

Bangladesh ***Tax Insights*** **2022-2023**







ACE Advisory

BPO | Accounting | Payroll | Tax

A collaborating firm of **ANDERSEN**GLOBAL

Dear Reader

As we emerge from the COVID-19 pandemic, the world faces new challenges fueled by regional conflicts, disrupted supply chains and rising energy prices. The impending economic crisis maybe more worrying than the pandemic but we are confident Bangladesh will emerge stronger at the end. ACE Advisory is continuing to evolve to sustain the rapid changes in the global and local socio-economic landscape, and we remain to investment in technology to automate processes and in our human capital and culture at the firm. We strongly believe the successful combination of these will enable the firm to provide higher quality service to our clients while building a best-in-class workforce.

We are grateful to our employees, the government, regulators, vendors, clients and all other stakeholders for their guidance, support, and effort during these challenging times which has allowed us to continue our operations and contribute to keeping our economy afloat.

Like every year we are happy to be able to bring you our insights on Bangladesh Taxation for the fiscal year 2022/2023. Bangladesh has demonstrated resilient economic growth in the past decade of which the country's infrastructural development is a key indicator.

Amongst many ongoing infrastructure projects, the most notable is the successful completion of self-funded The Padma Multipurpose Bridge in June 2022 which is expected to stimulate the southern regions of the country and greatly add to our GDP in years to come. We have therefore tried to incorporate Bangladesh's infrastructural development as the theme of this year's publication.

The budget for the fiscal year 2022/2023 was a difficult one with the country facing inflationary pressure resulting from the global economic scenario. We welcome the governments move to reduce corporate tax rates and define separate policies for startups.

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

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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 business services.

Our range of services

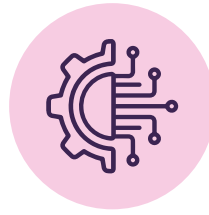


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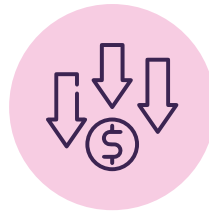
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This document has been updated for changes till 30 June 2022.

Personal Income Tax



1.1. Scope of Income

In Bangladesh, taxation depends on residency. Bangladeshi 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 June².

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

All individual taxpayers are required to obtain an e-TIN in order to file a tax return⁴. This is relatively easy and can be obtained from <https://secure.incometax.gov.bd/TINHome>.

Any individual falling under the following category must file tax return at the end of the tax year⁵:

#	Category	Total Income Floor in an Income Year (Tk.)
1	Individual required to furnish proof of submission of return ⁶	
2	Female Taxpayers & Senior Taxpayers (Age 65 & above) and third gender	350,000
3	Disabled Taxpayers	450,000
4	Gazetted War-Founded Freedom Fighter Taxpayer	475,000

1. Section 17(1) of ITO 1984

2. Section 2(9) of ITO 1984

3. Section 2(55) of ITO 1984

4. Section 184(b) of ITO 1984

5. Section 75 of ITO 1984

6. Section 75(1) of ITO 1984 as amended by FA 2022



Deadline for return filing of individuals

For regular assessee:

30 November

For first time filing:

30 June*

#	Category	Total Income Floor in an Income Year (Tk.)
5	Any one parent/legal guardian of Disabled Individuals	50,000 above their applicable total income floor.
6	Any individual other than above (2-4)	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"> • 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 activity 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 person⁷:

- 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 of⁸:

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

each day in case the default continues

7. Section 75 of ITO 1984
 8. 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 filing⁹. Failure to do so may result in a penalty of 25% of total tax payable or on deficit tax payable¹⁰. The assessee will also be required to pay a delay interest of 2% per month on the outstanding amount¹¹.

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 area¹².

1.5. Proof of Submission of Return of Income

Every individual taxpayer is required to furnish the proof of submission of their return of income for the following instances¹³:

- Applying for a loan exceeding Tk. 500,000 from a bank or a financial institution
- Becoming a director or a sponsor shareholder of a company
- Obtaining or continuing an import registration certificate/export registration certificate
- Obtaining or renewal of a trade license in the area of a city corporation or paurashava
- Obtaining registration of co-operative society
- Obtaining or renewal of license or enlistment as a surveyor of general insurance
- Obtaining registration, by a resident, 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 headquarter or cantonment board, (If deed value exceeds Tk. 1,000,000)
- Obtaining or maintaining a credit card
- Obtaining or continuing 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
- Obtaining and retaining a license as a Nikah Registrar
- Obtaining or continuing the membership of any trade or professional body
- Obtaining or renewal of a drug license, a fire license, environment clearance certificate, BSTI licenses and clearance
- Obtaining or continuing commercial and industrial connection of gas in any area
- Obtaining or continuing residential connection of gas in city corporation area
- Obtaining or continuing a survey certificate of any water vessel
- Obtaining the permission or the renewal of permission for the manufacture of bricks
- Parents of the students applied for admission in an English medium school following international curriculum or English version of national curriculum, situated in any city corporation, district headquarter or paurashava
- Obtaining or continuing the connection of electricity in a city corporation or cantonment board
- Obtaining or continuing the agency or the distributorship of a company
- Obtaining or continuing a license for arms
- Opening a letter of credit for the purpose of import
- Opening postal savings accounts of exceeding Tk. 500,000
- Opening and continuing bank accounts of any sorts with credit balance exceeding Tk. 1,000,000
- Purchasing savings instruments (Sanchayapatra) of exceeding Tk. 500,000
- Participating in any election in upazilla, paurashava, zilla parishad, city corporation or Jatiya Sangsad
- Participating in a shared economic activity by providing motor vehicle, space, accommodation or any other assets

9. Section 74 of ITO 1984

10. Section 127 of ITO 1984

11. Section 73A of ITO 1984

12. SRO/165/Law/IncomeTax/2020

13. Section 184A of the ITO 1984 as amended by FA 2022



**Individuals are now required
to furnish tax return acknowledgement in
places where e-TIN certificate
was mandatory**

- 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
- 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 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 commission, fee or other sum in relation to money transfer through mobile banking or other electronic means or in relation to the recharge of mobile phone account
- Receiving any payment by a resident from a company on account of any advisory or consultancy service, catering service, event management service, supply of manpower or providing security service
- Receiving any amount from the government under the Monthly Payment Order (MPO) if the amount of payment exceeds Tk. 16,000 per month
- Registration or renewal of agency certificate of an insurance company
- Registration, change of ownership or renewal of fitness of a motor vehicle of any types excluding two and three-wheeler
- Releasing overseas grants to a non-government organisation registered with NGO Affairs Bureau or to a Micro Credit Organisation having licence with Micro Credit Regulatory Authority
- Selling of any goods or services by any digital platforms to consumers in Bangladesh.
- Submitting application for the membership of a club registered under Companies Act, 1994 and Societies Registration Act, 1860
- Submitting tender documents by a resident for the purpose of supply of goods, execution of a contract or rendering a service
- Submitting a bill of entry for import into or export from Bangladesh
- Submitting plan for construction of building for the purpose of obtaining approval from Rajdhani Unnayan Kartripakkha (RAJUK), Chattogram Development Authority (CDA), Khulna Development Authority (KDA) and Rajshahi Development Authority (RDA) or other concerned authority in any city corporation or paurashava.

However, the regulation is not applicable for individuals with following circumstances provided they do not have any taxable income¹⁴:

- Obtaining loans up to Tk. 2,000,000
- Credit card transactions up to Tk. 200,000 under student category.

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 year¹⁵.

Returns filed under this section may be selected for audit within two years of the end of the assessment year¹⁶. 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 termed as **Tax Day**.

For individuals submitting return for the first time, the deadline will be 30 June following the end of the concerned income year¹⁷.

14. Special Order No. - 08.01.0000.030.06.005(Part-1).21/203

15. Section 82BB of ITO 1984

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

17. Section 2 (62A) of ITO 1984 as introduced by FA 2022

1.8. Taxability of Income from Salary & Deemed Income

Income from salary includes the following¹⁸:



Basic Salary



Festival Bonus



Incentive Bonus



Arrear Salary



Advance Salary



Wages or any other payment



Overtime



Contribution to PF by Employer



Pension Fund



Gratuity Fund



Superannuation Fund



Project Pay



Leave Encashment



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) ¹⁹	Tk. 25,000 per month or 50% of basic salary, whichever is lower is exempt from tax
Rent free accommodation ²⁰	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) ²¹	Tk. 30,000 per annum is exempt from tax where no conveyance facility is provided by employer
Conveyance provided for personal/private use ²²	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 ²³	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

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

19. Rule 33A of ITR 1984

20. Rule 33B of ITR 1984

21. Rule 33C of ITR 1984

22. Rule 33D of ITR 1984

23. Rule 33I of ITR 1984

Income Head	Taxability
Travel (local & foreign) ²⁴	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
Dearness allowance	Fully taxable
Employer's contribution to registered PF	Fully taxable
Interest income from registered PF	Tax exempted upto lower of: <ul style="list-style-type: none"> • 1/3 of (basic salary + dearness allowance) • 14.5% of interest income
Gratuity fund ²⁵	Exempt up to Tk. 25,000,000
Leave encashment	Fully taxable
Pension fund	Fully exempted
Workers Profit Participation Fund (WPPF) ²⁶	Exempt up to Tk. 50,000
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.

1.9. 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 follows²⁷:

#	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

24. Rule 33G of ITR 1984

25. 6th Schedule, Para 20 of ITO 1984

26. 6th Schedule, Para 21D of ITO 1984

27. Section 19 of ITO 1984

#	Details
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, parents, sons or daughters received through banking channels will be excluded from income ²⁸
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 Tk. 500,000, 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:

Income Head	Exemption
Dividend from company or listed company ²⁹	Tk. 50,000 per year
Payment from recognized Provident Fund as per Provident Funds Act 1925 or approved superannuation fund ³⁰	Fully exempt
Income from equity mutual fund or unit fund ³¹	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 ³²	Fully exempt
Pensioner's savings certificate ³³	Tk. 500,000 per year
Pension received from Govt. or approved pension fund ³⁴	Fully exempt

28. Section 19(21) of ITO 1984 as amended by FA 2022

29. 6th Schedule, Para 11A of ITO 1984

30. 6th Schedule, Para 21 of ITO 1984

31. 6th Schedule, Para 22A of ITO 1984

32. 6th Schedule, Para 24A of ITO 1984

33. 6th Schedule, Para 32A of ITO 1984

34. 6th Schedule, Para 8 of ITO 1984

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 paid by an individual	No Limit
2	Contribution to benevolent Fund and group Insurance Scheme	No Limit
3	Contribution to Govt. recognized provident fund of both employer and employee	No Limit
4	Contribution in superannuation fund	No Limit
5	Investment in stocks and Shares of listed companies	No Limit
6	Investment in Debentures or Debenture-Stocks	No Limit
7	Investment in Govt. securities (Shanchay Patra)	No Limit
8	Investment in Govt. approved treasury bond	No Limit
9	Investment in Govt. approved Deposit Pension Scheme (DPS)	Upto Tk. 60,000
10	Donation to an NBR approved charitable Hospital	No Limit
11	Donation to organization for the welfare of the retarded people	No Limit
12	Donation to Zakat Fund	No Limit
13	Donation to Ahsania Mission Cancer Hospital	No Limit
14	Donation to Govt. approved educational institution	No Limit
15	Donation to ICDDRDB	No Limit
16	Donation to CRP, Savar	No Limit
17	Donation to Liberation War Museum	No Limit
18	Donation to Aga Khan Development Network	No Limit
19	Donation to Asiatic Society of Bangladesh	No Limit

The eligible investment amount will be the lesser of³⁵

a. Actual investment as per Section 44 (c) (i)

b. 20% of total income

c. Tk. 10,000,000

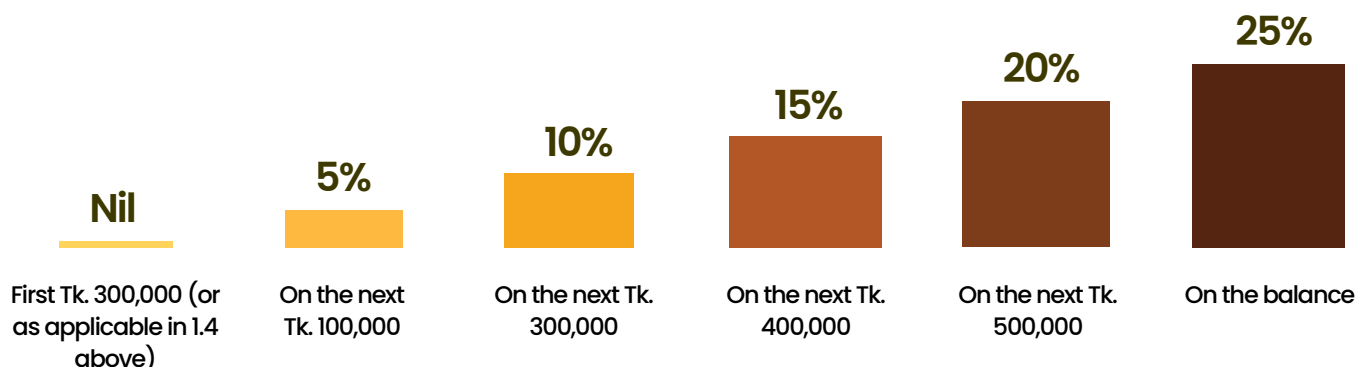
The amount of credit will be 15% of the eligible amount. However, if an individual fails to submit the return of income within due time as per section 75, tax credit applicable for him/her will be 7.5%³⁶.

