

Bangladesh Tax Insights 2021-2022

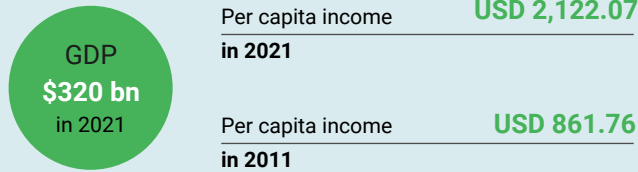




Bangladesh in 2021

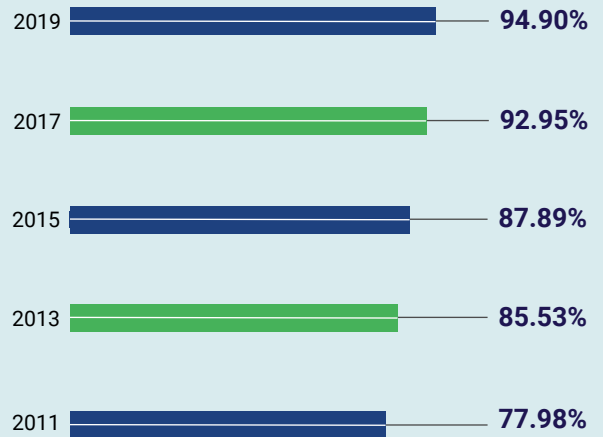
Below is a snapshot of where Bangladesh stands after 5 decades of independence

Economy



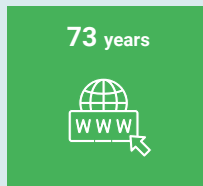
Literacy Rate

Among The Population Aged 15-24 Years



Forex reserve

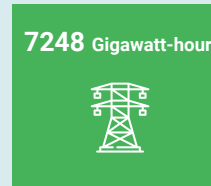
Forex reserve (in million US \$)



Life expectancy



Agri output

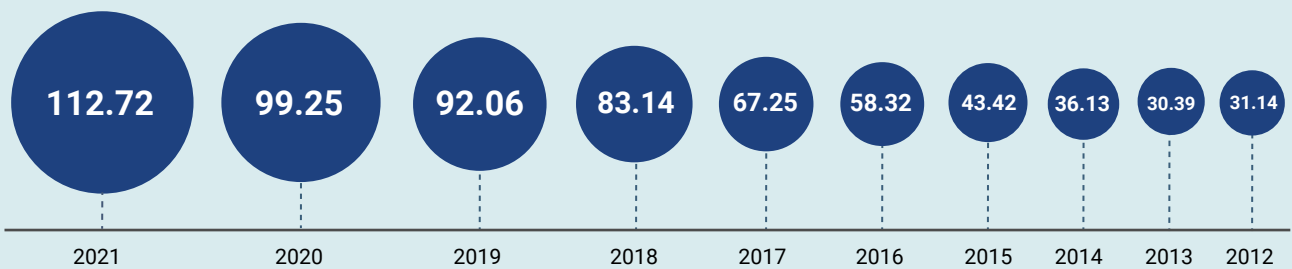


Electricity Production

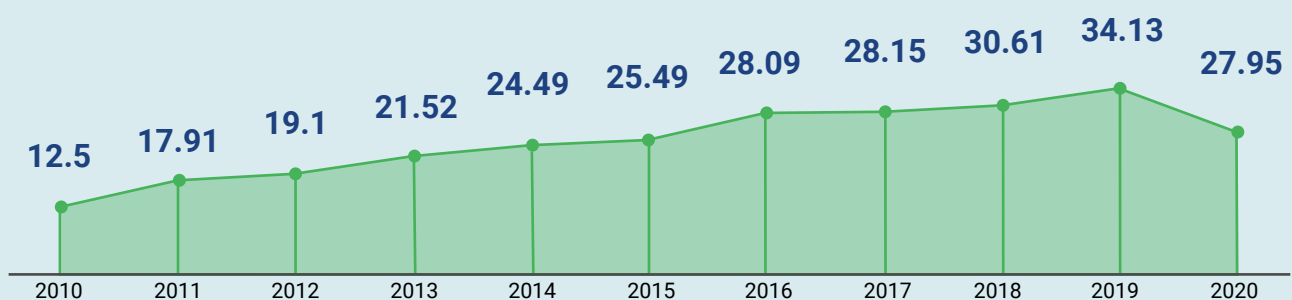


Internet User

Internet users (in million)



Ready-made garments' export value Bangladesh (in billion U.S. dollars)





Dear Reader,

We have been facing difficult and challenging times since the outbreak of COVID-19 in early 2020. The pandemic has resulted in economic slowdown and distress for nations and individuals globally and today it still seems like the recovery may take years. ACE Advisory like most businesses has been forced to evolve in the face of the rapid socio-economic changes over the past 18 months and we are proud to say that over the past 5 years, our investment in technology, automation and most importantly, our employees have enabled us to remain sustainable and ensured uninterrupted service delivery to our clients.

We are grateful to our employees, the government, regulators, vendors, clients and all other stakeholders for their guidance, support, and effort during the periods of lockdown which has allowed us to continue our operations and contribute to keeping our economy afloat. Needless to say, we are eternally grateful to the front-line workers of our country who have and are still fighting to keep our families safe.

Like every year we are happy to be able to bring you our insights on Bangladesh Taxation for the fiscal year 2021/2022. This year also marks the 50th anniversary of the independence of the People's Republic of Bangladesh which we have tried to incorporate as the theme of our publication. Since its independence in 1971, Bangladesh has come a long way to become the 29th largest economy in the world (PPP) and one of the fastest growing. Bangladesh is also the next destination for most global companies, evidence of which has been seen over the past 5 years as the established brands have all slowly setup shop locally.

The budget for the fiscal year 2021/2022 was a difficult one with most sectors being hit hard by the pandemic. We welcome the government's move to reduce corporate tax rates, enhance incentives for growing sectors such as Information Technology, facilitate inclusivity for third gender individuals and encourage female entrepreneurship by providing tax exemptions in the SME sector.

We hope you find these insights useful and would like to thank you for your continued support to ACE Advisory.

Montakim Ahmed
Partner

Seezan M. Choudhury
Partner

Table of Contents

Firm Profile.....	5
Disclaimer.....	7

1 Personal Income Tax..... 8

1.1. Scope of Income.....	9
1.2. Tax Year.....	9
1.3. Residency.....	9
1.4. Tax Return.....	9
1.5. Taxpayer's Identification Number (e-TIN).....	11
1.6. Universal Self-Assessment (u/s 82BB)	13
1.7. Deadline for Tax Return Filing.....	13
1.8. Taxability of Income from Salary & Deemed Income.....	13
1.9. Deemed Income.....	16
1.10. Exclusions from Total Income.....	16
1.11. Tax Credit from Investment.....	17
1.12. Income Tax Rates.....	18
1.13. Minimum Tax.....	18
1.14. Additional Tax.....	19
1.15. Personal Balance Sheet & Lifestyle Statement.....	19
1.16. Surcharge.....	19
1.17. Advance Income Tax.....	20
1.18. Advance Income Tax on Motor Vehicle.....	20
1.19. Capital Gains Tax.....	21
1.20. Income from House Property.....	21
1.21. Tax Clearance for Expatriates.....	22
1.22. Tax Incentives.....	22

2 Corporate Tax..... 26

2.1. Introduction.....	27
2.2. Residency.....	27
2.3. Permanent Establishment.....	27
2.4. Income Year.....	29
2.5. Allowable Deductions.....	29

2.6. Depreciation Allowances.....	30
2.7. Losses.....	33
2.8. Allowable Perquisites.....	34
2.9. Deductions not Allowable.....	36
2.10. Income Arising in Bangladesh.....	37
2.11. Deemed Income.....	38
2.12. Additional Scope of Tax for Listed Companies.....	39
2.13. Rates of Corporate Tax.....	40
2.14. Tax Incentives.....	42
2.15. Capital Gains Tax.....	44
2.16. Tax Return.....	44
2.17. Minimum Tax (82C).....	46
2.18. Assessments.....	48
2.19. Advance Payment of Tax.....	50
2.20. Payment of Tax on the Basis of Return.....	50
2.21. Penalties.....	51
2.22. Additional Tax.....	53
2.23. Other Filings.....	54
2.24. Tax Deduction at Source.....	55
2.25. Mode of Payment of Tax.....	65
2.26. Timeline for Payment of TDS.....	65
2.27. Transfer Pricing.....	66
2.28. Exclusions from Total Income.....	66
2.29. Power to Condone or Extend.....	70
2.30. Double Taxation Avoidance.....	70

3 Value Added Tax 72

3.1. Basic Mechanism of VAT.....	73
3.2. Registration or Enlistment.....	73
3.3. Type of VAT Rates.....	74
3.4. VAT Deduction and Collection Guideline 2021.....	76
3.5. Input Tax.....	78
3.6. VAT Documentation.....	80
3.7. Negative Balance Adjustment.....	82
3.8. Penalties.....	82
3.9. VAT rates as per applicable service code.....	86
3.10. Other Major Highlights.....	94

Contributions..... 96

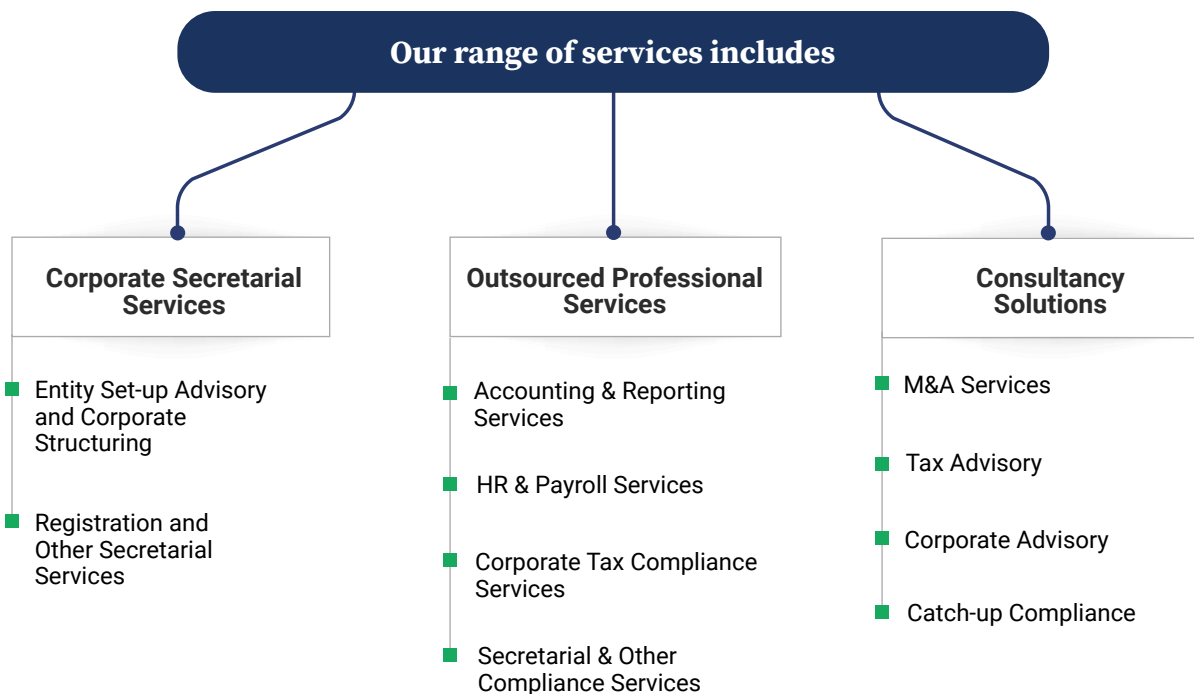
Who We Are

ACE Advisory is a leading provider of professional services in Bangladesh split into three core competencies:









ACE Advisory grew from a vision to create a world-class outsourcing and professional services firm that could service clients across the world and in Bangladesh. Started by two dynamic individuals, the firm has in almost a decade of operations, established a branch which is associated with high quality professional services and in-depth insight into regulatory matters. Led by some of the best minds in accounting, payroll, tax and consulting, ACE Advisory employs people with a diverse range of skills working collaboratively to put the client first. Our people are encouraged to think beyond the obvious and combines strategic thinking, innovative technology and rigorous research methods to provide advice that doesn't just solve problems but takes developments to the next level.

We focus on providing an integrated set of multidisciplinary services with our deep local and global knowledge. Whether a client wants to setup in Bangladesh or outsource its payroll function, we provide the support by combining deep sector expertise, local insight and technology. We provide a single point of contact to coordinate continuous management of outsourced operations across our five business services.



Why Choose Us

 <p>INTEGRATED SOLUTIONS</p> <p>Our teams are trained to advise clients on multi-dimensional areas to ensure compliance to all areas of regulations such as tax, accounting, audit and secretarial.</p>	 <p>TECHNOLOGY AS PART OF SERVICE</p> <p>Each part of our service delivery model incorporates the use of cutting-edge technology to ensure efficiency, accuracy and data security.</p>	 <p>ADAPTIVE SOLUTIONS</p> <p>Our services are designed so that they can be tailored for clients of any size.</p>
 <p>LOCATED CENTRALLY</p> <p>Modern Office with an emphasis on openness and communication located in the heart of Dhaka – Banani.</p>	 <p>COST EFFECTIVE</p> <p>Our services are more cost effective than maintaining an in-house team.</p>	 <p>IN-DEPTH RESEARCH</p> <p>Clients get access to in-depth research, regular updates on changes in regulations and high-quality publications.</p>



Global Knowledge
—
Local Expertise



Our Vision

To be the most preferred business process outsourcing (BPO) and advisory firm for global and local clients in Bangladesh.



Our Mission

To enable our clients to maximize value by focusing on core business activities while we take care of the rest.



Disclaimer

The information and content provided in this document are provided for information purposes only, and do not, and are not intended to, and should not be construed as, in any manner whatsoever, legal, tax and/or financial advice on any subject matter. Instead, all information and content provided in this document are for general information purposes only for those who operate and for those looking to expand in Bangladesh, and may not reflect current legal developments or address a reader's or user's circumstances. ACE Advisory is neither a law firm nor a chartered accountant firm, and does not provide legal advice and/or statutory audit services. Information and content provided in this document may not reflect the most up-to-date legal or other information. All information and contents contained herein are provided without any warranty, express or implied, including as to their legal effect, accuracy and completeness. Any references to any legislation, regulatory orders, directives, circulars, or any other sources in the document are for the convenience of the readers and users, and, as emphasized above, do not, and is not intended to, and should not be construed as, legal, tax and/or financial advice on any subject matter.

No reader and user of this document should act or refrain from acting based on the information and content of this document without first seeking professional legal, financial or tax advice from the relevant experts. We would like to stress that only a professional lawyer, tax practitioner, or any other financial advisor will be able to provide confirmation that information and material contained herein, and an interpretation by a reader or user, is applicable or appropriate to such reader's or user's particulars circumstances. Readers and users of this document should contact their respective professional lawyers, tax practitioners, and other advisors to obtain advice with respect to any particular legal, tax and financial matter. Any use of information and content from this document by a reader and/or user is at his/her own risk, and we disclaim all liability for actions a reader take or fail to take based on any information and/or content herein.

Publication of this document, and/or use of this document, or any information or content provided herein, do not create any legal relation between the reader or user and us, including but not limiting to attorney-client relationship.

This document has been updated for changes till 30 June 2021.

ACE Advisory

www.aceadvisory.biz

Personal Income Tax

Lalbagh Fort

Location: Dhaka, Bangladesh

Founder: Muhammad Azam Shah

Built: 1678



1.1. Scope of Income

In Bangladesh, taxation depends on residency. Bangladesh residents are taxed on their worldwide income while non-residents are taxed on income earned in Bangladesh irrespective of where the payment is made.

Total income under tax laws are as follows¹:



Residents:

- Received or deemed to be received in Bangladesh during that year
- Accrues/arises or deemed to accrue/arise in Bangladesh during that year
- Accrues/arises outside Bangladesh during that year



Non-Residents:

- Received or deemed to be received in Bangladesh during that year
- Accrues/arises or deemed to accrue/arise in Bangladesh during that year

1.2. Tax Year

The tax year in Bangladesh stretches from **1 July to 30 June**².

1.3. Residency

In Bangladesh an individual is treated as a resident if they have been in Bangladesh for³:

- An aggregate period of 182 days or more in that tax year, or
- 90 days or more in that tax year provided he/she has previously been in Bangladesh for an aggregate period of 365 days or more during the 4 years preceding that tax year
- Any company which is managed or controlled wholly in Bangladesh during that tax year
- Any trusts, funds or entity controlled or managed from Bangladesh

Short term visitors and dependents of expatriates not earning any income in Bangladesh are not taxable locally and do not have to file a tax return.

1.4. Tax Return

Any individual falling under the following category must file tax return at the end of the tax year⁴:

#	Category	Total Income Floor in an Income Year (Tk.)
1	Individual required to have 12-digit e-TIN even if that person does not have taxable income.	
2	Female Taxpayers & Senior Taxpayers (Age 65 & above)	350,000
3	Disabled Taxpayers	450,000

1. Section 17(1) of ITO 1984

2. Section 2(9) of ITO 1984

3. Section 2(55) of ITO 1984

4. Section 75 of ITO 1984

4	Gazetted War-Founded Freedom Fighter Taxpayer	475,000
5	Any one parent/legal guardian of Disabled Individuals	50,000 above their applicable total income floor.
6	Any individual other than above (1-3)	300,000
7	If an individual has been assessed for tax during ANY of the 3 years preceding the income year	
8	A shareholder director or a shareholder employee of a company	
9	A partner of a firm	
10	A government employee if he/she, at any time in the income year, draws a basic salary of Tk. 16,000 or more	
11	If an individual: <ul style="list-style-type: none"> <li style="margin-right: 20px;">● Owns a motor car ● Owns a membership of a club 	
12	Individuals running a business and has a trade license	
13	Registered with a recognized professional body (doctors, lawyers etc.)	
14	Registered Income Tax Practitioner	
15	Member of a chamber of commerce	
16	Candidate for an office of any paurashava, city corporation or an M.P.	
17	Anyone participating in government tenders	
18	A director of a company	
19	Any employee holding an executive or management position in a business or profession	
20	Participates in a shared economic activities by providing motor vehicle, space, accommodation or any other assets	
21	Individuals owning any licensed arms	

Return of income shall not be mandatory for an individual if the person⁵:

- is a non-resident individual having no fixed base in Bangladesh
- has no taxable income but is required to have 12-digit e-TIN for selling a land
- has no taxable income but who is required to have 12-digit e-TIN for obtaining a credit card

Failure to file income tax return may result in a penalty of⁶:

	<p>for those whose income was not assessed earlier (never filed a return)</p>		<p>of tax payable on the last assessed income, whichever is higher</p>		<p>each day in case the default continues</p>
---	---	---	--	---	---

5. Section 75 of ITO 1984

6. Section 124 of ITO 1984

Individuals required to file a tax return must pay the balance between the total tax payable on his income less any deductions made at source before or on the date of return filing⁷. Failure to do so may result in a penalty of 25% of total tax payable or on deficit tax payable⁸. The assessee will also be required to pay a delay interest of 2% per month on the outstanding amount⁹.

An individual assessee who has income and gross wealth not exceeding Tk. 400,000 and Tk. 4,000,000 respectively may submit the return of income in a different simplified version (IT-GHA 2020) provided the individual does not own motor vehicle and have investment in house property or apartments in city corporation area¹⁰.

1.5. Taxpayer's Identification Number (e-TIN)

All individual taxpayers are required to obtain an e-TIN in order to file a tax return¹¹. This is relatively easy and can be obtained from <http://secure.incometax.gov.bd/TINHome>.

