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A WORKING REPORT ON THE TAXATION OF FINANCE DEPARTMENT OF WARID TELECOM, INTRNATIONAL

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Independent University, Bangladesh

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**A WORKING REPORT ON THE TAXATION OF FINANCE DEPARTMENT OF
WARID TELECOM, INTRNATIONAL**

by

Md. Rezwannur Rahman
ID:0430043

An Internship Working Report Presented in Partial Fulfillment of the Requirements for the
Degree of Bachelor of Business Administration

INDEPENDENT UNIVERSITY, BANGLADESH
December 2008

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WARID TELECOM, INTRNATIONAL**

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Md. Rezwannur Rahman
ID:0430043

has been approved
December 2008

Mr. Murshed Haider
Lecturer
School of Business
Independent University, Bangladesh

Latter of Transmittal

December, 2008

Mr. Murshed Haider
Lecturer,
School of Business
Independent University, Bangladesh (IUB)
Dhaka, Bangladesh.

Subject: Submission of the internship working report.

Dear Sir,

With due respect, I would like to inform you that, it is a great pleasure for me to submit the working report on “The Taxation of Finance Department of Warid Telecom, International. I am submitting this report in order to fulfillment requirement for BBA 499 program. While conducting the working report, I have gathered lots of knowledge on Taxation of Finance (TAX & VAT) in telecommunication industry, and enjoyed working in Warid Telecom International.

Sincerely Yours,

.....

Md. Rezwanur Rahman

ID # 0430043

DECLARATION

December, 2008

Dear Sir,

I, Md. Rezwanur Rahman, student of Bachelor of Business Administration Program of Independent University, Bangladesh (IUB) hereby declare that the internship report titled “A working report on the Taxation of Finance Department of Warid Telecom, International ” is an original and bona fide work done by me for partial fulfillment of Bachelor in Business Administration degree, as a part of academic curriculum. It has not been submitted by me before for any other degree.

.....

Md. Rezwanur Rahman

ID# 0430043

BBA Program

School of Business

Independent University, Bangladesh (IUB)

Acknowledgement

At the very beginning I would like to remember Almighty Allah, for giving me chance to complete my Internship & prepare the Internship report. I acknowledge the encouragement and assistance given by a number of people and Institution.

I am most grateful to the HR Department of warid Telecom International to give me the opportunity to complete my Internship in their Organization.

My heartiest gratitude and respect goes to my Supervisor Mr. Murshed Haider, Lecturer School of Business, Independent University, Bangladesh. He always providing detail feedback and advice on this report. My supervisor guidance never be paid back.

I am thankful to Md. Alamgir Khan (Assistant manager of warid Telecom)for his guidance. I want to express my special thanks to Md.Kayum Sharkar, Golam Nobi for Providing me require information and knowledgeable gaudiness. I would like to also thank Miss Kusbo (operation Finance) for shearing his knowledge.

I am also grateful to all the other employees of the warid telecom, they provide me different types of information.

Table of contents

Subject	Page No
01. Executive Summary.....	01
02. Introduction.....	02
03. Warid Telecom Bangladesh.....	03
04. Products and Services Offered by Warid Telecom.....	07
05. Board of Director's of Warid Telecom.....	14
06. Executive body of the Different Division	14
07. Organizational Structure of Warid Telecom.....	15
08. Division's of Warid Telecom.....	17
09. Finance Division at a Glance	18
9.1 Financial Accounting.....	19
9.2 Credit & Collection.....	19
9.3 Operation Finance.....	22
9.4 Revenue Assurance & Fraud Management	22
9.5 Budget, Planning, Control & Treasury.....	23
10. Working with Taxation of Finance Department	24
10.1 Maintaining MUSHAK -16 as purchase Account Book.....	24
10.2 Maintaining MUSHAK -17 as sales Account Book.....	25
10.3 Calculation of VAT & Supplementary duty (SD).....	25
10.4 Maintaining MUSHAK-18 as a VAT current.....	26
10.5 Maintaining & prepare "MUSHAK-19".....	27
10.6 Using MUSHAK -11 & MUSHAK 11 ka	28
10.7 Submission of Monthly TAX Return.....	28
10.8 Issuing VAT & TAX Certificate.....	33
10.9 Coordination with other department regarding AIT at source.....	33
10.10 Reconciliation VAT deducted at source with payable.....	33
11. Limitation.....	33
12. Conclusion.....	34
13. Reference.....	35
14. Sample of different Mushak & certificate.....	36

Executive Summary

With the objective to provide Next Generation Network (NGN), Warid Telecom started its journey on 10th May 2007 as 5th GSM based telecom service provider. Committing to provide fastest, crystal clear, zero call drop, best call rate, exclusive & intensive services. Warid Telecom investing more and more it's every department. The Taxation of Finance Department is participating indirectly in this operation .The job of Taxation of Finance Department includes: (a) Maintaining Mushak-16 as purchase Account Book, (b) Maintaining Mushak-17 as sales Account Book, (c) Calculation of VAT & supplementary duty (SD), (d) Maintaining Mushak-18 as a VAT current Account, (e) Maintaining & prepare "Mushak-19" for submission of return for each tax period, (f) Using form Mushak-11 & Mushak-11Kha, (g) Submission of Monthly TAX Return, (h) Issuing VAT & TAX Certificate, (i) Coordination with other department (j) Reconciliation VAT deducted at source with payable department.

As a part of the total effort of proving better services in the Telecom Sector, Taxation of Finance Department have to maintain certain procedures. Moreover, their effort contribute towards the profit of the company and the revenue of the company.

Introduction

Warid Telecom takes pride in being backed by the Abu Dhabi Group. It is one of the largest business groups in the Middle East and the single largest foreign investor in Pakistan. It has diversified business interests, offering strong financial resources and extensive management expertise that result in commercial success for several institutions.

The Abu Dhabi Group is a multinational company based in the UAE, which owns and operates a wide range of business concerns that are spread across three different continents. The Abu Dhabi Group's major investments are in the following sectors:

- ☒ Telecommunications
- ☒ Hospitality Services
- ☒ Property Development
- ☒ Oil Exploration and Supplies
- ☒ Banking and Financial Services
- ☒ Automobile Industries.

Major Investments

- ☒ Bank Alfalah Limited: Fully licensed commercial bank with operation in the major financial areas of Bangladesh. They also have many branch networks in Pakistan.
- ☒ United Bank Limited: A leading commercial bank in Pakistan with a vast branch network of approximately 1,100 branches including 23 international branches.
- ☒ Alfalah Exchange Company: Fully licensed exchange company in Abu Dhabi.
- ☒ Iranian Sanden Industries PJS Co.: A joint venture with Sanden Singapore to manufacture car air conditioners in Iran. The project has the capacity to produce up to 300,000 air conditioning units per annum .



