

Bangladesh Taxation Insights 2019-2020



ACE Advisory

BPO | Accounting | Payroll | Tax

Firm Profile

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Our 3 core services support clients of various sizes with Business Process Outsourcing, Setting up in Bangladesh, & Advisory & Consulting. 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 3 business services.

Our range of services includes:

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- Finance & Accounting
- HR & Payroll
- Secretarial & Compliance
- Tax

b. Global BPO:

- Finance & Accounting
- HR & Payroll
- Business Process Management/Data Process Management

2. Setting up in Bangladesh:

- Pre-setup advisory and corporate structuring
- Local entity formation
- Other local registrations and licenses

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Foreword

These insights are meant to provide guidance to individuals/entities who operate and for those looking to expand to Bangladesh. The information is general in nature and is not intended to address any specific circumstances. These insights incorporate many important aspects of the Income Tax Ordinance 1984 as amended up to and including the changes in the Finance Act 2019 and the respective major changes in the VAT Act 1991 and VAT Rules 1991.

These insights are not comprehensive and specific professional advice/opinion should be sought before relying on information contained herein. Although the information stands correct at the time of issue, there is no guarantee it will continue to be so in future. Information provided has been referenced in footnotes to the extent possible.

This document has been updated for changes till **30 June 2019**.

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Income Tax

1. Personal Income Tax

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 is as follows¹:

- a) 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
- b) 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 Bangladesh⁴.

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 a tax return at the end of the tax year:⁵

#	Category	Total Income Floor in an Income Year (Tk.)
1.	Female Taxpayers & Senior Taxpayers (Age 65 & above)	300,000
2.	Disabled Taxpayers	400,000
3.	Gazetted War-Founded Freedom Fighter Taxpayer	425,000

¹ Section 17(1) of ITO 1984

² Section 2(9) of ITO 1984

³ Section 2(55) of ITO 1984

⁴ **Section 2(55) (d) of ITO 1894 as introduced by FA 2019**

⁵ Section 75 of ITO 1984

4.	Any one parent/legal guardian of Disabled Individuals	50,000 above their applicable total income floor.
5.	Any individual other than above (1-3)	250,000
6.	If an individual has been assessed for tax during ANY of the 3 years preceding the income year	
7.	A shareholder director or a shareholder employee of a company	
8.	A partner of a firm	
9.	A government employee if he/she, at any time in the income year, draws a basic salary of Tk. 16,000 or more	
10.	If an individual: – Owns a motor car – Owns a membership of a club	
11.	Individuals running a business and has a trade licence.	
12.	Registered with a recognized professional body (doctors, lawyers etc.)	
13.	Registered Income Tax Practitioner	
14.	Member of a chamber of commerce	
15.	Candidate for an office of any paurashava, city corporation or an M.P.	
16.	Anyone participating in government tenders	
17.	A director of a company	
18.	Any employee holding an executive or management position in a business or profession	
19.	Participants in a ride sharing arrangement by providing motor vehicles	

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

- Tk. 5,000 for those whose income was not assessed earlier (never filed a return).
- Tk. 1,000 or 50% of tax payable on the last assessed income, whichever is higher.
- Tk. 50 for every day for which the default continues

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.

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

All individual taxpayers are required to obtain an e-TIN in order to file a tax return¹⁰. This is relatively easy and can be obtained from <http://secure.incometax.gov.bd/TINHome>.

The Finance Act 2017 has set out the requirement of having a 12-digit e-TIN number for the following cases¹¹:

- 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.
- Participation in a tender by a resident for the purpose of supply of goods, execution of a contract or rendering a service.

⁶ Section 124 of ITO 1984

⁷ Section 74 of ITO 1984

⁸ Section 127 of ITO 1984

⁹ Section 73A of ITO 1984

¹⁰ Section 184(b) of ITO 1984

¹¹ **Section 184A of the ITO 1984 as amended by FA 2019**

- 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, baynanama 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.
- 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, 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.
- 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.
- Participating in a ride sharing arrangement by providing motor vehicle.
- Releasing overseas grants to NGOs or to Micro Credit Organizations.
- Any document relating to the transfer of land, building or apartment situated in 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.¹²

¹² Section 184CC of ITO 1984 as introduced by FA 2019

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

Under this scheme, individuals 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 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. Tax Day

The tax authorities have defined a "Tax Day" annually as follows¹⁵:

- For anyone other than a company it is 30 November of each year.
- In case of a company it is the 15th day of the 7th month following the end of the income year or 15th September whichever is later.

