



for a better tomorrow

Bangladesh BUDGET 2014-2015



A White Paper

BANGLADESH
BUDGET
2014-2015



**white
paper**

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Bank Asia

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FOREWORD

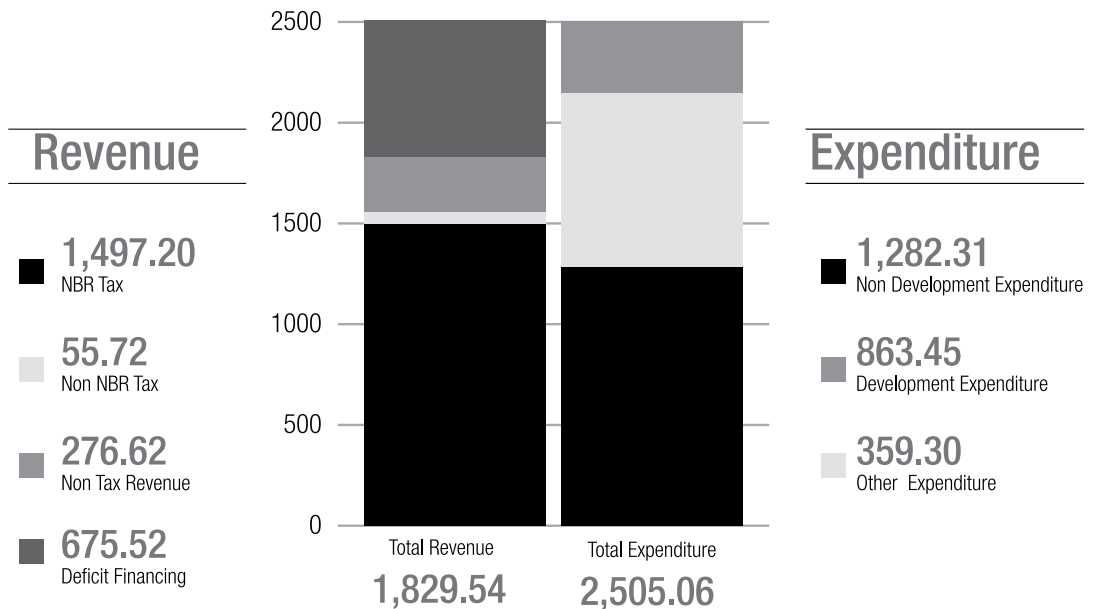
Corporate world would critically review every aspect of a new budget each year, its allocations and impacts; the year 2014 is no different. A lot of queries engulfed our mind whether the new budget would carry any positive impact on our lives, whether we have to pay more tax, how the impact is in commodity price and so on. Quite a lot of analyses and interpretations are available in the web; almost all of them are very effective and useful. Albeit, the Finance Division of Bank Asia Ltd. dared to take a small initiative to orchestrate an easy look for the Bangladesh Budget 2014-2015 obviously from the angle of a corporate reaper giving appropriate focus on Income Tax and VAT. I am happy to see that they did not end up there only rather they added up a few more taxes & levies that are essential knowledge in day to day corporate world. I firmly believe; this white paper is successful, as it not only disseminates valuable knowledge but also helps corporate reapers to use it as an effective tool to overcome a many of their woes of fiduciary duties.

Md. Mehmood Husain

President and Managing Director
Bank Asia Limited

Budget 2014-15 at a glance

Taka in Billion



Breakup of Tax Revenue - NBR

Total NBR Tax Revenue | **1,497.20** | **59.8%**

Income Tax | **575.00** | **38.41%**

VAT | **555.80** | **37.12%**

Custom Duty | **145.80** | **9.74%**

Supplementary Duty | **220.60** | **14.73%**

Budget Deficit Financing

Foreign | **242.75**, Banking Source | **312.21**, Other Domestic | **120.56**

Breakup of Expenditure

Social Infrastructure | **630.36** | **25.16%**

Physical Infrastructure | **755.33** | **30.15%**

General Service | **590.58** | **23.58%**

Interest Payments | **310.43** | **12.39%**

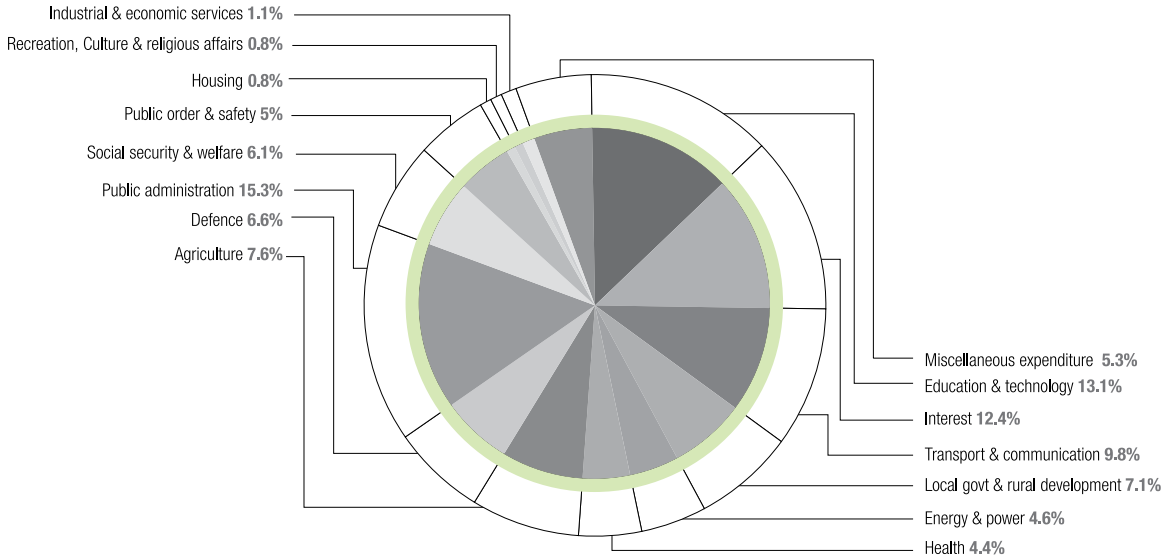
PPP Subsidy & Liability | **84.47** | **3.37%**

