

Following is a summary of important business news published in the leading daily newspapers of Bangladesh. For the complete news, please follow the online link given below each news. Please note that the news summary doesn't reflect the opinion of BRAC EPL Stock Brokerage Limited.

July-May exports at USD 35.18 billion

- The country's total export earnings during the July-May period of 2020-21 fiscal year (FY) reached USD 35.18 billion, reflecting 13.64% rise over the corresponding period of last fiscal. Earnings from the country's merchandise products were recorded at nearly USD 3.11 billion for the month of May, 2021, around 112% up from that in the same month of the previous fiscal, according to the Export Promotion Bureau (EPB) data. Of the total, the country's readymade garment (RMG) products rose by over 11% to USD 28.56 billion during the first 11 months of the current fiscal over the matching period of last fiscal, the EPB data showed.

<https://today.thefinancialexpress.com.bd/public/first-page/july-may-exports-at-3518b-1622829057>

Government buys time to decide undisclosed money legalization scopes

- Finance minister on Friday said they would take more time to decide whether the current scopes for legalization of undisclosed income on various sectors would be extended beyond June 30. However, in the budget of FY 2021-22, the government has proposed no extension of the opportunity to whiten black money with 10% flat rate of tax on various sectors including stock market in the next fiscal year (FY).

- However, the provision of voluntary disclosure of income has been kept unchanged in the Finance Bill as, taxmen say, this is a sort of penalty with higher tax rates for the undisclosed money holders. Under the legal provision, people will be able to disclose their money by paying 10% penal tax in addition to normal tax rate.

- According to the National Board of Revenue (NBR) data, some 10,404 people disclosed their money in the current FY until May 25, 2021 taking advantage of the blanket opportunity offered on July 1, 2020. Until then (May 25), an amount of BDT 144.59 billion was legalised under the coverage and an amount of BDT 14.45 billion was paid as taxes to the public exchequer.

<http://www.newagebd.net/article/139746/govt-buys-time-to-decide-undisclosed-money-legalisation-scopes>

<https://today.thefinancialexpress.com.bd/public/first-page/no-more-blanket-coverage-of-legalising-illicit-money-1622743655>

Finance minister suggests cuts in corporate taxes

- Finance Minister on Thursday proposed cuts in corporate tax rates for both listed and non-listed companies for fiscal year (FY) 2021-22 by 2.5% points. Currently, the tax rate for listed and non-listed companies is 25% and 32.5% respectively. The proposal has been made to help ease tax burden on businesses and attract investment as well. However, the minister sought to keep the tax rate unchanged for banks, non-bank financial institutions, leasing, insurance, mobile phone and cigarette companies.

- The corporate tax rate in Bangladesh ranges between 32.5% and 45%. The average tax rate is 25.2% in India, 29% in Pakistan, 28% in Sri Lanka and 20% in Vietnam, Indonesia and Myanmar.

<https://today.thefinancialexpress.com.bd/public/last-page/kamal-suggests-cuts-in-corporate-taxes-1622744713>

<https://www.tbsnews.net/economy/budget/both-listed-and-non-listed-companies-get-25-tax-cut-255595>

Government borrowing set to rise by more than 15%

- The government's borrowing from both foreign and domestic sources is set to increase by more than 15% in the next fiscal year to meet budget deficit. The proposed budget has earmarked BDT 2.11 trillion from external and domestic sources against the revised target of BDT 1.83 trillion in the current fiscal. Of the total, BDT 1.13 trillion has been proposed to be available from domestic sources while BDT 977.38 billion is expected to borrow from overseas sources.

- Out of the total domestic borrowing target, BDT 764.52 billion has been proposed from the banking system and BDT 370.01 billion from non-bank sources. Bank borrowing for FY 2022 will be 4.0-plus% less than the revised target of BDT 797.49 billion for FY 2021, according to the proposed budget documents. As proposed, the government will borrow BDT 516 billion through long-term Bangladesh Government Treasury Bonds, generally known as bonds, and the remaining BDT 248.52 billion through treasury bills (T-bills).

