

Bangladesh Budget

2016-2017



a white paper



 **Bank Asia**

BANGLADESH
BUDGET
2016-2017



**white
paper**

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Bank Asia

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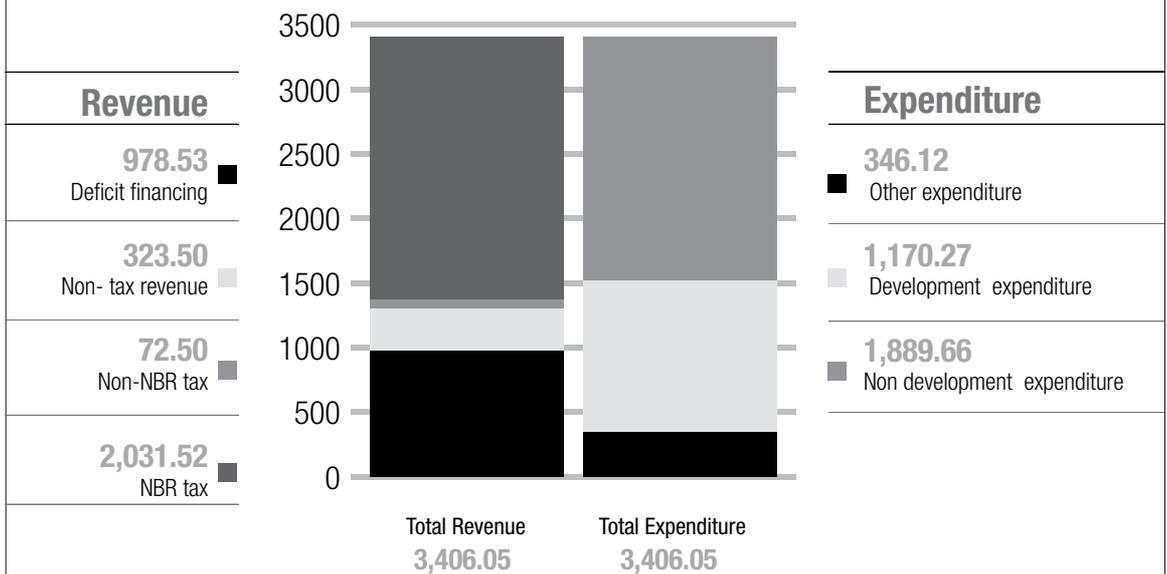
Foreword

This year's budget is quite ambitious with a vow for marching towards growth, development and equitable society. Bank Asia through its Bangladesh Budget 2016-2017 white paper tried to look at deeply into the changes of provisions in Income Tax, VAT and other applicable taxes and levies. We believe that sharing our White Paper will give our readers of corporate world a decent idea about major changes in Taxes and VAT laws & regulations, complete knowledge of withholding tax and vat and fair knowledge of other relevant taxes & levies that are required in our day to day lives.

Md. Arfan Ali
President and Managing Director
Bank Asia Limited

Budget 2016-2017 at a glance

Taka in Billion



Breakup of Tax Revenue-NBR

Total NBR Tax Revenue 2,031.52 | 59.64%
 Income Tax 719.40 | 35.41%
 VAT 727.65 | 35.82%
 Customs Duty 269.44 | 13.26%
 Supplementary Duty 315.03 | 15.51%

Budget Deficit Financing

External 363.05 | Domestic 615.48

Breakup of Expenditure

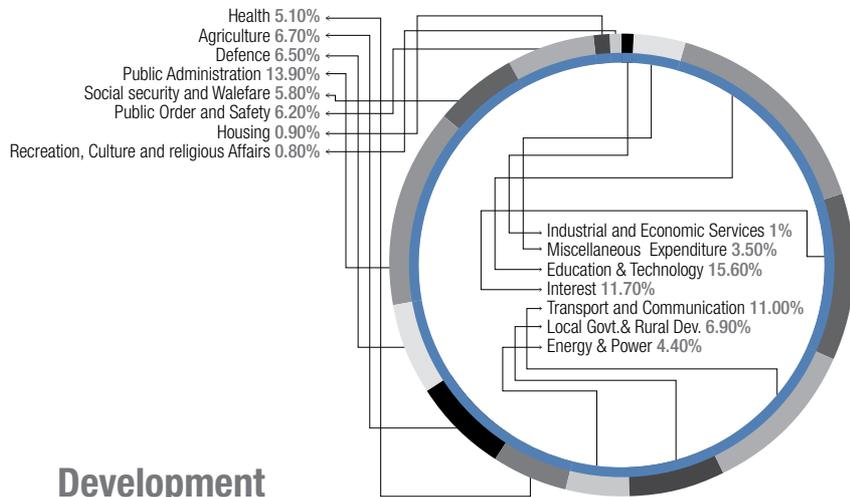
Social Infrastructure 963.65 | 28.29%
 Physical Infrastructure 1,012.91 | 29.74%
 General Services 835.08 | 24.52%
 Interest Payment 399.51 | 11.73%
 PPP Subsidy 75.09 | 2.20%
 Net Lending and Other Expenditure 119.81 | 3.52 %

