

Webinar Summary

Using Direct Taxation to Boost Revenue and Tackle Inequality

30 March 2022

The banner features a dark blue background with a textured pattern. At the top center, the word "Webinar" is written in white. To the right is the RAPiD logo. Below this, the title "Using Direct Taxation to Boost Revenue and Tackle Inequality" is displayed in white. A yellow bar contains the date and time: "30 March 2022 | Wednesday | 3:30 p.m. (Dhaka, GMT +6)".

The speakers are arranged in two rows:

- Chief Guest:** Md Mosharraf Hossain Bhuiyan, ndc, Ambassador of Bangladesh to Germany & Former Chairman, NBR.
- Guest of Honour:** Dr Nasiruddin Ahmed, Former Chairman, NBR.
- Session Chair:** Dr Atiur Rahman, Former Governor, Bangladesh Bank.
- Keynote Presenter:** Dr M A Razzaque, Chairman, RAPiD & Director, PRI.
- Moderator:** Dr M Abu Eusuf, Professor of Development Studies, DU & Executive Director, RAPiD.

The discussants are arranged in a second row:

- Md Nazim Uddin, Joint Director, Bangladesh Bank.
- Mustafa Murshed, Deputy Secretary, MoF.
- Md Anwar Faruq Talukder, Executive Vice President, Chief SME Business Officer & Head of e-Business Division, DBBL.
- Sharnolata Roy, President, Sylhet Women Chamber of Commerce and Industry.
- Md Omar Faruq Khan, Deputy Commissioner of Tax, Central Intelligence Cell, NBR.

Research and Policy Integration for Development (RAPiD) organized a webinar titled **“Using Direct Taxation to Boost Revenue and Tackle Inequality”** on 30th March 2022. Honourable Ambassador of Bangladesh to Germany and former chairman of National Board of Revenue Md Mosharraf Hossain Bhuiyan, ndc joined the webinar as the chief guest while another former Chairman of NBR Dr Nasiruddin Ahmed was present as the Guest of Honour. Former Governor of Bangladesh Bank Dr Md Atiur Rahman chaired the event. RAPiD’s executive director Dr M Abu Eusuf moderated the event and delivered the welcome remarks.

RAPiD Chairman Dr M A Razzaque, made the keynote presentation at the webinar. Drawing from cross country evidence, Dr Razzaque highlighted the implication of current direct taxation regime on fiscal space and the growing inequality incidence. He noted that although the structure of taxation in Bangladesh has improved significantly over the past several years, the country is still highly dependent on indirect tax. Despite, robust economic growth, the direct tax (personal and corporate income tax) revenue-GDP ratio has declined considerably from a peak of 3.22% in 2012-13 to 2.67% in FY2020. Dr Razzaque underscored that the objective of any tax reform should not be only about raising revenue but also dealing with growing inequality as much as possible.

The presentation was followed by a panel discussion. Panelist Md Omar Faruq Khan, Deputy Commissioner of Tax, Central Intelligence Cell, NBR mentioned that the NBR is aiming to ensure horizontal and vertical equity through taxation. He also noted that last year NBR did a tax-expenditure analysis where it was found that 36 per cent of the industries are out of given tax exemption (such as IT companies, businesses situated in the economic zone or outside of Dhaka, etc.) Though these facilities are given to

attract FDI and to facilitate the transition to the 4th industrial revolution, the effect of these rebates on revenue generation should be further analysed.

Mustafa Murshed, Deputy Secretary, Ministry of Finance mentioned that direct taxation creates ownership of resources. To collect more revenue through taxation he suggested developing a single account system like National Identity Card. This can be potentially help reduce tax evasion tendency. He also proposed that one research agenda could be to figure out what the optimal level of tax rate of various types to materialize the revenue generation target.

Md Nazim Uddin, Joint Director, Bangladesh Bank pointed out that business enterprises have a tendency to exhibit a bigger amount of their net worth while applying for bank loans while they show a much lower level of net worth when filing taxes. In this case he suggested that there should a provision to submit the IT10B form at the time of submitting the tax return.

Sharnolata Roy, President, Sylhet Women Chamber of Commerce and Industry stated that small businesses do not receive rebates on tax whereas large businesses do. She underlined that the process for filing tax returns should be simplified for entrepreneurs. She also mentioned that In Sylhet, over 5000 small business owners are now operating their business through online platforms and they are outside the tax net.

Md Anwar Faruq Talukder, Executive Vice President, Chief SME Business Officer & Head of e-Business Division, DBBL stated that it is a common tendency of businesses and house owners and also even renters to avoid tax in spite of having the ability. He suggested finding out solutions to tax avoidance tendency of the public. He also recommended that taxpayers should be appreciated, and the process of filing tax returns should be eased. This may help change people's mindset to avoid taxes.

Former NBR Chairman, Dr Nasiruddin Ahmed suggested that the current legal frameworks should be reviewed (e.g.: What is the implication of Article 83 of the constitution?). He stated that there should be separate entities for tax policy development and enforcement as doing the same under NBR give rise to conflict of interest. Dr Nasir suggested that the current structure of NBR should be revamped and its capacity should be significantly enhanced by increasing its employees and building capacity of the officials. He went on to say that litigation on taxation issues should be accelerated through Alternative Dispute Resolution process. The former NBR Chief also highlighted that the whole process from providing E-TIN to submitting E-TIN return should be automated and eased for taxpayers. He also emphasized on addressing the issues related to presumptive taxation and promoting broad-based property tax.

