

Bangladesh

Tax Insights 2024-2025





ACE Advisory

BPO | Accounting | Payroll | Tax

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Our Range of Services



Why Choose Us



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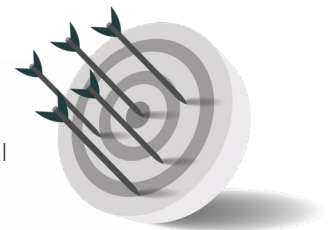


IN-DEPTH RESEARCH

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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.

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This document has been updated for changes till 30 June 2024.

Dear Reader

It is with great pride and a deep sense of responsibility that we present this year's edition of the Tax Insights. As always, our aim is to provide a comprehensive and up-to-date guide to the changes in tax law enacted in the latest national budget. However, this year's edition is published against the backdrop of extraordinary events that have reshaped our nation in ways few could have anticipated.

In recent months, Bangladesh has witnessed a profound transformation. Led by the vibrant youth of the country, people from all walks of life came together and catalyzed a regime change, marking the end of an era and the beginning of what many hope will be a new chapter in the history of our country. The massive reform at the government level has ignited a new light of hope across the nation. This change has not only altered the political landscape but has also rekindled a spirit of patriotism and a collective desire for reform and reconstruction.

The recent events have galvanized the people of Bangladesh, inspiring a renewed commitment to rebuilding our systems from the ground up. This spirit of renewal is palpable in every corner of the country, as citizens from all walks of life unite to demand greater accountability, transparency and justice. It is a time of great challenges, but also of immense opportunity—a moment when the foundations of a more just and equitable society can be laid.

As we look ahead to the future, we are reminded of the vital role which the changing tax policy plays in shaping the economic landscape of our nation. ACE Advisory remains dedicated to leading through these changes by investing in advanced technologies and nurturing our talented workforce. Our focus on innovation and excellence ensures that we continue to provide high-quality services while adapting to emerging trends. In this year's publication, we are pleased to present our insights on Bangladesh Taxation for the fiscal year 2024/2025. The evolving global economy has driven Bangladesh to refine its tax policies and regulatory approaches to better address the challenges of a rapidly changing landscape. We hope that this handbook will serve as a valuable resource for professionals, policymakers and citizens alike, as they navigate the complexities of the evolving tax environment.

We acknowledge the resilience and determination of the people of Bangladesh in this pivotal moment. It is our hope that the reforms and changes ahead will pave the way for a more prosperous and equitable future for all.

We also extend our sincere appreciation to our employees, government officials, regulators, vendors, clients and all other stakeholders for their unwavering support. Their collaboration has been essential in sustaining our operations and contributing to the ongoing economic resilience of the country.

We trust that these insights will provide valuable perspectives and we thank you for your ongoing support of ACE Advisory.

Montakim Ahmed
Partner

Seezan M. Choudhury
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PERSONAL INCOME TAX



1.1. Scope of Income

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

Total income under tax laws 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

2. Section 2(24) of ITA 2023

3. Section 2(45) of ITA 2023

1.4. Taxability of Income from Salary

Income from salary includes the following:⁴



Basic salary



Wages, fees and commissions



Employee share scheme



Allowance of any kind



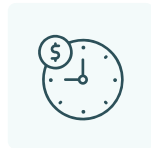
Festival bonus



Incentive bonus



Arrear and 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 	Tk. 10,000 per month Tk. 25,000 per month
Medical expenses ⁶	Fully taxable <i>However, medical expenses paid to an employee (other than a shareholder director) for heart, kidney, eye, liver, or cancer surgery are fully exempted.</i>	

4. Section 32 of ITA 2023

5. Section 33 of ITA 2023

6. Section 32(2) of ITA 2023

Exemption on salary income is lower of:
1/3 of salary income
or
Tk. 450,000.



Income Head	Taxability
Conveyance allowance (local and foreign)	Reimbursements against actual bills/receipts for business purposes are fully exempted. 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 exempted
Registered gratuity fund ⁷	Exempted up to Tk. 25,000,000
Leave encashment	Fully taxable
Leave fare assistance	Fully taxable
Government pension fund	Fully exempted ⁸
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 (regardless of residency status)	Government employees
Lower of: ⁹ <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: ¹⁰ <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

8. 6th Schedule, Part 1, Para 4 of ITA 2023

9. 6th Schedule, Part 1, Para 27 of ITA 2023

10. 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.¹¹ Any service charge, repair and maintenance or any other charge paid by the tenant will also be considered as income from house property.¹²

However, the followings will not be included while computing the income from house property:¹³

- Any building solely used as warehouse;
- Any factory building which is inseparable from letting plant and machinery;
- Any income from hostel, hotel, motel or resort;
- Any advance or security deposit which is not adjustable.

The following deductions are applicable on income from house property:¹⁴

- 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 repairs, rent collection, water and sewerage, electricity, gas, service charge, maintenance, and other basic services is 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%

Any unspent amount of this allowable limit shall be considered as special income from house property.¹⁵

- 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 instalments in the first 3 years of generating income from such property. After 3 years, such interest is not 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.¹⁶

11. Section 36 of ITA 2023 as amended by FA 2024

12. Section 37(1) of ITA 2023 as amended by FA 2024

13. Section 35 – 37 of ITA 2023 as amended by FA 2024

14. Section 39(1) of ITA 2023 as amended by FA 2024

15. Section 38(1) of ITA 2023 as amended by FA 2024

16. Rule 8A of ITR 1984

1.6. Income from Other Sources

The following income items are considered as income from other sources for every individual taxpayer:¹⁷

#	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
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	Any benefit enjoyed by taxpayers, regardless of convertibility to cash, on account of waiver on loan payment. However, this shall not be applicable for the following cases: <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
7	Any amount received as winnings from lotteries, crossword puzzles, card games, online games and other games of similar nature
8	Any amount received above Tk. 500,000 other than via crossed cheque or bank transfer as advance, loan or any form of deposit. However, this will not be applicable in the following circumstances: <ul style="list-style-type: none"> If such money is received from the spouse, parent or child and the same is shown in the income tax returns of both the donor and receiver Any deposit accepted by a bank, financial institution and any organization registered with the Bureau of NGO Affairs or the Microcredit Regulatory Authority
9	Any liability related to the purchase of building construction material but not settled within two years from the end of the fiscal year
10	Any income derived from transfer of assets other than mineral deposits and hydrocarbons and goodwill
11	Any donation, grant or gift

17. Section 67 of ITA 2023 as amended by FA 2024

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 Govt. pension fund ¹⁸	Fully exempted
Gratuity income received from Govt. or approved gratuity fund ¹⁹	Up to Tk. 25,000,000
Pensioner's savings certificate ²⁰	Up to Tk. 500,000
Any income earned in abroad and brought as foreign remittance into Bangladesh ²¹	Fully exempted
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 ²²	Fully exempted
Gift from spouse, parent or child subject to specific condition ²³	Fully exempted
Income from capital gain from sale of share or unit of listed company or fund except for sponsor and director of the company or fund ²⁴	Up to Tk. 5,000,000



18. 6th Schedule, Part 1, Para 4 of ITA 2023

19. 6th Schedule, Part 1, Para 5 & 6 of ITA 2023

20. 6th Schedule, Part 1, Para 9 of ITA 2023

21. 6th Schedule, Part 1, Para 17 of ITA 2023

22. 6th Schedule, Part 1, Para 18 of ITA 2023

23. 6th Schedule, Part 1, Para 35 of ITA 2023

24. 6th Schedule, Part 1, Para 36 of ITA 2023 as amended by FA 2024

Gifts from spouse, parent or child
are fully exempt but subject to specific
conditions.



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:²⁵

Taxable Income	AY 2024-25	Taxable Income	AY 2025-26
<ul style="list-style-type: none"> • First Tk. 350,000 (<i>for male taxpayers</i>) • First Tk. 400,000 (<i>for female and senior taxpayers above the age of 65</i>) • First Tk. 475,000 (<i>for taxpayers of third gender or with disability</i>) • First Tk. 500,000 (<i>for gazetted freedom fighters</i>) 	Nil*	<ul style="list-style-type: none"> • First Tk. 350,000 (<i>for male taxpayers</i>) • First Tk. 400,000 (<i>for female and senior taxpayers above the age of 65</i>) • First Tk. 475,000 (<i>for taxpayers of third gender or with disability</i>) • First Tk. 500,000 (<i>for gazetted freedom fighters</i>) 	Nil*
On the next Tk. 100,000	5%	On the next Tk. 100,000	5%
On the next Tk. 400,000	10%	On the next Tk. 400,000	10%
On the next Tk. 500,000	15%	On the next Tk. 500,000	15%
On the next Tk. 500,000	20%	On the next Tk. 500,000	20%
On the balancing amount	25%	On the next Tk. 2,000,000	25%
		On the balancing amount	30%

*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.

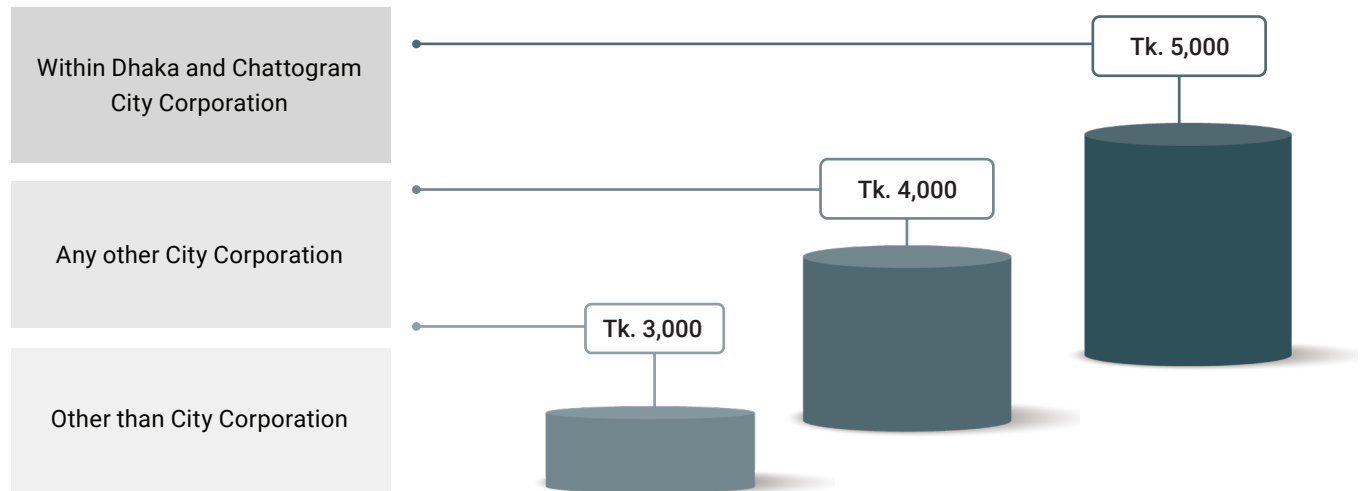
The tax rate for non-resident foreigners is a flat **30%**.²⁶

25. 2nd & 3rd Schedule, Part 1 of FA 2024

26. 2nd & 3rd Schedule, Part 1 of FA 2024

1.9. Minimum Tax

Minimum tax applicable on individuals is as follows:²⁷



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 or lower than the actual investment made by them, tax shall be charged at the rate of 50% on the difference.

Similarly, if the payment or receipt related to import/export declared in the statements submitted by an assessee is higher or lower from the actual payment or receipt, tax shall be charged at a rate of 50% on the difference.²⁸

1.11. Capital Gain Tax

Capital gain tax (CGT) for individuals can be divided into two major categories:

a) Sale of shares of listed companies or funds – Except for the sponsors and directors of a company or fund, capital gain from the sale of share or unit of listed company or fund shall be exempted up to Tk. 5,000,000.²⁹

b) Other than sale of shares of listed companies or funds - Individuals selling assets other than mentioned in a) above are taxed on capital gain in the following manner:³⁰

27. 2nd & 3rd Schedule, Part 1 of FA 2024

28. Section 20 of ITA 2023

29. 6th Schedule, Para 36 of ITA 2023 as amended by FA 2024

30. 7th Schedule, Para 1 of ITA 2023

Capital gains from the stock market
are
exempted up to 50 lakhs.





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. 600,000 in the last assessed income year,³¹ 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 gain;
 - One-off income which cannot be collected in the concerned income year.