1.8. Deadline for Tax Return Filing

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

1.9. Taxability of Income from Salary & Deemed Income

Income from salary includes the following¹⁶:

- Basic Salary
- Festival Bonus
- Incentive Bonus
- Arrear Salary
- Advance Salary
- Wages or any other payment
- Overtime
- Contribution to PF
- Pension Fund
- Gratuity Fund
- Superannuation Fund
- Project Pay
- Leave Encashment

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

- Compensation Pay
- Leave Fare Assistance

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.

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.

1.10. 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:

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

²³ **Section 19 of ITO 1984 as amended by FA 2019**

#	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

1.11. 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:

Income Head	Exempt Amount
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 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 ³¹	Fully exempt

²⁴ 6th Schedule, Para 11A of ITO 1984 as amended by FA 2019

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

1.12. 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

Computer or laptop, previously allowed, is no longer considered as allowable investment.

The eligible investment amount will be the lesser of³²:

- a) Actual investment as per Section 44 (c) (i)
- b) 25% of total income
- c) Tk. 15,000,000

The amount of credit will be as follows³³:

Total Income	Amount of Credit
If the total income does not exceed Tk. 1,500,000	15% of eligible amount
If the total income exceeds Tk. 1,500,000	10% of eligible amount

1.13. Income Tax Rates

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

Amount of Taxable Income	Rate
First Tk. 250,000 (or as applicable in 1.4 above)	Nil
On the next Tk. 400,000	10%
On the next Tk. 500,000	15%
On the next Tk. 600,000	20%
On the next Tk. 3,000,000	25%
On the balance	30%

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

³² Section 44(2)(c) of ITO 1984

³³ Section 44(2)(b) of ITO 1984

1.14. Minimum Tax

Minimum tax applicable on individuals is as follows:

Location	Amount (Tk)
Within Dhaka or Chittagong City Corporation	5,000
Any other City Corporation	4,000
Other than City Corporation	3,000

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. 300,000 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.

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) if³⁴:

- Has at the last date of the income year, a gross wealth exceeding Tk. 2,500,000
- Owns a motor car
- Has made an investment in a house property or an apartment in the city corporation area

An individual (other than a shareholder director of a company) having an income of less than Tk. 300,000 in the income year can opt not to submit such a statement.

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. 22,500,000, surcharge on tax will be payable as follows:
35

Net Worth	Rate of Surcharge	Minimum Surcharge
Up to Tk. 30,000,000	-	-
Tk. 30,000,001 to Tk. 50,000,000 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%	3,000
Tk. 50,000,001 to Tk. 100,000,000	15%	5,000
Tk. 100,000,001 to Tk. 150,000,000	20%	
Tk. 150,000,001 to Tk. 200,000,000	25%	
Above Tk. 200,000,000	30%	

If an individual's net worth is higher than Tk. 500,000,000, in that case surcharge will be higher of:

- a) 0.1% surcharge of tax payer's net worth;
- b) 30% surcharge on tax liability of the tax payer

³⁴ Section 80 of ITO 1984

³⁵ **Rule 52 of Finance Act 2019**

1.17. Advance Income Tax on Motor Vehicle

Every individual owning a private motor vehicle will have to pay advance income tax as follows³⁶:

#	Details	Amount (Tk.)
1.	Up to 1500 cc car or jeep	15,000
2.	From 1500cc up to 2000 cc car or jeep	30,000
3.	From 2000cc up to 2500 cc car or jeep	50,000
4.	From 2500cc up to 3000 cc car or jeep	75,000
5.	From 3000cc up to 3500 cc car or jeep	100,000
6.	Above 3500cc car or jeep	125,000
7.	Microbus	20,000

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.

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 paid³⁷.

1.18. Capital Gains Tax

Capital gains tax for individuals can be divided into two major categories^{38 39}:

- 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	10%
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:

- a) **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.
- b) **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%.

³⁶ Section 68B (2) of ITO 1984

³⁷ Section 68B (4) of ITO 1984

³⁸ SRO 196 Dated 30 June 2015

³⁹ 2nd Schedule Para 2

1.19. 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 value.⁴⁰

The following deductions are applicable on house property⁴¹:

- Land development tax or rent payable to Government
- Insurance premium paid
- 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
 - a) House property used for residential purpose: 25% of annual value
 - b) 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 same⁴².