Net Lending & Other Expenditure | **133.89** | **5.34%**

ALLOCATION OF EXPENDITURE BUDGET IN DIFFERENT SECTORS

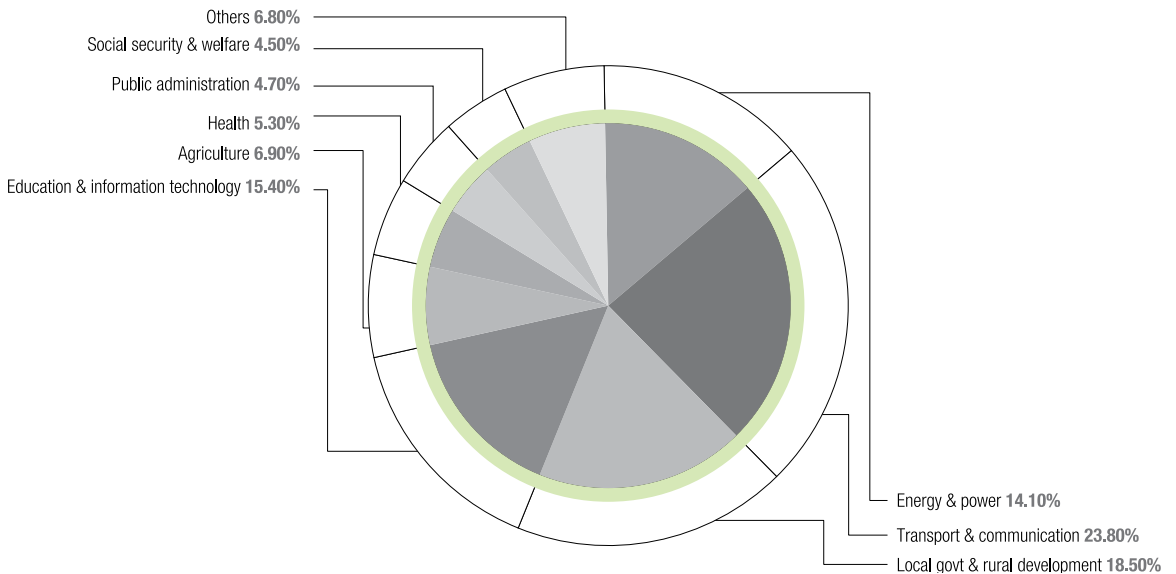
NON-DEVELOPMENT & DEVELOPMENT BUDGET: 2014-15

TK. 2,505.06 Billion (Use of Resources)



DEVELOPMENT BUDGET: 2014-15

TK. 818.08 Billion (Details of sector wise allocation)



BUDGET 2014-15

AT A GLANCE IN FOREIGN CURRENCY

Figure in Billion

Figure in Billion

£	€	\$			\$	€	£
13.84	17.27	23.57	Revenue	Expenditure	32.27	23.65	18.95
11.33	14.14	19.29	NBR Tax	Non Development Expenditure	16.52	12.11	9.70
0.42	0.53	0.72	Non NBR Tax	Development Expenditure	11.12	8.15	6.53
2.09	2.61	3.56	Non Tax Revenue	Other Expenditure	4.63	3.39	2.72
5.11	6.38	8.70	Deficit Financing				

Exchange Rate as on June 30, 2014

USD 1 = Tk. 77.63 | Euro 1 = Tk. 105.92 | Pound 1 = Tk. 132.19

BUDGET STRUCTURE

Table 1 Yearly comparison of budget structure

Taka in Billion

Sector	Budget 2014-15	Revised Budget 2013-14	Budget 2013-14	Actual 2012-13
Revenue	1,829.54	1,566.71	1,674.59	1,281.28
Tax revenue	1,552.92	1,301.78	1,412.19	1,074.52
NBR tax	1,497.20	1,250.00	1,360.90	1,033.32
Non-NBR tax	55.72	51.78	51.29	41.20
Non-tax revenue	276.62	264.93	262.40	206.76
Foreign grants	62.06	59.56	66.70	68.79
Total revenue	1,891.60	1,626.27	1,741.29	1,350.07
Expenditure				
Non-development expenditure	1,542.41	1,349.07	1,344.49	1,043.18
Non-development revenue expenditure	1,282.31	1,159.98	1,134.71	993.76
Domestic interest	293.05	248.54	260.03	223.22
Foreign interest	17.38	16.86	17.40	15.93
Non-development capital expenditure	260.10	189.09	209.78	49.43
Net outlay for food account operation	3.09	1.88	2.63	(4.37)
Loans & advances	96.11	159.82	155.04	169.59
Development expenditure	863.45	651.45	722.75	531.72
Development programmes financed from revenue budget	10.68	8.93	19.34	5.97
Non-ADP project	34.69	30.58	30.14	18.02
Annual development programme	803.15	600.00	658.70	494.74
Non-ADP FFW and transfer	14.93	11.94	14.57	12.99
Total expenditure	2,505.06	2,162.22	2,224.91	1,740.13
Deficit				
Overall deficit (including grants)	-613.46	-535.95	-483.62	-390.06
Overall deficit (excluding grants)	-675.52	-595.51	-550.32	-458.85
Deficit financing				
Foreign	242.75	185.69	210.68	126.91
Banking source	312.21	299.82	259.93	274.64
Others domestic	120.56	110.00	79.71	57.29
GDP	13,395.00	11,810.00	11,888.00	10,379.87

