A BRIEF REVIEW ON THE NATIONAL BUDGET :: FY 2019-20

- On June 13, 2019 the Finance Minister, AHM Mustafa Kamal, presented his maiden National Budget **aiming 8.2% target GDP growth for FY 2019-20** which is 40 bps higher than the 7.8% growth target for the last FY 19. Meanwhile, the country has achieved 8.13% GDP growth in FY 19 (provisional). The **inflation rate during this year is forecasted at 5.5%**. The inflation was 5.4% as of March 2019.
- **Budget Size:** The total size of the budget is **BDT 5.2 billion registering 18% growth** than that of the revised budget FY 2018-19 which is **18% of GDP**. Over the years the Country has witnessed progress in its budget size.

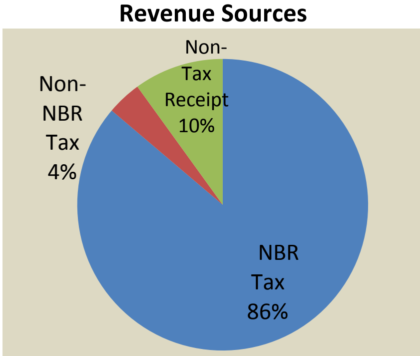
Budget Structure for the FY 2019-20 (BDT bn)

Particulars	2019-20	2018-19 (Revised)	Growth	% of total
Total Revenue	**3,778**	3,166	**19%**	100%
NBR Tax	3,256	2,800	16%	86%
Non-NBR Tax	145	96	51%	4%
Non-Tax Receipt	377	270	40%	10%
Total Expenditure	5,231	4,425	18%	100%
Non Development	2,779	2,477	12%	53%
Development	2,116	1,734	22%	40%
Other Expenditure	336	214	57%	6%
Budget Deficit	**1,453**	1,259	15%	
Financing				
Domestic Financing				
a) Bank	473	309	53%	29%
b) Non-Bank	479	479	0%	29%
External Financing	680	472	44%	42%

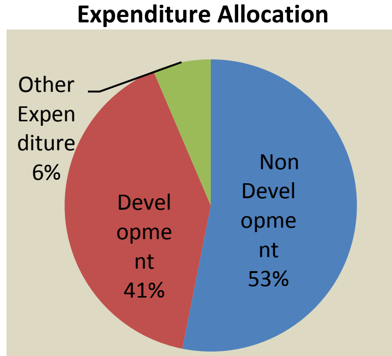
Historical GDP, Budget and Budget Deficit

Particulars	2016-17	2017-18	2018-19	2019-20
GDP (BDT bn)	19,561	22,505	25,362	28,859
Growth	13%	15%	13%	14%
Budget Size (BDT bn)	2,772	3,219	4,425	5,232
Growth	15%	16%	37%	18%
Budget Size as % of GDP	14%	14%	17%	18%
Deficit (BDT bn)	987	1120	1259	1453
Growth	14%	13%	12%	15%
Deficit % of Budget	36%	35%	28%	28%
Deficit Budget as % of GDP	5%	5%	5%	5%

