

NBR reduces VAT for restaurants

A Monitor Report

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Dhaka : VAT for restaurants have been reduced by the National Bureau of Revenue (NBR) to help revive the restaurant sector from the effects of the coronavirus pandemic

The restaurant sector can now ease their breaths as value added tax (VAT) on both air conditioned (AC) and non-air conditioned (non-AC) eateries has been reduced.

According to the amended Finance Bill 2021, VAT on AC restaurants has come down from 15 per cent to 10 per cent, while for non-AC restaurants, VAT was reduced from 7 per cent to 5 per cent.

The restaurateurs welcomed the move and said the decision was a positive step forward in overcoming the multidimensional losses the industry had been suffering from since the outbreak in March last year.

Imran Hasan, General Secretary of Bangladesh Restaurant Owners Association (BROA), said, "We presented a number of demands for the proposed budget of FY22, though not all of our demands were met. However, one of our main demands was to reduce the VAT rate, which the government obliged."

"Now we demand a single organisation to monitor the restaurants and the government should create this in coordination with all of 13 organisations under different ministries and departments involved in restaurant management and another seven organisations including the DC office, Safe Food Authority, Consumer's Rights Protection Authority, RAB and BSTI - monitor the restaurants,"

Hasan added.

Syed Andalib Rahman, Organising Secretary of BROA, said, "We need a lot of cooperation from the government to turn around this pandemic. We are thankful to all the concerned for this decision. However, supplementary duty is also a burden in this sector. A provision in this regard is also important," he added.

He further mentioned they do not get SME loans as the sector is labeled as a sector dealing with perishable goods. The government should remove this obstacle through dialogue and give them long-term loans on easy terms from the SME Foundation and a monthly incentive for the officials and employees of the hotel and restaurant sector for monthly food assistance for them for the period of July to December of this year.

According to BROA, there are currently about 60,000 restaurants across the country, with more than 8,000 in the capital alone. Close to 2.8 million people depend on the restaurant industry for their livelihoods, while the number is several times higher if it includes the supportive sectors.