

(Translated Version)

BATB dodges tax Tk. 19.24bn

British High Commissioner tries negotiating out of Court
NBR to mitigate in Court

Abul Kashem, Daily Kaler Kantho, 19th August 2017

British American Tobacco Bangladesh (BATB) has evaded Value Added Tax (VAT) and Supplementary Duty (SD) worth Tk. 19.24 billion. The National Board of Revenue (NBR) has demanded to deposit the amount of money to BATB alleging that the company has evaded the amount between 2009-2010 to 2012-2013 FYs. And the company has lost the legal battle against the NBR for not paying the money by filing a case with the High Court (HC). The British High commissioner, Ms. Alison Blake, is trying to negotiate the matter in this circumstances. Recently, Blake has issued a letter to the Finance Minister AMA Muhit to compromise about the issue out of the Court so that the company do not need to pay the amount to the government treasury.

After losing the legal battle with the NBR at the HC, the BATB Managing Director (MD) Shehzad Munim issued a letter favoring Ms. Alison Blake where he explained everything and demanded her interference so that BATB can get rid of the trouble by not paying the amount.

Even Raleigh Investment Company Limited, the key stakeholder of this company has threatened that it will lodge a complaint with the 'International Court of Arbitration' under the bilateral investment agreement between Bangladesh and the UK.

The BATB MD, on his letter to the British High commissioner told, "the amount 1924 crores that the NBR has demanded is over three time of tax deducted profit for this company. I have reached almost all the high officials of the government. During the discussion, all of them admitted that this is a harassing event. Unluckily, the BATB failed to get the justice following the administrative process."

"The Attorney General has also prioritized the event when BATB went to the HC and he never underscored any event this way before. The HC also favored the NBR claim and ordered to pay after adjusting some funds."

Relevant officials told that the BATB has appealed to the Appellate Division after the HC verdict. Besides, it is running lobbies through the British High commissioner to the Finance Ministry, NBR and other relevant government offices. The NBR several times had said that the issue was under trial in the court. So, there are no chances to negotiate about the matter out of the court. Despite the fact, British High commissioner Ms. Alison Blake issued a letter to the Finance Minister on August 06, 2017 asking to have a negotiation meeting. On the letter, the British High Commissioner wrote, "Writing about the long pending British American Tobacco Bangladesh (BATB) issue, and we have discussed the issue earlier several times. I am hopeful that your office is friendly in solving the matter."

"It might be known to you that the NBR has demanded Tk 1924 crores as VAT from an old event for selling of cigarettes from 2009 – 2013. The issue has been brought under the notice of the High Commission after 2015 that the Legislative and Parliamentary division under the Law Ministry has expressed legal opinion – cigarette is a consumer product where the VAT is included in the price. As that

is paid during the cigarette sell, there were no chances of the producer (BATB) to claim VAT based on the previous event” – added the High Commissioner.

The High Commissioner, on his letter, also said. “I understand you are trying to negotiate the matter out of the court so that the NBR discuss the matter with the Law Ministry and Attorney General but the meetings did not happen for some reasons.”

The Finance Minister has forwarded the letter to the NBR Chairman, Nozibur Rahman. When inquired about the matter to Motiur Rahman, Commissioner, Large Taxpaying Unit (LTU) told the newspaper that a verdict has been made about paying TK 1924 crores by the HC about VAT and SDs by the BATB to the NBR. The case is under trial in the Appellate Division. And now there is nothing to do with this appeal. It should be negotiated by the Court.

When inquired about the request about mitigating the issue out of court, the British High Commission in Dhaka said, “We do not make remark about any leaked document”. “The British Government provides support all types of business of the UK and propose for creating a transparent, predictable and safe for investment situations. The British government believes that foreign investments are important for the financial development of Bangladesh. The British Government is interested to work with Bangladesh for reaching the future progressive goals of the country” added the High Commission.

It was impossible to talk with Azizur Rahman, the company Secretary about the issue. The Chief of Corporate Affairs, Akhter Anwar Khan, referred a cellular phone number of Foyez Ali, the public relation official for the company and advised to talk with him.

Foyez Ali, on Wednesday on phone call, told the newspaper that inquiries should be sent through email to know about the official statement of the BATB. An email was sent on 5.54pm on the same day and he was notified thorough an SMS. He replied in an another text SMS that he was out of office and will call the reporter on the next day (Thursday). But neither he replied the email nor he made any phone call.

The NBR and Finance Ministry officials said that BATB has sold its Bristol and Pilot brand cigarettes by degrading them to a lower step than it was supposed to be sold at. As the prices were reduced, the revenue of the government also got reduced from this two brands. An NBR counting found that if the brand prices were not reduced and kept in the previous tier, an additional VAT and SD worth Tk 1924 crores would have been gathered from this company in 2009-2010 to 2012-2013 Fiscal years. As the price was reduced, the NBR did not get this amount of revenue. Based on this circumstances, the NBR issued a notice to the BATB on November 27, 2013 claiming the amount of money. The notice read that BATB has submitted less revenue worth this amount by false declaration and information.

BATB MD Shezad Munim also provided a copy of the letter to the Finance Minister that he earlier issued to Ms. Alison Blake. The Finance minister remarked on the letter, “I have already overall decided that a fresh demand will be sent to them after following the Court guidelines.”

Based on the letter to Ms. Alison Blake and Finance Minister by BATB MD Shezad Munim, the BATB has been conducting its business as a cigarette manufacturer and marketer in Bangladesh for over 105 years. The BATB is the largest investing company of Britain in Bangladesh. The company has got 16 per cent share of the government of Bangladesh and individuals. Raleigh Investment Company Limited of Britain hold 72.91 percent share of this company. The company has paid the highest amount of revenue - over 13631 crores last year as a solo entity.