Allocation of Expenditure

Budget in Different Sectors

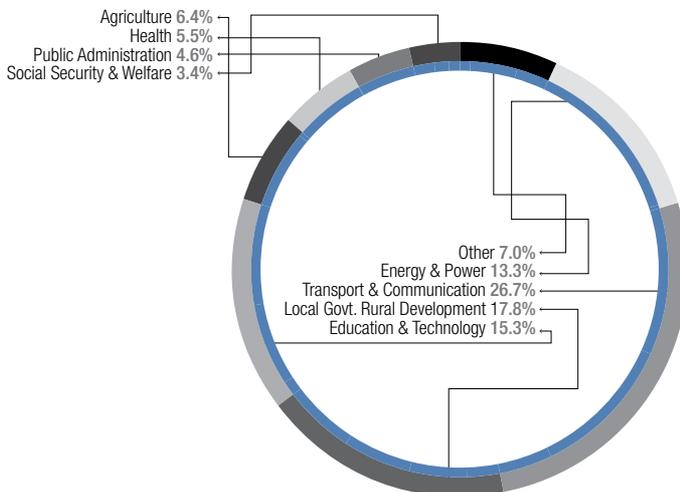
Non Development and Development Expenditure 2016-2017

Tk. 3,406.05 billion



Development Budget 2016-2017

Tk. 1,125.26 billion



Budget 2016-2017

At a Glance in Foreign Currency

Figure in Billion

£	€	\$			\$	€	£
23.89	28.01	30.96	Revenue	Expenditure	43.44	39.30	33.53
20.00	23.44	25.91	NBR Tax	Non Development	24.10	21.80	18.60
0.71	0.84	0.92	Non NBR Tax	Development	14.93	13.50	11.52
3.18	3.73	4.13	Non Tax Revenue	Others	4.41	3.99	3.41
9.63	11.29	12.48	Deficit Financing				
193.07	226.26	250.13	GDP				

Exchange Rate as on June 30, 2016
 USD 1=Tk. 78.40 | Euro1=Tk. 86.67 | Pound 1=Tk.101.57

Budget Structure

Taka in Billion

Table 1 Yearly Comparison of Budget Structure

Sectors	Budget 2016-17	Revised 2015-16	Budget 2015-16	Actual 2014-15
Revenue				
NBR tax	2,031.52	1,500.00	1,763.70	1,239.77
Non-NBR tax	72.5	54	58.74	48.21
Non- tax revenue	323.5	220	261.99	171.67
Total Revenue	2,427.52	1,774.00	2,084.43	1,459.65
Expenditure				
Non development Expenditure				
Non development Revenue Expenditure	1,889.66	1,503.79	1,645.71	1,189.92
Development Expenditure	1,170.27	959.08	1,025.59	636.76
Annual Development Programme	1,107.00	910	970	603.76
Other	346.12	182.78	279.7	217.08
Total Expenditure	3,406.05	2,645.65	2,951.00	2,043.76
Deficit				
Overall deficit	978.53	871.65	866.57	584.11
Deficit financing				
External	363.05	249.9	301.34	72.8
Domestic	615.48	621.75	565.23	511.31
GDP	19,610.17	17,295.67	17,167.00	15,158.02

Personal Income Tax

The Income Tax Ordinance, 1984 (amended upto June 30, 2016) and the Finance Act, 2016

Table-2 Threshold of taxable income for 2016-2017

Types of Tax Payer	Taka
General Tax Payer	250,000
Women tax payer and tax payers of 65 years of age and above	300,000
Physically Handicapped	375,000
War-wounded gazetted freedom fighters	425,000

Table-3 Income slab wise tax rate for assessment year 2016-2017

Total Income	Tax Rate %
On first Tk. 0.25 million or 0.30 million or 0.375 million or 0.425 million Table-2	Nil
On next 0.40 million	10
On next 0.50 million	15
On next 0.60 million	20
On next 3 million	25
On the balance of taxable income	30

Tax rate for non-company and non-resident assessee (except NRB) is 30%

Guardian of a physically challenged person will get a further initial exemption of Tk. 25,000 in addition to above limit.