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

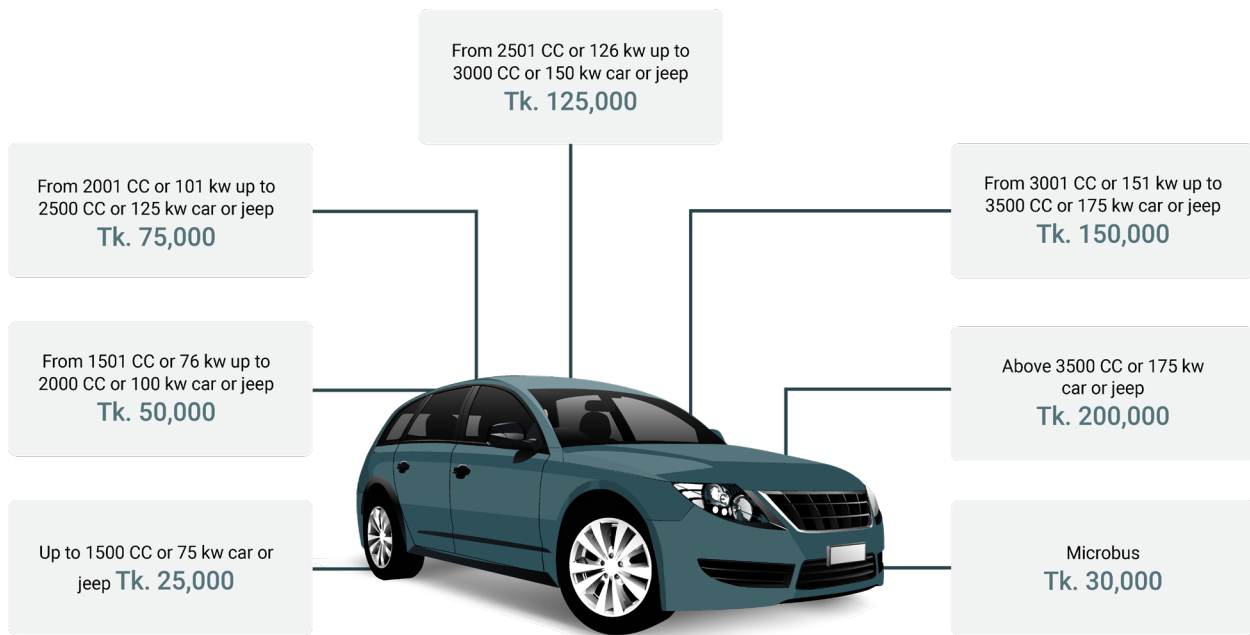
The amount of advance tax payable shall be determined as per the calculation prescribed in Section 155 and 156 of ITA 2023.



31. Section 154 of ITA 2023

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:³²



Note: The AIT mentioned above is not applicable for motor cars used for commercial purpose as listed under section 138 of ITA 2023.³³

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.³⁴

- 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.³⁵
- 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.

32. Section 153(2) of ITA 2023

33. Section 153(8) of ITA 2023

34. Section 153(2) of ITA 2023

35. Section 153(3&4) of ITA 2023

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:³⁶

#	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 the followings: <ul style="list-style-type: none"> Unit certificates 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 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

36. 6th Schedule, Part 3 of ITA 2023

The eligible investment amount is the lesser of:³⁷

- 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 of ITA, 2023
- 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:³⁸



- 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 and renewal of licences for hotel, restaurant, motel, hospital, clinic and diagnostic centre;
- Registration, transfer of ownership, or fitness renewal of motor vehicles, excluding two-wheelers and three-wheelers.



- 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.

37. Section 78 of ITA 2023

38. Section 264 of ITA 2023 as amended by FA 2024

Furnishing Proof of Submission of
Return (PSR) is mandatory for obtaining
45 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;
- Obtaining service from community centre, convention hall or institutions offering similar services in any city corporation area.



- 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.³⁹ 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:⁴⁰

#	Category
1	Any individual whose income during the year exceeds the exemption limit detailed in 1.8 (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 as per Section 264 of ITA 2023

Filing return of income is not mandatory for an individual if the person:⁴¹

- 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:⁴²

- 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 whose income was not assessed previously;

**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.

39. Section 261 of ITA 2023

40. Section 166 of ITA 2023

41. Section 166(2) of ITA 2023

42. Section 266 of ITA 2023

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.⁴³ Failure to do so may result in a penalty of 25% of total tax payable or on deficit tax payable.⁴⁴ 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 is 30 June following the end of the concerned income year.⁴⁵

1.18. Self-assessment⁴⁶

All individuals shall submit their return under this scheme 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 payment of 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.⁴⁷

Returns filed under this section may eventually be selected for audit. However, the returns are not selected for audit if:⁴⁸

- The return, other than those from banks, insurance and financial institutions, shows a 15% increase in income from the last assessed year;

43. Section 173 of ITA 2023

44. Section 271 of ITA 2023

45. Section 2(23) of ITA 2023

46. Section 180 of ITA 2023

47. Section 181 of ITA 2023

48. Section 182(14) of ITA 2023 as amended by FA 2024

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.*



- The return:
 - Shows loan taken from institutes other than bank and financial institutions above Tk. 500,000 which is supported by bank statement;
 - Does not show any exempted or partially exempted income;
 - Does not show any reduced rated income;
 - Does not show or result in any refund.



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:⁴⁹

- has a gross wealth exceeding Tk. 5,000,000 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.

Individuals not falling under the regulatory mandate can submit the statement voluntarily. Non-Bangladeshi or non-resident Bangladeshi individuals are required to 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:⁵⁰

- 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;

49. Section 167 of ITA 2023 as amended by FA 2024

50. Section 168(1) of ITA 2023

- they are shareholder director of a company; or
- 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 net wealth exceeds Tk. 40,000,000 then surcharge on tax will be payable as follows:⁵¹

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%

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:⁵²

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 3500 CC or 175 kw car	350,000

In case of more than one vehicle, exemption will be available on the vehicle with the lowest applicable surcharge and surcharge will be applicable for rest of the vehicles as per above table. 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.

51. 2nd & 3rd Schedule, Part 2 of FA 2024

52. 2nd & 3rd Schedule, Part 3 of FA 2024

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	Beneficiary of trust or participant of fund ⁵³	Income on which tax has already been paid by trust or fund	Full	-
2	Individual who is a farmer and whose only source of income is agriculture ⁵⁴	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 ⁵⁵	Income from salary	Full	-
4	Expatriates working in private coal-based electricity generation companies signing contract within 30 June 2020 ⁵⁶	Income from salary	Full	3 years from the date of arrival in Bangladesh
5	Expatriates working in International Committee of Red Cross (ICRC) in Bangladesh ⁵⁷	Income from salary	Full	-
6	Expatriates working as technician, professionals, scientists, senior administration staff, advisor and consultant in Local Development Network Institutions under Aga Khan Development Network ⁵⁸	Income from salary	Full	-

1.23. Tax Clearance for Expatriates

Expatriate employees working 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.⁵⁹

53. 6th Schedule, Part 1, Para 15 of ITA 2023

54. 6th Schedule, Part 1, Para 20 of ITA 2023

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

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

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

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

59. Section 243(1) of ITA 2023

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, they 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 they deem fit;
- allow, conduct, permit, arrange an inquiry or investigation by any income tax authority not being below the rank of Deputy Commissioner of Taxes.⁶⁰

60. Section 21 of ITA 2023



**CORPORATE
TAX**



2.1. Introduction

A company is defined as a *Company Incorporated Under the Companies Act, 1994* in force in Bangladesh and includes:⁶¹

- 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, co-operative 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.⁶²

2.3. Permanent Establishment

The definition of a "Permanent Establishment" in relation to income from business or profession includes:⁶³

- 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.

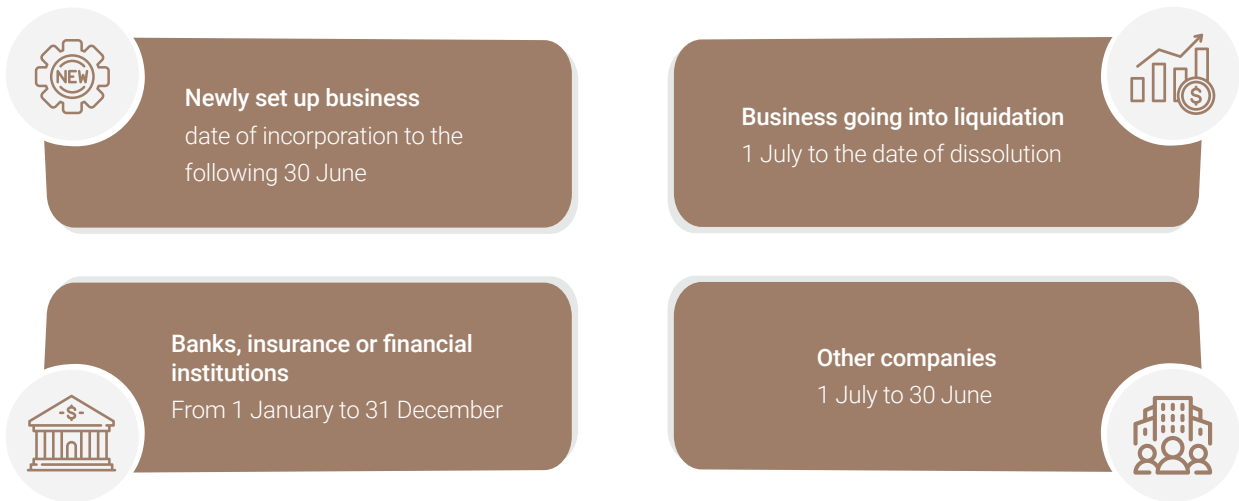
61. Section 2(31) of ITA 2023

62. Section 2(45) of ITA 2023

63. Section 2(92) of ITA 2023

2.4. Income Year

Income year means financial year immediately preceding the assessment year and is defined for different entities as follows:⁶⁴



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:⁶⁵

a) 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.

b) Dividend – any dividend paid outside Bangladesh by a Bangladeshi company.

c) 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.

64. Section 2(15) of ITA 2023

65. Section 27 of ITA 2023

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 source ⁶⁶
2	Unexplained assets, loans or expenditures	
3	Excess amount of fair value compares to 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	Where sales proceed is higher than purchase value: (Purchase value – written down value) of assets used for business or profession	Income from business/ profession ⁶⁷
12	Where sales proceed is lower than purchase value: (Sale value – written down value) of assets used for business or profession	
13	Where insurance/salvage/compensation is higher than purchase value: (Purchase value – written down value) of assets used for business or profession	
14	Where insurance/salvage/compensation is lower than purchase value: (Insurance/salvage/compensation received – written down value) of assets used for business or profession	
15	Export value against transferred export quota	
16	Monetary value of benefit received from trading liability	
17	Unpaid trading liability which has not been settled within 3 years of recording	
18	Monetary value of benefit received from any loss, bad debt or expenditure previously disclosed as allowable deduction	
19	Reduction in initial capital within 5 years after filing return under universal self-assessment scheme	

66. Section 67 of ITA 2023 as amended by FA 2024

67. Section 46 of ITA 2023 as amended by FA 2024

#	Deemed Income	Income Head
20	Where sales proceed is higher than purchase value: (Purchase value – written down value) of assets used for agriculture	Agricultural income ⁶⁸
21	Where sales proceed is lower than purchase value: (Sale value – written down value) of assets used for agriculture	
22	Where insurance/salvage/compensation is higher than purchase value: (Purchase value – written down value) of assets used for agriculture	
23	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 by entities recognized by the BSEC:⁶⁹

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

b) Income from microcredit: any service charge earned by an NGO registered with the NGO Affairs Bureau or Microcredit Regulatory Authority.⁷⁰

c) Income from ITES business: any income earned within 1 July 2024 to 30 June 2027 is exempted from income tax for the following services:⁷¹

- AI based solution development;
- Blockchain based solution development;
- Robotics process outsourcing;
- Software as a service;
- Cyber security service;
- Digital data analytics and data science;
- Mobile application development service;
- Software development and customization;
- Software test lab service;
- Web listing, website development and service;
- IT assistance and software maintenance service;
- Geographic information service;
- Digital animation development;
- Digital graphics design;
- Digital data entry and processing;
- e-learning platform and e-publication;
- IT freelancing;
- Call center service; and
- Document conversion, imaging and digital archiving.