1.20. 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 temporarily⁴³.

1.21. 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	Salaries and allowances	Full	-

⁴⁰ Section 24 (1) of ITO 1984

⁴¹ Section 25 of ITO 1984

⁴² Rule 8A of ITR 1984

⁴³ Section 107 of ITO 1984

#	Applicability	Source of Income	Exemption	Period
	staff members, administrators, officers, experts, technicians, visiting personnel of Asian University for Women			
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		
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	Full	-

#	Applicability	Source of Income	Exemption	Period
		subject to enjoying similar exemption in resident country		
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 ⁴⁴	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 2019 to 30 June 2024

⁴⁴ Section 19DD of ITO 1984 as introduced by FA 2019

2. Corporate Tax

2.1. Introduction

A company is defined as a company incorporated under the Companies Act in force in Bangladesh and includes⁴⁵:

- 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 Bangladesh⁴⁶.

2.3. Permanent Establishment

The definition of a "Permanent Establishment" in relation to income from business or profession includes⁴⁷:

- 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; and
- 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;

2.4. Income Year

Income year is as follows:

- a) Newly set up business – date of incorporation to the following 30 June.
- b) Banks, insurance or financial institutions – from 1 January to 31 December.

⁴⁵ Section 2(20) of the ITO 1984

⁴⁶ Section 2(55) of ITO 1984

⁴⁷ Section 2(44A) of ITO 1984

c) 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 parent⁴⁸.

2.5. Allowable Deductions

General expenses incurred by a company in a year are allowable as deductions under tax law as follows⁴⁹ (*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
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.

⁴⁸ Section 2 (35) of ITO 1984

⁴⁹ Section 29 of ITO 1984

Normal Depreciation Allowance⁵⁰

#	Major Class of Assets	Sub Class of Assets	Rate/Percentage of Written Down Value (WDV)
1.	Buildings	General	10%
		Factory	20%
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, tug boats etc.	24%
		Batteries, X-Ray and electrotherapeutic apparatus and accessories	20%
		Machinery used in the production of cinema	20%
		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%		

⁵⁰ 3rd Schedule Para 3 of ITO 1984

#	Major Class of Assets	Sub Class of Assets	Rate/Percentage of Written Down Value (WDV)
		Physical infrastructure – Boarding bridge	10%
		Physical infrastructure – Communication navigation equipment	5%

Depreciation Allowance Not Allowed⁵¹

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.

Initial Depreciation Allowance⁵²

Class of Asset	Year	Dep’n on WDV
Building constructed in Bangladesh after 30 June 2002	Later of – 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 – Year of installation – First year of use – Year of commencement of commercial production	25% of cost

Accelerated Depreciation Allowance⁵³

Class of Asset	Year	Dep’n on WDV
– 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
– 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

⁵¹ 3rd Schedule Para 5 of ITO 1984

⁵² 3rd Schedule Para 5A of ITO 1984

⁵³ 3rd Schedule Para 7, 7A & 7B of ITO 1984

Class of Asset	Year	Dep'n on WDV
<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

Limitation of Allowance of Depreciation⁵⁴

- 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 Losses⁵⁵

- 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 Fees⁵⁶

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. - 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. - For obtaining permission from authority for 2 or more years 	For the period of the permission	Proportionate amount in each year of permission

⁵⁴ 3rd Schedule Para 9 of ITO 1984

⁵⁵ 3rd Schedule Para 10 of ITO 1984

⁵⁶ 3rd Schedule Para 10A of ITO 1984

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	
Agricultural ⁵⁷	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 ⁵⁸	Against income from any other head except income from: – House property – Capital Gains	Can be carried forward for 6 successive years and set off against income from business or same profession
Income from speculation business ⁵⁹	Only against other income from speculation business and cannot be set off against any other head of income.	Can be carried forward for 6 successive years and set off against income from speculation business
Capital Gains ⁶⁰	Only against other income from capital gains and cannot be set off against any other head of income.	Can be carried forward for 6 successive years and set off against income from capital gains
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 products. ⁶¹

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 assessment⁶².