12-digit e-TIN number is required for the following cases¹²:

-
- Opening a letter of credit (LC)
 - Applying for an import registration certificate (IRC) or export registration certificate (ERC)
 - Obtaining or renewal of a trade license in the area of a city corporation or paurashava
 - Participation in a tender by a resident for the purpose of supply of goods, execution of a contract or rendering a service
 - Submission of application for the membership of a club registered under the Companies Act 1994
 - Obtaining or renewal of license of or enlistment as a surveyor of general insurance
 - Obtaining registration of the deed of transfer, baynana or power of attorney or selling of a land, building or an apartment situated within a city corporation or a paurashava of a district head quarter or cantonment board. (if deed value exceeds Tk. 100,000)
 - Obtaining registration, change of ownership or renewal of fitness of a bus, truck, prime mover, lorry etc
 - Applying for a loan exceeding Tk. 500,000 from a bank or a financial institution
 - Obtaining a credit card
 - Obtaining the membership of the professional body as a doctor, dentist, lawyer, chartered accountant, cost and management accountant, engineer, architect or surveyor or any other similar profession
 - Being a director or a sponsor shareholder of a company
 - Obtaining and retaining a license as a Nikah Registrar
 - Obtaining or maintaining the membership of any trade or professional body
 - Submitting a plan for construction of building for the purpose of obtaining approval from RAJUK, CDA, KDA and RDA or other concerned authority in any city corporation or paurasava
-

7. Section 74 of ITO 1984

8. Section 127 of ITO 1984

9. Section 73A of ITO 1984

10. SRO/165/Law/IncomeTax/2020

11. Section 184(b) of ITO 1984

12. **Section 184A of the ITO 1984 as amended by FA 2021**

-
- Obtaining a drug license
 - Obtaining the commercial connection of gas
 - Obtaining the connection of electricity within a city corporation, paurashava or cantonment board
 - Registration, change of ownership or renewal of fitness of a motor vehicle
 - Obtaining a survey certificate of any water vessel
 - Registration or renewal of agency certificate of an insurance company
 - Obtaining the permission or the renewal of permission for the manufacture of bricks
 - Participating in any election in upazilla, paurashava, zilla parishad, city corporation or Jatiya Sangsad
 - Parents of the students applied for admission in english medium school following international curriculum
 - Receiving any payment which is an income of the payee classifiable under the head "Salaries" by an employee of the government or an authority, corporation, body or units of the government or formed by any law, order or instrument being in force, if the employee, at any time in the income year, draws a basic salary of Tk. 16,000 or more
 - Receiving any amount from the Government under the Monthly Payment Order (MPO) if the amount of payment (exceeds Tk. 16,000 per month)
 - Receiving any payment which is an income of the payee classifiable under the head "Salaries" by any person employed in the management or administrative function or in any supervisory position in the production function
 - Obtaining the agency or the distributorship of a company
 - Purchasing savings instruments (Sanchayapatra) of Taka exceeding 2 lakhs
 - Opening postal savings accounts of Taka exceeding 2 lakhs
 - Obtaining registration of co-operative society
 - Receiving any commission, fee or other sum in relation to money transfer through mobile banking or other electronic means
 - Receiving any payment by a resident from a company against any advisory or consultancy service, catering service, event management service, supply of manpower or providing security service
 - Submitting a bill of entry for import into or export from Bangladesh
 - Participates in a shared economic activities by providing motor vehicle, space, accommodation or any other assets
 - Obtaining or maintaining a license for arms
 - Releasing overseas grants to NGOs or to Micro Credit Organizations
 - Any document relating to the transfer of land, building or apartment situated within a city corporation, or cantonment board, or a paurashava of a district headquarters, deed value of which exceeds Tk. 100,000 and required to be registered under the Registration Act, 1908 (XVI of 1908), such document shall contain e-TIN number of both the seller and the purchaser
-

1.6. Universal Self-Assessment (u/s 82BB)

Under this scheme, individuals can electronically or manually submit filing of return within the specified deadline and pay tax on the basis of such return. The Deputy Commissioner of Taxes (DCT) will then proceed to issue an acknowledgement of such return and this shall be deemed to be an order of assessment for that assessment year¹³.

Returns filed under this section may be selected for audit within two years of the end of the assessment year¹⁴. However, such returns are not selected for audit if they show a 15% increase in income over the last assessed year and are accompanied by:

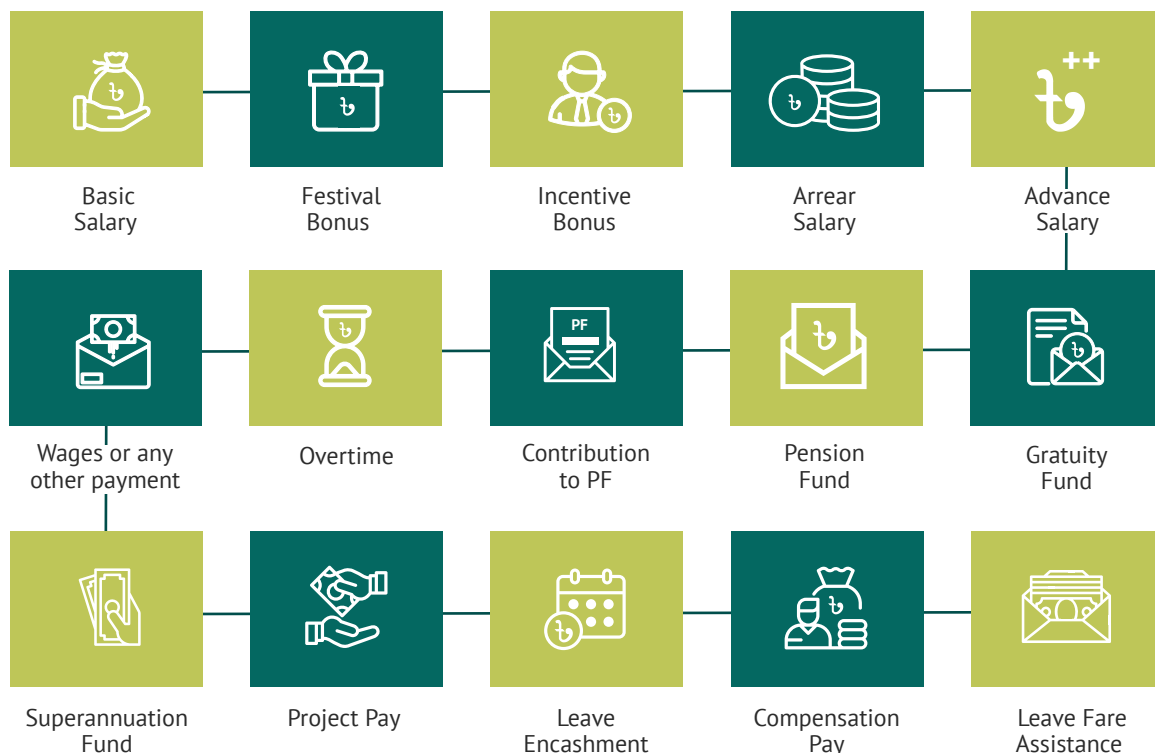
- Evidence in support of income exempted from tax
- A copy of bank statement
- Account statement of any loan exceeding Tk. 500,000
- Does not include receipt of gift during the year
- Does not show any income chargeable to tax at a rate reduced under Section 44
- Does not show or result in any refund

1.7. Deadline for Tax Return Filing

The last date for filing tax returns for an individual under Section 82BB is **30 November** following the end of the income year which is now termed Tax Day¹⁵.

1.8. Taxability of Income from Salary & Deemed Income

Income from salary includes the following¹⁶:



13. Section 82BB of ITO 1984

14. Section 94(1)(a) of ITO 1984

15. Section 2 (62A) of ITO 1984

16. Section 2(58) & Sec 21 of ITO 1984

Individuals enjoying salary income are subject to tax on salary and all other benefits. A summary of taxability and allowances are as below:

Income Head	Taxability
Basic Salary	Fully taxed
House Rent Allowance (in cash/with salary) ¹⁷	Tk. 25,000 per month or 50% of basic salary, whichever is lower is exempt from tax
Rent free accommodation ¹⁸	Actual rent paid by employer or 25% of basic salary, whichever is lower shall be added to total income and taxed
Conveyance Allowance (in cash/with salary) ¹⁹	Tk. 30,000 per annum is exempt from tax where no conveyance facility is provided by employer
Conveyance provided for personal/private use ²⁰	If employer provides conveyance for personal or private use, 5% of the employee's basic salary or Tk. 60,000 whichever is higher, is added to total income and taxed
Medical Expenses ²¹	Tk. 120,000 per annum or 10% of basic salary, whichever is lower is exempt from tax
	Medical expenses up to Tk. 1,000,000 paid to a disabled employee shall not be included in his total income
	Medical expenses paid to an employee (other than a shareholder director) for a surgery relating to heart, kidney, eye, liver and cancer of the employee, shall not be included in the total income of such employee
Travel (local & foreign) ²²	Amounts paid at actual against bills/receipts are tax free. Any benefit paid in addition in cash is taxable
Festival Bonus	Fully taxable
Performance Bonus	Fully taxable
Utility expenses	Fully taxable
Telephone/Mobile allowance	Tax free as long as it is for official use
Entertainment allowance	Fully taxable
Other allowances	Fully taxable
Any reimbursements	Tax free as long as it was incurred for official purposes

17. Rule 33A of ITR 1984

18. Rule 33B of ITR 1984

19. Rule 33C of ITR 1984

20. Rule 33D of ITR 1984

21. Rule 33I of ITR 1984

22. Rule 33G of ITR 1984

**Individual
tax return must be
filed by
30th November
of each year**



Employers usually deduct taxes at source after providing for allowances from monthly salary. However, all employees are responsible for filing of their own returns at the end of the tax year. If, however, an individual has other sources of income such as house rent, interest income etc., he/she is responsible for filing accordingly and paying taxes at the time of filing.

1.9. Deemed Income

Certain transactions may also be considered as income for assesses even though it may not directly be an income. Some such instances are as follows²³:

#	Details
1	Unexplained cash credit in the books of accounts
2	Under recorded or unrecorded value of investment in or possession of bullion, jewellery and other valuable article
3	Unrecorded investment
4	Dividend received
5	Fair market value – Purchase price of assets, including stock and shares
6	Salami
7	Goodwill money, compensation or damages for cancellation of contracts and licenses
8	Monetary value of benefit for cancellation of indebtedness except waiver of margin loan or interest under Tk. 1,000,000 by a holder of TREC
9	Managing Agency Commission
10	Winnings from lotteries, crossword puzzles, card games and other games
11	Amount received from tenant which is not adjustable with rent
12	Loan or gift exceeding Tk. 500,000 received by an individual otherwise than by crossed cheque or bank transfer. However, loan or gift from spouse or parents received through banking channels will be excluded from income
13	[Income shown in revised return – income in original return], subject to certain condition
14	Money received as loan, gift, advance or deposit and equity, exceeding Taka five lacs, in any form other than banking channels

1.10. Exclusions from Total Income

Individuals having income other than salary are also entitled to certain exemptions under The Sixth Schedule of the Income Tax Ordinance 1984:

23. Section 19 of ITO 1984

Income Head	Income Head
Dividend from company or listed company ²⁴	Tk. 50,000 per year
Payment from recognized Provident Fund as per Provident Funds Act 1925 or approved superannuation fund ²⁵	Fully exempt
Gratuity income received from Government or approved pension fund ²⁶	Tk. 25,000,000
Payment from Workers Profit Participation Fund (WPPF) ²⁷	Tk. 50,000 per year
Income from equity mutual fund or unit fund ²⁸	Tk. 25,000 per year
Income from Wage Earners Development Bond, US Dollar Premium Bond, US Dollar Investment Bond, EURO Premium Bond, EURO Investment Bond, Pound Sterling Premium Bond, Pound Sterling Investment Bond ²⁹	Fully exempt
Pensioner's savings certificate ³⁰	Tk. 500,000 per year
Pension received from Government or approved pension fund ³¹	Fully exempt

1.11. Tax Credit from Investment

An assessee shall be entitled to a credit from the amount of tax payable if he/she invests during the income year in the following items :

#	Details	Limit
1	Life insurance premium	No limit
2	Contribution to approved Provident Fund (both by the employee and employer)	No limit
3	Contribution to Deposit Pension Scheme (DPS) sponsored by a scheduled bank or a financial institution	Tk. 60,000
4	Donation to a national level institution set up in memory of the liberation war	No limit
5	Donation to a national level institution set up in memory of Father of the Nation	No limit
6	Investment in Bangladesh Government Treasury Bond	No limit
7	Investment in stocks and shares of listed companies, mutual fund and debentures listed with any stock exchange	No limit

24. 6th Schedule, Para 11A of ITO 1984

25. 6th Schedule, Para 21 of ITO 1984

26. 6th Schedule, Para 20 of ITO 1984

27. 6th Schedule, Para 21D of ITO 1984

28. 6th Schedule, Para 22A of ITO 1984

29. 6th Schedule, Para 24A of ITO 1984

30. 6th Schedule, Para 32A of ITO 1984

31. 6th Schedule, Para 8 of ITO 1984

The eligible investment amount will be the lesser of³²:

- a** Actual Investment as Per Section 44 (c) (i)

- b** **25% of total Income**

- c** **10,000,000 Tk.**

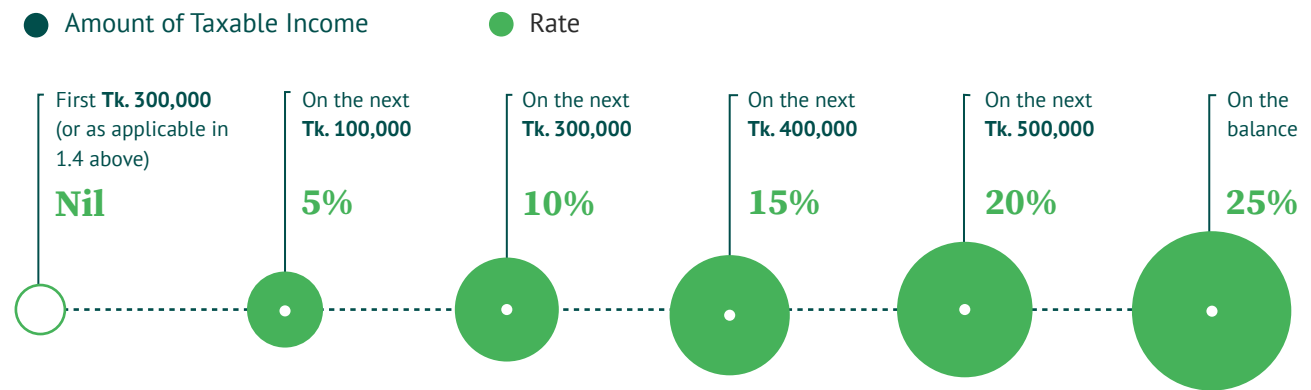
The amount of credit will be as follows³³:

- ▶ Total income <Tk. 1,500,000
Amount of Credit = 15% of eligible amount

- ▶ Total income > Tk. 1,500,000
Amount of Credit = 10% of eligible amount

1.12. Income Tax Rates

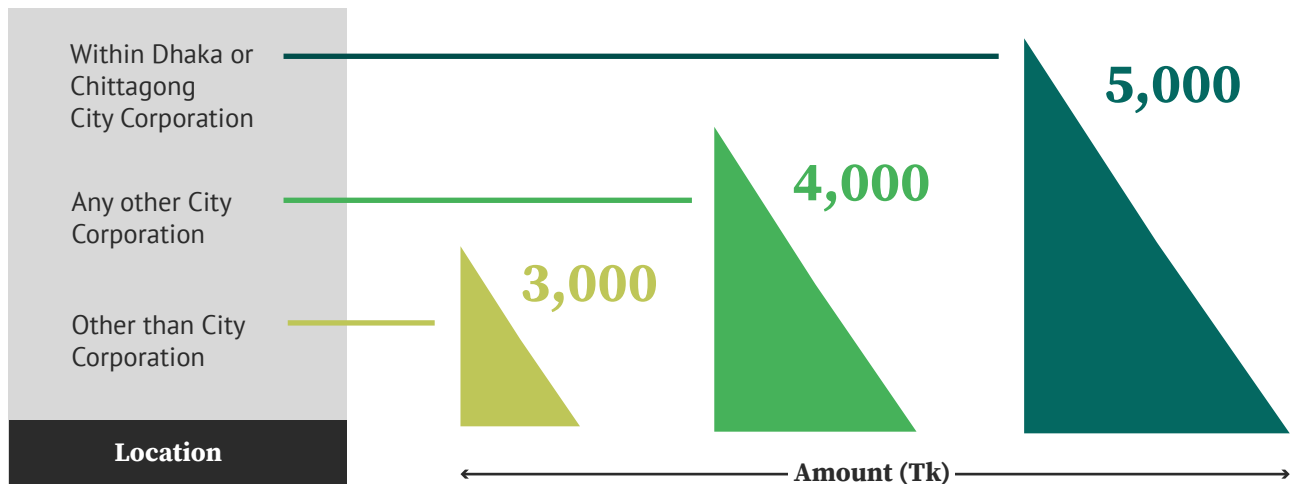
Income tax is charged to individuals on fixed slabs. The slabs of total income and corresponding tax rates are given below³⁴:



The tax rate for non-residents is a flat 30%

1.13. Minimum Tax

Minimum tax applicable on individuals is as follows:



This minimum tax is levied on anyone whose total taxable income (after applicable allowances) does not cross the tax-free threshold. For simplicity, let us assume the total taxable income of a female individual crosses Tk. 350,000 and the tax liability comes to Tk. 2,000 for that tax year. In this case the individual must pay the minimum tax of Tk. 5,000.

32. Section 44(2)(c) of ITO 1984 as amended by FA 2021

33. Section 44(2)(b) of ITO 1984

34. 2nd Schedule, Part 1 of ITO 1984

1.14. Additional Tax

In any income year if the investment declared in the statements submitted by an assessee (*as listed in 1.11 above*) is higher than the actual investment made by them, tax shall be charged at the rate of 50% on the balance.

Similarly, if the payment/receipt related to import/export declared in the statements submitted by an assessee is higher/lower than the actual payment/receipt made by them, tax shall be charged at the rate of 50% on the balance³⁵.

1.15. Personal Balance Sheet & Lifestyle Statement

Every individual has to submit a statement of assets, liabilities and expenses of them and their household (dependents) if that person³⁶:

- has at the last date of the income year, a gross wealth exceeding Tk. 4,000,000
- owns a motor car
- has made an investment in a house property or an apartment in the city corporation area

The following should also be noted regarding the submission of the statement:

- People not required by the list above can submit the statement voluntarily.
- Non-Bangladeshi or non-resident Bangladeshi persons shall submit the statement only in respect of assets located in Bangladesh.
- Every individual assessee, whose total income exceeds Tk. 400,000 as on the last date of the income year shall submit a statement of expenses relating to the lifestyle of the person.
- Every individual assessee, being a shareholder director of a company, shall furnish, irrespective of the total income, a statement of expenses relating to the lifestyle of the person.

1.16. Surcharge

Any individual taxpayer whose total net worth as per the Personal Balance Sheet and Lifestyle Statement as per 1.15 above, exceeds Tk. 30,000,000, surcharge on tax will be payable as follows³⁷:

Net Worth	Rate of Surcharge
Up to Tk. 30,000,000	-
Tk. 30,000,001 to Tk. 100,000,000 or Owns more than one motor car in his/her name, or Owns property of more than 8,000 square feet in any city corporation area	10%

35. Section 16H of ITO 1984

36. **Section 80 of ITO 1984 as amended by FA 2021**

37. **Rule 52 of Finance Act 2021**

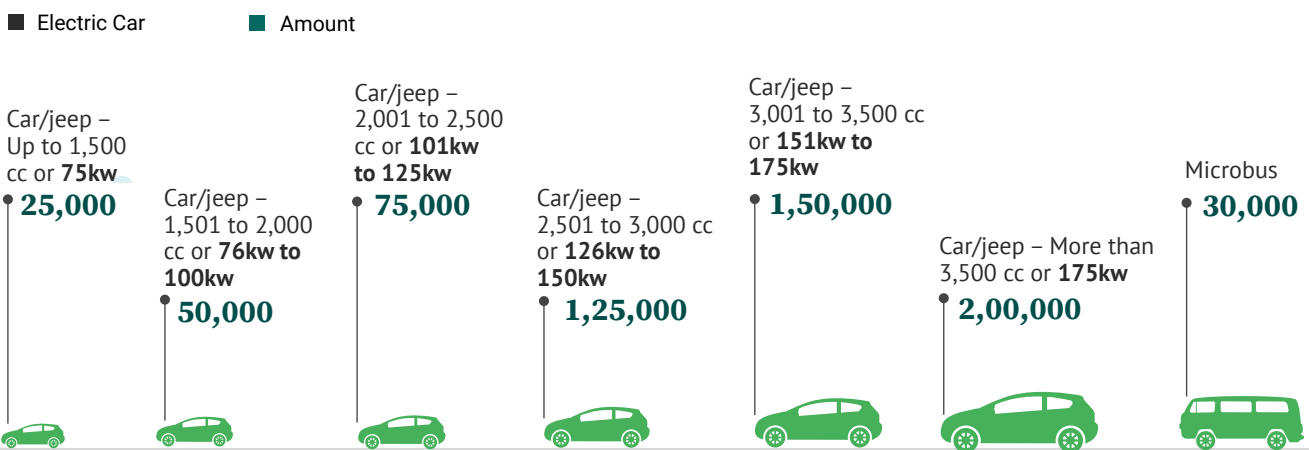
Net Worth	Rate of Surcharge
Tk. 100,000,001 to Tk. 200,000,000	20%
Tk. 200,000,001 to Tk. 500,000,000	30%
Above Tk. 500,000,000	35%

1.17. Advance Income Tax

A new assessee is required to pay advance tax if estimated total taxable income is likely to exceed BDT 600,000³⁸. The amount of advance tax payable shall be determined as per the calculation prescribed in Section 65-67 of ITO 1984.

1.18. Advance Income Tax on Motor Vehicle

Every individual owning a private motor vehicle will have to pay advance income tax as follows³⁹:



If an individual owns two or more motor vehicles (individually or jointly), the rate of tax shall be 50% higher for each additional motor car.

In case of registration or fitness renewal of motor car for more than one year, advance tax under (as listed above) shall be collected on or before 30th June in every subsequent year or years following the year in which registration or fitness renewal of motor car has been done.

