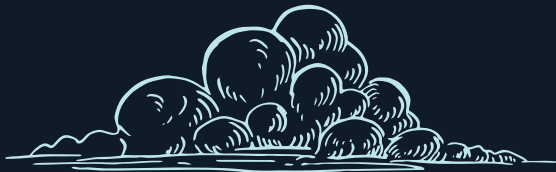
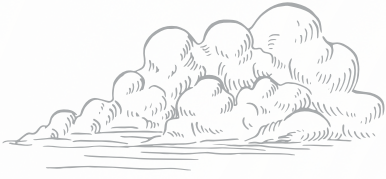


Bangladesh

Tax Insights 2023-2024







ACE Advisory
BPO | Accounting | Payroll | Tax



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 combine 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.



Why Choose Us



INTEGRATED SOLUTIONS

Our teams are trained to advise clients on multi-dimensional areas to ensure compliance to all areas of regulations such as tax, accounting, audit, and secretarial.



TECHNOLOGY AS PART OF SERVICE

Each part of our service delivery model incorporates the use of cutting-edge technology to ensure efficiency, accuracy and data security.



ADAPTIVE SOLUTIONS

Our services are designed so that they can be tailored for clients of any size.



LOCATED CENTRALLY

Modern offices with an emphasis on openness and communication located in the heart of Dhaka – Banani.



COST EFFECTIVE

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IN-DEPTH RESEARCH

Clients get access to in-depth research, regular updates on changes in regulations, and high-quality publications.



Our mission

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



Our vision

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

ANDERSEN GLOBAL

ACE Advisory is a collaborating firm of Anderson Global in Bangladesh.

Anderson Global is an international association of legally separate independent member firms comprised of tax and legal professionals around the world. Established in 2013 by U.S. member firm Andersen Tax LLC, Andersen Global now has more than 14,000 professionals worldwide, over 2,000 global partners, and a presence in over 400 locations in more than 170 countries through its member and collaborating firms worldwide.

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It is pertinent to mention that the Income Tax Ordinance, 1984 has been replaced this year with the introduction and enactment of the new legislation, the Income Tax Act, 2023. As of the publication date of this handbook, the official English translation of the Income Tax Act, 2023 is yet to be made available. Consequently, any interpretations or insights provided in this handbook concerning the Income Tax Act, 2023 should not be regarded as authoritative confirmations or legal advice pertaining to this new legislation. Readers should also be aware that the Income Tax Act, 2023 continues to evolve as of the publication date of this handbook and therefore our current understanding and interpretation of certain provisions may not stand in the future.

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

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This document has been updated for changes till 30 June 2023.

Dear Reader

As the economic and political challenges continue well into 2023, Bangladesh battles a foreign currency crisis never seen before. Beyond the pandemic, global economic and political challenges continue to evolve. Trade tensions, geopolitical shifts and the sustainability imperative have become central themes on the world stage. Bangladesh's positioning within these narratives is not just a matter of economic strategy but a reflection of its role in an interconnected world.

ACE Advisory is continuing to evolve to sustain the rapid changes in the global and local socio-economic landscape, and we remain committed 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 2023/2024. The inexorable rise of the digital economy has commanded attention on the global stage and Bangladesh, in common cause with nations worldwide, is actively working to manage the complexities of the impact of digital economy through tax policy and regulatory automation. The introduction of the new Income Tax Act, 2023, while ushering in a new era of tax regulation, has also presented us with fresh opportunities for growth and development. Therefore, we have taken our time in structuring our handbook to allow readers to understand the transition from the previous Income Tax Ordinance, 1984, to the new act. Readers should be aware that the Income Tax Act, 2023 continues to evolve as of the publication date of this handbook and therefore our current understanding and interpretation of certain provisions may not stand in the future.

In line with our ongoing commitment to bolstering infrastructure development, we take pride in the remarkable strides we have witnessed so far. Notably, the inauguration of the First Dhaka Elevated Expressway and MRT Line 6, among numerous other projects, underscores our dedication to enhancing connectivity and accessibility. By the time you are reading this handbook, we anticipate that the Karnaphuli Tunnel, Rail Link to Cox's Bazaar, Padma Bridge Rail Link, and the 3rd Terminal of Hazrat Shahjalal International Airport will have made significant progress towards completion which are all expected to greatly add to our GDP in the years to come.

In the face of numerous daunting global challenges, Bangladesh has emerged as a beacon of resilience and determination. Even as the pandemic raged, wars broke out and the global economy was repeatedly, negatively impacted, Bangladesh continued to show remarkable strength, breaking barriers and achieving economic growth. Its ability to adapt and thrive in the face of adversity serves as an inspiring testament to the indomitable spirit of its people and the vision of its leadership and therefore our theme for this year's publication is centered around resilience.

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

Montakim Ahmed
Partner

Seezan M. Choudhury
Partner

TABLE OF CONTENTS

PERSONAL INCOME TAX

1.1.	Scope of Income	3
1.2.	Tax Year	3
1.3.	Residency.....	3
1.4.	Taxability of Income from Salary and Deemed Income.....	4
1.5.	Income from House Property.....	7
1.6.	Income from Other Sources	7
1.7.	Exclusions from Total Income	9
1.8.	Income Tax Rates.....	10
1.9.	Minimum Tax.....	11
1.10.	Additional Tax.....	11
1.11.	Capital Gains Tax.....	11
1.12.	Advance Income Tax.....	12
1.13.	Advance Income Tax on Motor Vehicle.....	13
1.14.	Tax Credit from Investment.....	14
1.15.	Proof of Submission of Return of Income.....	15
1.16.	Tax Return.....	18
1.17.	Deadline for Tax Return Filing	19
1.18.	Self-assessment	19
1.19.	Statement of Assets, Liabilities and Lifestyle	21
1.20.	Surcharge	21
1.21.	Environmental Surcharge	22
1.22.	Tax Incentives	22
1.23.	Tax Clearance for Expatriates.....	26
1.24.	Penalties for Non-disclosure of Offshore Assets.....	26

CORPORATE TAX

2.1.	Introduction	29
2.2.	Residency.....	29
2.3.	Permanent Establishment.....	29
2.4.	Income Year.....	30
2.5.	Income Arising in Bangladesh	30
2.6.	Deemed Income.....	31
2.7.	Exclusions from Total Income.....	32
2.8.	Allowable Deductions.....	36
2.9.	Allowable Perquisites	37
2.10.	Deductions Not Allowable	39
2.11.	Depreciation Allowances.....	40
2.12.	Losses.....	44

2.13.	Tax Deduction at Source	45
2.14.	Mode of Payment of Tax.....	55
2.15.	Timeline for Payment of TDS.....	55
2.16.	Other Filings.....	55
2.17.	Rates of Corporate Tax	57
2.18.	Additional Scope of Tax for Listed Companies	60
2.19.	Minimum Tax	60
2.20.	Additional Tax.....	64
2.21.	Capital Gains Tax.....	64
2.22.	Advance Payment of Tax.....	64
2.23.	Displaying Proof of Submission of Return.....	66
2.24.	Tax Return	66
2.25.	Assessments.....	68
2.26.	Payment of Tax on the Basis of Return.....	69
2.27.	Power to Condone or Extend.....	70
2.28.	Tax Incentives.....	70
2.29.	Double Taxation Avoidance Agreement	72
2.30.	Transfer Pricing.....	75
2.31.	Amalgamation.....	76
2.32.	Startup Sandbox.....	77
2.33.	Provident Fund.....	79
2.34.	Gratuity Fund	80
2.35.	Penalties	82

VALUE ADDED TAX (VAT)

3.	Value Added Tax (VAT).....	87
3.1.	Basic Mechanism of VAT.....	87
3.2.	Registration or Enlistment.....	87
3.3.	Central VAT Registration	89
3.4.	Type of VAT Rates	89
3.5.	VAT Deduction and Collection Guideline	91
3.6.	Input Tax	94
3.7.	VAT Documentation.....	97
3.8.	Negative Balance Adjustment.....	100
3.9.	Penalties	100
3.10.	VAT Rates as per Applicable Service Code.....	103
3.11.	Other Major Highlights.....	115

Contributions	117
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TAX

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 follows:¹

Residents



- Accrues/arises or is deemed to accrue/arise in Bangladesh during that year;
- Accrues/arises outside Bangladesh during that year;
- Is received or deemed to be received in Bangladesh by or on behalf of such person during that year;
- Is received or deemed to be received outside Bangladesh by or on behalf of such person during that year.

Non-Residents



- Accrues/arises or deemed to accrue/arise in Bangladesh during that year;
- Received or deemed to be received in Bangladesh by or on behalf of such person during that year.

1.2. Tax Year

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

1.3. Residency

In Bangladesh, an individual is treated as a resident if they have been in Bangladesh for:³

- An aggregate period of 183 days or more in that tax year;
- 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 Hindu undivided family, firm or association of persons, the control and management activities of which are wholly carried out within Bangladesh during the year.

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

1. Section 26 of ITA 2023 (Section 17(1) of ITO 1984)
 2. Section 2(24) of ITA 2023 (Section 2(9) of ITO 1984)
 3. Section 2(45) of ITA 2023 (Section 2(55) of ITO 1984)

1.4. Taxability of Income from Salary and Deemed Income

Income from salary includes the following:⁴



Basic salary



Wages, fees and commissions



Employee share scheme



Allowance of any kind



Festival bonus



Incentive bonus



Arrear & advance salary



Overtime



Contribution to PF by employer



Pension fund



Gratuity fund



Superannation fund



Leave encashment



Compensation



Leave fare assistance

Individuals enjoying salary income are subject to tax on salary and all other benefits. The taxability on allowances and benefits of similar nature are summarized below:

Income Head	Taxability
Basic salary	Fully taxable
Allowance of any kind	Fully taxable
Rent free accommodation ⁵	Annual value of accommodation if the rent is fully paid by the employer or if the accommodation is provided by the employer.
Accommodation at concessional rate	Difference between annual rental value and actual rent paid.
Motor vehicle benefit (per vehicle)	<ul style="list-style-type: none"> For vehicles up to 2500 CC For vehicles exceeding 2500 CC
Medical expenses ⁶	<p>Fully taxable.</p> <p>However, medical expenses paid to an employee (other than a shareholder director) for heart, kidney, eye, liver, or cancer surgery are fully exempted.</p>

4. Section 2(13) & 32 of ITA 2023 (Section 2(58) & 21 of ITO 1984)

5. Section 33(1) of ITA 2023 (Rule 33BB of ITR 1984)

6. Section 32(2) of ITA 2023 (Rule 33I of ITR 1984)

**Exemption on salary income is now
lower of:**

1/3 of salary income

or

Tk. 450,000.



Income Head	Taxability
Travel allowance (local and foreign)	Reimbursements actual against bills/receipts are fully exempt. However, any benefit paid in addition to this in cash is fully 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	Fully taxable
Registered gratuity fund ⁷	Exempt up to Tk. 25,000,000
Leave encashment	Fully taxable
Leave fare assistance	Fully taxable
Registered pension fund	Fully exempted
Workers' profit participation fund (WPPF)	Fully taxable
Telephone/mobile allowance	Tax free as long as it is for official use
Other allowances	Fully taxable
Any reimbursements	Tax free as long as it was for official purposes

Exemption from salary income	
General Employees (except government employees)	Government Employees
Lower of: ⁸ <ul style="list-style-type: none"> • 1/3 of salary income, or • Tk. 450,000 	All salary items are fully exempted except for the following: ⁹ <ul style="list-style-type: none"> • Basic salary • Festival allowance • Bonus <i>However, these employees are not eligible for the general tax exemption.</i>

Employers usually deduct taxes at the source after accounting for allowances from an employee's monthly salary. However, all employees are responsible for filing of their own returns at the end of the tax year. If an individual has other sources of income, such as rental income or interest income, they are responsible for reporting these additional incomes in their return and paying applicable taxes when filing.

7. 6th Schedule, Part 1, Para 6 of ITA 2023 (6th Schedule, Part A, Para 20 of ITO 1984)

8. 6th Schedule, Part 1, Para 27 of ITA 2023

9. SRO No-225-LAW/Income Tax-7/2023 dated 13 July 2023

1.5. Income from House Property

House property consists of building, apartment, land, furniture, fixture, fittings etc. Income from house property whether used for commercial or residential purposes is taxable on the basis of its annual value.¹⁰

The following deductions are applicable on income from house property:¹¹

- Insurance premium paid against the risk of loss or destruction of property;
- Interest payable to bank or financial institution on borrowed capital for acquisition, construction, reconstruction, repair or renovation of the house property;
- Annual charges including taxes or fees except capital charges;
- Cost of repairment, rent collection, water and sewerage, electricity, maintenance and other basic services are deductible up to the following extents:

Type of Property	% of Allowed Deduction
House property used for commercial purposes	30%
House property used for non-commercial purposes	25%
Other properties (if applicable)	10%

However, this deduction is not applicable for tenants/lessees who pay service charges in addition to the rental payment for the property;

- Interest paid to bank or financial institution on capital borrowed (for acquisition, construction, reconstruction, repair or renovation) before generating income from the property can be deducted in equal installments in the first 3 years of generating income from such property. After 3 years, such interest will not be deductible anymore.

Individuals receiving more than Tk. 25,000 per month as rent from a house property are required to maintain a bank account with any scheduled bank for depositing the same.¹²

1.6. Income from Other Sources

The following income items are considered as **Income from Other Sources** for every individual taxpayer:¹³

#	Details
1	Any sum credited for which the source and nature cannot be explained satisfactorily.
2	Any increase in the value of assets (specific calculation method applicable).
3	The difference between market value and purchase value of any asset other than stock-in-trade and financial assets if the asset is purchased at a price lower than the market value.

10. Section 36(1-3) of ITA 2023 (Section 24(1) of ITO 1984)

11. Section 38 of ITA 2023 (Section 25 of ITO 1984)

12. Rule 8A of ITR 1984

13. Section 67 of ITA 2023 (Section 19 of ITO 1984)

#	Details
4	Fee, commission, compensation or goodwill for cancellation or rescission of any agreement or alteration or modification of any terms.
5	Any one-off amount received or due as salami or premium from lease or rent.
6	Amount of tax not deducted or collected at source during the acquisition of any asset.
7	<p>Any benefit enjoyed by taxpayers, regardless of convertibility to cash, on account of waiver on loan payment.</p> <p>However, this shall not be applicable for the following cases:</p> <ul style="list-style-type: none"> • Waiver of loan or interest granted to a person by any financial institution registered under the Scheduled Bank or Financial Institutions Act, 1993 • Waiver on any margin loan or interest (Up to Tk. 1,000,000) from any merchant banker and portfolio manager or stockbroker registered under the Bangladesh Securities and Exchange Commission Act, 1993.
8	Any amount received as winnings from lotteries, crossword puzzles, card games, online games and other games of similar nature.
9	<p>Any amount received above Tk. 500,000 other than via crossed cheque or bank transfer as advance, loan, donation or any similar form of deposit. However, this will not be applicable in the following circumstances:</p> <ul style="list-style-type: none"> • If such money is received from the spouse, parent or child and the same is withdrawn from the bank account of the donor • Any deposit accepted by a bank, financial institution and any organization registered with the Bureau of NGO Affairs or the Microcredit Regulatory Authority.
10	Any liability related to the purchase of building construction material but not settled within two years from the end of the fiscal year.
11	<p>If an amended return is filed under section 175, 180 or 212 and any income is disclosed in the amended return which is subject to a reduced rate of tax or tax exemption, then the amount equal to A-B shall be included as "Income from Other Sources", where:</p> <p>A = amount shown in revised return as income subject to tax exemption or reduced rate of tax;</p> <p>B = Income shown in original return.</p> <p>However, this will not be applicable if involvement of banking intermediary or sufficient evidence can be presented.</p>

1.7. Exclusions from Total Income

Individuals having income other than salary are also entitled to certain exemptions under the 6th Schedule of the Income Tax Act 2023 as follows:

Income Head	Exempted Amount
Any pension received or due from the Government Pension Fund ¹⁴	Fully exempt
Gratuity income received from government or approved gratuity fund ¹⁵	Tk. 25,000,000
Payment from recognized provident fund, approved superannuation fund and pension fund ¹⁶	Fully exempt
Pensioner's savings certificate ¹⁷	Up to Tk. 500,000
Any income earned in abroad and brought as foreign remittance into Bangladesh ¹⁸	Fully exempt
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 ¹⁹	Fully exempt



14. 6th Schedule, Part 1, Para 4 of ITA 2023 (6th Schedule, Part A, Para 8 of ITO 1984)

15. 6th Schedule, Part 1, Para 5 & 6 of ITA 2023 (6th Schedule, Part A, Para 20 of ITO 1984)

16. 6th Schedule, Part 1, Para 6 of ITA 2023 (6th Schedule, Part A, Para 21 of ITO 1984)