35. Section 44(2)(c) of ITO 1984 as amended by FA 2022

36. Section 44(2)(b) of ITO 1984 as amended by FA 2022

1.12. Income Tax Rates

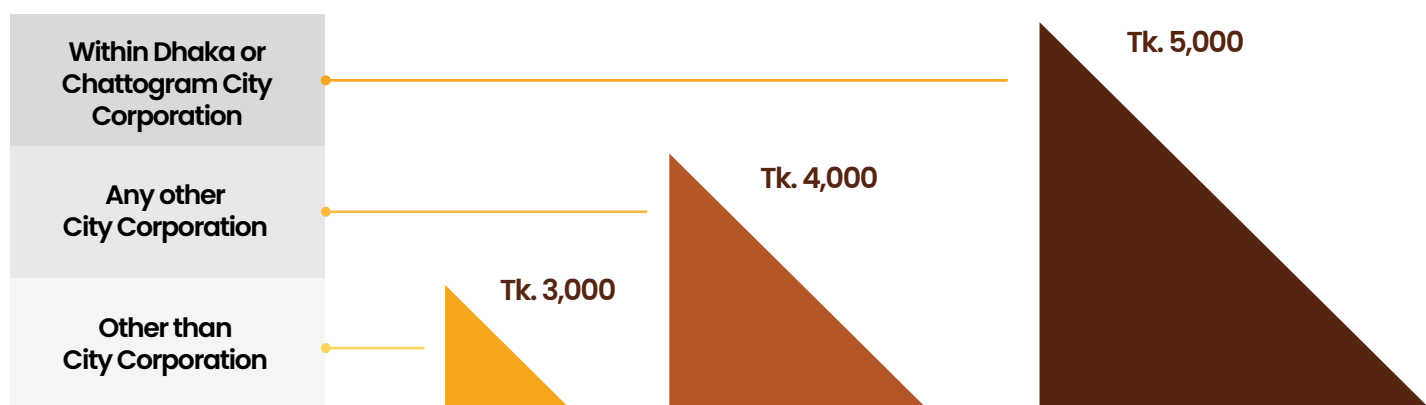
Income tax is charged to individuals on fixed slabs. The slabs of total income and corresponding tax rates are given below³⁷:



The tax rate for non-resident foreigners 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) exceeds the tax-free threshold. For simplicity, let us assume the total taxable income of a female individual residing in Dhaka City Corporation exceeds 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.

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 balance³⁸.

37. 2nd Schedule, Part 1 of ITO 1984
38. Section 16H of ITO 1984

1.15. Statement of Assets, Liabilities & Lifestyle

Every individual has to submit a statement in respect of all local and global assets, liabilities and expenses of them and their household (dependents) if that person³⁹:

- 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 follows⁴⁰:

Net Worth	Rate of Surcharge
Up to Tk. 30,000,000	Nil
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%
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 Tk. 600,000⁴¹. The amount of advance tax payable shall be determined as per the calculation prescribed in Section 65-67 of ITO 1984.

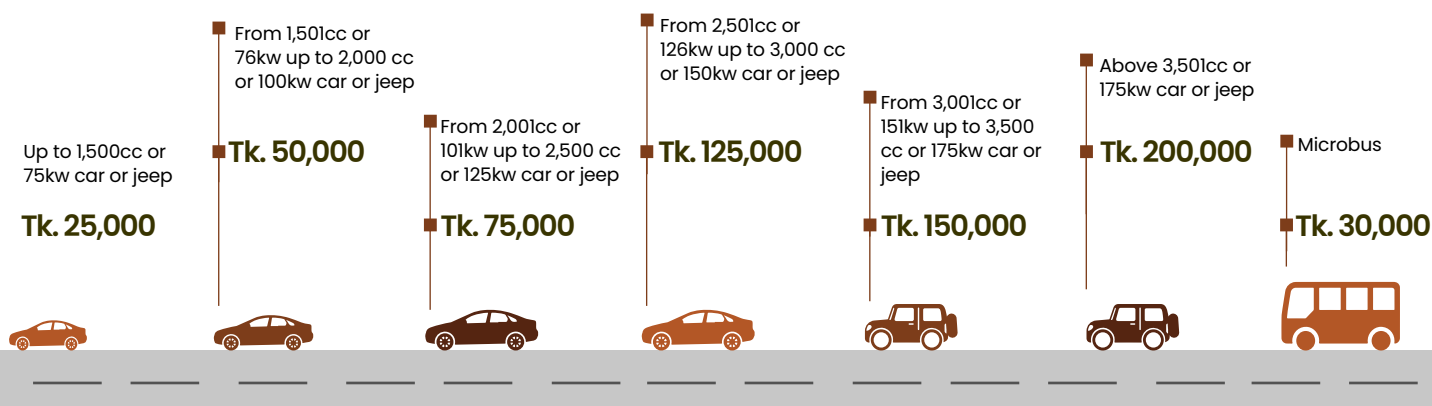
39. Section 80 of ITO 1984 as amended by FA 2022

40. Rule 52 of ITR 1984 as amended by FA 2022

41. Section 68 of ITO 1984

1.18. Advance Income Tax on Motor Vehicle

Every individual owning a private motor car (including jeep and microbus) will have to pay advance income tax as follows⁴²:



Note: The AIT mentioned above is not applicable for motor cars used for commercial purpose as mentioned on section 53Q⁴³.

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 payment⁴⁴.

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 paid⁴⁵.

1.19. Capital Gains Tax

Capital gains tax for individuals can be divided into two major categories^{46 47}:

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

42. Section 68B (2) of ITO 1984

43. Section 68B (6) of ITO 1984 as amended by FA 2022

44. Section 68B (2A) & (2B) of ITO 1984

45. Section 68B (4) of ITO 1984

46. SRO 196-LAW/Income Tax/2015

47. 2nd Schedule Para 2 of ITO 1984

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:

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.

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) above⁴⁸.

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 value⁴⁹.

The following deductions are applicable on house property⁵⁰:

- 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 same⁵¹.

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 temporarily⁵².

48. Section 31A & 32A of ITO 1984

49. Section 24 (f) of ITO 1984

50. Section 25 of ITO 1984

51. Rule 8A of ITR 1984

52. Section 107 of ITO 1984

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	-
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

#	Applicability	Source of Income	Exemption	Period
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	-
12	All shareholders except for <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 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.	-	From 01 July 2019 to 30 June 2024

53. Section 19DD of ITO 1984

#	Applicability	Source of Income	Exemption	Period
14	Investment in building or apartment ⁵⁴	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	-	-
15	Any cash or cash equivalents, bank deposits, bank notes, bank accounts, convertible securities and financial instruments located outside of Bangladesh if repatriated to country through banking channel ⁵⁵	No question shall be raised on the source of any sum invested if tax is paid at the rate of 7%	-	Upto 30 June 2023
16	Owner of small or cottage industry established in less/ least developed areas ⁵⁶	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	-
17	Online return filing of income tax for the first time ⁵⁷	-	Tk. 2,000 from the tax due	-

1.23. Penalties for Non-disclosure of Offshore Assets

If any individual is found to have possession of any offshore asset which has not been disclosed in the return of income or fails to offer a satisfactory explanation regarding the source, will be liable to pay penalty equal to the fair value of such offshore asset.

In the pursuit of recovery of this penalty the Deputy commissioner of Taxes and the Board:

- shall have the authority to confiscate or sell any asset held by or on behalf of the assessee
- shall have the power to conduct an offshore investigation, where he has reason to believe that an assessee has offshore assets not disclosed in the return
- shall have the power to take necessary action as it deems fit
- allow, conduct, permit, arrange an inquiry or investigation by any income tax authority not being below the rank of Deputy Commissioner of Taxes⁵⁸.

54. Section 19BBBBB of ITO 1984 as amended by FA 2022

55. Section 19F of ITO 1984 as introduced by FA 2022

56. 2nd Schedule of FA 2021

57. 2nd Schedule of FA 2021

58. Section 19G of ITO 1984 as introduced by FA 2022

Corporate Tax



2.1. Introduction

A company is defined as a company incorporated under the Companies Act in force in Bangladesh and includes⁵⁹:

- 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 Bangladesh⁶⁰.




2.3. Permanent Establishment

The definition of a “Permanent Establishment” in relation to income from business or profession includes⁶¹:

- 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.

2.4. Income Year

Income year means financial year immediately preceding the assessment year and is defined for different entities as follows⁶²:

 <p>Newly set up business Date of incorporation to the following 30 June</p>	 <p>Business going into liquidation 1 July to date of dissolution</p>
 <p>Banks, insurance or financial institutions From 1 January to 31 December</p>	 <p>Other companies 1 July to 30 June</p>

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 parent⁶³.

59. Section 2(20) of the ITO 1984

60. Section 2(55) of ITO 1984

61. Section 2(44A) of ITO 1984

62. Section 2(35) of ITO 1984

63. Section 2 (35) of ITO 1984

2.5. Allowable Deductions

General expenses incurred by a company in a year are allowable as deductions under tax law as follows⁶⁴ (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	Repair expenses of buildings, machinery, plant or furniture
6	Insurance premium
7	Depreciation of Fixed Assets as per Third Schedule of ITO 1984 (see below)
8	Amortization of license fee as per Third Schedule of ITO 1984 (see below)
9	Obsolescence allowance for Fixed Assets except imported software as per Third Schedule of ITO 1984
10	Land development tax or rent, local rates or municipal taxes for premises
11	Employee bonus or commission subject to conditions
12	A written off irrecoverable debt
13	A prior written off irrecoverable debt previously not allowed as deduction if established to have become irrecoverable
14	Expenditure for research and development ⁶⁵ including capital expenditure subject to certain conditions
15	Expenditure for educational institution or hospital established for benefit of employees including capital expenditure subject to certain conditions
16	Training costs for local employees for Board Approved schemes
17	Expenditure except for capital or personal expenditure, incurred as a member of government sponsored trade delegation for visits abroad
18	Annual membership subscription fee paid to a registered trade organization or professional institution
19	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 Allowance⁶⁶

#	Major Class of Assets	Sub Class of Assets	Rate/Percentage of Written Down Value (WDV)
1	Buildings	General	5%
		Factory	10%
2	Furniture & fittings	Furniture & fittings	10%
		Office equipment	10%

64. Section 29 of ITO 1984

65. Section 2 (54) of ITO 1984 as amended by FA 2022

66. 3rd Schedule Para 3 of ITO 1984

#	Major Class of Assets	Sub Class of Assets	Rate/Percentage of Written Down Value (WDV)
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%
		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 Allowed⁶⁷

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.