<https://today.thefinancialexpress.com.bd/public/last-page/govt-borrowing-set-to-rise-by-more-than-15pc-1622744766>

Move to facilitate collecting long-term capital

- The government has proposed exemption in capital gain tax applicable at the time of transferring property to trust and Special Purpose Vehicle, and vice versa. The waiver of 4.0% gain tax has been included in the proposed budget for the fiscal year (FY) 2021-22 with a view to making Sukuk or Islamic bond popular and creating a strong bond market. If endorsed, this will facilitate collecting long-term capital and reduce bank dependency, the finance minister said in budget speech. He said the facility will also add impetus to the economic activities by developing bond market, which, in turn, is expected to have a positive impact on development and growth of infrastructure and capital-intensive industries.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/move-to-facilitate-collecting-long-term-capital-1622741329>

Budget Snippets: Where the money going

- The government has targeted a Gross Domestic Product (GDP) growth rate of 7.2% for fiscal 2021-22 taking the post-Covid recovery situation into account. It had revised down the economic growth projection to 6.1% for 2020-21, the second revision this fiscal year, reflecting the devastating impacts of the pandemic's second wave on a battered economy. The government had initially targeted an 8.2% expansion in GDP but later reset the target to 7.4%.
- A 10-year tax exemption has been proposed for the local producers of washing machines, microwave ovens, electric sewing machines, induction cookers, kitchen hoods, and kitchen knives in order to promote "Made in Bangladesh" products. To promote value addition in agro-processing companies, the government proposed the same facility for fruits processing, vegetable processing, milk and its by-product production, and baby food production.
- A ten-year tax exemption has been proposed for the producers of computer components such as motherboards, casings, UPS, sound systems, USB cables, CCTVs, and pen drives. The proposed budget also suggested the same exemption for light engineering products. The light engineering sector produces machinery used in factories and their spare parts.

<https://www.thedailystar.net/frontpage/news/budget-snippets-2104705>

<http://www.newagebd.net/article/139649/tax-holiday-proposed-for-local-vehicle-light-engineering-food-processing-sectors>

The finance minister proposes measures to boost transaction through formal channel

- Finance minister AHM Mustafa Kamal on Thursday proposed a number of provisions to boost financial inclusion, formalisation of the economy and expansion of the tax net. In his budget speech, he proposed making all business transactions worth over BDT 50,000 mandatory through formal channel, including banks, mobile financial services and any other digital means. As per the existing provision, salary and remuneration above BDT 15,000 to an employee and any payment by way of any rent of any property should be made by businesses through crossed cheque or bank transfer for claiming the tax-free expenditure. The budget also proposed to make mandatory payment of tax up to BDT 0.5 million only through automated challan or e-payment instead of existing methods of payment through treasury challan, pay order, demand draft and cheque.
- Payment to contractors and suppliers should also be made through banking channel or MFS. The rate of TDS will be 50% higher than the applicable rate if suppliers and contractors deny receiving bills through banking channel or MFS, according to the budget proposals. According to the Finance Bill 2021, contractors who do not have electronic taxpayers' identification numbers will also be charged tax at 50% higher rate than that of applicable rate. Mustafa Kamal also proposed including e-commerce platform as a source deducting authority so that the platforms can deduct tax at source from their suppliers and buyers.

<http://www.newagebd.net/article/139646/kamal-proposes-measures-to-boost-transaction-thru-formal-channel>

VAT exemption facility for local manufacturers to be extended

- Finance minister on Thursday proposed a number of changes, including extension of VAT exemption for local manufacturers to promote domestic industries and attract foreign investment in the country. In his budget proposals placed before the parliament, he reduced the advance tax on import of raw materials for industries to 3% from 4%. He also proposed VAT exemption at the local production stage in manufacturing of blender, juicer, mixer, grinder, electric kettle, rice cooker, multi cooker and pressure cooker, washing machine, microwave oven and electric oven to lessen dependence of foreign household goods.
- He also offered extension of existing 5% VAT rate for manufacturing of LPG cylinder for another one year and extension of VAT exemption facility for manufacturing of refrigerator, freezer and its compressor for one more year. Local motor car and motor vehicle manufacturers were offered VAT exemption for five more years, according to the budget proposals.