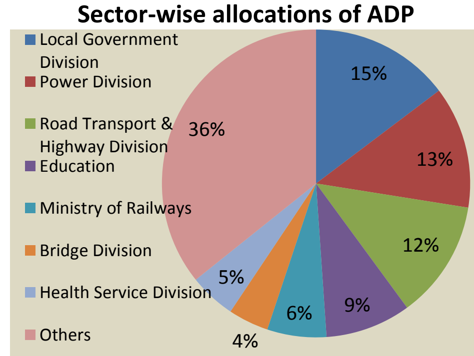
Revenue Sources



Expenditure Allocation



Sector-wise allocations of ADP

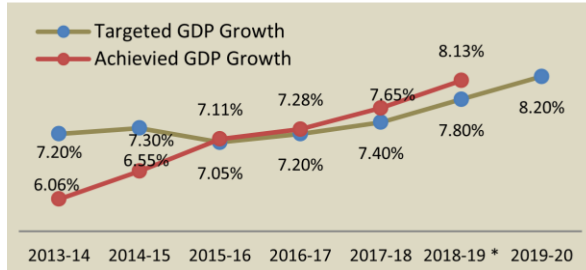


- **Revenue**: The **targeted revenue is set to BDT 3.78 trillion which is 19% higher** over the last year's revised budget emphasizing on increasing the **NBR tax revenue that will contribute around 86% of total revenue target.**
- **Expenditure:** Total expenditure in the National Budget has been augmented by 18% than that of the revised budget FY '19 to BDT 5.23 trillion. Of this total expenditure 53% are for non-development expenditure grew by 12% over the revised budget FY '19, 40% are for Development Expenditure grew by 22% over the revised budget FY '19 and 6% are for Other Expenditure grew by 57% over the revised budget FY '19.
- **Budget deficit:** The proposed budget estimates the **overall budget deficit for the next FY at BDT 1.45 trillion which is 28% of the proposed budget** and 5% of GDP. Of the deficit, **BDT 680 billion will be financed from external sources which are 2.35% of GDP and BDT 955 billion from domestic sources which is 3.30% of GDP.**
- **ADP Composition:** The proposed budget allocated BDT 2.03 trillion in annual development program (ADP) as the Government has given emphasis on implementing the mega projects in the next FY. **The proposed ADP which is 21% higher over last year's revised allocation which is 7.0% of GDP and 39% of the proposed budget.**

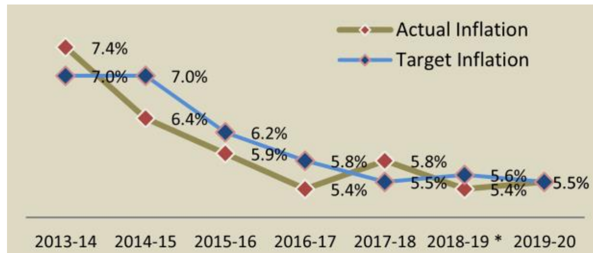
MACRO-ECONOMIC PARAMETERS:

- **GDP Growth: The proposed budget has set an optimistic target to achieve 8.2% growth in the next FY 2019-20**. Beside domestic demand, government mega projects will be the dynamic force in realizing the target growth. **The provisional GDP growth for FY 2018-19 is 8.13%** which is 33 bps higher than the targeted growth as per BBS.
- **Investment: The Government aims to take total investment at 32.8% of the GDP in the FY 2019-20** which was 31.6% in provisional FY 2018-19, considering the thriving private sector investment. The contribution from private sector is projected to increase 24.2% from provisional contribution of 23.4%.
- **Inflation: By the end of the March 2019, overall inflation rate stood at 5.4% compared to 5.8% in the same period last year.** The proposed budget targets to keep the rate at 5.5% for FY 2019-20. Keeping the inflation at targeted rate will be to enhance the competitiveness in all our business sectors, including agriculture, industry, commerce, exports, real estate, and services sectors.
- **Money and Credit:** By the end of April 2019, the growth of broad money and domestic credit growth stood at 10.52% and 13.62% respectively which are very much within the targets set by the BB, while private sector credit growth was 12.07% as of April 2019 which was far behind than the target of 16.5%.
- **Interest Rates: The government tries to bring down the interest rates of bank loans to single digits** with a view to making our industries and businesses more competitive and the weighted average spread of interest rates limited within 4 percent except for credit cards and consumer loans.
- **Exchange Rate:** The nominal exchange rate of BDT against USD has significantly dropped in last one year. **As on June 12, 2019, exchange rate (BDT/US$) was 84.5 which was 83.7 in the end of FY 2017-18.** Increase in import payment has fueled up the dollar price.
- **Imports and Exports: Exports registered 11.92% growth till May of FY 2018-19** over the same period of last year**.** During this period, the total export earnings stood at around US$ 37.8 billion which was US$ 36.7 billion in FY 2017-18. Up to April FY 2018-19, **import has registered a growth of 3.87% over the corresponding period of the previous year**. The rising trend in import will continue for some time to meet the requirements of mega projects.
- **Remittance Income: Foreign remittance has achieved a growth of 10.75% in the first 11 months of the FY 2018-19 compared to the same period in the previous year. To encourage bringing foreign remittance through legal channels, an incentive at the rate of 2% on money remitted by expatriate Bangladeshi will be provided from this financial year.** As a result, the foreign remittance flow is expected to increase proportionately.
- **Balance of Payments: Bangladesh's current account deficit of $5.07 billion in the first 10 months of the fiscal year** as the country's capacity to export is failing to keep up with the appetite for imports. The previous highest deficit was registered in 2017-18 when it stood at $ 9.78 billion.
- **Foreign Exchange Reserve:** As on June 12, 2019, foreign exchange reserve is USD 31.8 bn which was USD 32.9 bn at the end of FY 2017-18. Current reserve is adequate to foot import bills for seven months.