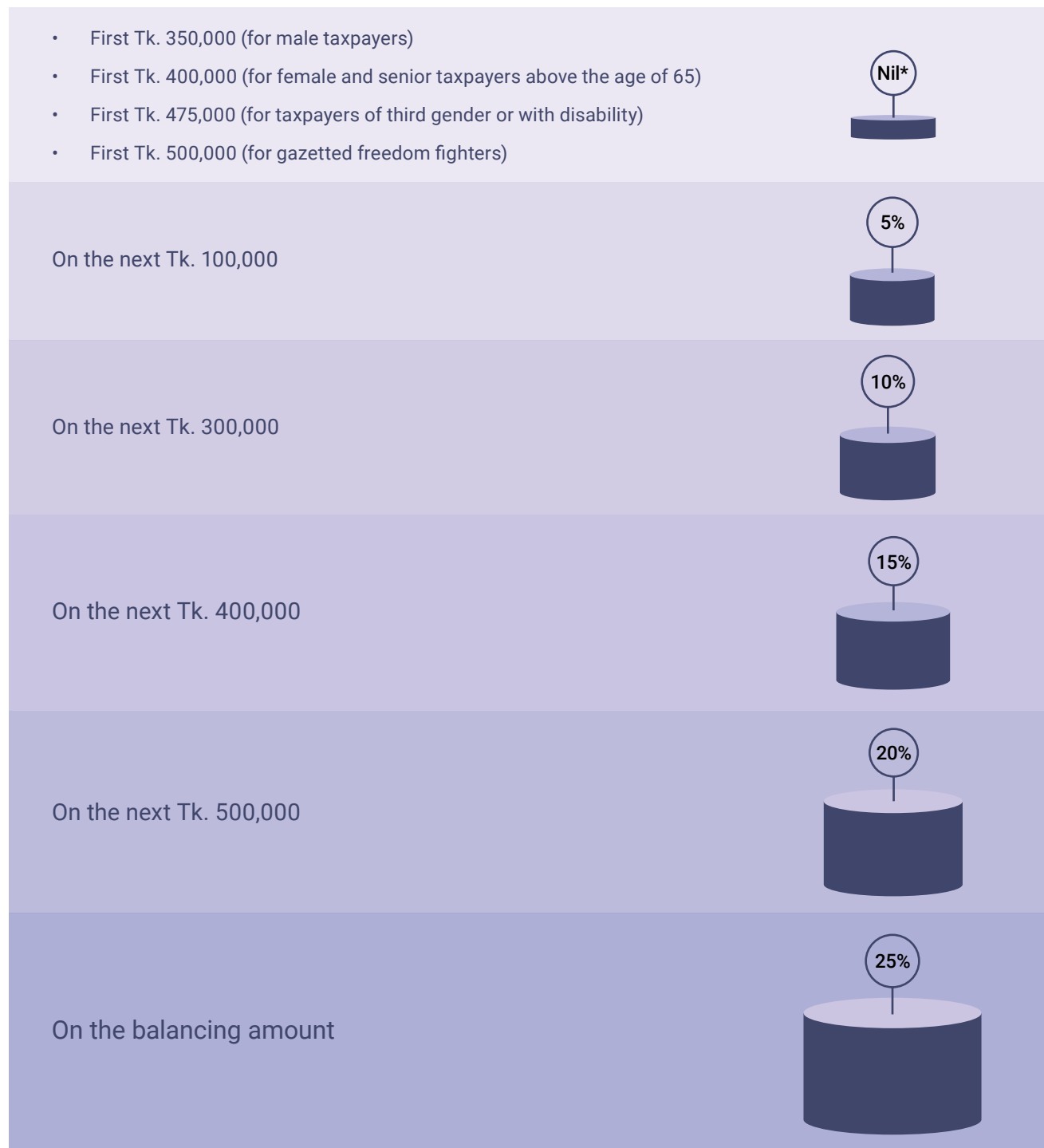
17. 6th Schedule, Part 1, Para 9 of ITA 2023 (6th Schedule, Part A, Para 32A of ITO 1984)

18. 6th Schedule, Part 1, Para 17 of ITA 2023 (6th Schedule, Part A, Para 48 of ITO 1984)

19. 6th Schedule, Part 1, Para 18 of ITA 2023 (6th Schedule, Part A, Para 24A of ITO 1984)

1.8. Income Tax Rates

Income tax is assessed on individuals based on fixed slabs. The slabs of total income and corresponding tax rates are given below:²⁰



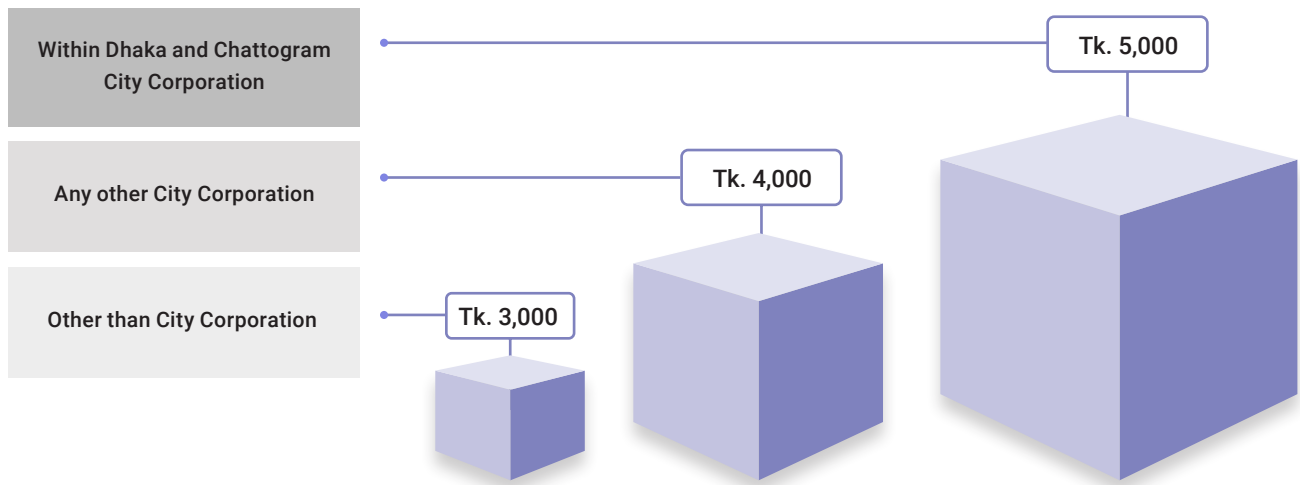
*Parents or legal guardians of **disabled individuals will enjoy a further exemption of Tk. 50,000** in addition to their existing limit of tax exempted income. If both parents of a disabled individual are taxpayers, then only one of them will be eligible for this increased limit of exemption.

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

²⁰ 2nd Schedule, Part 1 of FA 2023 (2nd Schedule, Part 1 of FA 2022)

1.9. Minimum Tax

Minimum tax applicable on individuals is as follows:



This minimum tax is levied on anyone whose total taxable income (after accounting for allowable exemptions) 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. 400,000 and her 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.

1.10. Additional Tax

In any income year if the investment declared in the statements submitted by an assessee (*as listed in 1.14*) 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 from the actual payment/receipt made by them, tax shall be charged at the rate of 50% on the balance.²¹

1.11. Capital Gains Tax

Capital gains tax (CGT) for individuals can be divided into two major categories:^{22 23}

a) Sale of shares of listed companies – Capital gains from trading securities listed in any SEC approved stock exchange except listed government securities are as follows:

#	Details	CGT
1	Non-resident shareholders	15%

21. Section 20 of ITA 2023 (Section 16H of ITO 1984)
 22. SRO No-196-LAW/Income Tax/2015 dated 30 June 2015
 23. 7th Schedule, Para 1 of ITA 2023 (2nd Schedule, Para 2 of ITO 1984)

#	Details	CGT
2	Sponsor shareholder or shareholder director of bank, financial institution, merchant bank, insurance company, leasing company, portfolio management company, stock dealer or stock brokerage company	5%
3	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	5%
4	Individuals other than described in 1, 2 & 3 above	Exempted

b) Other than sale of shares of listed companies - Individuals selling assets other than mentioned in a) above are taxed on capital gains in the following manner:²⁴



Before expiry of 5 years

if the asset is transferred before the expiry of 5 years from date of acquisition, CGT will be charged at 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 the expiry of 5 years from date of acquisition, CGT will be charged at 15%.

1.12. Advance Income Tax

If the total income of a taxpayer had exceeded Tk. 600,000²⁵ in the last assessed income year, then advance income tax must be paid for income in the current year except for the following circumstances:

- If the full income amount (not exceeding Tk. 800,000) had been generated from cultivation of land;
- If the income in last assessed income year of Tk. 600,000 includes the following:
 - Income from capital gains;
 - One-off income which cannot be collected in the concerned income year.

For new taxpayers, payment of advance income tax is mandatory if his/her income is estimated to exceed Tk. 600,000 in the year subsequent to the current income year.

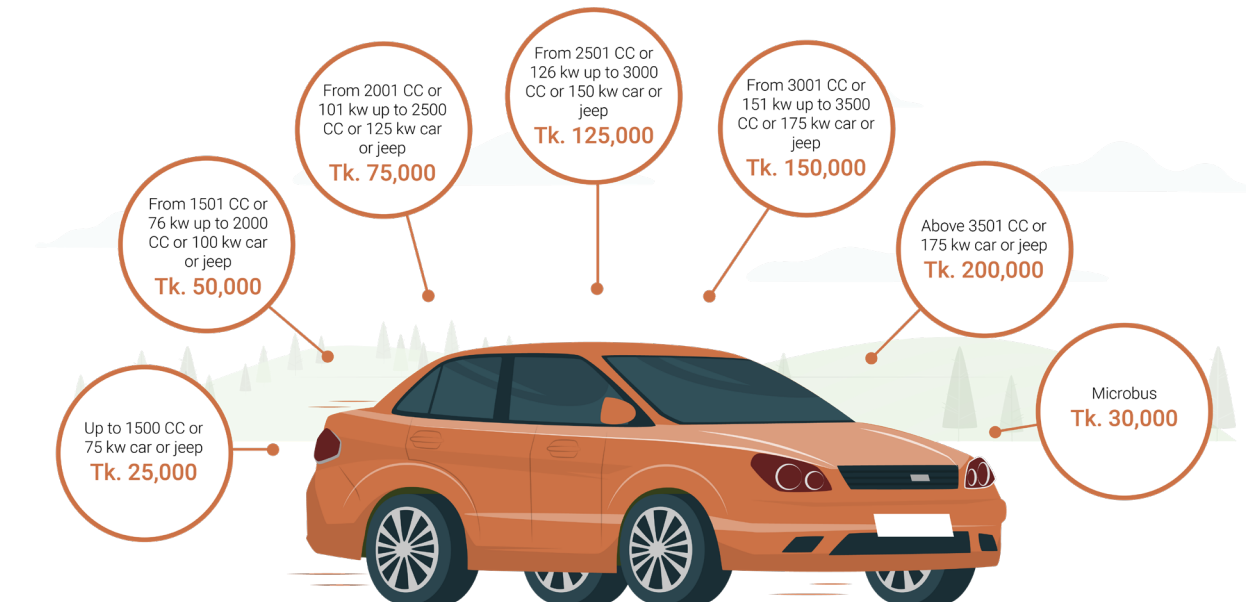
The amount of advance tax payable shall be determined as per the calculation prescribed in Section 155 and 156 of ITA, 2023.

24. 7th Schedule, Para 1 of ITA 2023 (2nd Schedule, Para 2 of ITO 1984)

25. Section 154 of ITA 2023 (Section 68 of ITO 1984)

1.13. Advance Income Tax on Motor Vehicle

Every individual owning a private motor car (including jeep and microbus) is required to pay advance income tax as follows:²⁶



Note: The AIT mentioned above is not applicable for motor cars used for commercial purpose as listed under section 138 of ITA 2023.²⁷

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 (as listed above) shall be collected on or before 30 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 payment.²⁸
- 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 paid.

26. Section 153(2) of ITA 2023 (Section 68B(2) of ITO 1984)

27. Section 138 of ITA 2023 (Section 68B(6) & 53Q of ITO 1984)

28. Section 153(3-4) of ITA 2023 (Section 68B(2A-2B) of ITO 1984)

1.14. 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:²⁹

#	Details	Limit
1	Life Insurance premium paid by an individual	10% of policy value
2	Contribution of both employer and employee to a recognized provident fund	No Limit
3	Contribution in superannuation fund	No Limit
4	Investment in government securities which includes: <ul style="list-style-type: none"> Treasury bill Bond Sanchayapatra Debenture Shariah based securities 	Tk. 500,000
5	Investment in unit certificates issued by/under: <ul style="list-style-type: none"> Financial institutions Investment corporation of Bangladesh Asset management companies Mutual funds ETF or joint investment schemes 	Tk. 500,000
6	Investment in Deposit Pension Scheme (DPS) or Monthly Savings Scheme	Tk. 120,000
7	Investment in listed securities of stock exchanges regulated under BSEC	No Limit
8	Donation to NBR approved charitable hospital located outside city corporation area	No Limit
9	Donation to any organization established for the welfare of disabled people	No Limit
10	Payment of Zakat to Zakat fund or donation to charitable funds established under the Zakat Fund Management Act, 2023	No Limit
11	Contribution to any NBR approved benevolent Fund and group insurance schemes	No Limit
12	Donation to any government approved institution established for public development or education	No Limit
13	Donation to the Liberation War Museum	No Limit
14	Donation to any national institution established in memory of the Father of the Nation	No Limit

29. 6th Schedule, Part 3 of ITA 2023 (6th Schedule, Part B of ITO 1984)

The eligible investment amount is the lesser of:

a

0.03 X total taxable income (excluding income subject to reduced rate of tax and minimum tax)

b

0.15 X actual investment and expenditure as per 6th Schedule, Part 3

c

Tk. 1,000,000.

1.15. 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 instances:³⁰



- Applying for a loan exceeding Tk. 2,000,000 from a bank or a financial institution;
- Obtaining or retaining a credit card;
- Opening postal savings accounts of exceeding Tk. 500,000;
- Opening and continuing term deposits exceeding Tk. 1,000,000;
- Purchasing savings instruments (Sanchayapatra) of exceeding Tk. 500,000;
- Opening and retaining bank accounts of trusts, funds, foundations, NGOs, microcredit organizations, societies and cooperative societies;
- Opening a letter of credit for the purpose of import;
- Submitting a bill of entry for import into or export from Bangladesh.



- Obtaining or renewing a trade license in the area of a city corporation or paurashava;
- Obtaining or renewing license or enlistment as a surveyor of general insurance;
- Obtaining or renewing a drug license, a fire license, environment clearance certificate, BSTI licenses and clearance;
- Obtaining or renewing the permission for manufacturing bricks from the Ministry of Environment or the Offices of the District Commissioner;
- Registering or renewing agency certificate of an insurance company;
- Registering or renewing a license or enrolment as a vendor or deed writer of stamps, court fees and cartridge paper.



- Obtaining or retaining commercial and industrial connection of gas in any area and obtaining or retaining residential connection of gas in city corporation area;
- Obtaining or retaining the connection of electricity in city corporation or cantonment board;
- Participating in any election in upazilla, paurashava, zilla parishad, city corporation or National Parliament.

³⁰ Section 264 of ITA 2023 (Section 184A of ITO 1984)

**Furnishing Proof of Submission of
Return (PSR) is mandatory for obtaining
43 types of services in Bangladesh.**





- Obtaining or retaining the membership of a professional body as a doctor, dentist, lawyer, chartered accountant, cost and management accountant, engineer, architect or surveyor or any other similar profession;
- Obtaining or retaining the membership of any trade or professional body;
- Submitting application for the membership of a club;
- Obtaining plan approval for construction of building from Rajuk, CDA, KDA and RDA or other concerned authority of a city corporation or paurashava and other concerned authorities formed by the government.



- Participating in a shared economic activity by providing motor vehicle, space, accommodation or any other assets;
- Any person employed in the management or administrative function or in any supervisory position in the production function entitled to salary and benefits;
- Any government employee entitled to salary and benefits;
- Receiving commission or any other fee on money transfer through mobile banking or other electronic means or in relation to the recharge of mobile phone account;
- Receiving more than Tk. 16,000 per month from the government under Monthly Payment Order (MPO);
- 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;
- Selling any goods or services by any digital platforms to consumers in Bangladesh;
- Submitting tender documents by a resident for the purpose of supply of goods, execution of a contract or rendering a service;
- Supplier or service providers when accepting supply of goods or services by an individual;
- Receiving goods or services provided by a company or firm;
- Releasing overseas grants to a non-government organization registered with NGO Affairs Bureau or to a microcredit organization licensed under the Microcredit Regulatory Authority.



- Becoming a director or a sponsor shareholder of a company;
- Obtaining admission of a child or a dependent in an English medium school providing education under international curriculum or English version of the National Curriculum;
- In case of rent or lease of a house in City Corporation area by any particular individual, the owner of the house.



- Obtaining or retaining an import/export registration certificate;
- Obtaining registration of cooperative society;
- Obtaining registration of the deed of transfer, baynanama or power of attorney for selling/leasing of a land, building or an apartment located within a city corporation or a paurashava of a district headquarter or cantonment board for which the deed value exceeds Tk. 1,000,000;
- Obtaining and retaining a license as a Nikah Registrar, Hindu Marriage;
- Obtaining or retaining a survey certificate for any water vessel including launch, steamer, fishing trawler, coaster, cargo, dumb barge and any vehicle on hire;
- Obtaining or retaining the agency or the distributorship of a company;
- Obtaining or retaining a license for arms.

1.16. Tax Return

All individual taxpayers are required to obtain an e-TIN in order to file a tax return.³¹ This is relatively easy and can be obtained from <http://secure.incometax.gov.bd/TINHome>.

Any individual falling under the following categories must file tax return after the end of each tax year:³²

#	Category
1	Any individual whose income during the year exceeds the exemption limit detailed in 1.12 (Income Tax Rates)
2	If an individual has been assessed for tax during any of the 3 years preceding the income year
3	Shareholder director, shareholder employee, executive and managers of a company
4	A firm and the partners of a firm
5	Any individual enjoying exemption or a reduced rate of tax under Chapter 1, Part VI of ITA 2023
6	Any individual eligible for registration as a taxpayer as per Section 261 of ITA 2023
7	Individuals required to furnish proof of submission of return

Filing return of income is not mandatory for an individual if the person:³³

- is a non-resident individual having no fixed base in Bangladesh;
- is exempted from filing by NBR by way of notice published in the Official Gazette.