<http://www.newagebd.net/article/139650/vat-exemption-facility-for-local-manufacturers-to-be-extended>

NBR pins hope on premium cigarettes, telcos and EFDs

- The revenue board has projected the collection of an additional VAT revenue of BDT 60 billion from three areas in the upcoming fiscal year (FY). The Value Added Tax (VAT) is expected to come from tobacco and mobile phone sectors, and through installation of increased number of Electronic Fiscal Devices (EFDs) or Sales Data Controllers (SDCs) in the businesses. According to a projection by the National Board of Revenue (NBR), the upward price adjustment of the high and premium slab cigarettes would help collect an additional BDT 40 billion in VAT in FY2021-22.
- The VAT wing of the board is also expected to collect an additional amount of BDT 10 billion each from the mobile phone sector and businesses through installation of EFDs or SDCs. The VAT wing will have to collect an additional BDT 317.06 billion in the FY2021-22 through the implementation of the fiscal measures and also from the normal growth of businesses at the rate of 15%. The projection has been made on the basis of a provisional estimate of VAT collection worth BDT 962.94 billion in the current fiscal year (until June 30, 2021), showing a shortfall worth BDT 137.06 billion against the revised target.
- In the proposed budget, the government has raised the price slab of high and premium category cigarettes. In the current FY budget, the government had increased the price of low-tier cigarette by BDT 2.0. In the paper, the NBR said the upward adjustment of low and medium tier cigarettes every year may leave negative impact on revenue collection. The rate has been cut to 7.5%, barring the VAT rebate opportunity for the mobile phone operators, he added.

<https://today.thefinancialexpress.com.bd/first-page/nbr-pins-hope-on-premium-cigarettes-telcos-and-efds-1622912372>

Tax sops might boomerang on local manufacturers

- Although the businesses appreciated highly the tax benefits proposed in the new budget for the local manufacturers, a regional research think tank on Saturday voiced concern over the possible long-term effect of the same on global competitiveness of the country's industrial sector. The tax benefits given to the local manufacturing industry might discourage businesses to expand into exports, said the executive director of South Asian Network on Economic Modeling (SANEM). It might emerge as a problem when the country will graduate from the LDC status and fall under the WTO regulations, he said.
- He also noted that there is a consensus among all research works conducted during the pandemic that the poverty rate has increased, leading to urban to rural migration and increasing additional pressure on the rural job market. The emphasis must not only be given to financial recovery, but also on social recovery which would otherwise deprive the marginalised communities and create rural-urban divide, he said.

<https://today.thefinancialexpress.com.bd/first-page/tax-sops-might-boomerang-on-local-manufacturers-1622912707>

Cement makers seek exemption from advance income tax

- Cement makers have sought exemption from advance income tax applicable while importing raw materials and distributing finished products despite the government has proposed a reduction of such tax for the fiscal year 2021-22. Bangladesh Cement Manufacturers Association has sought the exemption of the income tax which is adjusted as final liability as the sector is passing a tough time following the outbreak of COVID-19.
- In the budget proposed for the fiscal year 2021-22, the government has reduced advance income tax to 2.0% from the existing 3.0% applicable while importing raw materials. In a release, the president of Bangladesh Cement Manufacturers Association said that the income tax which is applicable for importing raw materials is still considered as final tax liability. This is unexpected. Cement makers want complete exemption of such income tax. If not possible, the tax at least should be adjusted, he added.

<https://today.thefinancialexpress.com.bd/stock-corporate/cement-makers-seek-exemption-from-advance-income-tax-1622905311>

<https://www.tbsnews.net/economy/budget/cement-industry-leaders-demand-zero-ait-256405>

<https://www.thedailystar.net/business/tax-and-customs/news/tax-cuts-cement-industry-nominal-wont-lower-prices-2105693>

Corporate tax cut won't pay off

- Despite a 2.5% point corporate tax reduction, listed and non-listed companies might end up paying more tax than that last year because of a new plan to increase the tax deducted at source (TDS), said the ICAB yesterday. The National Board of Revenue (NBR) seeks to hike the TDS to 7% from 5% for local supply while keeping it unchanged at 5% at import, said The Institute of Chartered Accountants of Bangladesh (ICAB).
- If the contradiction is not addressed, it shall certainly not bring relief for local entities encouraging industrialisation and

foreign direct investment in Bangladesh, said the president of the apex body of chartered accountants. A convener of the ICAB's tax and law committee said that the effective tax being charge on import-dependent firms, especially suppliers, would be higher following the TDS hike. Change in tax rate could have been more beneficial to the business had the rate of tax deduction at source been reduced, he said.