PERSONAL INCOME TAX

The Income Tax Ordinance, 1984 (amended upto June 30, 2014) and the Finance Act, 2014

Table-2 Threshold of taxable income

Types of Tax Payer	Taka
General Tax Payer	220,000
Women tax payer and tax payers of 65 years of age and above	275,000
Physically Handicapped	350,000
War-wounded gazetted freedom fighters	400,000

Table-3 Income slab wise tax rate for assessment year 2014-15

Total Income	Tax Rate %
On first Tk. 220,000 or 275,000 or 350,000 or 400,000 Table-2	Nil
On next 300,000	10
On next 400,000	15
On next 500,000	20
On next 3,000,000	25
On the balance of taxable income	30

Relevant Considerations

- Tax rate for non-company non-resident assessee (except NRB) is 30%
- Minimum tax liability of an individual assessee: municipality of a district headquarter Tk. 2,000
City corporation, Tk. 3,000
other areas Tk. 1,000
- Every person having international transaction must provide details of such transactions in prescribed format along with return section 107EE
- Penalty will be imposed by 15% for concealment of income section 128
- Cash medical allowance lower of 10% of total basic salary or max Tk. 60,000 tax exempted
- In order to receive deductions for interest payable on borrowed capital from income from house property such borrowing must be from bank or financial institution section 25 (1) (g) and (gg)
- If **house rent** exceeds Tk. 25,000 (singly or in aggregate), house owner/ apartment owner must maintain separate bank account to deposit the rent section 35 rule 8(A)
If bank account not maintained penalty will be higher of 50% of tax payable or Tk. 5,000
- Any rent of property whether used for commercial or residential purposes if not paid by a crossed cheque or bank transfer will be disallowed section 30(n)
- Where return submitted under universal self assessment showing 20% higher income will not be selected for audit subject to some conditions section 82BB(3)

Table 4 Surcharge imposed on net wealth

Net Wealth as per IT10B	Surcharge Rate %
Up to Tk. 20 million	Nil
Tk. 20+ million to Tk. 100 million	10
Tk. 100+ million to Tk. 200 million	15
Tk. 200+ million to Tk. 300 million	20
Above Tk. 300 million	25

EXEMPTIONS

Exemption on Income under Salary

House rent allowances receivable in cash IT Rule 33A
Exempted house rent allowance is lower of 50% of basic salary or Tk. 240,000 per annum

Rent free accommodation IT Rule 33B
Lower of rental value of accommodation or 25% of the basic salary to be included with income and remaining portion is exempted p.a.

Conveyance IT Rule 33C,D
Where conveyance is provided in cash Tk. 30,000 is exempted p.a.

Where full time car facility is given instead of cash conveyance 5% of basic salary to be included with total income and remaining portion is exempted p.a.

Medical expense IT Rule 33I
Exempted cash medical allowance is lower of 10% of basic salary or Tk. 60,000 p.a.

TAX REBATE ON INVESTMENT

Amount of allowable investment is lower of actual investment or 30% of total income or Tk. 15,000,000; tax rebate amounts to 15% of allowable investment

section 44(2) | 6th schedule, part B

- Investment in life insurance premium up to 10% of the face value, Govt. treasury bond, unit certificate, savings certificate, mutual funds, debenture, shares, purchase of 1 PC or 1 laptop
- Contribution to provident fund, super annuation fund, benevolent fund, group insurance premium or up to Tk. 60,000 to DPS
- Contribution to zakat fund

EXCLUSIONS

Changes in Exclusions from Total Income for 2014-15

section 44(1) | 6th schedule, part A

Dividend income Tk. 20,000 p.a. para 11A

Agricultural income Tk. 200,000 p.a. para 29

Interest income from aggregated investment of Tk. 500,000 in pensioners saving certificate or wage earners bond p.a. para 32A

Any income earned in abroad and brought in Bangladesh by legal way as foreign remittance para 48

Donation by a crossed cheque to any para 49-51

- Girls school/college approved by MoE of Govt
- Technical and vocational training institute approved by MoE of Govt
- Any national level institution engaged in research and development of agriculture, science, technology and industrial development

