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Star BUSINESS

Money whitening provision ends, tax-free income threshold raised

Parliament passes revised Finance Bill

STAR BUSINESS REPORT

The government has withdrawn a proposal that would have allowed people to legalise undisclosed money through property transactions after it drew widespread criticism.

It has also raised the tax-free income threshold and reduced corporate tax rates for private educational institutions from the levels proposed in the national budget for fiscal year 2026-27.

Parliament passed the revised Finance Bill 2026 yesterday after Finance Minister Amir Khosru Mahmud Chowdhury tabled these amendments.

Under the initial proposal, individuals would have been able to regularise the undisclosed portion of a property transaction by paying income tax at the applicable rate.

According to the provision, no authority would be allowed to question such disclosures. If legal proceedings had already been initiated, the taxpayer would have had to pay an additional 20 percent on top of the applicable tax.

During the budget discussion yesterday, Prime Minister Tarique Rahman called for the provision to be withdrawn.

The prime minister said many people in Bangladesh do not register land at its actual market value. Instead, land is often registered at a lower declared value, creating complications for taxpayers because the true purchase price is not shown in the registration documents.

He said the provision was intended to address that problem. "But some people have interpreted it as a scope for legalising undisclosed money. That is the perception held by many."

Respecting that "public sentiment", the prime minister requested the finance minister to withdraw the proposal.

Earlier, the interim government had abolished a similar Awami League-era provision that allowed undisclosed wealth to be legalised by paying a flat 15 percent tax.

CORPORATE TAX CUTS

Corporate tax for private universities, medical colleges, dental colleges, engineering colleges and ICT-dedicated institutions has been reduced from the proposed 10 percent to 5 percent.

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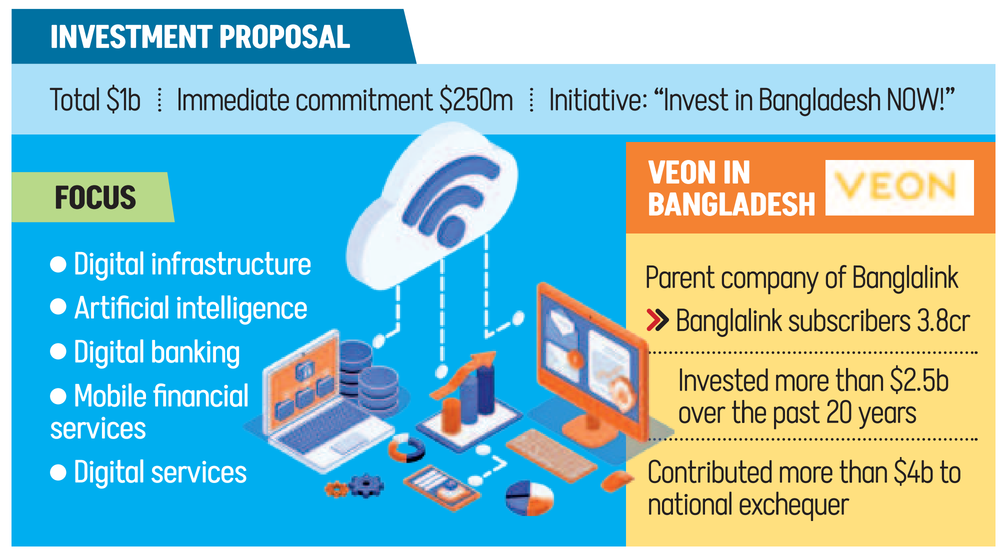
Banglalink parent Veon proposes $1b investment initiative

MAHMUDUL HASAN



Veon, the parent company of Banglalink, has proposed a $1 billion investment initiative in Bangladesh, with an immediate commitment of $250 million, as the global digital operator seeks to expand its presence in the country's digital economy.

The proposal was discussed during a meeting between Prime Minister Tarique Rahman and Veon Chairman Augie Fabela at the Prime Minister's Office in Jatiya Sangsad Bhaban yesterday morning.

Called "Invest in Bangladesh NOW!", the initiative is a joint public-private proposal with the Ministry of Post, Telecommunications and ICT aimed at attracting more foreign direct investment into the country's digital sector.

According to a public official familiar with the discussions, the initiative will focus on next-generation digital infrastructure, digital services, digital banking, artificial intelligence and mobile financial services.

In general, the goal is to position Bangladesh as a leading destination for global digital investment, according to the official.

In a statement issued in the evening, Banglalink said that, beyond its own investment, Veon plans to use its global network to encourage other international investors to explore opportunities in Bangladesh's rapidly growing digital economy.

Augie K Fabela II, founder and chairman of the Board of Veon Group, said, "We are a long-term partner in Bangladesh's journey toward becoming a trillion-dollar economy. Through the 'Invest in Bangladesh NOW' initiative, Veon is prepared to serve as the anchor investor in an ambitious programme designed to help attract $1 billion in foreign direct investment."