<https://www.thedailystar.net/business/tax-and-customs/news/corporate-tax-cut-wont-pay-2105721>

Budget to drive capital market development: Dhaka Stock Exchange

- Dhaka Stock Exchange (DSE) has welcomed the proposed budget, terming it 'business-friendly and capital market development-oriented'. The government is implementing various reform measures to make the capital market dynamic and vibrant. A few more initiatives will be taken soon to make the stock exchange a profitable and keep pace with the times, said the finance minister in his budget speech. Some of them include introduction of government treasury bonds in the capital market, introduction of various instruments of the modern capital market such as Sukuk, Derivatives, Options, introduction of OTC Bulletin Board, introduction of ETF, listing of open-end mutual funds, etc, the minister said. The finance minister also proposed waiving 4.0% gain tax for FY 2021-22 with a view to making Sukuk or Islamic bond popular and creating a strong bond market.

<https://today.thefinancialexpress.com.bd/public/last-page/budget-to-drive-capital-mkt-development-dse-1622829220>
<http://www.newagebd.net/article/139658/govt-proposes-asset-transfer-tax-free-for-sukuk-investors>
<https://www.tbsnews.net/economy/budget/capital-tax-exemption-sukuk-bonds-proposed-255583>

BSEC removes floor price for 30 more listed firms

- The Bangladesh Securities and Exchange Commission (BSEC) lifted the floor price for 30 more listed firms in the second phase on Thursday. The stock market regulator issued an order in this regard on the day, saying it took the decision in the interest of investors and the development of the securities market. The companies were selected from all the sectors. The stock market regulator also set the lowest price change limit at 2.0% for the 30 companies, whose floor price bar was withdrawn. However, the upper limit circuit breaker and other conditions remained unchanged.

- The companies whose floor prices restriction withdrawn on Thursday are Renwick Jaineswar, Monno Agro & General Machinery, Bata Shoe, Kohinoor Chemicals, Northern Jute Manufacturing, Standard Ceramic, Wata Chemicals, Sonali Paper, Apex Footwear, Kay & Que, Bangladesh Autocars, Stylecraft, Gemini Sea, Eastern Cables, Apex Spinning & Knitting Mills, Monno Ceramic. The list also includes Bangas, CVO Petrochemical Refinery, Atlas Bangladesh, Apex Tannery, Samata Leather, National Tubes, Aziz Pipes, Sea Pearl Beach Resorts & Spa, Hakkani Pulp & Paper, Orion Infusion, Legacy Footwear, SK Trims & Industries, National Polymer and Daffodil Computers.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/bsec-removes-floor-price-for-30-more-listed-firms-1622741301>
<http://www.newagebd.net/article/139660/bsec-lifts-floor-price-restriction-on-another-30-companies>

Marico to invest BDT 2.27 billion in new unit

- Marico Bangladesh is set to invest BDT 2.27 billion to establish a new manufacturing unit at the Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) in Mirsarai, Chattogram as a part of its efforts to catch a greater share of the growing market for fast-moving consumer goods. A land lease agreement between Marico Bangladesh and the Bangladesh Economic Zones Authority (Beza) to hand over a 10-acre plot for the project will be finalised today. This will be the company's third manufacturing unit in Bangladesh. Through this investment, they will expand the production capacity of our existing product lines, said the director of legal and corporate affairs at Marico Bangladesh.

- Almost 99% of our product portfolio is manufactured in Bangladesh and they cater to both domestic and international markets from their existing factories in Gazipur, she said. This fresh investment will enable us to better serve their consumers and supplement our endeavors to manufacture world-class products in Bangladesh, she added.

<https://www.thedailystar.net/business/economy/news/marico-invest-BDT-227cr-new-unit-2105705>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$69.62	\$21.10	43.49%
Crude Oil (Brent)*	\$71.89	\$20.09	38.78%
Gold Spot*	\$1,891.59	(\$3.51)	-0.19%
DSEX	6,053.43	651.36	12.06%
S&P 500	4,229.89	473.82	12.61%
FTSE 100	7,069.04	608.52	9.42%
BSE SENSEX	52,100.05	4,348.72	9.11%
KSE-100	48,211.70	4,456.32	10.18%
CSEALL	7,567.38	793.16	11.71%

Exchange Rates

USD 1 = BDT 84.82*

GBP 1 = BDT 120.09*

EUR 1 = BDT 103.21*

INR 1 = BDT 1.16*

**Currencies are taken from XE Currency Converter and Commodities are taken from Bloomberg.*

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