Perquisites are defined as any payment made to an employee by an employer in any form excluding the following⁶³:

- Basic salary

⁵⁷ Section 41 of ITO 1984

⁵⁸ Section 38 of ITO 1984

⁵⁹ Section 39 of ITO 1984

⁶⁰ Section 40 of ITO 1984

⁶¹ Section 37 of ITO 1984

⁶² Section 30(e) of ITO 1984

⁶³ **Section 2(45) of ITO 1984 as amended by FA 2019**

- Festival bonus
- Incentive bonus
- Arrear salary
- Advance salary
- Leave encashment
- Overtime
- Contribution to a recognised provident fund
- Contribution to an approved pension, gratuity and superannuation fund

2.9. Deductions not Allowable

The following expenditures are not allowable subject to certain circumstances⁶⁴:

#	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 ⁶⁵ :			
	- 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 ⁶⁶			
11.	Allowable expenditure on distribution of free samples⁶⁷:	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 disclosed in the financial statements.		First 3 years	Subsequent years
			10%	8%
14.	Payment of salary or remuneration exceeding Tk. 15,000 other than by crossed cheque or bank transfer.			
15.	Incentive bonus exceeding 10% of net profit disclosed in the financial statements			

⁶⁴ Section 30 of ITO 1984

⁶⁵ Rule 65 of ITR 1984

⁶⁶ Rule 65A of ITR 1984

⁶⁷ Rule 65C of ITR 1984

#	Details
16.	Overseas travelling expenditure exceeding 1.25% of disclosed turnover.
17.	Payment of commission or discount to shareholder director
18.	Payment exceeding Tk. 50,000 other than by crossed cheque or bank transfer
19.	Payment of rent other than by crossed cheque or bank transfer

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 rate.⁶⁸

2.10. Income Arising in Bangladesh

The following income are deemed to accrue or arise in Bangladesh:⁶⁹

- 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 in Bangladesh and shares of non-resident companies limited to the value of assets in Bangladesh.
 - 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 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.

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 head⁷⁰.

Sl.	Deemed income	Head of Income
1.	Unexplained cash credit in the books of accounts	Income from Other Source
2.	Unexplained expenditure	
3.	Unrecorded investment	

⁶⁸ Section 30B of ITO 1984 as introduced by FA 2019

⁶⁹ Section 18 of ITO 1984

⁷⁰ Section 19 of ITO 1984

Sl.	Deemed income	Head of Income
4.	Income from discontinued business	Income from Business/ Profession
5.	Dividend received	Income from Other Source
6.	Fair market value – Purchase price of asset (except stock-in-trade) ⁷¹	
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 proceed – (original cost – written down value)] of building, machinery, plant used for business or profession	
13.	[Sale proceed – (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 proceed – allowed capital expenditure] of asset used for scientific research	Income from Business/ Profession
17.	Loan or gift unless ⁷² : – 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	
19.	Initial capital partly or fully transferred from business or profession, subject to certain conditions	
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	

⁷¹ Section 19(8) of ITO 1984 as amended by FA 2019

⁷² Section 19(21) of ITO 1984

Sl.	Deemed income	Head of Income
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 on listed companies

Tax on stock dividend⁷³ – 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 reserves⁷⁴ – 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.

2.13. Rates of Corporate Tax

The applicable rates of tax for companies are as follows:

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.	25%
If such a company transfers at least 20% shares through IPO it will enjoy a 10% rebate on tax in that year.	
Non-listed companies	35%
Banks, insurance and other financial institutions (except merchant banks) if not publicly listed.	40%
Banks, insurance and other financial institutions (except merchant banks) if publicly listed.	37.5%
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)	40%
Textile industries (up to 30 June 2022) ⁷⁵	15%
Jute Industries (up to 30 June 2020) ⁷⁶	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%
Capital gain arising from transfer of stocks and shares of any company registered under Companies Act, 1994	10%

⁷³ Section 16F of ITO 1984 as introduced by FA 2019

⁷⁴ Section 16G of ITO 1984 as introduced by FA 2019

⁷⁵ SRO 218-LAW/Income Tax/2019

⁷⁶ SRO 205-LAW/Income Tax/2016

Capital gain arising from transfer of capital assets other than stocks and shares of any company registered under Companies Act, 1994	15%
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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).⁷⁷

2.14. 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 following⁷⁸:

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

Such tax returns must be accompanied by:

- Audited financial statements
- Computation of total income with supporting schedules
- Other supporting documents

Exempt from Filing Tax Return⁷⁹

- A non-resident company having no permanent establishment in Bangladesh.
- A non-resident individual having no fixed base in Bangladesh.