67. 3rd Schedule Para 5 of ITO 1984

Initial Depreciation Allowance⁶⁸

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 Allowance⁶⁹

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

Limitation of Allowance of Depreciation⁷⁰

- 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.

68. 3rd Schedule Para 5A of ITO 1984

69. 3rd Schedule Para 7, 7A & 7B of ITO 1984

70. 3rd Schedule Para 9 of ITO 1984

Disposal of Assets & Treatments of Gains or Losses⁷¹

- 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 Fees⁷²

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

Amortization of Pre-commencement Expenditure⁷³

Applicable for	Rate
Expenses incurred wholly and exclusively for setting up of the business before the year of commercial operation. This includes expenditures for feasibility study, construction of model and prototypes, and experimental production	20%

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 ⁷⁴	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 ⁷⁵	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

71. 3rd Schedule Para 10 of ITO 1984

72. 3rd Schedule Para 10A of ITO 1984

73. 3rd Schedule Para 10B of ITO 1984 as amended by FA 2022

74. Section 41 of ITO 1984

75. Section 38 of ITO 1984

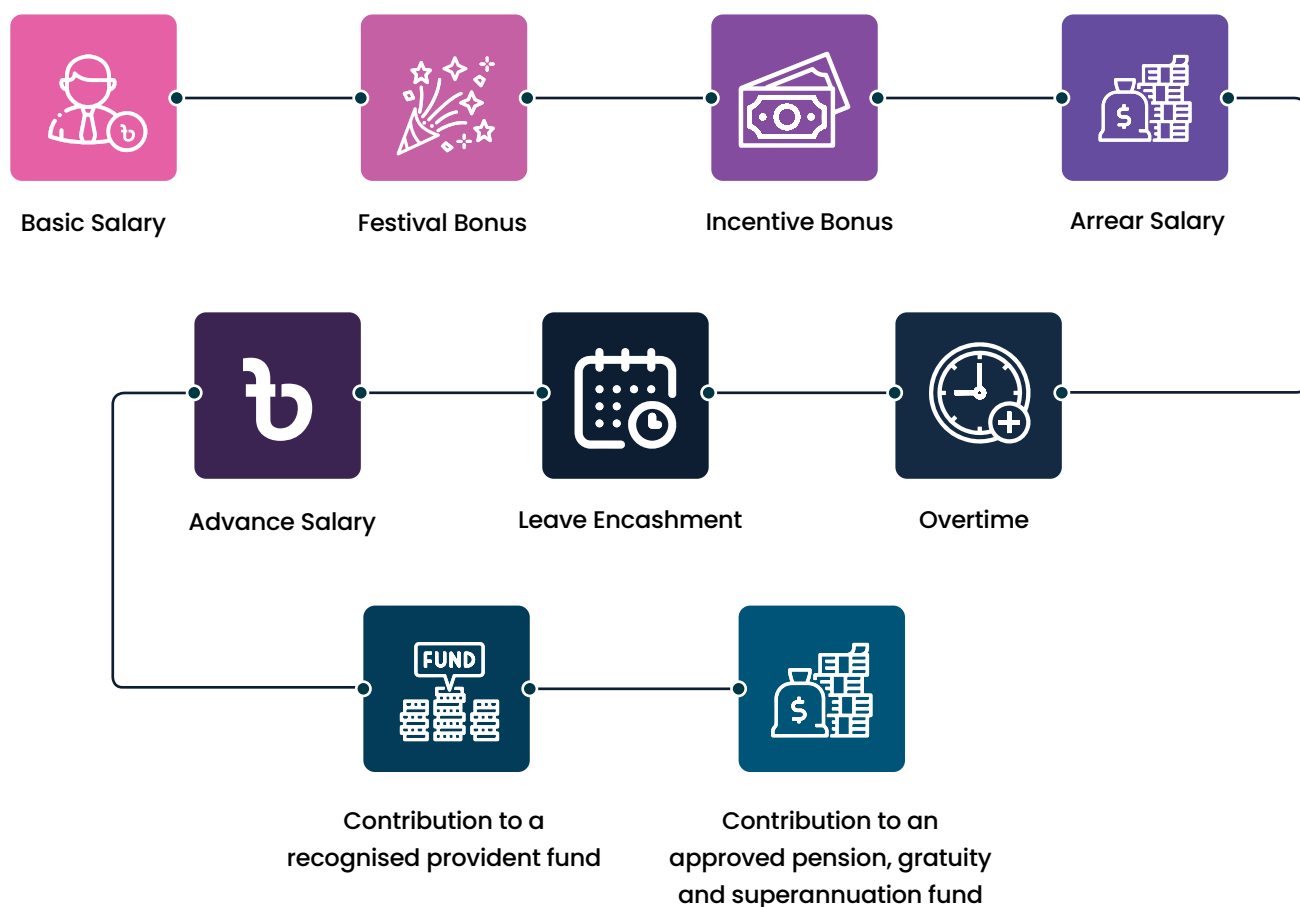
Income Head	Current Year Set-Off	Carry Forward
Income from speculation business	Only against any income from speculation business and cannot be set off against any other head of income ⁷⁶	Can be carried forward for 6 successive years and set off against income from speculation business ⁷⁷
Capital Gains	Only against any income from capital gains and cannot be set off against any other head of income ⁷⁸	Can be carried forward for 6 successive years and set off against income from capital gains ⁷⁹
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 products⁸⁰.

2.8. Allowable Perquisites

The limit of perquisites payable to an employee is Tk. 1,000,000⁸¹ 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 assessment.

Perquisites are defined as any payment made to an employee by an employer in any form excluding the following⁸²:



76. Section 37 of ITO 1984

77. Section 39 of ITO 1984

78. Section 37 of ITO 1984

79. Section 40 of ITO 1984

80. Section 37 of ITO 1984

81. Section 30 (e) of ITO 1984 as amended by FA 2022

82. Section 2(45) of ITO 1984



**Limit of allowable perquisites
per year has been set at
Tk. 1,000,000 per employee and
Tk. 2,500,000 for any employee
with a disability.**

2.9. Deductions not Allowable

The following expenditures are not allowable subject to certain circumstances⁸³:

#	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	Expenditures beyond Tk. 1,000,000 ⁸⁴ on the provision of perquisites for any employee and up to Tk. 2,500,000 for a disabled employee			
9	Expenditures on account of entertainment allowance beyond the allowable limit which is ⁸⁵ :			
	<ul style="list-style-type: none"> On first Tk. 1,000,000 of income, profits and gains On the balance 			4% 2%
10	Expenditures on account of foreign travel of employees and their dependents for holidaying and recreation beyond the allowable limit which is equivalent to lower of:			
	<ul style="list-style-type: none"> 3 months basic salary or ¾ of actual expenditure, subject to certain conditions⁸⁶ 			
11	Allowable expenditure on distribution of free samples⁸⁷:	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) ⁸⁸ 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			
15	Payment exceeding Tk. 500,000 for purchase of raw materials by any method other than bank transfer ⁸⁹			
16	Incentive bonus exceeding 10% of net profit disclosed in the financial statements			

83. Section 30 of ITO 1984

84. Section 30 (e) of ITO 1984 as amended by FA 2022

85. Rule 65 of ITR 1984

86. Rule 65A of ITR 1984

87. Rule 65C of ITR 1984

88. Section 30(h) of ITO 1984

89. Section 30(ii) of ITO 1984

90. Section 30(k) of ITO 1984

#	Details
17	Overseas travelling expenditure exceeding 0.5% of disclosed business turnover ⁹⁰
18	Payment of any promotional expense exceeding 0.50% of the disclosed business turnover ⁹¹
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) ⁹²
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 Bank⁹³.

Minimum tax under Section 82C shall not be applicable for disallowed expenses under Section 30. The total amount of disallowances shall be treated separately as “Income from business or profession” and tax shall be payable thereon at regular rate⁹⁴.

2.10. Income Arising in Bangladesh

The following income are deemed to accrue or arise in Bangladesh⁹⁵:

- 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 head⁹⁶.

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

90. Section 30(k) of ITO 1984

91. Section 30(p) of ITO 1984

92. Section 30(m) of ITO 1984

93. Section 30(Explanation-2) of ITO 1984

94. Section 30B of ITO 1984

95. Section 18 of ITO 1984

96. Section 19 of ITO 1984

#	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)	
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: <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 • From an organization registered with Micro Credit Regulatory Authority or NGO Affairs Bureau⁹⁷ 	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

97. Section 19(21) of ITO 1984 as amended by FA 2022

#	Deemed Income	Head of Income
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 dividend⁹⁸

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 reserves⁹⁹

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 follows¹⁰⁰:

Type	Rate	Applicable tax rate if fails to meet the condition
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 more than 10% shares through IPO.	20%	22.5%
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 equal to 10% or less than 10% shares through IPO	22.5%	25%

98. Section 16F of ITO 1984

99. Section 16G of ITO 1984

100. 2nd Schedule of FA 2022



**Corporate tax rate for private
limited companies incorporated
in Bangladesh has been
reduced to **27.5%.*****

Type	Rate	Applicable tax rate if fails to meet the condition
Non-listed companies	27.5%	30%
One-person companies	22.5%	25%
Banks, insurance, mobile financial services (MFS) and other financial institutions (except merchant banks) if not publicly listed.	40%	Condition not applicable
Banks, insurance, mobile financial services (MFS) and other financial institutions (except merchant banks) if publicly listed.	37.5%	Condition not applicable
Merchant banks	37.5%	Condition not applicable
Cigarette, bidi, zarda, gul and all tobacco manufacturers (companies, firms and individuals) irrespective of listing	45%	Condition not applicable
Mobile phone operating companies if publicly listed. At least 10% of paid-up capital transferred through stock exchange of which maximum 5% is transferred via pre-initial public offering	40%	Condition not applicable
Mobile phone operating companies if not publicly listed.	45%	Condition not applicable
Jute Industries (up to 30 June 2023) ¹⁰¹	10%	Condition not applicable
Knit wear and woven garments manufacturers and exporters	12%	Condition not applicable
Knit wear and woven garments manufacturers and exporters with "green building certification"	10%	Condition not applicable
Private university, private medical college, private dental college, private engineering college or private college solely dedicated to imparting education on ICT	15%	Condition not applicable
Co-operative societies registered under Co-operative Societies Act, 2001	15%	Condition not applicable
Dividend Income	20%	Condition not applicable
Association of persons	27.5%	30%
Artificial juridical person and other taxable entity	27.5%	30%
Poultry, shrimp & fish hatcheries and fish farming	As per applicable rate in below table**	Condition not applicable
Yarn production, yarn dyeing, finishing, conning, fabric making, cloth dyeing, printing, or any such process (applicable from 1 July 2022 to 30 June 2025) ¹⁰²	15%	Condition not applicable
*Condition: All receipts and income must be transacted through bank transfer and all expense and investment (single transactions over Tk. 500,000 and annual total Tk. 3,600,000) must be made through bank transfer.		

101. SRO 314-LAW/Income Tax/2019

102. SRO 159-Law/Income Tax/2022

****Poultry, shrimp & fish hatcheries and fish farming¹⁰³**

Income range	Rate
0 – 1,000,000	0%
1,000,001 – 2,000,000	5%
2,000,001 – 3,000,000	10%
On the balance	15%

Entities enjoying exemptions or reduced rate of corporate tax will not be eligible for such benefits if they:

- fail to submit return of income as required under section 75
- fail to withhold requisite taxes at the time making payments
- fail to receive income through banking channels (except incomes from agriculture and farming)¹⁰⁴

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 paid¹⁰⁵.

2.14. Tax Incentives

a) For newly established industrial undertaking¹⁰⁶

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 Govt.

103. SRO 157-LAW/Income Tax/2022

104. Section 44(5) of ITO 1984 as introduced by FA 2022

105. 2nd Schedule

106. Section 46BB of ITO 1984

b) For newly established physical infrastructure facility¹⁰⁷

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:

- 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 Govt.

c) For private power generation companies¹⁰⁸

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, or employs more than 25 disabled persons¹⁰⁹ will enjoy a tax exemption of 5% on their tax liability¹¹⁰.