- ☞ J.C. Maclean and Co.: Manufacturers of high quality furniture
- ☞ Neo Pharma LLC: Manufacturers of pharmaceutical products
- ☞ National Telesystems and Services (NTS): A joint Venture with Bin Jaber Group Ltd. and Thales International Middle East Holding S.A.L.
- ☞ Al Jazira Management Mall: Management joint venture
- ☞ Abu Dhabi Vegetable Oil Company: Manufacturer of edible oils
- ☞ Nama Development Enterprises: Representation of leading companies in the UAE in the field of oil and gas, engineering, equipment suppliers, consultants etc.
- ☞ Wholly Owned Properties and Companies
- ☞ Le Royal Meridien Hotel, Abu Dhabi, previously known as the Abu Dhabi Grand Hotel, is a 5-star hotel in the heart of Abu Dhabi. It will soon be offering 300 deluxe rooms, suites and other facilities.
- ☞ Dhabi Contracting: A special category construction company
- ☞ Dhabi Drilling Offshore Rig operations in collaboration with Sedco Forex
- ☞ Al Ain Palace Hotel: A 4-star hotel in Abu Dhabi
- ☞ Dhabi Enterprises Leasing: Leasing a number of groups and real estate properties across Abu Dhabi.

Warid Telecom in Bangladesh

Warid Telecom International Ltd. is a GSM-based cellular operator in Bangladesh. It is wholly owned subsidiary of Warid Telecom International which is the part of an Abu Dhabi based consortium led by His Highness Sheikh Nahayan Mubarak Al Nahayan.

In Bangladesh, Warid Telecom is set to commence its operations under a landmark MOU that has been agreed upon by the Dhabi Group and the Government of Bangladesh worth USD 1 billion, out of which USD 750 million has been exclusively committed for investment by Warid in the telecommunication sector of the country. Succeeding the MOU signing, the BTRC license for



telecom service provision was issued to Warid Telecom, followed by the signing of interconnectivity agreement with all the existing telecom companies of Bangladesh.

Warid Telecom's operational activities in Bangladesh aim to achieve a new and modern corporate identity, which is congruent with the dynamic changes taking place in the telecom industry of Bangladesh today. With a reflection of a new strategy, Warid's aim is to be perceived not only as a telecommunication operator of voice services, but also as a universal provider of comprehensive communications services for both residential and business customers.

In December 2005, Warid Telecom International Ltd paid \$50 million dollars (US) to obtain a GSM license from the BTRC and became the sixth mobile phone operator in Bangladesh. 16 is the prefix for Warid Bangladesh as allocated by the government of Bangladesh. Omitting +880 will require using 0 in place of it instead to represent local call, hence 016 is the general prefix.

In a press conference on August 17th 2006, Warid announced that its network would be activated two months ahead of schedule, in October, 2006. Again in October, 2006 Warid Telecom put off the launch of its cell phone services in Bangladesh until June, 2007 after its major supplier Nokia walked out on an agreement over a payment dispute.

Warid had a soft launch at the end of January, 2007. It gave away complimentary subscriptions among a selected group of individuals, whose job was to make 'test calls' and the operator adjusted its network's quality based on their comments.

On the 14th of April, 2007 (Pohela Boishakh) Warid Bangladesh started its advertisement campaign titled "Salam Bangladesh Salam". A few days later on the 29th of April, they launched their website. Amidst all speculation and rumors Warid officially launched their commercial services on the 10th of May, 2007.



Warid had also signed bill collection deals with Prime Bank, Standard Bank and Dutch Bangla Bank, CITI Bank N.A. and security sharing deals with 22 local lenders mainly banks, worth 3 billion Taka (300 crore) arranged by Industrial and Infrastructure Development Finance Company Limited (IIDFC) .

Currently the network of Warid Bangladesh is available as BGD 07 when searched for networks manually but is only open to employees and partners. The nationwide GSM/GPRS network is maintained by Ericsson with the exception of the eastern part of the country where it is managed by Motorola.

The subscriber base of over 2 million users in the first year of operation alone serves as a testament to Warid Telecom's customer-driven business mandate. These achievements have only been possible due to Warid's uncompromising commitment to provide maximum network coverage and clear connectivity at the most affordable price.

Vision of Warid Telecom

Warid Telecom's vision is -

"To be the leading national communication provider with a strong international presence."

Values of Warid Telecom

Warid Telecom's brand values include:

- ☐ **Quality** - Warid want to make a difference to people's lives. Their optimism is contagious. Warid are passionate about what they do and we have confidence in ourselves.

- ☐ **Simplicity** -For Warid, clarity comes through simplicity. Recognize that we are people Communicating with other people. We are always direct and easy to understand.



- ☞ **Innovation** –Warid constantly look to do things differently and in a better way. they give color to all that we do. They are ready to push the boundaries and take risks.
- ☞ **Honesty** - Warid always open and honest. They say what we do and They do what we say.
- ☞ **Friendliness** - Warid enjoy working and succeeding together by building close relationships. While they have a sense of purpose, they also have a sense of humor. They consider the needs both of our customers and of each other.

Objective of Warid Telecom

Since Warid Telecom has been a success story in Pakistan, Management has high hopes to continue this legacy in Bangladesh.

In order to gain a footing in the mobile market Warid Telecom has partnered with Ericsson to provide network solutions for the business. Being one of the top cellular vendors established in over 140 countries & with vast experience in the industry, Ericsson has been able to offer Warid Telecom the latest technology required for their business. This, coupled with Warid Telecom's sound financial backing, has placed it in a strong strategic position to capture the market share in the tapped as well as the untapped market.

In its Bangladesh Operation, Warid Telecom has set some objectives based on its values and vision, which management believes will help them reach its desired destination.

To provide the latest technology, unparalleled quality service and friendly customer care: In Bangladesh, Warid has begun its journey with a simple agenda – to enable people to communicate by providing the best possible service and the right solutions to meet their communication needs. Warid is very confident that its operation in Bangladesh would eventually not only reach out to every corner of the country but will also set new trends and benchmark of providing the latest technology, unparalleled quality service and friendly customer care in the telecommunication industry of the country.



To capture the untapped market: In accordance with its business strategy, Warid Telecom plans to establish itself as a Market leader within 5 years, and increase the overall market size through broader coverage of all income groups.

Warid Telecom's superior products, high quality of service, affordability, and customer support would enable it to not only capture market share from existing players, but also acquire the so far untapped market.

Culture of Warid Telecom

Warid promotes a team-oriented and entrepreneurial culture, which allows employees to grow both personally and professionally, and to contribute to the success of the company throughout their careers.

Warid Telecom's aim is to be perceived not only as a telecommunication operator of voice services, but also as a universal provider of comprehensive communications services for both residential and business customers. We strive to provide optimum level of support and care through our highly skilled and motivated team of professionals and through maximum network coverage and connectivity.

Products and Services Offered by Warid Telecom

Warid Telecom International Limited is Currently offering the following services in Bangladesh:

- ☐ Post-Paid Packages [ZAH1]
- ☐ Pre-Paid Packages [ZEM]

Description of Prepaid Tariff

24 hrs

Prepaid 1

Tk. 0.89/min (24 hours) to any mobile

Enjoy the best all-day rate for calling any mobile. Talk at Tk. 0.89/minute (24 hours) Warid to any mobile.

