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Major Policy Announcements: January-March, 2020

<p>FEPD Circular Letter No. 01 January 05, 2020 Regarding the prevention of attempts to misappropriate export proceeds</p>	<p>All the head offices/ principal offices of the authorized dealer banks involved in foreign currency transactions are asked to remain alert to thwart any fraudulent attempt to divert payments/export proceeds from foreign buyers to different bank accounts by sending spam e-mails containing the name of the exporters to the importers in case of TT payments system of exports proceeds.</p>
<p>FEPD Circular No. 01 January 07, 2020 Special cash assistance to RMG/Textile Sector</p>	<p>The exporter-producer of locally produced readymade garments (RMG)/textile products (like-Teri-towel and specialized textile) shall be privileged with 1 (one) percent special cash assistance on net FOB value against their export admissible in the fiscal year 2019-2020. The facility is equally admissible for the Type-C institutions under local ownership located in specialized zones (EPZ, EZ) against their export in the EU, the USA and Canada. The said privilege and duty draw-back/ bond privilege are allowed to be simultaneously availed. If any irregularity is, however, found in providing the facility, the fund is realizable by debiting the payee-bank account maintained with the Bangladesh Bank. And punitive measures shall be initiated against the officials implicated with irregularities, if proven.</p>
<p>FEPD Circular No. 02 January 13, 2020 Foreign exchange transactions for IT/Software firms</p>	<p>The limit to remit with international card facility by the Authorized Dealers (ADs) on behalf of IT/Software firms who are members of BASIS, for meeting bonafide current payment needs, is enhanced to USD 40,000 in a calendar year from USD 30,000. Within the limit of USD 40,000, international cards may be issuable for USD 8,000 instead of USD 6,000 which may be refilled subject to availability of the limit and observance of specified formalities.</p>
<p>FEPD Circular Letter No. 02 January 19, 2020 Opening of LC to import essential commodities</p>	<p>Subject to the compliance of the regulations followed in foreign currency transactions by the importers, all the head offices/ principal offices of the authorized dealer banks are instructed to initiate letters of credit and provide all necessary support to the importers for the uninterrupted, prompt and speedy supply of the essential commodities (onion, garlic, lentils, chickpeas, dried chilies, cinnamon/cassia, clove, cardamom, seeds of coriander, seeds of cumin, ginger, turmeric, bay leaves, edible soya bean oil, edible palm oil, sugar and edible salt, excluding beet salt) in the local market.</p>
<p>FEPD Circular Letter No. 03 January 20, 2020 Collection of stamp duty on Bill of Exchange against deferred/usance export bills</p>	<p>Stamp duty is not attributable to the exporters of bill of exchange against deferred/usance export bills as per the Stamp Act, 1899. So, the stamp duty on the deferred export bill of exchange at the rate of 0.2 percent formerly levied on exporters is waived.</p>
<p>BRPD Circular Letter No. 01 January 23, 2020 Regarding deduction and submission of Source Tax from different types of deposit/savings schemes</p>	<p>Depositors who belong to 12-digit-TIN category shall enjoy 10% tax at source instead of 15%. The same shall apply to the paid interest on call money deposit, deposit accepted from foreign source/in foreign currency. However, source tax on the interest of deposits of all tax-exempted fund, like- pension fund, gratuity fund, provident fund etc, shall be 5%. Source tax shall be deducted at the time of crediting interest on deposits as per Income Tax Ordinance, 1984. In this regard, it has been made mandatory to deduct source tax each time the interest is paid to the account instead that of once on maturity.</p>