Where any person fails to pay advance tax, the amount of advance tax payable shall be the sum of the amount of advance tax not paid in the previous year or years and the amount of advance tax payable for the year in which an assessee is making the payment⁴⁰.

38. Section 68 of ITO 1984

39. Section 68B (2) of ITO 1984 as amended by FA 2021

40. Section 68B (2A) and (2B) of ITO 1984 as introduced by FA 2021

However, the advance tax paid above shall not be refundable, even if tax liability from income on regular sources is lower than total advance tax paid⁴¹.

1.19. Capital Gains Tax

Capital gains tax for individuals can be divided into two major categories^{42 43}:

a) Sale of shares of listed companies – Capital gains tax on transfer of stocks and shares of public limited companies listed with the stock exchange except listed government securities are as follows:

#	Details	CGT
1	Non-resident shareholders (see 2.26 (f))	15%
2	Sponsor shareholder and shareholder director	5%
3	Resident individual holding at least 10% of total share capital of a company	5%
4	Individuals other than described in 1, 2 & 3 above	Exempt

b) Other than sale of shares of listed companies - Individuals selling assets other than in (a) above will be taxed for capital gains in the following way:

i) Before expiry of 5 years:

if the asset is transferred before the expiry of 5 years from date of acquisition, the CGT will be the usual tax rate of the individual applicable on their total income including the capital gain.

ii) After expiry of 5 years:

if the asset is transferred after expiry of 5 years from date of acquisition, the tax will be lower of the individual's applicable tax rate and 15%.

Any profits and gains arising from the transfer of a business or undertaking in any income year shall be considered under capital gains tax. Gain arising from such transfer will be computed in a specified manner and will be taxed as per (b) above⁴⁴.

1.20. Income from House Property

House property consists of building, apartment, land, furniture, fixture, fittings etc. Income from house property whether used for commercial or residential purposes is taxable on the basis of its annual value⁴⁵.

The following deductions are applicable on house property⁴⁶:

- Land development tax or rent payable to Government
- Insurance premium paid

41. Section 68B (4) of ITO 1984

42. SRO 196-LAW/Income Tax/2015

43. 2nd Schedule Para 2 of ITO 1984

44. Section 31A & 32A of ITO 1984

45. Section 24 (1) of ITO 1984

46. Section 25 of ITO 1984

- Interest payable on mortgage or capital charge
- Annual charge except capital charge
- Ground rent
- Interest payable to bank or financial institution on borrowed capital for acquisition, construction, reconstruction, repair or renovation of the house property
- Interest payable to bank or financial institution on borrowed capital for construction of the house property, charged in 3 equal instalments in the first 3 years of earning income from such property
- Maintenance allowance
 - House property used for residential purpose: 25% of annual value
 - House property used for commercial purpose: 30% of annual value
 (However, any unspent portion of an amount of deduction allowed to an assessee for repair and maintenance of house property would be treated as deemed income under income from house property)
- Proportionate vacancy allowance

Individuals receiving above Tk. 25,000 as rent from house property per month are needed to maintain a bank account in any scheduled bank for deposit of the same⁴⁷.

1.21. Tax Clearance for Expatriates

Expatriate employees in Bangladesh are required to obtain a Tax Clearance Certificate from the authorities which may be required to be produced as evidence of tax payment/exemption while departing from Bangladesh, permanently or temporarily⁴⁸.

1.22. Tax Incentives

The various tax incentives (*apart from mentioned above*) available to an individual are listed below:

#	Applicability	Source of Income	Exemption	Period
1	Partner of a firm	Share of capital gain on which tax has already been paid	Full	-
2	Individual whose only source of income is agriculture	Agricultural income	Tk. 200,000	-
3	Foreign faculty members, teachers, research or library staff members, administrators, officers, experts, technicians, visiting personnel of Asian University for Women	Salaries and allowances	Full	-

47. Rule 8A of ITR 1984

48. Section 107 of ITO 1984

#	Applicability	Source of Income	Exemption	Period
4	Expatriates working in private power generation companies (except coal-based electricity generation companies) starting commercial production within 31 December 2014	Income from working in private power generation companies (except coal-based electricity generation companies)	Full	3 years from the date of arrival in Bangladesh
5	Expatriates working in private coal-based electricity generation companies signing contract within 30 June 2020	Income from working in private coal-based electricity generation company	Full	3 years from the date of arrival in Bangladesh
6	Expatriates working in Dhaka Elevated Expressway PPP project	Salary and allowances from the project	Full	3 years from 13 August 2012
7	Expatriates working in International Committee of Red Cross (ICRC) in Bangladesh	Salaries and remuneration ICRC	Full	-
8	Expatriate technician working in industrial undertakings having approval from BEPZA within 22 March 2009 and starting commercial production within 2012	Salaries and remunerations	Full	Earlier of: - 3 years from the date of arrival in Bangladesh - 5 years from company's commercial production
9	Expatriates working as technician, professionals, scientists, senior administration staff, advisor and consultant in Local Development Network Institutions under Aga Khan Development Network	Income from salary	Full	-
10	Expatriates working in foreign funded development projects having bi-lateral treaty between Bangladesh Government and the foreign Government or foreign funding organization	Salaries and allowances received from the foreign Government or the foreign funded development project	Full	-
11	Non-resident assessee	Capital gain from transfer of stock or shares of listed company subject to enjoying similar exemption in resident country	Full	-

#	Applicability	Source of Income	Exemption	Period
12	<p>All shareholders except for</p> <ul style="list-style-type: none"> - Companies defined in Section-2(20) - Firms defined in Section – 2(32) - Sponsor shareholder or shareholder director of bank, financial institution, merchant bank, insurance company, leasing company, portfolio management company, stock dealer or stock brokerage company - Shareholder (except sponsor shareholder or shareholder director) having 10% or more of shares of total paid up capital of a company / companies listed in any stock exchange - Sponsor shareholder, director, placement holder of a company - Sponsor or placement holder of a mutual fund 	Income arising from trading / transaction of securities listed in any SEC approved Stock Exchange (excluding Government securities)	Full	-
13	Investment in Economic Zones or Hi-Tech Parks ⁴⁹	No question shall be raised on the source of any sum invested if tax is paid at the rate of 10% on the invested amount before filing of the return for the concerned year.	-	From 01 July 2019 to 30 June 2024
14	Investment in Securities ⁵⁰	No question shall be raised on the source of any sum invested if tax is paid at the rate of 25% on the invested amount and a penalty of 5% on the tax due before filing of the return for the concerned year.	-	From 01 July 2021 to 30 June 2022
15	Investment in building or apartment ⁵¹	No question shall be raised on the source of any sum invested if tax is paid at a specified rate on the invested amount before filing of the return for the concerned year	-	-

49. Section 19DD of ITO 1984

50. Section 19AAAA of ITO 1984 as amended by FA 2021

51. Section 19BBBBB of ITO 1984

#	Applicability	Source of Income	Exemption	Period
16	Undisclosed Property, Cash ⁵²	No question shall be raised on the source of any sum acquired/owned if tax is paid at a specified rate before filing of the return or along with the revised return for the concerned year	-	From 01 July 2021 to 30 June 2022
17	Investment in new industrial undertaking ⁵³	No question shall be raised on the source of any sum invested if tax is paid at the rate of 10% on the invested amount before filing of the return for the concerned year.	Full	From 01 July 2021 to 30 June 2022
18	Owner of small or cottage industry established in less/least developed areas ⁵⁴	Income increased by 15-25% from previous year Income increased by more than 25% from previous year.	5% of the tax due 10% of the tax due	-
19	Online return filing of income tax for the first time ⁵⁵	-	Tk. 2,000 from the tax due	-

52. Section 19A of ITO 1984 as amended by FA 2021

53. Section 19A of ITO 1984 as introduced by FA 2021

54. 2nd Schedule of FA 2021

55. 2nd Schedule of FA 2021



Corporate Tax

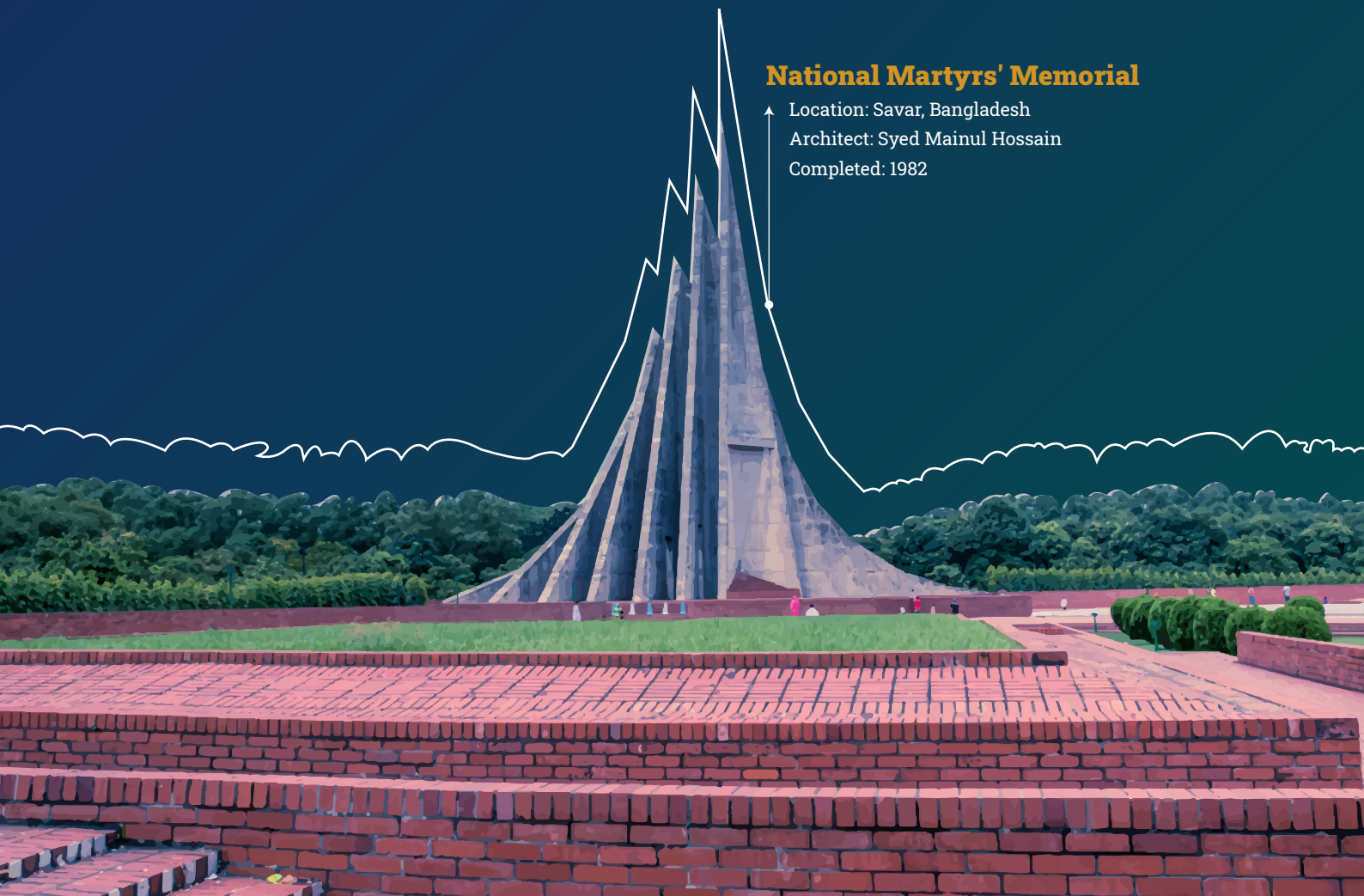


National Martyrs' Memorial

Location: Savar, Bangladesh

Architect: Syed Mainul Hossain

Completed: 1982



2.1. Introduction

A company is defined as a company incorporated under the Companies Act in force in Bangladesh and includes⁵⁶:

-
- a body corporate established by any law in force
 - any nationalised bank or industrial or commercial organization
 - any association of combined persons, if such persons are registered as a company
 - any association or body incorporated under laws of a country outside Bangladesh
 - any foreign association or body (*not incorporated under any law*) which NBR declares to be a company
-

2.2. Residency

A company is considered resident if it is incorporated in Bangladesh or if its control of management is situated wholly in Bangladesh⁵⁷.

2.3. Permanent Establishment

The definition of a “Permanent Establishment” in relation to income from business or profession includes⁵⁸:

-
- a place of management
 - a branch
 - an agency
 - an office
 - a warehouse
 - a factory
 - a workshop
 - a mine, oil or gas well, quarry or any other place of exploration, exploitation or extraction of natural resources
 - a farm or plantation
 - a building site, a construction, assembly or installation project or supervisory activities in connection therewith
 - the furnishing of services, including consultancy services, by a person through employees or other personnel engaged by the person for such purpose, if activities of that nature continue (*for the same or a connected project*) in Bangladesh
 - any associated entity or person (*hereinafter referred to as “Person A”*) that is commercially dependent on a non-resident person where the associated entity or Person A carries out any activity in Bangladesh in connection with any sale made in Bangladesh by the non-resident person
-

56. Section 2(20) of the ITO 1984

57. Section 2(55) of ITO 1984





58. Section 2(44A) of ITO 1984

**A company is considered
as resident if it is
incorporated
in Bangladesh or its
control of management is
situated wholly
in Bangladesh**



2.4. Income Year

Income year means financial year immediately preceding the assessment year and is defined for different entities as follows⁵⁹:

	a. Newly set up business – date of incorporation to the following 30 June		c. Banks, insurance or financial institutions – from 1 January to 31 December
	b. Business going into liquidation – 1 July to date of dissolution		d. Other companies – 1 July to 30 June

Provided that the authorities may allow a different financial year for a company which is a subsidiary /Branch Office /Liaison Office of a company incorporated outside Bangladesh if such company is required to follow a different financial year for the purpose of consolidation of its accounts with its parent⁶⁰.

2.5. Allowable Deductions

General expenses incurred by a company in a year are allowable as deductions under tax law as follows⁶¹ (*not exhaustive*):

#	Details
1	Rent for premises of business
2	Repair of rented premises of business
3	Interest paid to banks
4	Profit paid from any bank run on Islamic principles
5	5% of total income carried to Special Reserve by financial institutions approved by government, provided the aggregate amount does not exceed share capital
6	Repair expenses of buildings, machinery, plant or furniture
7	Insurance premium
8	Depreciation of Fixed Assets as per Third Schedule of ITO 1984 (<i>see below</i>)
9	Amortization of license fee as per Third Schedule of ITO 1984 (<i>see below</i>)
10	Obsolescence allowance for Fixed Assets except imported software as per Third Schedule of ITO 1984
11	Land development tax or rent, local rates or municipal taxes for premises
12	Employee bonus or commission subject to conditions
13	A written off irrecoverable debt
14	A prior written off irrecoverable debt previously not allowed as deduction if established to have become irrecoverable

59. Section 2(35) of ITO 1984

60. Section 2 (35) of ITO 1984

61. Section 29 of ITO 1984

#	Details
15	Expenditure for scientific research including capital expenditure subject to certain conditions
16	Expenditure for educational institution or hospital established for benefit of employees including capital expenditure subject to certain conditions
17	Training costs for local employees for Board Approved schemes
18	Expenditure except for capital or personal expenditure, incurred as a member of Government sponsored trade delegation for visits abroad
19	Annual membership subscription fee paid to a registered trade organization or professional institution
20	Expenditure except for capital or personal expenditure, incurred wholly and exclusively for the purpose of business and profession

2.6. Depreciation Allowances

Under tax laws, there are a number of depreciation allowances available on fixed assets at the time of computing profits or gains from business or profession.

Normal Depreciation Allowance⁶²

#	Major Class of Assets	Sub Class of Assets	Rate/Percentage of Written Down Value (WDV)
1	Buildings	General	20%
		Factory	10%
2	Furniture & fittings	Furniture & fittings	10%
		Office equipment	10%
3	Machinery and plant	General rate	20%
		Ocean going ships (new)	12%
		Ocean going ships (second hand) if less than 10 years of age	12%
		Ocean going ships (second hand) if more than 10 years of age	24%
		Inland ships including steamers, motor vessels, tugboats etc.	24%
		Batteries, X-Ray and electrotherapeutic apparatus and accessories	20%
		Machinery used in the production of cinema	20%

62. 3rd Schedule Para 3 of ITO 1984 as amended by FA 2021

#	Major Class of Assets	Sub Class of Assets	Rate/Percentage of Written Down Value (WDV)
3	Machinery and plant	Motor vehicles (all sorts but not plying for hire)	20% (the cost on which allowable depreciation can be claimed is capped at Tk. 2.5 million)
		Motor vehicles (all sorts plying for hire)	24%
		Computer & computer equipment	30%
		Bangladeshi made computer software	50%
		Imported computer software	10%
		Professional and reference books	30%
		Aircraft, aero engines and aerial photographic apparatus	30%
		Moulds used in the manufacture of glass or plastic goods or concrete pipe	30%
		Mineral oil concerns – below ground installations	100%
		Mineral oil concerns – above ground installations such as portable boilers, drilling tools, tanks and rigs	30%
		Physical infrastructure - Bridge	2%
		Physical infrastructure – Road	2%
		Physical infrastructure – Flyover	2%
		Physical infrastructure – Pavement runway or taxiway	2.5%
		Physical infrastructure – Apron or tarmac	2.5%
Physical infrastructure – Boarding bridge	10%		
Physical infrastructure – Communication navigation equipment	5%		

Depreciation Allowance Not Allowed⁶³

If the useful life of any asset falling under “Machinery & Plant” above is less than one year, no depreciation allowance is applicable. Instead, the cost of renewal or replacement is allowed as revenue expenditure.

63. 3rd Schedule Para 5 of ITO 1984

Initial Depreciation Allowance⁶⁴

Class of Asset	Year	Dep'n on WDV
Building constructed in Bangladesh after 30 June 2002	Later of <ul style="list-style-type: none"> ■ Year of construction ■ First year of use ■ Year of commencement of commercial production 	10% of cost
Machinery or plant installed in Bangladesh after 30 June 2002	Later of <ul style="list-style-type: none"> ■ Year of installation ■ First year of use ■ Year of commencement of commercial production 	25% of cost

Accelerated Depreciation Allowance⁶⁵

Class of Asset	Year	Dep'n on WDV
<ul style="list-style-type: none"> ■ Machinery or plant used in industrial undertaking set up in Bangladesh between 1 July 1977 and 30 June 2012 ■ Not previously used in Bangladesh ■ Not applicable for office appliances and road transport vehicle 	First year of commercial production	50% of actual cost
	Second year of commercial production	30% of actual cost
	Third year of commercial production	20% of actual cost
<ul style="list-style-type: none"> ■ Machinery or plant used in the expansion of an industrial undertaking set up in Bangladesh between 1 July 1995 and 30 June 2005 enjoying exemption u/s 46A of the ITO 1984 ■ Not previously used in Bangladesh Not applicable for office appliances and road transport vehicle 	First year of commercial production	80% of actual cost
	Following year of commercial production	20% of actual cost
<ul style="list-style-type: none"> ■ Machinery or plant used in industrial undertaking referred to in Sec 46B set up in Bangladesh between 1 July 2014 and 30 June 2019 ■ Not previously used in Bangladesh ■ Not applicable for office appliances and road transport vehicle 	First year of commercial production	50% of actual cost
	Second year of commercial production	30% of actual cost
	Third year of commercial production	20% of actual cost

64. 3rd Schedule Para 5A of ITO 1984

65. 3rd Schedule Para 7, 7A & 7B of ITO 1984

Limitation of Allowance of Depreciation⁶⁶

- The aggregate of the allowance shall not exceed the original cost
- If an entity does not have enough income against which the depreciation allowance is to be set off in a year, any remaining allowance can be carried forward to succeeding years till such time as the entire allowance on this account is adjusted against profits

Disposal of Assets & Treatments of Gains or Losses⁶⁷

- No depreciation allowance can be allowed in that year
- Where the sales proceed exceeds the WDV, but the gain does not exceed the difference between original cost and WDV, the gain shall be deemed to be income for the year
- If the sales proceed is less than WDV, the loss can be deducted from business profits for the year

Amortization of Licence Fees⁶⁸

Applicable for	Period Allowed	Rate
<ul style="list-style-type: none"> ■ Resident cellular mobile phone operating company or any other company engaged in providing specialized services, if such license is integral to the operation of the company 	For the period of the permission	Proportionate amount in each year of permission
<ul style="list-style-type: none"> ■ Paying Spectrum Assignment fees, GSM license fees, license acquisition fees or license renewal fees as license fees before or after 1 July 2012 or any other license fee paid if such license is integral to the operation of the company 		
<ul style="list-style-type: none"> ■ For obtaining permission from authority for 2 or more years 		

2.7. Losses

The rules for carry forward and set-off of losses for businesses are set out below:

Income Head	Current Year Set-Off	Carry Forward
Interest	Against income from any other head	Cannot be carried forward
House Property	Against income from any other head	Cannot be carried forward
Agricultural ⁶⁹	Against income from any other head except capital gains	Can be carried forward for 6 successive years and set off against agricultural income
Income from business ⁷⁰	Against income from any other head except income from: <ul style="list-style-type: none"> ■ House property ■ Capital Gains 	Can be carried forward for 6 successive years and set off against income from business or same profession