Package Detail	Pulse	60 sec
	Number of FnF (any mobile network)	5
		Regular Hour
Voice Calls Per Minute	Warid To Warid	Tk. 0.89 /min
	Warid To other operator (mobile/ PSTN **)	Tk. 0.89 /min
	FnF -Warid To Warid	TK. 0.89 /min
	FnF -Warid To other operator	TK. 0.89 /min
	Warid To International *(ISD/EISD)	ISD/EISD Rates
	BTCL Incoming Calls	Free
SMS	Warid To Warid	TK. 0.50
	Warid To other operator	TK. 0.75
	FnF - Warid To Warid	TK. 0.30
	FnF -Warid To other operator	TK. 0.60
	International SMS	TK. 2.50



Tk. 0.99/min (9am-5pm) to any mobile

Enjoy the best day time rate for calling any mobile. Talk at Tk. 99/minute (9am-5pm) Warid to any mobile.

Package Detail	Pulse	30 sec	
	Number of FnF (any mobile network)	5	
		Regular Hour (8am to 9am & 5pm to 8am)	Special Day Hours (9am to 5pm)
Voice Calls (in Tk. Per Minute)	Warid To Warid	1.29	0.99
	Warid To other operator (mobile/ PSTN **)	1.29	0.99
	FnF -Warid To Warid	0.99	0.99
	FnF -Warid To other operator	0.99	0.99
	Warid To International *(ISD/EISD)	ISD/EISD Rates	ISD/EISD Rates
	BTCL Incoming Calls	Free	
SMS	Warid To Warid	TK. 0.50	
	Warid To other operator	TK. 0.75	
	FnF - Warid To Warid	TK. 0.30	
	FnF -Warid To other operator	TK. 0.60	
	International SMS	TK. 2.50	

1 Sec

Prepaid 2

For the first time ever, **1** second pulse in prepaid from 1st second onwards, **2 Paisa** Warid to Warid, **3 paisa/sec** Warid to other mobile. per second

Package Detail	Pulse	1 sec
	Number of FnF (any mobile network)	5
Voice Calls Per Minute		Regular Hour
	Warid To Warid	2 Paisa /1 sec
	Warid To other operator (mobile/ PSTN **)	3 Paisa /1 sec
	FnF - Warid To Warid	1 Paisa /1 sec
	FnF - Warid To other operator	2 Paisa /1 sec
	Warid To International *(ISD/EISD)	ISD/EISD Rates
	BTCL Incoming Calls	Free
SMS	Warid To Warid	TK. 0.50
	Warid To other operator	TK. 0.75
	FnF - Warid To Warid	TK. 0.30
	FnF - Warid To other operator	TK. 0.60
	International SMS	TK. 2.50

Prepaid 3

FnF

25 paisa

per minute

5 FnF

any mobile

Starting from 25 paisa per minute choose 5 FnF numbers, and that too with a 30 second pulse

Package Detail	Pulse	30 sec
	Number of FnF <i>(any mobile network)</i>	5
Voice Calls Per Minute		Regular Hour
	Warid To Warid	Tk. 0.79 /min
	Warid To other operator <i>(mobile/ PSTN **)</i>	Tk. 1.29 /min
	FnF -Warid To Warid	TK. 0.25 /min
	FnF -Warid To other operator	TK. 0.49 /min
	Warid To International *(ISD/EISD)	ISD/EISD Rates
	BTCL Incoming Calls	Free
SMS	Warid To Warid	TK. 0.50
	Warid To other operator	TK. 0.75
	FnF - Warid To Warid	TK. 0.10
	FnF -Warid To other operator	TK. 0.25
	International SMS	TK. 2.50

Description of post paid Tariff

Zahi - Tariff Plan

- ▶ Zahi Classic
- ▶ Zahi Supreme
- ▶ Zahi Royal

Zahi packages				
	Zahi Classic	Zahi Supreme	Zahi Royal	
Connection price (Tk.)	750	1000	1250	
Monthly Fee & Others				
	Zahi Classic	Zahi Supreme	Zahi Royal	
Monthly Fee (in Tk)	100	250	500	
Free monthly benefits				
Minutes, any network	100 min	250 min	500 min	
SMS, any mobile network	50	125	200	
GPRS/EDGE Usage (in MB)	2	5	10	
MMS (warid-warid)	5	10	20	
Other features				
Pulse	10 sec	5 sec	1 sec	
Number of FnF (any mobile network)	10	15	20	
Credit Limit (in Tk.)	600	850	1100	

Note:

- ▶ In case of BTCL local and NWD calls, free minutes is applicable for Waridairtime components only
- ▶ Free minutes are not applicable for ISD calls
- ▶ Free minutes will be applicable to 'Warid airtime' in EISD calls
- ▶ Bundle fee will be prorated on daily basis.

Zahi Tariff				
		Zahi Classic	Zahi Supreme	Zahi Royal
Voice Calls (in Tk. /Per Minute)	Warid To Warid	0.79	0.74	0.69
	Warid To other operator (mobile/PSTN **)	0.99	0.94	0.89
	FnF - Warid To Warid	0.50	0.50	0.50
	FnF -Warid To other operator	0.75	0.75	0.75
	Warid To International *(ISD/EISD)	ISD/EISD Rates	ISD/EISD Rates	ISD/EISD Rates
	BTCL Incoming Calls	Free		
SMS (Tk. /Per SMS)	Warid To Warid	0.50		
	Warid To other operator	0.75		
	FnF -Warid To Warid	0.30		
	FnF -Warid To other operator	0.60		
	International SMS	2.50		

* For International calls only ISD/EISD rates will be applicable.

* ISD/EISD rate may change as per BTRC directive.

** Including BTCL (Local/NWD)

Please Note:

- ▶ All incoming calls are free of charges
- ▶ All charges are exclusive of 15% VAT.
- ▶ For BTCL Charges, BTCL time band and pulse will be applicable.
- ▶ Helpline (786) is free for Postpaid customers.
- ▶ National wide access available on all postpaid packages.
- ▶ For ISD facility on postpaid connection, additional deposit is required for Zahi Classic, Zahi Supreme.