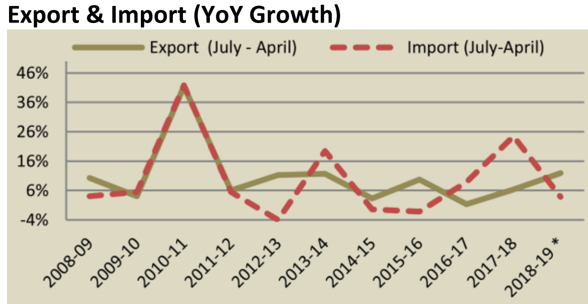
GDP Growth



Inflation

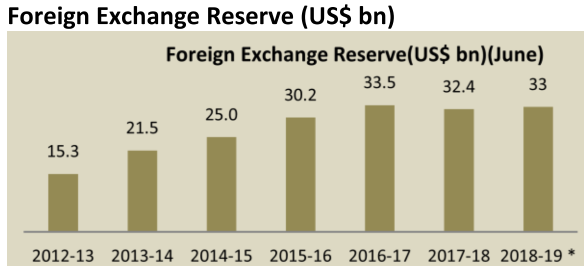


Export & Import (YoY Growth)



*Data for 2016-17: Export up to April 2017 and for Import up to March 2017

Foreign Exchange Reserve (US$ bn)



VAT & TAX

Company Tax Rate

Particulars	Existing Rates	Proposed Rates
*Publicly Traded Company	25%	Unchanged
Non-publicly Traded Company	35%	Unchanged
Publicly traded Bank, Insurance and Financial Institution (other than Merchant Bank)/Newly established Bank, Insurance, and Financial institutions approved by government in 2013	37.50%	Unchanged
Non-publicly traded Bank, Insurance and Financial Institution	40%	Unchanged
Merchant Bank	37.50%	Unchanged
Cigarette, bidi , zarda, chewing tobacco or other tobacco products manufacturing company	45%	Unchanged
Mobile Phone:		Unchanged
Publicly traded	40%	Unchanged
Non-publicly traded	45%	Unchanged
Dividend Income	20%	Unchanged

Tax Rate Other Than Company

Particulars	Existing	Proposed Rates
General Taxpayers	2 lakh 50 thousand	Unchanged
Women and senior citizen aged 65 years and above	3 lakh	Unchanged
Person with disability	4 lakh	Unchanged
Gazetted war-wounded freedom fighters	4 lakh 25 thousand	Unchanged
General Tax Rate:		Unchanged
On first Taka 2 lakh 50 thousand	Nil	Unchanged
On next Taka 4 lakh	10 percent	Unchanged
On next Taka 5 lakh	15 percent	Unchanged
On next Taka 6 lakh	20 percent	Unchanged
On next Taka 30 lakh	25 percent	Unchanged
On the balance of total income	30 percent	Unchanged
Special Tax Rate:		Unchanged
Cigarette, bidi, zarda, chewing tobacco, gul or any other tobacco product manufacturer	45 percent	Unchanged
Income of non-resident	30 percent	Unchanged
Income of Co-operative Society	15 percent	Unchanged

The VAT Act 2012

The budget proposed to implement the much-discussed Value-Added Tax (VAT) and Supplementary Duty Act - 2012 from the next fiscal year 2019-20, along with introducing four VAT rates and widening the VAT net.