66. 3rd Schedule Para 9 of ITO 1984

67. 3rd Schedule Para 10 of ITO 1984

68. 3rd Schedule Para 10A of ITO 1984

69. Section 41 of ITO 1984

70. Section 38 of ITO 1984

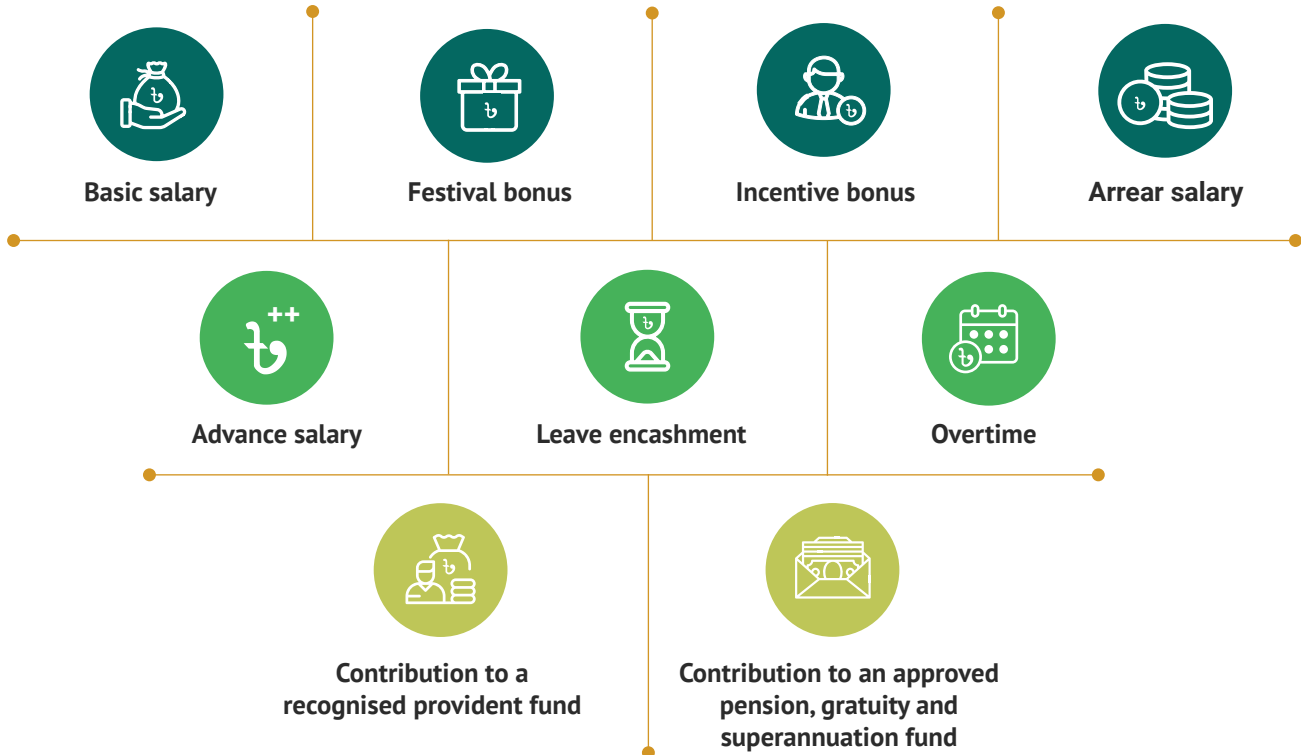
Income Head	Current Year Set-Off	Carry Forward
Income from speculation business	Only against any income from speculation business and cannot be set off against any other head of income ⁷¹	Can be carried forward for 6 successive years and set off against income from speculation business ⁷²
Capital Gains	Only against any income from capital gains and cannot be set off against any other head of income ⁷³	Can be carried forward for 6 successive years and set off against income from capital gains ⁷⁴
Income from other sources	Against income from any other head	Cannot be carried forward
Income from tax exempt source	Cannot be set off against any other head of income	Cannot be carried forward

However, any loss in respect of any income from any head cannot be set off against income from manufacturing of cigarette, bidi, zarda, chewing tobacco, gul or any other smokeless tobacco or tobacco products⁷⁵

2.8. Allowable Perquisites

The limit of perquisites payable to an employee is Tk. 550,000 during a year and Tk. 2,500,000 to any employee with a disability. Any amount exceeding this is disallowed in the company's tax assessment⁷⁶.

Perquisites are defined as any payment made to an employee by an employer in any form excluding the following⁷⁷:



71. Section 37 of ITO 1984 as amended by FA 2021

72. Section 39 of ITO 1984

73. Section 37 of ITO 1984 as amended by FA 2021

74. Section 40 of ITO 1984

75. Section 37 of ITO 1984

76. Section 30(e) of ITO 1984

77. Section 2(45) of ITO 1984

**Limit of allowable
perquisites has been
fixed at Tk 550,000 per
employee and
Tk 2,500,000 for any
disabled employee
per year**



2.9. Deductions Not Allowable

The following expenditures are not allowable subject to certain circumstances⁷⁸:

#	Details			
1	Payment of salaries without deduction of tax at source			
2	Payment of salary to an employee without a 12-digit e-TIN			
3	Payment of salaries to employees for whom a return under Section 108A was not filed			
4	Payments without deduction at source of tax			
5	Payment of interest, salary, commission or remuneration by a firm or an association of persons to any partner			
6	Brokerage or commission paid to a non-resident without deduction of tax at source			
7	Payment to a provident or other fund without deduction of tax at source			
8	Expenditure up to Tk. 550,000 on the provision of perquisites for any employee and up to Tk. 2,500,000 for a disabled employee			
9	Entertainment expense allowance ⁷⁹ :			
	■ On first Tk. 1,000,000 of income, profits and gains		4%	
	■ On the balance		2%	
10	LFA - Foreign travel expenditure of employees and their dependents for holidaying and recreation equivalent to lower of: ■ 3 months basic salary or ■ ¾ of actual expenditure, subject to certain conditions ⁸⁰			
11	Allowable expenditure on distribution of free samples⁸¹:	Pharmaceutical	Food, Cosmetics & Toiletry	Others
	Turnover up to Tk. 50 million	2%	1%	0.50%
	Turnover between Tk. 50 – 100 million	1%	0.50%	0.25%
	Turnover in excess of Tk. 100 million	0.50%	0.25%	0.10%
12	Head office or intra-group expenses of a company not incorporated under the Companies Act 1994 of up to 10% of net profit disclosed in the financial statements			
13	Royalty, technical services fee, technical know-how fee, technical assistance fee as a percentage of net profit (excluding any profit or income of subsidiary, associate, joint venture) ⁸² disclosed in the financial statements	First 3 years		Subsequent years
		10%		8%
14	Payment of salary or remuneration exceeding Tk. 20,000 other than by bank transfer			

78. Section 30 of ITO 1984

79. Rule 65 of ITR 1984

80. Rule 65A of ITR 1984

81. Rule 65C of ITR 1984

82. Section 30(h) of ITO 1984

#	Details
15	Payment exceeding Tk. 500,000 for purchase of raw materials by any method other than bank transfer ⁸³
16	Incentive bonus exceeding 10% of net profit disclosed in the financial statements
17	Overseas travelling expenditure exceeding 0.5% of disclosed business turnover ⁸⁴
18	Payment of any promotional expense exceeding 0.50% of the disclosed business turnover ⁸⁵
19	Payment of commission or discount to shareholder director
20	Payment exceeding Tk. 50,000 other than by bank transfer except on account of salary or remuneration (as detailed on 14 above), government obligation and purchase of raw materials (as detailed on 15 above) ⁸⁶
21	Payment of rent other than by crossed cheque or bank transfer

Bank transfer (as a tax allowable mean of payment method) includes cross-cheque facility, mobile financial services and any other digital means as approved by Bangladesh Bank⁸⁷.

Minimum tax under Section 82C shall not be applicable for disallowed expenses under Section 30. The amount of disallowances shall be treated separately as “Income from business or profession” and tax shall be payable thereon at regular rate⁸⁸.

2.10. Income Arising in Bangladesh

The following income are deemed to accrue or arise in Bangladesh⁸⁹:

- a) Salaries – if earned in Bangladesh or paid by the Government or a local authority to a Bangladeshi citizen.
- b) Any income accruing or arising through or from:
 - any permanent establishment in Bangladesh
 - any property, asset, right or other source of income, including intangible property, in Bangladesh
 - the transfer of any assets situated in Bangladesh which includes shares of any company which is a resident
 - the sale of any goods or services by any electronic means to purchasers in Bangladesh; or
 - any intangible property used in Bangladesh if it is registered in Bangladesh or owned by a person who in Bangladesh and shares of non-resident companies limited to the value of assets in Bangladesh through a Permanent Establishment in Bangladesh
- c) Dividend – any dividend paid outside Bangladesh by a Bangladeshi company.
- d) Interest, Technical Fees & Royalty – any income related to interest, technical fees or royalty paid by:
 - the Government
 - a tax-resident except in certain circumstances relating to foreign source of income
 - a tax non-resident where such income relates to activities carried out in Bangladesh

83. Section 30(ii) of ITO 1984 as introduced by FA 2021

84. Section 30(k) of ITO 1984 as amended by FA 2021

85. Section 30(p) of ITO 1984

86. Section 30(m) of ITO 1984 as amended by FA 2021

87. Section 30(Explanation-2) of ITO 1984 as introduced by FA 2021

88. Section 30B of ITO 1984

89. Section 18 of ITO 1984

2.11. Deemed Income

Certain incidents such as unexplained investment, cash credits, possession of assets, non-payment of liabilities are treated as deemed income of an assessee which is assessable under specific income head⁹⁰.

#	Deemed income	Head of Income
1	Unexplained cash credit in the books of accounts	Income from Other Source
2	Unexplained expenditure	
3	Unrecorded investment	
4	Income from discontinued business	Income from Business/ Profession
5	Dividend received	Income from Other Source
6	Fair market value – Purchase price of asset (<i>except stock-in-trade</i>)	
7	Goodwill money, compensation or damages for cancellation or termination of contracts and licenses	
8	Monetary value of benefit for cancellation of indebtedness	
9	Managing Agency Commission	
10	Profits and gains from insurance Business	Income from Business/ Profession
11	Amount received in respect of any loss, bad debt, expenditure or trading liability previously allowed as deduction	
12	[Sale proceeds – (original cost – written down value)] of building, machinery, plant used for business or profession	
13	[Sale proceeds – (original cost – written down value)] of machinery and plant used for agriculture	Agricultural income
14	[Insurance / salvage / compensation received – ((original cost – written down value) – scrap value) of building, machinery, plant used for business or profession	Income from Business/ Profession
15	[Insurance / salvage / compensation received – ((original cost – written down value) – scrap value) of machinery and plant used for agriculture	Agricultural income
16	[Sale proceeds – allowed capital expenditure] of asset used for scientific research	Income from Business/ Profession
17	Loan or gift unless: <ul style="list-style-type: none"> ■ Through bank transfer ■ A part of the loan is repaid within the tax year in which case the amount repaid will be deductible. ■ From a bank or financial institution ■ Amount is below Tk. 500,000 	Income from Other Source
18	Loan or gift received which is transfer of initial capital of a business or profession, subject to certain conditions	

#	Deemed income	Head of Income
19	Initial capital partly or fully transferred from business or profession, subject to certain conditions	Income from Other Source
20	Any sum received in the form of loan or trading liability not repaid within 3 years	
21	Amount received from tenant which is not adjustable with rent	Income from House Property
22	Export value of exportable garments against transferred export quota	Income from Business/ Profession
23	Paid-up capital received by a non-listed company otherwise than by crossed cheque or bank transfer	Income from Other Source
24	Loan received by a company otherwise than by crossed cheque or bank transfer	
25	50% of [Value of motor car / jeep purchased or hired – 10% of (paid-up capital + reserve + accumulated profit)] of a company	
26	Unpaid liability in respect of credit purchase of building construction material, subject to certain condition	
27	Unspent amount of deduction allowed for repair and maintenance of house property	Income from House Property
28	[Income shown in revised return – income shown in original return], subject to certain condition	Income from Other Source
29	Entire value of assets acquired, and payment made without taxes deducted at source	

2.12. Additional Scope of Tax for Listed Companies

Tax on stock dividend⁹¹

Tax at the rate of 10% is applicable on stock dividend if this exceeds the cash dividend declared/distributed in that income year.

Tax on equity reserves⁹²

Tax at the rate of 10% will be applicable on any transfer to equity reserves in excess of 70% on the net profit after tax for the income year.

91. Section 16F of ITO 1984

92. Section 16G of ITO 1984

2.13. Rates of Corporate Tax

The applicable rates of tax for companies are as follows⁹³:

Type	Rate
Publicly traded companies i.e., companies listed with any stock exchanges in Bangladesh other than banks, insurance and other financial institutions, merchant banks, mobile phone operating companies and cigarette manufacturing companies. If such a company transfers at least 20% shares through IPO it will enjoy a 10% rebate on tax in that year.	22.5%
Non-listed companies	30%
One-person companies	25%
Banks, insurance, mobile financial services (MFS) and other financial institutions (except merchant banks) if not publicly listed.	37.5%
Banks, insurance, mobile financial services (MFS) and other financial institutions (except merchant banks) if publicly listed.	40%
Merchant banks	37.5%
Cigarette, bidi, zarda, gul and all tobacco manufacturers (companies, firms and individuals) irrespective of listing	45%
Mobile phone operating companies if not publicly listed as below.	45%
Listed Mobile phone operating companies (subject to certain conditions) If such a company transfers at least 20% shares through IPO it will enjoy a 10% rebate on tax in that year.	40%
Jute Industries (up to 30 June 2023) ⁹⁴	10%
Knit wear and woven garments manufacturers and exporters	12%
Knit wear and woven garments manufacturers and exporters with “green building certification”	10%
Private university/medical college/dental college/engineering college/college involved in IT education	15%
Co-operative societies registered under Co-operative Societies Act, 2001	15%
Dividend Income	20%
Association of persons	30%

Any institution having person with disability of at least 10% among the total workforce will receive 5% tax rebate on their tax liability. However, this benefit will not be applicable if tax is calculated based on section 82C (*minimum tax payment*).

Failure to provide facilities to handicapped customers at the premises of schools, colleges, universities or NGOs will lead to a charge of 5% addition on the tax to be paid⁹⁵.

93. 2nd Schedule of FA 2021

94. SRO 314-LAW/Income Tax/2019

95. 2nd Schedule of FA 2021

**Corporate tax rate
for private limited
companies incorporated
in Bangladesh is
30%**



2.14. Tax Incentives

a) For Newly Established Industrial Undertaking⁹⁶

Tax exemption at specified rates can be availed if industrial undertaking is set up in certain areas of Bangladesh between **01 July 2019 and 30 June 2024** (*both days inclusive*). For the purpose of this section, "industrial undertaking" means any industry engaged in, or in the production of:

- active pharmaceuticals ingredient and radio pharmaceuticals
- agriculture machineries
- automatic bricks
- automobile
- barrier contraceptive and rubber latex
- basic components of electronics (e.g., resistor, capacitor, transistor, integrated circuit, multilayer PCB etc.)
- bicycle including parts thereof
- bio-fertilizer
- biotechnology based agro products
- boiler including parts and equipment thereof
- compressor including parts thereof
- computer hardware
- furniture
- home appliances
- insecticides or pesticides
- leather and leather goods
- LED TV
- locally produced fruits and vegetables processing
- mobile phone
- petro-chemicals
- pharmaceuticals
- plastic recycling
- textile machinery
- tissue grafting
- toy manufacturing
- tire manufacturing
- electrical transformer
- artificial fibre or manmade fibre manufacturing
- automobile parts and components manufacturing;
- automation and Robotics design manufacturing
- artificial Intelligence based system design and/or manufacturing
- nanotechnology based products manufacturing
- aircraft heavy maintenance services including parts manufacturing
- any other category upon specific approval from Government

b) For Newly Established Physical Infrastructure Facility⁹⁷

Tax exemption at specified rates can be availed if physical infrastructure facility is set up in certain areas of Bangladesh between **01 July 2019 and 30 June 2024** (*both days inclusive*). For the purpose of this section, "physical infrastructure facility" means:

96. Section 46BB of ITO 1984

97. Section 46CC of ITO 1984

- deep seaport
- elevated expressway
- export processing zone
- flyover
- gas pipeline
- Hi-tech park
- Information and Communication Technology (ICT) village or software technology zone
- Information Technology (IT) park
- large water treatment plant and supply through pipeline
- Liquefied Natural Gas (LNG) terminal and transmission line
- mobile phone tower or tower sharing infrastructure
- monorail
- rapid transit
- renewable energy (e.g., solar energy plant, windmill)
- sea or river port
- toll road or bridge
- underground rail
- waste treatment plant
- any other category upon specific approval from Government

c) For Private Power Generation Companies⁹⁸

Private power generation companies (*except for coal-based power generation companies*) starting power generation for commercial purpose within **1 January 2020 to 31 December 2022** will receive tax exemption on items as listed below:

- Income from the business of power generation from the commencement of commercial generation to 31 December 2034
- Expatriate employees' salary; for 3 years from the date of their arrival in Bangladesh
- Interest on any foreign loan taken by the company
- Royalties, technical know-how and technical assistance fees
- Capital gain arising from transfer of shares

d) For employing disabled persons or third gender

Any institution employing disabled persons, the number of which is at least 10% of their total number of employees, will enjoy a tax exemption of 5% on their tax liability.⁹⁹

Any institution employing persons of third gender, the number of which is at least 10% of their total number of employees, will enjoy a tax exemption which will be the lower of:¹⁰⁰

- 5% of the tax liability
- 75% of the total salary paid to the employees of third gender

98. SRO 05-LAW/Income Tax/2020

99. 2nd Schedule of ITO 1984 as amended by FA 2021

100. 2nd Schedule of ITO 1984 as amended by FA 2021

2.15. Capital Gains Tax

Capital gains tax for corporations can be divided into two major categories:

a) Sale of shares of listed companies

Capital gains tax on transfer of stocks and shares of public limited companies listed with the stock exchange except listed government securities is 10%¹⁰¹.

b) Other than sale of shares of listed companies

Income from capital gains will be separated from total income and tax at 15% is payable on such capital gains regardless of the period of holding of the asset from the date of its acquisition¹⁰².

Any profits and gains arising from the transfer of a business or undertaking in any income year shall be considered under capital gains tax. Gain arising from such transfer will be computed in a specified manner and will be taxed at 15%¹⁰³.

2.16. Tax Return

Filing

All companies incorporated in Bangladesh are required to obtain an e-TIN from the authorities. Companies are required to file their tax returns on the later date of the following¹⁰⁴:

- 15th day of the seventh month following the end of the income year
- Following **15 September**

Such tax returns must be accompanied by:



Exempt from Filing Tax Return¹⁰⁵

- A non-resident company having no permanent establishment in Bangladesh
- An educational institution receiving government benefits under MPO
- A public university
- A fund

Extension

This filing date may be extended by up to two months and further extension of up to two months upon application¹⁰⁶

101. SRO 196-LAW/Income Tax/2015
 102. 2nd Schedule Para 2 of ITO 1984
 103. Section 31A & 32A of ITO 1984
 104. Section 2(62A) of ITO 1984
 105. Section 75(2) of ITO 1984
 106. Section 75(6) of ITO 1984

**Rate of capital gains
tax on transfer of
stocks and shares
of listed companies
is 10%**



2.17. Minimum Tax (82C)

a) Minimum tax in case of deduction at source

This section has been renamed Minimum Tax in the Finance Act 2016. Tax deducted at source from the following income is considered minimum tax¹⁰⁷:

Section	Details
52	Payments for supply of goods or execution of contracts except: <ul style="list-style-type: none"> ■ Contractor or sub-contractor of oil company ■ Oil marketing companies and their agents excluding petrol pumps ■ Oil refinery ■ Gas transportation or gas distribution companies
52A	Payment of royalties, etc.
52AA	Advisory or consultancy service, professional service, technical services fee or technical assistance fee, wheeling charge for electricity transmission
52AAA	Commission from clearing and forwarding agency business
52B	Sale of banderols to any manufacturers of cigarettes
52C	Compensation from acquisition of property
52D	Interest on savings instruments
52JJ	Collection of tax from travel agent
52N	Revenue of rental power company
52O	Salaries of foreign technician in diamond cutting industry
52R	Income of international gateway service operator or interconnection exchange
53	Tax collected from import of goods (<i>not import of goods by industrial undertakings as raw materials, except for industrial undertakings engaged in producing cement, iron or iron products, ferro alloy products, perfumes and toilet waters</i>) ¹⁰⁸
53AA	Income from shipping business
53B	Income from export of manpower
53BB & 53BBBB	Receipt on export of knitwear and woven garments, terry towels, cartons and accessories of garments industry, jute, frozen food and vegetables, leather goods and packed food
53BBB	Amount received on account of transaction by a member of a stock exchange
53C	Receipt in an auction purchase
53CCC	Income of a courier business of a non-resident
53DDD	Payment of export cash subsidy

107. Section 82C(2) of ITO 1984

108. Section 82C(2) of ITO 1984 as amended by FA 2021

Section	Details
53EE	Amount received as commissions and charges by an agent of a foreign buyer
53F	Interest on savings deposits and fixed deposits with certain exceptions
53FF	Income from real estate of land development business
53G	Remuneration or award or commission paid to insurance agent
53GG	Payment for survey by surveyor of a general insurance company
53H	Amount paid for transfer of property
53M	Income by sponsor shareholder from transfer of securities or mutual fund units
53N	Income from transfer of shares of Stock Exchange
55	Winnings from lottery

If tax on above income sources calculated by using regular rates on such income is higher than the minimum tax under this section, the higher amount shall be payable on such income.