68. Section 41 of ITA 2023

69. 6th Schedule, Part 1, Para 10 of ITA 2023

70. 6th Schedule, Part 1, Para 13 of ITA 2023 as amended by FA 2024

71. 6th Schedule, Part 1, Para 21 of ITA 2023 as amended by FA 2024

**Tax exemption on ITES businesses extended
till 30 June 2027.**

**However, income must be received through
banking channel.**



d) Income of SME: income derived from any Small and Medium Enterprise (SME) engaged in production of goods having:⁷²

- 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.

e) Income from IT equipment: income derived by manufacturers of following equipment will enjoy full exemption for a period of 10 years from the inception of commercial production:⁷³

- Motherboard;
- Casing;
- UPS;
- Speaker and sound system;
- Pen drive;
- USB cable;
- Power supply; and
- 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.

f) Income from food processing and machinery production: income derived from the following will be subject to full exemption for a period of 10 years from the commencement of commercial production:⁷⁴

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

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

g) Income from manufacture of automobiles: income derived from manufacturing three or four wheelers is subject to tax exemption in the following manner:⁷⁵

Duration	Exemption/Rate
For the first 10 years	Fully exempted
For the next 10 years	Tax rate @10%

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

72. 6th Schedule Part 1, Para 24 of ITA 2023

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

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

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

h) Income from hospital: income derived from health care service institutions situated outside Dhaka, Narayanganj, Gazipur and Chattogram is fully exempted from tax for 10 years.⁷⁶

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

i) Income from training institute: income derived from institutions providing education and training on specific areas is fully exempted from tax for 10 years from the date of approval from NBR.⁷⁷

j) Income from home appliances: income derived from the sale of the following home appliances is fully exempted from tax for 10 years from the commencement of commercial production:⁷⁸

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

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

k) Income from light engineering: 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.⁷⁹

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

l) Distribution of taxed dividend: any distribution of taxed dividend to a company provided the company distributing the taxed dividend maintains separate accounts.⁸⁰

m) Income from ocean going ship being Bangladeshi flag carrier: income derived within 30 June 2030 which is brought into Bangladesh.⁸¹

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

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

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

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

80. 6th Schedule, Part 1, Para 32 of ITA 2023

81. 6th Schedule, Part 1, Para 33 of ITA 2023

2.8. Allowable Deductions

Expenses incurred by a company in a year are allowable as deductions under tax law as follows:⁸²

#	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, audit 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

82. Section 49 & 50 of ITA 2023

#	Details
21	Amount not exceeding 5% of the net business profit payable 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	Bad debt
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.⁸³ 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:⁸⁴

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

83. Section 55(d) of ITA 2023

84. Section 2(55) & 32 of ITA 2023

2.10. Deductions Not Allowable

The following expenditures are not allowable subject to certain circumstances:⁸⁵

#	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 a shareholder director			
4	Expenditures above Tk. 1,000,000 as perquisites to an employee			
5	Payment of royalty, license fee, technical services 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. 50,000,001 – 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			
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 Clause 25, 26, 28, 29, 36, 37, 42 and 43 of Section 264 (3)			
16	Any capital or personal expenditure			

85. Section 55 of ITA 2023

**Excess perquisite shall not be considered as
Special Business Income.**

**Hence, significant relief for loss making
companies but impact for profit making
companies remain unchanged.**



#	Details
17	Any deduction or deduction against 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 asset for business purposes and their development and maintenance
20	Impairment loss on conceptual assets
21	Payment to any un-approved fund for which approval was required
22	Expenses not properly accounted for and having inadequate supporting evidence

The following disallowed expenses will no longer be considered as special business income:⁸⁶

- Expenditures above Tk. 1,000,000 as perquisites to an employee;
- 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;
- Head office or intra-group expenses of a company not incorporated in Bangladesh which exceed 10% of net profit disclosed;
- Overseas travelling expenditure exceeding 0.5% of disclosed business turnover;
- Expenditures on account of entertainment allowance;
- Expenditure exceeding the prescribed limits on distribution of free samples;
- Payment of any promotional expense, except advertisement, exceeding 0.5% of the disclosed business turnover;
- Any deduction or deduction against any liability which is not expressly set forth;
- Amortization and interest on Right of Use assets except lease of land and space for business purposes;
- Impairment loss on conceptual assets.

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 allowance⁸⁷

#	Major Class of Assets	Sub Class of Assets	Rate/Percentage of Written Down Value (WDV)
1	Buildings	General	5%
		Factory	10%

86. Section 56 of ITA 2023 as amended by FA 2024

87. 3rd Schedule, Part 1, Para 4 of ITA 2023

#	Major Class of Assets	Sub Class of Assets	Rate/Percentage of Written Down Value (WDV)
2	Furniture & fittings	Furniture & fittings	10%
3	Office equipment	Office equipment	10%
4	IT equipment	Computer hardware including printer, monitor and other accessories	25%
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 allowance⁸⁸

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

Accelerated depreciation allowance⁸⁹

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;⁹⁰
- The purchase value of a motor vehicle shall not be exceeding Tk. 3,000,000;⁹¹
- 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.⁹²

Disposal of assets & treatments of gains or losses

- No depreciation allowance shall be allowed in the year of disposal;⁹³
- 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.

88. 3rd Schedule, Part 1, Para 5 of ITA 202389. 3rd Schedule, Part 1, Para 6 of ITA 202390. 3rd Schedule, Part 1, Para 2(6) of ITA 202391. 3rd Schedule, Part 1, Para 3 of ITA 2023

92. Section 71(1) of ITA 2023

93. 3rd Schedule, Part 1, Para 7 of ITA 2023

Amortization of license fees⁹⁴

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

Amortization of pre-commencement expenditure⁹⁵

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 expenses⁹⁶

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

Amortization of computer software and applications⁹⁷

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

Amortization of unapproved expenses⁹⁸

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

94. 3rd Schedule, Part 2, Para 2 of ITA 202395. 3rd Schedule, Part 2, Para 2 of ITA 202396. 3rd Schedule, Part 2, Para 3 of ITA 202397. 3rd Schedule, Part 2, Para 4 of ITA 202398. 3rd Schedule, Part 2, Para 5 of ITA 2023

2.12. Losses⁹⁹

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. ¹⁰⁰

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.¹⁰¹



99. Section 70 of ITA 2023

100. Section 71 of ITA 2023

101. Section 70(3&6) of ITA 2023

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	Participation fund, Welfare fund, Workers Profit Participation Fund	10%
89 read with Clause 3 of TDS Rules 2024 ¹⁰²	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.¹⁰³ • In the case of supply by distributor or any other person, the deduction of tax shall be reduced by the amount of tax paid u/s 94.¹⁰⁴ • 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.
	Supply of services against contracts executed for manufacturing, process or conversion, civil work, construction, engineering or any other similar work	7%
	<ul style="list-style-type: none"> • Supply of goods • Printing, packaging or binding • In any other supply of goods not mentioned 	5%
	Supply of tobacco products including cigarettes, bidi, jorda, tobacco leaves and gul	10%

102. SRO No-161-LAW/Income Tax-36/2024 dated 29 May 2024 & SRO No-248-LAW/Income Tax-42/2024 dated 27 June 2024

103. Specific calculation method applicable

104. Specific calculation method applicable

Section	Deduction/Collection from/on	Rate
89 read with Clause 3 of TDS Rules 2024	Industry engaged in production of MS Billets and local procurement of MS Scrap	0.5%
	Supply of petroleum oil & lubricant by the oil marketing companies	0.6%
	Supply of petroleum oil by dealer or agent of oil marketing company (excluding petrol pump & CNG station)	1%
	Supply of rice, wheat, potato, fish, meat, 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	1%
	In case of supply of all kinds of fruits	2%
	Industry engaged in production of iron or iron products, ferroalloys, ceramic products and cement (except for MS billets)	2%
	Supply of oil by the oil refinery	2%
	Gas distribution company	2%
	Gas transmission 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%
	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%
In case of supply of recycled lead	3%	
In case of supply of industrial raw materials	3%	
90 read with Clause 4 of TDS Rules 2024 ¹⁰⁵	Advisory or consultancy	10%
	Professional service/technical service/technical know-how/technical assistance fee	10%
	Catering service/cleaning service/collection & recovery service/private security service/supply of manpower/creative media service/public relations service/events management service/training & workshop etc. management service/courier service/packing & shifting service/any other service of similar nature:	
	<ul style="list-style-type: none"> • On commission • On gross amount¹⁰⁶ 	10% 2%

105. SRO No-161-LAW/Income Tax-36/2024 dated 29 May 2024

106. Specific calculation method applicable

Section	Deduction/Collection from/on	Rate	
	Media buying agency service		
	• On commission	10%	
	• On gross amount ¹⁰⁷	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	8%	
	Private container port or dockyard	8%	
	Shipping agency commission	8%	
	Stevedoring/berth operator/terminal operator/ship handling operator	on commission or fee	10%
		on gross bill amount	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	10%	
	Freight forward agency service on commission	10%	
	Freight forward agency service on gross bill with or without commission	2.5%	
	Any other service (excluding service provided by a bank, insurance, mobile financial service or financial institution)	10%	
91	Intangible assets (Royalty, franchise or license, trademark etc.)	Below Tk. 2,500,000	10%
		Above Tk. 2,500,000	12%

107. Specific calculation method applicable

Section	Deduction/Collection from/on	Rate
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, firm or any other person (other than oil marketing company) selling to distributor or person under contract	0.25% on selling price
95	Payment to travel agent - Commission - Discount or any other facilities	0.30% ¹⁰⁸
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 - to purchase fruits, computers or computer parts	2%
	• 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, nut, clove, cassia leaf, jute, cotton, yarn	1%
98	Payment by cellular mobile phone operator of fees to regulatory authority	20%
99	Payment in excess of premium paid on life insurance except in case of death of policy holder	5%
100	Insurance commission	5%
101	Fees etc. of surveyor of general insurance company	15%

108. SRO No-264-LAW/Income Tax/2019 dated 25 August 2019

Section	Deduction/Collection from/on	Rate	
102	Interest on deposits from any kind of banking, insurance, leasing, financing, post office, co-operative or mobile financial service (MFS) Company, Trust, Association of person (AOP)	20%	
	Primary educational institution, ICAB, ICMAB or ICSB	10%	
	Person other than stated above	10%	
	Note: Proof of submission of return (PSR) of parent is considered as PSR of a minor		
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% ¹⁰⁹
		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, hotel accommodation, vacant land, plant or machinery, any reservoir other than government owned	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%	
112	Export cash subsidy	10%	
114	Purchase of power from Bangladesh Power Development Board (BPDB) or captive electricity manufacturer	6%	

109. 7th Schedule, Para 2 of ITA 2023

Section	Deduction/Collection from/on	Rate
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% ¹¹⁰
	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 2024	Deductions from income of non-residents:	20%
	Advisory or consultancy service	
	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.	
	Charge or rent for satellite, airtime or frequency, rent for channel broadcast	
	Legal service	
	Management service including event management	
	Commission	
	Royalty, license fee or payments related to intangibles	
	Interest	
	Advertisement broadcasting	
Advertisement making and digital marketing	15%	
Air transport or water transport except mentioned in Section 259 & 260	7.5%	
Services provided under contracts executed by contractors, subcontractors, and sub-subcontractors for manufacturing, processing, conversion, works, construction, engineering, or any other similar work		
Supply of goods		

110. 7th Schedule, Para 2 of ITA 2023

Section	Deduction/Collection from/on	Rate
	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	
	Surveyors' fees of general insurance company	5.25%
	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%
119 read with Clause 5(3) of TDS Rules 2024	Payment to non-residents for the following cases: <ul style="list-style-type: none"> any authority of the foreign country; subscription fee of any professional body; expenses of liaison office; international marketing and product development expense; tuition fees; any type of security deposit. 	Exempted
120 read with Clause 7 of TDS Rules 2023	Collection of tax on account of import of goods	5%

Section	Deduction/Collection from/on	Rate	
	In case of specific goods mentioned ¹¹¹	1% - 20%	
121	Collection of tax from recruiting agents	10%	
122	Collection of tax from C&F agency commission	10%	
123	Collection of tax on 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"> Any donation received by religious institutions, approved charitable institutions, educational/research institutions or any person approved by NGO Bureau Affairs Remittance towards Bangladeshi resident for providing services to abroad IT Enabled Services Income derived from ocean going ship within 30th June 2030 	7.5%	
	Remittance received as consideration for contracts on manufacturing, process or conversion, civil work, construction, engineering or works of similar nature	7.5%	
	Freight forwarding agent	On commission On gross amount	10% 2.5%
125	Transfer of property	Rates vary depending on location	
126	Registration of land, building, house, flat, apartment or floor space for transfer of ownership	If used for residential purpose	1,600 per square meter
		If not used for residential purpose	6,500 per square meter
		Land attached with land, building, house, flat, apartment or floor space	5% of deed value
127	Collection of tax from commission, discount or fee on selling of government stamps, court fees, cartridge paper or anything of similar nature	10%	

111. SRO No-161-LAW/Income Tax-36/2024 dated 29 May 2024

Section	Deduction/Collection from/on	Rate
128	Collection of tax from lease of property	4%
129	Collection of tax from manufacturer of cigarettes	10%
130	Collection of tax from brick manufacturer based on area, nature and production method: <ul style="list-style-type: none"> Up to 108,000 cubic feet Between 108,001 to 124,000 cubic feet Over 124,000 cubic feet Other brick kilns not mentioned above 	Tk. 80,000 Tk. 120,000 Tk. 160,000 Tk. 220,000
131	Collection of tax from 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	Collection of tax from shipping business of a resident	5% (3% - if service is rendered between two or more foreign countries)
133	Collection of tax from public auction sale	10% (1% - on sale of tea)
134	Collection of tax on gain from transfer of shares of unlisted companies	15%
135	Collection of tax on gain from transfer of securities	10%
136	Collection of tax from transfer of share of shareholder of Stock Exchange	15%
137	Collection of tax on payment of shares, debentures and mutual funds from members of stock exchange	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 5 tons	Tk. 16,000
		Truck, lorry or tank lorry having payload capacity exceeding 1.5 tons but not exceeding 5 tons	Tk. 9,500
		Truck, lorry or tank lorry having payload capacity not exceeding 1.5 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 Tax¹¹²

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:¹¹³

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
In case of the deduction in the last working day of June	Same 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.¹¹⁴

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 25th day of the following month:¹¹⁵

- 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.