Failure to file income tax return can result in a penalty which is higher of:³⁴

- 10% of the income tax payable on last assessed income; or
- Tk. 1,000.

In case of continuing default, Tk. 50 will be added as an additional penalty for each day of delay.

However, the penalty imposed in such way does not exceed the following:

Tk. 5,000

for individuals who had never been subject to income tax assessment;

**Tk. 1,000
or 50%**

of tax payable on the last assessed income, whichever is higher for individuals who had been subject to income tax assessment before.

31. Section 261 of ITA 2023 (Section 184(b) of ITO 1984)

32. Section 166 of ITA 2023 (Section 75 of ITO 1984)

33. Section 166(2) of ITA 2023 (Section 75(2) of ITO 1984)

34. Section 266 of ITA 2023 (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 filing.³⁵ Failure to do so may result in a penalty of 25% of total tax payable or on deficit tax payable.³⁶ If a taxpayer fails to file the return on or before the Tax Day, their tax will be assessed and paid in a manner specified differently.

1.17. Deadline for Tax Return Filing

The last date for filing tax returns for an individual is 30 November following the end of the income year which is also known as the **Tax Day**.

For individuals submitting return for the first time, the deadline will be 30 June following the end of the concerned income year.³⁷

1.18. Self-assessment³⁸

Under this scheme, individuals can submit their return and pay taxes on the basis of such return. If the taxpayer identifies any error in the return after submission, they have the option to file an amended return with a monthly interest of 5% on the undisclosed items and applicable taxes on those. However, such amendment cannot be made in the following circumstances:

- After 180 days from the date of filing the original return;
- After submission of amended return once;
- After the return is selected for audit under Section 182.

The Deputy Commissioner of Taxes (DCT) shall process the filed return and subsequently issue an acknowledgment of submission. If any discrepancy is found within the income, tax, or other significant figures disclosed in the return he shall send a written notice to the taxpayer.

Returns filed under this section may eventually be selected for audit. However, the returns are not selected for audit if:³⁹

- The return, other than those from banks and financial institutions, shows a 15% increase in income from the last assessed year;
- The return:
 - Is filed as corroborative evidence in support of income exempted from tax;
 - Does not include receipt of gift during the year;
 - Does not show any income exempted from tax under Section 76;
 - Does not show or result in any refund.
- The taxpayer deducts or collects withholding taxes at applicable rates and files the Withholding Tax Return regularly.

35. Section 173 of ITA 2023 (Section 74 of ITO 1984)

36. Section 271 of ITA 2023 (Section 127 of ITO 1984)

37. Section 2(23) of ITA 2023 (Section 2(62A) of ITO 1984)

38. Section 180 of ITA 2023 (Section 82BB of ITO 1984)

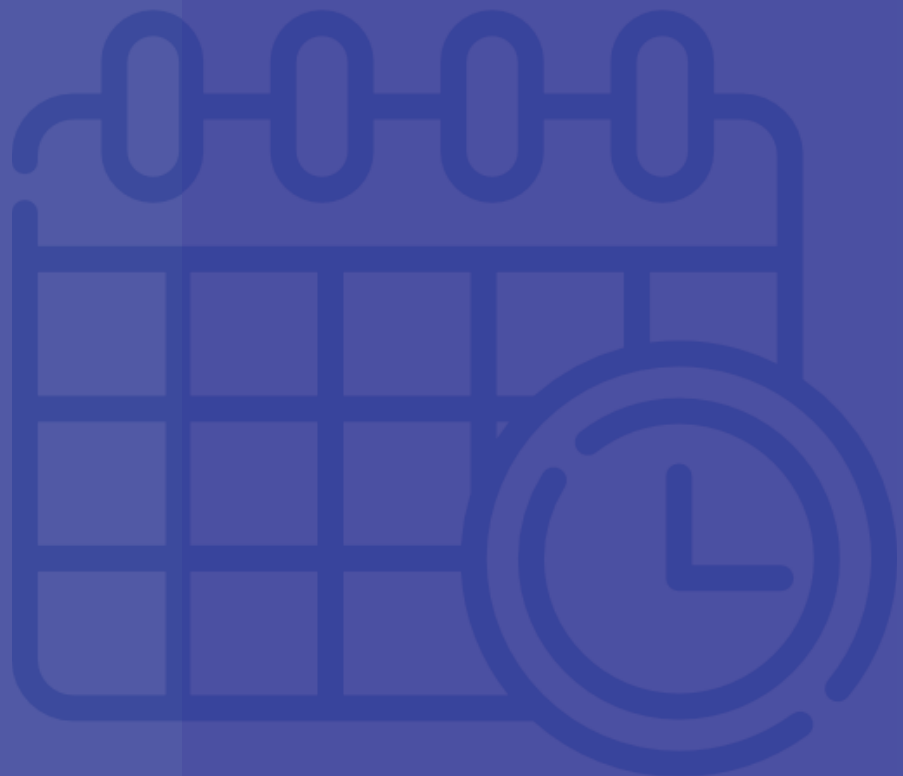
39. Section 181(14) of ITA 2023 (Section 82BB(7) of ITO 1984)

Deadline for return filing of individuals

For regular assessee: 30 November

For 1st time filing: 30 June*

**30 June following the end of concerned income year.*



1.19. Statement of Assets, Liabilities and Lifestyle

Every individual has to submit a statement of assets, liabilities and expenses of themselves and their household (dependents) if that person:⁴⁰

- has a gross wealth exceeding Tk. 4,000,000 at the last date of the income year; or
- owns any motor car at any time during the income year; or
- has made an investment in a house property or an apartment within a city corporation area; or
- owns any asset abroad at any time during the income year; or
- is a shareholder director of a company.

Submission of the statement of assets and liabilities is mandatory for all public servants. Individuals not falling under the regulatory mandate can submit the statement voluntarily. Non-Bangladeshi or non-resident Bangladeshi individuals shall submit the statement only in respect of assets located in Bangladesh.

Every individual taxpayer is required to include the statement of lifestyle expenses in their return if:⁴¹

- their income exceeds Tk. 500,000 in the relevant income year;
- they own any motor car at any time during the income year;
- they derive any income from business;
- they are shareholder director of a company;
- they have made an investment in a house property or an apartment within a city corporation area.

1.20. Surcharge

If the total net worth of any individual taxpayer as per the Personal Balance Sheet and Lifestyle Statement exceeds Tk. 40,000,000 then surcharge on tax will be payable as follows:⁴²

Net Worth	Rate of Surcharge
Up to Tk. 40,000,000	Nil
Tk. 40,000,001 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%

40. Section 167(1) of ITA 2023 (Section 80 of ITO 1984)

41. Section 168(1) of ITA 2023 (Section 75(3-c-i) of ITO 1984)

42. 2nd Schedule, Part 2 of FA 2023 (2nd Schedule, Part 2 of FA 2022)

1.21. Environmental Surcharge

Individual taxpayers having more than one personal vehicle will be subject to environment surcharge on the additional vehicle in the following manner:⁴³

Particulars	Rate of Environment Surcharge (Tk.)
Up to 1500 CC or 75 kw car	25,000
From 1501 CC or 76 kw up to 2000 CC or 100 kw car	50,000
From 2001 CC or 101 kw up to 2500 CC or 125 kw car	75,000
From 2501 CC or 126 kw up to 3000 CC or 150 kw car	150,000
From 3001 CC or 151 kw up to 3500 CC or 175 kw car	200,000
Above 3501 CC or 175 kw car	350,000

In case of more than one vehicle, surcharge will be exempted on the vehicle with the lowest applicable surcharge. Environmental surcharge will be collected at source by the vehicle registration or fitness renewal authority during registration or fitness renewal of the vehicle.

Motor vehicles for which payment of surcharge is mandatory as mentioned above shall not include any bus, minibus, coaster, prime mover, truck, lorry, tank lorry, pickup van, human hauler, autorickshaw and motorcycle.

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 ⁴⁴	Share of capital gain on which tax has already been paid	Full	-
2	Individual who is a farmer and whose only source of income is agriculture ⁴⁵	Agricultural income	Tk. 200,000	-
3	Foreign faculty members, teaching, research or library staff members, administrators, officers, experts, technicians, visiting personnel of Asian University for Women ⁴⁶	Salaries and allowances	Full	-

43. 2nd Schedule, Part 3 of FA 2023

44. 6th Schedule, Part 1, Para 15 of ITA 2023 (6th Schedule, Part A, Para 18 of ITO 1984)

45. 6th Schedule, Part 1, Para 20 of ITA 2023 (6th Schedule, Part A, Para 29 of ITO 1984)

46. SRO No-17-LAW/2009 dated 02 February 2009

Individuals having more than one personal vehicle have to pay environmental surcharge on the additional vehicle.



#	Applicability	Source of Income	Exemption	Period
4	Expatriates working in private power generation companies (except coal-based electricity generation companies) starting commercial production within 31 December 2034 ⁴⁷	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 ⁴⁸	Income from working in private coal-based electricity generation company		
6	Expatriates working in International Committee of the Red Cross (ICRC) in Bangladesh ⁴⁹	Income from salary	Full	-
7	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
8	Expatriates working as technician, professionals, scientists, senior administration staff, advisor and consultant in Local Development Network Institutions under Aga Khan Development Network ⁵⁰	Income from salary	Full	-
9	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	-

47. SRO No-05-LAW/Income Tax/2020 dated 02 January 2020

48. SRO No-213-LAW/Income Tax/2013 dated 01 July 2013

49. SRO No-80-LAW/Income Tax/2010 dated 15 March 2010

50. SRO No-101-LAW/Income Tax/2003 dated 17 April 2023

#	Applicability	Source of Income	Exemption	Period
10	<p>All shareholders except for:⁵¹</p> <ul style="list-style-type: none"> Companies Firms 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 shares of total paid up capital of a company 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	-
11	Investment in Economic Zones or Hi-Tech Parks ⁵²	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
12	Investment in building or apartment ⁵³	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	-	-
13	Owner of small or cottage industry established in less/least developed areas	<p>Income increased by 15-25% from previous year</p> <p>Income increased by more than 25% from previous year.</p>	<p>5% of the tax due</p> <p>10% of the tax due</p>	-

51. SRO No-196-LAW/Income Tax/2015 dated 30 June 2015

52. 1st Schedule, Part 1, Para 2 of ITA 2023 (Section 19DD of ITO 1984)

53. 1st Schedule, Part 1, Para 1 of ITA 2023 (Section 19BBBBB of ITO 1984)

1.23. 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 temporarily.⁵⁴

1.24. 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 Taxes.⁵⁵



54. Section 243(1) of ITA 2023 (Section 107(1) of ITO 1984)

55. Section 21 of ITA 2023 (Section 19G of ITO 1984)

CORPORATE TAX





BANGLADESH

BANGLADESH

2.1. Introduction

A company is defined as a *company incorporated under the Companies Act, 1994* in force in Bangladesh and includes:⁵⁶

- liaison office, representative office or branch office of a foreign institution;
- any permanent establishment of a foreign entity or person;
- any association or body incorporated by or under the laws of a country outside Bangladesh;
- any bank, insurance or financial institution;
- any industrial and commercial organization, foundation, society, cooperative society and educational institution;
- any institution registered with the NGO Affairs Bureau or the Microcredit Regulatory Authority;
- any firm, association of persons, joint venture or combination of persons, called by whatever name, if any of such persons is a company or foreign entity as defined in the Companies Act, 1994 (Act No. 18 of 1994);
- statutory government authorities, local authorities and autonomous bodies;
- a body corporate established or constituted by or under any law for the time being in force;
- all other entities except individual, firm, association of persons, trust, Hindu Undivided Family and funds;
- any foreign association or body (not incorporated by or under any law) which NBR may, by general or special order, declare to be a company.

2.2. Residency

A company is considered resident if its control and management is situated wholly in Bangladesh.⁵⁷

2.3. Permanent Establishment

The definition of a “**Permanent Establishment**” in relation to income from business or profession includes:⁵⁸

- 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 in Bangladesh;
- any associated entity or person which is commercially dependent on a non-resident person where the person carries out any activity in Bangladesh in connection with a sale made in Bangladesh by the non-resident person.

56. Section 2(31) of ITA 2023 (Section 2(20) of ITO 1984)

57. Section 2(45) of ITA 2023 (Section 2(55) of ITO 1984)

58. Section 2(92) of ITA 2023 (Section 2(44A) of ITO 1984)

2.4. Income Year

Income year means financial year immediately preceding the assessment year and is defined for different entities as follows:⁵⁹



Newly set up business

Date of incorporation to the following 30 June



Business going into liquidation

1 July to date of dissolution



Banks, insurance or financial institutions

From 1 January to 31 December



Other companies

1 July to 30 June

However, the authorities may allow a different financial year for a company which is a Subsidiary /Branch Office /Representative /Liaison Office of a company incorporated outside Bangladesh if the Bangladeshi company is required to follow a different financial year for the purpose of consolidation of its accounts with its parent.

2.5. Income Arising in Bangladesh

The following income items are deemed to accrue or arise in Bangladesh:⁶⁰

a) Salary – if earned in Bangladesh or paid by the government or a local authority to a Bangladeshi citizen.

b) 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;
- the sale of any goods or services by any electronic means to purchasers in Bangladesh;
- any intangible property used 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 resident except in certain circumstances relating to foreign source of income;
- a non-resident where such income relates to activities carried out in Bangladesh.

e) Insurance premium – insurance or re-insurance premium accrued or payable in Bangladesh.

59. Section 2(15) of ITA 2023 (Section 2(35) of ITO 1984)

60. Section 27 of ITA 2023 (Section 18 of ITO 1984)

2.6. Deemed Income

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

#	Deemed Income	Income Head
1	Unexplained credit in the books of accounts	Income from Other Sources ⁶¹
2	Unexplained assets	
3	Difference between the fair market value and the purchase price of an asset (except stock-in-trade or financial asset)	
4	Fee, commission, compensation or goodwill for cancellation or rescission of any agreement or alteration or modification of any terms	
5	Entire value of assets acquired for which payment was made without tax deduction or collection at source	
6	Monetary value of benefit arising out of cancellation of indebtedness	
7	Paid-up capital received via methods other than bank transfer by a non-listed company	
8	Loan received via methods other than bank transfer by a company	
9	50% of [Value of motor car / jeep purchased or hired – 10% of (paid-up capital + reserve + accumulated profit)] of a company	
10	Unpaid liability in respect of credit purchase of building construction material subject to certain conditions	
11	Difference between tax exempted or reduced rated income disclosed in amended return and the income shown in original return, subject to certain conditions	
12	Where sale proceed is higher than purchase value: (Purchase value – written down value) of assets used for business or profession	Income from Business/ Profession ⁶²
13	Where sale proceed is lower than purchase value: (Sale value – written down value) of assets used for business or profession	
14	Where insurance/salvage/compensation is higher than purchase value: (Purchase value – written down value) of assets used for business or profession	
15	Where insurance/salvage/compensation is lower than purchase value: (Insurance/salvage/compensation received – written down value) of assets used for business or profession	
16	Export value against transferred export quota	
17	Any expense incurred on account of interest or profit payable to a person if such interest or profit is not paid within 3 years of incurring the expenditure	
18	Monetary value of benefit received from trading liability	
19	Unpaid trading liability which has not been settled within 3 years of recording	
20	Monetary value of benefit received from any loss, bad debt or expenditure previously disclosed as allowable deduction	
21	Reduction in initial capital within 5 years after filing return under universal self-assessment scheme	

61. Section 67 of ITA 2023 (Section 19 of ITO 1984)

62. Section 46 of ITA 2023 (Section 19 of ITO 1984)

#	Deemed Income	Income Head
22	Where sales proceed is higher than purchase value: (Purchase value – written down value) of assets used for agriculture	Agricultural income ⁶³
23	Where sales proceed is lower than purchase value: (Sale value – written down value) of assets used for agriculture	
24	Where insurance/salvage/compensation is higher than purchase value: (Purchase value – written down value) of assets used for agriculture	
25	Where insurance/salvage/compensation is lower than purchase value: (Insurance/salvage/compensation received – written down value) of assets used for agriculture	

2.7. Exclusions from Total Income

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

a) Income of a fund: any income derived by a Provident Fund subject to certain conditions.⁶⁴

b) Income by entities recognized by the BSEC:⁶⁵

- Mutual Fund;
- Alternative Investment Fund;
- Real Estate Investment Trust;
- Exchange Traded Fund.

c) Income from microcredit: any service charge earned by an NGO registered with the NGO Affairs Bureau or Microcredit Regulatory Authority.⁶⁶

d) Income from ITES business: any income earned within 1 July 2020 to 30 June 2024 is exempted from income tax for the following services:⁶⁷

- Software development;
- Software or application customization;
- Nationwide Telecommunication Transmission Network (NTTN);
- Digital animation development;
- Website development;
- Web site services;
- Web listing;
- IT process outsourcing;
- Website hosting;
- Digital graphics design;
- Digital data entry and processing;
- Digital data analytics;
- Geographic Information Services (GIS);
- IT support and software maintenance service;
- Software test lab services;
- Call center service;
- Overseas medical transcription;

63. Section 41 of ITA 2023 (Section 19 of ITO 1984)

64. 6th Schedule, Part 1, Para 7 of ITA 2023 (6th Schedule, Part A, Para 4 of ITO 1984)

65. 6th Schedule, Part 1, Para 10 of ITA 2023 (6th Schedule, Part A, Para 54 of ITO 1984)

66. 6th Schedule, Part 1, Para 13 of ITA 2023 (6th Schedule, Part A, Para 1A of ITO 1984)

67. 6th Schedule, Part 1, Para 21 of ITA 2023 (6th Schedule, Part A, Para 33 of ITO 1984)

**Income from ITES businesses within
the period of
01 July 2020 to 30 June 2024 is
exempt from tax**



- Search engine optimization services;
- Document conversion, imaging and digital archiving;
- Robotics process outsourcing;
- Cyber security services;
- Cloud services;
- System integration;
- e-learning platform;
- e-book publications;
- Mobile application development service; and
- IT freelancing.

e) Income from export of handicrafts:⁶⁸ income generated from export of handicrafts within 1 July 2020 to 30 June 2024.

f) Income of SME:⁶⁹ income derived from any Small and Medium Enterprise (SME) engaged in production of goods having:

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

g) Income from IT equipment:⁷⁰ 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.

h) Income from food processing and machinery production:⁷¹ income derived from the following will be subject to full exemption for a period of 10 years from the commencement of commercial production:

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

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

i) Income from manufacture of automobiles:⁷² 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	Fully exempted
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.