Some of the salient features of the new law:

- Taxpayers will have the opportunity to get online service for VAT and Turnover Tax registration, tax payment, return submission, refund etc
- The existing price declaration system before the supply of goods will be abolished. The taxpayers will pay VAT on the basis of fair market price
- Currently there is a provision to maintain sufficient balance in the Account Current Register while supplying the goods. However, according to the new law, there is no such provision and the businessmen will be able to pay tax at the end of the month through the VAT returns
- Wherever 15% VAT is applicable, the input tax credit can be obtained through the VAT return
- Return will be treated as the application of refund.

Some reforms and simplifications were made in the new law to make it more time-befitting and business-friendly such as:

- There will also be 5% advance tax, instead of currently applicable advance trade VAT, on the import of taxable products and the advance tax will be refundable.
- In addition to the existing standard 15% VAT rate, there will be reduced rates – 5%, 7.5% and 10% – for specific goods and services.
- The VAT rate for taxable supply and import will be 15%. The local traders will have to pay 5% VAT.
- As a special measure, considering the sensitivity of the product, the rate of VAT at the trading stage of pharmaceutical and petroleum products shall be 2.4%% and 2% respectively.
- It will be mandatory for the shop owners and business entity to keep records of VAT challan/invoice during sales/supply through Electronic Fiscal device (EFD) and Sales Data Controller (SDC).

The business community is expecting the new VAT Act will make a significant improvement in the “ease of doing business” index.

IMPLICATION ON CAPITAL MARKET

- **Imposition of 15 percent tax on stock dividend:** The budget proposed to impose 15% tax on stock dividend which was tax-free in the past.
  This will be beneficial for the shareholders of the publicly listed companies to enjoy cash dividend which will increase the investors return as the companies will be more likely to give cash dividend instead of stock dividend.
- **Imposition of 15 percent additional tax:** The budget proposed to impose 15% tax on so much of retained earnings and reserves as it exceeds 50% of the paid up capital of the company.
  This will inspire the companies to pay out dividend which will increase the dividend income of the investors that might have a positive impact on the capital market investment.
- **Tax-free dividend income:** The budget proposed to exempt the tax-free dividend income from the listed companies up to BDT 50,000 for individual investors which were BDT 25,000 previously.
  This will boost up the confidence of the investors to invest in the capital market and enhance the dividend yield.
- **Double taxation on dividend income:** The budget proposed to remove the multilayer taxation on dividend income from the listed companies.
  Removal of double taxation will encourage the companies to pay put more dividend or reinvestment in the capital market which will eventually ensure the sustainable development of the capital market. To promote the foreign investment in the capital market, the budget proposed to extend the application of this provision to non-resident companies as well.
- **Provision for merger/amalgamation:** The budget proposed to make a provision if a financially solvent company wants to merge/amalgamate with the financially sick company *which will eventually lead to a strong capital market*. The budget also proposes to give investment allowance for such a merger/amalgamation *which will enhance the depth and stability of the capital market indeed*.
- The government has introduced National Savings Scheme Online Management System to monitor and control the purchase limit of savings scheme and tax deducted at source from the income on National Savings Certificate (NSC) has increased to 10% which was 5% earlier. As a result, growth of NSC sale may face a slight decline and some of the funds may channel to the capital market which might increase the liquidity of the capital market.