Table 4 Surcharge imposed on net wealth

Net Wealth as per IT10B	Surcharge Rate %
Up to Tk. 22.5 million	Nil
Tk. 22.5+ million to Tk. 50 million	10
Tk. 50+ million to Tk. 100 million	15
Tk. 100+ million to Tk. 150 million	20
Tk. 150+ million to Tk. 200 million	25
Above Tk. 200 million	30

Minimum surcharge has been fixed Tk. 3,000 for the assessment year 2016-2017

Relevant Considerations

- "Tax Day" means November 30, following the end of the income year; section 2 (62A)
- Minimum tax liability of an individual assessee:

Dhaka North, South and Chittagong city corporation	Tk. 5,000
Other city corporation	Tk. 4,000
Other area not mentioned above	Tk. 3,000
- Every person having international transaction must provide details of such transactions in prescribed format along with return section 107EE otherwise penalty up to 2% of the value of international transactions may be imposed section 107HH
- In order to receive deductions for interest payable on account of income from house property such borrowing must be from bank or financial institution section 25 (1) (g) and (gg)
- Penalty will be imposed at 15% for concealment of income section 128(1)
- Where return submitted under universal self assessment showing 20% higher income will not be selected for audit subject to some conditions section 82BB(3)
- Penalty for default in filing income tax return by an individual, not assessed previously, will be limited to Tk. 5,000 and in case of a person, assessed previously, the penalty will be the higher of 50% of the last assessed tax or Tk. 1,000 section 124
- The old forms of return submission have been replaced by a set of New Return Form for individual assessee, association of persons and firms; rules 24
- A New statements of assets and liabilities, life style, demand notice has been introduced; rules 25

Exemptions

Exemption on Income under Salary

House rent allowances receivable in cash IT Rules 33A

Exempted house rent allowance is lower of 50% of basic salary or Tk. 0.3 million p.a., i.e. monthly Tk. 25,000

Rent free accommodation IT Rules 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 Rules 33C,D

Where conveyance is provided in cash Tk. 30,000 is exempted p.a.

Where full time car facility is given an amount equal to 5% of basic salary or Tk. 0.06 million which ever is higher to be included with total income

Medical expense IT Rules 33I

Exempted cash medical allowance is lower of 10% of basic salary or Tk. 0.12 million p.a.

Exempted medical expenses or medical allowance a disable person Tk. 1.00 million

Exempted medical expenses reimbursed by the employer to employee other than employee who is a shareholder director for surgery relating to heart, kidney, eye, liver & cancer

Exclusions

Changes in Exclusions from Total Income for 2016-2017

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

- Dividend income Tk. 25,000 p.a. para 11A
- Agricultural income Tk. 0.20 million p.a. para 29
- Interest income from aggregated investment of Tk. 0.5 million in pensioners saving certificate p.a. para 32A
- Any income earned in abroad and brought in Bangladesh as foreign remittance para 48
- Any income up to Tk. 25 million received by an assessee as gratuity para 20
- WPPF: A workers participation fund established under Bangladesh Labor Law 2006 and received Tk. 50,000 para 21D
- Any income received by an assessee from Wage earners development, US dollar premium, US dollar investment, Euro premium, Euro investment, Pound sterling investment or Pound sterling premium bonds para 24A

Donation by a crossed cheque/bank transfer 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

Tax Rebate on Investment

Amount of allowable investment is lower of actual investment or 25% of total income or Tk. 15 million; tax rebate amounts to 15%, 12% & 10% of allowable investment

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

Total income	Amount of credit
(i) if the total income does not exceed Tk. 1.00 million	15% of the eligible amount;
(ii) if the total income exceeds Tk. 1.00 million but does not exceed Tk. 3.00 million	(i) 15% of the first two lakh fifty thousand of the eligible amount; and (ii) 12% on the rest of the eligible amount;