68. 6th Schedule, Part 1, Para 22 of ITA 2023 (6th Schedule, Part A, Para 35 of ITO 1984)

69. 6th Schedule, Part 1, Para 24 of ITA 2023 (6th Schedule, Part A, Para 39 of ITO 1984)

70. SRO No-163-LAW/Income Tax/2021 dated 03 June 2021

71. SRO No-164-LAW/Income Tax/2021 dated 03 June 2021

72. SRO No-170-LAW/Income Tax/2021 dated 03 June 2021

j) Income from hospital:⁷³ 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.

k) Income from training institute:⁷⁴ income derived from institutions providing education and training on specific areas are fully exempted from tax for 10 years from the date of approval from NBR.

l) Income from home appliances:⁷⁵ 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.

m) Income from light engineering:⁷⁶ 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 commencement 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.

n) Distribution of taxed dividend:⁷⁷ any distribution of taxed dividend to a company provided the company distributing the taxed dividend maintains separate accounts.

o) Income from ocean going ship being Bangladeshi flag carrier:⁷⁸ income derived within 30 June 2030 which is brought into Bangladesh.

73. SRO No-169-LAW/Income Tax/2021 dated 03 June 2021

74. SRO No-168-LAW/Income Tax/2021 dated 03 June 2021

75. SRO No-167-LAW/Income Tax/2021 dated 03 June 2021

76. SRO No-166-LAW/Income Tax/2021 dated 03 June 2021

77. 6th Schedule, Part 1, Para 32 of ITA 2023 (6th Schedule, Part A, Para 60 of ITO 1984)

78. 6th Schedule, Part 1, Para 33 of ITA 2023 (6th Schedule, Part A, Para 61 of ITO 1984)

2.8. Allowable Deductions

Expenses incurred by a company in a year are allowable as deductions under tax law as follows:⁷⁹

#	Details
1	Cost of raw material, stock and goods purchased for business purposes and expenses related to their use within the business including costs of depreciated stock.
2	Customs duties, municipal taxes, local taxes, land development taxes, rents, and government fees paid for business purposes which are not covered under ITA 2023 or the Donors Act, 1990 (Act No. 44 of 1990).
3	Rental value of land used for business purposes and expenses related to development and maintenance.
4	Salary and allowances including welfare expenses.
5	Repair and maintenance expenses.
6	Insurance premiums paid for business purposes.
7	Costs of electricity and other utility including fuel.
8	Charges for transportation of goods, clearing and forwarding.
9	Sales related commission, brokerage, discount or warranty charges.
10	Advertising and campaign expenses.
11	Expenditure on staff training.
12	Conference, hotel and accommodation expenses for sales representatives.
13	Travel and conveyance expenses.
14	Internet service, postal and telecommunication expenses.
15	Expenses related to obtaining legal services, audit services and other professional services.
16	Entertainment and hospitality expenses.
17	Foreign exchange loss.
18	Subscription fees of any club or commercial association including fees for entry or the use of their facilities.
19	Foreign travel expense of members of any trade delegation sponsored by the government.
20	Royalty, technical fee and head office expenses.

⁷⁹ Section 49 & 50 of ITA 2023 (Section 29 of ITO 1984)

#	Details
21	Amount not exceeding 5% of the net business profit paid to workers' participation fund, welfare fund and worker welfare foundation fund established under Section 14 of the Bangladesh Worker Welfare Foundation Act, 2006 (Act No. 25 of 2006).
22	Depreciation allowance.
23	Amortization allowance.
24	Research and development expenses.
25	Non-recoverable loan.
26	Interest expenses.
27	Other expenses incurred wholly and exclusively for business purposes.

2.9. Allowable Perquisites

The limit of perquisites payable to an employee is Tk. 1,000,000 during a year.⁸⁰ Any amount exceeding this is disallowed in the tax assessment of a company.

Perquisites are defined as any payment made to an employee by an employer in any form excluding the following:⁸¹

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

80. Section 55(d) of ITA 2023 (Section 30(e) of ITO 1984)

81. Section 2(55) read with Section 32 of ITA 2023 (Section 2(45) of ITO 1984)

Limit of allowable perquisites per year has been set at **Tk. 1,000,000** per employee.



2.10. Deductions Not Allowable

The following expenditures are not allowable subject to certain circumstances:⁸²

#	Details			
1	Any expenditure or payment which is non-compliant with respect to Part 7 of ITA 2023			
2	Payment of interest, salary, commission or gratuity by any firm or association of persons to any partner of the firm or any member of the association			
3	Payment of commission or discount to shareholder director			
4	Expenditures above Tk. 1,000,000 as perquisites to an employee			
5	Payment of royalty, license fee, technical service fee, technical know-how fee, technical assistance fee which exceed 10% of net profit disclosed in the financial statements			
6	Head office or intra-group expenses of a company not incorporated in Bangladesh which exceed 10% of net profit disclosed in the financial statements			
7	Overseas travelling expenditure exceeding 0.5% of disclosed business turnover			
8	Expenditures on account of entertainment allowance beyond the allowable limit which is:			
	• for the first Tk. 1,000,000 of business income			4%
	• on the balance			2%
9	Expenditure exceeding the following limits on distribution of free samples			
	Turnover Range	Pharmaceutical	Food, Cosmetics & Perfume	Others
	Turnover up to Tk. 50,000,000	2%	1%	0.50%
	Turnover between Tk. 50,000,000 – 100,000,000	1%	0.50%	0.25%
	Turnover exceeding Tk. 100,000,000	0.50%	0.25%	0.10%
10	Payment of any promotional expense except advertisement exceeding 0.50% of the disclosed business turnover			
11	Payment of salary via any method other than bank transfer			
12	Payment of rent via any method other than bank transfer			
13	Payment exceeding Tk. 500,000 for purchase of raw materials via any method other than bank transfer			

82. Section 55 of ITA 2023 (Section 30 of ITO 1984)

#	Details
14	Payment exceeding Tk. 50,000 via any method other than bank transfer except on account of salary (as detailed on 11 above), rent (as detailed on 12 above) and purchase of raw materials (as detailed on 13 above)
15	Payment to any person who fails to furnish proof of filing of return as per clauses 25, 26, 28, 29, 36, 37, 42 and 43 of section 264 (3)
16	Any capital or personal expenditure
17	Any liability not expressly set forth
18	Expenditure not related to business activities
19	Amortization and interest on Right of Use assets except lease of land and space for business purposes and their development and maintenance
20	Impairment loss on conceptual assets
21	Payment to any fund not approved by the Board
22	Expenses not properly accounted for and having inadequate supporting evidence

2.11. Depreciation Allowances

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 allowance⁸³

#	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%
3	Office equipment	Office equipment	10%
4	IT equipment	Computer hardware including printers, monitors and other accessories	25%

83. 3rd Schedule, Part 1, Para 4 of ITA 2023 (3rd Schedule, Para 3 of ITO 1984)

#	Major Class of Assets	Sub Class of Assets	Rate/Percentage of Written Down Value (WDV)
5	Machinery, plant and equipment	General rate	10%
		Ocean going ships (new)	5%
		Ocean going ships (second hand) if less than 10 years of age	10%
		Ocean going ships (second hand) if 10 years or more than 10 years of age	20%
		X-Ray, electrotherapeutic apparatus including other medical accessories	20%
		Battery operated apparatus and rechargeable batteries	30%
		Equipment used to create and showcase audio-visual content	20%
		Motor vehicles (all sorts but not plying for hire)	10%
		Motor vehicles (all sorts plying for hire)	20%
		Professional and reference books	25%
		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	25%
6	Physical infrastructure	Bridge	2%
		Road	2%
		Flyover	2%
		Pavement runway, taxiway	2.5%
		Apron, tarmac	2.5%
		Boarding bridge	10%
		Communication and investigation facilities and other equipment	5%
7	Any physical asset	Any physical asset not mentioned above	10%

Initial Depreciation Allowance⁸⁴

Class of Asset	Year	Dep'n on WDV
Newly constructed building	Later of: <ul style="list-style-type: none"> First year of use Year of commencement of commercial production 	10% of cost
Machinery or plant being used in Bangladesh for the first time	Later of: <ul style="list-style-type: none"> First year of use Year of commencement of commercial production 	25% of cost

84. 3rd Schedule, Part 1, Para 5 of ITA 2023 (3rd Schedule, Para 5A of ITO 1984)

Accelerated depreciation allowance⁸⁵

Class of Asset	Year	Dep'n on WDV
Machinery or plant: <ul style="list-style-type: none"> Owned by the owner of the industrial establishment and not previously used in Bangladesh Owned and managed in Bangladesh, or incorporated under the Companies Act, 1994 and has authorized and paid-up capital of at least Tk. 2,000,000 at the commencement of commercial production 	1 st year of commercial production	50% of actual cost
	2 nd year of commercial production	30% of actual cost
	3 rd year of commercial production	20% of actual cost

Limitation of allowance on depreciation

- The aggregated allowance shall not exceed the original cost;⁸⁶
- The purchase value of a motor vehicle shall not be exceeding Tk. 3,000,000;⁸⁷
- If an entity does not have adequate income for setting off depreciation allowance in a year, the remaining allowance can be carried forward to succeeding years until fully adjusted against profits.⁸⁸

Disposal of assets & treatments of gains or losses

- No depreciation allowance shall be allowed in the year of disposal;⁸⁹
- 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 license fees⁹⁰

Applicable for	Period Allowed	Rate
<ul style="list-style-type: none"> Any cellular mobile phone operating company engaged in providing specialized services, if such license is integral to the operation of the company. Resident company which pays license fee to an authorized government authority for permission to conduct business. 	For a period of two or more years	Proportionate amount in each year over the term of the license.

85. 3rd Schedule, Part 1, Para 6 of ITA 2023 (3rd Schedule, Para 7, 7A & 7B of ITO 1984)

86. 3rd Schedule, Part 1, Para 2(6) of ITA 2023 (3rd Schedule, Para 9 of ITO 1984)

87. 3rd Schedule, Part 1, Para 3 of ITA 2023 (3rd Schedule, Para 11(6) of ITO 1984)

88. Section 71 of ITA 2023 (Section 42(6) of ITO 1984)

89. 3rd Schedule, Part 1, Para 7 of ITA 2023 (3rd Schedule, Para 10 of ITO 1984)

90. 3rd Schedule, Part 2, Para 2 of ITA 2023 (3rd Schedule, Para 10A of ITO 1984)

Amortization of pre-commencement expenditure⁹¹

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

Amortization of research and development expenses⁹²

Applicable for	Rate
Expenses incurred for research and development of the company as prescribed	10%

Amortization of computer software and applications⁹³

Applicable for	Rate
Software and applications developed within Bangladesh	20%
Software and applications developed outside Bangladesh	10%

Amortization of unapproved expenses⁹⁴

Applicable for	Rate
Expenses which are unapproved due to its capital nature	10%

91. 3rd Schedule, Part 2, Para 2 of ITA 2023 (3rd Schedule, Para 10B of ITO 1984)

92. 3rd Schedule, Part 2, Para 3 of ITA 2023

93. 3rd Schedule, Part 2, Para 4 of ITA 2023 (3rd Schedule, Para 3(1) of ITO 1984)

94. 3rd Schedule, Part 2, Para 5 of ITA 2023

2.12. Losses⁹⁵

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

Income Head	Current Year Set off	Carry Forward Limit
Capital Gain	Only against any income from capital gain and cannot be set off against any other heads of income.	Can be carried forward for 6 successive years and set off against income from capital gain.
Income from business	Only against income from business and cannot be set off against any other heads of income.	Can be carried forward for 6 successive years and set off against income from business.
Income from speculation business	Only against income from speculation business and cannot be set off against any other heads of income.	Can be carried forward for 6 successive years and set off against income from speculation business.
Income from tobacco business	Only against any income from tobacco business and cannot be set off against any other heads of income.	Can be carried forward for 6 successive years and set off against income from tobacco business.
Unabsorbed depreciation	Only against income from business and cannot be set off against any other heads of income.	Unlimited period ⁹⁶

However, no loss can be adjusted or carried forward if generated from a source which is subject to exemption, reduced rate of tax or minimum tax. Also, if a business is succeeded by any means other than inheritance, the successor cannot set off the loss of the predecessor against any of their own income.⁹⁷



95. Section 70 of ITA 2023 (Section 37-41 of ITO 1984)

96. Section 71 of ITA 2023 (Section 42 of ITO 1984)

97. Section 70(3 & 6) of ITA 2023 (Section 37 & 42(4) of ITO 1984)

2.13. Tax Deduction at Source

Section	Deduction/Collection from/on	Rate	
86	Salaries	Average rate	
87	Honorarium to Members of Parliament	Average rate	
88	Workers Profit Participation Fund	10%	
89 read with clause 3 of TDS Rules 2023 ⁹⁸	Payment to contractors or suppliers:	<ul style="list-style-type: none"> Maximum 10% In the case of imported goods, the deduction of tax shall be reduced by the amount of tax paid u/s 120 by the importer. If the payee or income of payee is subject to an exemption or reduced rate of tax, then such exemption or reduced rate can be availed upon obtaining specific certificate from NBR. 	
	a. Execution of contract	Where base amount:	
	b. Supply of goods	up to Tk. 5,000,000	3%
	c. Manufacture, process or conversion	is between Tk. 5,000,001 – 20,000,000	5%
	d. Printing, packaging or binding	exceeds Tk. 20,000,000	7%
e. Where any goods imported or purchased locally or supplied by any distributor or any other person under a contract ⁹⁹			

⁹⁸. Clause 3 of TDS Rules 2023 (SRO No-206-LAW/Income Tax-01/2023 dated 26 June 2023)

⁹⁹. Specific calculation method applicable

Section	Deduction/Collection from/on	Rate
89 read with clause 3 of TDS Rules 2023	Supply of tobacco products including cigarettes, bidis, jorda, tobacco leaves and gul	10%
	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%
	Supply of 33 KV to 500 KV extra high voltage power cable manufactured by local company has its own vertical continuous vulcanization line	3%
	Industry engaged in production of cement, iron or iron products and ferroalloys (except for MS billets)	2%
	Industry engaged in production of MS Billets	0.5%
	Local procurement of MS Scrap	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	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	3%
90 read with Clause 4 of TDS Rules 2023	In case of supply of trading goods to a trader	5%
	In case of supply of industrial raw materials to a manufacturer	4%
90 read with Clause 4 of TDS Rules 2023	Advisory or consultancy	10%
	Professional service/technical service/technical know-how/technical assistance fee	10%

Section	Deduction/Collection from/on	Rate	
90 read with Clause 4 of TDS Rules 2023	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. management service/courier service/packing & shifting service/any other service of similar nature: • On commission • On gross amount ¹⁰⁰	10% 2%	
	Media buying agency service • On commission • On gross amount ¹⁰¹	10% 0.65%	
	Indenting commission	8%	
	Meeting fees/training fees/honorarium	10%	
	Mobile network operator/technical support service provider	12%	
	Credit rating agency	10%	
	Motor garage or workshop/private container port or dockyard/shipping agency commission	8%	
	Stevedoring/berth operator/terminal operator/ship handling operator ¹⁰²	on commission or fee on gross bill amount	10% 5%
	Transport services/vehicle rental service/carrying service/repair and maintenance service/ride-sharing service/co-working space providing service/accommodation providing service/any type of sharing economic platform	5%	
	Wheeling charge for electricity transmission	3%	
	Internet Service	10%	
	Agents, distributors, agencies or channel partners called by whatever name, of a mobile financial service provider ¹⁰³	10%	
	Any other service (<i>excluding service provided by a bank, insurance, mobile financial service or financial institution</i>)	10%	

100. Specific calculation method applicable

101. Specific calculation method applicable

102. TDS Rules 2023 (SRO No-206-LAW/Income Tax-01/2023 dated 26 June 2023) & SRO No-224-LAW/Income Tax-06/2023 dated 13 July 2023

103. TDS Rules 2023 (SRO No-206-LAW/Income Tax-01/2023 dated 26 June 2023) & SRO No-224-LAW/Income Tax-06/2023 dated 13 July 2023

Section	Deduction/Collection from/on	Rate	
91	Intangible assets (Royalty, franchise or license, trademark etc.)	Up to Tk. 2,500,000	10%
		Above Tk. 2,500,000	12%
92	Advertisement or newspaper, magazine, private TV channel, private radio station or any other person except media buying agent	5%	
93	Payment to actors, actresses, producers etc.	10%	
94	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 or its goods and services	1.5%	
	Any company or firm (other than oil marketing company) selling to distributor or person under contract	0.25% on selling price	
95	Payment to travel agent	0.30% ¹⁰⁴	
	- Commission		
	- Discount or any other facilities		
96	Commission on LC	5%	
97	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	2%	
98	Payment by cellular mobile phone operator of fees to regulatory authority	10%	
99	Payment in excess of premium paid on life insurance except in case of death of policy holder	5%	
100	Insurance Commission	5%	

