



Press Release, 1st March 2014

Right groups express concern on tax evasion and capital flight by multinational companies

Comptroller of Auditor General must audit MNCs

Dhaka 1st March 2014. Today fourteen civil society right groups led by Equity and Justice Working Group Bangladesh (EquityBD) in a press conference titled “Tax Evasion of MNCs should be stopped to Enhance Revenue” express their concern on tax evasion and capital flight by the MNCs and urged for a strong and direct audit on MNCs by the Comptroller of Auditor General.

Rezaul Karim Chowdhury of EquityBD moderates the press conference, Ahsanul Karim of EquityBD reads out the written statement while Monwar Mustafa of Development Synergy Institute, and Mustafa Kamal Akanda of EquityBD spoke as the distinguished speakers. Along with EquityBD, other participating organizations are Online Knowledge Society, Alo, Udayan Bangladesh, DOCAP, Development Synergy Institute, PRAN, PASS, Prakriotojon, VOICE, Sangsaphok and Humanity watch.

On behalf of the group in the keynote presentation Md. Ahsanul Karim said that a total tax of more than \$402 million have been evaded by the four major mobile phone companies in Bangladesh namely Grameen Phone (Telenor), Banglalink (Orascom), Robi (Singtel) and Airtel. They are in tussle with the National Board of Revenue in this regard and taking different tactics to avoid payment further. Grameen Phone has already been warned several times for evading import tax. British American Tobacco Company has also been accused for tax evasion of around \$250 million. He gave example of government’s 3G auction that how these companies made syndicate and pressurized govt. to avoid competition and deprived Bangladesh from revenue. In India, however, the 3G auction took 33 days and the government earned \$11 billion over the expectation of only \$7 million. The auction was competed by some foreign companies. But in Bangladesh, everything of the auction is done by less than an hour, without any competition and the government earned only \$515 million while the target was \$800 million.

Monwar Mostafa of Development Synergy Institute said that the Parliament must discuss these issues and it is not all about National Board of Revenue (NBR). The Comptroller and Auditor General (CAG) must audit these multinational companies. He also mentioned that most of capital flight by MNC has been happened by “Transfer Mispricing” which is a very critical and the capacity of NBR in this regard should be developed.

Rezaul Karim Chowdhury of EquityBD and the moderator of the press conference said that according to Global Financial Integrity (GFI an Washington based research institute) report in 2012, there is around \$14 billion of capital flight from Bangladesh during the period of 2001 to 2011, where transfer mispricing of MNCs was one of the major causes. This is how Bangladesh lost more than \$130 million every year, but earned foreign aid less than that per year. He said that our government as well as the politicians must take following major steps, (i) raising the issues in UN and G20 level, (ii) initiative for tax transparency agreement with other countries, (iii) inclusion of public Right to Information on MNC’s accounts, and (iv) strengthening the capacity of NBR.

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