IMPACT ON THE SECTORS AND THE LISTED COMPANIES

Bank & Non-Bank Financial Institution

- The GOB has aimed to borrow BDT 473 billion from banking system in FY 2019-20 which were 53% higher over the revised budget of 2018-19 to meet the deficit financing which is already in a liquidity crisis.
  This *will create a fresh crowding out situation for the private sector.*
- Corporate tax structure of the banking system has been unchanged at 37.5% which was revised last year.
- The budget proposed to make an exit arrangement for loan recipient who failed to repay loan through an effective insolvency and bankruptcy laws.
  This will help to maintain the asset quality if implemented properly.
- The budget also proposes to establish a Bank Commission for bringing discipline in the banking and financial sector.
- Central database for large credit (CDLC) has been established for close monitoring of large loans and strengthening the monitoring system of banks and financial institutions.
  This will help to maintain the asset quality of the large loans if implemented properly.
- Instruction has been given to keep the weighted average spread of interest rates limited within 4% except for credit cards and consumer loans.

This may squeeze the profitability of some banks and NBFIs who are enjoying more than 4% spread.

- Bank's capital (authorized and paid up) will increase gradually. Increasing paid up capital will cause dilution in earnings.
  It will strengthen the capital base of the banks and NBFIs.
- Bank Company Act will be amended so that bank management, all components of revenue management (VAT, Customs and Income Tax) can function as usual, without facing any conflict with other laws.
- Bank Company Act will be amended so that amalgamation, merger and absorption of banks can be legally processed, if required.
- Stern measures will be taken against the willful defaulters of bank loans.
  This will help to maintain the asset quality if implemented properly.
- Working to bring down the interest rates of bank loans to single digits.
  It will be challenging as the banks and financial institutions are collecting deposits at comparatively higher rate due to liquidity crisis in the market.
- Necessary amendments will be brought to the Bank Company Act to modernize the functions of holding companies and subsidiary companies.

Related Listed Companies: ***All listed banks and financial institutions***

Food & Allied

- 10 % Custom Duty has been proposed on the import of Milk & Cream in Powder from existing 5% to protect the domestic industry. As a result, raw material cost will increase for the companies that have to depend on the imported powder milk while local milk producer companies will be beneficial over the milk powder importers.
  These initiatives will benefit the business of ***OLYMPIC, GHAIL, AMCL(PRAN), RDFOOD, BANGAS, MEGCONMILK, FUWANGFOOD***
- Existing specific duty is proposed to increase from BDT 2,000.00/MT to BDT 3,000.00/MT on import of raw sugar. For refined sugar the specific duty will be increased from BDT 4,500.00/MT to BDT 6,000.00/MT. Regulatory duty will be 30% instead of 20% for both refined and raw sugar import. These initiatives will raise the cost for sugar import while the local manufacturers will get the competitive advantage over the importers.
  These initiatives will benefit the business of ***OLYMPIC, GHAIL, AMCL(PRAN), RDFOOD, BANGAS, MEGCONMILK, FUWANGFOOD***, ***SHYAMPSUG & ZEALBANGLA***
- 5% Supplementary Duty has been proposed on Ice-cream. As a result, price of ice-cream will go up which may down the ice-cream business.
  These initiatives will affect the business of ***GHAIL***
- To discourage the export, export duty on rice bran is proposed to increase to 25% from existing 10%. These initiatives will benefit the business of ***EMERALDOIL***
- Regulatory duty is proposed to increase the Maize (corn) starch and Manioc (cassava) starch from existing 10% to 20%.
  These initiatives will affect the business of ***OLYMPIC, GHAIL, AMCL(PRAN), BANGAS***
- The budget proposed to impose VAT on the products such as soybean oil, palm oil, sunflower oil, mustard oil etc. which have been enjoying the exemption benefit.
  These initiatives may raise the cost of production of bakery products and frozen foods manufacturing companies like ***OLYMPIC, BANGAS, GHAIL, AMCL(PRAN), RDFOOD***.
- To protect the local farmers, existing highest rate of customs duty at 25% and recently imposed 25% regulatory duty will remain unchanged on rice import. Related listed company: ***ACI***

Tobacco Industry

- The budget didn't propose any change in the current tax structure for the tobacco manufacturers.
- The budget has significantly raised the prices of tobacco products to curb consumption.
- The budget proposed to fix the price of every 10 sticks of low segment cigarette at Tk. 37 and the supplementary duty rate at 55%. It also proposes to fix the price of every 10 sticks of the medium segment cigarette at Tk. 63 and