104. Specific calculation method applicable

Section	Deduction/Collection from/on	Rate	
101	Fees etc. of surveyor of general insurance company	15%	
102	Interest on savings deposit, fixed deposit, term deposit: Company	20%	
	Person other than a company	10%	
	Public university, MPO enlisted educational institutions, ICAB, ICMA or ICSB	10%	
	Paid to recognized provident fund, approved gratuity fund, approved superannuation fund or pension fund	5%	
	<i>Note: Proof of submission of return (PSR) of parent is considered as PSR of a minor</i>		
103	Interest on deposit of Post Office Savings Bank Account	10%	
104	Interest on loan provided by any person other than bank or financial institution	10%	
105	Interest on savings instruments (exemption up to Tk. 500,000 for pensioner's Sanchayapatra)	Up to Tk. 500,000	5% ¹⁰⁵
		Above Tk. 500,000	10%
106	Discount or interest or profit on securities of government or any person responsible for issuing securities approved by BSEC	5%	
108	Payment to International Gateway (IGW) Service operator	1.5%	
	Payment to Interconnection Exchange (ICX)/Access Network Services (ANS)/ Bangladesh Telecommunication Regulatory Commission (BTRC) or any person in agreement with BTRC	7.5%	
	Any payment in respect to outgoing international calls	7.5%	
109	Rent payment for house property or hotel accommodation or vacant land or plant or machinery	5%	
110	Services from convention hall/conference center etc.	5%	
111	Acquisition of immovable property:		
	<ul style="list-style-type: none"> Situated in City Corporation/Paurashava/Cantonment Board Area Situated outside City Corporation/Paurashava/Cantonment Board Area 	6%	3%

105. SRO No-264-LAW/Income Tax/2019 dated 28 August 2019

Section	Deduction/Collection from/on	Rate
112	Export cash subsidy	10%
113	Freight forwarding agency commission	15%
114	Purchase of power from Bangladesh Power Development Board or any other person engaged in power distribution	6%
115	Signing money, subsistence money, house rent etc. paid to landowner by real estate or any person engaged in land development	15%
116	Commission or remuneration paid to agent of foreign buyer	10%
117	Dividend:	
	Company	20% ¹⁰⁶
	Assessee other than company, if TIN is furnished	10%
	Assessee other than company, if TIN is not furnished	15%
118	Lottery, crossword puzzles, card game, online game etc.	20%
119 read with Clause 5 of TDS Rules 2023	<i>Deductions from income of non-residents:</i>	
	Advisory or consultancy service	20%
	Pre-shipment inspection service	
	Professional service, technical service, technical know-how or technical assistance fee	
	Architecture, interior design or landscape design, fashion design or process design	
	Certification, rating etc.	

106. 7th Schedule, Para 2 of ITA 2023 (2nd Schedule, Para 4 of ITO 1984)

Section	Deduction/Collection from/on	Rate
119 read with Clause 5 of TDS Rules 2023	Charge or rent for satellite, airtime or frequency, rent for channel broadcast	20%
	Legal service	
	Management service including event management	
	Commission	
	Royalty, license fee or payments related to intangibles	
	Interest	
	Advertisement broadcasting	
	Advertisement making and digital marketing	15%
	Air transport or water transport	7.5%
	Contractor or sub-contractor	
	Supplier	
	Capital gain	15%
	Insurance premium	10%
	Rental of machinery, equipment etc.	15%
	Dividend:	
	• Company, fund or trust	20%
	• Any other person not being a company, fund or trust	30%
	Artist, singer or player	30%
	Salary or remuneration	30%
	Exploration or drilling in petroleum operations	5.25%
Surveyors' fees of general insurance company		
Any service for making connectivity between oil or gas field and its export point		
Survey for coal, oil or gas exploration	20%	
Bandwidth payment	10%	
Courier service	15%	
Any other payments	20%	

Section	Deduction/Collection from/on	Rate	
120 read with Clause 7 of TDS Rules 2023	Collection of tax on account of import of goods	5%	
	In case of specific goods mentioned ¹⁰⁷	1% - 20%	
121	Recruiting agents	10%	
122	C&F agency commission	10%	
123	Export of goods	1%	
124	Payments received/revenue shared for services provided to foreign person by a resident or allowing the use of any online platform for advertisement or any other purposes. This excludes: <ul style="list-style-type: none"> Remittance towards Bangladeshi resident for providing services to abroad Income derived from ocean going ship within 30th June 2030 IT Enabled Services 	10%	
	Remittance received as consideration for contracts on manufacturing, process or conversion, civil work, construction, engineering or works of similar nature	7.5%	
125	Transfer of property	Rates vary depending on location	
126	Registration of land, building or apartment for transfer of ownership ¹⁰⁸	If used for residential purpose	1,600
		If not used for residential purpose	6,500
		Land attached with buildings or apartments	5% of dead value
127	Commission, discount or fee on selling of government stamps, court fees, cartridge paper or anything of similar nature	10%	

107. Clause 7 of TDS Rules 2023 (SRO No-206-LAW/Income Tax-01/2023 dated 26 June 2023)

108. Section 126 of ITA 2023 (Section 53FF of ITO 1984)

Section	Deduction/Collection from/on	Rate
128	Lease of property	4%
129	Seller of banderols to any manufacturer of cigarettes	10%
130	Brick manufacturer: <ul style="list-style-type: none"> • One section brick field • One and half section brick field • Two section brick field • Automatic brick field <i>Tax clearance certificate required of preceding assessment year</i>	Tk. 45,000 Tk. 70,000 Tk. 90,000 Tk. 150,000
131	Renewal of trade license: <ul style="list-style-type: none"> • Dhaka (North & South) & Chittagong City Corporations • Other City Corporations • Paurashava at any district headquarters • Any other paurashava 	Tk. 3,000 Tk. 2,000 Tk. 1,000 Tk. 500
132	Shipping business of a resident	5% or 3% (if service is rendered between two or more foreign countries)
133	Goods or property sold by public auction through sealed tender	10% or 1% (on sale of tea)
134	Transfer of shares of unlisted companies	15%
135	Transfer of securities or mutual fund units by sponsor shareholder, director, placement holder of listed companies	5%
136	Transfer of share of shareholder of Stock Exchange	15%
137	Transaction value of shares and mutual funds	0.05%

Section	Deduction/Collection from/on	Rate	
138	Collection of Tax from motor vehicles plying commercially except for: <ul style="list-style-type: none"> Government or local authorities including project, program or activity under these authorities Foreign diplomat, diplomatic mission in Bangladesh, United Nations and its offices Foreign development partner of Bangladesh and its affiliated offices MPO enlisted educational institutes Public university Gazetted war-wounded freedom fighter 	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		
139	Collection of tax from inland ships	Inland ships engaged in carrying passengers in inland water	Tk. 125 per passenger
		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

2.14. Mode of Payment of Tax¹⁰⁹

Payment of taxes can be made by:

- Automated challan (A-challan); or
- Electronic payment (e-payment).

2.15. Timeline for Payment of TDS

The timeline for payment of taxes deducted or collected at source is as follows:¹¹⁰

Particulars	Timeline
In case of deduction/collection made between July to May	By 2 weeks from end of month
In case of deduction/collection made between 1 - 20 June	Within 7 days from date of deduction/collection
In case of deduction or collection on any other day in the month of June of the financial year	The following day of deduction

Any deduction or collection of tax made and paid to the account of the government in accordance with the above sections, shall be treated as a payment of tax on behalf of the person from whose income the deduction or collection was made, in the same income year in which the tax was deducted or collected. If a person pays tax at source on behalf of another individual, the latter will receive the credit for that payment when calculating their tax liability.¹¹¹

2.16. Other Filings

Following entities are required to submit a return of tax deducted or collected at source using prescribed formats on a monthly basis within the 15th date of the following month:¹¹²

- Companies other than local authorities, autonomous body, government authority, primary or pre-primary school (Bangla medium), government secondary or higher secondary school or any MPO enlisted educational institutions;
- Firm;
- Association of persons;
- Private hospital;
- Clinic;
- Diagnostic center.

The Deputy Commissioner of Taxes may extend the deadline to submit the return up to 15 days or the last date of the month.

109. Clause 9 of TDS Rules 2023 (SRO No-206-LAW/Income Tax-01/2023 dated 26 June 2023) (SRO No-173-Law/Income Tax/2021 dated 03 June 2021)

110. Clause 8 of TDS Rules 2023 (SRO No-206-LAW/Income Tax-01/2023 dated 26 June 2023) (Rule 13 of ITR 1984)

111. Section 150 of ITA 2023 (Section 62 of ITO 1984)

112. Section 177 of ITA 2023 (Section 75A of ITO 1984)

Every entity needs to submit
Withholding Tax Return for each month
within 15 days
following the end of that month.



2.17. Rates of Corporate Tax

The applicable rates of tax for companies are as follows:¹¹³

20%	Publicly traded companies if more than 10% of paid up capital is issued through IPO*
22.5%	Publicly traded companies if 10% or less than 10% of paid up capital is issued through IPO*
27.5%	Non-listed companies*
22.5%	One-person companies*
40%	Banks, insurance and financial institutions (except merchant banks) if not publicly traded
37.5%	Banks, insurance and financial institutions (except merchant banks) if publicly traded
37.5%	Merchant banks
45%	Cigarette, bidi, jorda, gul and all tobacco manufacturers
40%	Publicly traded mobile phone operating companies**
45%	Private mobile phone operating companies
12%	Knit wear and woven garments manufacturers and exporters
10%	Knit wear and woven garments manufacturers and exporters with "Green Building Certification"

113. 2nd Schedule of FA 2023 (2nd Schedule of FA 2022)

15%	Private university, medical/dental/engineering college and colleges teaching ICT education
15%	Cooperative society registered under Cooperative Societies Act, 2001
20%	Dividend Income
27.5%	Association of persons*
27.5%	Trust, fund and other taxable entity*
See below***	Poultry, shrimp & fish hatcheries and fish farming
15%	Yarn production, dyeing, finishing, conning, fabric making, cloth dyeing, printing, or any such process (applicable from 1 July 2022 to 30 June 2025) ¹¹⁴

*2.5% higher tax if all income, and annual expense & investments exceeding Tk. 500,000 for every single transaction and Tk. 3,600,000 in total are not made through banking channel.

**At least 10% of paid-up capital transferred through stock exchange of which maximum 5% is transferred via pre-initial public offering.

***Poultry, shrimp & fish hatcheries and fish farming¹¹⁵

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

114. SRO No-159-LAW/Income Tax/2022 dated 01 June 2022

115. SRO No-157-LAW/Income Tax/2022 dated 01 June 2022

**Corporate tax rate for private limited
companies incorporated in Bangladesh
is 27.5%***

**Conditions applicable*



Entities enjoying exemptions will not be eligible if they:¹¹⁶

- fail to submit return of income within Tax Day;
- fail to deduct, collect, deposit of tax deduction or collection at source and submit return of monthly withholding tax;
- fail to receive income and receipts through bank transfer (except incomes from agriculture and total receipts not exceeding Tk. 10,000,000 in any income year).

2.18. Additional Scope of Tax for Listed Companies**Tax on stock dividend¹¹⁷**

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 reserves¹¹⁸**

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

2.19. Minimum Tax¹¹⁹**a) Minimum tax in case of deduction or collection at source**

Tax deducted or collected at source from the following are considered as minimum tax:

Section	Details
88	Payment to a beneficiary of workers' profit participation fund
89	Payments for: <ul style="list-style-type: none"> • execution of contracts; • supply of goods; • manufacture, process or conversion; • printing, packaging or binding; • others as mentioned in 2.13 above (section 89)
90	Payment for any services (section 90 mentioned in 2.13 above)
91	Payment for intangible assets (royalty, franchise or license, trademark etc.)
92	Payment for advertisement or newspaper, magazine, private TV channel, private radio station or any other person except media buying agent
94	Payment for commission, discounts, fees, bonus etc. for distribution or marketing of goods

116. Section 76(5) of ITA 2023 (Section 44(5) of ITO 1984)

117. Section 23 of ITA 2023 (Section 16F of ITO 1984)

118. Section 22 of ITA 2023 (Section 16G of ITO 1984)

119. Section 163 of ITA 2023 (Section 82C of ITO 1984)

Section	Details
95	Collection of tax from travel agent
100	Commission or remuneration or award paid to insurance agent
101	Fees etc. of surveyor of general insurance company
102	Payment of interest on saving deposits, fixed deposits and term deposit
105	Interest on savings instruments
106	Payment of discount, interest or profit on securities
108	Payment to international gateway service operator for international phone call
110	Payment for convention hall, conference center etc.
111	Compensation from acquisition of immovable property
112	Payment of export cash subsidy
113	Payment of freight forwarding agency commission
114	Payment for purchase of power
115	Payment to landowner by real estate or any person engaged in land development
116	Commissions or remuneration paid to agent of foreign buyer
117	Payment of dividends
118	Winnings from lottery, crossword puzzles, card game, online game etc.
120	Tax collected from import of goods
121	Recruiting agents
122	C&F agency commission
123	Collection of tax from export of goods
124	Income remitted from abroad for any service, revenue sharing etc.
125	Payment for transfer of property
126	Collection of tax from real estate or land developer
127	Commission, discount or fee on selling of government stamps, court fees, cartridge paper or anything of similar nature
128	Collection of tax from lease property

Section	Details
129	Sale of banderols to any manufacturers of cigarettes
132	Collection of tax from shipping business
133	Collection of tax from goods or property sold by public auction through sealed tender
134	Collection of tax from transfer of shares of unlisted companies
135	Transfer of securities or mutual fund units of sponsor shareholder or director, placement holder of listed companies
136	Income from transfer of share of shareholder of Stock Exchange
137	Amount received on account of transaction by a member of a Stock Exchange
138	Collection of Tax from motor vehicles plying commercially
139	Collection of tax from inland ships

If an assessee has income from a source that qualifies for minimum tax, then tax payable on such income will be the higher of:

- Tax calculated in regular manner using applicable rate; and
- Tax deducted or collected at source on sections that qualify minimum tax.

Where an assessee has income from regular sources in addition to income eligible under minimum tax, tax liability shall be the aggregate of:

- Regular tax calculated on income from regular sources; and
- Minimum tax determined under this section.

b) Minimum tax on gross receipt

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	3%
2	Carbonated beverage ¹²⁰	3%
3	Mobile phone operator	2%
4	Individual other than individual engaged in the manufacturing of cigarette, bidi, chewing tobacco, smokeless tobacco or any other tobacco products, having gross receipts taka 3 crore or more	0.25%

120. SRO No-259-LAW/Income Tax-08/2023 dated 29 August 2023

#	Details	% of Gross Receipts
5	Any other cases	0.60%
6	Industrial undertaking for first 3 years from the commencement of its commercial production engaged in manufacturing of goods	0.10%

c) Minimum tax in special cases

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 is not refundable.

Tax deduction at source from the following income sources will be considered as final settlement of tax and no additional tax have to pay.¹²¹

Sl.	Income source	Section Ref.	Applicable for such assessee
1	Interest or profit on saving deposits and fixed deposits etc.	102	a) Educational institution: <ol style="list-style-type: none"> which is a primary or pre-primary school or government secondary or higher secondary school (Bangla medium), or any MPO enlisted educational institutions; and which does not have an English version curriculum b) Public university c) Bangladesh Bank d) Local authorities e) Statutory government authority or autonomous body that has no income other than fund and interest income received from the government f) Any entity established or constituted that has no income other than the fund received from the government g) Government Provident Fund and Government Pension Fund h) Non-resident individual having no fixed base in Bangladesh i) Any class of persons which the Board may, by order in official gazette, determines to be exempted from filing of return.
2	Interest on SanchayPatra	105	All individual assessee
3	Export cash subsidy	112	All assessee

121. SRO No-253-Law/Income Tax-09/2023 dated 23 August 2023

2.20. Additional Tax¹²²

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

2.21. 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, shares, mutual fund unit, bond, debenture or other securities of public limited companies listed with the stock exchange except listed government securities is 10%.¹²³

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 the asset from the date of its acquisition.¹²⁴

2.22. Advance Payment of Tax

Advance income tax (AIT) has to be paid if a taxpayer has total income exceeding Tk. 600,000 in the latest assessed income year.¹²⁵ The amount of tax will be:

*(Total income of the latest income year x applicable tax rates) – amount of TDS/TCS/AIT paid.*¹²⁶

Advance tax is payable in 4 equal installments on 15 September, 15 December, 15 March and 15 June.¹²⁷ Failure to pay taxes in such installments may lead to a penalty equal to the tax liability.¹²⁸

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%. This rate of interest will be 50% higher if the return is not filed before the Tax Day.¹²⁹

A manufacturer of cigarette shall pay advance tax at the rate of 3% on net sale price every month which shall be adjustable against the quarterly installment of advance tax.¹³⁰

122. Section 19 of ITA 2023 (Section 16B of ITO 1984)

123. SRO No-196-LAW/Income Tax/2015 dated 30 June 2015

124. 7th Schedule, Para 1 of ITA 2023 (2nd Schedule, Para 2 of ITO 1984)

125. Section 154 of ITA 2023 (Section 64 of ITO 1984)

126. Section 155(1) of ITA 2023 (Section 65 of ITO 1984)

127. Section 155(2) of ITA 2023 (Section 66 of ITO 1984)

128. Sections 157 & 275 of ITA 2023 (Section 69 & 137 of ITO 1984)

129. Section 162 of ITA 2023 (Section 73 of ITO 1984)

130. Section 152 of ITA 2023 (Section 68A of ITO 1984)

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



2.23. Displaying Proof of Submission of Return

Every assessee having income from business or profession who is required to file return under section 166 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 Taxes.¹³¹

2.24. Tax Return

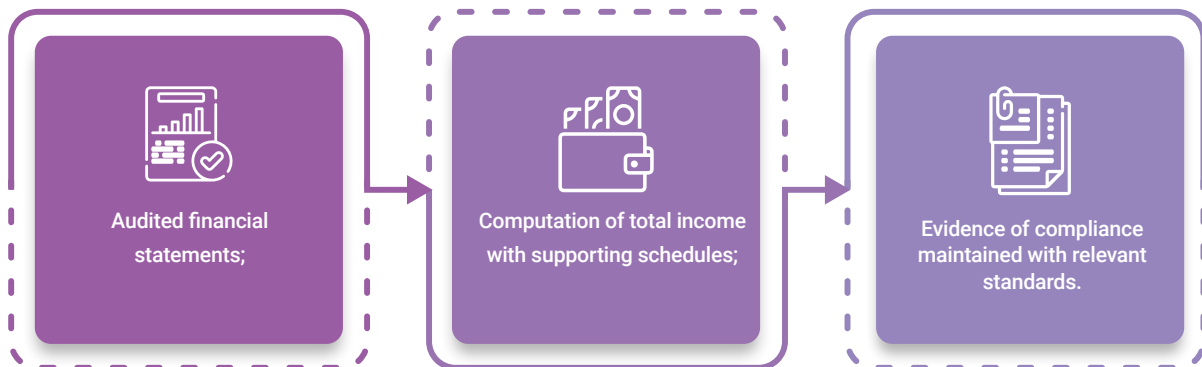
Filing a return of income is mandatory for entities of following nature:¹³²

- Company;
- Firm;
- Association of persons;
- Any other entity required to furnish proof of submission of return under section 264.

