Thursday March 13, 2008
NEW AGE

Tax holiday facility should continue, says NBR chief

Special Correspondent

THE tax holiday facility which expires on June 30 next should continue for building a better economy and industrialisation, said the National Board of Revenue chief, Abdul Majid, on Wednesday.

He, however, said what remains to be settled is which sectors should receive the facility and which sectors should not.

'I am very much in favour of providing tax holiday facility for industrial and service sectors for eternity,' Majid told a pre-budget discussion in the revenue board conference room.

The issue will be considered, he told the discussion between revenue board officials and the leaders and representatives of the Bangladesh Garment Manufacturers and Exporters' Association, Bangladesh Knitwear Manufacturers and Exporters' Association, Washing and Dying Industries Association and Corrugated Carton Manufacturers and Exporters' Association.

The tax holiday for 18 specific industrial sectors was extended till June 30, 2008 on condition that they will invest 10 per cent of their profit in share market every year, according to the Finance Bill 2005.

The sectors include textile, high-value readymade garment (overcoat, jacket and suits only), pharmaceuticals, melamine, plastic product, ceramic and sanitary ware, steel from iron ore, fertiliser, insecticide and pesticide, computer hardware, hotels with the facilities of three stars or more, petrochemical, basic raw material for drugs, chemicals, agricultural machinery, ship building, boilers and compressors, textile machinery and physical infrastructure.

The multilateral lending agencies such as the World Bank and the International Monetary Fund have for long been opposing extension to the facility beyond 2008.

Former Federation of Bangladesh Chambers of Commerce and Industry president Mir Nasir Hossain said the facility must be extended if the government wants investment and industrialisation.

'Separate laws providing a 10-year tax holiday for industries in the EPZs and no tax holiday for industries outside the zones cannot exist on any fair count,' Nasir told New Age.

As for problems and tax-related issues, Majid said special care was needed to boost the export-oriented readymade garment sector.

He assured the exporters that the next budget would give maximum attention to ending harassment of exporters and minimising procedural complexities.

Industrialists and exporters complained cotton ,import through the Benapole land port became impossible because of a number of conditions imposed by the revenue authorities.

In this regard, Majid assured the exporters of looking into the matters soon to help import of goods through the land port.

The Bangladesh Garment Buying House Association secretary general, Syed Abdullah Nasir, said regulatory bodies such as the Dhaka Bond Commissionerate stood in the way of garment industry expansion.

'The bond office is nothing but a torture cell for garment industry owners as it obstructs activities of all kinds.'

He said the customs imposes a duty of Tk 900 on the import of even two shirt buttons as samples and urged the revenue board to keep provisions in the next budget to exempt samples from duties.

A BGMEA vice-president demanded tax holiday facility beyond 2008 as the similar facility is given to industries in the export processing zones. He also demanded elimination of 10 per cent tax on dividend in the garments sector.

The BKMEA president, Fazlul Hoque, said the EPZs became different territories as the facilities given to foreign investors in the special zones were much more lucrative than the facilities for local investors outside the zones. 'It is frustrating and a matter of inequality.'