- the supplementary duty rate to 65% while fixing the price of every 10 sticks of high segment and premium segment cigarette at Tk. 93 and Tk. 123 respectively and keep the supplementary duty rate to existing 65% percent.
- The budget proposed to fix the price of 25 sticks of non-filter bidi at Tk. 14 and supplementary duty rate at 35% and to fix the price of 20 sticks filter bidi at Tk. 17 and supplementary duty rate at 40%.
- To reduce the consumption of smokeless tobacco products, the budget proposes to fix the minimum retail price at Tk. 30 per 10 grams from zarda and Tk. 15 per 10 grams for gul and fix the supplementary duty rate at 50%.
- The budget proposes to withdraw the 10% export duty on unmanufactured tobacco which will help to increase the export.
- Tobacco Tariffs & SD:

Cigarette Segment	Price (10 Sticks)			Supplementary Duty		
	Exiting	**Proposed**	**Change**	**Exiting**	**Proposed**	**Change**
Premium	BDT 105	BDT 123	17.10%	65%	65%	0%
High	BDT 75	BDT 93	24.00%	65%	65%	
Medium	BDT 48	BDT 63	31.30%	65%	65%	
Low	BDT 35	BDT 37	5.70%	55%	55%	
Bidi Segment	Price			Supplementary Duty		
	Exiting	**Proposed**	**Change**	**Exiting**	**Proposed**	**Change**
Non-filter bidi (25 Sticks)	BDT 12.5	BDT 14	12%	30%	35%	5%
Filter bidi (20 Sticks)	BDT 15	BDT 17	13.30%	35%	40%	5%

- *Generally cigarette consumption would reduce upon significant price increase in the in medium and high segments. This price hike may lead to switch to medium and low segment from premium and high segment.*
- *Volume segment in premium segment may rise despite price increase due to increasing purchase power.*
- *Proposed price hike in low segment may decline the consumption in volume.*
- *Profit margins are expected to improve as a result of increased price amid no change in the duty.*

Related listed company: ***BATBC***

Engineering

- The budget proposed to reduce duty on single or double side coated release paper imported by VAT registered refrigerator or freezer manufacturing industry from existing 25% to 15%.
  This will benefit the business of ***SINGERBD, WALTON***
- The budget proposed to eliminate the 45% supplementary duty on ultra-clear glass imported by VAT registered refrigerator or freezer manufacturing industry.
  This will benefit the business of ***SINGERBD, WALTON***
- The budget proposed to increase the supplementary duty to 20% from existing 10% on particle board. This will increase the cost of production of ***SINGERBD***
- Imposition of 20% supplementary duty on cookers, cooking plates, boiling rings, grillers and roasters.
  This initiative will increase the cost of production of ***SINGERBD, WALTON, RANFOUNDRY***
- Reduction of custom duty on harvesting machinery by creating new HS Code.
  This will facilitate the business of ***ACI***
- Duty-taxes have been exempted except 5% customs duty on Wire of stainless steel, Threaded self-tapping screw, Non-Threaded spring washes, nes of iron/steel.
  This will benefit the business of ***BSRMLTD, BSRMSTEEL, GPHISPAT, RSRMSTEEL, SSSTEEL***

- The budget proposed to exempt all the duty taxes except 1% custom duty on ferro-manganese alloy, ferro alloy, sintered iron, steel shots, steel granules, sintered iron of alloy steel, aluminum ingot.
  This will benefit the business of ***BSRMLTD, BSRMSTEEL, GPHISPAT, RSRMSTEEL, SSSTEEL, APOLOISPAT & SALAMCRST***
- Duty-taxes have been exempted except 5% customs duty on LCD panel or LED panel or TFT panel or touch LCD panel.
  This will benefit the business of ***SINGERBD, WALTON***
- To protect domestic tyre & tube industry, the budget proposed to increase regulatory duty from 3% to 5% on the importation of 16-inch tyre, motorcycle tyre and tube used in CNG baby taxi and light vehicles.
  This will affect the business of ***SINGERBD, WALTON, ACI, ATLASBANG, RUNNERAUTO***
- The budget proposed to reduce the custom duty on air filter and brakes to 15% from existing 25%.
  This will facilitate the commercial vehicle manufacturing like ***AFTABAUTO, IFADAUTOS and RUNNERAUTO***
- The budget proposed to increase the regulatory duty on tyre of rim size of 16 inch and tyre of a kind used on motorcycles to 5% from existing 3%.
  This initiative will affect the business of ***ATLASBANG***, ***SINGERBD, RUNNERAUTO, WALTON & ACI***