Where an assessee has income from regular sources in addition to income on sources qualifying under Section 82C:

- Regular tax shall be calculated on income from regular sources
- Tax liability of the assessee shall be the aggregate of regular tax and tax deducted as per above sections

b) Minimum tax on gross receipt¹⁰⁹

Every firm with gross receipts in excess of Tk. 5,000,000, or every company, irrespective of profit or loss (for any reason) in any year, or an individual having gross receipts of Tk. 30,000,000 or more is liable to pay minimum tax as follows:

#	Details	% of Gross Receipts
1	Manufacturer of cigarette, bidi, chewing tobacco, smokeless tobacco or any other tobacco products	1%
2	Mobile phone operator	2%
3	Individual other than individual engaged in mobile phone operation or in the manufacturing of cigarette, bidi, chewing tobacco, smokeless tobacco or any other tobacco products, having gross receipts taka 3 crore or more	0.25%

109. Section 82C(4) of ITO 1984 as amended by FA 2021

#	Details	% of Gross Receipts
4	Any other cases	0.60%
5	Industrial undertaking for first 3 income years engaged in manufacturing of goods	0.10%

c) Minimum tax in special cases¹¹⁰

In case of an assessee falling under the jurisdiction of both withholding (a) and turnover tax (b), the minimum tax payable by the assessee shall be the higher of:

- minimum tax under (a) above
- minimum tax under (b) above

Minimum tax under this section shall not be refunded, nor shall be adjusted against refund due for earlier year or years or refund due for the assessment year from any source¹¹¹.

2.18. Assessments

Provisional Assessment

The DCT can make a provisional assessment of tax in a summary manner at any time after 1 July of the concerned income year, based on the following¹¹²:

- Return, accounts and documents, if filed
- The last assessment including provisional assessment, if return is not filed

Assessment on Correct Return

Where a return or revised return is filed fulfilling certain conditions and the DCT is satisfied that the return is correct and complete without requiring the presence of the assessee or production of any evidence, he will assess the total income and determine the tax payable on the basis of such return and communicate the assessment order to the assessee within 30 days¹¹³:

Universal Self-Assessment¹¹⁴

Under this scheme, companies can electronically or manually submit a filing of return within the specified deadline and pay tax on the basis of such return. The Deputy Commissioner of Taxes (DCT) will then proceed to issue an acknowledgement of such return and this shall be deemed to be an order of assessment for that assessment year. In the case of submission of income tax return under universal self-assessment scheme, a scrutiny assessment procedure has been introduced maintaining normal selection of audit procedures. An

110. Section 82C(5) of ITO 1984

111. Section 82C(6) of ITO 1984

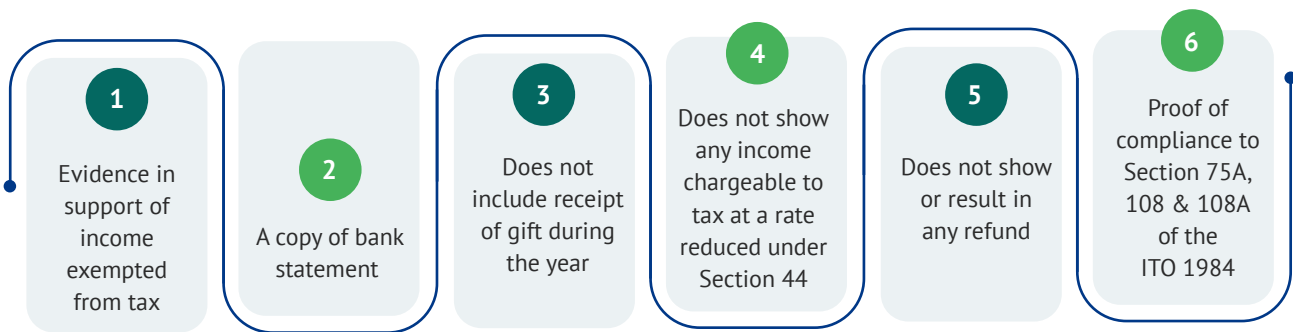
112. Section 81 of ITO 1984

113. Section 82 of ITO 1984

114. Section 82BB of ITO 1984

acknowledgement receipt provided by the DCT shall be treated as an assessment order as previous year. However, the DCT shall issue a demand notice upon correction of arithmetical error or incorrect claim stated in the submitted tax return after adjusting tax deducted at source, advance income tax paid and income tax paid under section 74. This process shall be done by the DCT within 12 months from the end of the financial year of the return submitted.

Returns filed under this section may be selected for audit within two years of the end of the assessment year. However, such returns are not selected for audit if they show a 20% increase in income over the last assessed year and are accompanied by:



If a new assessee deriving income from business or profession shows income not less than 25% of the capital invested in such business or profession and pays tax accordingly, no question regarding the source of income would be raised.

The initial capital investment or any fraction of it cannot be transferred within the income year when the investment was made or within 5 years from the end of such income year.

Assessment after Hearing

When a DCT is not satisfied with the correctness and completeness of a return or revised return, he shall serve a notice requiring the presence of the person filing the return for hearing or production of evidence supporting the return¹¹⁵.

Within 30 days of the hearing and consideration of evidence, the DCT shall assess the income and determine the amount of tax and communicate the order within 30 days of such assessment.

Other Assessments

Other assessments include:

Special case	Reference
Assessment on basis of report of Chartered Accountant	Section – 83AAA
Best judgment assessment	Section – 84

115. Section 83 of ITO 1984

Special case	Reference
Special provisions regarding assessment of firms	Section – 85
Assessment in case of change in the constitution of a firm	Section – 86
Assessment in case of constitution of new successor firm	Section – 87
Assessment in case of succession to business otherwise than on death	Section – 88
Assessment in case of discontinued business	Section – 89
Assessment in case of partition of a Hindu undivided family	Section – 90
Assessment in case of persons leaving Bangladesh	Section – 91
Assessment in case of income of a deceased person	Section – 92
Assessment in case of income escaping assessment	Section – 93

2.19. Advance Payment of Tax

Any assessee needs to pay advance income tax if he/she has a total income exceeding Tk. 600,000¹¹⁶ in any financial year based on regular assessment or estimation. The amount of tax will be:

(Total income of the latest income year as assessed x the applicable rates in force) – amount of TDS¹¹⁷.

Advance tax is payable in 4 equal instalments on 15 September, 15 December, 15 March and 15 June.

If advance tax paid or collected at source is less than 75% of total tax payable, in addition to the balance of tax payable, interest at the rate of 10% will be charged on the amount short of the 75%¹¹⁸. This rate of interest will be 50% higher if the return is not filed before the Tax Day.

A manufacturer of cigarette shall pay advance tax at the rate of 3% on net sale price in every month which shall be adjustable against the quarterly instalment of advance tax¹¹⁹.

2.20. Payment of Tax on the basis of Return

Any assessee who is required to file a return under Section – 75, 77, 78, 89(2), 91(3) & 93(1) has to pay the amount of tax payable by him on the basis of such return, or as per Section 82C, whichever is higher before the date of submission of return, reduced by the amount of TDS.

116. Section 64 of ITO 1984

117. Section 64-67 of ITO 1984

118. Section 73 of ITO 1984

119. Section 68A of ITO 1984

2.21. Penalties

The various penalties for non-compliances are furnished below:

#	Offence	Penalties & Punishment	Reference
1	<ul style="list-style-type: none"> ■ Failure to deduct/collect tax at source at accurate rate and amount ■ Failure to deposit deducted/collected tax into national exchequer 	2% additional of the amount of tax to be deducted, collected or deposited per month	Section – 57
2	Issuing certificate of deduction/ collection of tax at source without actual deduction/collection/payment	Issuer shall be personally liable to pay the amount	Section – 57A
3	Failure to give notice to the DCT regarding the discontinuance of business	Maximum the amount of tax subsequently assessed	Section – 89(3)
4	Failure to keep, maintain or furnish information, documents or records to the Deputy Commissioner of Taxes as per Section – 107E	Maximum 1% of the value of each international transaction	Section – 107G
5	Failure to comply with the notice or requisition under Section – 107C regarding computation of arm's length price	Maximum 1% of the value of each international transaction	Section – 107H
6	Failure to comply with the provision of Section - 107EE regarding submission of statement of international transactions	Maximum 2% of the value of each international transaction	Section – 107HH
7	Failure to furnish report under Section –107F	Maximum TK. 300,000	Section – 107I
8	Failure to maintain accounts in the prescribed manner as per Section – 35(2) (<i>assessed does not have income from house property</i>)	Maximum 1.5 times of tax liability. Maximum TK. 100, where the total income does not exceed the maximum amount on which tax is not chargeable	Section – 123
9	Failure to maintain accounts in the prescribed manner as per Section – 35(2) (<i>assessee has income from house property</i>)	Higher of a) 50% of taxes payable on house property income b) TK. 50,000	Section – 123

#	Offence	Penalties & Punishment	Reference
10	Failure to file return under Section – 75,77, 89, 91, 93	Higher of a) 10% of last assessed tax b) Tk. 1,000 For continuing default: a) An individual assessee not previously assessed - TK. 50 for every day provided that maximum penalty of Tk. 5,000 b) Maximum penalty for an individual assessee previously assessed - Higher of ■ 50% of last assessed tax ■ Tk. 1,000	Section – 124
11	Failure to furnish certificate, statement, accounts, information or TIN certificate required under Section – 58, 75A, 103A ¹²⁰ , 108, 108A, 109, 110 and 184C	■ 10% of tax on last assessed income or Tk. 5,000 whichever is higher ■ In case of continuing default, Tk. 1,000 per month	Section – 124
12	Failure to furnish information required under Section – 113	TK. 25,000 For continuing default: TK. 500 per day	Section – 124
13	Use of fake TIN or TIN of another person	Maximum TK. 20,000	Section – 124A
14	Failure to verify the authenticity of TIN	Maximum TK. 200,000 (<i>subject to compliance of Section 184A(5) & 184A(6) of ITO 1984</i>)	Section – 124AA
15	Failure to pay advance tax	Maximum amount of shortfall	Section – 125
16	Non-compliance with any notice under Section – 79,80, 83(1) and 83(2)	Maximum amount of tax liability	Section – 126
17	Failure to pay tax on the basis of return under Section – 74	Maximum 25% of unpaid tax	Section – 127
18	Delay in submitting the interest on filing after Tax Day	2% per month on outstanding amount	Section – 73A
19	Concealment of income	15% of the tax evasion If concealment detected after 1 year: Additional 15% for each preceding year	Section – 128

120. Section 124 of ITO 1984

#	Offence	Penalties & Punishment	Reference
20	Incorrect or false audit report by Chartered Accountant	Minimum: TK. 50,000 Maximum: TK. 200,000	Section – 129A
21	Furnishing fake audit report	TK. 100,000	Section – 129B
22	Default in payment of tax	Maximum amount of arrear tax	Section – 137
23	Non-compliance of certain obligations under Section - 164	Imprisonment up to 1 year or fine or both	Section – 164
24	False statement in verification	Imprisonment of 3 months to 3 years or fine or both	Section – 165
25	Use of fake TIN or TIN of another person	Imprisonment up to 3 years or fine up to TK. 50,000 or both	Section – 165A
26	Furnishing fake audit report	Imprisonment of 3 months to 3 years or fine up to TK. 100,000 or both	Section – 165AA
27	Obstruction of income tax authority	Imprisonment up to 1 year or fine or both	Section – 165B
28	Unauthorized employment of a non-Bangladeshi citizen	Imprisonment of 3 months to 3 years or fine up to TK. 500,000 or both	Section – 165C
29	Concealment of income	Imprisonment of 3 months to 5 years or fine or both	Section – 166
30	Disposal of property to prevent attachment	Imprisonment up to 5 years or fine or both	Section – 167
31	Disclosure of protected information	Imprisonment up to 6 months or fine or both	Section – 168

2.22. Additional Tax

If a company employs a foreign national without prior approval of authorities, the company shall be charged additional tax of 50% of the tax payable on its income or Tk. 500,000 whichever is higher¹²¹.

121. Section 16B of ITO 1984

2.23. Other Filings

The below filings are required to be done by a Company as prescribed:

Return of Withholding Tax¹²²

Following entities are required to submit a return of tax deducted or collected at source using prescribed formats half yearly to the tax authorities by the **31 January and 31 July** each year:

-
- Company
 - Co-operative society
 - Micro Credit Organisation registered with NGO Affairs Bureau
 - University
 - Private hospital, clinic and diagnostic centre
 - English medium school providing education following international curriculum
 - Artificial juridical person
 - Local authority
-

An extension of 15 days can be sought. Such returns may be subject to audit within four years of submission to check for appropriateness in deduction, collection and payment¹²³.

Salary Return

Every assessee responsible for making payment of salaries are required to submit to the authorities a statement in prescribed format by **31 August** each year¹²⁴.

Every assessee responsible for making payment of salaries are required to submit to the authorities a statement in prescribed format by **30 April** each year including the following information¹²⁵:

-
- Name, designation and e-TIN number of employees
 - Date of filing of return of income of employees
 - The serial number provided by the income tax authority upon filing of return
-

Interest Payment Return

Every assessee responsible for making payment of interest (not interest on securities) are required to submit to the authorities a statement in prescribed format by **31 August** each year¹²⁶.

Dividend Return

Every assessee responsible for making payment of dividend are required to submit to the authorities a statement in prescribed format by **31 August** each year¹²⁷.

122. Section 75A of ITO 1984

123. Section 75AA of ITO 1984

124. Section 108 of ITO 1984

125. Section 108A of ITO 1984

127. Section 109 of ITO 1984

128. Section 110 of ITO 1984

2.24. Tax Deduction at Source

Section	Deduction/Collection from/on	Rate	
50	Salaries	Average rate	
51	Interest or profit on securities (including Government T-Bill & T-Bond) irrespective of maturity ¹²⁸	5%	
52 Rule 16	Payment to contractors or suppliers:	<ul style="list-style-type: none"> ■ Maximum 10% ■ The said below rates shall be 50% higher if payee does not have an e-TIN number. ■ The said below rates shall be 50% higher if payee does not receive payment bank transfer or by mobile financial services or any other digital means approved by the Bangladesh Bank.¹²⁹ ■ In the case of imported goods, the deduction of tax will be reduced by the amount of tax paid u/s 53 by the importer. ■ If the payee or income of payee is subject to an exemption or reduced rate of tax, then such exemption or reduced rate can be availed upon obtaining specific certificate from NBR.¹³⁰ 	
	a) Execution of contract	Where base amount: ¹³³	
	b) Supply of goods – As per new rule, tax shall also be deducted in respect of the purchase of direct materials that constitute cost of sales or cost of goods sold of a trading/manufacturing company ¹³¹	Upto 5 million	3%
	c) Manufacture, process or conversion	is between Tk. 5 – 20 million	5%
	d) Printing, packaging or binding	exceeds 20 million	7%
e) Where any goods imported or purchased locally or supplied by any distributor or any other person under a contract ¹³²			
	Supply of oil by the oil marketing companies	0.6%	

128. Section 51 of ITO 1984

129. Section 52 (1) of ITO 1984 as amended by FA 2021

130. SRO 173-LAW/Income Tax/2021

131. Section 52 of ITO 1984

132. Specific calculation method applicable

133. SRO 173-LAW/Income Tax/2021

Section	Deduction/Collection from/on	Rate	
52 Rule 16	Supply of oil by dealer or agent of oil marketing company (excluding petrol pump)	1%	
	Supply of oil by the oil refinery/gas transmission company/gas distribution company	3%	
	Industry engaged in production of cement, iron or iron products (except for MS Billets) ¹³⁴	2%	
	Industry engaged in production of MS Billets	0.5%	
	Local procurement of MS Scrap ¹³⁵	0.5%	
	Supply of rice, wheat, potato, onion, garlic, peas, chickpeas, lentils, ginger, turmeric, dried chillies, pulses, maize, coarse flour, flour, salt, edible oil, sugar, black pepper, cinnamon, cardamom, clove, date, cassia leaf, jute, cotton, yarn and all kinds of fruits ¹³⁶	2%	
52A	Royalty etc. (the said rates shall be 50% higher if payee does not have a e-TIN number)	Below Tk. 2.5 million	10%
		Above Tk. 2.5 million	12%
52AA	Certain services: (the said rates shall be 50% higher if payee does not have a e-TIN number)	Below Tk. 2.5 million	Above Tk. 2.5 million
	Advisory or consultancy	10%	12%
	Professional service/technical service/technical assistance fee	10%	12%
	Catering service/cleaning service/collection & recovery service/private security service/supply of manpower/creative media service/public relations service/ events management service/ training & workshop etc. organisation and management service/ courier service/ packing & shifting service/ any other service of similar nature - <ul style="list-style-type: none"> ■ On commission ■ On gross amount¹³⁷ 	10% 1.5%	12% 2%

134. SRO 213-LAW/Income Tax/2019

135. SRO 165-LAW/Income Tax/2020

136. SRO 165-LAW/Income Tax/2020

137. Specific calculation method applicable

Section	Deduction/Collection from/on	Rate		
52AA	Media buying agency service ■ On commission ■ On gross amount ¹³⁸	10% 0.5%	12% 0.65%	
	Indenting commission	6%	8%	
	Meeting fees/training fees/honorarium	10%	12%	
	Mobile network operator/technical support service provider/mobile banking agents	10%	12%	
	Credit rating service	10%	12%	
	Motor garage or workshop/private container port or dockyard/shipping agency commission	6%	8%	
	Stevedoring/ berth operation commission ¹³⁹	on commission or fee	10%	12%
		on gross bill amount	1.5%	2%
	Transport services/vehicle rental service/carrying service/ride sharing services/coworking space providing service/accommodation providing service ¹⁴⁰	3%	4%	
	Wheeling charge for electricity transmission ¹⁴¹	2%	3%	
Any other service (excluding service provided by a bank, insurance, or financial institution)	10%	12%		
52AAA	C&F agency commission	10%		
52B	Seller of banderols to any manufacturer of cigarettes	10%		

138. Specific calculation method applicable

139. Section 52AA of ITO 1984 as amended by FA 2021

140. Section 52AA of ITO 1984

141. Section 52AA of ITO 1984

Section	Deduction/Collection from/on	Rate	
52C	Acquisition of immovable property ¹⁴² : <ul style="list-style-type: none"> ■ Situated in City Corporation/Paurashava/Cantonment Board Area ■ Situated outside City Corporation/Paurashava/Cantonment Board Area 	6%	3%
52D	Interest on savings instruments ¹⁴³	Up to Tk. 5 lac	5%
		Above Tk 5 lac	10%
52DD	Workers Profit Participation Fund, provided: ¹⁴⁴ <ul style="list-style-type: none"> ■ The beneficiary has taxable income, and ■ The amount of fund exceeds Tk. 25,000 	5%	
52F	Brick manufacturer: <ul style="list-style-type: none"> ■ One section brick field ■ One and half section brick field ■ Two section brick field ■ Automatic brick field <i>Tax clearance certificate required of preceding assessment year</i>	Tk. 45,000 Tk. 70,000 Tk. 90,000 Tk. 150,000	
52I	Commission on LC	5%	
52JJ	Payment to travel agent <ul style="list-style-type: none"> ■ Commission ■ Incentive bonus 	0.30% (Incentive Bonus/Commission) x TDS on Commission	
52K	Renewal of trade license: <ul style="list-style-type: none"> ■ Dhaka (North & South) & Chittagong City Corporations ■ Other City Corporations ■ Paurashava at any district headquarters ■ Any other paurashava 	Tk. 3,000 Tk. 2,000 Tk. 1,000 Tk. 500	
52M	Freight forwarding agency commission	15%	

142. Section 52C of ITO 1984

143. SRO 264-LAW/Income Tax/2019

144. Section 52DD of ITO 1984 as amended by FA 2021

Section	Deduction/Collection from/on	Rate
52N	Purchase of power from Bangladesh Power Development Board or any other person engaged in power distribution ¹⁴⁵	6%
52P	Convention hall/conference centre etc.	5%
52Q	Payments received/revenue shared for services provided to foreign person by a resident or allowing the use of any online platform for advertisement or any other purposes. This excludes ¹⁴⁶ : <ul style="list-style-type: none"> ■ ITES Services ■ Any other service enjoying tax exemption ■ Remittance from Bangladeshi nationals working abroad 	10%
	Remittance received as consideration for contracts on manufacturing, process or conversion, civil work, construction, engineering or works of similar nature ¹⁴⁷	7.5%
52R	International Gateway (IGW) Service operator	1.5%
	Interconnection Exchange (ICX)/ Access Network Services (ANS)/ Bangladesh Telecommunication Regulatory Commission (BTRC) ¹⁴⁸ or any person in agreement with BTRC	7.5%
	Any payment in respect to outgoing international calls	7.5%
52T	Payment in excess of premium paid on life insurance	5%
52U	Local LC – for the purpose of trading or reselling after process or conversion	3%
	Local LC – under financing agreement against invoice or sale of goods to distributor	1%
	Local LC – for procurement of rice, wheat, potato, onion, garlic, peas, chickpeas, lentils, ginger, turmeric, dried chillies, pulses, maize, coarse flour, flour, salt, edible oil, sugar, black pepper, cinnamon, cardamom, clove, date, cassia leaf, computer or computer accessories, jute, cotton, yarn and all kinds of fruits ¹⁴⁹	2%