Any institution employing persons of third gender, the number of which is at least 10% of their total number of employees, or employs more than 25 persons¹¹¹ of third gender will enjoy a tax exemption which will be the lower of¹¹²:

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

Any school, college, university or NGO will have to pay additional 5% tax along with applicable rate from 1 July 2022 for failing to provide service to disabled person, or to comply with appropriate laws and regulations¹¹³.

¹⁰⁷. Section 46CC of ITO 1984

¹⁰⁸. SRO 05-LAW/Income Tax/2020

¹⁰⁹. 2nd Schedule of ITO 1984 as amended by FA 2022

¹¹⁰. 2nd Schedule of ITO 1984

¹¹¹. 2nd Schedule of ITO 1984 as amended by FA 2022

¹¹². 2nd Schedule of ITO 1984

¹¹³. 2nd Schedule of ITO 1984 as amended by FA 2022

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%¹¹⁴.

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 acquisition¹¹⁵.

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%¹¹⁶.

2.16. Tax Return Filing

Filing a return of income is mandatory for entities of following nature:

- company
- non-government organization registered with NGO Affairs Bureau
- co-operative society
- firm
- association of persons
- micro credit organization
- any other entity required to furnish proof of submission of return under section 184A¹¹⁷

Deadline to file tax returns will be the later date of the following¹¹⁸:

- 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

114. SRO 196-LAW/Income Tax/2015

115. 2nd Schedule Para 2 of ITO 1984

116. Section 31A & 32A of ITO 1984

117. Section 75(1) of ITO 1984 as amended by FA 2022

118. Section 2(62A) of ITO 1984



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

Exempt from Filing Tax Return¹¹⁹

- A non-resident company having no permanent establishment in Bangladesh
- An educational institution receiving government benefits under MPO and does not have English version curriculum¹²⁰
- A public university
- A recognized provident fund, approved gratuity fund, pension fund and approved superannuation fund¹²¹

Extension

This filing date may be extended by up to two months and further extension of up to two months upon application¹²².

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 tax¹²³:

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
52Q	Income remitted from abroad ¹²⁴
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, ferro alloy products, perfumes and toilet waters, beverage concentrate ¹²⁵)
53AA	Income from shipping business
53B	Income from export of manpower
53BB	Receipt on export of goods
53BBB	Amount received on account of transaction by a member of a stock exchange

119. Section 75(2) of ITO 1984

120. Section 75 of ITO 1984 as amended by FA 2022

121. Section 75 of ITO 1984 as amended by FA 2022

122. Section 75(6) of ITO 1984

123. Section 82C(2) of ITO 1984

124. Section 82C (2) of ITO 1984 as amended by FA 2022

125. Section 82C(2) of ITO 1984

Section	Details
53C	Receipt in an auction purchase
53CCC	Income of a courier business of a non-resident
53DDD	Payment of export cash subsidy
53E	Amount received as commission, fees, incentive etc. for distribution or marketing of goods
53EE	Amount received as commissions and charges by an agent of a foreign buyer
53F	Interest on savings deposits and fixed deposits
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
53P	Income of real estate developer from land owner
53Q	Income from commercial motor vehicles ¹²⁶
53R	Income from inland ships ¹²⁷
55	Winnings from lottery

If an assessee has income from the sources that qualify for minimum tax, tax payable on such income will be higher of below:

- Tax calculated in regular manner using applicable rate
- Tax deducted and collected at source on sections that qualify under section 82C.

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 receipt¹²⁸

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 Tk. 3 crore or more	0.25%
4	Any other cases	0.60%
5	Industrial undertaking for first 3 income years engaged in manufacturing of goods	0.10%

126. Section 82C(2) of ITO 1984 as amended by FA 2022

127. Section 82C(2) of ITO 1984 as amended by FA 2022

128. Section 82C(4) of ITO 1984

c) Minimum tax determination¹²⁹

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 source¹³⁰.

If regular tax calculated for any assessment year is higher than the minimum tax under section 82C, regular tax shall be payable.

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 following¹³¹:

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

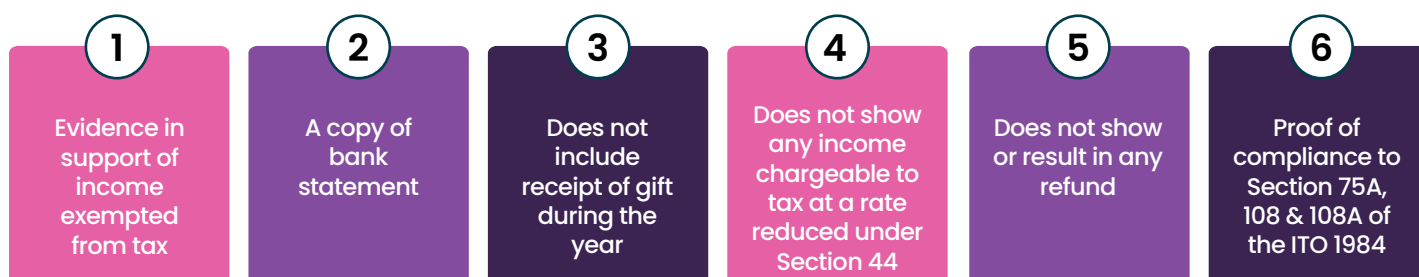
Assessment on Correct Return

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 days¹³².

Universal Self-Assessment¹³³

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 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:



¹²⁹. Section 82C(5) of ITO 1984

¹³⁰. Section 82C(6) of ITO 1984

¹³¹. Section 81 of ITO 1984

¹³². Section 82 of ITO 1984

¹³³. Section 82BB of 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 return¹³⁴.

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
Spot assessment	Section – 82D
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

2.19. Advance Payment of Tax

Any assessee needs to pay advance income tax if he/she has a total income exceeding Tk. 600,000¹³⁵ 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 TDS¹³⁶.

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%¹³⁷. 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 tax¹³⁸.

134. Section 83 of ITO 1984

135. Section 64 of ITO 1984

136. Section 64-67 of ITO 1984

137. Section 73 of ITO 1984

138. Section 68A of ITO 1984

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) and 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.

2.21. Displaying Proof of Submission of Return

Every assessee having income from business or profession who is required to file return under section 75 must display the proof of submission of the return at a conspicuous place of such assessee's business premises.

Failure to comply with this provision will result in a penalty between Tk. 5,000 to Tk. 20,000 as imposed by the Deputy Commissioner of Taxes¹³⁹.

2.22. 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 not exceeding 24 months ¹⁴⁰	Section – 57
	<ul style="list-style-type: none"> Failure to comply with any other provision on account of Chapter VII: Payment of Tax Before Assessment¹⁴¹ 	Penalty not exceeding Tk. 1,000,000	
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

139. Section 184C of ITO 1984 as amended by FA 2022

140. Section 57 of ITO 1984 as amended by FA 2022

141. Section 57(1) of ITO 1984 as amended by FA 2022



**Displaying proof of submission
of return at a conspicuous place
of business premises is now
mandatory. Failure will result
in a penalty between
Tk. 5,000 to Tk. 20,000.**

#	Offence	Penalties & Punishment	Reference
9	Failure to maintain accounts in the prescribed manner as per Section – 35(2) (assessee has income from house property)	Higher of <ul style="list-style-type: none"> • 50% of taxes payable on house property income • TK. 50,000 	Section – 123
10	Failure to file return under Section – 75,77, 89, 91, 93	Higher of <ul style="list-style-type: none"> • 10% of last assessed tax • Tk. 1,000 For continuing default: <ul style="list-style-type: none"> • An individual assessee not previously assessed – TK. 50 for every day provided that maximum penalty of Tk. 5,000 • Maximum penalty for an individual assessee previously assessed Higher of <ul style="list-style-type: none"> • 50% of last assessed tax • Tk. 1,000 	Section – 124
11	Non-compliance or failure to furnish return, certificate, statement or information required under Section – 58, 75A, 103A, 108, 108A, 109, 110 and 184C ¹⁴²	Failure to furnish <ul style="list-style-type: none"> • 10% of tax on last assessed income or Tk. 5,000 whichever is higher • In case of continuing default, Tk. 1,000 per month Non-compliance <ul style="list-style-type: none"> • Tk. 5,000 • 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 pay advance tax	Maximum amount of shortfall	Section – 125
15	Non-compliance with any notice under Section – 79, 80, 83(1) and 83(2)	Maximum amount of tax liability	Section – 126
16	Failure to pay tax on the basis of return under Section – 74	Maximum 25% of unpaid tax	Section – 127
17	Delay in submitting the interest on filing after Tax Day	2% per month on outstanding amount	Section – 73A
18	Concealment of income	15% of the tax evasion If concealment detected after 1 year: Additional 15% for each preceding year	Section – 128
19	Incorrect or false audit report by Chartered Accountant	Minimum: TK. 50,000 Maximum: TK. 200,000	Section – 129A

142. Section 124 of ITO 1984 as amended by FA 2022

#	Offence	Penalties & Punishment	Reference
20	Furnishing fake audit report	TK. 100,000	Section – 129B
21	Default in payment of tax	Maximum amount of arrear tax	Section – 137
22	Non-compliance of certain obligations under Section – 164	Imprisonment up to 1 year or fine or both	Section – 164
23	False statement in verification	Imprisonment of 3 months to 3 years or fine or both	Section – 165
24	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
25	Furnishing fake audit report	Imprisonment of 3 months to 3 years or fine up to TK. 100,000 or both	Section – 165AA
26	Obstruction of income tax authority	Imprisonment up to 1 year or fine or both	Section – 165B
27	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
28	Concealment of income	Imprisonment of 3 months to 5 years or fine or both	Section – 166
29	Disposal of property to prevent attachment	Imprisonment up to 5 years or fine or both	Section – 167
30	Disclosure of protected information	Imprisonment up to 6 months or fine or both	Section – 168

2.23. 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 higher¹⁴³.

2.24. Other Filings

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

Return of Withholding Tax¹⁴⁴

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 payment¹⁴⁵.

143. Section 16B of ITO 1984

144. Section 75A of ITO 1984

145. Section 75AA of ITO 1984

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 year¹⁴⁶.

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 information¹⁴⁷:

- 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 year¹⁴⁸.

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 year¹⁴⁹.

146. Section 108 of ITO 1984

147. Section 108A of ITO 1984

148. Section 109 of ITO 1984

149. Section 110 of ITO 1984

2.25. Tax Deduction at Source

Section	Deduction/Collection from/on	Rate	
50	Salaries	Average rate	
51	Interest or profit on securities (including Govt. T-Bill & T-Bond) irrespective of maturity ¹⁵⁰	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 fails to submit proof of submission of return at the time of making the payment¹⁵¹. • 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 Bank¹⁵². • 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 NBR¹⁵³. 	
	a) Execution of contract	Where base amount ¹⁵⁶ :	
	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 ¹⁵⁴	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 ¹⁵⁵		
	Supply of oil by the oil marketing companies		0.6%
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%	

150. Section 51 of ITO 1984

151. Section 52 (1) of ITO 1984 as amended by FA 2022

152. Section 52 (1) of ITO 1984

153. SRO 173-LAW/Income Tax/2021

154. Section 52 of ITO 1984

155. Specific calculation method applicable

156. SRO 173-LAW/Income Tax/2021

Section	Deduction/Collection from/on	Rate	
	Industry engaged in production of cement, iron or iron products (except for MS Billets) ¹⁵⁷	2%	
	Industry engaged in production of MS Billets	0.5%	
	Local procurement of MS Scrap ¹⁵⁸	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 ¹⁵⁹	2%	
	In case of supply of books to a person other than the government, or any authority, corporation or body of the government, including all of its attached and sub-ordinate offices ¹⁶⁰	3%	
	In case of supply of trading goods to a trader ¹⁶¹	5%	
	In case of supply of industrial raw materials to a manufacturer ¹⁶²	4%	
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: <i>(the said rates shall be 50% higher if the payee fails to submit proof of submission of return and does not receive payment by bank transfer)</i> ¹⁶³		
	Advisory or consultancy		10%
	Professional service/technical service/technical assistance fee		10%
	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 amount¹⁶⁴ 		10% 2%
Media buying agency service			
<ul style="list-style-type: none"> • On commission • On gross amount¹⁶⁵ 		10% 0.65%	