Total income	Amount of credit
(iii) if the total income exceeds Tk. 3.00 million	(i) 15% of the first 0.25 million of the eligible amount; and (ii) 12% of the next 0.5 million of the eligible amount; and (iii) 10% on the rest of the eligible amount;
■ 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. 0.06 million to DPS
- Contribution to zakat fund
- 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. 0.5 million 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

Tax Clearance Certificate for persons leaving Bangladesh

Every expatriate employed in Bangladesh is required to obtain a Tax Clearance Certificate from the concerned Deputy Commissioner of Taxes. This certificate is required to be produced as an evidence of tax payment/exemption at the port of departure from Bangladesh – be it temporary or permanent departure. [section 107](#)

Corporate Income Tax

The Income Tax Ordinance, 1984 (amended upto June 30, 2016) and the Finance Act, 2016

Table-5 Applicable corporate tax rate for assessment year 2016-2017

Corporate Category	Tax Rate %
Publicly traded companies listed with DSE/CSE	25
Non-publicly traded companies	35
Mobile phone companies non-publicly traded	45
Mobile phone companies publicly traded	40
Banks, insurance, financial institutions listed with DSE/CSE	40
Banks, insurance, financial institutions non-listed with DSE/CSE	42.5
New Banks, insurance, financial institutions	40
Merchant banks	37.5
Any dividend received from a company	20
Cigarette manufacturing companies publicly traded	45
Cigarette manufacturer other than companies	45
Co-operative society registered under the Co-operative Society Act 2001	15

- If a company that is not publicly traded handover minimum 20% of its paid-up capital through IPO it will receive 10% tax rebate-also applicable for mobile operator schedule 2 finance Act 2016
- Employer engaging expatriate without permission of BOI or any competent authority will pay additional tax @50% of the tax payable on income or Tk. 0.5 million whichever is higher section 16B and may be punishable with imprisonment for a period of 3 months up to 3 years with a fine up to Tk. 0.50 million or both section 165C; tax holiday of such company shall stand withdrawn section 46B(11), 46C(9) and 16B
- Employees' **excess perquisite exemption limit Tk. 0.475 million** and any employee who is disable, Tk. 2.5 million section 30(e)
- Charge of additional amount, etc. Where under the provisions of this Ordinance any interest, amount or any other sum, by whatever name called, is to be charged in addition to tax, it shall be charged, levied, paid and collected accordingly. section 16BB
- Charge of any minimum tax is to be charged levied, paid and collected accordingly section 16BBB
- The certificate of deduction of tax u/s 58 shall be issued and specified rules 18
- 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
- Penalty will be imposed from Tk. 0.05 million to Tk. 0.20 million if incorrect or false audit report by a CA section 129A
- Bar to imposition of penalty without hearing section 130
- 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)

- In case of a benefit or advantage, of an assessee being an individual, not exceeding Tk. 1.00 million from the waiver of margin loan or interest thereof by a holder of Trading Right Entitlement Certificate in respect of the assessee's investment in shares, debentures, mutual funds or securities transacted in the stock exchange not included in total income [section 19 \(11\)](#)
- Credit purchase of materials for construction of building or house property, if not paid for during the following two year, will be taxed [section 19\(29\)](#)
- Special tax treatment for investors in residential building and apartment [section 19BBBBB](#)

Table-6

Location of the Property	Rate/Smt up to 200 Sq. meter	Rate/Smt above 200 Sq. meter
Gulshan, Banani, Baridhara, Motijheel and Dilkusha C/A	Tk. 5,000	Tk. 7,000
Dhanmondi R/A, DOHS, Mahakhali, Lalmatia, Uttara, Bashundhara R/A, Dhaka Cantonment, Kawran Bazar, Bijaynagar, Segunbagicha, Nikunja and Panchlaish, Khulshi, Agrabad and Nasirabad area of Chittagong	Tk. 4,000	Tk. 5,000
Other areas of City Corporation	Tk. 2,000	Tk. 3,000
Paurasabha of any district headquarters	Tk. 600	Tk. 800
Area other than aforementioned areas	Tk. 400	Tk. 600