145. Section 52N of ITO 1984 as amended by FA 2021

146. Section 52Q of ITO 1984

147. Section 52Q of ITO 1984 as amended by FA 2021

148. Section 52R of ITO 1984

149. Section 52U of ITO 1984

Section	Deduction/Collection from/on	Rate
52V	Payment by mobile phone operator of fees to regulatory authority	10%
53 Rule 17A	From importers on 20% of the value of the imported goods <i>(may vary under certain conditions)</i> ¹⁵⁰	5%
53A	Rent payment for house property or hotel accommodation	5%
53AA	Shipping business of a resident	5% or 3% <i>(if service is rendered between two or more foreign countries)</i>
53B Rule 17C	Income from export of manpower	10%
53BB	Export of knit wear and woven garments, terry towel, carton, garments accessories, jute goods, frozen foods, vegetables, leather goods, and packed food ¹⁵¹	0.5%
53BBB	Commission received by member of Stock Exchanges on ¹⁵² : <ul style="list-style-type: none"> ■ Transaction value of shares and mutual funds ■ Sale of securities other than shares and mutual funds 	0.05% 10%
53BBBB	Export of goods except for goods mentioned in section 53BB ¹⁵³	0.5%
53CCC	Courier business of non-resident	15%
53D	Payment to actors, actresses, producers, etc.	10%
53DDD	Export cash subsidy	10%
53E	Payments/allowance to a distributor <i>(commission, discounts, fees, bonus etc.)</i>	10%

150. Section 53 of ITO 1984 as amended by FA 2021

151. Section 53BB of ITO 1984

152. Section 53BBB of ITO 1984

153. Section 53BBBB of ITO 1984

Section	Deduction/Collection from/on	Rate
53E	Payments to any person engaged in distribution or marketing of a company or firm ¹⁵⁴ or its goods and services	1.5%
	Any company or firm (<i>other than oil company</i>) selling to distributor or person under contract ¹⁵⁵	5% of (5% of selling price)
53EE	Commission or remuneration paid to agent of foreign buyer	10%
53F	Interest on savings deposit, fixed deposit, term deposit:	
	If TIN is furnished	10%
	If TIN is not furnished but deposit amount is up to Tk. 100,000	10%
	If TIN is not furnished but deposit amount exceeds Tk. 100,000	15%
	Public university, educational institutions, ICAB, ICMAB and ICSB	10%
	Paid to a fund (<i>except deposit pension scheme sponsored by government or by a scheduled bank with approval from government</i>)	5%
	<i>Twelve-digit TIN of parent is considered as TIN of a minor</i> ¹⁵⁶	
53FF	Real estate or land development business	Rates vary depending on location
53G	Insurance Commission	5%
53GG	Fees etc. of surveyor of general insurance company	10%
53H	Transfer of property	Rates vary depending on location
53HH	Lease of property	4%
53I	Interest on deposit of Post Office Savings Bank Account	10%
53J	Rental value of vacant land, plant or machinery	5%

154. Section 53E of ITO 1984 as amended by FA 2021

155. Section 53E of ITO 1984 as amended by FA 2021

156. Section 53F of ITO 1984 as amended by FA 2021

Section	Deduction/Collection from/on	Rate
53K	Advertisement or airtime bill of newspaper, magazine, private TV channel, private radio station, website	4%
53M	Transfer of securities or mutual fund units by sponsor shareholder, director, placement holder of listed companies	5%
53N	Transfer of share of shareholder of Stock Exchange	15%
53P	Signing money, subsistence money, house rent etc. paid to landowner by real estate developer	15%
54	Dividend:	
	Company	20%
	Assessee other than company, if TIN is furnished	10%
	Assessee other than company, if TIN is not furnished	15%
55	Lottery	20%
56	Deductions from income of non-residents:	
	Advisory or consultancy service	20%
	Pre-shipment inspection service	
	Professional service, technical services, technical know-how or technical assistance	
	Architecture, interior design or landscape design, fashion design or process design	
	Certification, rating etc.	

Section	Deduction/Collection from/on	Rate
56	Charge or rent for satellite, airtime or frequency, rent for channel broadcast	20%
	Legal service	
	Management service including event management	
	Commission	
	Royalty, license fee or payments related to intangibles	
	Interest	
	Advertisement broadcasting	
	Advertisement making or digital marketing	15%
	Air transport or water transport except in certain circumstances	7.5%
	Contractor or sub-contractor of manufacturing, process or conversion, civil work, construction, engineering or works of similar nature	
	Supplier	
	Capital gain	15%
	Insurance premium	10%
	Rental of machinery, equipment etc.	15%
	Dividend:	
	■ Company, fund and trust	20%
■ Any other person not being a company, fund and trust	30%	
Artist, singer or player	30%	

Section	Deduction/Collection from/on	Rate
56	Salary or remuneration	30%
	Exploration or drilling in petroleum operations	5.25%
	Survey for coal, oil or gas exploration	
	Any service for making connectivity between oil or gas field and its export point	
	Any payments against any services not mentioned above	20%
	Fees, etc. of surveyors of general insurance company	20%
	Any other payments	30%

2.25. Mode of Payment of Tax¹⁵⁷

Payment of taxes shall be made by –

a) automated challan (A-challan), pay order or demand draft or account payee cheque of a scheduled bank issued in favour of the Deputy Commissioner of Taxes of the concerned taxes circle; or

b) electronic payment (e-payment)

Where the amount of payment does not exceed Tk. 500,000, it shall be made by automated challan or electronic payment (e-payment).

Where the payment is made by account payee cheque, it is to be paid in a manner by which it can be encashed within the same clearing house where the office of the concerned Deputy Commissioner of Taxes is situated.

2.26. Timeline for Payment of TDS

The timeline for deposit/payment of taxes deducted at source (as above) is as follows¹⁵⁸:



Time of Deduction



Payment Date

<ul style="list-style-type: none"> In case of deduction/collection made between July to May 	By 2 weeks from end of month
<ul style="list-style-type: none"> In case of deduction/collection made between 1st to 20th of June 	Within 7 days from date of deduction/collection
<ul style="list-style-type: none"> In case of deduction/collection made between 21st to 30th of June (<i>except last two working days</i>) 	The following day
<ul style="list-style-type: none"> In case of deduction/collection made on last two working days of June 	Same day as deduction

Any deduction or collection of tax made and paid to the account of the government in accordance with the above sections, shall be treated as a payment of tax on behalf of the person from whose income the deduction or collection was made or of the owner of the security or of the shareholder as the case maybe, and credit shall be given on production of the relevant documents¹⁵⁹.

157. SRO 173-LAW/Income Tax/2021

158. Rule 13 of ITR 1984

159. Section 62 of ITO 1984

2.27. Transfer Pricing

Transfer pricing refers to the prices charged between related parties in different tax jurisdictions for goods, services, assets, and the right to use intangibles, interest, guarantee fees and factoring fees. For example, if a subsidiary company sells goods to a parent company, the cost of those goods paid by the parent to the subsidiary is the transfer price. Transfer pricing can be used as a profit allocation method to attribute a multinational corporation's net profit (or loss) before tax to countries where it does business. Transfer pricing results in the setting of prices among divisions within an enterprise¹⁶⁰.

- Every person who has entered into an international transaction shall furnish, along with the return of income, a statement of international transactions as per prescribed format¹⁶¹.
- International transactions include a transaction between associated enterprises, either or both of whom are non-residents in the nature of purchase, sale, or lease of tangible or intangible property, or provision of services, or lending or borrowing money, or any other transaction having a bearing on the profits, income, losses, assets, financial position or economic value of such enterprises. This includes, a transaction entered into by an enterprise with a person irrespective of whether such other person is a non-resident or not, other than an associated enterprise, if there exists a prior agreement in relation to the relevant transaction between such other person and the associated enterprise, or the terms of the relevant transaction are determined in substance between such other person and the associated enterprise.
- If the transfer prices are set in a manner that is inconsistent with the arm's length principle, tax authorities raise the concerns of the possibility of profit shifting. Arm's length price means a price in a transaction, the conditions of which do not differ from the conditions that would have prevailed in a comparable uncontrolled transaction between entities carried out under comparable circumstances.

Computation

Computation of arm's length price in relation to international transaction shall be determined by applying any of the following method¹⁶².

- | | |
|---|------------------------------------|
| a) Comparable uncontrolled price method | d) Profit split method |
| b) Resale price method | e) Transactional net margin method |
| c) Cost plus method | f) Other appropriate method |

Every person having international transaction shall keep and maintain information, documents and records as prescribed under Rule 73 of Income Tax Rules, provided that the aggregate value of international transactions exceeds Tk. 30 million in the particular income year¹⁶³. The person is also required to furnish a report from a Chartered Accountant or a Cost & Management Accountant¹⁶⁴.

2.28. Exclusions from Total Income

Below is a selective list of income which is not taxable in Bangladesh:

- a) Income from Micro-Credit** – any service charge earned by an NGO registered with the NGO Affairs Bureau or Microcredit Regulatory Authority¹⁶⁵.
- b) Income of a Registered Fund**¹⁶⁶ – any income derived by a registered Provident Fund or a Workers Profit Participation Fund subject to certain conditions.

160. Section 107A of ITO 1984

161. Section 107EE of ITO 1984

162. Section 107C of ITO 1984

163. Section 107E of ITO 1984

164. Section 107F of ITO 1984

165. 6th Schedule, Part A, Para 1A of ITO 1984 as amended by FA 2021

166. 6th Schedule, Part A, Para 4 of ITO 1984

**Any income generated
from ITES business
during the period
1 July 2008 to 30 June 2024
shall be exempt
from income tax**



c) Income from ITES business - any income earned during 1 July 2008 to 30 June 2024 shall be exempt from income tax for the following services¹⁶⁷:

Software development		IT support and software maintenance service
Software or application customization		Software test lab services
Nationwide Telecommunication Transmission Network (NTTN)		Call centre service
Digital content development and management		Overseas medical transcription
Digital animation development		Search engine optimization services
Website development		Document conversion, imaging and digital archiving
Web site services		Robotics process outsourcing
Web listing		Cyber security services
IT process outsourcing		Cloud services
Website hosting		System integration
Digital graphics design		e-learning platform
Digital data entry and processing		e-book publications
Digital data analytics		Mobile application development service
Geographic Information Services (GIS)		IT Freelancing

d) Income from Export of Handicrafts¹⁶⁸ – income from export of handicrafts from 1 July 2008 to 30 June 2024.

e) Income of SME¹⁶⁹ – income derived from any Small and Medium Enterprise (SME), engaged in production of any goods, having –

- an annual turnover of not more than Tk. 5,000,000
- an annual turnover of not more than Tk. 7,000,000 where the SME is owned by women

f) Income from IT equipment¹⁷⁰ – income derived by manufacturers of following equipment will enjoy full exemption for a period of 10 years from the inception of commercial production:

- | | | |
|---------------|----------------------------|----------------|
| ■ Motherboard | ■ Speaker and sound system | ■ Power Supply |
| ■ Casing | ■ Pen drive | ■ CCTV |
| ■ UPS | ■ USB Cable | |

167. 6th Schedule, Part A, Para 33 of ITO 1984

168. 6th Schedule, Part A, Para 35 of ITO 1984

169. 6th Schedule, Part A, Para 39 of ITO 1984 as amended by FA 2021

170. SRO 163-LAW/Income Tax/2021

This is conditional upon completion of certain requirements including the company going into commercial production within 30 June 2030 and specific application submitted to NBR.

g) Income from Food Processing and Machinery Production¹⁷¹ – income derived from the following will be subject to a full exemption for a period of 10 years from the inception of commercial production:

- Fruit processing
- Vegetable processing
- Dairy products processing
- Baby food production
- Agro machinery production

This is conditional upon completion of certain requirements including the company going into commercial production within the timeline of 1 July 2021 to 30 June 2030 and specific application submitted to NBR.

h) Income from Manufacture of Automobiles¹⁷² – income derived from manufacturing three or four wheelers is subject to a tax exemption in the following manner:

Duration	Exemption/Rate
For the first 10 years	Full exemption
For the next 10 years	10%

This is conditional upon completion of certain requirements including the company going into commercial production within 30 June 2030 and specific application submitted to NBR.

i) Income from Hospital¹⁷³ – income derived from health care service institutions situated outside Dhaka, Narayanganj, Gazipur and Chattogram is fully exempted from tax for 10 years.

This is conditional upon completion of certain requirements including the institution starting commercial services within the timeline of 1 July 2021 to 30 June 2030 and specific application submitted to NBR.

j) Income from Training Institute¹⁷⁴ – income derived from institutions providing education and training on specific areas are fully exempted from tax for 10 years from the date of approval from NBR.

k) Income from Home Appliances¹⁷⁵ – income derived from the sale of the following home appliances is fully exempted from tax for 10 years from the inception of commercial production:

- Washing machine
- Blender
- Microwave oven
- Electric sewing machine
- Induction cooker
- Kitchen hood
- Kitchen knives

This is conditional upon completion of certain requirements including the company going into commercial production within the timeline of 1 July 2021 to 30 June 2030 and specific application submitted to NBR.

171. SRO 164-LAW/Income Tax/2021

172. SRO 170-LAW/Income Tax/2021

173. SRO 169-LAW/Income Tax/2021

174. SRO 168-LAW/Income Tax/2021

175. SRO 168-LAW/Income Tax/2021

l) Income from Light Engineering¹⁷⁶ – income derived from goods of light engineering which are parts of machineries and used in industries is fully exempted from tax for 10 years from the inception of commercial production.

This is conditional upon completion of certain requirements including the company going into commercial production within the timeline of 1 July 2021 to 30 June 2030 and specific application submitted to NBR.

m) Capital Gains¹⁷⁷ – capital gains arising from the sale of listed securities with any stock exchange in Bangladesh by a non-resident provided the assessee is entitled to similar exemption in their country of residence.

n) Income Earned by Alternative Investment Fund¹⁷⁸ – any income earned by an alternative investment fund recognised by Bangladesh Securities & Exchange Commission (BSEC).

o) Distribution of Taxed Dividend¹⁷⁹ – any distribution of taxed dividend to a company provided the company distributing the taxed dividend, maintains separate accounts.

However, the above are exempt subject to filing of annual income tax returns.

2.29. Power to Condone or Extend¹⁸⁰

The NBR may now condone or extend time limits and deadlines in period of any disaster like epidemic, pandemic or war and the order may be issued with retrospective effect.

2.30. Double Taxation Avoidance¹⁸¹

The Government of Bangladesh has entered into agreements (DTAA) with the Governments of another country for avoiding double taxation. This treaty includes provision for relief from tax on income such as dividend, royalty, technical fees, business profits, etc. Bangladesh currently holds agreements on avoidance of double taxation with 36 countries:



Belgium



Indonesia



Myanmar



Canada



Italy



Norway



China



Japan



Oman (air traffic only)



Denmark



Kingdom of Bahrain



Pakistan

176. SRO 166-LAW/Income Tax/2021





177. 6th Schedule, Part A, Para 43 of ITO 1984

178. 6th Schedule, Part A, Para 54 of ITO 1984

179. 6th Schedule, Part A, Para 60 of ITO 1984

180. Section 184G of ITO 1984

181. Section 144 of ITO 1984

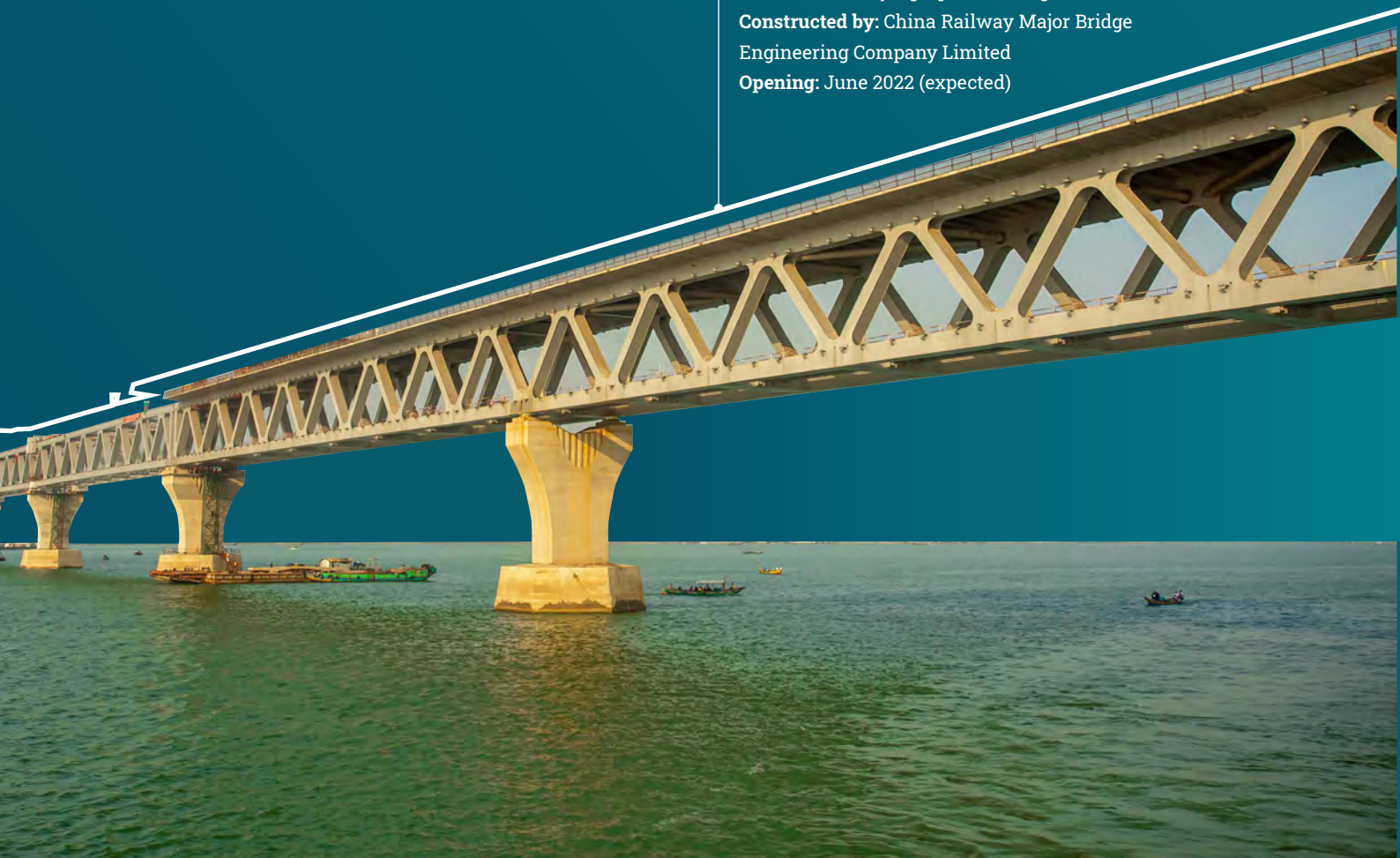
 France	 Kingdom of Saudi Arabia	 The Philippines
 Germany	 Malaysia	 Poland
 India	 Mauritius	 Republic of Belarus
 Republic of Korea	 Sweden	 Turkey
 Romania	 Switzerland	 United Kingdom
 Vietnam	 Thailand	 United Arab Emirates
 Singapore	 The Netherlands	 United States of America
 Sri Lanka	 Belarus	 Bahrain

Tax credit from deductions/payments in foreign jurisdictions is available to a Bangladesh resident in respect of any taxes on the same income being taxed in Bangladesh. The allowable credit is the lower of the foreign tax or the Bangladesh tax otherwise payable.