Extension

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

2.15. Minimum Tax (82C)

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 tax⁸⁰:

Section	Details
52	Payments for supply of goods or execution of contracts <i>except</i> : <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.

⁷⁷ *As introduced by FA 2019*

⁷⁸ Section 02(62A) of ITO 1984

⁷⁹ Section 75(2) of ITO 1984

⁸⁰ Section 82C of ITO 1984

Section	Details
52AA	Advisory or Consultancy Service ⁸¹
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 (not import of goods by industrial undertakings as raw materials, except for industrial undertakings engaged in producing cement, iron or iron products)
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
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.

Minimum tax in other cases

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 is liable to pay minimum tax as follows:

⁸¹ *As introduced by FA 2019*

#	Details	% of Gross Receipts
1.	Manufacturer of cigarette, bidi, chewing tobacco, smokeless tobacco or any other tobacco products	1%
2.	Mobile phone operator ⁸²	2%
3.	Any other cases	0.60%
4.	Industrial undertaking for first 3 income years engaged in manufacturing of goods	0.10%

2.16. 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 following⁸³:

- 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 days⁸⁴.

Universal Self-Assessment

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 year⁸⁵. 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 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:

- Evidence in support of income exempted from tax
- A copy of bank statement
- 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

⁸² **As amended by FA 2019**

⁸³ Section 81 of ITO 1984

⁸⁴ Section 82 of ITO 1984

⁸⁵ Section 82BB of ITO 1984

- Proof of compliance to Section 75A, 108 & 108A of the ITO 1984.

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 return⁸⁶.

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
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

2.17. Advance Payment of Tax

Any assessee needs to pay advance income tax if he/she has a total income exceeding Tk. 600,000⁸⁷ 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 TDS⁸⁸.

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

⁸⁶ Section 83 of ITO 1984

⁸⁷ **Section 64 of ITO 1984 as amended by FA 2019**

⁸⁸ Section 64-67 of ITO 1984

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%.⁸⁹ 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 tax.⁹⁰

2.18. 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.

2.19. Penalties

The various penalties for non-compliances are furnished below:

Sl.	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) (assessee does not have income from house property)	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) (assessee has income from house property)	Higher of a) 50% of taxes payable on house property income b) TK. 50,000	Section – 123

⁸⁹ Section 73 of ITO 1984

⁹⁰ Sec 68A of ITO 1984

Sl.	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, 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 (subject to compliance of Section 184A(5) & 184A(6) of ITO 1984.	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 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 -
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 -

Sl.	Offence	Penalties & Punishment	Reference
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 –

2.20. 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 higher.⁹¹

2.21. Other Filings

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

Return of Withholding Tax⁹²

Every company is 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. 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 payment⁹³.

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 year⁹⁴.

⁹¹ Section 16B of ITO 1984

⁹² Section 75A of ITO 1984

⁹³ Section 75AA of ITO 1984

⁹⁴ Section 108 of ITO 1984

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 information⁹⁵:

- 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 year⁹⁶.

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 year⁹⁷.

⁹⁵ Section 108A of ITO 1984

⁹⁶ Section 109 of ITO 1984

⁹⁷ Section 110 of ITO 1984

2.22. Tax Deduction at Source

Section	Deduction/Collection from/on	Rate		
50	Salaries	Average rate		
51	Interest or profit on securities (excluding govt. T-Bill & T-Bond)	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. - 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. 		
	a) Execution of contract 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 ⁹⁸ c) Manufacture, process or conversion d) Printing, packaging or binding e) Where any goods imported or purchased locally on which tax has been paid at source under sec 53 or 53E is supplied, tax at source on said supply would be B-A; A = the amount of tax paid u/s 53 or 53 E B = Amount of tax applicable	Where base amount: ⁹⁹		
		does not exceed Tk. 1.5 million		2%
		is between Tk. 1.5 – 5 million		3%
		is between Tk. 5 – 10 million		4%
		exceeds 10 million		5%
	Supply of oil by oil marketing companies	Below Tk. 200,000		Nil
		Above Tk. 200,000		0.60%
Supply of oil by dealer or agent of oil marketing company (excluding petrol pump)			1%	
Supply of oil by oil refinery/Gas transmission company/Gas distribution company			3%	