157. SRO 213-LAW/Income Tax/2019

158. SRO 165-LAW/Income Tax/2020

159. SRO 165-LAW/Income Tax/2020

160. SRO 155-LAW/Income Tax/2022 as amended by FA 2022

161. SRO 155-LAW/Income Tax/2022 as amended by FA 2022

162. SRO 155-LAW/Income Tax/2022 as amended by FA 2022

163. Section 52AA of ITO 1984 as amended by FA 2022

164. Specific calculation method applicable

165. Specific calculation method applicable

Section	Deduction/Collection from/on	Rate	
	Indenting commission	8%	
	Meeting fees/training fees/honorarium	10%	
	Mobile network operator/technical support service provider ¹⁶⁶	12%	
	Credit rating service	10%	
	Motor garage or workshop/private container port or dockyard/shipping agency commission	8%	
	Stevedoring/ berth operation ¹⁶⁷	on commission or fee	10%
		on gross bill amount	5%
	Transport services/vehicle rental service/carrying service/repair and maintenance service/ride-sharing services/coworking space providing service/accommodation providing service ¹⁶⁸	5%	
	Wheeling charge for electricity transmission ¹⁶⁹	3%	
	Internet Service ¹⁷⁰	10%	
	Service delivery agents engaged in mobile financial services or channel partners of mobile financial services ¹⁷¹	10%	
	Any other service (excluding service provided by a bank, insurance, or financial institution)	10%	
52AAA	C&F agency commission	10%	
52B	Seller of banderols to any manufacturer of cigarettes	10%	
52C	Acquisition of immovable property ¹⁷² : <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 ¹⁷³	up to Tk. 500,000	5%
		above Tk. 500,000	10%
52DD	Workers Profit Participation Fund, provided ¹⁷⁴ : <ul style="list-style-type: none"> • The beneficiary has taxable income, and • The amount of fund exceeds Tk. 25,000 	5%	

166. Section 52AA of ITO 1984 as amended by FA 2022

167. Section 52AA of ITO 1984 as amended by FA 2022

168. Section 52AA of ITO 1984 as amended by FA 2022

169. Section 52AA of ITO 1984

170. Section 52AA of ITO 1984 as amended by FA 2022

171. Section 52AA of ITO 1984 as amended by FA 2022

172. Section 52C of ITO 1984

173. SRO 264-LAW/Income Tax/2019

174. Section 52DD of ITO 1984

Section	Deduction/Collection from/on	Rate
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 of preceding assessment year required</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) & Chattogram 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%
52N	Purchase of power from Bangladesh Power Development Board or any other person engaged in power distribution ¹⁷⁵	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 <ul style="list-style-type: none"> online platform for advertisement or any other purposes. This excludes¹⁷⁶: <ul style="list-style-type: none"> ITES Services Income derived from ocean going ship for the period 1st of July 2022 to 30th June 2030 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 ¹⁷⁷	7.5%
52R	International Gateway (IGW) Service operator	1.5%
	Interconnection Exchange (ICX)/Access Network Services (ANS)/Bangladesh Telecommunication Regulatory Commission (BTRC) ¹⁷⁸ or any person in agreement with BTRC	7.5%
	Any payment in respect to outgoing international calls	7.5%

175. Section 52N of ITO 1984

176. Section 52Q of ITO 1984

177. Section 52Q of ITO 1984

178. Section 52R of ITO 1984

Section	Deduction/Collection from/on	Rate
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 ¹⁷⁹	2%
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 (may vary under certain conditions) ¹⁸⁰	5%
53A	Rent payment for house property or hotel accommodation	5%
53AA	Shipping business of a resident	5% or 3% (if service is rendered between two or more foreign countries)
53B	Recruiting agents	10%
53BB	Export of goods ¹⁸¹	1%
53BBB	Commission received by member of Stock Exchanges on ¹⁸² :	
	<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%
53CCC	Courier business of non-resident	15%
53D	Payment to actors, actresses, producers, etc. (no deduction if the payment is below Tk. 10,000)	10%
53DDD	Export cash subsidy	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 firm ¹⁸³ or its goods and services	1.5%
	Any company or firm (other than oil company) selling to distributor or person under contract ¹⁸⁴	5% of (5% of selling price)
53EE	Commission or remuneration paid to agent of foreign buyer	10%

179. Section 52U of ITO 1984

180. Section 53 of ITO 1984

181. Section 53BB of ITO 1984 as amended by FA 2022

182. Section 53BBB of ITO 1984

183. Section 53E of ITO 1984

184. Section 53E of ITO 1984

Section	Deduction/Collection from/on	Rate
53F	Interest on savings deposit, fixed deposit, term deposit: (the said rates shall be 50% higher if the payee fails to submit proof of submission of return) ¹⁸⁵	
	Company	20%
	Person other than a company	10%
	Public university, educational institutions, ICAB, ICMA and ICSB	10%
	Paid to recognized provident fund, approved gratuity fund, approved superannuation fund or pension fund (except deposit pension scheme sponsored by government or by a scheduled bank with approval from government)	5%
	Note: Twelve-digit TIN of parent is considered as TIN of a minor	
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 and water body ¹⁸⁶	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 landowner by real estate developer	15%

^{185.} Section 53F of ITO 1984 as amended by FA 2022

^{186.} Section 53J of ITO 1984 as amended by FA 2022

Section	Deduction/Collection from/on	Rate	
53Q	Collection of Tax from motor vehicles plying commercially except for ¹⁸⁷ : <ul style="list-style-type: none"> • Government or local government including projects of programmes under these authorities • Foreign diplomat, diplomatic mission in Bangladesh, United Nations and its offices • Development partner of Bangladesh and its affiliated offices • Educational institutes enlisted as MPO • Public university • Institutions having special permission 	Bus having seats exceeding 52	Tk. 16,000
		Bus having seats not exceeding 52	Tk. 11,500
		Air-conditioned Bus	Tk. 37,500
		Double-decker Bus	Tk. 16,000
		Air conditioned (AC)/ Minibus/ Coaster	Tk. 16,000
		Non-AC Minibus/ Coaster	Tk. 6,500
		Prime Mover	Tk. 24,000
		Truck, Lorry or Tank Lorry having payload capacity exceeding five tons	Tk. 16,000
		Truck, Lorry or Tank Lorry having payload capacity exceeding one and half tons but not exceeding five tons	Tk. 9,500
		Truck, Lorry or Tank Lorry having payload capacity not exceeding one and half tons	Tk. 4,000
		Pickup Van, Human Hauler, Maxi or Auto Rickshaw	Tk. 4,000
		Air-conditioned Taxicab	Tk. 11,500
Non-AC Taxicab	Tk. 4,000		

187. Section 53Q of ITO 1984 as introduced by FA 2022

Section	Deduction/Collection From/on	Rate	
53R	Collection of tax from inland ships ¹⁸⁸	Inland ships engaged in carrying passengers in inland water	Tk. 125 per passenger (carrying capacity of an inland ship shall be the capacity of daytime plying in smooth waters)
		Cargo, Container (multipurpose) and Coaster engaged in carrying goods in inland water	Tk. 170 per gross tonnage
		Dump barge engaged in carrying goods in inland water	Tk. 125 per gross tonnage
54	<i>Dividend:</i>		
	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.		
	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			

Section	Deduction/Collection from/on	Rate
56	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:	20%
	• Company, fund and trust	
	• Any other person not being a company, fund and trust	30%
	Artist, singer or player	30%
	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%	
Bandwidth payment ¹⁸⁹	10%	
Any other payments ¹⁹⁰	20%	

189. Section 56 of ITO 1984 as amended by FA 2022

190. Section 56 of ITO 1984 as amended by FA 2022

2.26. Mode of Payment of Tax¹⁹¹

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

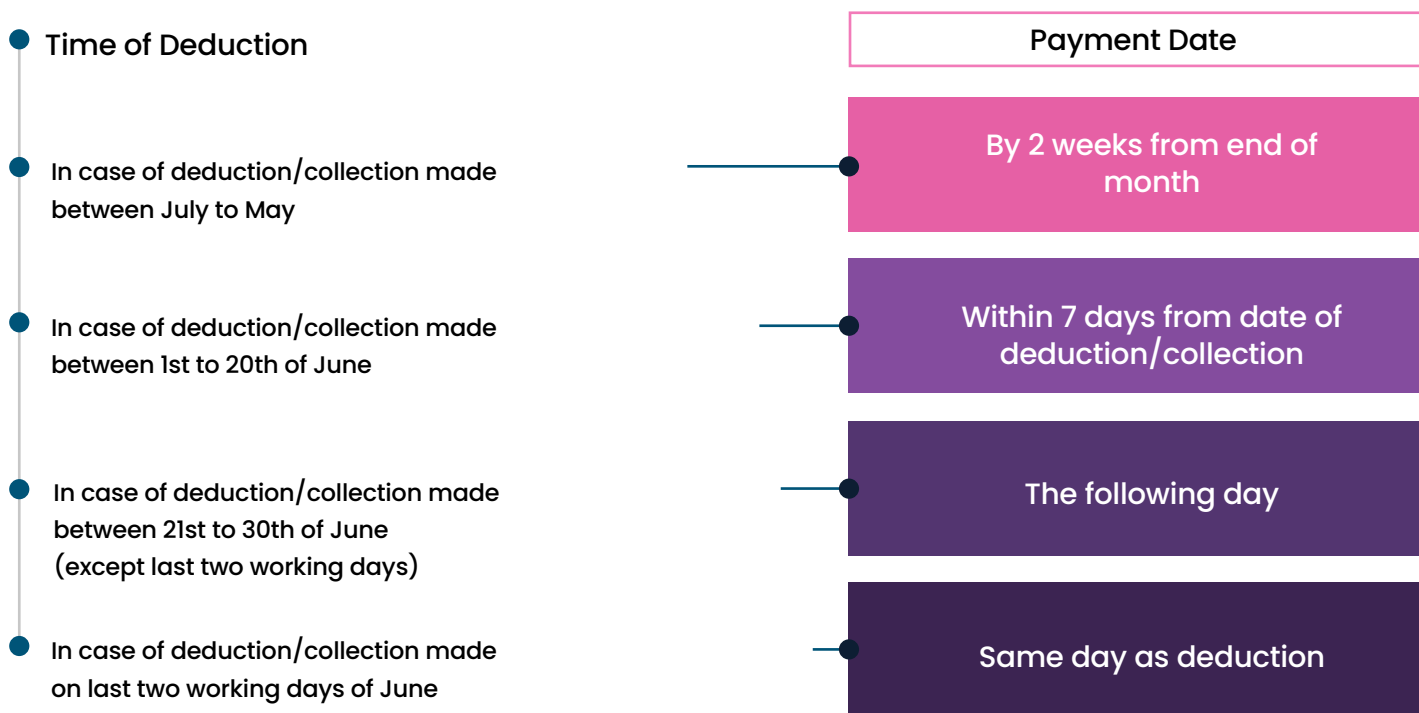
b) electronic payment (e-payment)

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.

2.27. Timeline for Payment of TDS

The timeline for deposit/payment of taxes deducted at source (as above) is as follows¹⁹²:



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 documents¹⁹³.

191. SRO 173-LAW/Income Tax/2021

192. Rule 13 of ITR 1984

193. Section 62 of ITO 1984

2.28. Exclusions from Total Income

Below is a selective list of income which are exempted from or subject to a reduced rate of tax in Bangladesh:

a) Income from Micro-Credit – any service charge earned by an NGO registered with the NGO Affairs Bureau or Microcredit Regulatory Authority¹⁹⁴.

b) Income of a Registered Fund – any income derived by a registered Provident Fund or a Workers Profit Participation Fund subject to certain conditions¹⁹⁵.