112. Clause 10 of TDS Rules 2024 (SRO No-161-LAW/Income Tax-36/2024 dated 29 May 2024)

113. Clause 9 of TDS Rules 2024 (SRO No-161-LAW/Income Tax-36/2024 dated 29 May 2024)

114. Section 150 of ITA 2023

115. Section 177 of ITA 2023

Every entity needs to submit
Withholding Tax Return for each month
within 25 days
following the end of that month.

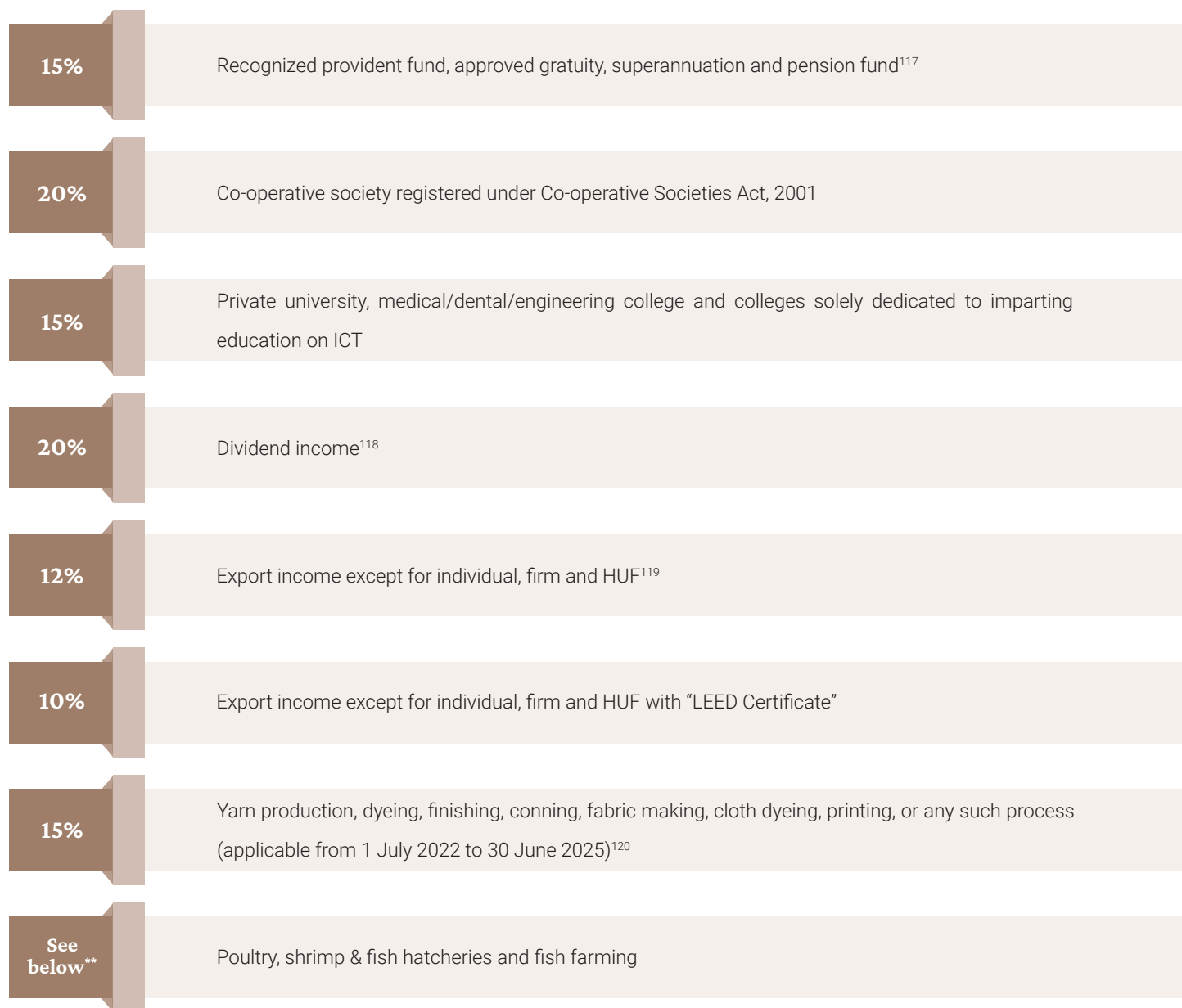


2.17. Rates of Corporate Tax

The applicable rates of tax for companies are as follows:¹¹⁶

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*
25%	Non-listed companies*
20%	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 (At least 10% of paid-up capital transferred through stock exchange of which maximum 5% is transferred via pre-initial public offering)
45%	Private mobile phone operating companies
25%	Trust, fund, association of persons and other taxable entity*

116. 2nd & 3rd Schedule, Part 1 of FA 2024



*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.

****Poultry, shrimp & fish hatcheries and fish farming¹²¹**

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%

117. SRO No-333-LAW/Income Tax-20/2023 dated 06 December 2023

118. 7th Schedule, Para 2 of ITA 2023

119. SRO No-158-LAW/Income Tax/2022 dated 01 June 2022

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

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

**Corporate tax rate for private limited
companies incorporated in Bangladesh
is 25%***

**Conditions applicable*



Entities enjoying exemptions will not be eligible if they:¹²²

- 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 agricultural income receipts not exceeding Tk. 10,000,000 in any income year and donation receipt from parent, spouse and child¹²³).

2.18. Additional Scope of Tax for Listed Companies**Tax on stock dividend**¹²⁴

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

**Tax on equity reserves**¹²⁵

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

2.19. Minimum Tax**a) Minimum tax in case of deduction or collection at source**¹²⁶

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.)

122. Section 76(5) of ITA 2023

123. 6th Schedule, Part 1 Para 35 of ITA 2023

124. Section 23 of ITA 2023

125. Section 22 of ITA 2023

126. Section 163(2) of ITA 2023

Section	Details
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
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
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	Collection of tax from importer
121	Collection of tax from recruiting agents
122	Collection of tax from C&F agency commission
123	Collection of tax from export revenue
124	Income remitted from abroad for any service, revenue sharing etc.
125	Collection of tax from transfer of property
126	Collection of tax from real estate or land developer
127	Collection of tax from commission, discount or fee on selling of government stamps, court fees, cartridge paper or anything of similar nature

Section	Details
128	Collection of tax from lease property
129	Collection of tax from 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
134	Collection of tax from transfer of shares of unlisted companies
135	Collection of tax from transfer of securities
136	Collection of tax from transfer of share of shareholder of Stock Exchange
137	Collection of tax from member of stock exchange
138	Collection of tax from motor vehicles plying commercially
139	Collection of tax from inland ships

Minimum tax payable for an assessee shall be the higher of:¹²⁷

- Tax calculated in regular manner using applicable rate;
- Tax deducted or collected at source on sections that qualify minimum tax;
- Minimum tax determined under this Section 163.

b) Minimum tax on gross receipt

Minimum tax on gross receipt, in a fiscal year, shall be applicable for the below assessee:

- Tk. 5,000,000 for any firms and association of persons
- Tk. 30,000,000 or more for individual
- Any sum for company or trust

#	Details	% of Gross Receipts
1	Manufacturer of cigarette, bidi, chewing tobacco, smokeless tobacco or any other tobacco products	3%
2	Manufacturer of Carbonated Beverage, Sweetened Beverage	3%
3	Mobile phone operator	2%

127. Section 163(6) of ITA 2023

#	Details	% of Gross Receipts
4	Individual other than individual engaged in the manufacturing of cigarette, bidi, chewing tobacco, smokeless tobacco or any other tobacco products, having gross receipts Tk. 30,000,000 or more	0.25%
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

Tax deduction at source from the following income sources will be considered as final settlement of tax and no additional tax have to pay.¹²⁸

#	Income Source	Section Ref.	Applicable Assesseees
1	Interest or profit on saving deposits and fixed deposits etc.	102	a) Educational institution: <ul style="list-style-type: none"> i. which is a primary or pre-primary school or government secondary or higher secondary school (Bangla medium), or any MPO enlisted educational institutions; and ii. 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	Export cash subsidy	112	All assessee

2.20. Additional Tax

If a company employs a foreign national without prior approval of authorities, the company shall be charged additional tax of 50% of the tax payable on its income or Tk. 500,000 whichever is higher.¹²⁹

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

129. Section 19 of ITA 2023

2.21. Capital Gain Tax

Income from capital gain by Company, Fund & Trust will be separated from total income and tax at 15% is payable on such capital gain regardless of the period of holding the asset from the date of its acquisition.¹³⁰

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.¹³¹ The amount of tax will be:

*(Total income of the latest income year x applicable tax rates) – amount of TDS/TCS/AIT paid during the fiscal year.*¹³²

Advance tax is payable in 4 equal instalments on 15th September, 15th December, 15th March and 15th June.¹³³ Failure to pay taxes in such instalments may lead to a penalty equal to the tax liability.¹³⁴

If advance tax paid or collected at source is less than 75% of the total tax payable, in addition to the balance 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 return is not filed before the Tax Day.¹³⁵

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 instalment of advance tax.¹³⁶

2.23. Displaying Proof of Submission of Return¹³⁷

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

Failure to comply with this provision may result in a penalty between Tk. 20,000 to Tk. 50,000 as imposed by the Deputy Commissioner of Taxes.

2.24. Tax Return

Filing a return of income is mandatory for entities of following nature:¹³⁸

- Company;
- Firm;
- Association of persons;
- Any other entity required to furnish proof of submission of return under section 264;
- Exemption granted through a Government Gazette to any person.

130. 7th Schedule, Para 1 of ITA 2023

131. Section 154 of ITA 2023

132. Section 155(1) of ITA 2023

133. Section 155(2) of ITA 2023

134. Section 157 & 275 of ITA 2023

135. Section 162 of ITA 2023

136. Section 152 of ITA 2023

137. Section 265 of ITA 2023

138. Section 166 of ITA 2023

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

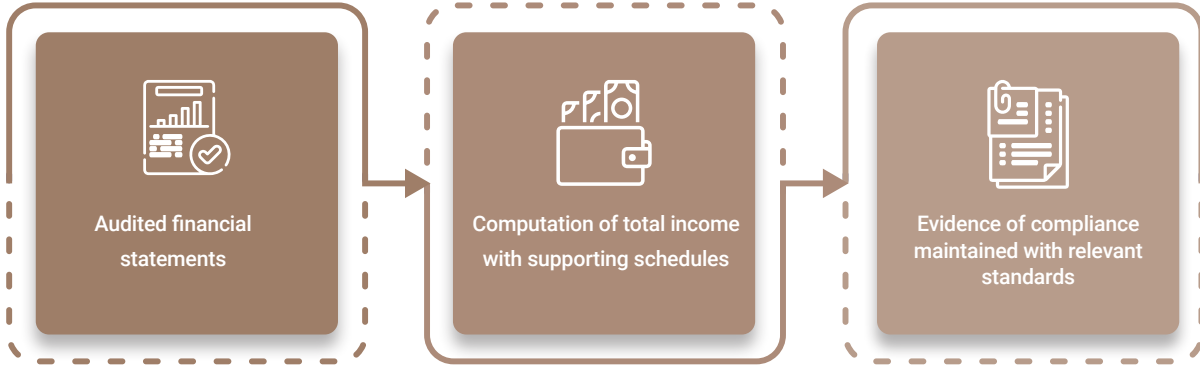
**Failure will result in a penalty between
Tk. 20,000 to Tk. 50,000.**



Deadline to file tax returns will be the later date of the following:¹³⁹

- 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:¹⁴⁰



The following entities are exempted from filing income tax return:¹⁴¹

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

2.25. Assessments

a) Self-assessment¹⁴²

A self-assessment return shall be deemed as completed if filed in compliance with all provisions of return submission and making 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. 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.