All postpaid packages include BTCL incoming and outgoing facilities

Board of Director's of Warid Telecom

Board of Directors Warid Telecom International Limited	
H.H. Sheikh Nahayan Mubarak Al Nahayan	Chairman & Director
H.E. Saif Bin Mohammad Bin Butti Hamid Al Hamed	Director
H.E. Ali Mohamed Al Sorafa Al Hammadi	Director
Mr. Butti Saeed Mohamed Al Ghandi	Director
Mr. Bashir Ahmed Tahir	Director
Mr. Matthew William Hollis	Director
Mr. Muneer Farooqui	Chief Executive Officer & Director

Executive body of the Different Division

Mr. Aryn Merca	Chief Financial officer
Mr. Muneer Farooqui	Chief Executive Officer
Mr. Mumtaz Ahmad Khan	General Manager Human Resource & Administration
Mr. Ashraf H. Chowdhury	General Manager of Government and Operator Relations
Mr. Mahboob Hossain	General Manager, Sales
Mr. Yasir Ishaq Ansari	Chief Information Officer
Mr. Azmat Mushtaq Khan	Deputy General Manager Strategic Planning & Business Development .
Brig Gen (Retd) Ismat Ahmed Chowdhury	General Manager of Logistics

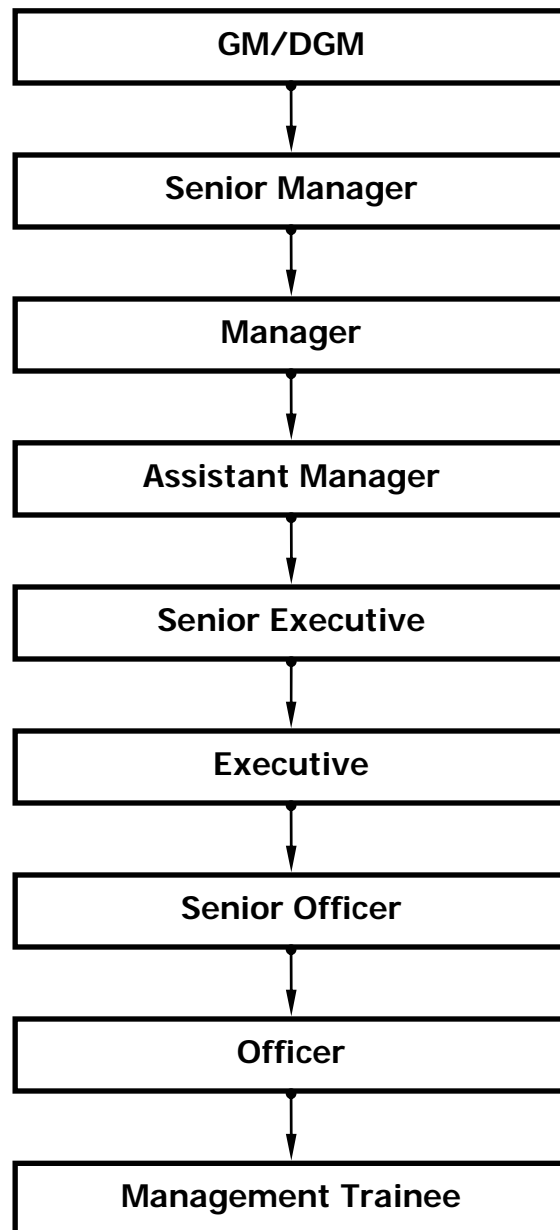
Mr. Nauman Fakhar	Head of Customer Service Division
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Organizational Structure of Warid Telecom

Other than the division of Management, Finance, IT and Engineering, all the divisions are headed by GM (General Manager), or DGM (Deputy General Manager). Under each division, there are several departments, which are usually directed by Senior Managers, or Managers.

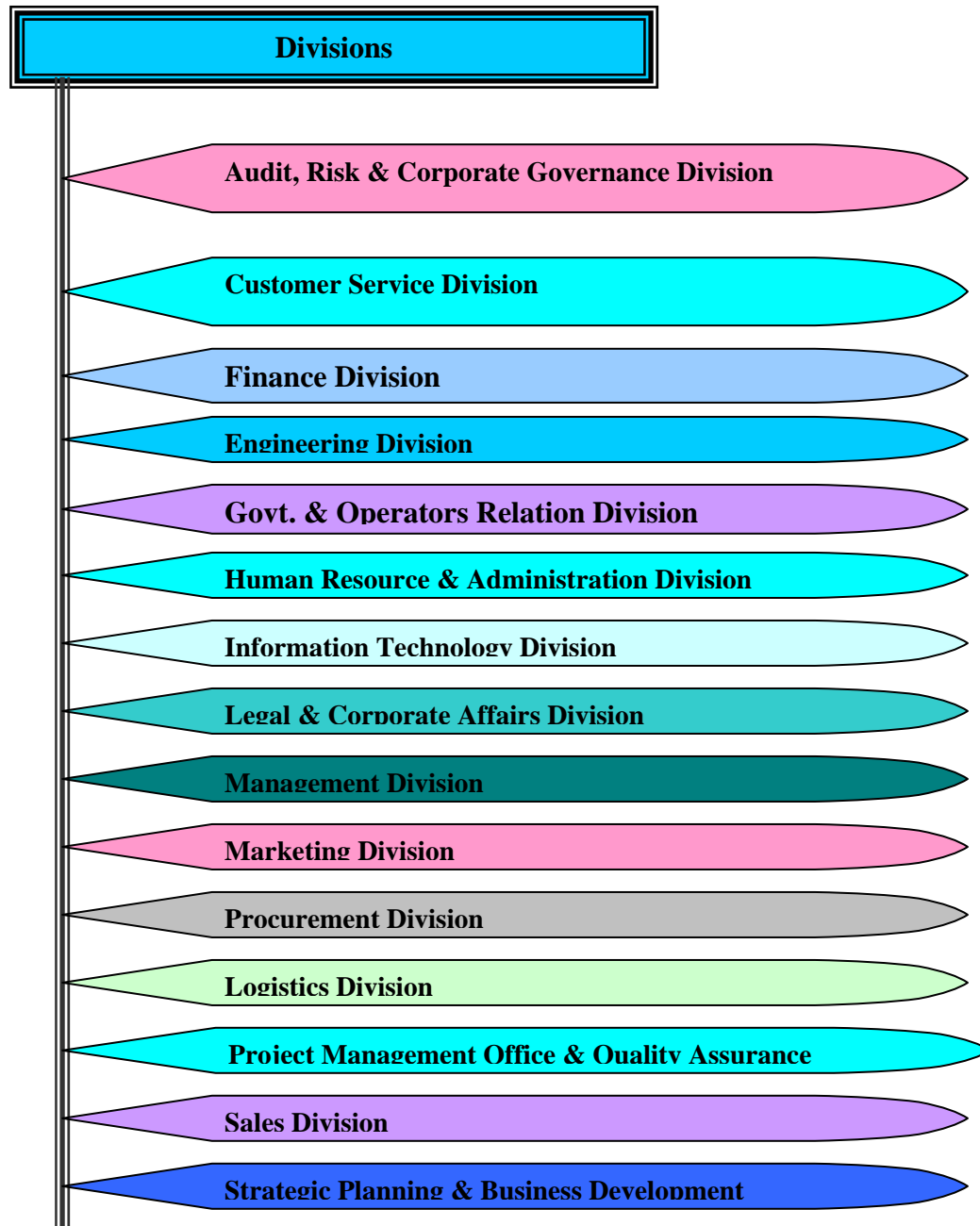
Management Division is headed by the CEO (Chief Executive Officer) and Finance Division is headed by CFO (Chief Financial Officer). In the similar manner, IT Department is headed by the CIO (Chief Information Officer) and Engineering Division is headed by CTO (Chief Technical Officer). There are no GM/DGM(s) assigned for these Four Divisions.