Deadline to file tax returns will be the later date of the following:¹³³

- 15th day of the seventh month following the end of the income year; or
- 15th day of September following the end of the income year where the said 15th day falls before the 15th day of September.

Such tax returns must be accompanied by:¹³⁴



The following entities are exempt from filing income tax return:¹³⁵

- Primary/pre-primary/secondary/higher secondary educational institution (Bangla Medium);
- Any MPO enlisted educational institutions;
- Educational institution which does not have English version curriculum;
- A public university;
- Bangladesh Bank;
- Local authorities;

131. Section 265 of ITA 2023 (Section 184C of ITO 1984)

132. Section 166 of ITA 2023 (Section 75 of ITO 1984)

133. Section 2(23) of ITA 2023 (Section 2(62A) of ITO 1984)

134. Section 169 of ITA 2023 (Section 75(3)(c) of ITO 1984)

135. Section 166 of ITA 2023 (Section 75(2) of ITO 1984)

**Displaying proof of submission of return at
a conspicuous place of business premises
is mandatory.**

**Failure will result in a penalty between
Tk. 5,000 to Tk. 20,000.**



- Government institutions or autonomous body which have no income other than fund and interest income received from the Government;
- An entity which has no income other than fund received from the government;
- Government Provident Fund and Government Pension Fund.

2.25. Assessments

a) Self-assessment¹³⁶

A self-assessment return shall be deemed as completed if filed in compliance with all provisions of return submission and payment of all requisite taxes. If calculation disclosed in the return is found to be incorrect after submission, the assessee may file an amended return by stating the reasons in a written statement and making payment of requisite taxes along with a simple interest at the rate of 5% per month on the underpaid amount.

Returns filed in such manner may be selected for a subsequent audit. However, such returns will not be selected for audit if they (other than the returns of banks and financial institutions) show a 15% increase in income from the last assessed year and are accompanied by:¹³⁷

- 1 corroborative evidence of exempted from tax;
- 2 except the receipt of gift during the year;
- 3 disclosure of income exempted from tax;
- 4 except any claim for refund;
- 5 The taxpayer is complied with withholding tax return submission.

No question shall be raised as to the source of the initial capital of the business if the taxpayer:¹³⁸

- shows income from a source which is not exempted from tax and the income disclosed exceeds the tax-free limit;
- income is not less than 20% of initial capital;
- pays tax at the regular rate;
- submits evidence regarding the existence of business;
- files tax return within the Tax Day;
- states in writing that the filed return is not a due return.

The initial capital investment or any fraction of it cannot be transferred within the income year when the investment was made or within 4 years from the end of such income year.

136. Section 180 of ITA 2023 (Section 82BB of ITO 1984)

137. Section 182(14) of ITA 2023 (Section 82BB(7) of ITO 1984)

138. Section 180(4) of ITA 2023 (Section 82BB(11) of ITO 1984)

b) Assessment of tax on the basis of return¹³⁹

If any return or amended return is submitted under section 166, 212 or 175, the Deputy Commissioner Taxes may further assess the tax calculation disclosed. If the DCT decides that physical presence of the taxpayer or supporting evidence is not necessary then he can conduct his assessment on the basis of the submitted return. However, if the DCT determines that physical presence of the taxpayer or supporting evidence is necessary for his assessment then he shall serve a notice requesting the same. The DCT shall complete his assessment and circulate the order within 30 days of such assessment.

c) Provisional assessment

The DCT can make a provisional assessment of tax for the concerned income year based on the following:¹⁴⁰

- Return, accounts and documents (if filed);
- Available information or data and best judgement of the DCT (if return is not filed).

d) Other assessments

Other assessments include:

Particulars	Section Ref.
Assessment based on best judgement	Section – 184
Assessment of firms or association of persons	Section – 187
Assessment in case of change in the constitution of a firm	Section – 188
Assessment in case of constitution of new successor firm	Section – 189
Assessment in case of succession to business otherwise than on death	Section – 190
Assessment in case of discontinued business	Section – 191
Assessment in case of partition of a Hindu undivided family	Section – 192
Assessment in case of persons leaving Bangladesh	Section – 193
Assessment in case of income tax of a deceased person	Section – 194
Spot assessment	Section – 195
Assessment in case of income escaping assessment	Section – 212

2.26. Payment of Tax on the Basis of Return¹⁴¹

Any assessee who is required to file a return under section 166, 172, 175, 191, 193 or 212 has to pay the amount of tax payable on the basis of such return or as per section 163(5), whichever is higher on or before the date of submission of return, reduced by the amount of TDS as per Part 7 of ITA 2023 or Advance Income Tax.

139. Section 183 of ITA 2023 (Section 83 of ITO 1984)

140. Section 185 of ITA 2023 (Section 81 of ITO 1984)

141. Section 173 of ITA 2023 (Section 74 of ITO 1984)

2.27. Power to Condone or Extend

The NBR may also condone or extend time limit and deadline at times of any major disasters such as epidemic, pandemic or war and the order may be issued with retrospective effect.¹⁴²

2.28. Tax Incentives

a) For newly established industrial undertaking¹⁴³

Tax exemption at specified rates can be availed if industrial undertaking is set up in certain areas of Bangladesh between 01 July 2020 and 30 June 2025. For the purpose of this section, "Industrial Undertaking" means any industry engaged 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);
- 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 (blenders, rice cookers, microwave oven, electric oven, washing machine, induction cooker, water filter);
- 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;
- toys;
- tires;
- electrical transformer;
- artificial fibre or manmade fibre;
- automobile parts and components;
- automation and robotics design, its parts and components;
- artificial intelligence-based system design;
- nanotechnology based products;
- aircraft heavy maintenance services including parts manufacturing;
- any other category upon specific approval from government;

142. Section 334 of ITA 2023 (Section 184G of ITO 1984)

143. Schedule 6, Part 4, Para 1 of ITA 2023 (Section 46BB of ITO 1984)

b) For newly established physical infrastructure facility¹⁴⁴

Tax exemption at specified rates can be availed if physical infrastructure facility is set up in certain areas of Bangladesh within 30 June 2024. For the purpose of this section, "physical infrastructure facility" means:

- Deep sea port, seaport or river port;
- Elevated expressway;
- Export processing zone;
- Flyover;
- Toll road and bridge;
- Gas pipeline;
- ICT Park, Zone or Village;
- Hi-tech Park ;
- Approved water treatment plants;
- Water supply or water drainage system;
- Liquefied Natural Gas (LNG) terminal and transmission line;
- Monorail & Subway railway;
- Renewable energy;
- Any other category upon specific approval from government.

c) For private power generation companies¹⁴⁵

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 people of 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 persons will enjoy a tax exemption which will be the lower of:¹⁴⁶

- 5% on their tax liability;
- 75% of the total salary paid to the employees of disabled persons.

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 persons of third gender will enjoy a tax exemption which will be the lower of:¹⁴⁷

- 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 01 July 2023 for failing to provide service to disabled person, or to comply with appropriate laws and regulations.¹⁴⁸

144. Schedule 6, Part 4, Para 3 of ITA 2023 (Section 46CC of ITO 1984)

145. SRO No-05-LAW/Income Tax/2020 dated 02 January 2020

146. 7th Schedule of ITA 2023 & 2nd Schedule of FA 2023 (2nd Schedule of ITO 1984 & 2nd Schedule of FA 2022)

147. 7th Schedule of ITA 2023 & 2nd Schedule of FA 2023 (2nd Schedule of ITO 1984 & 2nd Schedule of FA 2022)

148. 7th Schedule of ITA 2023 & 2nd Schedule of FA 2023 (2nd Schedule of ITO 1984 & 2nd Schedule of FA 2022)

2.29. Double Taxation Avoidance Agreement¹⁴⁹

The Government of Bangladesh has entered into agreements (DTAA) with the governments of other countries for avoiding double taxation. These treaty include 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 41 countries as follows:

	Bahrain		Indonesia		Nepal		Sweden
	Belarus		Iran ¹⁵⁰		Netherlands		Switzerland
	Belgium		Italy		Norway		Thailand
	Bhutan		Japan		Oman (air traffic only)		Turkey
	Canada		Korea		Pakistan		UAE
	China		Kuwait		Philippines		United Kingdom
	Czech Republic		Malaysia		Poland		USA
	Denmark		Maldives		Romania		Vietnam
	France		Mauritius		Saudi Arabia		
	Germany		Morocco		Singapore		
	India		Myanmar		Sri Lanka		

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.

149. Section 244 of ITA 2023 (Section 144 of ITO 1984)

150. SRO No-40-LAW/Income Tax/2023 dated 12 February 2023

As per the various DTAA's, a summary of the reduced rates of tax on different income heads are as follows:

Sl.	Country	Permanent Establishment	Max Tax Rate Dividend	Max Tax Rate Interest	Max Tax Rate Royalties
1	United Kingdom	More than 183 days	10% or 15%	7.5% or 10%	10%
2	Singapore	More than 183 days	15%	10%	10%
3	Sweden	More than 183 days	10% or 15%	10% or 15%	10%
4	Korea	More than 183 days	10% or 15%	10%	10%
5	Canada	More than 183 days	15%	15%	10%
6	Pakistan	More than 183 days	15%	15%	15%
7	Romania	More than 183 days	10% or 15%	10%	10%
8	Sri Lanka	More than 183 days	15%	15%	15%
9	France	More than 183 days	10% or 15%	10%	10%
10	Malaysia	More than 183 days	15%	15%	15%
11	Japan	More than 6 months	10% or 15%	10%	10%
12	India	More than 183 days	10% or 15%	10%	10%
13	Germany	More than 183 days	15%	10%	10%
14	Netherlands	More than 6 months	10% or 15%	10%	10%
15	Italy	More than 183 days	10% or 15%	10% or 15%	10%
16	Denmark	More than 183 days	10% or 15%	10%	10%
17	China	More than 6 months	10%	10%	10%
18	Belgium	More than 183 days	15%	15%	10%
19	Thailand	More than 183 days	10% or 15%	10% or 15%	15%
20	Poland	More than 183 days	10% or 15%	10%	10%
21	Philippines	More than 6 months	10% or 15%	15%	15%
22	Vietnam	More than 6 months	15%	15%	15%
23	Turkey	More than 12 months	10%	10%	10%
24	Norway	More than 6 months	10% or 15%	10%	10%

Sl.	Country	Permanent Establishment	Max Tax Rate Dividend	Max Tax Rate Interest	Max Tax Rate Royalties
25	Indonesia	More than 183 days	10% or 15%	10%	10%
26	USA	More than 183 days	10% or 15%	10%	10%
27	Switzerland	More than 183 days	10% or 15%	10%	10%
28	Oman	Only airlines	-	-	-
29	Mauritius	More than 12 months	10%	0%	0%
30	Myanmar	More than 6 months	10%	10%	10%
31	Saudi Arabia	More than 6 months	10%	7.5%	10%
32	UAE	More than 6 months	5% or 10%	10%	10%
33	Belarus	More than 6 months	10% or 12%	7.5%	10%
34	Bahrain	More than 183 days	10% or 15%	10%	-
35	Kuwait	More than 183 days	5% or 10%	10%	10%
36	Bhutan	More than 183 days	10% or 15%	10%	10%
37	Nepal	More than 183 days	10% or 15%	10%	15%
38	Czech Republic	More than 6 months	10% or 15%	10%	10%
39	Morocco	More than 6 months	10%	10%	10%
40	Maldives	More than 183 days	10% or 15%	10%	10%
41	Iran	More than 270 days	10% or 15%	10%	7.5%

2.30. 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 off of prices among divisions within an enterprise.¹⁵¹

- Every person who has entered into an international transaction shall furnish, along with the return of income, a statement of international transactions as per prescribed format.¹⁵²
- 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.
- 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 method:¹⁵³

- Comparable uncontrolled price method;
- Resale price method;
- Cost plus method;
- Profit split method;
- Transactional net margin method;
- Other appropriate methods.

Every entity having international transaction must keep and maintain information, documents and records as prescribed under Rule 73 of Income Tax Rules, 1984 if the aggregate value of international transactions exceeds Tk. 30,000,000 in the particular income year.¹⁵⁴

The entity is also required to furnish a report from a Chartered Accountant or a Cost & Management Accountant.¹⁵⁵

151. Section 233 of ITA 2023 (Section 107A of ITO 1984)

152. Section 238 of ITA 2023 (Section 107EE of ITO 1984)

153. Section 235 of ITA 2023 (Section 107C of ITO 1984)

154. Section 237 of ITA 2023 (Section 107E of ITO 1984)

155. Section 239 of ITA 2023 (Section 107F of ITO 1984)



2.31. 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 where:¹⁵⁶

- 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.

Capital gains arising as a result of any amalgamation is exempted from tax. 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 taxes.¹⁵⁷

The amalgamated company may adjust and carry forward the accumulated losses or unabsorbed depreciation allowances of the amalgamating company as its own.¹⁵⁸

156. 8th Schedule, Part 1, Para 8(3) of ITA 2023 (Section 2(2) of ITO 1984)

157. 8th Schedule, Part 1, Para 2 of ITA 2023 (Section 32(5A) of ITO 1984)

158. 8th Schedule, Part 1, Para 3 of ITA 2023 (Section 42(8) of ITO 1984)

2.32. Startup Sandbox¹⁵⁹



Startup Sandbox 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 follows:

Who is a Startup?

For the purposes of this provision, startup means any company with annual turnover not exceeding Tk. 10,000,000 in any financial year and which:

- is incorporated under the Companies Act 1994;
- works towards deployment or commercialization of new products, process or service driven by innovation, development and technology or intellectual property;
- 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 2023	Shall be registered within 30 June 2024
After 1 July 2023	Shall be registered within 30 June of the following year of incorporation

159. 8th Schedule, Part 2 of ITA 2023 (Section 111A of ITO 1984)

**Startups will enjoy certain exemptions and
benefits conditional on eligibility as per
Startup Sandbox of ITA 2023.**



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 2023	3 Years (1 July 2024 – 30 June 2027)
On or after 1 July 2023	5 Years (Starting from 1 July of the following year of incorporation)

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 55 and 56 of Income Tax Act 2023 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 163(5) will be 0.1%;
- No reporting obligation will be applicable except the filing of annual return and return of withholding tax if companies grant access to its system and records to the income tax authority.

2.33. Provident Fund

A provident fund is a collaborative investment fund established by both the employer and employees of an organization. It serves as a long-term savings vehicle to provide financial support to employees after their retirement. In Bangladesh, when at least three-fourths of the total number of employees submit a written application to their employer requesting the establishment of such a fund, it becomes mandatory to create a provident fund within six months from the date of receiving the application.¹⁶⁰

Employers can setup two kinds of provident funds:

a) Registered Provident Fund – The fund must be established with a trustee board and registered with tax authorities. Provident funds registered under the provisions of ITA 2023 in Bangladesh offer tax benefits to both employees and employers as follows:

Employee

- Contribution from both employee and employer under registered PF is considered as eligible investment for tax credit.
- Accumulated balance payable to an employee at the end of the contract period is exempted from taxation if the employee has provided continuous service to the same employer for more than 5 years.¹⁶¹

160. Section 264(10 & 11) of Labour Act 2006

161. 2nd Schedule, Part 3 of ITA 2023

Employer

- Contribution made by employer under registered PF is an allowable deduction from employer's income.
- b) Un-registered Provident Fund – this is an internal fund managed by the employer. There is no tax incentive for un-registered PF. Furthermore, any contribution made by employer under un-registered PF shall be considered as disallowed expenses.¹⁶²

Application procedure

An application for Approved Provident Fund needs to be submitted to NBR in writing by the trustees accompanied by a number of supporting documents including the following:

- Trust deed under which the fund has been established
- The fund rules

Date of recognition

The recognition takes effect within 60 days from the application date following approval of the relevant Commissioner. However, the recognition date must fall on or before the last day of the same fiscal year.