139. Section 2(23) of ITA 2023

140. Section 169 of ITA 2023

141. Section 166 of ITA 2023

142. Section 180 of ITA 2023

All income tax returns must now be submitted under **Universal Self-Assessment.**



Returns filed in such manner may be selected for a subsequent audit within next two assessment years. However, such returns will not be selected for audit if they (other than the returns of banks, insurance and financial institutions) show a 15% increase in income from the last assessed year and are accompanied by:¹⁴³

- | | |
|---|--|
| <p>1 Bank statement (applicable for loan taken from institutions other than bank and financial institutions above Tk. 500,000)</p> | <p>4 Does not show or result in any refund</p> |
| <p>2 Does not show any exempted or partially exempted income</p> | <p>5 The taxpayer is complied with applicable provisions of tax deduction at source</p> |
| <p>3 Does not show any reduced rated income</p> | <p>6 The taxpayer is complied with withholding tax return submission</p> |

No question shall be raised as to the source of the initial capital of the business if the taxpayer:¹⁴⁴

- 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.

b) Assessment of tax by the Deputy Commissioner of Taxes¹⁴⁵

If any return or amended return is submitted under Section 175, or required for tax assessment under Section 182 (12), 212 or 213, 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.

¹⁴³. Section 182(14) of ITA 2023 as amended by FA 2024

¹⁴⁴. Section 180(4) of ITA 2023

¹⁴⁵. Section 183 of ITA 2023

c) Provisional assessment¹⁴⁶

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

- 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 Return

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/TCS as per Part 7 of ITA 2023 or Advance Income Tax.¹⁴⁷

2.27. Power to Condone or Extend

The Board may condone or extend time limit and deadline up to one month and also at times of any major disasters such as epidemic, pandemic or war and the order may be issued with retrospective effect.¹⁴⁸

146. Section 185 of ITA 2023

147. Section 173 of ITA 2023

148. Section 334 of ITA 2023

2.28. Tax Incentives

a) For newly established industrial undertaking¹⁴⁹

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.

b) For private power generation companies¹⁵⁰

Private power generation companies (except for coal-based power generation companies) starting power generation for commercial purpose from 1 January 2023 to 30 June 2024 will receive tax exemption on items as listed below:

- Income from the business of power generation from the commencement of commercial generation to 30 June 2036;
- 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.

149. 6th Schedule, Part 4, Para 1 of ITA 2023

150. SRO No-208-LAW/Income Tax-03/2023 dated 26 June 2023

Exemption Timeline	Exemption Percentage
For first 5 (five) years from the start of commercial production	100%
For next 3 (three) years	50%
For next 2 (two) years	25%

Additionally, organizations with an agreement with the government that would generate power through gas or R-LNG combined cycle within 30 June 2022 and yet to start power generation will receive tax exemption for 10 years from the start of commercial production on the following:¹⁵¹

- Income from the business of power generation;
- Interest on any foreign loan taken by the company; and
- Royalties, technical know-how and technical assistance fees.

c) 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:¹⁵⁵

- 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:¹⁵³

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

Any school, college or university will have to pay additional 2.5% surcharge for failing to provide service to disabled persons or fails to comply with appropriate laws and regulations.¹⁵⁴

151. SRO No-247-LAW/Income Tax-41/2024 dated 27 June 2024

152. 2nd & 3rd Schedule, Part 4 of FA 2024

153. 2nd & 3rd Schedule, Part 4 of FA 2024

154. 2nd & 3rd Schedule, Part 2 of FA 2024

2.29. Double Taxation Avoidance¹⁵⁵

The Government of Bangladesh has entered into DTAA agreements with the governments of other countries for avoiding double taxation. These treaties 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 ¹⁵⁶		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.

155. Section 244 of ITA 2023

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

As per the DTAA, reduced rate of tax on different income heads are as follows:

Sl.	Name of the Country	Age of Permanent Establishment	Maximum Tax Rate for Dividend	Maximum Tax Rate for Interest	Maximum Tax Rate for 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.	Name of the Country	Age of Permanent Establishment	Maximum Tax Rate for Dividend	Maximum Tax Rate for Interest	Maximum Tax Rate for 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.¹⁵⁷

- 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.¹⁵⁸
- 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 can raise the concern of the possibility of profit shifting. Arm's length price means a price in a transaction for which the conditions do not differ from the conditions that would have prevailed in a comparable uncontrolled transaction between unrelated entities.

Computation

Computation of arm's length price in relation to international transaction shall be determined by applying any of the following method:¹⁵⁹

- 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, 1984.¹⁶⁰

The entity is also required to furnish a report from a Chartered Accountant or a Cost & Management Accountant if the aggregate value of international transactions exceeds Tk. 30,000,000 in the particular income year upon receiving notice from the concerned Deputy Commissioner of Taxes.¹⁶¹

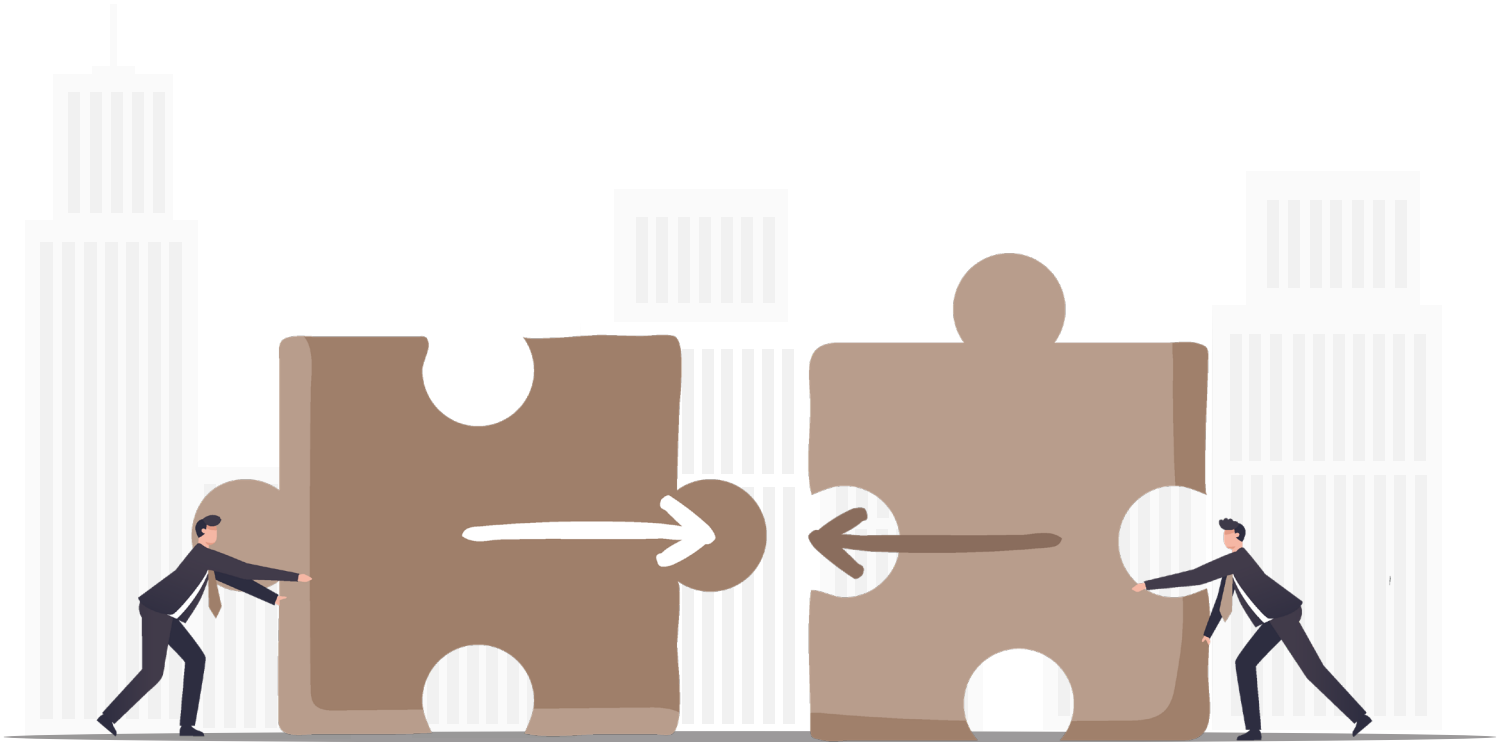
157. Section 233 of ITA 2023

158. Section 238 of ITA 2023

159. Section 235 of ITA 2023

160. Section 237 of ITA 2023

161. Section 239 of ITA 2023



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:¹⁶²

- 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 gain 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.¹⁶³

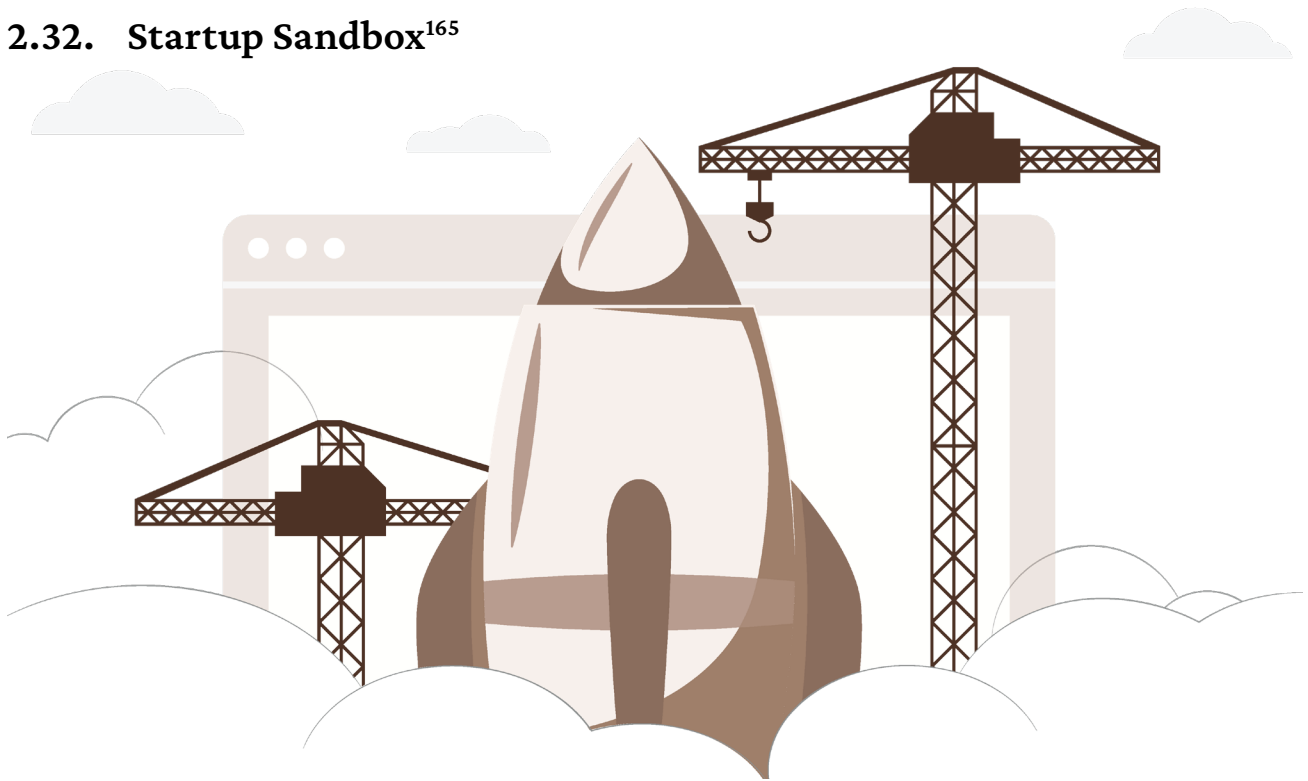
The amalgamated company may adjust and carry forward the accumulated losses or unabsorbed depreciation allowances of the amalgamating company as its own.¹⁶⁴

162. 8th Schedule, Part 1, Para 8(3) of ITA 2023

163. 8th Schedule, Part 1, Para 2 of ITA 2023

164. 8th Schedule, Part 1, Para 3 of ITA 2023

2.32. Startup Sandbox¹⁶⁵



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. 100 crores in any financial year and which:

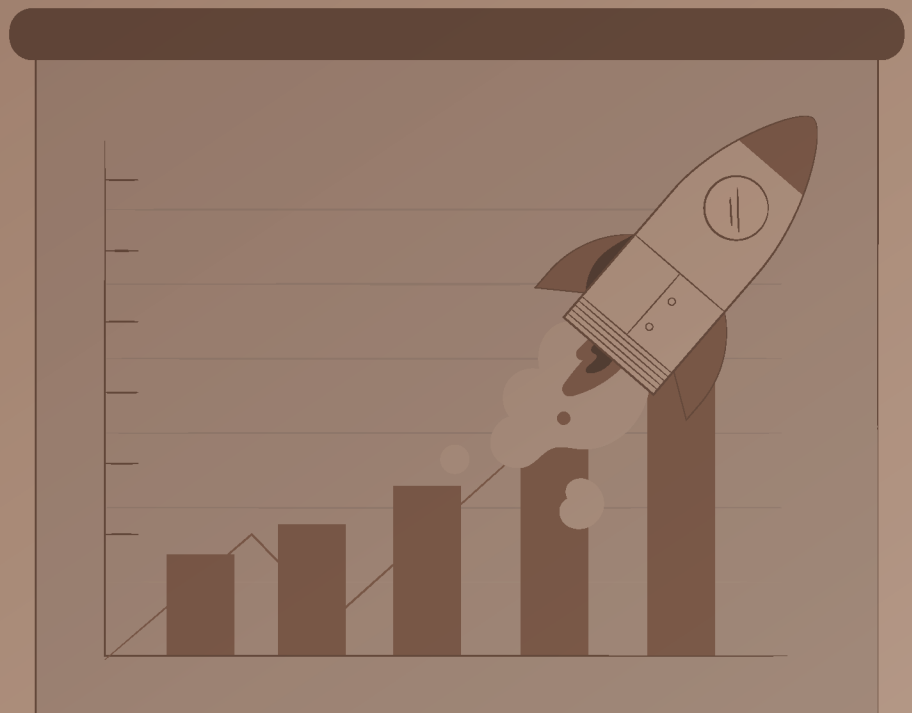
- is incorporated under the Companies Act 1994;
- works towards deployment or commercialization of new products, process or service driven by innovation, development and technology or intellectual property;
- is not a resulting company of a scheme of amalgamation or demerger.