The general diagram for the remaining nine divisions is as follows:



Division's of Warid Telecom

There are 15 Divisions Warid Telecom International (Bangladesh). The Divisions are –

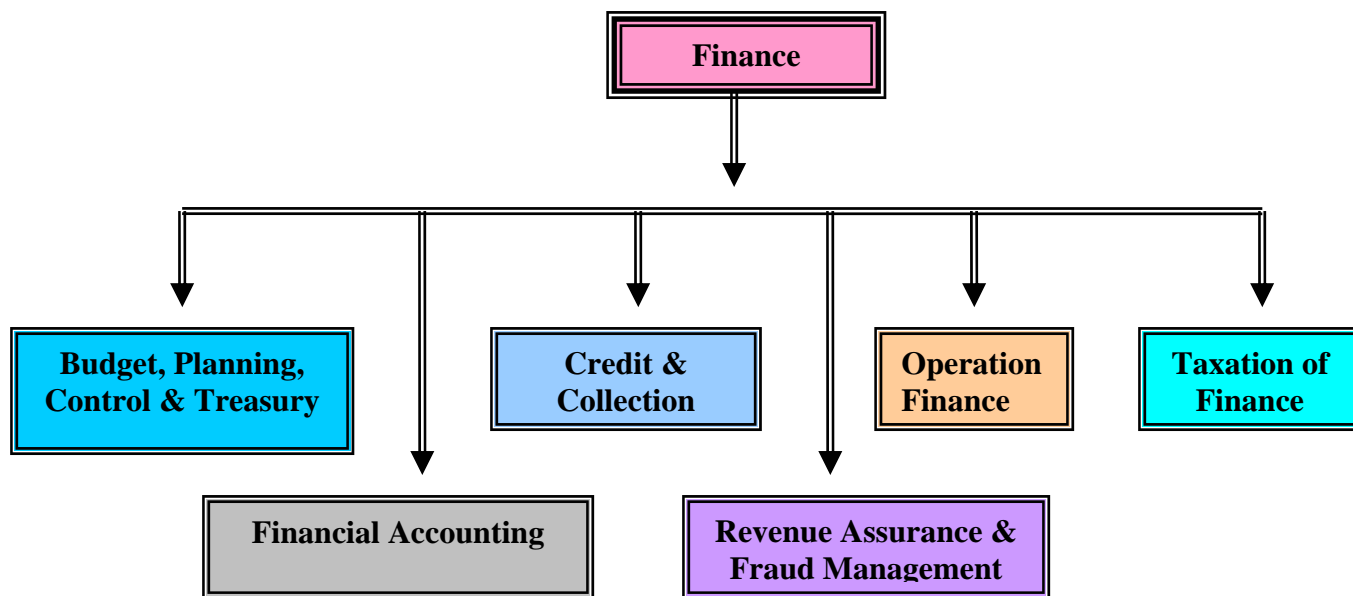


Finance Division at a Glance

Finance Division is a very important division in any Organization .The importance of corporation finance is –

- ✚ To Get Sufficient fund for running the company
- ✚ To make use of the obtained finance in a efficient manner
- ✚ To maximize the profit by minimizing the cost
- ✚ To provide proper information for decision making
- ✚ To enable sufficient fund flow

The Finance Department of Warid Telecom consists of the following separate divisions:



Financial Accounting

Financial Accounting: The financial accounting Department conducts the core financial tasks of the organization.

- ❑ *Accounts Payable:* the responsibilities of Accounts Payable Team are discussed in the later sections.
- ❑ *General Ledger:* The General Ledger Unit is responsible for preparing all kinds of Financial Reporting at Warid Telecom.
- ❑ *Trade Finance:* Trade Finance Division works with overseas vendors who are paid in foreign currencies, i.e.; currencies other than BDT.
- ❑ *Fixed Assets & Inventory:* Fixed Assets & Inventory Division is in charge of inventories like SIM Cards, Scratch Cards, etc.

Credit & Collection

Key Activities

-  **Customer Verification**
-  **File Management**
-  **Credit Operation**
-  **Credit Monitoring**
-  **Audit Activities**

Customer Verification

Customer verification is a Functional Unit of Credit & Collection Department under Finance Division to ensure authenticity and traceability of the Customer which helps in smooth flow of all activities & reduce the probable fraud/default.

Key Activities:

- ❖ Extract data from reporting portal & TSK Management Module
- ❖ Arrange date for sending to verification agent
- ❖ Receive verification report and update TABS
- ❖ Close coordination with verification agent
- ❖ Verification of KPI and Agent's monthly invoice
- ❖ Verify customer through SCOR team in case of unsatisfactory results
- ❖ Verification status update in TABS and CaCs

File Management

File Management is a Functional Unit of Credit & Collection Department under Finance Division. It ensures the customer details documents and information as per the directive of regulatory authority (BTRC) and company policy laid by C&C.

Objective & Benefits

- To ensure all Regulatory requirements are met
- To ensure all information is entered in the Billing System (TABS)
- To ensure post paid customer's traceability / Risk Management

Credit Operation

Concern Area:

- * Change of Access Level (From Local to International Roaming etc.)
- * Credit Limit Management
- * Change of Category (From Reg to VIP, COR, COM etc.)
- * All Related TSK Management etc.
- * Barring & Unbarring.

Objective of Credit limit Management:

- Control over company's financial exposures
- Create scope for revenue generation
- Competitive advantage to our valued customers

Credit Monitoring

Objective of Credit Monitoring:

- To secure financial position of the company.
- To monitor a subscriber as to restrict within the limit
- Ensure revenue collection within shortest possible time

Audit Activities

- Unauthorized Restoration Audit
- Post Paid Activation without SD/WC/Deposit due
- Unauthorized Category Assigned
- Package Migration
- Access Level without sufficient CL
- Change of Ownership/Orphan
- Auto Debit Customer
- Incomplete Data Entry
- Credit Limit Not Set
- Credit Category Not Set
- Task Management Audit
- File Management Audit
- Collection Follow Up

Operation Finance

Basic Responsibility of Operation Finance

- + Issuing all kinds of Sim Card, Scratch Card, and Mobile set with Sim.
- + Doing all kinds of cash collection.
- + Collecting revenue of selling Sim Card, Scratch Card, Mobile set with Sim.
- + Maintaining and providing the service of EZZE LOAD.
(Electronic Recharge System)
- + Maintaining payment of BTS (Base Transmutation Service).
- + Providing us the Service of International Roaming Service.
- + Maintaining an effective inventory control
- + Maintaining GL (General Ledger)
- + Opening account and Cash Deposit with the help of Security Company.