<p>FEPD Circular No. 05 January 30, 2020 Export subsidy against export of rice</p>	<p>The rice processors-exporters, who process rice in locally owned firms by collecting domestically produced paddy, shall receive 15% export subsidy against their export in the current fiscal year 2019-2020. However, the said export privilege shall not be admissible for the institutions located in specialized zones (EPZ, EZ).</p>
<p>FEPD Circular No. 06 February 03, 2020 Regarding import and export of currency notes</p>	<p>The limit of foreign currency brought in without declaration to the Custom Authorities and taken out while proceeding abroad by a concerned person is enhanced to USD 10,000 or its equivalent from USD 5,000 or its equivalent.</p>
<p>FEID Circular No. 02 February 05, 2020 Regarding share money deposit</p>	<ol style="list-style-type: none"> 1. The company shall complete the formalities of issuance of shares within 360 days of receiving money for this purpose; 2. Share Money Deposit must not be used in any purpose other than the main business of the company i.e. the fund cannot be used in any interest/profit bearing financial instruments; 3. In case of calculating Debt Equity Ratio for according permission of foreign loan/foreign currency loan to industrial enterprises and of Taka term loan to foreign owned/controlled company. Share Money Deposit will not be considered as equity component if the company fails to convert it into share within 360 days of such receipt.
<p>BRPD Circular Letter No. 03 February 06, 2020 Deposit of Fund received under Annual Development Program (ADP) and operating budget and own fund of autonomous, semi-autonomous organizations and government-owned companies</p>	<p>Fifty (50) percent of the fund received under Annual Development Program (ADP) and operating budget and own surplus fund of autonomous, semi- autonomous organizations and government-owned companies is allowed to be deposited at the private banks or non-bank financial institutions operating in Bangladesh. The surplus fund of the aforementioned sources may be deposited at the state-owned commercial banks at maximum 5.50 percent interest rate and 50 percent of the total surplus fund is permitted to be deposited as fixed deposit at the private commercial banks at maximum 6 percent. However, the fund meant for provident fund, pension fund and endowment shall remain excluded of the directive.</p>
<p>BRPD Circular No. 03 February 24, 2020 Rationalization of the rate of interest/profit on lending/investment</p>	<p>In all categories of unclassified loans/investments but credit card, the maximum rate of interest/profit is set at 9 percent.</p> <p>If a borrower becomes default even at this margin/ceiling, banks are allowed to impose additional 2 percent penal interest/profit on loan/investment of the corresponding borrower for the tenure it remains default. Apart from the 2 per cent additional charge, banks are barred from the imposition of any additional interest/profit/penal interest/additional charge on their loan/investment.</p> <p>The rate of interest/profit for pre-shipment export loan shall remain unchanged at prevailing 7 percent.</p> <p>The balance of loans to manufacturing segment of the small and medium entrepreneurs including industry sector from the current year cannot anyhow be less than the average loan balance to those sectors in the preceding three years.</p> <p>The directive shall come into effect from April 01, 2020.</p>
<p>FEPD Circular No. 09 February 25, 2020 Enhancement of loan limit from Export Development Fund</p>	<p>The limit to borrow maximum USD 15.00 million by the Authorized Dealers (ADs) from EDF against their foreign currency financing to manufacturer-exporters for input procurement is enhanced to USD 20.00 million for member mills of BKMEA</p>

<p>BRPD Circular No. 05 March 22, 2020 Directives to prevent the outbreak of Coronavirus (COVID-19)</p>	<p>Every scheduled bank shall form a “Central Quick Response Team” constituting the high officials of the respective bank in the Head Office so that the Central Quick Response Team may take quick and effective decisions in no time on behalf of the bank to cope with the changing environments of Coronavirus pandemic. Likewise, a “Quick Response team” shall have to be formed in every divisional/zonal/area office to take special decisions locally. The name, designation, mobile number etc. of the team members so formed shall have to be displayed at the website of the respective bank.</p>
<p>DCM Circular No. 01 March 22, 2020 Initiatives to be taken to prevent COVID-19 and safe cash management by scheduled banks</p>	<p>Cash officials/staffs serving in cash counter of the branches of all scheduled banks must wear mask and hand gloves while receiving from and paying money to the customer. They are also asked to use hand sanitizer, or wash hands with soap after calculating/sorting notes every time.</p>
<p>DMD Circular No. 01 March 22, 2020 Regarding Transactions of Government Securities</p>	<p>Scheduled banks and financial institutions are allowed to sell the excess government securities to the Bangladesh Bank at market rate after maintaining required Statutory Liquidity Reserves (SLR). Bangladesh Bank strengthened purchase of government securities from the secondary market to tackle impending liquidity management crisis brought on by the coronavirus (COVID-19) pandemic.</p>
<p>FEPD Circular No. 14 March 22, 2020 Remittance on account of bonus by foreign nationals working in Bangladesh</p>	<p>Foreign nationals are allowed to remit up to 75% of their bonus after deduction of applicable taxes and payment thereof at one-go without spreading over the subsequent 12 months. Foreign nationals, however, can exercise prevailing regulations at their options.</p>
<p>FEPD Circular No. 15 March 23, 2020 Advance Payment against imports of life saving drugs, etc.</p>	<p>Authorized Dealers (ADs) are allowed to effect, without repayment guarantee, advance payment up to USD 500,000.00 or equivalent other foreign currency for import of coronavirus related life-saving drugs, medical kits/equipment and other essential medical items. This instruction will be valid till September 30, 2020.</p>
<p>MPD Circular No. 01 March 23, 2020 Maintenance of Cash Reserve Requirement (CRR) with Bangladesh Bank</p>	<p>CRR is re-fixed at 5.0 percent on bi-weekly average basis with a provision of minimum 4.5 percent on daily basis effective from April 01, 2020.</p>
<p>MPD Circular No. 02 March 23, 2020 Re-fixation of Repo interest rate of Bangladesh Bank</p>	<p>The existing Repo interest rate of Bangladesh Bank is reduced by 25 basis points and re-fixed at 5.75 percent from that of 6.00 percent while Reverse Repo rate will remain unchanged at 4.75 percent. This instruction will be effective from March 24, 2020</p>