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 July 1 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

165. 8th Schedule, Part 2 of ITA 2023

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 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.

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.¹⁶⁶

Employer

- Contribution made by employer under registered PF is an allowable deduction from employer's income.

166. 2nd Schedule, Part 3 of ITA 2023

b) Un-registered Provident Fund – this is an internal fund managed by the employer. It does not offer any tax incentives and any contributions made by the employer to an un-registered PF are treated as disallowed expenses.¹⁶⁷

Application procedure

An application for Approved Provident Fund needs to be submitted to the Commissioner of Taxes 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. Eligibility for investment in the fund is limited to permanent employees. Contributions to the fund are made by both the employer and the employee in accordance with the trust deed.¹⁶⁸

ITA, 2023 requires the financial statements of the fund to be audited and also submission of annual income tax return.¹⁷¹

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.

There are two kinds of gratuity funds:

a) Approved Gratuity Fund - A gratuity fund approved by the Commissioner of Taxes 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.¹⁶⁹

Employer

- Employer contributions to an approved gratuity fund are deductible when computing their income, profits, and gains for assessment purposes.

b) Un-approved Gratuity Fund – this is an internal fund managed by the employer. It does not offer any tax incentives and any contributions made by the employer to an un-approved GF are treated as disallowed expenses.

¹⁶⁷. Section 55(21) of ITA 2023

¹⁶⁸. 2nd Schedule, Part 3 of ITA 2023

¹⁶⁹. Section 73 of ITA 2023

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



Application procedure

The application for an Approved Gratuity Fund must be submitted in writing to the Commissioner of Taxes 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, Commissioner of Taxes may grant 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. ITA, 2023 requires the financial statements of the fund to be audited and also submission of annual income tax return.¹⁷⁰

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 Govt. exchequer • Failure to comply with any other provision under Part 7: Payment of Tax 	<p>2% in addition to the amount of tax to be deducted, collected or deposited per month not exceeding 24 months</p> <p>Penalty not exceeding Tk. 1,000,000</p>	Section 143
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 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
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

170. 6th Schedule, Part 1 of ITA 2023

Sl.	Offence	Penalties & Punishment	Reference
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, 183 or 212	Maximum amount of tax liability	Section 270
16	Failure to pay tax on the announced tax liability	Maximum 25% of unpaid tax	Section 271
17	Delay in submitting the interest on filing after Tax Day	2% per month on outstanding amount up to 24 months	Section 174
18	Concealment of income	Summation of: • 15% of tax evaded; and • 10% of tax evaded multiplied by number of years.	Section 272

Sl.	Offence	Penalties & Punishment	Reference
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 with fine	Section 313
24	Improper use of TIN	Imprisonment up to 1 year 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 conducts of income tax authority	Imprisonment minimum 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

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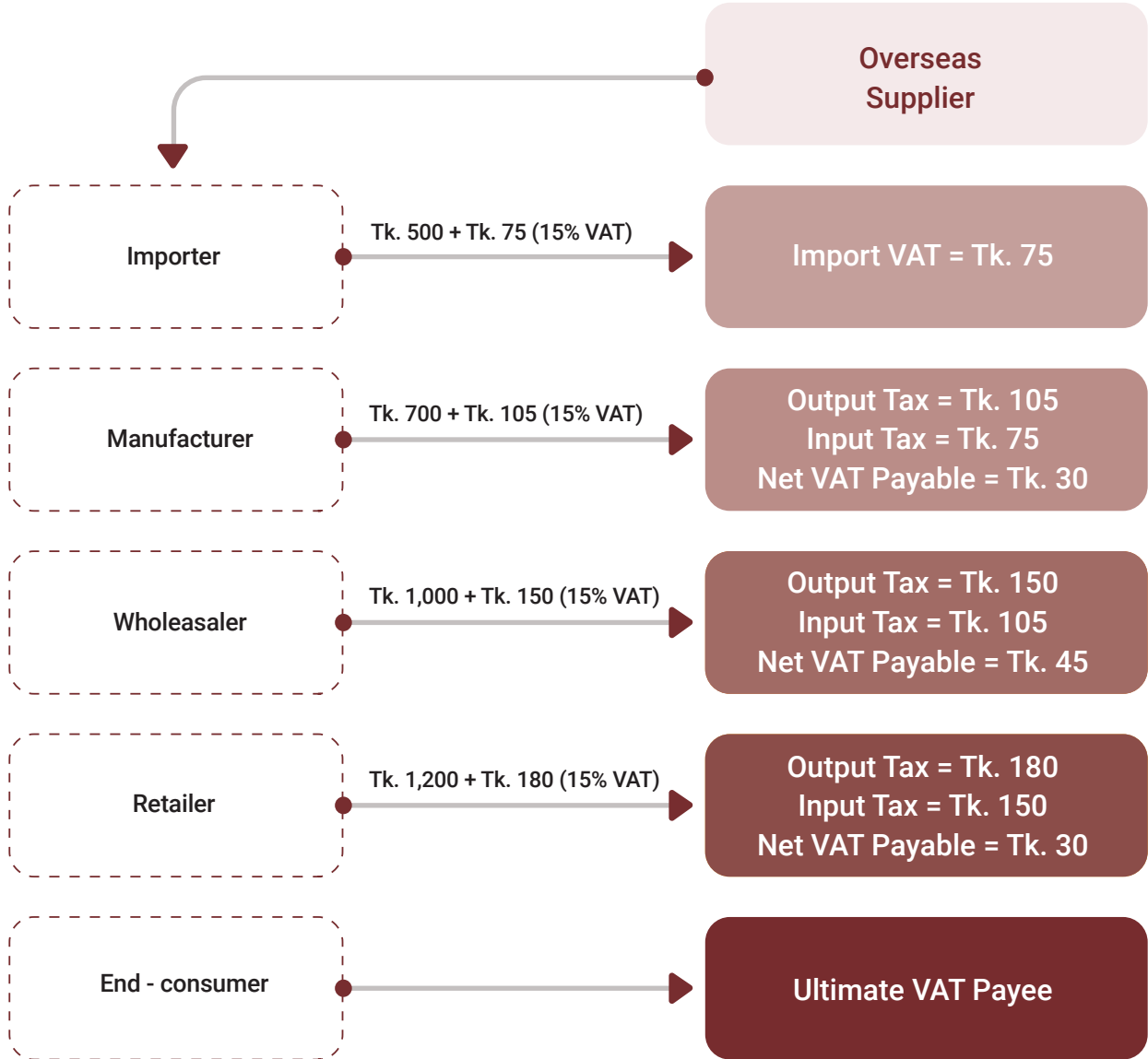
VALUE ADDED TAX (VAT)



3. Value Added Tax (VAT)

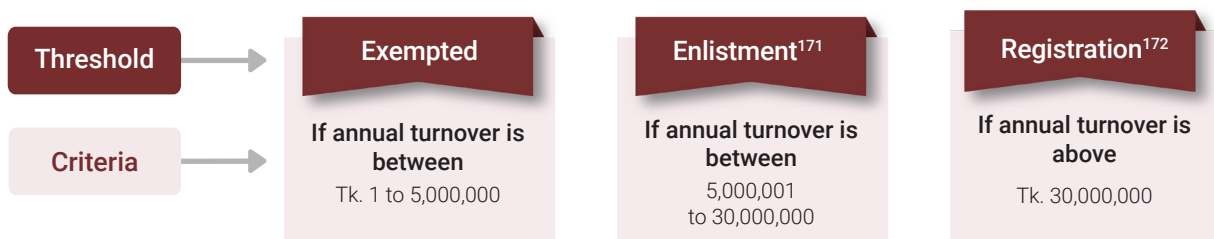
Value Added Tax (VAT) is an indirect tax which is paid by the consumer through a registered person.

3.1. Basic Mechanism of VAT



3.2. Registration or Enlistment

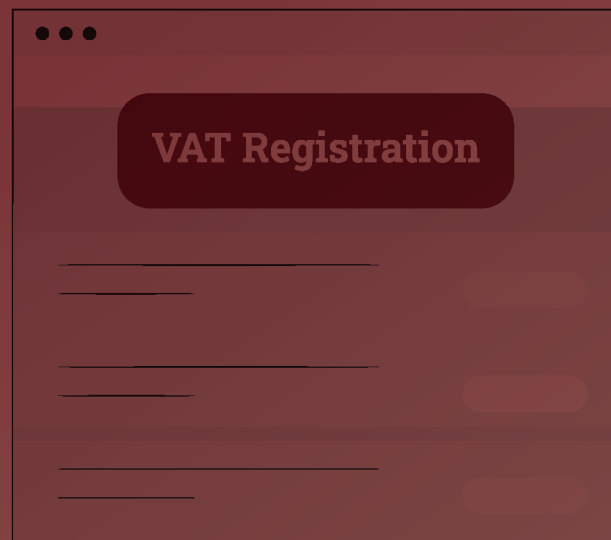
VAT & SD Act, 2012 introduced a guideline of registration and enlistment for the purposes of VAT and Turnover Tax respectively:



171. Section 2(48) of the VAT & SD Act 2012

172. Section 2(57) of the VAT & SD 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.¹⁷³ 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.¹⁷⁴

3.3. Central VAT Registration¹⁷⁵

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.

3.4. Type of VAT Rates

Type	Rate	Particulars
Standard rate ¹⁷⁶	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 the VAT & SD Act, 2012 or any other Statutory Regulatory Orders (SROs).
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 the VAT & SD Act, 2012 or any other Statutory Regulatory Orders (SROs). Businesses other than export having VAT below 15% cannot claim input tax credit.¹⁷⁷ Such businesses can choose to practice standard rate on sales to claim input tax credit on their purchases.¹⁷⁸
Zero rate ¹⁷⁹	0%	<ul style="list-style-type: none"> Any goods or services 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.

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

174. Section 8 of the VAT & SD Act 2012

175. Section 5 of the VAT & SD Act 2012

176. Section 15 of the VAT & SD Act 2012

177. Section 46(12) of the VAT & SD Act 2012

178. Section 15(3) of the VAT & SD Act 2012

179. Section 21 of the VAT & SD Act 2012

Type	Rate	Particulars
Exempted ¹⁸⁰	N/A	<ul style="list-style-type: none"> Any supply of goods or services which are listed under the 1st Schedule of the VAT & SD 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 the VAT & SD 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 the VAT & SD Act, 2012. Such businesses can choose to practice standard rate to claim input tax credit on their purchases.
Advance Tax	3%/5% ¹⁸¹	<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.¹⁸² Advance tax is exempted for 100% export or deemed export-oriented industries under bonded warehouse license only on imported goods.¹⁸³
Turnover Tax ¹⁸⁴	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.

180. Section 26 of the VAT & SD Act 2012

181. Section 31 of the VAT & SD Act 2012

182. Section 31 of the VAT & SD Act 2012

183. SRO No-151-LAW/2021/148-MUSHAK dated 03 June 2021

184. Section 63 of the VAT & SD Act 2012

3.5. VAT Deduction and Collection Guideline¹⁸⁵

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;



any entity (regardless of the legal form) having turnover more than Tk. 10 crores.