⁹⁸ Section 52 of ITO 1984 as amended by FA 2019

⁹⁹ SRO 213-LAW/Income Tax/2019

Section	Deduction/Collection from/on	Rate	
	Industry engaged in production of cement, iron or iron products (except for MS Billets) ¹⁰⁰		3%
	Industry engaged in production of MS Billets		0.5%
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 Services/ Any other service of similar nature ⁻¹⁰¹	10%	12%
	- On commission	1.5%	2%
	- On gross amount ¹⁰²		
	Media buying agency service		
	- On commission	10%	12%
	- On gross amount ¹⁰³	0.5%	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%	

¹⁰⁰ SRO 213-LAW/Income Tax/2019

¹⁰¹ As amended by FA 2019

¹⁰² Specific calculation method applicable

¹⁰³ Specific calculation method applicable

Section	Deduction/Collection from/on	Rate	
	Motor garage or workshop/Private Container Port or Dockyard/Shipping Agency Commission	6%	8%
	Stevedoring/Berth Operation Commission	10%	12%
	Transport Services/Vehicle Rental Service/Carrying Service or ride sharing services	3%	4%
	Wheeling charge for electricity transmission	4%	5%
	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%	
52C	Acquisition of immovable property: – Situated in City Corporation/Paurashava/Cantonment Board Area – Situated outside City Corporation/Paurashava/Cantonment Board Area	2%	1%
52D	Interest on savings instruments ¹⁰⁴	Up to Tk. 5 lac	5%
		Above Tk 5 lac	10%
52DD	Workers Profit Participation Fund	5%	
52F	Brick manufacturer: – 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 year¹⁰⁵</i>	Tk. 45,000	Tk. 70,000
		Tk. 90,000	Tk. 150,000
52I	Commission on LC	5%	
52JJ	Payment to travel agent – Commission – Incentive bonus	0.30% (Incentive Bonus/Commission) x TDS on Commission	

¹⁰⁴ As amended by FA 2019 & SRO 264-LAW/Income Tax/2019

¹⁰⁵ As amended by FA 2019

Section	Deduction/Collection from/on	Rate
52K	Renewal of trade license: ¹⁰⁶	
	– Dhaka (North & South) & Chittagong City Corporations	Tk. 3,000
	– Other City Corporations	Tk. 2,000
	– Paurashava at any district headquarters	Tk. 1,000
	– Any other paurashava	Tk. 500
52M	Freight forwarding agency commission	15%
52N	Rental Power Company	6%
52P	Convention Hall/Conference Centre etc.	5%
52Q	Services provided to foreign person by a resident except for income from ITES as detailed in 2.25 below.	10%
52R	International Gateway (IGW) Service Operator	1.5%
	Interconnection Exchange (ICX)/ Access Network Services (ANS) 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.	N/A
52V	Payment by mobile phone operator of fees to regulatory authority	10%
53 Rule 17A	From importers on value of the imported goods (<i>may vary under certain conditions</i>)	5%
53A	Rent payment for house property or hotel accommodation	5%

¹⁰⁶ As amended by FA 2019

Section	Deduction/Collection from/on	Rate
53AA	Shipping business of a resident	5% or 3% (if service is rendered between two or more foreign countries)
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	1%
53BBB	Member of Stock Exchanges	0.05%
53BBBB	Export of goods except for goods mentioned in section 53BB	1%
53CCC	Courier business of non-resident	15%
53D	Payment to actors, actresses, producers, etc.	10%
53DDD	Export cash subsidy ¹⁰⁷	10%
53E	Payments/allowance to a distributor (commission, discounts, fees, bonus etc.)	10%
	Payments to any person engaged in distribution or marketing of a company or its goods and services	1.5%
	Any company (other than oil company) selling to distributor or person under contract	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, ICMA 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%
53FF	Real estate or land development business	Rates vary depending on location

¹⁰⁷ As amended by FA 2019

Section	Deduction/Collection from/on	Rate
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%
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 land owner 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	<i>Deductions from income of non-residents:</i>	
	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
	Charge or rent for satellite, airtime or frequency, rent for channel broadcast	
	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.	
	Contractor or sub-contractor of manufacturing, process or conversion, civil work, construction, engineering or works of similar nature.	7.5%
	Supplier	
	Capital gain	15%
	Insurance premium	10%
	Rental of machinery, equipment etc.	15%
	Dividend:	
	- Company	20%
	- Any other person	30%
	Artist, singer or player	30%
	Salary or remuneration	30%
	Exploration or drilling in petroleum operations	
	Survey for coal, oil or gas exploration	5.25%
	Any service for making connectivity between oil or gas field and its export point	