- Donation to Govt. approved charitable hospital, philanthropic or educational institution, socioeconomic or cultural development institution established in Bangladesh by Aga Khan Development Network, ICDDR, philanthropic institution-CRP, Savar, Dhaka, Muktijuddha Jadughar, liberation war memorial institution, Father of the Nation memorial institution
- Donation up to Tk. 500,000 to (1) Shishu Swasthya Foundation Hospital Mirpur, Shishu Hospital, Jessore and Hospital for Sick Children, Sathkhira run by Shishu Swasthya Foundation, Dhaka. (2) Diganta Memorial Cancer Hospital, Dhaka, (3) The ENT and Head-Neck Cancer Foundation of Bangladesh, Dhaka and (4) Jatiya Pratibandhi Unnayan Foundation, Mirpur, Dhaka; Asiatic Society of Bangladesh

CORPORATE INCOME TAX

The Income Tax Ordinance, 1984 (amended upto June 30, 2014) and the Finance Act, 2014

Table-5 Applicable corporate tax rate for assessment year 2014-15

Corporate Category	Tax Rate %
Publicly traded companies listed with DSE/CSE	27.50
Not-publicly traded companies	35.00
Mobile phone companies not publicly traded	45.00
Mobile phone companies publicly traded	40.00
Banks, insurance, financial institutions	42.50
Merchant banks, brokerage companies	37.50
Any dividend received from a company	20.00
Cigarette manufacturing companies not publicly traded	45.00
Cigarette manufacturing companies publicly traded	40.00
Capital gain	15.00

- The rate of minimum turnover tax has been reduced to 0.30% section 16CCC
- Employees' excess perquisite exemption limit Tk. 350,000 Section 30(e)
- If accounts not maintained as per direction of NBR u/s 35(2) section 123
 - Not having income from house property - penalty will be 1½ times of tax payable
 - Having income from house property - penalty will be higher of 50% of tax payable or Tk. 5,000

- Where return submitted under universal self assessment showing 20% higher income, the return will not be selected for audit subject to some conditions Section 82BB(3)
- Penalty will be imposed from Tk. 50,000 to Tk 200,000 if incorrect or false audit report by a CA section 129A
- Chartered Accountants will certify; the books of account and financial statements of the company under audit have been prepared based on Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) Section 35(3)
- If a publicly traded company declares less than 10% dividend or fails to pay dividend within BSEC stipulated time tax rate will be 35% instead of 27.50%
If dividend is paid 30% or more then it will receive 10% tax rebate
If a company that is not publicly traded handover min 20% of its paid-up capital through IPO applicable tax rate for mobile operator will be 36%

TAX FACILITY FOR LEAST DEVELOPED AREAS (LDA)

Table 6 Tax rebate on small & cottage industries of LDAs

Production increased upto 15% but not exceed 25% of the previous year	5%
Production increased upto 25% from previous year	10%

List of LDAs can be found in the SRO413-L/85, dt.22.09.1985 which includes certain upazillas under 47 districts all over Bangladesh

TAX REBATE FOR MFG. INDUSTRIES OUTSIDE CITY CORPORATION

Table 7 Tax rebate for manufacturing industries outside city corp. and not enjoying tax holiday/exemption/reduced rate facility

If commercial production started within 01 July 2014 to 30 June 2019	10 yrs 20%
If industry is shifted from city corp. and commercial production started within 01 July 2014 to 30 June 2019	10 yrs 20%
If commercial production is already started outside city corp. up to 30 June 2019	10%

The above tax rebate will not be applicable

- If listed with any Stock Exchange as a publicly traded company
- If environmental clearance certificate not obtained

TAX HOLIDAY

□ Tax Exemption for Newly Established Industrial Undertakings section 46B

Timeline for set-up of newly established industrial undertakings for tax exemption has been extended from 30 June 2015 to 30 June 2019

If the said undertaking is setup in Dhaka and Chittagong division excluding Dhaka, Narayanganj, Gazipur, Chittagong, Rangamati, Bandarban and Khagrachari districts exemption is for 5 years from the commencement of commercial production

for the 1st & 2nd year – 100% | 3rd year – 60%
4th year – 40% | 5th year – 20%

If the said undertaking is setup in Rajshahi, Khulna, Sylhet, Barisal and Rangpur, excluding city corporation area and Rangamati, Bandarban and Khagrachari district exemption is for 10 years from the commencement of commercial production

for the 1st & 2nd year – 100% | 3rd year – 70%
4th year – 55% | 5th year – 40%
6th year – 25% | 7th to 10th year – 20%

Industrial undertaking includes

active pharmaceuticals ingredient and radio pharma, barrier contraceptive and rubber latex, basic chemicals or dyes and chemicals, basic ingredients of electronic industry, bio-fertilizer, biotechnology, compressors, computer hardware, energy efficient appliances, insecticide or pesticide, petro-chemicals, pharmaceuticals, local fruit & vegetable processing, radio-active application, textile machinery, tissue grafting, HHK brick fields etc.

□ Tax Exemption for Newly Established Physical Infrastructure Facility section 46C

Timeline for set-up of newly established physical infrastructure facility tax exemption has been extended from 30 June 2015 to 30 June 2019 for 10 year upon starting commercial production

for the 1st & 2nd year – 100% | 3rd year – 80% | 4th year – 70%
5th year – 60% | 6th year – 50% | 7th year – 40%
8th year – 30% | 9th year – 20% | 10th year – 10%

Physical infrastructure includes

deep sea port, elevated expressway, EPZ, flyover, gas pipe line, hi-tech park, ICT village, IT park, large water treatment plant, LNG terminal, mono-rail, rapid transit, renewable energy, sea or river port, toll road or bridge, underground rail, waste treatment plant etc.