Revenue Assurance & Fraud Management

The communications market is one of the most competitive sectors in the commercial world. As economic pressure increases, many operators are moving, where success is measured in numbers of subscribers, to a value-based model where success is measured by margins and profitability.

In the **Fraud** management watch over ----

- + Is any person or organization using the network without payment?
- + Is the payment of interconnection paid according to the actual rate?
- + Is any person or organization doing fraud using the cards?
- + Is the revenue of the organization decreasing by the reason of fraud?
- + Study the different methods of how to protect fraud and unauthorized accesses to the networks used in the provision of telecommunication services.
- + Define strategies and best practices to increase network security in order to minimize the impact of fraud and unauthorized accesses.

Budget, Planning, Control & Treasury

A **budget** is an estimated that is often itemized of expected income and expense for a given period in the future.

The main purpose of Budget & Planning of Warid Telecom is how to expansion the network & make the network best and calculate what will be the cost of Expansion. Budget & Planning also calculate what will be the future cost of Sim Tax and other Administrative Expense.

The main characteristics of a budget are:

- ❖ It is prepared in advance and is derived from the long-term strategy of the organization.
- ❖ It relates to future period for which objectives or goals have already been laid down.

It is expressed in quantitative form, physical or monetary units, or both..Different types of budgets are prepared for different purpose e.g. Sales Budget, Production Budget, Administrative Expense Budget, etc

Budgetary Control

No system of planning can be successful without having an effective and efficient system of control. Budgeting is closely connected with control. The exercise of control in the organization with the help of budgets is known as budgetary control. The process of budgetary control includes:

1. Preparation of various budgets.
2. Continuous comparison of actual performance with budgetary performance.
3. Revision of budgets in the light of changed circumstances.

In **Treasury** section, they make payment in the importance basis and forecasting next month Payment

Working With Taxation of Finance Department

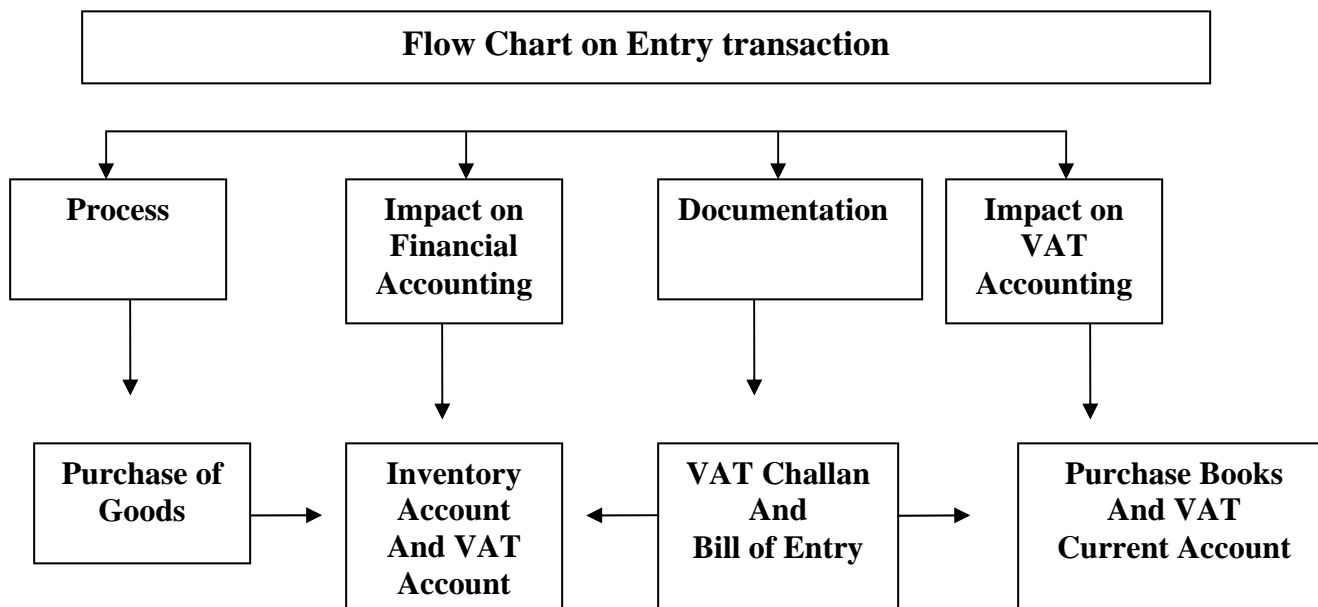
VAT (Value Added Tax) is any amount; we have to pay to Government every time during the financial transaction. More commonly, it is considered just about any amount we have to pay to the Government. It may take in the form of a fee, or a charge on producing, importing or distributing.

VAT is a new dimension in the tax area of Bangladesh. Though it has been implemented since 1991, still our academic books are not sufficient enough to address these accounting aspects systematically. Now a days Government is very much harsh in collection of VAT from all relevant sources. The area of the VAT is increasing day-by-day.

In Warid Telecom, Taxation of Finance Department is very organized. This department follows all the government rules for VAT & TAX payment. Warid Telecom International pay all the VAT & TAX accurately . To do all the work absolutely right Warid Telecom International has to maintain some procedures regarding books and papers.

Maintaining MUSHAK -16 as purchase Account Book

Every company in Bangladesh should maintain a purchase Account book. Mushak-16 is one kind of purchase Account book. Warild Telecom International also maintains purchase Account book. In a purchase Account Taxation of Finance Department have to record Date of purchase Chelan no, Name & description of the product, Name of the supplier, Quantity of the product, value of the product without VAT amount and VAT amount . In remark column department mention the percentage of rebate. Taxation of Finance Department have to record in the purchase account the purchase information on the both taxable and exempted products and services.



Maintaining MUSHAK -17 as sales Account Book

Warid Telecom International maintains Mushak-17 as sales register. In sales register all sells detail recorded. In this sales register, Goods of description, Unit of goods, Per Unit cost, Opening Balance, Receiving goods, Total Stock, Issued, closing balance, VAT Challan-11 No & Date of Issued/sold service or goods, VAT Challan No & Date and remark is recorded.

Calculation of VAT & Supplementary duty (SD)

Warid Telecom International useally to pay a huge amount of VAT and SD (Supplementary Duty) based on Sim & Scratch Card sale in every financial period. The Quantity are taken from operation finance and logistics also our VAT register. The quantity of Sim cards, Scratch Cards, are sold are cross match with sales registers, operation account, logistics data. After recording

On the basis of Total issuing Sim & Scratch Cards the Taxation of Finance Department have to calculates VAT & SD.

For Sim Card According to Government Rules---

For Per Sim: VAT= Tk 233 and SD =Tk 507 ,Total Tk 800.