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 services¹⁹⁶:

Software development	■	■	IT support and software maintenance service
Software or application customization	■	■	Software test lab services
Nationwide Telecommunication Transmission Network (NTTN)	■	■	Document conversion, imaging and digital archiving
Digital content development and management	■	■	Call centre service
Digital animation development	■	■	Overseas medical transcription
Website development	■	■	Search engine optimization services
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 Handicrafts¹⁹⁷ – income from export of handicrafts from 1 July 2008 to 30 June 2024.

e) Income of SME¹⁹⁸ – 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

194. 6th Schedule, Part A, Para 1A of ITO 1984

195. 6th Schedule, Part A, Para 4 of ITO 1984

196. 6th Schedule, Part A, Para 33 of ITO 1984

197. 6th Schedule, Part A, Para 35 of ITO 1984

198. 6th Schedule, Part A, Para 39 of ITO 1984



**Income from ITES businesses
during the period,
1 July 2008 to 30 June 2024
shall be exempt from tax.**

f) Income from IT equipment¹⁹⁹ – income derived by manufacturers of following equipment will enjoy full exemption for a period of 10 years from the inception of commercial production:-

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

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 Production²⁰⁰ – 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
- Agro machinery production
- Dairy products processing
- Baby food 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 Automobiles²⁰¹ – 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 Hospital²⁰² – 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 Institute²⁰³ – 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.

k) Income from Home Appliances²⁰⁴ – 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.

199. SRO 163-LAW/Income Tax/2021

200. SRO 164-LAW/Income Tax/2021

201. SRO 170-LAW/Income Tax/2021

202. SRO 169-LAW/Income Tax/2021

203. SRO 168-LAW/Income Tax/2021

204. SRO 168-LAW/Income Tax/2021

l) Income from Light Engineering²⁰⁵– 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 Gains²⁰⁶– 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 Fund²⁰⁷– any income earned by an alternative investment fund recognised by Bangladesh Securities & Exchange Commission (BSEC).

o) Distribution of Taxed Dividend²⁰⁸– any distribution of taxed dividend to a company provided the company distributing the taxed dividend, maintains separate accounts.

p) Income from Ocean Going Ship Being Bangladeshi Flag Carrier²⁰⁹– the income being received in foreign currency and derived from the period of 1st July 2022 to 30th June 2030.

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

2.29. Power to Condone or Extend²¹⁰

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. Amalgamation

Amalgamation means the merger of one or more companies with one or more other companies to form one company where the companies merging are called **Amalgamating Companies** and the merged single company is called **Amalgamated Company** and where²¹¹:

- all the property and liabilities of the amalgamating company or companies immediately before the merger becomes the property and liabilities of the amalgamated company;
- the amalgamated company is a Bangladeshi company and 75% of the shareholders of the amalgamating companies become shareholders of the amalgamated company by virtue of the amalgamation;
- the amalgamated company is a foreign company and 75% of the shareholders of the amalgamating foreign companies which have direct or indirect shareholding in any Bangladeshi company become shareholders of the amalgamated company by virtue of the amalgamation.

205. SSRO 166-LAW/Income Tax/2021

206. 6th Schedule, Part A, Para 43 of ITO 1984

207. 6th Schedule, Part A, Para 54 of ITO 1984

208. 6th Schedule, Part A, Para 60 of ITO 1984

209. 6th Schedule, Part A, Para 61 of ITO 1984 as introduced by FA 2022

210. Section 184G of ITO 1984

211. Section 2(2) of ITO 1984 as amended by FA 2022



**Startups will enjoy certain
exemptions and benefits
conditional upon eligibility as per
Startup Sandbox of ITO 1984.**

Capital gains arising as a result of any amalgamation is not subject to Capital Gains Tax under section 31. However, if shareholders of the amalgamating companies receive consideration in any form other than the shares of the amalgamated company then such consideration will be subject to applicable taxes²¹².

In a scheme of amalgamation, the amalgamated company can carry forward the accumulated loss and the unabsorbed depreciation of the amalgamating company and the loss or the unabsorbed depreciation in such case shall be considered as the accumulated loss or the unabsorbed depreciation of the amalgamated company in the income year in which the amalgamation took place²¹³.

2.31. Startup Sandbox

The Finance Act 2022 introduced a set of exemptions and incentives to aid in the sustenance of growth and continued compliance of the startups provided they register with NBR as such and comply with a specific list of eligibility criteria. Details are as follows²¹⁴:

Who is a Startup?

For the purposes of this provision, startup means any company with annual turnover not exceeding Tk. 100 crore in any financial year and which:

- is incorporated under the Companies Act 1994 (section 18 of the Act)
- works towards deployment or commercialization of new products, process or service driven by innovation, development and technology or intellectual property
- is not a subsidiary of another company holding fifty percent or more of its shares
- is not a resulting company of a scheme of amalgamation or demerger.

However, the companies will have to register with NBR as startup to enjoy the benefits and their **eligibility for registration** will be dictated as follows:

Company Incorporation Date	Eligibility
Before 1 July 2017	Not Eligible
Between 1 July 2017 – 30 June 2022	Eligible till 30 June 2023
On or after 1 July 2022	Till 30 June of the following year of incorporation

What are the Benefits?

For startups, the initial years subsequent to the commencement of operation will now be termed as Growth Years. The duration will be demarcated as follows:

Company Incorporation Date	Growth Years
Between 1 July 2017 – 30 June 2022	3 Years (1 July 2023 – 30 June 2026)
On or after 1 July 2022	5 Years (Starting from 1 July of the following year of incorporation)

212. Section 32 (5A) of ITO 1984 as introduced by FA 2022

213. Section 42(8) of ITO 1984 as introduced by FA 2022

214. Chapter XIII A, Section III A of ITO 1984 as introduced by FA 2022

During the growth years, registered startups will be eligible for the following benefits and exemptions:

- Provision and treatment of disallowance of deductions/expenses pursuant to Section 30 and 30B of Income Tax Ordinance will not be applicable
- Losses from the business which cannot be set off in any particular year can be carried forward over nine successive assessment years
- The rate of minimum tax as specified by section 82C(4) will be 0.1%
- No reporting obligation will be applicable except the annual return of income if companies grant access to its system and records to the income tax authority.

2.32. 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 enterprise²¹⁵.

- 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 format²¹⁶.
- 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 method²¹⁷.

- Comparable uncontrolled price method
- Resale price method
- Cost plus method
- Profit split method
- Transactional net margin method
- 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 year²¹⁸. The person is also required to furnish a report from a Chartered Accountant or a Cost & Management Accountant²¹⁹.

²¹⁵. Section 107A of ITO 1984

²¹⁶. Section 107EE of ITO 1984

²¹⁷. Section 107C of ITO 1984

²¹⁸. Section 107E of ITO 1984

²¹⁹. Section 107F of ITO 1984

2.33. Double Taxation Avoidance Agreement²²⁰

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 37 countries:

	Bahrain		Kingdom of Saudi Arabia		Romania
	Belarus		Malaysia		Singapore
	Belgium		Mauritius		Sri Lanka
	Canada		Myanmar		Sweden
	China		Norway		Switzerland
	Denmark		Oman (air traffic only)		Thailand
	France		Pakistan		The Netherlands
	Germany		The Philippines		Turkey
	India		Poland		United Kingdom
	Indonesia		Republic of Belarus		United Arab Emirates
	Italy		Republic of Korea		United States of America
	Japan		Maldives ²²¹		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.

220. Section 144 of ITO 1984

221. SRO 190-AIN/Income Tax/2022

Value Added Tax (VAT)

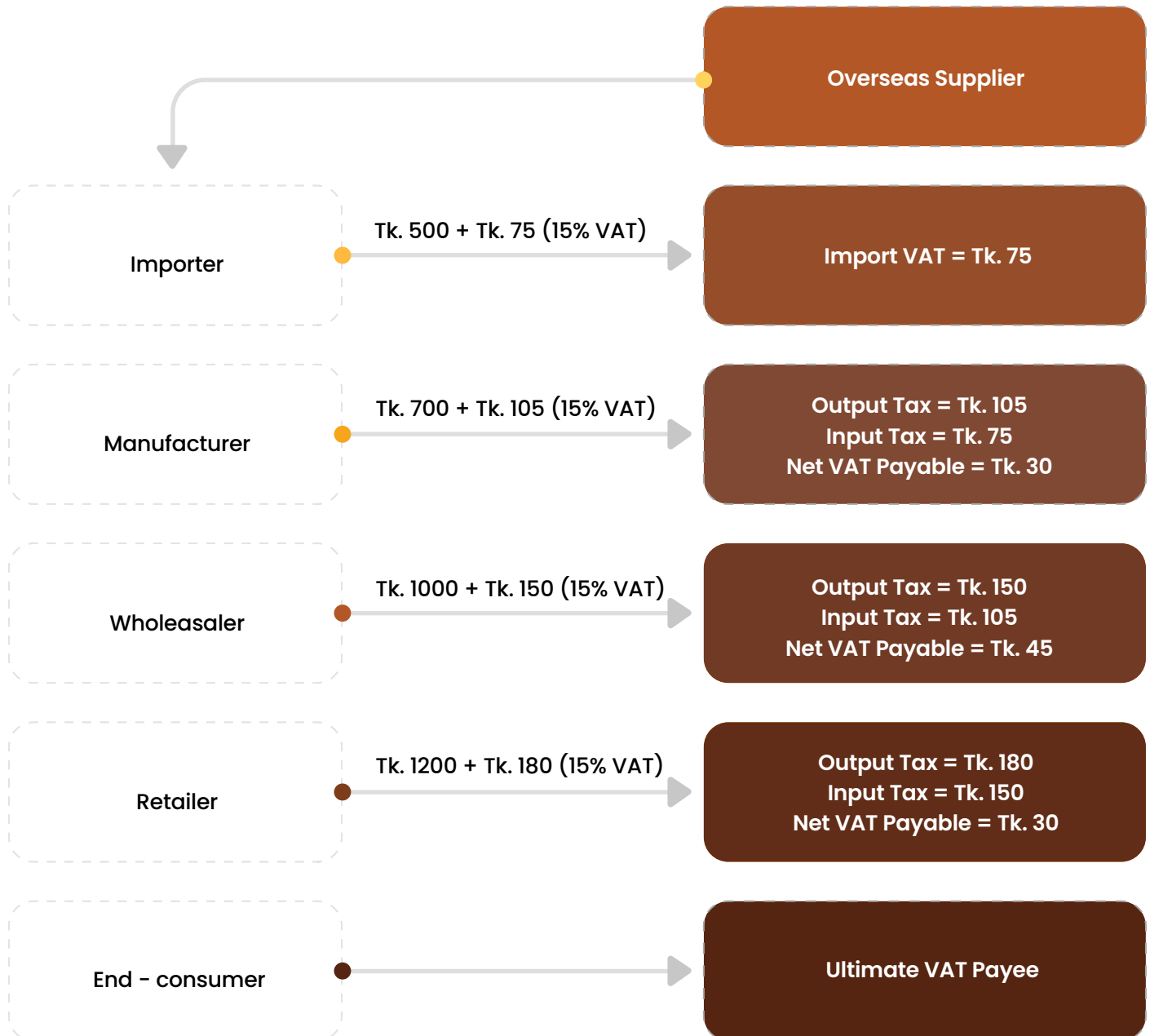


Dhaka Elevated Expressway

3. Value Added Tax (VAT)

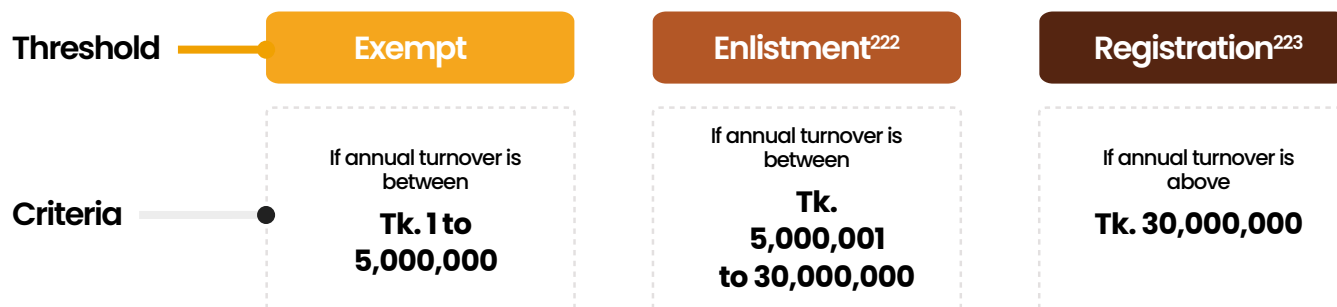
Value Added Tax (VAT) is an indirect tax which is paid by the consumer through a registered person.