Depreciation rate of physical infrastructure

Bridge, road & fly over	2.0%
Pavement runway, taxi way & apron, termac	2.5%
Boarding bridge office equipments	10.0%
Communication, navigation & other equipments	5.0%

EXCLUSIONS

Changes in Exclusions from Total Income for 2014-15

section 44(1) | 6th schedule, part A

- Income from software development or nationwide telecommunication transmission network (NTTN) or information technology enabled services (ITES) from July 2008 to June 2019 subject to submission of return u/s 75(2)(c) para 33

- Income from cinema hall or cineplex** para 44
Timeline for tax exemption has been extended from 30 June 2015 to 30 June 2019

If it is setup in Dhaka and Chittagong division (excluding Rangamati, Bandarban and Khagrachari districts) exemption is for 5 years from starting of commercial exhibition within 01 July 2014 to 30 June 2019

for the 1st & 2nd year – 100% | 3rd & 4th year – 50%
5th year – 25%

If it is setup in Rajshahi, Khulna, Sylhet, Rangpur and Barisal divisions and Rangamati, Bandarban and Khagrachari districts exemption is for 10 years from the commencement of commercial exhibition

for the 1st to 3rd year – 100%
4th to 6th year – 50%
7th to 10th year – 25%

- Income from rice bran oil production** para 45
If it is setup in Dhaka and Chittagong division (excluding city corporation area and Rangamati, Bandarban and Khagrachari districts) exemption is for 5 years from starting commercial production within 01 July 2014 to 30 June 2019

for the 1st and 2nd year – 100%
3rd and 4th year – 50%
5th year – 25%

If it is setup in Rajshahi, Khulna, Sylhet, Rangpur and Barisal divisions (excluding city corporation area) and Rangamati, Bandarban and Khagrachari districts exemption is for 10 years from the commencement of commercial production

for the 1st to 3rd year – 100%
4th to 6th year – 50%
7th to 10th year – 25%

- Donation by a crossed cheque to any** para 49-51
 - Girls school/college approved by MoE of Govt
 - Technical and vocational training institute approved by MoE of Govt
 - Any national level institution engaged in research and development of agriculture, science, technology and industrial development

ACCELERATED DEPRECIATION ALLOWANCE

Accelerated Depreciation Allowance on Machinery and Plant 3rd schedule, para 7B

Accelerated depreciation allowance shall be allowed if any machinery or plant (other than office appliances and road transport vehicles) not previously used in Bangladesh used in an industrial undertaking set up in Bangladesh between July 01, 2014 and June 30, 2019 upon starting commercial production on the actual cost

for the 1st year – 50% | 2nd year – 30% | 3rd year – 20%

WITHHOLDING TAX

Table 8 Simplified but comprehensive table to show tax deductions at source by payment or approving authority

Head of Withholding	Basis	Tax Rate %
Salaries section 50	Average of the rates applicable to the estimated total income of the payee as salary	
Interest section 51	On securities and debentures	5
Payment section 52, rule 16 FS	Contractors & sub-contractors up to Tk. 200,000	Nil
	from 200,001 to 500,000	1
	from 500,001 to 1,500,000	2.5
	from 1500,001 to 2,500,000	3.5
	from 2,500,001 to 30,000,000	4
	from 30,000,001 and above	5
	In case of oil supplied by oil marketing companies up to Tk. 200,000	Nil
	from 200,001 and above	0.60
Payment section 52, rule 17	Indenting commission	7.5
	Shipping agency commission	5
Fees section-52A(l)	For doctors	10
Payment section 52A(2) FS	Royalty or technical know-how fee	10
Fees section 52A(3)	For professional or technical services e.g. legal, engineering, architectural, accountancy, interior decoration, advertising, actuarial services etc.	
	where 12 digit TIN is furnished	10
	any other cases	15
Payment section 52AA	Services, e.g. stevedoring agency, private security etc.	10
Interest section 52D	On saving instruments	5
	On pensioners saving certificate or wage earner development bond FS	5
	If cumulative investment at the end of the income year in the pensioners savings certificate or wage earners development bond does not exceed Tk. 500,000	Nil

Head of Withholding	Basis	Tax Rate %
Brick field permission/ renewal section 52F	From brick manufacturers for issuing any permission/ renewal	
	1 section	Tk. 45,000
	1½ section	Tk. 70,000
	2 section	Tk. 90,000
	automatic machine	Tk. 150,000
Commission section 52I	On letter of credit (L/C)	5
Commission/discount/ incentive bonus section 52JJ	From commission or discount or incentive bonus or any other benefit payment to travel agent for selling air ticket or air cargo	3
Commission section 52M	To freight forward agency	15
Payment by PDB section 52N FS	Rental power plant	6
Payment section 52P	Services, e.g. convention hall, conference centre etc.	5
Service charge by way of remittance from abroad section 52Q	At the time of bank account crediting of a resident for any income in connection with any service provided to any foreign person	10
Payment/receipts for international phone call section 52R FS	At the time of payment/bank account crediting of an International Gateway (IGW) services operator	1
	At the time of payment/bank account crediting of an Interconnection Exchange (ICX), Access Network Services (ANS) etc. by IGW under agreement of BTRC	5
Banderols/stamps section 52S	On selling price banderols/stamps at the time of delivery to manufacturer of soft drinks and mineral bottled water	3
Payment by life insurance co. section 52T	In excess of premium paid on life insurance policy, i.e. insurance gain (total payment less total premium received)	5
Payment section 52U	Contractors & sub-contractors by local L/C up to Tk. 500,000	Nil
	from 500,001 and above	3
Revenue sharing/licence fees section 52V	From payment of revenue sharing/licence fees to any regulatory authorities by the mobile operator	10