Value Added Tax (VAT)

Padma Bridge

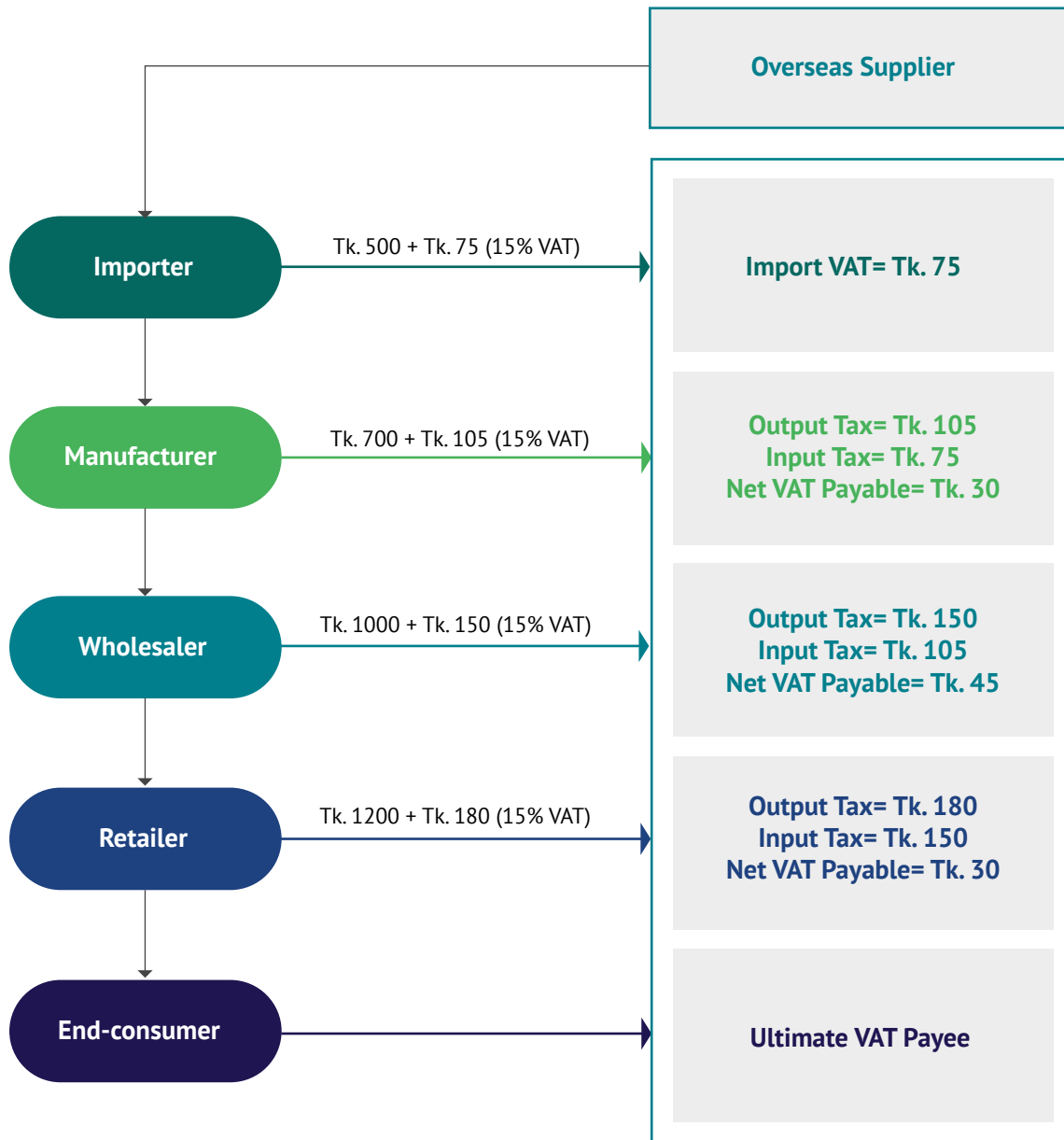
↑ **Location:** Louhajang Upazila , Bangladesh
Constructed by: China Railway Major Bridge
Engineering Company Limited
Opening: June 2022 (expected)



3. Value Added Tax (VAT)

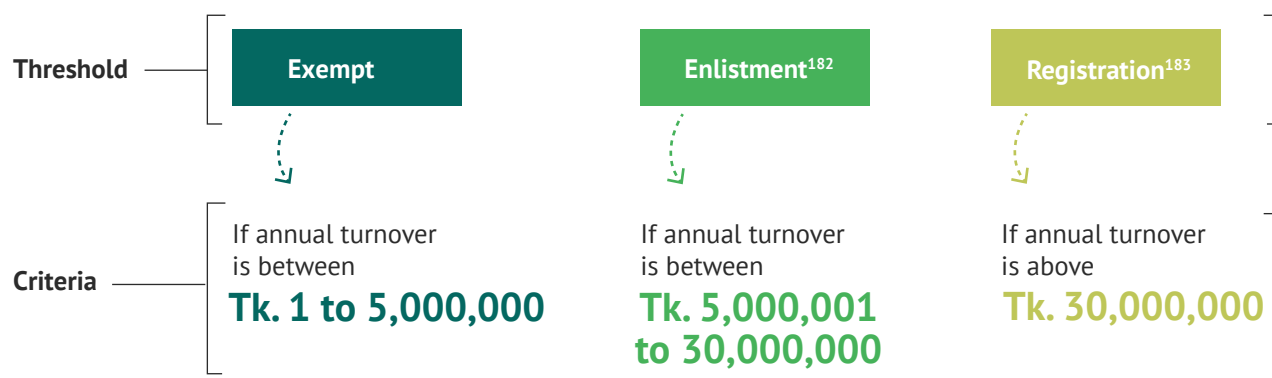
Value Added Tax (VAT) is an indirect tax which is paid by the consumer through a registered person.

3.1. Basic Mechanism of VAT



3.2. Registration or Enlistment

Vat Act 2012 introduces a new guideline of registration and enlistment for the purposes of VAT and Turnover Tax respectively:



For some specific supplies and services VAT registration is mandatory regardless of turnover limit¹⁸⁴. Voluntary registration is also available for businesses if required¹⁸⁵.

3.3. Type of VAT Rates

Type	Rate	Nature
Standard rate ¹⁸⁶	15%	<ul style="list-style-type: none"> All goods and services imported or supplied or provided in Bangladesh are subject to Standard Rate, except for those stated in the 1st and 3rd Schedule of VAT Act 2012
Reduced rate	Below 15%	<ul style="list-style-type: none"> Any supplies or services which have VAT below standard rate as stated in the 3rd Schedule of VAT Act 2012 or any other Statutory Regulatory Orders (SROs) Businesses other than export, having VAT below 15% cannot claim input tax credit¹⁸⁷ Such businesses can choose to practice standard rate to claim input tax credit on their purchases¹⁸⁸
Zero rate ¹⁸⁹	0%	<ul style="list-style-type: none"> Any goods or service exported or deemed to be exported from Bangladesh Goods produced in Bangladesh and supplied in accordance with Section – 24 of the Customs Act 1969 for any transport leaving Bangladesh Any goods intended to be re-imported into Bangladesh cannot be considered as zero-rated supply
Exempt ¹⁹⁰	N/A	<ul style="list-style-type: none"> Any supply of goods or services that are listed under 1st Schedule of VAT Act 2012 or for which exemption is provided through SRO are exempt from VAT These are mainly supplies related with the basic necessities

182. Section 2(48) of VAT Act 2012

183. Section 2(57) of VAT Act 2012

184. GO/17/MUSHAK/2019

185. Section 8 of VAT Act 2012

186. Section 15 of VAT Act 2012

187. Section 46(12) of VAT Act 2020 as amended by FA 2021

188. Section 15(3) of VAT Act 2012

189. Section 21 of VAT Act 2012

190. Section 26 of VAT Act 2012

**VAT registration is
mandatory if annual
turnover of a company
is above
Tk. 30,000,000**



Type	Rate	Nature
Trade VAT	5%	<ul style="list-style-type: none"> ■ Any supplies received from a trader are subject to trade VAT as stated in the 3rd Schedule of VAT Act 2012 ■ Businesses other than export, having VAT below 15% cannot claim input tax credit ■ Such businesses can choose to practice standard rate to claim input tax credit on their purchases
Specific VAT	N/A	<ul style="list-style-type: none"> ■ Certain goods and services are subject to tariff value based VAT e.g. SIM cards, mild steel products, newsprint etc. as stated in the 3rd Schedule of VAT Act 2012
Advance Tax	3% ¹⁹¹	<ul style="list-style-type: none"> ■ Importers are required to pay Advance Tax on taxable imports ■ Such tax can be shown as decreasing adjustment within the same tax period and additional four tax periods¹⁹² ■ Advance tax is exempted for 100% export or deemed export-oriented industries under bonded warehouse license only on imported goods¹⁹³
Turnover Tax ¹⁹⁴	4%	<ul style="list-style-type: none"> ■ Businesses enlisted or required to be enlisted need to pay turnover tax at 4% on the economic activities ■ Input tax credit is not allowed for expenses having turnover tax

3.4. VAT Deduction and Collection Guideline 2021¹⁹⁵

The guideline has been issued by NBR with a detail discussion on the mechanism of VAT deduction and submission process in case of a withholding entity.

A withholding entity can be:

- a) a government entity
- b) a non-government organization approved by the NGO Affairs Bureau or the Directorate-General of Social Welfare
- c) a bank, insurance company or a similar financial institution
- d) an educational institution of secondary or above level
- e) a limited company, branch office or liaison office (*as per definition of company*)¹⁹⁶

191. Sec 31 of VAT Act 2012 as amended by FA 2021

192. Sec 31 of VAT Act 2012

193. SRO 239-AIN/2019/75-MUSHAK

194. Section 63 of VAT Act 2012

195. SRO 240-AIN/2021/163-Mushak

196. Section 2(38) of VAT Act 2012

VDS Guideline

Type of supplies	VAT rate	Issue of Mushak 6.3	Deduction Applicability	Remarks
Goods	15%	If issued	✗	N/A in case goods purchased through procurement provider
		If not issued	✓	
	Reduced rate	Issued or not	✓	
	Exempted through 1st schedule	Issued or not	✗	
	Exempted through SROs	If issued	✗	
		If not issued	✓	
Services (Rates are covered in Section 3.8)	List of services mentioned in SRO No. 240-AIN/ 2021/163-Mushak	Issued or not	✓	-
		Other services (15% or reduced rate)	If issued	✗
	If not issued		✓	-
	Exempted through 1st schedule	Issued or not	✗	-
	Exempted through SRO	If issued	✗	-
		If not issued	✓	-
Procurement Provider	7.50%	Issued or not	✓	-
	Supplies or services exempted through SRO	Issued or not	✓	-
	Exempted through 1st schedule	Issued or not	✗	-
Oil, gas, electricity, water, telephone or mobile services	All rate	Issued or not	✗	-
Rent of land and building	15%	N/A	✓	-
Purchase from unregistered entity	All rate	N/A	✓	-
Purchase from entity listed for turnover tax	4%	Mushak 6.9 will be issued	✗	-

Type of supplies	VAT rate	Issue of Mushak 6.3	Deduction Applicability	Remarks
Services received from outside Bangladesh	15%	N/A	✓	For an unregistered person, bank have the authority to deduct VAT during payment
			✓	In case of a registered person, bank will not deduct VAT if deposited separately (<i>Challan proof mandatory</i>)
Payments related to licenses, registration & permits	15%	N/A	✓	Service recipient will deposit VAT in separate treasury
Payment to Advertisement organization (S007.00) or as a Television & Online broadcasting program provider (S043.00) ¹⁹⁷	15%	If issued	✗	Mushak 6.3 issued by the vendor must be attested by VAT authority
		If not issued	✓	-

After withholding the VAT as per guideline, consumer will ensure the followings:

1. Deposit the VAT amount to Government treasury (*within 15 days of deduction*)

2. Issue VAT deduction certificate (*Mushak 6.6*) to the supplier and related VAT circle (*within 3 days of deposit*). Certificate can also be issued at the time of making payment to vendor if required¹⁶⁷

3. Keep a copy of the certificate and store for 5 years

4. Show an increasing adjustment in the VAT return (*Mushak 9.1*) for the VAT withheld

The supplier will collect VAT deduction certificate from the consumer to claim the amount as a reducing adjustment in his VAT return. The supplier can make this adjustment within current tax period or the following tax period from when payment of supply has been made.

3.5. Input Tax

Meaning of Input Tax

Input tax means payment of VAT by registered person against import of inputs (except for advance tax) or purchase of inputs from local source.

197. SRO No. – 240-AIN/2021/163-Mushak

Here “input” means all raw materials, laboratory re-agent, laboratory equipment, laboratory accessories, any material used as fuel, packaging materials, services, machines and parts of machines¹⁹⁸.

However, below exceptions cannot be considered as input:

1. Land, labour, building, office equipment and fixtures, buildings/ infrastructures construction, maintenance, repair, renovation

2. All furniture, office supplies, stationeries, refrigerator, air conditioner, fan, lighting materials, generator purchase and repair

3. Interior design, architecture planning and design

4. Lease and rental payments for transportation

5. Travelling, entertainment, goods and services related to employee welfare related activities

6. Rent for office premises, showrooms

The above items can only be considered as input if any trader purchased or imported these for business purpose.

Input Tax Rebate

Input tax can be claimed as rebate through VAT return within current tax period and additional four tax periods except for below mentioned conditions¹⁹⁹:

- expenses for exempted goods or services
- expenses which are not mentioned in the Mushak 4.3 (*Input-Output Coefficient Declaration*)
- if updated Mushak 4.3 is not submitted in case of any deviation of more than 7.5% of the input amount
- expenses related to supply of goods and services for businesses other than export-oriented, which are subject to Turnover Tax or VAT at a specified rate or VAT at a rate less than 15%
- expenses over BDT 100,000 for which payment is made without banking channel
- imported services for which output VAT has not been shown in the VAT Return
- expenses for which the VAT invoice (*Mushak 6.3*) does not mention the name, address and BIN of both customer and supplier
- purchase of passenger vehicle or entertainment services, provided that, input VAT credit may be allowed when such purchases are part of normal course of the economic activities of the person
- expenses related of transportation of goods above 80%²⁰⁰
- VAT paid on the goods under the custody or possession or occupancy of another person
- VAT paid on inputs that have not been entered in the Mushak 6.2.1 (*Purchase-Sale Register*) prescribed by the Rules
- Goods or services which are supplied less than purchase price

Partial input tax credit can be claimed based on the portion of inputs consumed in a tax period for taxable supplies.

198. Section 18(A) of VAT Act 2012

199. **Section 46 of VAT Act 2012 as amended by FA 2021**

200. Section 46(2)(d) of VAT Act 2012

Cancellation of Rebate

■ For Unusable Materials²⁰¹

To clear stocks of unused inputs/ materials, an application to the Divisional Officer through Mushak 4.4 form need to be submitted. The officer will provide approval within 15 days after investigation and will submit a report to the Commissioner within 7 days. Any rebate already claimed on this input will be cancelled by an increasing adjustment in the next VAT return

■ For Damaged Products²⁰²

To dispose any finished goods destroyed by accident, an application to the concerned Divisional Officer need to be submitted within two days of the incident through Mushak 4.5 form. Within 30 days of the application, the officer will inspect and determine the condition of the damaged goods and submit a report to the Commissioner within 7 days of inspection. Any rebate already claimed on the damaged goods will be cancelled by an increasing adjustment in proportionate as determined by the officer through the VAT return

3.6. VAT Documentation

Tax Invoice²⁰³

Tax invoice (Mushak 6.3) needs to be issued along with the invoice to the respective customers. Every registered supplier is required to issue tax invoice on or before the date when VAT becomes payable on the taxable supply, providing required information as per guideline specified under VAT and SD rules 2016.

Withholding entities are discouraged from obtaining supply of goods or services from persons who do not have VAT registration or do not issue tax invoice.

Input-Output Coefficient²⁰⁴

To determine the value of the taxable supply, Input-output Coefficient need to be submitted to Divisional Officer using Mushak 4.3 form. A copy of Mushak 4.3 then need to be submitted along with recommendation from the officer to the concerned Commissionerate within 15 working days. Revised input-output coefficient declaration needs to be submitted for changes in input price exceeding 7.5%.

However, such declaration is not required in case of 100% export-oriented organization and service organization²⁰⁵.

VAT Return

VAT Return have been reintroduced as Mushak 9.1 under VAT Act 2012. Every registered or enlisted person needs to submit the VAT return for each month within 15 days following the end of the month. In case the said 15th day falls under any public holiday; the return can be filed the next working day. In case of any national crisis, NBR can extend the deadline to submit the return without imposing any penalty and interest²⁰⁶.

201. SRO 142/AIN/2020/103- MUSHAK

202. SRO 142/AIN/2020/103- MUSHAK

203. Section 51 of VAT Act 2012

204. SRO 142/AIN/2020/103-MUSHAK

205. Section 32(5) of VAT Act 2012 as amended by FA 2021

206. Section 64 of VAT Act 2012

Major VAT Forms

#	Mushak	Mushak Form (Subject)	Rules Ref.
1	Mushak 2.1	Application for VAT registration and turnover tax enlistment	Rule 4(1) & Rule 5(1)
2	Mushak 2.2	Application of VAT registration for non-resident	Rules 4(1)
3	Mushak 3.1	Registration of VAT agent	Sub-Rule (3) & (5) of Rule 16
4	Mushak 3.2	Registration certificate of VAT agent	Sub-Rule (4) & (5) of Rule 16
5	Mushak 3.4	Delegation of power to VAT agent by non-resident person	Sub-Rule (2) of Rule 17
6	Mushak 4.3	Input output co-efficient	Rule 21
7	Mushak 4.4	Application for disposal of unused or unusable materials	SRO-179-Act/2020/119-Mushak
8	Mushak 4.5	Application for settlement of accidental damage or destruction	SRO-179-Act/2020/119-Mushak
9	Mushak 6.1	Purchase book	Clause (a) of Rule 40 & 41
10	Mushak 6.2	Sales book	Clause (b), Sub-Rule (1) of Rule 40 & Clause (a) of Rule 41
11	Mushak 6.2.1	Purchase-sale accounts for registered/enlisted person not engaged in processing goods/ services	SRO-179-Act/2020/119-Mushak
12	Mushak 6.3	VAT challan	SRO-142-Act/2020/103-Mushak
13	Mushak 6.5	Good transfer invoice for centrally registered entity	SRO-142-Act/2020/103-Mushak
14	Mushak 6.6	VAT deduction certificate	Clause (f), Sub-Rule (1) of Rule 40
15	Mushak 6.7	Credit note	SRO-142-Act/2020/103-Mushak
16	Mushak 6.8	Debit note	SRO-142-Act/2020/103-Mushak
17	Mushak 6.9	Turnover tax challan	Rule 41 (2)
18	Mushak 6.10	Information relating to purchase/ sale invoice beyond 2 (two) lacs	Sub-Rule (1) of Rule 42
19	Mushak 9.1	VAT return	Sub-Rule (1) of Rule 47
20	Mushak 9.2	Turnover tax return	SRO-142-Act/2020/103-Mushak
21	Mushak 11.1	Late VAT return	Sub-Rule (1) of Rule 57a
22	Mushak 11.2	Assessment order for VAT	Sub-Rule (2) of Rule 57a
23	Mushak 18.1	Application for VAT consultant license	SRO-142-Act/2020/103-Mushak
24	Mushak 18.1a	VAT consultant license	SRO-142-Act/2020/103-Mushak

3.7. Negative Balance Adjustment²⁰⁷

If the summation of input tax and decreasing adjustment exceeds the summation of output tax, supplementary duty and increasing adjustment, exceeding amount would be adjusted in the same period and six succeeding periods.