For Scratch Card According to Government Rules—

For Scratch Card 15% (For Example: Tk 50 Card VAT will be $50 * 15\% = \text{Tk } 7.5$)

Maintaining MUSHAK-18 as a VAT current

Mushak-18 is a Current Account Book .It is a government approved. Warid Telecom International also maintains Mushak-18 as a current Account book. In Mushak-18 the taxation of finance department have to record date, Description of the product of purchase or sale, treasury deposit, rebate, payable, closing balance and remark. In Mushak-18 VAT input or VAT Rebate details are given. In mushak-18, We have to calculate total rebate. If payable is greater than (Rebate +Treasury) then Warid have to pay the Excess amount to government revenue collection account.

For Calculating Rebate, at first we have to know what is rebate and rate of rebate .

Rebates, widely known as refunds. Government gives some VAT refund on certain things—

- ✚ In put tax credit shall be claimed up to **80%** of the VAT paid on insurance, gas and Electricity services.
- ✚ In put tax credit shall be claimed up to **60%** of the VAT paid against telephone, telex, internet &fax, freight forwarders, clearing and forwarding, WASA, audit and accounting firms, procurement provider, security services, legal adviser, transport contractors .
- ✚ In advertising, Lc shall be claimed **100 %** rebate.

How to work at Mushak -18

- Input tax paid on purchased goods shall enter into the Rebate column of the VAT Current Account.
- Input tax on sold goods shall be recorded at the into the payable column of the Current Account.
- If input tax exceeds output tax of a tax period then excess input tax shall carry forward to the next tax period
- Carry forwarded input tax shall be adjusted with the output tax of the next tax-period.
- Treasury deposit shall be entered in the “treasury deposit” column of the Mushak-18: VAT Current Account.

Maintaining & prepare “MUSHAK-19”

Mushak 19 Maintain and prepare for submission of return for each TAX period. Mushak -19 is Value added Tax return Statement. Which Include Five major parts-

(1) Information of Sale

In this Column specified Total issued Sim, Scratch ,handsets (Net sale), Sale value, Supplementary duty, Vat Amount.

(2) Payable Accounts

In this Column specified Total Tax payable (SD+VAT) Amount, Other adjustment payable and Total Payable.

(3) Information on Purchases

In this Column specified Purchase of taxable goods produced by registered person in Bangladesh(Purchase Price and rebatable Tax), Import of taxable goods & services from registered person(Purchase Price and Debatable Tax), etc.

(4)Accounts of Rebate / Drawbacks

In this Column specified Total rebatable amount, other adjustment, Balance of previous month and Total Rebate Amount.

(5) Final Accounts

In this Column specified Net Payable amount, Deposit in to Treasury amount, opening Balance of Next month amount, and Drawback from the directorate.

Using MUSHAK -11 & MUSHAK 11 ka as a VAT Challan book

Mobile company do not provide any blue color challan instead of Mushak 11 & Mushak 11ka Mobile company are maintaining worksheet, according to the format given by NBR (National Board of Revenue) and a seal is given on money receipt where the 'VAT paid' Sealed.

Submission of Monthly TAX Return

Every Month Warid Telecom deposited the below section Taxes Under the income TAX ordains 1984 and income TAX rules 1984.

Salary TAX (Under Section 50)

Deduction at source from salaries-

The person responsible for making any payment which constitutes income of the payee classifiable under the head "Salaries" shall, at the time of making such payment, deduct tax on the amount so payable at a rate representing the average of the rates applicable to the estimated total income of the payee under that head.

Any Payment (Under Section 52)

Deduction from payment to contractors, etc-

Where any payment is to be made, whether in full or in part, or by way of advance, on account of indenting commission [or travel agency commission] or shipping agency commission or supply of goods or [execution of contract or sub-contract] [or for services rendered], to any such person as may be prescribed, the person responsible for making such payment deduct tax on the amount so payable at such rate as may be prescribed .Any amount deducted under sub section 1) shall be deemed to an advance

payment of tax by the payee and shall be an advance credit for in the assessment of his tax

✚ Deduction at Source From Fees For Professional and Technical Service
(Under Section 52 A)

Deduction at source from fees for professional and technical services.-

The principal officer of any company registered under the companies act or the chief executive of any non government organization registered with the NGO affairs bureau or the chief executive if any trust registered under the trusts act running any general or specialized hospital or any diagnostic centre shall be responsible for making any payment to any doctor which may be payable to him on account of fees for services rendered by him to a patient in such hospital or diagnostic centre and shall at the time of making such payment deduct income tax at the rate of on the amount so payable.

“**Profession service**” means services rendered by a person in the course of carrying on legal engineering or architectural profession or the profession of accountancy or technical consultancy or interior decoration or advertising but does not include services rendered by doctors.

“**Fees for technical services**” shall have the same meaning as in clause of section but does not include royalty technical know-how fee.

✚ House Rant (Under Section 53 A)

Deduction at source from house property.-

Where, the Government or any authority, conation or body, including its units, the activities or the principal activities of which are authorized by any Act, Ordinance, order or instrument having the force of law on Bangladesh or any company as defined in clause of section 2, or any banking company or any co-operative bank established by or under any law for the time being in force or any non-governmental organization run or supported by any foreign [donation or assistance or any university or medical college or dental college or engineering college] is a tenant in respect of a house

property, the tenant shall deduct from the house rent paid or payable as advance tax such amount as may be prescribed.]

Explanation – For the purpose of this section, “house rent” means any payment, by whatever name called, under any lease, tenancy or any other agreement or arrangement for the use of any building including any furniture, fittings and the land appurtenant thereto.

✚ Dealer Commission (Under Section 53E)

Deduction or collection at source from [commission, discount or fees]--

Any person being a corporation body or authority established by or under any law including any company or enterprise owned, controlled or managed by it, or a company registered under [the companies Act, 1913] which makes any payment to any distributor or to any other persons by way of commission or fees for distribution or marketing of goods manufactured by it shall deduct or collect at the time of credit of such commission or fees or at the time of payment thereof whichever is earlier as advance tax an amount at the rate of commission or fees payable or discount allowed

Time to Submit Monthly Return

For VAT 1st 10 Working Days of next month.

For TAX 1st 20 Days.

Time to Submit Income Tax Return:

By fifteenth day of July next following the income year or, where the fifteenth day of July falls before the expiry of six months from the end of the income year, before the expiry of such six months.

Tax withholding functions:

In Bangladesh withholding taxes are usually termed as Tax deduction and collected at source. Under this system both private and public limited companies or any other organization specified by law are legally authorized and bound to withhold taxes at some point of making payment and deposit the same to the Government Exchequer. The taxpayer receives a certificate from the withholding authority and gets credits of tax against assessed tax on the basis of such certificate.