Head of Withholding	Basis	Tax Rate %
Rent section 53A rule 17B	House property	5
Freight section 53AA FS	Total freight received or receivable by Shipping business of a resident in or out of Bangladesh	5
	Total freight received or receivable by Shipping business of a resident from services rendered between two or more foreign countries	3
Export proceed section 53BB FS	At the time of crediting export proceeds to the bank account of an exporter of certain items viz. knit-wear, woven garments, carton and accessories of garments industry	0.30
	terry towel, Jute goods, frozen food, vegetables, leather goods, packed food	0.60
Export proceed section 53BBBB	Collection of tax from export of any goods except above items u/s 53BB	0.60
Auction sale section 53C rule 17D FS	On sale price of goods or property sold by public auction	5
Export cash subsidy section 53DDD FS	Cash incentive to an exporter for promotion of export	3
Sales commission, discount or fees section 53E	On commission, discount or fees for distribution or marketing of goods as advance tax	10
	On difference amount between sales price and retail price by a company that sells goods to distributor at lower price (other than oil marketing company)	3
Commission or remuneration section 53EE	For payment to an agent of a foreign buyer at the time of crediting out of export proceeds to the bank account of an exporter	7.50
Interest section 53F	On saving deposits and fixed deposits	
	where 12 digit TIN is furnished	10
	any other cases	15
	If balance of a saving deposit does not exceed Tk. 100,000 at any time in the year	10

Head of Withholding	Basis	Tax Rate %
Registration section 53FF FS	Real estate or land development business	
	For building or apartment constructed at Gulshan Model town, Banani, Baridhara, Motijheel C/A, Dilkusha C/A of Dhaka for residential purposes	Tk. 1,600 per square metre
	not for residential purposes	Tk. 6,500 per square metre
	at Dhanmondi R/A, DOHS, Mohakhali, Lalmatia Housing Society, Uttara Model Town, Bashundhara R/A, Dhaka Cantonment Area, Kawran Bazar C/A of Dhaka and Pachlaish R/A, Khulshi R/A, Agrabad and Nasirabad of Chittagong for residential purposes	Tk. 1,500 per square metre
	not for residential purposes	Tk. 5,000 per square metre
	at other areas for residential purposes	Tk. 600 per square metre
	not for residential purposes	Tk. 1,600 per square metre
	For land Dhaka, Gazipur, Narayanganj, Munshiganj, Manikganj, Narsingdi & Chittagong	5
	for any other districts	3
Transfer of property section 53H FS	Collection of tax at source on transfer of property will be guided by the new tax rule 17II	
	A new rate for collection of tax on transfer of property has been introduced, i.e. value per katha for land, Tk. 600 per square meter for flat, structure on land, if any or 4% of the deed value, whichever is higher	
	No tax shall be applicable to a document relating to sale by a bank or any financial institution as a mortgagee empowered to sell and mortgage of any property to any bank or any financial institution against any loan	
Registration of lease property section 53HH	On lease value by the lessor for lease of immovable property from RAJUK, CDA, KDA, RDA, NHA not less than 10 years	4

Head of Withholding	Basis	Tax Rate %
Rent on vacant land or plant or machinery section 53J	On rental value of vacant land or plant or machinery	5
Advertisement section 53K	On ad bill of newspaper or magazine or pvt. TV channel or pvt. radio station or website	3
Transfer of securities or mutual fund unit section 53M FS	At the time of transfer of securities or mutual fund unit by sponsor, director or placement holder	5
Transfer of share section 53N FS	On any profit and gain arising from the transfer of share of shareholder of stock exchange under the Exchanges Demutualisation Act 2013	15
Capital gains section 53O FS	On the realised gains from the sale of securities traded in the stock exchanges	
	a company or firm	10
Dividends section 54	Resident/NRB company	20
	Resident/NRB person other than company	
	if provides 12 digit TIN certificate	10
	if not provides 12 digit TIN certificate	15
	Non-resident (not NRB) person other than company	30

FS Final settlement under section 82C

12 DIGIT TIN

12 digit tax payers identification number (TIN) is required at the time of sections 82A, 82BB(2), 184A, 184B(3)

- opening import LC
- renewal of trade license
- submitting tender documents
- application for club membership
- renewal of general insurance surveyor's license
- registration for land, building or apartment
- changes of ownership, renewal of fitness of car, jeep or microbus
- loan sanction exceeding Tk. 500,000
- credit card issue
- practicing license to a doctor, chartered accountant, CMA, lawyer or ITP
- giving ISD connection
- being director, sponsor shareholder of a company
- license for a nikah registrar
- renewal of membership of any trade body
- plan for construction of building from RAJUK, CDA, KDA or RDA
- application for drug license, commercial gas or electricity
- change of ownership or renewal of fitness of a motor vehicle plying for hire
- issuance or renewal of survey certificate of a water vessel etc.
- registration or renewal of permission for the manufacture of bricks
- submitting nomination for any election in upazilla municipality, city corporation or parliament