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 limit.²²⁴ Voluntary registration is also available for businesses if required. However, if any business obtains voluntary registration, the business is required to continue with the voluntary registration for at least 1 year²²⁵.

3.3. Central VAT Registration²²⁶

If an entity preserves all accounts, tax deposit and records of economic activity relating to the supply of identical or similar goods or service or both from one or more places in a software based automated system (approved by NBR) under a central unit, then the entity may take one VAT registration (in prescribed methods and conditions) in the above address where accounts are maintained.

Provided that in spite of the supply of identical or similar goods or services, if accounts, tax deposit and records of economic activities of each unit is maintained separately, then separate registration has to be obtained.

Furthermore, tobacco-based businesses are not allowed for the central VAT registration.

3.4. Type of VAT Rates

Type	Rate	Nature
Standard rate ²²⁷	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 credit²²⁸ Such businesses can choose to practice standard rate to claim input tax credit on their purchases²²⁹
Zero Rate ²³⁰	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 ²³¹	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

222. Section 2(48) of VAT Act 2012

223. Section 2(57) of VAT Act 2012

224. GO/17/MUSHAK/2019 & Section 4 of VAT Act 2012 as amended by FA 2022

225. Section 8 of VAT Act 2012

226. Section 5 of VAT Act 2012 as amended by FA 2022

227. Section 15 of VAT Act 2012

228. Section 46(12) of VAT Act 2012

229. Section 15(3) of VAT Act 2012

230. Section 21 of VAT Act 2012

231. Section 26 of VAT Act 2012








**VAT registration is mandatory
if annual turnover of 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 Such businesses can choose to practice standard rate to claim input tax credit on their purchases
Advance Tax	3% ²³²	<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 periods²³³ Advance tax is exempted for 100% export or deemed export-oriented industries under bonded warehouse license only on imported goods²³⁴
Turnover Tax ²³⁵	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

3.5. VAT Deduction and Collection Guideline²³⁶

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 government entity
	A non-government organization approved by the NGO Affairs Bureau or the Directorate-General of Social Welfare
	A bank, insurance company or a similar financial institution
	An educational institution of secondary or above level
	A limited company, branch office or liaison office (as per definition of company) ²³⁷

232. Section 31 of VAT Act 2012

233. Section 31 of VAT Act 2012

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

235. Section 63 of VAT Act 2012

236. SRO 240-AIN/2021/163-Mushak & SRO 179-AIN/2022/192-Mushak

237. 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 (supplier)	Issued or not	✗	
	Reduced rate (manufacturer) ²³⁸	If issued	✗	
		If not issued	✓	
	Exempted through 1 st schedule	Issued or not	✗	
Exempted through SROs	If issued	✗		
	If not issued	✓		
Services (Rates are covered in Section 3.10)	List of services mentioned in VAT deduction and collection guideline ²³⁹	Issued or not	✓	-
		Other services (15% or reduced rate)	If issued	✗
	If not issued		✓	-
	Exempted through 1 st schedule	Issued or not	✗	-
Exempted through SRO	If issued	✗	-	
	If not issued	✓	-	
Procurement Provider	7.5%	Issued or not	✓	-
	Supplies or services exempted through SRO	Issued or not	✓	-
	Exempted through 1 st 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	✗	-
Services received from outside Bangladesh	15%	If service is received by an unregistered person	✓	Bank have the authority to deduct VAT during payment
		If service is received by a registered person	✓	Bank will not deduct if VAT is deposited by the registered person (Challan proof mandatory)
Payments related to licenses, registration & permits	15%	N/A	✓	Service receiver will deposit VAT in separate treasury

238. SRO 179-AIN/2022/192-Mushak

239. SRO 240-AIN/2021/163-Mushak & SRO 179-AIN/2022/192-Mushak

Type of supplies	VAT rate	Issue of Mushak 6.3	Deduction Applicability	Remarks
Payment to Advertisement organization (S007.00), Television & Online broadcasting program provider (S043.00) ²⁴⁰ , Furniture Manufacturer (S024.10) ²⁴¹	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:

- Deposit the VAT amount to Govt. treasury within 7 days from the end of VAT period (i.e. the month of deduction)²⁴²
- Issue VAT deduction certificate (Mushak 6.6) to the supplier and related VAT circle (within 3 days of deposit)
- Keep a copy of the certificate and store for 5 years
- 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 the following 3 tax periods from when payment of supply has been made.

3.6. 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.

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 machines²⁴³.

For traders “input” means any goods or services which are imported, purchased, acquired or collected in any other way for the purpose of trading²⁴⁴.

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.

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

241. SRO 179-AIN/2022/192-Mushak

242. SRO 179-AIN/2022/192-Mushak

243. Section 2 Clause 18(A) of VAT Act 2012

244. Section 2 Clause 18(A) of VAT Act 2012 as amended by FA 2022

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 conditions²⁴⁵:

- 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%
- any expense over Tk. 100,000 for which payment is made without banking channel or mobile financial service (MFS) platform, except for intra-company transactions
- imported services for which output VAT has not been shown in the VAT Return
- expenses for which the VAT invoice (Mushak Form 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%
- VAT paid on the goods under the custody or possession or occupancy of another person, except for contractual goods production
- 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 supplies²⁴⁶.

Furthermore, if a VAT registered entity supplies standard rated or reduced rated or specific VAT or exempted or zero-rated goods or services simultaneously, then the entity can take input tax credit on standard rated and zero-rated supplies only. For this the entity will first take entire input tax credit according to section 46 during the VAT period and following the end of the VAT period, will make increasing adjustments related to input tax credit against reduced rated or specific VAT or exempted supplies²⁴⁷.

Cancellation of Rebate

• For Unusable Materials²⁴⁸

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 Products²⁴⁹

To dispose any finished goods destroyed by accident, an application to the concerned Divisional Officer needs 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.

245. Section 46 of VAT Act 2012 as amended by FA 2022

246. Section 47 of VAT Act 2012

247. Section 47 of VAT Act 2012 as amended by FA 2022

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

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



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

3.7. VAT Documentation

Tax Invoice²⁵⁰

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.

For the purpose of electricity bill payment, invoice issued by Mobile Financial Service (MFS) providers will be considered as tax invoice (Mushak 6.3)²⁵¹.

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. If an entity receives supplies from any person who is not VAT registered or not enlisted, then recipient of the supplies will be considered responsible for the VAT payment related to the supplies²⁵².

Input-Output Coefficient²⁵³

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 organization²⁵⁴.

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 interest²⁵⁵.

When a VAT registered or enlisted entity wants to submit VAT or Turnover return after the deadline, the entity needs to apply to VAT Commissionerate in a prescribed manner within 7 days from the end of period²⁵⁶.

Major VAT Forms

#	Name of Forms	Details	Reference
1.	Mushak 2.1	Application of 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

250. Section 51 of VAT Act 2012

251. Section 46 of VAT Act 2012 as amended by FA 2022

252. Section 49 of VAT Act 2012 as amended by FA 2022

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

254. Section 32(5) of VAT Act 2012

255. Section 64 of VAT Act 2012

256. Rule 48 VAT and Supplementary Rule 2016 as amended by SRO-161-AIN/2022/174-Mushak

#	Name of Forms	Details	Reference
7.	Mushak 4.4	Application for the disposal of unused or unusable materials	SRO-179-AIN/2020/119-Mushak
8.	Mushak 4.5	Application for the settlement of accidental damage or destruction	SRO-179-AIN/2020/119-Mushak
9.	Mushak 4.6	Application for the settlement of supply and disposal of waste or by-product	Sub-Rule (1) of Rule 24c & SRO-161-AIN/2022/174-Mushak
10.	Mushak 6.1	Purchase book	Clause (a) of Rule 40 & 41
11.	Mushak 6.2	Sales book	Clause (b), Sub-Rule (1) of Rule 40 & Clause (a) of Rule 41
12.	Mushak 6.2.1	Purchase-sale accounts for registered/enlisted person not engaged in processing goods/ services	SRO-179-AIN/2020/119-Mushak
13.	Mushak 6.3	VAT challan	SRO-142-AIN/2020/103-Mushak
14.	Mushak 6.5	Good transfer invoice for centrally registered entity	SRO-142-AIN/2020/103-Mushak
15.	Mushak 6.6	VAT deduction certificate	Clause (f), Sub-Rule (1) of Rule 40
16.	Mushak 6.7	Credit note	SRO-142-AIN/2020/103-Mushak
17.	Mushak 6.8	Debit note	SRO-142-AIN/2020/103-Mushak
18.	Mushak 6.9	Turnover tax challan	Rule 41 (2)
19.	Mushak 6.10	Information relating to purchase/ sale invoice beyond 2 (two) lacs	Sub-Rule (1) of Rule 42
20.	Mushak 9.1	VAT return	Sub-Rule (1) of Rule 47
21.	Mushak 9.2	Turnover tax return	SRO-142-AIN/2020/103-Mushak
22.	Mushak 9.3	Application for late return	Rule (48) & SRO-161-AIN/2022/174-Mushak
23.	Mushak 11.1	Late VAT return	Sub-Rule (1) of Rule 57a
24.	Mushak 11.2	Assessment order for VAT	Sub-Rule (2) of Rule 57a
25.	Mushak 18.1	Application for VAT consultant license	SRO-142-AIN/2020/103-Mushak
26.	Mushak 18.1a	VAT consultant license	SRO-142-AIN/2020/103-Mushak

3.8. Negative Balance Adjustment²⁵⁷

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



**Penalty for not or irregularly filing
VAT or turnover tax return within
prescribed time period is
Tk. 5,000.**

3.9. Penalties

#	Particulars	Penalty	Reference
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 Tk. 10,000 to Tk. 200,000; or • Both. 	Section – 113
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 Tk. 25,000	Section – 85
13	Does not deposit VAT payable within due date	Monthly 1% interest	Section – 127
14	Non-compliance or irregularity for not filing the VAT or turnover tax return within prescribed time period	Tk. 5,000	Section – 85
15	Non-compliance or irregularity for not applying for registration or enlistment within prescribed time period	Tk. 10,000	
16	Non-compliance or irregularity for not displaying the registration or turnover tax certificate in visible place		



VAT deducted at source has to be deposited to government treasury within seven (7) days from the end of VAT period (the month of deduction).

