**Press Release**

BUILD/03/2021/151 Date: March 16, 2021

Attn: News Editor/ Chief Reporter/ Assignment Editor /Business Page-in-Charge:

**BUILD’s Budget Proposals for FY2021-22 to National Board of Revenue**

Business Initiative Leading Development (BUILD) Chairperson Abul Kasem Khan placed the budget proposals  for FY2021-22 to the Chairman of National Board of Revenue (NBR) Abu Hena Md. Rahmatul Muneem on March 16, 2021. In order to revive the post COVID19 economy, BUILD placed some effective recommendations in a bid to facilitating the tax revenue collection procedure of the government focusing on widening tax net, corporate tax reduction, minimizing the gap of supply side and demand side and simplifying the tax payment procedures.

During the meeting with NBR, BUILD Chairperson said that we see no other option for increasing the Tax GDP ratio, he added the existing ratio of direct and indirect tax in Bangladesh is around 35:65 which should be reversed to uphold the interest of the consumers and the productive sectors. Priorities for this year Budget should be increase the tax-net, reduce the tax-rates, simplify tax payment procedures to encourage taxpayers.

BUILD urges to reduce/minimize costs of administration and compliance, ensure procedural fairness, avoid discrepancies and discrimination, ensure transparency and build confidence in the taxpayer-citizen-client. It also demands the increased reliance on Information Technology -- electronic payment facilities. BUILD asked for considering the taxpayer as customer and facilitating compliance. It raises the importance of tax audit strategies to increase efficiency and reduce risk of leakage. The policy paper also identifies the urgency of the segmentation of taxpayers for creating better service levels for all.

With the highest rate of corporate income tax, there are some other taxes such as AIT, TDS has automictically raised the CIT to 40-45% which is not realistic. BUILD proposed to  rationalize the tax ratio and reduce the CIT to 30% from the present rate of 32.50%, provided that re-investment is ensured. In addition, to increase employment a further 1% tax reduction for creating additional jobs within the financial year can be treated as a merit to qualify to get total tax deduction at 3.5%.

Further BUILD urged the NBR to address the minimum turnover tax (2%) on gross receipts (82C of ITO 1984) for telecom sector since the present rate is discriminatory as for other sector it is 0.50%, for tobacco it is 1%.

After LDC Graduation Bangladesh will need to be more independent in acquiring technology and innovation. Research expenditure is the lowest in the country, BUILD proposed to consider  1% of Gross Revenue for Research, Innovation, Skills development and training as Tax deductible for 3 years.

In addition, individuals spending on computer, smartphones, laptops, trainings, skill development, research etc. for their family up to BDT 200,000 should get tax deductibles. These would encourage people to be trained and also improve technology adaptation, secondly improving skills set.

In respect of Audit, BUILD proposal said, the big companies are frequently audited that adds the additional costs, so the companies can be audited by the auditors that are approved by NBR in order to stop unnecessary audits on companies/individuals.

BUILD also made a call for Discounted Corporate Income Tax rate of 25% for all One Person Company (OPC) under new tax slab to encourage them.

In order to encourage tax payers he referred introduction of Tax Card in different names for all tax payers which will play as a recognition and reward to tax payers must be made into smart card so that it is not only a dynamic database but also linked to NID and also become a reference for loans and services.

In regard to provide support to all types of exporters BUILD proposals said facilities for Bonder Ware House should be similar to all types of exporters and in that respect the concept of Customized Bonded Ware House can be allowed so that the exporters who are not 100% export oriented can also be competitive. In course of automated services of NBR BUILD emphasized on effective single window in place.

In responses to BUILD proposals, NBR Chairman told that the scope of Tax Cards in order to recognize the taxpayers of the country can be widened and in that respect NBR can prepare a list in consultation with other organization. He further added that we need to make sure that no one can misuse it and it will not be linked to any financial benefits. NBR cannot do it alone so BNR will need supports from other organizations to prepare the list, BUILD can also extend support to NBR.

The proposal of introducing incentives on employment generation is a good option for us but we need to make sure how the employment over scope will be ensured, said the NBR Chairman. He said that it should be proportionate and it that respect capability of an organization to create employment is to be considered.

He agreed with the proposals of BUILD that there is a need for more investment on research and innovation and in that respect universities would need to be engaged. We can support result oriented research in the country but this research should be linked to industries, he further added.

Having underscored the opportunities in the local market, he said that we should not remain attached to importing products that can be produced in the country at reasonable cost. To strengthen the spillover effects, we should facilitate linkage with other businesses that operate outside the economic zones.

Finally, BUILD Chair submitted the budget proposals of BUILD to the NBR Chairman.

Sincerely



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