INCOME TAX ON MOTOR VEHICLE

At the time of registration & fitness renewal of every motor car, jeep and micro bus income tax will be payable at the following rate

Motor Car/Jeep

1500 CC	Tk. 15,000
2000 CC	Tk. 30,000
2500 CC	Tk. 50,000
3000 CC	Tk. 75,000
3500 CC	Tk.1,00,000
3500 CC+	Tk. 1,25,000

Micro Bus

Tk. 20,000

In case an assessee holds more than one car or jeep or micro bus in his name singly or jointly additional 50% income tax will be payable against the second or more cars apart from normal income tax payable at applicable rate against each car or jeep or micro bus. Tax credit shall be availed at the time of assessment

VALUE ADDED TAX (VAT)

The Value Added Tax, 1991 (amended upto June 30, 2014) and the Finance Act, 2014

Value Added Tax Officers may seek assistance from below stated authorities, officers and members who are bound to give their assistance to the VAT officials

- Bangladesh Police, BGB, Bangladesh Cost Guard & Ansar Force
- VAT, Excise Duty, Income Tax and Department of Narcotics Control
- Officials of gas, electricity, water, telephone and similar utility service providers
- All bank officials
- Union Council, Upazilla Council, District Council, Municipality, City Corporation Authority etc.
- All other government officials

WITHHOLDING VAT

Table 9 Simplified but comprehensive table to show VAT deductions at source by payment or approving authority

Service Provider	Basis	VAT Rate (%)
Restaurant S001.1.20	Air-conditioned General	15 7.5
Motor garage & workshop S003.10	Any type of automobile repair and servicing including spare parts	7.5
Dockyard S003.20	Any type of mechanical vessel repair & servicing including spare parts	7.5
Construction contractor S004.00	Any type of construction tender price	5.5
Land developer S010.10	Developed land sell/ handover value	3
Building construction contractor S010.20	Building sell/ handover value	3
Photographer S0019.00	Total received value	7.5
Furniture sales centre S024.00	At manufacturing level At total sell value	6 4
Gold and silver jewelery shop S026.00	Gold & silver ornaments sell value	3
Procurement provider (except school tiffin provider) S037.00	Supplied goods/service value	4
Transport contractor Petroleum: General S048.00	Value received	2.25 7.5
Electricity distributor S057.00	Sell value	5
Auctioneers S009.00		15
Purchaser of auctioned goods S060	Sell value of auctioned goods	4
Immigration consultant S067.00	Sell value of total service charge	7.5
English medium school S069.00	Total service value	7.5

Service Provider	Basis	VAT Rate (%)
Place and establishment rentee S074.00	Total rent value	9
Readymade garments selling organization with own brand S078.00	Total sell value	5
Information technology enabled service S099.10	Total service value	4.5
Sponsorship services S099.30	Total service value	7.5
Decorators and caterers S002.00		15
Survey firm S020.00		15
Plant and capital equipment rent provider organization S021.00		15
Courier and express mail service S028.00		15
Individual/entity repairing or servicing of taxable goods in exchange of pawn S031.00		15
Consultancy and supervisory firm S032.00		15
Lessor (Izaradar) S033.00		15
Audit and accounting firm S034.00		15
Security services S040.00		15
Legal advisors S045.00		15
Rent-a-vehicle S049.00		15
Architect, interior designers or interior decorators S050.10		15

Service Provider	Basis	VAT Rate (%)
Graphic designer S050.20		15
Engineering firms S051.00		15
Sound and lighting instrument renter S052.00		15
Participants in board meetings S053.00		15
Advertisement broadcasting agency through satellite channel S054.00		15
Advertisement firm S007.00		15
Renter of chartered planes or helicopters S058.00		15
Clearing and maintaining agencies of building, floor and premises S065.00		15
Lottery ticket seller S066.00		15
Program organizer/ event manager S071.00		15
Human resource supplier or management organization S072.00		15
Miscellaneous S099.20		15
Banking services S056.00		15

SURCHARGE

Health Development Surcharge

On all imported and domestically produced tobacco products

1%

Environment Protection Surcharge or 'Green Tax'

On ad-valorem basis on all kinds of products manufactured in Bangladesh the industries which pollute the environment.

1%

Information and Communication Technology Development Surcharge

On all imported and domestically produced cellular mobile telephone set

1%

AIR TRAVEL TAX

North and South America, Europe, Africa, Australia, New Zaland, China, Japan, Hong kong, North Korea, South Korea, Vietnam, Laos, Cambodia and Taiwan

Tk. 4,000

SAARC states

Tk. 1,200

Others including Middle East

Tk. 3,000

GLOBAL PRIVATE TRAVEL ENTITLEMENT

FE circular # 17/2014, Bangladesh Bank

FE circular # 23/2011, Bangladesh Bank

Annual travel entitlement of resident Bangladesh national for private travel abroad per adult passenger during a calendar year has been enhanced to	US\$ 12,000
for travel to SAARC countries and Myanmar	US\$ 5,000
for other countries	US\$ 7,000
for minors (below 12 years in age) the applicable quota will be half the amount admissible for adults	
foreign exchange in the form of cash must not exceed per person per trip	US\$ 3,000

An incoming/outgoing passenger may bring in/take out Bangladesh currency at the time of arrival into/departure from Bangladesh	Tk. 2,000
Any amount of foreign currency may be brought in by an incoming passenger with declaration to the customs authorities in foreign money and jewelery (FMJ) form, however, no declaration is necessary for amounts brought in equivalent to	US\$ 5,000