Fuel & Power

- The budget proposed to exempt VAT on the supply of natural gas, suppliers and electricity in the case of investment in Bangladesh Economic Zone (BEZA) and in Bangladesh Hi-Tech Park.
  This will benefit the business of ***UPGDCL***
- The budget proposed to exempt duty except 5% customs duty on Petroleum base lubricating oil.
  This will facilitate the business of ***MJLBD***
- To ensure uninterrupted power supply, the government has been implementing a plan to install 28,000 circuit km. transmission lines and 6 lakh 60 thousand km distribution line through different projects by 2030.
  This will benefit the business of ***POWERGRID, DESCO, ECABLES, BBSCABLES***
- The power generation capacity has now increased to 21,629 megawatts and the generation today is 12,893 megawatts.
- The government has the plan of 100% access to electricity in each upazila by next year.
- In order to ensure energy security and sustainable energy supply system, the government has the plans to reduce the use of fuel to 15% by 2021 and to 20% by 2030. Fuel diversification has been adopted as a strategy to reduce dependency on natural gas for electricity generation and for energy security.

Insurance

- To save the farmers from the financial loss caused due to natural calamities a pilot project for ‘crop insurance’ will be introduced.
- insurance of properties generated from large projects will be covered by the local insurance companies.
- Measures will be taken to arrange group insurance with more than one company, if necessary.
- Insurance for ‘loss of profit’ will also be introduced.
- Accident insurance for factory workers will be implemented.
- The government is planning to introduce livestock insurance, small insurance for poor women and health insurance for government employees and common people.
- With the assistance of Jiban Bima Corporation, the existing system will be reformed and converted into an integrated insurance system for bringing all government employees under the insurance coverage.
- Digitization of the insurance sector and its high rate of penetration have been planned.

- Preparations have been taken to bring the expatriate workers under the insurance scheme.

Related Listed Company: ***All listed Life & General Insurance Companies will be benefited if the government would implement these initiatives properly.***

Pharmaceuticals & Chemicals

- The budget proposed to decrease regulatory duty from 20% to 10% on import of liquid Oxygen, Nitrogen, Argon and Carbon Dioxide for making these lifesaving gases available to the poor patients at low cost.
  This will benefit the business of ***LINDEBD***
- A cash incentive at the rate of 20 percent is being provided to encourage exports from the producers of pharmaceutical raw materials and laboratory reagents.
  This will benefit the business of ***ACTIVEFINE, ACI, ACMELAB, BEACONPHAR, BXPHARMA, RENATA and SQURPHARMA***
- Exemptions of duties of 43 pharmaceutical raw materials including that of cancer medicines, have been proposed.
- Construction of a Active Pharmaceutical Ingredient Industrial Park is underway at Gazaria in Munshigonj.
- Unani, ayurvedic and homeopathic medical services are also being provided alongside allopathic medical services, and relevant guidelines and pharmacopeia have been prepared.
  This will benefit the business of ***ACMELAB***
- Exemptions and concessionary rate of duties of some pharmaceutical raw materials including that of cancer medicines have been proposed.
  This will benefit the business of ***ACTIVEFINE, BEACONPHAR, BXPHARMA, and SQURPHARMA***
- The budget proposed to reduce duty to 5% from existing 10% on FEP/Teflon tube and fistula needle imported by VAT registered medical equipment manufacturing industry.
  This will benefit the business of ***JMISMDL***
- The budget proposed to increase duty to 25% from existing 5% on tubes without fittings and uncoated paper and paper board weighing 40 g/m^2 or more but not more than 150 g/m^2 imported by VAT registered medical equipment manufacturing industry.
  This will affect the business of ***JMISMDL***