"Alongside our own investment, we will actively engage international partners to unlock Bangladesh's tremendous potential. We are fully aligned with the government's vision for digital and financial transformation and stand ready to support that vision through long-term investment, innovation, and partnership," added the Veon board chairman.

During the meeting, Prime Minister Tarique Rahman urged Banglalink to make smartphones more affordable and consider further reducing internet prices so digital services become accessible to people from all walks of life.

According to a media release from the Prime Minister's Press Wing, the PM stressed the need to expand digital inclusion by ensuring that people from all socioeconomic backgrounds can own smartphones and access affordable internet services.

Post, Telecommunications, Information Technology and Science and Technology Minister Faqir Mahbub Anam, Prime Minister's Adviser on ICT Rehan Asif Asad, Veon Board Member Michiel Soeting and Banglalink Chief Executive Officer Johan Buse also attended the meeting.

The investment proposal comes as Veon seeks to expand its presence in Bangladesh through strategic partnerships and acquisitions.

In a recent letter to the prime minister, the Dubai-headquartered company expressed interest in a strategic combination with state-owned mobile operator Teletalk as part of its broader expansion plans. It also said it was prepared to significantly increase its investment in Bangladesh and requested discussions on potential collaborations involving strategic public assets.

The proposal also includes a possible acquisition of Nagad from the Bangladesh Post Office.

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Dollar rises amid payment pressure

STAR BUSINESS REPORT

The exchange rate of the US dollar against the taka rose further yesterday as banks faced increased payment pressure and settled letters of credit (LCs) ahead of the June-end closing.

City Bank bought the US dollar at Tk 122.60 yesterday and sold at Tk 123.60. A day earlier, the bank's buying rate was Tk 122.40, while its selling rate was Tk 123.40.

Similarly, Eastern Bank bought the US dollar at Tk 122.60 and sold it at Tk 123.60 yesterday. A day earlier, its buying and selling rates stood at Tk 122.50 and Tk 123.50, respectively.

Meanwhile, the weighted average exchange rate of the US dollar rose to Tk 122.85 yesterday from Tk 122.75 two days earlier, according to data from Bangladesh Bank.

Bankers said the dollar appreciated mainly due to payment pressure ahead of the June-end closing.

At the same time, remittance inflows have slowed compared with the two Eid months, creating a slight shortage of US dollars in the market.

During the first 28 days of June, Bangladesh received $2.58 billion in remittances, up just 1.8 percent from the same period a year earlier, according to Bangladesh Bank data.

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BB caps banks' lending-deposit spread

STAR BUSINESS REPORT

Bangladesh Bank has instructed banks to keep the weighted average difference between their lending and deposit rates, known as the intermediation spread, within 4 percentage points for all sectors except credit cards and consumer finance.

The central bank issued a circular yesterday, saying the decision was taken to ensure that borrowing costs remain reasonable for businesses and productive sectors.

The BB said that after the introduction of the market-based interest rate regime in May 2024, no specific limit on the intermediation spread had been in place. As a result, many banks widened the gap between lending and deposit rates by raising lending rates more sharply than deposit rates.

According to the circular, the unusually high intermediation spread has increased financing costs for businesses and industries, hampering economic activity and industrial growth.

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BB sees room to ease inflation further

July-Dec MPS set to be unveiled today

STAR BUSINESS REPORT

The Bangladesh Bank (BB) expects inflation to ease further in the coming months, saying its tight monetary policy has kept real interest rates positive and close to their estimated natural level, even as subdued private investment and mounting external uncertainties weigh on growth.

AI-assisted infographic

The findings are part of the central bank's Monetary Policy Review 2025-26, which compared the current policy stance with a model-based estimate of the natural rate of interest.

The review comes as BB is set to unveil the Monetary Policy Statement (MPS) for the July-December period at 3:00pm today at its headquarters, with the rate widely expected to remain unchanged at 10 percent, according to officials.

BB has kept the policy rate, the rate at which commercial banks borrow from the central bank, unchanged at 10 percent since October 2024, following 11 consecutive hikes between May 2022 and October 2024.

"To curb persistent inflation, stabilise the foreign exchange market, and preserve the resilience of the external sector, Bangladesh Bank maintained its contractionary monetary policy stance by keeping the policy rate at 10 percent throughout the January 2025–June 2026 period," BB Governor Md Mostaqur Rahman said in the report.

The report credited improving domestic supply conditions, together with its restrictive stance, for helping bring down inflation after more than two years of persistent price pressure. Point-to-point headline inflation fell to 8.49 percent in December 2025, from 10.89 percent a year earlier, though it remained above BB's 7 percent target ceiling.

More recent data, however, suggest that progress has partly reversed.

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