Contribution & management

The fund shall be established under an irrevocable trust, forming a distinct legal entity with its own management. The Board of Trustees must consist of an equal number of representatives from both the employer and the employees.¹⁶³ Eligibility for investment in the fund is limited to permanent employees.¹⁶⁴ Contributions to the fund are made by both the employer and the employee in accordance with the trust deed.¹⁶⁵

Maintenance of the fund is governed under both the Labour Act and ITA, which includes the preparation of periodic financial statements, statutory audit and submission of audited financials to the tax office as a control measure. Additionally, income tax returns must now be regularly submitted to the tax office.

2.34. Gratuity Fund

Gratuity is a discretionary benefit offered by the employers of an organization to recognize the services rendered by employees during their employment tenure. This payment is made to employees upon the termination of their employment contract. Eligibility for this benefit is determined by specific criteria, primarily based on the duration of service with the employer, as defined in the Labour Act.

Approved gratuity fund

A gratuity fund approved by NBR under the provisions of ITA 2023 offers tax benefits to both employees and employers as follows:

Employee

- Any income up to Tk. 25,000,000 received by an assessee as gratuity is tax free.

^{162.} Section 55(21) of ITA 2023

^{163.} Section 264(5) of Labour Act 2006

^{164.} Section 264(9) of Labour Act 2006

^{165.} 2nd Schedule, Part 3 of ITA 2023

Submission of
Audited Financial Statements
&
Income Tax Return
is now mandatory for any fund



Employer

- Income generated from investments or deposits in an approved gratuity fund is exempted from taxation.
- Employer contributions to an approved gratuity fund are deductible when computing their income, profits, and gains for assessment purposes.

Application procedure

The application for an Approved Gratuity Fund must be submitted in writing to the NBR by the trustees accompanied by a number of supporting documents including the following:

- Gratuity deed under which the fund has been established
- Gratuity rules

Approval

Once the application is submitted, NBR typically grants approval within six months from the date of receipt. However, NBR reserves the right to revoke the approval if the conditions and rules set by NBR are not met at any time.

Contribution & maintenance

The fund is established as an irrevocable trust, forming a distinct legal entity with its own management. Employers will make contributions to the fund as per the trust deed. The maintenance of the fund is governed by both the Labour Act and the Income Tax Act which includes periodic accounts preparation, auditing and the submission of audited accounts to the tax office as a control measure. Additionally, income tax returns must now be regularly submitted to the tax office.

2.35. Penalties

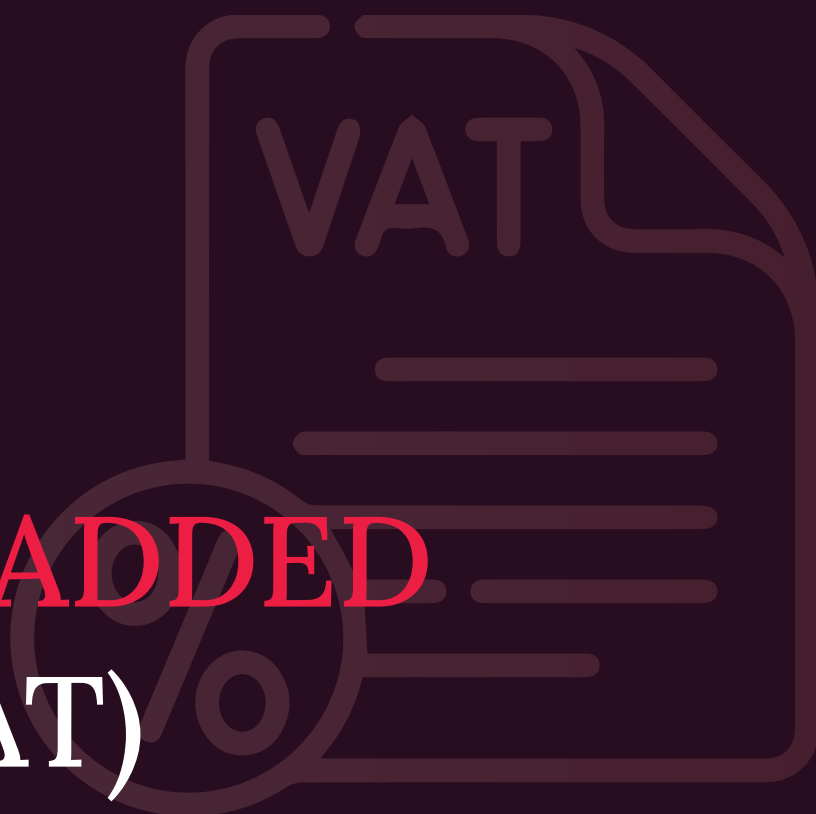
The various penalties for non-compliances are furnished below:

Sl.	Offence	Penalties & Punishment	Reference
1	<ul style="list-style-type: none"> • Failure to deduct/collect taxes at source at accurate rate and amount • Failure to deposit deducted/collected tax to government exchequer 	2% in addition to the amount of tax to be deducted, collected or deposited per month not exceeding 24 months	Section 143
	<ul style="list-style-type: none"> • Failure to comply with any other provision under Part 7: Payment of Tax 	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 144
3	Failure to give notice to the DCT regarding the discontinuance of business	Maximum penalty of the amount of tax assessed in the immediately prior period	Section 191
4	Failure to keep, maintain or furnish information, documents or records to the Deputy Commissioner of Taxes as per Section 237	Maximum 1% of the value of each international transaction	Section 277

Sl.	Offence	Penalties & Punishment	Reference
5	Failure to comply with the notice or requisition under Section 235 regarding computation of arm's length price	Maximum 1% of the value of each international transaction	Section 276
6	Failure to comply with the provision of Section 238 regarding submission of statement of international transactions	Maximum 2% of the value of each international transaction	Section 278
7	Failure to furnish report under Section 239	Maximum Tk. 300,000	Section 279
8	Failure to maintain accounts in the prescribed manner as per Section 72(3) (Assessee does not have income from house property)	Maximum 1.5 times of tax liability. Maximum Tk. 5,000, where the total income does not exceed the maximum amount on which tax is not chargeable	Section 267
9	Failure to maintain accounts in the prescribed manner as per Section 72(3) (assessee has income from house property)	Higher of a. 50% of taxes payable on house property income b. Tk. 5,000	Section 267
10	Failure to file return under section 166, 172, 191, 193 or 212	Higher of: • 10% of last assessed tax; • Tk. 1,000 • For continuing default, Tk. 50 will be added as an additional penalty for each day of delay.	Section 266
11	Non-compliance or failure to furnish return, certificate, required under Section 145 and 177	10% of tax on last assessed income or Tk. 5,000 whichever is higher. In case of continuing default, Tk. 1,000 per month Tk. 5,000 In case of continuing default, Tk. 1,000 per month	Section 266
12	Failure to furnish information required under Section 200	Tk. 50,000 For continuing default, Tk. 500 will be added as an additional penalty for each day of delay.	Section 266
13	Use of fake TIN	Maximum Tk. 20,000	Section 268
14	Failure to pay advance tax	Maximum amount of shortfall	Section 269
15	Non-compliance with any notice under Section 167, 168, 179, 181 or 183	Maximum amount of tax liability	Section 270
16	Failure to pay tax on the basis of return under Section 173	Maximum 25% of unpaid tax	Section 271
17	Delay in submitting the interest on filing after Tax Day	4% per month on outstanding amount	Section 174

Sl.	Offence	Penalties & Punishment	Reference
18	Concealment of income	Summation of: <ul style="list-style-type: none"> • 15% of tax evaded; and • 10% of tax evaded multiplied by number of years. 	Section 272
19	Incorrect or false audit report by Chartered Accountant	<ul style="list-style-type: none"> • Minimum Tk. 50,000 • Maximum Tk. 200,000 	Section 273
20	Furnishing fake audit report	Tk. 100,000	Section 274
21	Default in payment of tax	Maximum amount of arrear tax	Section 275
22	Non-compliance of certain obligations under Section 311	Imprisonment up to 1 year or fine or both	Section 311
23	False statement in verification	Imprisonment of 6 months to 5 years or fine or both	Section 313
24	Improper use of TIN	Imprisonment up to 1 years or fine up to Tk. 100,000 or both	Section 317
25	Furnishing fake audit report upon verification	Imprisonment of 6 months to 5 years	Section 316
26	Obstruction of income tax authority	Imprisonment up to 1 year or fine or both	Section 318
27	Evasion of income tax	Imprisonment of 6 months to 5 years or fine or both	Section 312
28	Disposal of property to prevent attachment	Imprisonment up to 5 years or fine or both	Section 319
29	Disclosure of confidential information	Imprisonment up to 6 months or fine or both	Section 322

VALUE ADDED
TAX (VAT)



WE'LL FLY SOON

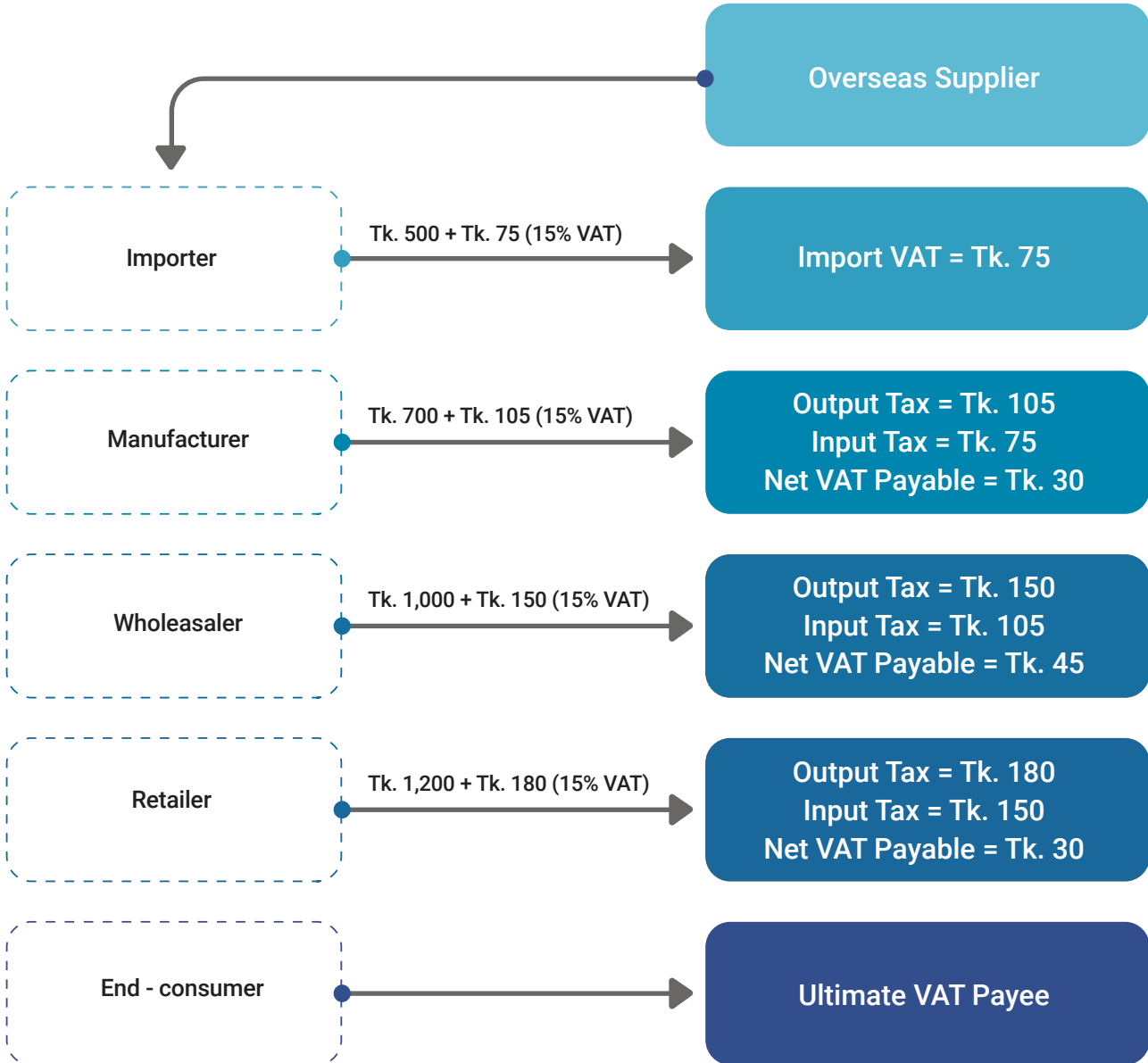


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3. Value Added Tax (VAT)

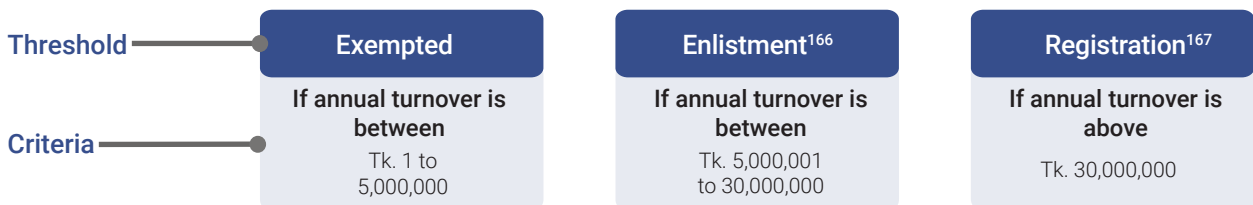
Value Added Tax (VAT) is an indirect tax which is paid by the consumer through a registered person.

3.1. Basic Mechanism of VAT



3.2. Registration or Enlistment

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



166. Section 2(48) of VAT Act 2012

167. Section 2(57) of VAT Act 2012

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



For a few specific supplies and services, VAT registration is mandatory regardless of turnover limit.¹⁶⁸ 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 year.¹⁶⁹

3.3. Central VAT Registration¹⁷⁰

If an entity maintains all its accounts, tax deposits and records of economic activities related to the supply of identical or similar goods or services or both from one or more locations within a software-based automated system approved by NBR under a central unit then the entity may obtain a single VAT registration (following the prescribed method and meeting the necessary conditions) for the address where these central records are maintained.

However, if, despite supplying identical or similar goods or services, an entity maintains separate accounts, tax deposits, and records of economic activities for each unit, it must obtain individual unit registrations.

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

3.4. Type of VAT Rates

Type	Rate	Nature
Standard rate ¹⁷¹	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"> Supplies or services which are subject to VAT below the 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 credit.¹⁷² Such businesses can choose to practice standard rate to claim input tax credit on their purchases.¹⁷³
Zero rate ¹⁷⁴	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.

168. GO No-17/Mushak/2019 dated 17 July 2019 & Section 4 of VAT Act 2012

169. Section 8 of VAT Act 2012

170. Section 5 of VAT Act 2012

171. Section 15 of VAT Act 2012

172. Section 46(12) of VAT Act 2012

173. Section 15(3) of VAT Act 2012

174. Section 21 of VAT Act 2012

Type	Rate	Nature
Exempted ¹⁷⁵	N/A	<ul style="list-style-type: none"> Any supply of goods or services which are listed under the 1st Schedule of the VAT Act 2012 or for which exemption is provided through SRO are exempted from VAT. These are primarily supplies related with basic necessities.
Trade VAT	5%	<ul style="list-style-type: none"> 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%/5% ¹⁷⁶	<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 periods.¹⁷⁷ Advance tax is exempted for 100% export or deemed export-oriented industries under bonded warehouse license only on imported goods.¹⁷⁸
Turnover Tax ¹⁷⁹	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.

175. Section 26 of VAT Act 2012

176. Section 31 of VAT Act 2012

177. Section 31 of VAT Act 2012

178. SRO No-239-LAW/2019/75-Mushak dated 30 June 2019

179. Section 63 of VAT Act 2012

3.5. VAT Deduction and Collection Guideline¹⁸⁰

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.

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) ¹⁸¹	If issued	✗	
		If not issued	✓	
	Exempted through 1 st schedule	Issued or not	✗	
	Exempted through SROs	If issued	✗	
		If not issued	✓	

180. SRO No-240-LAW/2021/163-Mushak dated 29 June 2021 & SRO No-179-LAW/2022/192-Mushak dated 01 June 2022

181. SRO No-179-LAW/2022/192-Mushak dated 01 June 2022

**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).**



Type of supplies	VAT rate	Issue of Mushak 6.3	Deduction Applicability	Remarks
Services (Rates are covered in Section 3.8)	List of services mentioned in VAT deduction and collection guideline ¹⁸²	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	7.50%	Issued or not	✓	-
	Supplies or services exempted through SRO	If issued	✗	
		If not issued	✓	
	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	N/A	VAT will be collected at source
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

182. SRO No-240-LAW/2021/163-Mushak dated 29 June 2021 & SRO No-179-LAW/2022/192-Mushak dated 01 June 2022

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) ¹⁸³ , Furniture manufacturer (S024.10) ¹⁸⁴	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 government treasury within 7 days from the end of VAT period i.e., the month of deduction;¹⁸⁵
- Issue VAT deduction certificate (Mushak 6.6) to the supplier and related VAT circle (within 3 working 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 their 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 machines.¹⁸⁶

For traders “input” means any goods or services which are imported, purchased, acquired or collected in any other way for the purpose of trading.¹⁸⁷

183. SRO No-240-LAW/2021/163-Mushak dated 29 June 2021

184. SRO No-179-LAW/2022/192-Mushak dated 01 June 2022

185. SRO No-179-LAW/2022/192-Mushak dated 01 June 2022

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

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

However, the following exceptions cannot be considered as input:

- Land, labour, building, office equipment and fixtures, buildings/ infrastructures construction, maintenance, repair, renovation;
- All furniture, office supplies, stationeries, refrigerator, air conditioner, fan, lighting materials, generator purchase and repair;
- Interior design, architecture planning and design;
- Purchase, lease and rental payments for transportation;
- Travelling, entertainment, goods and services related to employee welfare related activities;
- Rent for office premises, showrooms.