#	Particulars	Penalty	Reference
17	Non-compliance or irregularity for not informing the VAT officer about the change in the information of the economic activity	Tk. 10,000	Section – 85
18	Non-compliance or irregularity for not applying for cancellation of registration or enlistment within prescribed time period		
19	Non-compliance or irregularity for not abiding by the provision of section 9(5)		
20	Non-compliance or irregularity for not issuing tax invoice, credit note, debit note, 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	Not less than half but not more than the output tax not included	
25	Irregularities for taking more input tax credit than entitlement in the return	Not less than half but not more than the input tax irregularly taken	
26	Irregularity relating to making an increase of a decreasing adjustment or making a decrease of an increasing adjustment in the return	Not less than half but not more than the amount of decreased increasing adjustment and increased decreasing adjustment	
27	Irregularity for willingly evading or attempting to evade assessment and pay tax	Not less than half but not more than the amount of taxes evaded	
28	Non-compliance or irregularity for not keeping proper records according to section 51, 53, 54, 64 and 107 for supplying exempted goods or services.	Tk. 100,000	

3.10. VAT rates as per applicable service code

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Reference	Remarks
1	S001.10	A/C Hotel	15.0%	✓	SRO No. - 179-AIN/2022/192-Mushak	
	S001.10	Non - A/C Hotel	7.5%	✓	SRO No. - 179-AIN/2022/192-Mushak	As per VAT SRO 163/22, Exemption is available for temporary hotels (without fence, electric fan, and have less than two electric bulbs)
	S001.20	Restaurant (Except restaurants in hotel with 3 or more star and restaurants where alcohol is served)	5.0%	✓	SRO No. - 179-AIN/2022/192-Mushak	As per VAT SRO 163/22, Exemption is available for temporary hotels (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 - 163/22, 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%	✗	Section 15 of VAT Act 2012	
	S005.20	Port for export & import	15.0%	✗	Section 15 of VAT Act 2012	
6	S006.00	Cold storage	N/A	✗	SRO No. - 163-AIN/2022/176-Mushak	As per VAT SRO - 163/22, VAT exempted
7	S007.00	Advertisement organizations	15.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	As per VAT SRO - 163/22, Exempted for death news
8	S008.10	Printing press	10.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	As per VAT SRO - 163/22, VAT exempted if books, periodicals or any printing of good for students
	S008.20	Binding agency	N/A	✗	SRO No. - 163-AIN/2022/176-Mushak	As per VAT SRO - 163/22, VAT exempted
9	S009.00	Auction house	10.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Reference	Remarks
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. - 227-AIN/2022/199-Mushak	
	S010.20	Building construction company (More than 1600 square feet)	4.5%	✓	SRO No. - 227-AIN/2022/199-Mushak	
	S010.20	Building construction company (In case of re-registration of any size)	2.0%	✓	SRO No. - 227-AIN/2022/199-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%	✗	3rd schedule of VAT Act 2012	As per VAT SRO - 163/22, VAT exempted only for providing educational institute
	S012.20	SIM card or e-SIM provider company	Tk. 200 for each SIM or e-SIM	✗	3rd schedule of VAT Act 2012	

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Reference	Remarks
13	S013.00	Automated Laundry	10.0%	✗	3rd schedule of VAT Act 2012	
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. - 163-AIN/2022/176-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. - 163-AIN/2022/176-Mushak	The service is exempt from VAT
20	S020.00	Survey Firm	15.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
21	S021.00	Plant or capital machinery rental firm	15.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
22	S022.00	Confectionery	15.0%	✗	Section 15 of VAT Act 2012	
23	S023.10	Cinema Hall	10.0%	✗	3rd schedule of VAT Act 2012	
	S023.20	Cinema Distributor	10.0%	✗	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	VDS is not applicable when manufacturers provide Mushak 6.3 at 15% rate attested by VAT officials.
	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	
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	

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Reference	Remarks
27	S027.00	Insurance company	15.0%	✗	Section 15 of VAT Act 2012	As per VAT SRO - 163/22, 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	15.0%	✗	Section 15 of VAT Act 2012	
30	S030.00	Beauty salon	15.0%	✗	Section 15 of VAT Act 2012	
31	S031.00	Repair & Maintenance Servicing	10.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
32	S032.00	Consultancy or Supervisory firm	15.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
33	S033.00	Lessee (Leaseholder)	15.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
34	S034.00	Audit & accounting firm	15.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
35	S035.00	Shipping agent	15.0%	✗	Section 15 of VAT Act 2012	
36	S036.10	Air-conditioned Bus Service	15.0%	✗	Section 15 of VAT Act 2012	
	S036.20	Air-conditioned water vessel service	10.0%	✗	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	Reference	Remarks
37	S037.00	Procurement provider	7.5%	✓	SRO No. - 240-AIN/2021/163-Mushak	As per VAT SRO - 163/22, VAT exempted for - i) Tiffin supply to school ii) Books by NCTB supply for primary, secondary or equivalent iii) Cotton supply iv) Waste & scrape 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 and foundry ix) Supply of jute products x) supply of old batteries
38	S038.00	Organizer of cultural program with foreign artists	15.0%	✗	Section 15 of VAT Act 2012	
39	S039.10	Satellite cable operator & channel distributor	15.0%	✗	Section 15 of VAT Act 2012	
	S039.20	Satellite channel distributor	15.0%	✗	Section 15 of VAT Act 2012	
40	S040.00	Security Service	10.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
41	S041.00	Marriage Media	15.0%	✗	Section 15 of VAT Act 2012	
42	S042.00	Automated or mechanical saw machine	10.0%	✗	3rd schedule of VAT Act 2012	
43	S043.00	Television & Online broadcasting program provider	15.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	VDS is not applicable when vendors provide Mushak 6.3 at 15% rate attested by VAT officials.
44	S044.00	BRTA services	15.0%	✗	Section 15 of VAT Act 2012	
45	S045.00	Legal advisors	15.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
46	S046.00	Health club & fitness Centre	15.0%	✗	Section 15 of VAT Act 2012	
47	S047.00	Sports Organizer	10.0%	✗	3rd schedule of VAT Act 2012	

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Reference	Remarks
48	S048.00	Transport contractor (for carrying petrol & related goods)	5.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	As per VAT SRO - 163/22, 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	15.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
53	S053.00	Board Meeting Fees	10.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
54	S054.00	Advertisement with satellite channel	15.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	VDS is not applicable when vendors provide Mushak 6.3 at 15% rate attested by VAT officials.
55	S055.00	Land Seller	N/A	✗	SRO No. - 163-AIN/2022/176-Mushak	The service is exempt from VAT
56	S056.00	Banking & non-banking service provider	15.0%	✗	Section 15 of VAT Act 2012	
57	S056.10	Mobile financial service provider	15.0%	✗	Section 15 of VAT Act 2012	
58	S057.00	Electricity distributor	5.0%	✗	3rd schedule of VAT Act 2012	As per VAT SRO - 163/22, VAT exempted for irrigation and cold storage
59	S058.00	Chartered airplane or helicopter rent service	15.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	
60	S059.00	Glass sheet coating service	15.0%	✗	Section 15 of VAT Act 2012	
61	S060.00	Auction product buyer	7.5%	✓	SRO No. - 240-AIN/2021/163-Mushak	
62	S061.00	Credit card issuers	15.0%	✗	Section 15 of VAT Act 2012	
63	S062.00	Money exchange service	15.0%	✗	Section 15 of VAT Act 2012	

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Reference	Remarks
64	S063.00	A/C tailoring Shop & tailors	10.0%	✗	3rd schedule of VAT Act 2012	As per VAT SRO – 163/22, VAT exempted for non-a/c tailors
65	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. – 163-AIN/2022/176-Mushak	The service is exempt from VAT
66	S065.00	Building, Floor & Premises Cleaning & Maintenance	10.0%	✓	SRO No. – 240-AIN/2021/163-Mushak	
67	S066.00	Lottery Ticket Seller	10.0%	✓	SRO No. – 240-AIN/2021/163-Mushak	
68	S067.00	Immigration advisor	15.0%	✓	SRO No. – 240-AIN/2021/163-Mushak	
69	S068.00	Coaching center	15.0%	✗	Section 15 of VAT Act 2012	
70	S069.00	English Medium School	5.0%	✗	3rd schedule of VAT Act 2012	
71	S070.10	Private University	N/A	✗	SRO No. – 163-AIN/2022/176-Mushak	The service is exempt from VAT
	S070.20	Private Medical & Engineering college	N/A	✗	SRO No. – 163-AIN/2022/176-Mushak	The service is exempt from VAT
72	S071.00	Event management firm	15.0%	✓	SRO No. – 240-AIN/2021/163-Mushak	
73	S072.00	Human resource service provider	15.0%	✓	SRO No. – 240-AIN/2021/163-Mushak	
74	S073.00	Manpower exporting service	N/A	✗	SRO No. – 163-AIN/2022/176-Mushak	The service is exempt from VAT
75	S074.00	Rent of office space or building used for commercial purpose	15.0%	✗	Section 15 of VAT Act 2012	As per VAT SRO – 163/22, VAT exempted for – i) Registered or listed manufacturer factory rent ii) Rent for fully residential use iii) Rent for commercial use (maximum 150 square feet) iv) Any ITES service institution (under S099.10) rent v) Showroom rent for any women entrepreneur
76	S075.00	Stock security broker	N/A	✗	SRO No. – 163-AIN/2022/176-Mushak	The service is exempt from VAT

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Reference	Remarks
77	S076.00	Social & Sports Club	10.0%	✗	3rd schedule of VAT Act 2012	
78	S077.00	Tour operator	N/A	✗	SRO No. - 163-AIN/2022/176-Mushak	The service is exempt from VAT
79	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	
80	S080.00	Ride Sharing Service	5.0%	✗	3rd schedule of VAT Act 2012	
81	S099.10	IT enable service (ITES)	5.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	Software development & customization excluded
	S099.20	Other services	15.0%	✓	SRO No. - 240-AIN/2021/163-Mushak	As per VAT SRO - 163/22, 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	5.0%	✗	SRO No. - 230-AIN/2022/202-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	

3.11. Other Major Highlights

VAT Software²⁵⁸

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 Premises²⁵⁹

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 Bill²⁶⁰

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.

Deposition of Disputed Tax at Appeal²⁶¹

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 Operation²⁶²

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.

Any registered or enlisted entity with failure to file VAT returns during its dormant period is relieved from any penalty that arose from not filing the returns for the said period²⁶³.

Waste Management²⁶⁴

To dispose waste or any by product from production of goods, an application to the Divisional Officer needs 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 IVAS²⁶⁵

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 Govt. treasury.

Liability of VAT agent²⁶⁶

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.

258. GO/08/Mushak/2019

259. Section 13 of VAT Act 2012

260. Explanatory Note 05/MUSHAK/2020

261. Section 121 of VAT Act 2012

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

263 Section 85 of VAT Act 2012 as amended by FA 2022

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

265. GO-13/MUSHAK/2020

266. Section 19 of VAT Act 2012

Submission of Audited Annual Financial Statements²⁶⁷

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 and Credit Rating Agency need to assist VAT officials²⁶⁸

CA firms and credit rating agency 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.

Discontinuation of Utility²⁶⁹

In order to recover due VAT, authority can ask utility providing agencies to disconnect the supply of gas, electricity and water.

267. Section 90 of VAT Act 2012

268. Section 82 of VAT Act 2012 as amended by FA 2022

269. Section 95 of VAT Act 2012 as amended by FA 2022

Contributions

The following individuals contributed to the preparation of this document:

**Seezan M. Choudhury**

Partner

seezan.choudhury@aceadvisory.biz

**Montakim Ahmed**

Partner

montakim.ahmed@aceadvisory.biz

**Razzab Ali**

Director, Taxation

razzab.ali@aceadvisory.biz

**Rezwan Hamid**

Manager

rezwan.hamid@aceadvisory.biz

**Talat Shams Pahlowan**

Manager

talat.shams@aceadvisory.biz

**Shahriar Hossain**

Associate Manager

shahriar.hossain@aceadvisory.biz

**Anik Das**

Associate Manager

anik.das@aceadvisory.biz

**Anirudra Kanti Nath**

Associate Manager

anirudra.nath@aceadvisory.biz

**Md. Zahid Hasan**

Associate Manager

zahid.hasan@aceadvisory.biz

**Joy Saha**

Associate Manager

joy.saha@aceadvisory.biz

**Sarder Islamul Huque**

Assistant Manager

sarder.islamul@aceadvisory.biz

**Md. Mohin Uddin**

Assistant Manager

mohin.uddin@aceadvisory.biz

Contributions

The following individuals contributed to the preparation of this document:



Md. Robel Khan
Assistant Manager
robel.khan@aceadvisory.biz



Iztihad Masrur Chy
Assistant Manager
iztihad.masrur@aceadvisory.biz



Sheikh Tanjima Mredula
Assistant Manager
sheikh.mredula@aceadvisory.biz



Rokshana Akhter
Senior Associate
rokshana.akhter@aceadvisory.biz



Sheikh Tanima Madhurjo
Senior Associate
sheikh.tanima@aceadvisory.biz



Wais K. Ibne Musa
Senior Associate
wais.karni@aceadvisory.biz



Md. Nihal Nafi
Associate
nihal.nafi@aceadvisory.biz



Hedaytullah Khan
Associate
hedayt.khan@aceadvisory.biz



ASM Merajul Karim
Associate
merajul.karim@aceadvisory.biz



Touhid Hossain Taj
Junior Associate
touhid.taj@aceadvisory.biz



Md. Rayhan Ahmed
Senior Executive
rayhan.ahmed@aceadvisory.biz



Wardha Moriam
Graphics Designer
wardha.moriam@aceadvisory.biz

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