percent in FY2022-23 to 80.63 percent in FY2023-24 before dropping to 67.85 percent in FY2024-25. The average implementation rate since FY2008-09 stands at 79 percent, according to official data.

In its letter, the planning ministry said ministries and divisions now can assess whether long-delayed projects

READ MORE ON B3

Tax-free income limit may rise to Tk 4 lakh

TIN requirement for opening bank accounts may be dropped

MD ASADUZ ZAMAN

The government is likely to raise the tax-free income threshold to Tk 4 lakh over the next two fiscal years, FY2026-27 and FY2027-28, to ease the tax burden on lower-income earners.

The threshold could then increase to Tk 4.5 lakh in FY2028-29 and FY2029-30 before reaching Tk 5 lakh in FY2030-31, according to sources familiar with the matter.

The changes are expected to be incorporated into the Finance Bill 2026 before it is passed by parliament, a senior finance ministry official said.

Finance Minister Amir Khosru Mahmud Chowdhury placed the bill in parliament on June 11 while presenting his first national budget for FY2026-27.

The proposed budget set the tax-free income threshold at Tk 3.75 lakh for FY2026-27 and FY2027-28. At present, individuals can earn up to Tk 3.5 lakh a year without paying income tax.

The official also said the government is likely to drop the proposed requirement for a Taxpayer Identification Number (TIN) to open a bank account.

The budget proposed making TIN mandatory for opening bank accounts, but the measure drew opposition from various stakeholders, who argued that it could discourage financial inclusion.

The advance income tax (AIT) on business-to-business (B2B) transactions, which was proposed to be at 0.2 percent in the budget, is likely to remain unchanged, the official said.

The government is also planning to cut the capital gains tax on gold to 5 percent from the current 15 percent.

In the proposed Finance Bill, profits from the sale or transfer of gold, silver, jewellery, precious stones, diamonds, coins, digital currencies, artworks, antiques and club memberships declared in a taxpayer return would be treated as capital gains and taxed at 15 percent.

READ MORE ON B3

Beximco Pharma GDRs back on London bourse

STAR BUSINESS REPORT

Trading in the Global Depository Receipts (GDRs) of Beximco Pharmaceuticals PLC on the London Stock Exchange (LSE) resumed on Friday after the exchange lifted a suspension imposed over delayed financial reporting.

Beximco Pharma is the only Bangladeshi company listed on the LSE, where it debuted in 2004.

Trading in its GDRs was suspended on January 2 this year, after the company failed to publish its audited financial statements for the year ended June 30, 2025, along with subsequent financial reports within the required timeframe.

Under LSE listing rules, a security that remains suspended for six consecutive months without the underlying issue being resolved is liable to be delisted. For Beximco Pharma, that deadline was due to fall on July 2, 2026.

Against that backdrop, foreign institutional and individual investors wrote to the Bangladesh Securities and Exchange Commission (BSEC), urging the regulator to take the necessary steps to prevent the GDRs from being delisted.

They also sought the support of the DSE Brokers Association of Bangladesh (DBA), according to a press release issued by the association yesterday.

The BSEC later allowed the company to hold a special board meeting to approve and publish its outstanding financial reports.

These included the third-quarter financial statements for the 2024-25 financial year, the audited annual report and the first, second and third-quarter reports for the 2025-26 financial year.

READ MORE ON B3

Startup sandbox rules likely to ease

Older, scaled firms poised to get major tax benefits

MAHMUDUL HASAN

The government is expected to revise the definition of the "startup sandbox", paving the way for a wider range of companies to access the significant tax benefits announced in the proposed budget, in a move expected to provide a major boost to Bangladesh's startup ecosystem.

In the proposed budget, the government announced sweeping VAT exemptions for startups, including zero VAT on local sales, international expenses and establishment-related costs such as office rent.

Initially, these benefits were limited to startups registered under the "startup sandbox", a regulatory framework introduced in 2023 to support innovative businesses through relaxed rules and policy incentives. However, the existing sandbox rules are set to be changed.

A startup sandbox is essentially a controlled policy environment where early-stage companies can test and operate under special regulatory and tax benefits for a defined period. It is designed to help startups grow without facing the full burden of conventional taxation and compliance requirements.

Under the existing sandbox rules, only startups incorporated after 2017 are eligible for registration. Additionally, companies with annual turnover exceeding Tk 100 crore are not allowed to remain under the scheme.

Now, two major changes are under consideration, a government official told The Daily Star on condition of anonymity.

First, all startups recognised as innovative ventures in 2026 could qualify for sandbox benefits regardless of when they were founded.

This means older startups such as Chaldal and Pathao may become eligible despite having been founded more than a decade ago.

Second, startups may move into the regular tax regime only if they record profits exceeding Tk 100 crore for three consecutive years.

Industry insiders said the restrictive rules under the existing sandbox framework prevented startups from benefiting from the previously limited incentives, which have now been significantly expanded.

"We applaud the government's prompt

READ MORE ON B3

Insurance regulator considers bailout plan

STAR BUSINESS REPORT

Bangladesh's insurance regulator is considering a one-time bailout package to help insurance companies clear around Tk 7,000 crore in outstanding claims, a move aimed at restoring public confidence in the sector.