If there is any negative balance available after six succeeding periods, treatment would be as follows:

if the amount is less than

50,000

adjustment will continue
until balance is zero

if the amount is above

50,000

refund can be claimed
through application

3.8. Penalties

#	Particulars	Penalty	Sec Ref.
1	Fake or wrong VAT registration certificate or Turnover tax certificate and Certificate of tax deduction at source	<ul style="list-style-type: none"> ■ One year imprisonment; or ■ Fine of the same amount of tax payable; or ■ Both 	Section – 111
2	Fake or wrong tax invoice, credit note, debit note, consolidated tax invoice and Certificate of tax deduction at source		
3	Fake or wrong or reused stamp or band roll production, preservation, marketing or using		
4	Fake or wrong or reused stamp or band roll production, preservation, warehousing, marketing or selling		
5	Fake or wrong or reused stamp or band roll production, preservation, warehousing, marketing or selling such product when band roll and stamp is mandatory		
6	Tax evasion		
7	Claims tax rebate even if not eligible		
8	Provides false, misleading details or statements to tax officer	<ul style="list-style-type: none"> ■ 6 months imprisonment; or ■ Face fines of the tax payable amount; or ■ Both 	Section – 112
9	Creates or tries to create obstacles for the VAT officer to follow the regulation	<ul style="list-style-type: none"> ■ 6 months imprisonment; or ■ Fine of BDT 10,000 to BDT 200,000; or ■ Both. 	Section – 113

**Every registered or
enlisted person needs
to submit the VAT return
for each month within 15
days following the
end of the month**



#	Particulars	Penalty	Sec Ref.
10	Any offence committed by a company	■ Fine unless proven otherwise	Section – 116
11	Does not withhold VAT despite being withholding entity	■ Half yearly 2% interest	Section - 127
12	Does not deposit to treasury on time after withholding VAT from supplier	■ Not more than BDT 25,000	Section – 85
13	Does not deposit VAT payable within due date	■ Monthly 1% interest	Sec – 127
14	Non-compliance or irregularity for not applying for registration or enlistment within prescribed time period		
15	Non-compliance or irregularity for not displaying the registration or turnover tax certificate in visible place		
16	Non-compliance or irregularity for not informing the VAT officer about the change in the information of the economic activity		
17	Non-compliance or irregularity for not applying for cancellation of registration or enlistment within prescribed time period		
18	Non-compliance or irregularity for not abiding by the provision of section 9(5)	■ BDT 10,000	Section – 85
19	Non-compliance or irregularity for not filing the VAT or turnover tax return within prescribed time period		
20	Non-compliance or irregularity for not issuing tax invoice, credit note, debit note, combined tax invoice or withholding certificate		
21	Non-compliance or irregularity for not keeping records in the prescribed manner		
22	Non-compliance or irregularity for not furnishing fixed security		
23	Non-compliance or irregularity to submit input-output coefficient within the time period		
24	Non-compliance or irregularity for not making inclusion of the output tax in the return	■ Twice the output tax not included	Section – 85
25	Irregularities for taking more input tax credit than entitlement in the return	■ Equal to the tax taken more	Section – 85

#	Particulars	Penalty	Sec Ref.
26	Irregularity relating to making an increase of a decreasing adjustment or making a decrease of an increasing adjustment in the return	<ul style="list-style-type: none"> ■ Equal to the amount increased as decreasing adjustment; or ■ Equal to the amount decreased as increasing adjustment 	Section – 85
27	Irregularity for willingly evading or attempting to evade assessment and pay tax	<ul style="list-style-type: none"> ■ Equal to the tax evaded 	

3.9. VAT rates as per applicable service code

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Sec. Ref	Remarks
1	S001.10	A/C Hotel	15.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
	S001.10	Non - A/C Hotel	7.5%	✓	SRO No. - 240-AIN/2021/163-Mushak	As per VAT SRO 141/21, Exemption are available for temporary hotels (without fence, electric fan, and have less than two electric bulbs)
	S001.20	A/C Restaurant	10.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
	S001.20	Non-A/C Restaurant	5.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	As per VAT SRO 141/21, Exemption are available for temporary restaurants (without fence, electric fan, and have less than two electric bulbs)
2	S002.00	Decorators & Caterers	15.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
3	S003.10	Motor garage & workshop	10.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
	S003.20	Dockyard	10.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
4	S004.00	Construction Works/ Firms (Builders)	7.5%	✓	SRO No. - 240-AIN/2021/163-Mushak	As per VAT SRO - 141/21, VAT exempted for - i) Signed agreement till 30 June, 1991 ii) Signed agreement till 30 June, 1993 against issued tender up to 30 June, 1991
5	S005.10	Warehouse	15.0%	✗	3rd schedule of VAT Act 2012	
	S005.20	Port for export & import	15.0%	✗	3rd schedule of VAT Act 2012	
6	S006.00	Cold storage	N/A	✗	SRO No. - 141-AIN/2021/138-Mushak	As per VAT SRO - 141/21, VAT exempted
7	S007.00	Advertisement organizations	15.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	As per VAT SRO - 141/21, Exempted for death news
8	S008.10	Printing press	10.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	As per VAT SRO - 141/21, VAT exempted if books, periodicals or any printing of good for students
	S008.20	Binding agency	N/A	✗	SRO No. - 141-AIN/2021/138-Mushak	As per VAT SRO - 141/21, VAT exempted

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Sec. Ref	Remarks
9	S009.00	Auction house	10.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
10	S010.10	Land development agency	2.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
	S010.20	Building construction company (Up to 1-1600 square feet)	2.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
	S010.20	Building construction company (More than 1601 square feet)	4.5%	✓	SRO No. - 240-AIN/2021/163-Mushak	
	S010.20	Building construction company (In case of re-registration)	2.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
11	S011.10	Video cassette shop	15.0%	✗	Section 15 of VAT Act 2012	
	S011.20	Video game shop	15.0%	✗	Section 15 of VAT Act 2012	
	S011.30	Audio/video recording studio	15.0%	✗	Section 15 of VAT Act 2012	
	S011.40	Audio/video CD or DVD rental shop	15.0%	✗	Section 15 of VAT Act 2012	
12	S012.10	Telephone	15.0%	✗	Section 15 of VAT Act 2012	
	S012.11	Teleprinter	15.0%	✗	Section 15 of VAT Act 2012	
	S012.12	Telex	15.0%	✗	Section 15 of VAT Act 2012	
	S012.13	Fax	15.0%	✗	Section 15 of VAT Act 2012	
	S012.14	Internet Service Provider	5.0%	✗	SRO No. - 141-AIN/2021/138-Mushak	As per VAT SRO - 141/21, VAT exempted only for providing educational institute
	S012.20	SIM card provider company	Tk. 200 for each SIM	✗	3rd schedule of VAT Act 2012	
13	S013.00	Automated Laundry	10.0%	✗	3rd schedule of VAT Act 2012	

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Sec. Ref	Remarks
14	S014.00	Indenting Service	5.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
15	S015.10	Freight Forwarders	15.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
	S015.20	C&F Agent	15.0%	✗	Section 15 of VAT Act 2012	
16	S016.00	Travel Agencies	N/A	✗	SRO No. - 141-AIN/2021/138-Mushak	The service is exempt from VAT
17	S017.00	Community center	15.0%	✗	Section 15 of VAT Act 2012	
18	S018.00	Film Studio	10.0%	✗	3rd schedule of VAT Act 2012	
19	S019.00	Photo Studio	N/A	✗	SRO No. - 141-AIN/2021/138-Mushak	The service is exempt from VAT
20	S020.00	Survey Firm	15%	✓	SRO No. - 240-AIN/2021/163-Mushak	
21	S021.00	Plant or capital machinery rental firm	15%	✓	SRO No. - 240-AIN/2021/163-Mushak	
22	S022.00	Confectionery	15%	✗	Section 15 of VAT Act 2012	
23	S023.10	Cinema Hall	10%	✗	3rd schedule of VAT Act 2012	
	S023.20	Cinema Distributor	10%	✗	3rd schedule of VAT Act 2012	
24	S024.10	Furniture (At the production stage) [If supplied directly from manufactory to consumers, VAT will be charged at 15%]	7.5%	✓	SRO No. - 240-AIN/2021/163-Mushak	
	S024.20	Furniture (At the marketing stage - Showroom) [If Mushak Challan is not available at manufacturing stage, VAT will be charged at 15%]	7.5%	✓	SRO No. - 240-AIN/2021/163-Mushak	

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Sec. Ref	Remarks
25	S025.00	WASA	15.0%	✗	Section 15 of VAT Act 2012	
26	S026.00	Goldsmith, silversmith and gold or silver trader	5.0%	✗	3rd schedule of VAT Act 2012	
27	S027.00	Insurance company	15.0%	✗	SRO No. - 141-AIN/2021/138-Mushak	As per VAT SRO - 141/21, VAT exempted for - i) Overseas insurance of sea going ships in Bangladesh ii) Insurance premium paid by private sector power generation company iii) Aviation insurance reinsurance premium paid in foreign currency iv) Insurance agent commission
28	S028.00	Courier & express mail service	15.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
29	S029.00	Astrologer	15%	✗	Section 15 of VAT Act 2012	
30	S030.00	Beauty salon	15%	✗	Section 15 of VAT Act 2012	
31	S031.00	Repair & Maintenance Servicing	10%	✓	SRO No. - 240-AIN/2021/163-Mushak	
32	S032.00	Consultancy or Supervisory firm	15%	✓	SRO No. - 240-AIN/2021/163-Mushak	
33	S033.00	Lessee (Leaseholder)	15%	✓	SRO No. - 240-AIN/2021/163-Mushak	
34	S034.00	Audit & accounting firm	15%	✓	SRO No. - 240-AIN/2021/163-Mushak	
35	S035.00	Shipping agent	15%	✗	Section 15 of VAT Act 2012	
36	S036.10	Air-conditioned Bus Service	15%	✗	Section 15 of VAT Act 2012	
	S036.20	Air-conditioned water vessel service	10%	✗	3rd schedule of VAT Act 2012	
	S036.30	Air-conditioned railway service	15.0%	✗	Section 15 of VAT Act 2012	

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Sec. Ref	Remarks
37	S037.00	Procurement provider	7.5%	✓	SRO No. - 240-AIN/2021/163-Mushak	As per VAT SRO - 141/21, VAT exempted for - i) Tiffin supply to school ii) Books by NCTB supply for primary, secondary or equivalent iii) Cotton supply iv) Waste & scrap supply v) Cullet supply vi) Plastic waste supply vii) Cow and buffalo bones used as ingredients in gelatin capsules viii) Supply of locally collected scrap to steel mills ix) Supply of jute products x) supply of old batteries
38	S038.00	Organizer of cultural program with foreign artists	15%	✗	Section 15 of VAT Act 2012	
39	S039.10	Satellite cable operator & channel distributor	15%	✗	Section 15 of VAT Act 2012	
	S039.20	Satellite channel distributor	10%	✗	Section 15 of VAT Act 2012	
40	S040.00	Security Service	10%	✓	SRO No. - 240-AIN/2021/163-Mushak	
41	S041.00	Marriage Media	15%	✗	Section 15 of VAT Act 2012	
42	S042.00	Automated or mechanical saw machine	10%	✗	3rd schedule of VAT Act 2012	
43	S043.00	Television & Online broadcasting programme provider	15%	✓	SRO No. - 240-AIN/2021/163-Mushak	
44	S044.00	BRTA services	15%	✗	Section 15 of VAT Act 2012	
45	S045.00	Legal advisors	15%	✓	SRO No. - 240-AIN/2021/163-Mushak	
46	S046.00	Health club & fitness Centre	15%	✗	Section 15 of VAT Act 2012	
47	S047.00	Sports Organizer	10%	✗	3rd schedule of VAT Act 2012	

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Sec. Ref	Remarks
48	S048.00	Transport contractor (for carrying petrol & related goods)	5.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	As per VAT SRO - 141/21, VAT exempted only in transport of grain
	S048.00	Transport contractor (other goods)	10.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
49	S049.00	Transport fare or rent a car	15.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
50	S050.10	Architect, interior designer or decorator	15.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
	S050.20	Graphics Designer	15.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
51	S051.00	Engineering Firm	15.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
52	S052.00	Sound & light equipment rental service	15%	✓	SRO No. - 240-AIN/2021/163-Mushak	
53	S053.00	Board Meeting Fees	10%	✓	SRO No. - 240-AIN/2021/163-Mushak	
54	S054.00	Advertisement with satellite channel	15%	✓	SRO No. - 240-AIN/2021/163-Mushak	
55	S055.00	Land Seller	N/A	✗	SRO No. - 141-AIN/2021/138-Mushak	The service is exempt from VAT
56	S056.00	Banking & non-banking service provider	15%	✗	Section 15 of VAT Act 2012	
57	S057.00	Electricity distributor	5.0%	✗	SRO No. - 141-AIN/2021/138-Mushak	As per VAT SRO - 141/21, VAT exempted for irrigation and cold storage
58	S058.00	Chartered airplane or helicopter rent service	15%	✓	SRO No. - 240-AIN/2021/163-Mushak	
59	S059.00	Glass sheet coating service	15.0%	✗	Section 15 of VAT Act 2012	
60	S060.00	Auction product buyer	7.5%	✓	SRO No. - 240-AIN/2021/163-Mushak	
61	S061.00	Credit card issuers	15.0%	✗	Section 15 of VAT Act 2012	

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Sec. Ref	Remarks
62	S062.00	Money exchange service	15.0%	✗	Section 15 of VAT Act 2012	
63	S063.00	A/C tailoring Shop & tailors	10.0%	✗		As per VAT SRO - 141/21, VAT exempted for non-a/c tailors
64	S064.10	Amusement Park & Theme Park	7.5%	✗	3rd schedule of VAT Act 2012	
	S064.20	Picnic spot, Shooting studio & Tourist corner	N/A	✗	SRO No. - 141-AIN/2021/138-Mushak	
65	S065.00	Building, Floor & Premises Cleaning & Maintenance	10.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
66	S066.00	Lottery Ticket Seller	10.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
67	S067.00	Immigration advisor	15%	✓	SRO No. - 240-AIN/2021/163-Mushak	
68	S068.00	Coaching center	15.0%	✗	Section 15 of VAT Act 2012	
69	S069.00	English Medium School	5.0%	✗	3rd schedule of VAT Act 2012	
70	S070.10	Private University	15.0%	✗	Section 15 of VAT Act 2012	
	S070.20	Private Medical & Engineering college	15.0%	✗	Section 15 of VAT Act 2012	
71	S071.00	Event management firm	15.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
72	S072.00	Human resource service provider	15.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
73	S073.00	Manpower exporting service	15.0%	✗	Section 15 of VAT Act 2012	
74	S074.00	Rent of office space or building used for commercial purpose	15.0%	✗	SRO No. - 141-AIN/2021/138-Mushak	As per VAT SRO - 141/21, VAT exempted for - i) Registered or listed manufacturer factory rent ii) Rent for fully residential use (maximum 150 square feet) iii) Any ITES service institution (under S099.10) rent iv) Showroom rent for any women entrepreneur

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Sec. Ref	Remarks
75	S075.00	Stock security broker	N/A	✗	SRO No. - 141-AIN/2021/138-Mushak	
76	S076.00	Social & Sports Club	10.0%	✗	3rd schedule of VAT Act 2012	
77	S077.00	Tour operator	N/A	✗	SRO No. - 141-AIN/2021/138-Mushak	
78	S078.00	Sales Centre of RMG (Own Brand)	7.5%	✗	3rd schedule of VAT Act 2012	
	S078.00	Sales Centre of RMG (Other Brand)	7.5%	✗	3rd schedule of VAT Act 2012	
79	S080.00	Ride Sharing Service	5.0%	✗	3rd schedule of VAT Act 2012	
80	S099.10	IT enable service (ITES)	5.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
	S099.20	Other services	15.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	As per VAT SRO - 141/21, VAT exempted for Dyeing, printing & finishing of gray fabrics and calendaring service
	S099.30	Sponsorship services	15.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
	S099.40	Meditation Services	N/A	✗	SRO No. - 141-AIN/2021/138-Mushak	
	S099.50	Credit rating agency	7.5%	✓	SRO No. - 240-AIN/2021/163-Mushak	
	S099.60	e-commerce service/ Online goods selling	5.0%	✗	3rd schedule of VAT Act 2012	

3.10. Other Major Highlights

VAT Software²⁰⁸

It is mandatory for registered entities having turnover exceeding Tk. 50,000,000 in the previous financial year to maintain their VAT related books and records in software approved by the VAT authority. Entities may also use their personal software provided it has the same specifications as prescribed by the NBR and have approval from the NBR.

VAT Certificate Visible at Premises²⁰⁹

Every registered or enlisted person need to display the VAT registration certificate or turnover tax certificate or a certified copy thereof in such place of his economic activity so that it becomes easily visible.

VAT Related to Sub-Contractor Bill²¹⁰

VAT deduction from sub-contractor bill is not required if VAT is deducted and submitted by customer from the main contractor's invoice. Documents (*challan, bill, contract etc.*) need to be submitted as supporting evidence to avail this benefit. This benefit is not applicable for any purchase of products for the project but only applicable for the service rendered as per contract.

Till now the benefit only limited to the first sub-contractor only. If the sub-contractor hires another sub-contractor this benefit cannot be rolled over.

Deposition of Disputed Tax at Appeal²¹¹

In case of any appeal at commissioner or tribunal level, 20% of VAT amount in question need to be submitted at the time of appeal. In case VAT amount is not specified 20% of the penalty imposed need to be submitted.

Discontinuance of Operation²¹²

In case any registered or enlisted entity wants to discontinue its operations for a short period of time, it needs to inform authority before 48 hours of discontinuation. Designated VAT officer will then come and inspect stock balance of inputs and finished goods. The entity will again need to notify authority at least 1 working day before resuming its operation.

Waste Management²¹³

To dispose waste or any by product from production of goods, an application to the Divisional Officer need to be submitted through Mushak 4.3 form. Wastes need to be destroyed or disposed in the presence of a VAT officer, complying with Bangladesh Environment Conservation Act, 1995.

Payment of VAT Through IVAS²¹⁴

Treasury challan can now be paid through e-payment gateway of Integrated VAT Administration System (IVAS). This will reduce physical visits to the banks to pay VAT through challan & will help to increase cashflow in Government treasury.

208. GO/08/Mushak/2019

209. Section 13 of VAT Act 2012

210. Explanatory Note 05/MUSHAK/2020

211. Section 121 of VAT Act 2012

212. Rule 118 (B) of VAT & SD Rules 2016 as introduced by SRO 142/AIN/2020/103-MUSHAK

213. SRO 142/AIN/2020/103-MUSHAK

214. GO-13/MUSHAK/2020

Liability of VAT agent²¹⁵

VAT Agent will now only be responsible to carry out activities on behalf of the non-resident. Liabilities in terms of payment of all dues including taxes, fines, penalties, and interests will be borne solely by non-resident instead of joint liability between VAT agent and non-resident.

Submission of Audited Annual Financial Statements²¹⁶

Registered limited companies will now need to submit audited Financial Statements to NBR within 6 (six) periods from the end of the income year. Upon application, commissioner may further extend the period of submission up to additional 6 (six) periods.

Chartered Accounting Firm need to assist VAT officials²¹⁷

CA firms are now liable legally to oblige to provide any supporting documents to VAT authorities of clients, though it may impact client's confidentiality. Engagements with existing clients therefore need to be updated to incorporate such provision.

215. Section 19 of VAT Act 2012 as amended by FA 2021

216. Section 90 of VAT Act 2012 as amended by FA 2021

217. Section 82 of VAT Act 2012 as amended by Finance Act 2021

Contributions

The following individuals contributed to the preparation of this document:



Montakim Ahmed
Partner
montakim.ahmed@aceadvisory.biz



Seezan M. Choudhury
Partner
seezan.choudhury@aceadvisory.biz



Md. Talat Shams Pahlowan
Manager
talat.shams@aceadvisory.biz



Rezwan Hamid Riju
Manager
rezwan.hamid@aceadvisory.biz



Abdur Rahman Rakib
Manager
abdur.rahman@aceadvisory.biz



Shahriar Hossain
Assistant Manager
shahriar.hossain@aceadvisory.biz



Anik Das
Assistant Manager
anik.das@aceadvisory.biz



Md. Zahid Hasan
Assistant Manager
zahid.hasan@aceadvisory.biz



Anirudra Kanti Nath
Assistant Manager
anirudra.nath@aceadvisory.biz



Iztihad Masrur Chowdhury
Supervisor
iztihad.masrur@aceadvisory.biz



Md. Robel Khan
Supervisor
robel.khan@aceadvisory.biz



Rayhan Ahmed
Executive – Finance & Admin
rayhan.ahmed@aceadvisory.biz



Sadia Saffana
Associate
sadia.saffana@aceadvisory.biz



Sheikh Tanim Madhurjo
Associate
sheikh.tanim@aceadvisory.biz

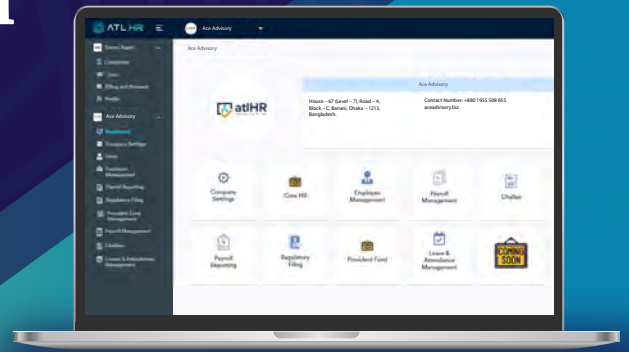


Md. Mishkat Tanin
Associate
mishkat.tanin@aceadvisory.biz



Wais Karni Ibne Musa
Associate
wais.karni@aceadvisory.biz

Introducing Our New SAAS Based Payroll Software



A comprehensive cloud-based SaaS software for Bangladesh capable of carrying out all your HR and payroll processing functions at one place.



CLOUD BASED ANYWHERE ANYTIME ACCESS

- Web based access from any device
- No installation required
- High availability with best-in-class security



CORE HR AND EMPLOYEE SELF SERVICE

- Complete employee lifecycle management
- Generate HR documentation electronically
- Manage HR records digitally



PAYROLL AND AUTOMATED TAX PROCESSING

- Process payroll & generate TDS accurately
- Easy disbursement of payslips and tax cards
- 100% compliance with Bangladesh tax regulations at all times



AUTOMATED STATUTORY COMPLIANCE & REPORTING

- Generate full suite of statutory reporting with a single click
- Wide range of management reports
- Access to library of resources for your HR need



LEAVE AND ATTENDANCE MANAGEMENT

- Leave tracking and complete leave accounting
- Access accurate leave balance and transactions, anytime
- Capture real-time attendance from Access control/ biometric machines



PROVIDENT FUND MANAGEMENT

- Track contributions and generate reports for fund performance
- Perform PF accounting electronically allowing accurate balances anytime
- Comprehensive PF module linked to payroll

To know more: www.atlhr.com

Contact:

📍 House - 67 (Level - 7),
Road - 4, Block - C, Banani,
Dhaka - 1213, Bangladesh.

☎ +880 1955 508 855
✉ info@atlhr.com

🌐 <https://www.linkedin.com/company/atlhr/about>
📘 <https://www.facebook.com/atlhrbd>