Speaking as the Chief guest of the event, Md Mosharraf Hossain Bhuiyan, who was a former NBR Chief, stated that with the current scarcity of human resources, tax collection cannot be enhanced. He also noted that there should be a continuous assessment of the whole taxation system to address the systematic bottlenecks. He also underscored the need for modernizing the existing tax laws and conducting in-depth study to examine the factors that can boost tax-payers interest to pay taxes. He noted that NBR began a survey to identify tax evaders, but that the survey was not completed when he left NBR.

Delivering the closing remarks, Dr Atiur Rahman mentioned, former governor of the country's central bank and renowned economist, mentioned that the use of technology must be expanded to raise the rate of tax collection. He called for making the tax payment system easier by leveraging digital opportunities and establishing a proper grievance redressal system through which taxpayers can lodge their complaints and seek solutions. He also mentioned that in the 1960s, the situation in Bangladesh and South Korea was almost similar. But what did South Korea do differently in terms of raising the Tax-GDP ratio which is now

about 27 per cent? What can Bangladesh learn from them? It is necessary to learn from country experiences to address the barriers of promoting direct taxation, the noted economist added.

News Coverage of the webinar at The Daily Prothom Alo on 31 March 2022-

<https://www.prothomalo.com/business/%E0%A6%8F%E0%A6%A8%E0%A6%AC%E0%A6%BF%E0%A6%86%E0%A6%B0%E0%A7%87%E0%A6%B0-%E0%A6%95%E0%A6%BE%E0%A6%A0%E0%A6%BE%E0%A6%AE%E0%A7%8B-%E0%A6%AA%E0%A6%B0%E0%A6%BF%E0%A6%AC%E0%A6%B0%E0%A7%8D%E0%A6%A4%E0%A6%A8-%E0%A6%95%E0%A6%B0%E0%A6%A4%E0%A7%87-%E0%A6%B9%E0%A6%AC%E0%A7%87>

YouTube Link of the webinar: <https://www.youtube.com/watch?v=fu-E4RCaG9I>

Webinar Flyer:

Webinar ID: 845 6867 7816 ; Password: 858834

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Chief Guest
Md Mosharraf Hossain Bhuiyan, ndc
Ambassador of Bangladesh to Germany & Former Chairman, NBR

Guests of Honour
Dr Muhammad Abdul Mazid
Former Chairman, NBR
Dr Nasiruddin Ahmed
Former Chairman, NBR
Dr Atiur Rahman
Former Governor, Bangladesh Bank

Session Chair
Dr Atiur Rahman
Former Governor, Bangladesh Bank

Discussants
Md Nazim Uddin
Joint Director, Bangladesh Bank
Mustafa Murshed
Deputy Secretary, MoF
Sharnolata Roy
President, Sylhet Women Chamber of Commerce and Industry
Md Omar Faruq Khan
Deputy Commissioner of Tax, Central Intelligence Cell, NBR

Keynote Presenter
Dr M A Razzaque
Chairman, RAPID & Director, PRI













Moderator
Dr M Abu Eusuf
Professor of Development Studies, DU & Executive Director, RAPID

Md Anwar Faruq Talukder
Executive Vice President, Chief SME Business Officer & Head of e-Business Division, DBBL

RAPID www.rapidbd.org

Snapshots of the webinar:

Dr. M. Abu Eusuf, Rabiul Islam, Research Economist..., Ambassador Mosharraf Hossain B..., Md Omar Faruq Khan, Deputy Co..., Dr M A Razzaque, Anwar Faruq Talukder, Mustafa Murshed, DS, FD, Atiur Rahman, Sharnalata Roy, President, SWCCI, Dr.Nasiruddin Ahmed

 <p>Atiur Rahman</p>	 <p>Rabiul Islam, Research Economist...</p>	 <p>Ambassador Mosharraf Hossain B...</p>	 <p>Dr. M. Abu Eusuf</p>	 <p>Dr. M. A. Razaque</p>
 <p>Md Omar Faruq Khan, Deputy Co...</p>	<p>Nobin Kundu</p> <p>Nobin Kundu</p>	<p>Dr.Nasiruddin A...</p> <p>Dr.Nasiruddin Ahmed</p>	 <p>Anwar Faruq Talukder</p>	 <p>Md. Nazim Uddin</p>
<p>RAPID</p> <p>RAPID</p>	<p>Syeda Rida</p> <p>Syeda Rida</p>	<p>Emran Hasan</p> <p>Emran Hasan</p>	<p>Farah Marzan</p> <p>Farah Marzan</p>	<p>Sumaeya Akhter</p> <p>Sumaeya Akhter</p>
 <p>arifur rahman</p>	 <p>Hannan Biswas</p>	<p>Tunaggina</p> <p>Tunaggina</p>	 <p>MST. Noiyan Tara</p>	<p>Mustafa Mursh...</p> <p>Mustafa Murshed, DS, Finance Div</p>
	 <p>Arju Afrin Kathy</p>	<p>Sharnalata Roy,...</p> <p>Sharnalata Roy, President, SWCCI</p>	<p>Galaxy Note10+</p> <p>Galaxy Note10+</p>	