Section	Deduction/Collection from/on	Rate
	Any payments against any services not mentioned above	20%
	Fees, etc. of surveyors of general insurance company	20%
	Any other payments	30%

2.23. Timeline for Payment of TDS

The timeline for deposit/payment of taxes deducted at source (as above) is as follows¹⁰⁸:

Time of Deduction	Payment Date
In case of deduction/collection made between July to May	By 2 weeks from end of month
In case of deduction/collection made between 1 st to 20 th of June	Within 7 days from date of deduction/collection
In case of deduction/collection made between 21 st to 30 th of June (except last two working days)	The following day
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 documents¹⁰⁹.

2.24. 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 enterprise¹¹⁰.

- 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 format.¹¹¹
- 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.

¹⁰⁸ Rule 13 of ITR 1984

¹⁰⁹ Section 62 of ITO 1984

¹¹⁰ Section 107A of ITO 1984

¹¹¹ Section 107EE of ITO 1984

Computation

Computation of arm's length price in relation to international transaction shall be determined by applying any of the following method¹¹².

- a) Comparable uncontrolled price method
- b) Resell price method
- c) Cost plus method
- d) Profit split method
- e) Transactional net margin 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 year¹¹³. The person is also required to furnish a report from a Chartered Accountant or a Cost & Management Accountant¹¹⁴.

2.25. 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 Bureau¹¹⁵.
- b) **Income of a Registered Fund**¹¹⁶ – any income derived by a registered Provident Fund or a Workers Profit Participation Fund subject to certain conditions.
- 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 services¹¹⁷:
 - Software development
 - Software or application customization
 - Nationwide Telecommunication Transmission Network (NTTN)
 - Digital content development and management
 - Digital animation development
 - Website development
 - Web site services
 - Web listing
 - IT process outsourcing
 - Website hosting
 - Digital graphics design
 - Digital data entry and processing
 - Digital data analytics
 - Geographic Information Services (GIS)
 - IT support and software maintenance service
 - Software test lab services
 - Call centre service
 - Overseas medical transcription
 - Search engine optimization services
 - Document conversion, imaging and digital archiving
 - Robotics process outsourcing
 - Cyber security services.
- d) **Income from Export of Handicrafts**¹¹⁸ – income from export of handicrafts from 1 July 2008 to 30 June 2024.

¹¹² Section 107C of ITO 1984

¹¹³ Section 107E of ITO 1984

¹¹⁴ Section 107F of ITO 1984

¹¹⁵ 6th Schedule, Part A, Para 1A of ITO 1984

¹¹⁶ 6th Schedule, Part A, Para 4 of ITO 1984

¹¹⁷ 6th Schedule, Part A, Para 33 of ITO 1984

¹¹⁸ **6th Schedule, Part A, Para 35 of ITO 1984 as amended by FA 2019**

- e) **Income of SME¹¹⁹** – income derived from production of goods with annual sales of less than Tk. 5 million.
- f) **Capital Gains¹²⁰** – 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.
- g) **Income from Alternative Investment Fund¹²¹** – any income generated by an Alternative Investment Fund recognised by Bangladesh Securities & Exchange Commission (BSEC).
- h) **Distribution of Taxed Dividend¹²²** – 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.

2.26. Double Taxation Avoidance ¹²³

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 34 countries:

- Belgium
- Canada
- China
- Denmark
- France
- Germany
- India
- Indonesia
- Italy
- Japan
- Kingdom of Bahrain
- Kingdom of Saudi Arabia
- Malaysia
- Mauritius
- Myanmar
- Norway
- Oman (air traffic only)
- Pakistan
- The Philippines
- Poland
- Republic of Belarus
- Republic of Korea
- Romania
- Singapore
- Sri Lanka
- Sweden
- Switzerland
- Thailand
- The Netherlands
- Turkey
- United Kingdom
- United Arab Emirates
- United States of America
- Vietnam

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.

¹¹⁹ **6th Schedule, Part A, Para 39 of ITO 1984 as amended by FA 2019**

¹²⁰ 6th Schedule, Part A, Para 43 of ITO 1984

¹²¹ 6th Schedule, Part A, Para 54 of ITO 1984

¹²² **6th Schedule, Part A, Para 60 of ITO 1984 as amended by FA 2019**

¹²³ Section 144 of ITO 1984

Contributions

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