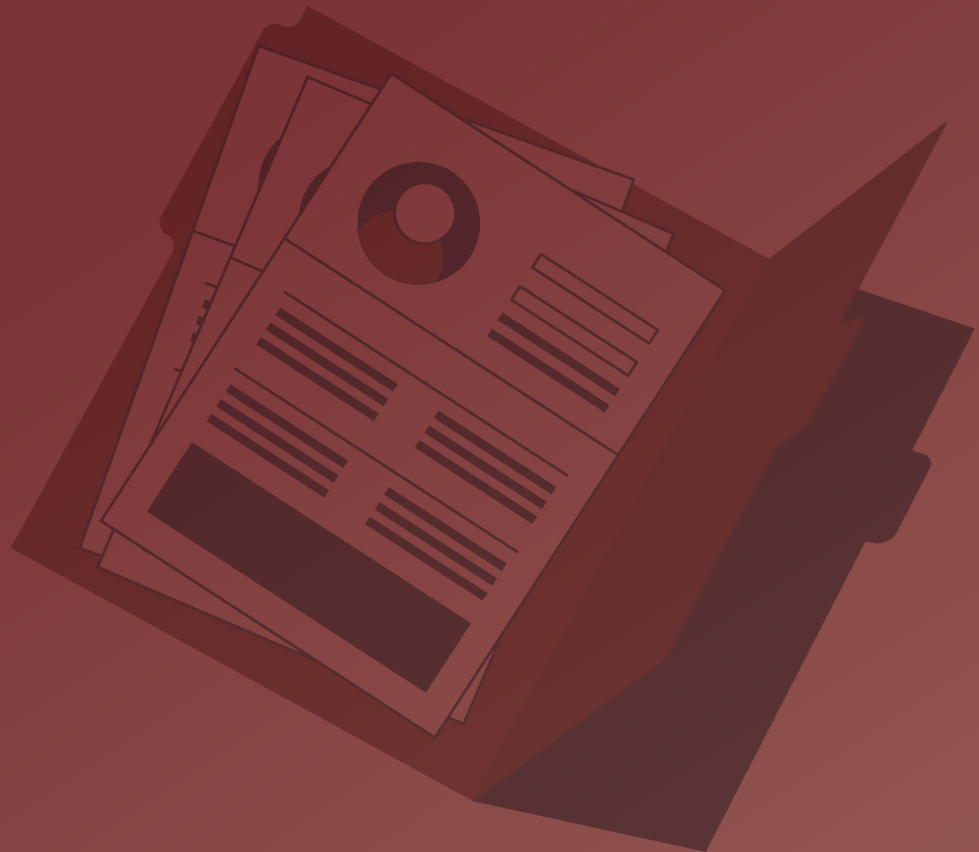
VDS Guideline

Type of Supplies	VAT Rate	Issue of Mushak 6.3	Deduction Applicability	Remarks
Goods	15%	If issued	✗	Not applicable in case goods purchased through procurement provider.
		If not issued	✓	
	Reduced rate (supplier)	Issued or not	✓	
	Reduced rate (manufacturer) ¹⁸⁶	If issued	✗	
		If not issued	✓	
Exempted through 1 st schedule	Issued or not	✗		

185. SRO No-240-LAW/2021/163-Mushak dated 29 June 2021, SRO No-179-LAW/2022/192-Mushak dated 01 June 2022 & SRO No-149-LAW/2024/255-Mushak dated 27 May 2024

186. SRO No-179-LAW/2022/192-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.



Type of Supplies	VAT Rate	Issue of Mushak 6.3	Deduction Applicability	Remarks
	Exempted through SROs	If issued	✗	Not applicable in case goods purchased through procurement provider.
		If not issued	✓	
Services (Rates are covered in Section 3.10)	List of services mentioned in VAT deduction and collection guideline ¹⁸⁷	Issued or not	✓	-
	Other services (15% or reduced rate)	If issued	✗	
		If not issued	✓	
	Exempted through 1 st schedule	Issued or not	✗	
	Exempted through SROs	If issued	✗	
If not issued		✓		
Procurement provider	7.5%	Issued or not	✓	However, VDS shall not be applicable if the vendor charges VAT at 15% and has the VAT honour card.
	Supplies or services exempted through SROs	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	✗	-

187. SRO No-240-LAW/2021/163-Mushak dated 29 June 2021, SRO No-179-LAW/2022/192-Mushak dated 01 June 2022 & SRO No-149-LAW/2024/255-Mushak dated 27 May 2024

Type of Supplies	VAT Rate	Issue of Mushak 6.3	Deduction Applicability	Remarks
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
Payment to Advertisement organization (S007.00), Television & online broadcasting program provider (S043.00) ¹⁸⁸ , Furniture manufacturer (S024.10) ¹⁸⁹	15%	If issued	✗	Mushak 6.3 issued by the vendor must be attested by VAT authority
		If not issued	✓	-

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

- Deposit the VAT amount to Govt. treasury within 7 days from the end of VAT period i.e., the month of deduction;¹⁹⁰
- 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. However, for exporters, certificate need to keep for 3 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 decreasing adjustment in their respective VAT return. The supplier can make this adjustment within the same period or subsequent 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.

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

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

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

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.¹⁹¹

For traders, "input" means any goods or services which are imported, purchased, acquired or collected in any other way for the purpose of trading.¹⁹²

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:¹⁹³

- expenses for exempted goods or services;
- expenses which are not mentioned in the Mushak 4.3 (Input-Output Coefficient Declaration);
- if updated Mushak 4.3 is not submitted in case of any deviation of more than 7.5% of the input amount;
- expenses related to supply of goods and services for businesses other than export-oriented, which are subject to Turnover Tax or VAT at a specified rate or VAT at a rate less than 15%;
- any expense over Tk. 100,000 for which payment is made without banking channel or mobile financial service (MFS) platform, except for intra-company transactions;
- imported services for which output VAT has not been shown in the VAT Return;
- expenses for which the VAT invoice (Mushak Form 6.3) does not mention the name, address and BIN of both customer and supplier;
- purchase of passenger vehicle or entertainment services, provided that, input VAT credit may be allowed when such purchases are part of normal course of the economic activities of the person;
- expenses related of transportation of goods above 80%;
- VAT paid on the goods under the custody or possession or occupancy of another person, except for contractual goods production;
- VAT paid on inputs 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.¹⁹⁴

191. Section 2, Clause 18(KA) of the VAT & SD Act 2012

192. Section 2, Clause 18(KA) of the VAT & SD Act 2012

193. Section 46 of the VAT & SD Act 2012

194. Section 47 of the VAT & SD Act 2012

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.¹⁹⁵

However, input tax credit and decreasing adjustment cannot be claimed through amendment of VAT Return.¹⁹⁶



Cancellation of rebate

- **For unusable materials**¹⁹⁷

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 products**¹⁹⁸

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.

195. Section 47 of the VAT & SD Act 2012

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

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

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

3.7. VAT Documentation

Tax invoice¹⁹⁹

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).²⁰⁰

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.²⁰¹

Input-output coefficient²⁰²

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.²⁰³

VAT return

Every registered or enlisted person needs to submit the VAT return (Mushak 9.1) for each month within 15 days following the end of the month. In case the said 15th day falls on any public holiday, the return can be filed on 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.²⁰⁴

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 through Mushak 9.3.²⁰⁵

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	Rule 4(1)

199. Section 51 of the VAT & SD Act 2012

200. Section 46 of the VAT & SD Act 2012

201. Section 49 of the VAT & SD Act 2012

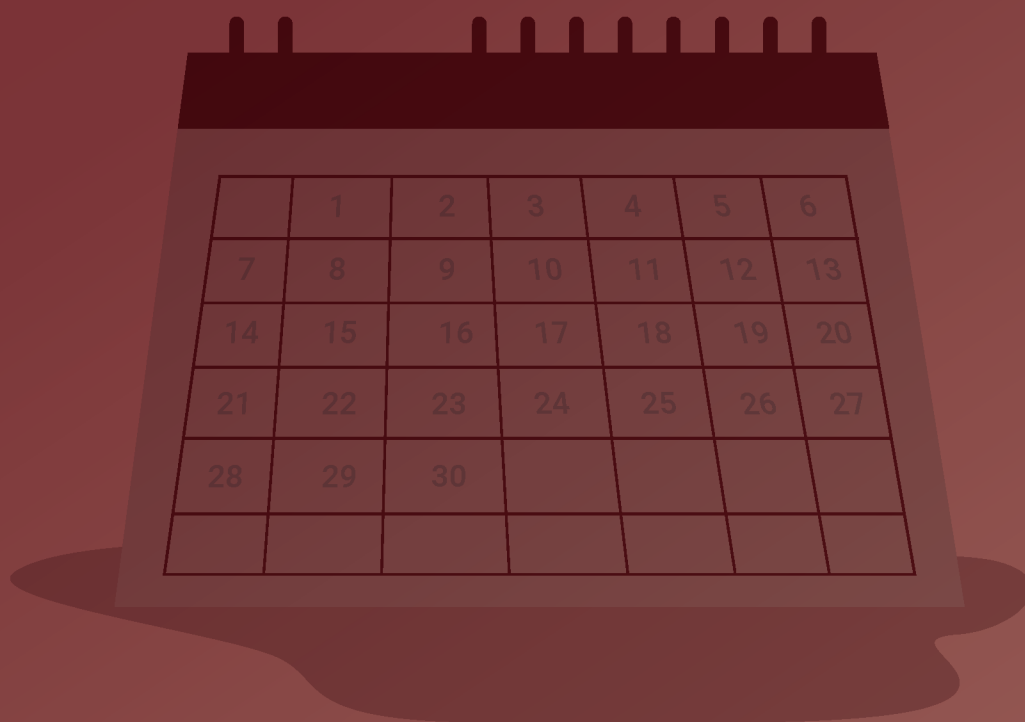
202. SRO No-142-LAW/2020/103-Mushak dated 11 June 2020

203. Section 32(5) of the VAT & SD Act 2012

204. Section 64 of the VAT & SD Act 2012

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

**VAT deducted at source has to be deposited
to government treasury within **7 days**
from the end of VAT period.**



#	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 No-179-LAW/2020/119-Mushak dated 30 June 2020
7	Mushak 4.5	Application for the settlement of accidental damage or destruction	SRO No-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 No-179-LAW/2020/119-Mushak dated 30 June 2020
12	Mushak 6.3	VAT challan	SRO No-135-LAW/2024/241-Mushak dated 27 May 2024
13	Mushak 6.5	Goods transfer invoice for centrally registered entity	SRO No-142-LAW/2020/103-Mushak dated 11 June 2020
14	Mushak 6.6	VAT deduction certificate	Clause (f), Sub-Rule (1) of Rule 40 & SRO No-161-Law/2022/174-Mushak dated 01 June 2022
15	Mushak 6.7	Credit note	SRO-142-LAW/2020/103-Mushak dated 11 June 2020 & SRO No-161-Law/2022/174-Mushak dated 01 June 2022
16	Mushak 6.8	Debit note	SRO-142-LAW/2020/103-Mushak dated 11 June 2020 & SRO No-161-Law/2022/174-Mushak dated 01 June 2022
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, SRO No-171-Law/2019/28-Mushak dated 13 June 2019 & SRO No-140-Law/2021/137-Mushak dated 03 June 2021
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)

#	Mushak	Mushak Form (Subject)	Rules Ref.
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 18.1KA	VAT consultant license	SRO-142-LAW/2020/103-Mushak dated 11 June 2020

3.8. Negative Balance Adjustment²⁰⁶

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 VAT deduction at source	<ul style="list-style-type: none"> • One year imprisonment; or • Fine of the same amount of tax payable; or • Both 	Section 111
2	Fake or wrong tax invoice, credit note, debit note, tax invoice and certificate of VAT deduction at source		
3	Fake or wrong or reused stamp or band roll production, preservation, marketing or using		
4	Fake or wrong or reused stamp or band roll production, preservation, warehousing, marketing or selling		
5	Fake or wrong or reused stamp or band roll production, preservation, warehousing, marketing or selling such product when band roll and stamp is mandatory		
6	Tax evasion		
7	Claims tax rebate even if not eligible		
8	Provides false, misleading details or statements to tax officer	<ul style="list-style-type: none"> • 6 months imprisonment; or • Fine of the same amount of tax payable; 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

206. Section 68 of the VAT & SD Act 2012

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



#	Particulars	Penalty	Sec Ref.
10	Any offence committed by a company	Fine	Section 116
11	Does not withhold VAT despite being withholding entity	Half yearly 2% interest	Section 127
12	Does not deposit to treasury on time after withholding VAT from supplier	Not more than Tk. 25,000	Section 85
13	Does not deposit VAT payable within due date	Monthly 1% interest	Section 127
14	Non-compliance or irregularity for not filing the VAT or turnover tax return within prescribed time period	Tk. 5,000	Section 85
15	Non-compliance or irregularity for not applying for registration or enlistment within prescribed time period		
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	Tk. 10,000	
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 SRO No-137-Law/2024/243-Mushak dated 27 May 2024, 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 SRO No-137-Law/2024/243-Mushak dated 27 May 2024, 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 SRO No-137-Law/2024/243-Mushak dated 27 May 2024, 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 & SD Act 2012	
	S005.20	Port for export & import	15.0%	✗	Section 15 of VAT & SD Act 2012	