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 conditions:¹⁸⁸

- 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 to 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 which have not been entered in the Mushak 6.2.1 (Purchase-Sale Register) prescribed by the Rules;
- Goods or services which are supplied at less than purchase price.

Partial input tax credit can be claimed based on the portion of inputs consumed in a tax period for taxable supplies.¹⁸⁹

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 supplies.¹⁹⁰

However, input tax credit & decreasing adjustment cannot be claimed through amendment of VAT Return.¹⁹¹

188. Section 46 of VAT Act 2012

189. Section 47 of VAT Act 2012

190. Section 47 of VAT Act 2012

191. Rule 49 of VAT & SD Rules 2016 as amended by SRO-135-LAW/2023/212-Mushak dated 21 May 2023



Cancellation of rebate

- **For unusable materials¹⁹²**

To clear stocks of unused inputs/materials, an application needs to be submitted to the Divisional Officer through Mushak 4.4 form. 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 products¹⁹³**

To dispose any finished goods destroyed by accident, an application needs to be submitted to the concerned Divisional Officer within two days of the incident through Mushak 4.5 form. Within 30 days of submitting 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.

192. SRO No-142-LAW/2020/103-Mushak dated 11 June 2020

193. SRO No-142-LAW/2020/103-Mushak dated 11 June 2020

3.7. VAT Documentation

Tax invoice¹⁹⁴

Tax invoice (Mushak 6.3) needs to be issued along with the commercial 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 bank, mobile financial service (MFS) providers and other digital payment gateways will be considered as tax invoice (Mushak 6.3).¹⁹⁵

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 supplies.¹⁹⁶

Input-output coefficient¹⁹⁷

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 needs 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 organization.¹⁹⁸

VAT return

VAT Return has been reintroduced as Mushak 9.1 under the 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 interest.¹⁹⁹

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 period.²⁰⁰

Major VAT forms

#	Mushak	Mushak Form (Subject)	Rules Ref.
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)

194. Section 51 of VAT Act 2012

195. Section 46 of VAT Act 2012 as amended by FA 2023

196. Section 49 of VAT Act 2012

197. SRO No-142-LAW/2020/103-Mushak dated 11 June 2020

198. Section 32(5) of VAT Act 2012

199. Section 64 of VAT Act 2012

200. Rule 48 of VAT & SD Rules 2016 as amended by SRO No-161-LAW/2022/174-Mushak dated 01 June 2022

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



#	Mushak	Mushak Form (Subject)	Rules Ref.
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 4.3	Input-Output Coefficient	Rule 21
6	Mushak 4.4	Application for the disposal of unused or unusable materials	SRO-179-LAW/2020/119-Mushak dated 30 June 2020
7	Mushak 4.5	Application for the settlement of accidental damage or destruction	SRO-179-LAW/2020/119-Mushak dated 30 June 2020
8	Mushak 4.6	Application for the settlement of supply and disposal of waste or by-product	Sub-Rule (1) of Rule 24C & SRO-161-LAW/2022/174-Mushak dated 01 June 2022
9	Mushak 6.1	Purchase book	Clause (a) of Rule 40 & 41
10	Mushak 6.2	Sales book	Clause (b), Sub-Rule (1) of Rule 40 & Clause (a) of Rule 41
11	Mushak 6.2.1	Purchase-sale accounts for registered/enlisted person not engaged in processing goods/services	SRO-179-LAW/2020/119-Mushak dated 30 June 2020
12	Mushak 6.3	VAT challan	SRO-142-LAW/2020/103-Mushak dated 11 June 2020
13	Mushak 6.5	Good transfer invoice for centrally registered entity	SRO-142-LAW/2020/103-Mushak dated 11 June 2020
14	Mushak 6.6	VAT deduction certificate	Clause (f), Sub-Rule (1) of Rule 40
15	Mushak 6.7	Credit note	SRO-142-LAW/2020/103-Mushak dated 11 June 2020
16	Mushak 6.8	Debit note	SRO-142-LAW/2020/103-Mushak dated 11 June 2020
17	Mushak 6.9	Turnover tax challan	Rule 41(2)
18	Mushak 6.10	Information relating to purchase/sale invoice beyond Tk. 200,000	Sub-Rule (1) of Rule 42
19	Mushak 9.1	VAT return	Sub-Rule (1) of Rule 47
20	Mushak 9.2	Turnover tax return	SRO-142-LAW/2020/103-Mushak dated 11 June 2020
21	Mushak 9.3	Application for late return	Rule (48)
22	Mushak 11.1	Late VAT return	Sub-Rule (1) of Rule 57A
23	Mushak 18.1	Application for VAT consultant license	SRO-142-LAW/2020/103-Mushak dated 11 June 2020
24	Mushak 18.1A	VAT consultant license	SRO-142-LAW/2020/103-Mushak dated 11 June 2020

3.8. Negative Balance Adjustment²⁰¹

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 Tk. 50,000, adjustment will continue until balance is zero;
- if the amount is above Tk. 50,000, refund can be claimed through application.

3.9. Penalties

#	Particulars	Penalty	Sec Ref.
1	Fake or wrong VAT registration certificate or Turnover tax certificate and Certificate of tax deduction at source		
2	Fake or wrong tax invoice, credit note, debit note, consolidated tax invoice 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
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

201. Section 68 of VAT Act 2012

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



#	Particulars	Penalty	Sec Ref.	
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			
17	Non-compliance or irregularity for not informing the VAT officer about the change in the information of the economic activity			
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 in submitting 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	Sec. Ref	Remarks
1	S001.10	A/C hotel	15.0%	✓	SRO No. – 179-LAW/2022/192-Mushak dated 01 June 2022	
	S001.10	Non – A/C hotel	7.5%	✓	SRO No. – 179-LAW/2022/192-Mushak dated 01 June 2022	As per VAT SRO 136/23, 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-LAW/2022/192-Mushak dated 01 June 2022	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-LAW/2021/163-Mushak dated 29 June 2021	
3	S003.10	Motor garage & workshop	10.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	
	S003.20	Dockyard	10.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	
4	S004.00	Construction works/ firms (Builders)	7.5%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	As per VAT SRO – 136/23, VAT is 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	

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Sec. Ref	Remarks
6	S006.00	Cold storage	N/A	✗	SRO No. – 136-LAW/2023/213-Mushak dated 21 May 2023	The service is exempt from VAT
7	S007.00	Advertisement organizations	15.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	As per VAT SRO – 136/23, VAT is exempted for death news
8	S008.10	Printing press	10.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	As per VAT SRO – 136/23, VAT is exempted for books, periodicals or any printing of good for students
	S008.20	Binding agency	N/A	✗	SRO No. – 136-LAW/2023/213-Mushak dated 21 May 2023	The service is exempt from VAT
9	S009.00	Auction house	10.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	
10	S010.10	Land development agency	2.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	
	S010.20	Building construction company (Up to 1-1600 square feet)	2.0%	✓	SRO No. – 227-LAW/2022/199-Mushak dated 28 June 2022	
	S010.20	Building construction company (More than 1600 square feet)	4.5%	✓	SRO No. – 227-LAW/2022/199-Mushak dated 28 June 2022	
	S010.20	Building construction company (In case of re-registration of any size)	2.0%	✓	SRO No. – 227-LAW/2022/199-Mushak dated 28 June 2022	

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Sec. Ref	Remarks
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%	✗	3 rd Schedule of VAT Act 2012	As per VAT SRO – 136/23, VAT is exempted only for providing internet service to educational institute
	S012.20	SIM card or e-SIM provider company	Tk. 200 for each SIM or e-SIM	✗	3 rd Schedule of VAT Act 2012	
13	S013.00	Automated laundry	10.0%	✗	3 rd Schedule of VAT Act 2012	
14	S014.00	Indenting service	5.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Sec. Ref	Remarks
15	S015.10	Freight forwarders	15.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	
	S015.20	C&F agent	15.0%	✗	Section 15 of VAT Act 2012	
16	S016.00	Travel agencies	N/A	✗	SRO No. – 136-LAW/2023/213-Mushak dated 21 May 2023	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%	✗	3 rd schedule of VAT Act 2012	
19	S019.00	Photo studio	N/A	✗	SRO No. – 136-LAW/2023/213-Mushak dated 21 May 2023	The service is exempt from VAT
20	S020.00	Survey firm	15.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	
21	S021.00	Plant or capital machinery rental firm	15.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	
22	S022.00	Confectionery	7.5%	✗	3 rd Schedule of VAT Act 2012	
23	S023.10	Cinema hall	10.0%	✗	3 rd Schedule of VAT Act 2012	
	S023.20	Cinema distributor	10.0%	✗	3 rd Schedule of VAT Act 2012	

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Sec. Ref	Remarks
24	S024.10	Furniture (At the production stage) [If supplied directly from manufacturer to consumers, VAT will be charged at 15%]	7.5%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	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 7.5% at manufacturing stage, VAT will be charged at 15%]	7.5%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	
25	S025.00	WASA	15.0%	✗	Section 15 of VAT Act 2012	
26	S026.00	Goldsmith, silversmith and gold or silver trader	5.0%	✗	3 rd Schedule of VAT Act 2012	
27	S027.00	Insurance company	15.0%	✗	Section 15 of VAT Act 2012	As per VAT SRO – 136/23, VAT is 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

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Sec. Ref	Remarks
28	S028.00	Courier & express mail service	15.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	
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-LAW/2021/163-Mushak dated 29 June 2021	
32	S032.00	Consultancy or supervisory firm	15.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	
33	S033.00	Lessee (Leaseholder)	15.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	
34	S034.00	Audit & accounting firm	15.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	
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%	✗	3 rd Schedule of VAT Act 2012	
	S036.30	Air-conditioned railway service	15.0%	✗	Section 15 of VAT Act 2012	

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Sec. Ref	Remarks
37	S037.00	Procurement provider	7.5%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	As per VAT SRO – 136/23, VAT is 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-LAW/2021/163-Mushak dated 29 June 2021	
41	S041.00	Marriage media	15.0%	✗	Section 15 of VAT Act 2012	

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Sec. Ref	Remarks
42	S042.00	Automated or mechanical saw machine	10.0%	✗	3 rd Schedule of VAT Act 2012	
43	S043.00	Television & online broadcasting program provider	15.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	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-LAW/2021/163-Mushak dated 29 June 2021	
46	S046.00	Health club & fitness center	15.0%	✗	Section 15 of VAT Act 2012	
47	S047.00	Sports organizer	10.0%	✗	3 rd schedule of VAT Act 2012	
48	S048.00	Transport contractor (for carrying petrol & related goods)	5.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	As per VAT SRO – 136/23, VAT exempted only in transport of grain
	S048.00	Transport contractor (other goods)	10.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	
49	S049.00	Transport fare or rent a car	15.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	
50	S050.10	Architect, interior designer or decorator	15.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	
	S050.20	Graphics designer	15.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	
51	S051.00	Engineering firm	15.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Sec. Ref	Remarks
52	S052.00	Sound & light equipment rental service	15.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	
53	S053.00	Board Meeting fees	10.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	
54	S054.00	Advertisement with satellite channel	15.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	VDS is not applicable when vendors provide Mushak 6.3 at 15.0% rate attested by VAT officials.
55	S055.00	Land seller	N/A	✗	SRO No. – 136-LAW/2023/213-Mushak dated 21 May 2023	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%	✗	3 rd Schedule of VAT Act 2012	As per VAT SRO – 136/23, VAT is exempted for irrigation and cold storage
59	S058.00	Chartered airplane or helicopter rent service	15.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	
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-LAW/2021/163-Mushak dated 29 June 2021	
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	
64	S063.00	A/C tailoring shop & tailors	10.0%	✗	3 rd Schedule of VAT Act 2012	As per VAT SRO – 136/23, VAT is exempted for non-A/C tailors

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Sec. Ref	Remarks
65	S064.10	Amusement park & theme park	7.5%	✗	3 rd Schedule of VAT Act 2012	
	S064.20	Picnic spot, shooting studio & tourist corner	N/A	✗	SRO No. – 136-LAW/2023/213-Mushak dated 21 May 2023	The service is exempt from VAT
66	S065.00	Building, floor & premises cleaning & maintenance	10.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	
67	S066.00	Lottery ticket seller	10.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	
68	S067.00	Immigration advisor	15.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	
69	S068.00	Coaching center	15.0%	✗	Section 15 of VAT Act 2012	
70	S069.00	English medium school	5.0%	✗	3 rd Schedule of VAT Act 2012	
71	S070.10	Private university	N/A	✗	SRO No. – 136-LAW/2023/213-Mushak dated 21 May 2023	The service is exempt from VAT
	S070.20	Private medical & Engineering college	N/A	✗	SRO No. – 136-LAW/2023/213-Mushak dated 21 May 2023	The service is exempt from VAT
72	S071.00	Event management firm	15.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	
73	S072.00	Human resource service provider	15.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	
74	S073.00	Manpower exporting service	N/A	✗	SRO No. – 136-LAW/2023/213-Mushak dated 21 May 2023	The service is exempt from VAT

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Sec. Ref	Remarks
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 – 136/23, 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. – 136-LAW/2023/213-Mushak dated 21 May 2023	The service is exempt from VAT
77	S076.00	Social & sports club	10.0%	✘	3 rd Schedule of VAT Act 2012	
78	S077.00	Tour operator	N/A	✘	SRO No. – 136-LAW/2023/213-Mushak dated 21 May 2023	The service is exempt from VAT
79	S078.00	Sales center of RMG (Own brand)	7.5%	✘	3 rd Schedule of VAT Act 2012	
	S078.00	Sales center of RMG (Other brand)	7.5%	✘	3 rd Schedule of VAT Act 2012	
80	S080.00	Ride sharing service	5.0%	✘	3 rd Schedule of VAT Act 2012	

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Sec. Ref	Remarks
81	S099.10	IT enable service (ITES)	5.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	Software development & customization excluded
	S099.20	Other services	15.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	As per VAT SRO – 136/23, VAT is exempted for dyeing, printing & finishing of gray fabrics and calendaring service
	S099.30	Sponsorship services	15.0%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	
	S099.40	Meditation Services	5.0%	✗	SRO No. – 230-LAW/2022/202-Mushak	
	S099.50	Credit rating agency	7.5%	✓	SRO No. – 240-LAW/2021/163-Mushak dated 29 June 2021	
	S099.60	e-commerce service/ Online goods selling	5.0%	✗	3 rd Schedule of VAT Act 2012	

3.11. Other Major Highlights

VAT software²⁰²

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 NBR and have approval from NBR.

Vat Certificate to be kept visible at premises²⁰³

Every registered or enlisted person needs 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 bill²⁰⁴

VAT deduction from sub-contractor bill is not required if VAT is deducted and submitted by customer from the invoice of the main contractor. 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 appeal²⁰⁵

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 operation²⁰⁶

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 which failed to file VAT returns during its dormant period is relieved from any penalty that arose from not filing the returns for the said period.²⁰⁷

Waste management²⁰⁸

To dispose waste or any by-product from production of goods, an application needs to be submitted to the Divisional Officer 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.

202. GO No-08/Mushak/2019

203. Section 13 of VAT Act 2012

204. Explanatory Note 05/Mushak/2020

205. Sections 121 & 122 of VAT Act 2012

206. Rule 118(B) of VAT & SD Rules 2016 as introduced by SRO No-142-LAW/2020/103-Mushak dated 11 June 2020

207. Section 85 of VAT Act 2012

208. SRO No-142-LAW/2020/103-Mushak dated 11 June 2020

Payment of VAT through IVAS²⁰⁹

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

Liability of VAT agent²¹⁰

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

Submission of audited annual Financial Statements²¹¹

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 agencies need to assist VAT officials²¹²

CA firms and credit rating agency are legally liable 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 utility²¹³

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

209. GO No-13/Mushak/2020 dated 13 July 2020

210. Section 19 of VAT Act 2012

211. Section 90 of VAT Act 2012

212. Section 82 of VAT Act 2012

213. Section 95 of VAT Act 2012

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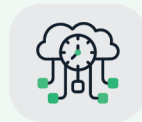
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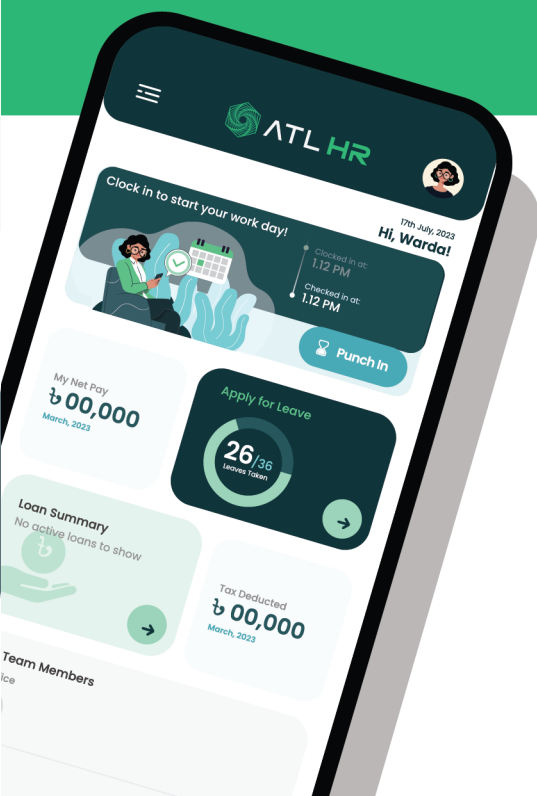


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If you find any errors in this publication, please feel free to reach out and inform us so we can make the necessary corrections.

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