Mir Nadia Nivin, chairman of the Insurance Development and Regulatory Authority (Idra), made the remarks yesterday at a seminar held at Hotel 71 in the capital. The event was organised by the Insurance Reporters' Forum (IRF).

"Some companies are now selling their assets. Once these sales are completed, they will be able to settle their outstanding claims. We will sit with each company to find practical ways to solve these problems," she said.

Nadia added that some insurers have funds tied up in banks, and Idra will work with the Bangladesh Bank to explore ways to release those resources. Companies may also sell investments in treasury bonds to raise liquidity for claim payments.

"If a funding gap still remains after using these options, we may consider seeking a one-time bailout package," she said.

NO BAILOUT UNLESS ALL OTHER OPTIONS ARE EXHAUSTED

Nadia said outstanding claims are not limited to weak companies alone. Some financially strong insurers are expected to settle dues independently, while others have moderate capacity, and some are severely distressed.

However, she stressed that the sector must first demonstrate that it has fully explored all possible solutions before seeking government support.

"As a sector, we need to do our homework and prove that we have explored every possible way to settle these claims. Only then can we justify a one-time bailout package to clean up the sector and give it a fresh start," she said.

She also warned that the industry must prevent a repeat of the current crisis through stronger internal reforms.

"At the regulatory level, we must strengthen our rules so that companies do not end up in this situation again. Unless we can give credible assurances on both fronts, it will be very difficult to seek a bailout package from the government," she added.

READ MORE ON B3

NEIR stalled: Grey market fears grow as tax break expires

MAHMUDUL HASAN

A tax relief measure on mobile phone imports is set to expire next week with no extension in the proposed budget, stoking fears of further grey market expansion as the National Equipment Identity Register (NEIR) remains unimplemented.

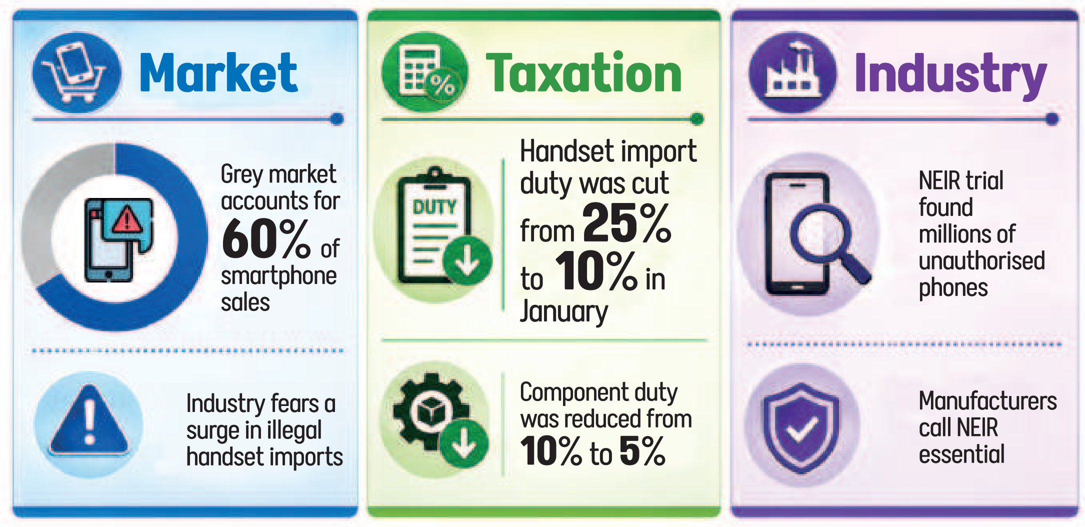
Grey market handsets already account for more than 60 percent of Bangladesh's smartphone market, according to the Mobile Phone Industry Owners' Association of Bangladesh, depriving the government of tax revenue and undercutting legitimate importers and local assemblers.

Industry insiders fear the withdrawal of the tax break without implementing NEIR could undermine efforts to curb illegal handset imports.

The tax relief was introduced on January 13 after protests by mobile phone importers against the government's plan to roll out NEIR. During the unrest, roads were blocked, and installations at the Bangladesh Telecommunication Regulatory Commission (BTRC) office were vandalised.

To ease tensions, customs duty on imported finished handsets was cut to 10 percent from 25 percent, bringing total tax incidence down to 43.43 percent from 61.80 percent. Duty on components and raw materials for local assemblers was also lowered, to 5 percent from 10 percent.

"The tax reduction was introduced to support the transition toward NEIR implementation," an official of the National Board of Revenue told The Daily Star, requesting anonymity. "If NEIR is implemented, the tax cut may be reconsidered."



AI-assisted infographic

NEIR identifies and blocks stolen, cloned or unauthorised devices using each handset's unique 15-digit IMEI code. It remained stalled under the interim government and has made no progress under the BNP-led administration, which took office in February.

BTRC Chairman Md Emdad ul Bari said the regulator plans to raise the tax issue with the government, as lower taxation remains important for controlling the grey market.

On the stalled rollout, he said implementation must be gradual, given the technical complexity involved. "This is not something that can be enforced overnight. It requires technical readiness, market alignment, and consumer awareness."

On whether prices would rise once the relief expires, Bari said the impact may not be immediate, noting they did not fall significantly when taxes were cut in January.

READ MORE ON B3