Information Technology

- The budget proposes a new provision in the income tax law, to accept investment in Economic Zone and High-Tech Parks, without any question on the sources of invested fund, by the income tax department, if the taxpayer pays 10% income tax on such invested amount.
  This initiative is expected to raise investment in the high tech parks.
- The budget proposed 1% duty tax on trasistors and crystal diods from existing 5%
- 10% duty tax has been proposed on charger connector pin & SIM slot ejector pin from existing 25%. It will reduce the price of charger connector pin and SIM slot ejector pin.
- The budget proposed 5% regulatory duty on optical fibre cables from existing 0%. This may increase the expense for IT companies in internet connecting through use of optical fibre cables.

Related Listed Company: ***AAMRANET, AGNISYSL, BDCOM, GENEXIL***

Telecom

- The budget proposed to raise the minimum tax for mobile companies to 2% of their turnover from 0.75%. This initiative might bring burden for the mobile operators.
  This will affect the business of ***GP***
- The budget proposed to increase the supplementary duty from 5% to 10% of the services provided through mobile phone SIM / RIM card. This will increase the voice call rates that may decline the average minutes per user which might have negative impact on the voice revenue of the mobile operators.
  This will affect the business of ***GP***
- The budget proposed to raise customs duty of smart phone to 25% from existing 10%. This initiative might slow down the growth of smart phone sales which would have negative impact on the mobile operators' data revenue.
  This will affect the business of ***GP*** and facilitate the business of ***WALTON***
- The budget proposed to impose VAT at the import stage on telecom equipment as they have been enjoying exemptions.
  This will benefit the business of ***GP***

Textile

- To ensure the workplace safety and Workers Welfare a database containing information of 4,808 ready-made garment factories has been created and preparation of a database containing information of another 27,000 factories is underway.
- Currently, four sectors of ready-made garments are receiving export incentives at 4%. The budget proposed to provide an export incentive of 1% in the next fiscal year to the rest of the sectors of ready-made garments.
  This initiative would improve the financial condition of the textile companies.
- The sector is enjoying reduced rates of taxes over the periods which will continue to this provision of reduced rate of taxes. The tax rate for readymade garments is 12%. The rate is 10% if there is green building certification. Besides, for textile sector tax rate is 15%.

Service & Real Estate

- The budget proposed to accept investment without any question on the sources of invested fund in the purchase or construction of any apartment or flat, and building if tax is paid at certain rates.
  This will benefit the business of ***EHL, DBH, NHFIL***
- The budget proposed to decrease existing tax rates to encourage the taxpayers for voluntary disclosure of purchase or construction of any apartment or flat, and building in their tax returns. This will increase the sale of apartment or flat, and building. Besides, it also creates the demand for construction materials.
  This will benefit the business of ***EHL, DBH, NHFIL***
- The budget proposed to reduce the stamp duty and registration fee real estate sector.
  This will benefit the business of ***EHL***

Tannery

- The budget proposes to exempt the regulatory and supplementary duty on raw materials for the footwear industry like tubes, pipes and hoses of plastics, PVC screen, textile fabrics, impregnated, coated, covered or laminated with PVC and other impregnated, coated, covered or laminated with plastics. These initiatives will decrease the raw materials cost of the related companies.
  Related Listed Company: ***APEXFOOT, BATASHOE, FORTUNE, LEGACYFOOT & SAMATALETH***

Miscellaneous

- The budget proposed to reduce the duty and taxes of feed ingredients used in Poultry/Dairy/Fish feed from existing 5% to 0% on ammonia binder (Feed grade) and Liver Protector, renal protector, respiratory protector and on vaccine stabilizer (Thiosulphates) from existing 10% to 0%. This initiative will enable the feed manufacturing companies to slash the raw materials cost.
  Related Listed Company: ***AMANFEED, NFML, FINEFOOD***

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