SUMMARY OF WITHHOLDING TAX	
Nature of Business/Payments	Rate
Salary	At Average Rate applicable to the Estimated Total Income
Supply of goods, execution of contract or sub-contract	<ul style="list-style-type: none"> ○ Up to Tk. 100,000.....Nil ○ From Tk. 100,001 to Tk. 500,000.....1% ○ From Tk. 500,001 to Tk.1,500,000..... 2.5% ○ From Tk.1,500,001 to Tk. 2,500,000... 3.5% ○ Exceeding Tk.2,500,000.....4%
Technical Services such as follows: <ul style="list-style-type: none"> • Managerial Services • Technical or Consultancy Services 	10%
Professional Services such as follows: <ul style="list-style-type: none"> • Legal • Engineering • Technical Consultancy • Architectural • Accountancy • Fees/Commission for Advertising • Interior Decoration 	10%
Royalty, Technical-know-how/Technical Assistance fees	10%
Advertising Bill of Newspaper or Magazine or Private TV Channel	3%
Rental Value of Vacant Land or Plant and/or Machinery (Monthly Rent)	<ul style="list-style-type: none"> ○ Up to Tk. 15,000.....Nil ○ From Tk. 15,001 to Tk. 30,000.....3% ○ Exceeding Tk.30,000.....5%
Rent of House Property (Monthly Rent)	<ul style="list-style-type: none"> ○ Up to Tk. 20,000.....Nil ○ From Tk. 20,001 to Tk. 40,000.....3% ○ Exceeding Tk.40,000.....5%
Commission to Private Security Service Provider	7.5%
Commission to C & F Agent (Customs Authority will collect)	7.5%
Interest on Savings Instruments	<ul style="list-style-type: none"> ○ Up to Tk. 25,000.....Nil ○ Exceeding Tk.25,000.....10%
LC Commission (Bank will collect)	5%
Import of Goods (Customs Authority will collect)	3%
Goods or Property Sold by Public Auction	7.5%
Courier Business of a Non-resident	7.5%
Actor and Actress	<ul style="list-style-type: none"> ○ Up to Tk. 36,000.....Nil ○ Exceeding Tk.36,000.....7.5%
Commission, Discount or Fees for Distribution/Marketing	7.5%
Interest on savings deposits and fixed deposits maintained with Banks, Non-banking Financial Institution, Leasing Company, Housing Finance Company	10%
Interest of Post Office Savings Bank Account	<ul style="list-style-type: none"> ○ Up to Tk. 150,000.....Nil ○ Exceeding Tk.150,000.....7.5%
Insurance Commission (Insurance Company will deduct)	3%
Fees of Surveyors of General Insurance Company	7.5%
Transfer of Property (Registrar/Sub-Registrar will collect)	5%
Dividend	<ul style="list-style-type: none"> ○ Company.....20% ○ Non-resident Foreigner..... 25% ○ Resident Individual.....10%
Income from Lottery	20%
Income of Non-resident	<ul style="list-style-type: none"> ○ Company.....Rate applicable to Company ○ Individual..... 25%
Renewal of Trade License (City Corporation or Pourashava will collect)	Tk. 500
Trustee Fees	10%
Freight Forward Agency Commission	7.5%

SUMMARY OF WITHHOLDING VAT	
Nature of Business/Payments	Rate
Motor Garages and Workshop	4.5%
Dockyard	4.5%
Construction firms	4.5%
Advertising firms	<ul style="list-style-type: none"> 9% (for Newspapers) 15% (Except for Newspapers)
Printing Press	4.5%
Survey Firms	15%
Repairing or Servicing of Taxable Goods	15%
Consultancy and Supervisory Firms	4.5%
Leaseholders	15%
Audit & Accounting Firms	4.5%
Procurement Providers	2.25%
Security Services	4.5%
Legal Advisors	4.5%
Carrying Contractors	2.25% or 4.5%
Rent-a-car	4.5%
Engineering Firms	15%
Persons attending Board Meetings	15%
Auction purchasers	1.5%
Cleaning or Maintenance Service Providers of Building's Floor and Yards	2.25%
Sellers of Tickets of Lottery	15%

RATES OF INCOME TAX FOR THE ASSESSMENT YEAR 2008-2009		
For Individuals	Total Income	Rate
	First Tk. 165,000–For Male; First Tk. 180,000–For Female; First Tk. 180,000–For Individuals : Aged 70+ years; Disabled	Nil
	Next Tk. 275,000	10%
	Next Tk. 325,000	15%
	Next Tk. 375,000	20%
	Balance Income	25%
	Minimum Tax Liability Tk. 2,000	
	Non-resident Individuals	25%
	If tax was paid by an individual assessee at the highest rate i.e. @25% in the AY 2007-2008 & its current taxable income is at least 10% higher than that year, he/she is entitled to get rebate @ 10% of tax payable on such excess income.	
For Companies	Type of Companies	Rate
	Mobile Phone Operators	45% (35% if it is listed through issuing minimum 10% shares through IPO)
	Private Limited Companies including Non-publicly traded companies (except Bank, Insurance & Financial Institutions)	37.50%
	Publicly Traded Companies (except Bank, Insurance & Financial Institutions)	27.50% If Dividend > 20%, Tax Rebate 10% If Dividend < 10%, Tax Rate 37.50% If declared Dividend not paid within the time specified by SEC, Tax Rate 37.50%
	Bank, Insurance & Financial Institutions	45%
	Dividend Income	20%

Issuing VAT & TAX Certificate

Issued TAX and VAT Certificate based on AIT & Source VAT of different Vendor as per AIT 1984 & Source VAT 1991. When we provide a certificate of AIT at source & Tax at Sources. We mention- Month of payment, Invoice amount, Tax Deducted Amount, Rate of deduction, challan No & date of challan and we also Enclosed Photocopy of Challan. When we provide certificate under section 53 E , We mention- Month of Rent, ,Tax Deducted Amount, Rate of deduction, challan No & date of challan and we also Enclosed Photocopy of Challan.

Coordination with other department regarding AIT at source

As per AIT of Income Tax ordinance 1984 company deducted certain VAT & AIT (Advance Income TAX) .Tax department coordinate with the other department, they deducted as per regulation and deposit NBR .

Reconciliation VAT deducted at source with payable

Generally payment is made by Payable department. At the time payment of vendor or different party company deducted AIT & Source VAT as per regulation. At the Month end tax department reconciliation.

Limitation

In addition of above all job responsibilities, there are some limitations which have been observed during the Internship period. They are:

- ✚ Some important activities of the Taxation of Finance Department were not assigned .As a result there are some lacking on experiences of the total Department.
- ✚ Access of some software [For example : GL(General Ledger) Entry, ERP was restricted for any internee] .For that reason some more idea were not gained regarding those process.

Conclusion

Now a days very Government is much harsh on collection of VAT from all relevant sources. The area of the VAT is increasing day-by-day. It is true that the organizations are paying VAT still they are not in a position to keep their records as per VAT Act and Rules to substantiate their legitimate positions. VAT authorities are also not accommodating in this perspective. Therefore, taxpayers are in dilemma to tackle this critical diverse situation.

The Taxation system of Warid Telecom international is built in such a manner that , there is no scopes making fraud in collecting Government revenues. There for other existing company should follow the unique procedure of Taxation of Warid Telecom International.



References

- ✚ Warid Telecom International (Bangladesh) website...
< <http://www.waridtel.com.bd> > .