STAMP DUTY

Adhesive/Non-Judicial stamp Tk. 300

All guarantee personal/corporate/others, general loan & collateral agreement/term loan/facility agreement, declaration & undertaking, letter of hypothecation, letter of pledge/negative pledge, letter of lien & right to set off, trust receipts, deed of assignment, letter of indemnity, letter of disclaimer

Mortgage Non-Judicial & Pay Order Stamp

Up to Tk. 1.00 million	Tk. 2,000
More than Tk. 1.00 million but not more than Tk. 5.00 million	Tk. 5,000
Above Tk. 5.00 million	Tk. 5,000 + 0.1% of the rest amount

Promissory Note Revenue Stamp

When payable on demand	
up to Tk. 1,000	Tk.10
from Tk. 1,001 to Tk. 5,000	Tk. 20
In any other case	Tk. 50

When payable otherwise than demand

Bank deals with demand promissory note. However, stamp duty for promissory note otherwise than on demand attracts stamp duty equivalent to a bill of exchange as stated in clause 13 to schedule i of the stamp act, 1899

The Stamp Act, 1899 and the Finance Act, 2014

Letter of Continuity Adhesive Stamp Tk. 200

Affidavit Non-Judicial Stamp Tk. 200

Deed of Redemption Non-Judicial Stamp Tk. 300

Certified copy Non-Judicial Stamp Tk. 50

Power of Attorney (PoA) Non-Judicial Stamp

when executed for the sole purpose of procuring the registration of one or more document in relation to a single transaction or for admitting execution of one or more such document Tk.100

when authorizing one person or more to act in a single transaction other than above Tk. 200

when authorizing not more than 5 persons to act jointly and severally in more than one transaction or generally Tk. 400

when authorizing more than 5 but not more than 10 persons, to act jointly and severally in more than one transaction or generally Tk. 800

Cancellation & revocation of PoA Tk. 300

When an irrevocable power of attorney (PoA) comprising of immovable property is executed without any consideration, for authorizing the attorney to sell, to make contract for sale or to execute mortgage deed in respect of a loan Tk. 1,000

EXCISE DUTY

Annual maximum limit of excise duty applicable based on annual transaction limit whether credit or debit during a calendar year

up to Tk.	20,000	Nil
from	20,001 to 100,000	Tk. 120
from	100,001 to 1million	350
above	1million to 10 million	1,000
above	10 million to 50 million	5,000
above	50 million	10,000

SUPPLEMENTARY DUTY

Table 10 Supplementary duty payable at importation stage of reconditioned (or brand new) motor car, jeep and micro bus

Type of Vehicle	SD Rate (%)	Type of Vehicle	SD Rate (%)
Motor Car		Micro Bus	
1500 CC	45	1800 CC	45
1501 to 2000 CC	100	1801 to 2000 CC	60
2001 to 2750 CC	200	Motor Car (CKD)	
2751 to 4000 CC	350	2000 CC	30
4000 CC+	500	Others (CKD)	60

PRICE UP ↑

SERVICES OR PRODUCTS

english medium school

motor garage, workshop
dockyard, land development and
building construction sectors

jewelery, restaurant

tobacco products of all imported
and domestically produced

↓ **PRICE DOWN**

PRODUCTS OR SERVICES

fish-fresh or chilled, potato chips, flours,
butter, tomatoes, betelnuts, glucose,
sugar confectionery, chocolate, pasta,
sweet biscuits, waffles and wafers, fruit,
juices, sauces and ice cream

perfumes, beauty or make-up soap,
detergents, polishes, fireworks, matches,
mosquito coil and aerosol, particle board,
silk fabrics, imitation jewelery, cooking
appliances and aluminium foil

four-stroke engine for 3 wheeler/auto
rickshaw, video recording or reproducing
apparatus and SIM card

LIST OF ABBREVIATIONS

ANS	Access Network Services
BTRC	Bangladesh Telecommunication Regulatory Commission
CA	Chartered Accountant
CDA	Chittagong Development Authority
CKD	Completely Knocked Down
CMA	Cost and Management Accountant
DPS	Deposit Pension Scheme
FFW	Food for Work
FMJ	Foreign Money and Jewellery
FS	Final Settlement
ITES	Information Technology Enabled Services
ICX	Interconnection Exchange
IGW	International Gateway
ITP	Income Tax Practitioner
KDA	Khulna Development Authority
L/C	Letter of Credit
MoE	Ministry of Education
NBR	National Board of Revenue
NHA	National Housing Authority
NTTN	Nationwide Telecommunication Transmission Network
PPP	Public Private Partnership
PoA	Power of Attorney
RAJUK	Rajdhani Unnayan Kartripakkha
RDA	Rajshahi Development Authority
TIN	Taxpayer's Identification Number
VAT	Value Added Tax

Readers' Attention

Rules and regulations relating to Income Tax, VAT and other levies are subject to frequent change by way of SROs and others GoB gazettes. This white paper considered relevant changes upto August 20, 2014. Readers should use information of this book along with subsequent amendments, if any.

হ্যালো থাকলে
মোবাইল ফোনে
সব হবে উপায়!

Hello
আমার মোবাইল আমার ব্যাংক

একটি **Bank Asia** সেবা

বিস্তারিত জানতে যোগাযোগ করুন

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