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Sec. Ref	Remarks
6	S006.00	Cold storage	N/A	✗	SRO No-137-Law/2024/243-Mushak dated 27 May 2024	The service is exempted from VAT
7	S007.00	Advertisement organizations	15.0%	✓	SRO No- 240-LAW/2021/163-Mushak dated 29 June 2021	As per SRO No-137-Law/2024/243-Mushak dated 27 May 2024, 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 SRO No-137-Law/2024/243-Mushak dated 27 May 2024, VAT is exempted for books, periodicals or any printing of good for students
	S008.20	Binding agency	N/A	✗	SRO No-137-Law/2024/243-Mushak dated 27 May 2024	The service is exempted from VAT
9	S009.00	Auction house	15.0%	✓	SRO No- 149-LAW/2024/255-Mushak dated 27 May 2024	
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	
11	S011.10	Video cassette shop	15.0%	✗	Section 15 of VAT & SD Act 2012	
	S011.20	Video game shop	15.0%	✗	Section 15 of VAT & SD Act 2012	
	S011.30	Audio/video recording studio	15.0%	✗	Section 15 of VAT & SD Act 2012	
	S011.40	Audio/video CD or DVD rental shop	15.0%	✗	Section 15 of VAT & SD Act 2012	

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Sec. Ref	Remarks
12	S012.10	Telephone	15.0%	✗	Section 15 of VAT & SD Act 2012	
	S012.11	Teleprinter	15.0%	✗	Section 15 of VAT & SD Act 2012	
	S012.12	Telex	15.0%	✗	Section 15 of VAT & SD Act 2012	
	S012.13	Fax	15.0%	✗	Section 15 of VAT & SD Act 2012	
	S012.14	Internet service provider	5.0%	✗	3 rd schedule of VAT & SD Act 2012	As per SRO No-137-Law/2024/243-Mushak dated 27 May 2024, VAT is exempted only for providing internet service to educational institute
	S012.20	SIM card or e-SIM provider company	Tk. 300 for each SIM or e-SIM	✗	3 rd schedule of VAT & SD Act 2012	
13	S013.00	Automated laundry	10.0%	✗	3 rd schedule of VAT & SD Act 2012	
14	S014.00	Indenting service	5.0%	✓	SRO No- 240-LAW/2021/163-Mushak dated 29 June 2021	
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 & SD Act 2012	
16	S016.00	Travel agencies	N/A	✗	SRO No-137-Law/2024/243-Mushak dated 27 May 2024	The service is exempted from VAT
17	S017.00	Community center	15.0%	✗	Section 15 of VAT & SD Act 2012	
18	S018.00	Film studio	10.0%	✗	3 rd schedule of VAT & SD Act 2012	

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Sec. Ref	Remarks
19	S019.00	Photo studio	N/A	✗	SRO No-137-Law/2024/243-Mushak dated 27 May 2024	The service is exempted 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 & SD Act 2012	
23	S023.10	Cinema hall	10.0%	✗	3 rd schedule of VAT & SD Act 2012	
	S023.20	Cinema distributor	10.0%	✗	3 rd schedule of VAT & SD Act 2012	
24	S024.10	Furniture (At the production stage) [If supplied directly from manufactory to consumers, VAT will be charged at 15%]	7.5%	✓	SRO No- 240-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 & SD Act 2012	
26	S026.00	Goldsmith, silversmith and gold or silver trader	5.0%	✗	3 rd schedule of VAT & SD Act 2012	

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Sec. Ref	Remarks
27	S027.00	Insurance company	15.0%	✗	Section 15 of VAT & SD Act 2012	As per SRO No-137-Law/2024/243-Mushak dated 27 May 2024, 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
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 & SD Act 2012	
30	S030.00	Beauty salon	15.0%	✗	Section 15 of VAT & SD 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 & SD Act 2012	
36	S036.10	Air-conditioned bus service	15.0%	✗	Section 15 of VAT & SD Act 2012	

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Sec. Ref	Remarks
	S036.20	Air-conditioned water vessel service	10.0%	✗	3 rd schedule of VAT & SD Act 2012	
	S036.30	Air-conditioned railway service	15.0%	✗	Section 15 of VAT & SD Act 2012	
37	S037.00	Procurement provider	7.5%	✓	SRO No- 240-LAW/2021/163-Mushak dated 29 June 2021	As per SRO No-137-Law/2024/243-Mushak dated 27 May 2024, 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 & SD Act 2012	
39	S039.10	Satellite cable operator & channel distributor	15.0%	✗	Section 15 of VAT & SD Act 2012	
	S039.20	Satellite channel distributor	15.0%	✗	Section 15 of VAT & SD Act 2012	
40	S040.00	Security service	15.0%	✓	SRO No- 149-LAW/2024/255-Mushak dated 27 May 2024	

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Sec. Ref	Remarks
41	S041.00	Marriage media	15.0%	✗	Section 15 of VAT & SD Act 2012	
42	S042.00	Automated or mechanical saw machine	10.0%	✗	3 rd schedule of VAT & SD 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 & SD 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 & SD Act 2012	
47	S047.00	Sports organizer	10.0%	✗	3 rd schedule of VAT & SD 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 SRO No-137-Law/2024/243-Mushak dated 27 May 2024, 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	
52	S052.00	Sound & light equipment rental service	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
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% rate attested by VAT officials.
55	S055.00	Land seller	N/A	✗	SRO No-137-Law/2024/243-Mushak dated 27 May 2024	The service is exempted from VAT
56	S056.00	Banking & non-banking service provider	15.0%	✗	Section 15 of VAT & SD Act 2012	
	S056.10	Mobile financial service provider	15.0%	✗	Section 15 of VAT & SD Act 2012	
57	S057.00	Electricity distributor	5.0%	✗	3 rd schedule of VAT & SD Act 2012	As per SRO No-137-Law/2024/243-Mushak dated 27 May 2024, VAT is exempted for irrigation and cold storage.
58	S058.00	Chartered airplane or helicopter rent service	15.0%	✓	SRO No- 240-LAW/2021/163-Mushak dated 29 June 2021	
59	S059.00	Glass sheet coating service	15.0%	✗	Section 15 of VAT & SD Act 2012	
60	S060.00	Auction product buyer	15.0%	✓	SRO No- 149-LAW/2024/255-Mushak dated 27 May 2024	
61	S061.00	Credit card issuers	15.0%	✗	Section 15 of VAT & SD Act 2012	
62	S062.00	Money exchange service	15.0%	✗	Section 15 of VAT & SD Act 2012	
63	S063.00	A/C tailoring shop & tailors	10.0%	✗	3 rd schedule of VAT & SD Act 2012	As per SRO No-137-Law/2024/243-Mushak dated 27 May 2024, VAT is exempted for non-a/c tailors.
64	S064.10	Amusement park & theme park	15.0%	✗	3 rd schedule of VAT & SD Act 2012	

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Sec. Ref	Remarks
	S064.20	Picnic spot, shooting studio & tourist corner	N/A	✗	SRO No-137-Law/2024/243-Mushak dated 27 May 2024	The service is exempted from VAT.
65	S065.00	Building, floor & premises cleaning & maintenance	10.0%	✓	SRO No- 240-LAW/2021/163-Mushak dated 29 June 2021	
66	S066.00	Lottery ticket seller	15.0%	✓	SRO No- 149-LAW/2024/255-Mushak dated 27 May 2024	
67	S067.00	Immigration advisor	15.0%	✓	SRO No- 240-LAW/2021/163-Mushak dated 29 June 2021	
68	S068.00	Coaching center	15.0%	✗	Section 15 of VAT & SD Act 2012	
69	S069.00	English medium school	5.0%	✗	3 rd schedule of VAT & SD Act 2012	
70	S070.10	Private university	N/A	✗	SRO No-137-Law/2024/243-Mushak dated 27 May 2024	The service is exempted from VAT.
	S070.20	Private medical & Engineering college	N/A	✗	SRO No-137-Law/2024/243-Mushak dated 27 May 2024	The service is exempted from VAT.
71	S071.00	Event management firm	15.0%	✓	SRO No- 240-LAW/2021/163-Mushak dated 29 June 2021	
72	S072.00	Human resource service provider	15.0%	✓	SRO No- 240-LAW/2021/163-Mushak dated 29 June 2021	
73	S073.00	Manpower exporting service	N/A	✗	SRO No-137-Law/2024/243-Mushak dated 27 May 2024	The service is exempted from VAT.
74	S074.00	Rent of office space or building used for commercial purpose	15.0%	✗	Section 15 of VAT & SD Act 2012	As per SRO No-137-Law/2024/243-Mushak dated 27 May 2024, 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);

#	Service Code	Service Provider	Rate of VAT	Deduction Applicability	Sec. Ref	Remarks
	S074.00	Rent of office space or building used for commercial purpose	15.0%	✗	Section 15 of VAT & SD Act 2012	iv) Any ITES service institution (under S099.10) rent; v) Showroom rent for any women entrepreneur.
75	S075.00	Stock security broker	N/A	✗	SRO No-137-Law/2024/243-Mushak dated 27 May 2024	The service is exempted from VAT.
76	S076.00	Social & sports club	10.0%	✗	SRO No-137-Law/2024/243-Mushak dated 27 May 2024	
77	S077.00	Tour operator	15.0%	✗	3 rd schedule of VAT & SD Act 2012	
78	S078.00	Sales center of RMG (Own Brand)	7.5%	✗	3 rd schedule of VAT & SD Act 2012	
	S078.00	Sales center of RMG (Other brand)	7.5%	✗	3 rd schedule of VAT & SD Act 2012	
79	S080.00	Ride sharing service	5.0%	✗	3 rd schedule of VAT & SD Act 2012	
80	S099.10	IT enable service (ITES)	5.0%	✓	SRO No- 240-LAW/2021/163-Mushak dated 29 June 2021	Software development and customization excluded.
	S099.20	Other services	15.0%	✓	SRO No- 240-LAW/2021/163-Mushak dated 29 June 2021	As per SRO No-137-Law/2024/243-Mushak dated 27 May 2024, 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 dated 28 June 2022	
	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 & SD Act 2012	

3.11. Other Major Highlights

VAT software

It is mandatory for registered entities having turnover exceeding Tk. 50,000,000 in the previous financial year²⁰⁷ or those registered under Central VAT Registration²⁰⁸ 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 premises²⁰⁹

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 bill²¹⁰

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 appeal²¹¹

In case of any appeal at Commissioner or Tribunal level, 10% of VAT amount in question need to be submitted at the time of appeal.

Discontinuance of operation²¹²

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

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.²¹³

Waste management²¹⁴

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.

207. GO No-08/Mushak/2019 dated 30 June 2019

208. SRO No-224-Law/2022/196-Mushak dated 28 June 2022

209. Section 13 of the VAT & SD Act 2012

210. Section 49(5) of the VAT & SD Act 2012

211. Section 121 & 122 of the VAT & SD Act 2012 as amended by FA 2024

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

213. Section 85 of the VAT & SD Act 2012

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

Payment of VAT through IVAS²¹⁵

Treasury challan can 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 and will help to increase cashflow in Govt. treasury.

Liability of VAT agent²¹⁶

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 Statements²¹⁷

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

Chartered accounting firm and credit rating agencies need to assist VAT officials²¹⁸

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 utility²¹⁹

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

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

216. Section 19 of the VAT & SD Act 2012

217. Section 90(ka) of the VAT & SD Act 2012

218. Section 82 of the VAT & SD Act 2012

219. Section 95 of the VAT & SD Act 2012

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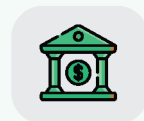
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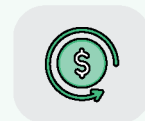
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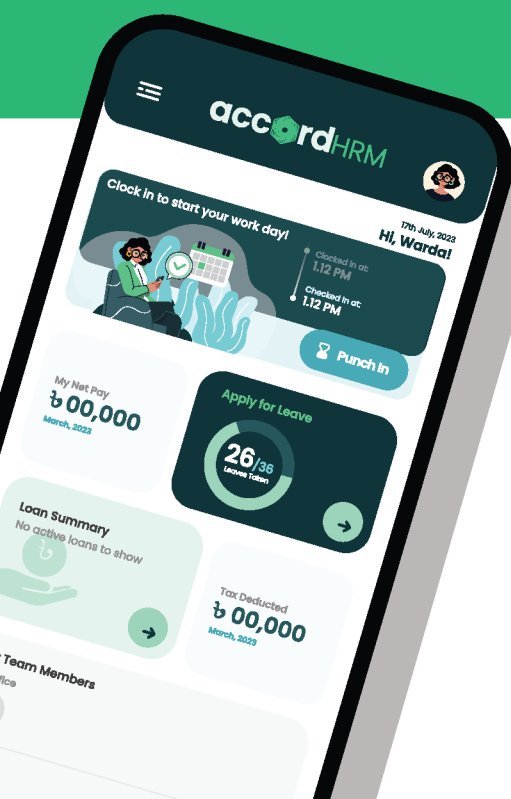
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