- DCT may allow time extension up to 2 months for filing a tax return and another 2 months with the approval of JCT [section 75\(6\) proviso](#)
- The DCT will start proceedings for **arithmetical mistakes** and incorrect claims identified in the tax return filed along with statements and documents submitted under Universal Self-Assessment and may select for tax audit [section 82BB](#)
- A **penalty** of Tk. 0.10 million may be imposed on an assessee for submission of a false audit report or a report not signed by a CA with the return, or at any appellate stage. The assessee may also be punishable with imprisonment for up to 3 years but not less than 3 months [section 129B and 165AA](#)
- Cost of motor vehicles not plying for hire will be limited to Tk. 2.50 million for depreciation allowance [para 11\(6\)\(a\), Third Schedule of ITO 1984](#)
- For ADR of a dispute pending before any income tax authority, tribunal or court, assessee shall take permission of the concerned income tax authority, tribunal or the court [section 152I](#)
- An assessee shall not be eligible for application to ADR if he fails to pay tax payable with return for the relevant year(s). [section 152J](#)
- Every employer will collect 12 digit TIN from all eligible employees other wise salary payment to employees who did not submit 12 digit TIN will become inadmissible. [section 30\(aaa\)](#)
- Tax deducting authorities will be deemed to be an assessee in default and be liable to pay an additional amount at the rate of 2% per month in case it fails to deduct or collect Tax at source and deposit the same to Government. [section 57](#)
- Every assessee must pay 75% advance income tax during the income year other wise **simple interest @ 10% p.a.** will be payable on difference amount in addition to the balance of tax payable by him. [section 73](#)
- **2% p.m. delay interest** will be payable on the difference between the tax assessed on total income and the tax paid in advance for the assessment year including the tax deducted or collected at source in case failing to submit income tax return by an assessee on or before Tax Day; [section 73\(a\)](#)
- **Return of withholding tax:** Tax deducting authorities, e.g company, NGO etc. will file TDS return half yearly; first return on January 31 and second return on July 31. [section 75\(a\)](#)

- Audit of the return of withholding tax. The Deputy Commissioner of Taxes, with the approval of the Board, shall select a number of returns of withholding tax filed under section 75A for audit. *section 75(aa)*
- Deduction not admissible if any expenditure relating to overseas traveling exceeds 1.25% of the disclosed turnover. *section 30(k)*
- No loss can be set off against income from manufacturing of cigarette, bidi, zarda, chewing tobacco, gul or any other smokeless tobacco or tobacco products *section 37*
- Manufacturer of cigarette pay AIT at the rate of 3% on net sale price in every month the AIT paid, shall be adjustable against the quarterly installments of AIT payable *section 68(a)*

Minimum Tax

- Minimum tax will be higher of TDS or asses tax liability under 28 sections of income tax: sections 52, 52A, 52AAA, 52B, 52C, 52D, 52JJ, 52N, 52O, 52R, 53, 53AA, 53B, 53BB, 53BBB, 53BBBB, 53C, 53CCC, 53DDD, 53EE, 53F, 53FF, 53G, 53GG, 53H, 53M, 53N and 55: *section 82C*

Exception to minimum tax

- tax collected under section 52 does not fall under minimum tax
 - a contractor or a subcontractor of an oil company
 - an oil marketing company and its dealer or agent excluding petrol pump station;
 - oil refinery; and
 - gas transmission or gas distribution company;
- tax deducted u/s 53 from import of goods as industrial raw materials for own consumption;
- tax deducted u/s 53F(1)(a) and (b)

Final settlement

- Withholding tax from following 5 sources is final tax liability if deducted at their applicable tax rate:

Table-7

Section	Source of income	Rate of tax
52C	Compensation against acquisition of property within city corporation, Municipality, Cantonment Board	2%
	outside city corporation, Municipality, Cantonment Board	1%
52D	Interest on savings instrument	5%
53DDD	Export cash subsidy	3%
53F(1)(c) and 2	Interest on savings deposits and fixed deposits	15% or 10%
	PF, GF and other funds	5%
53H	Transfer of property	Depending on location and square meter

International Tax

Double Taxation Avoidance Agreement

There are agreements on avoidance of double taxation between Bangladesh and 32 countries which are:

1 UK	17 China
2 Singapore	18 Belgium
3 Sweden	19 Thailand
4 Republic of Korea	20 Poland
5 Canada	21 Philippines
6 Pakistan	22 Vietnam
7 Romania	23 Turkey
8 Sri Lanka	24 Norway
9 France	25 USA
10 Malaysia	26 Indonesia
11 Japan	27 Switzerland
12 India	28 Oman (air traffic only)
13 Germany	29 Mauritius
14 The Netherlands	30 United Arab Emirates
15 Italy	31 Myanmar
16 Denmark	32 Kingdom of Saudi Arabia

Double Tax Relief

A foreign tax credit is available to a Bangladesh resident in respect of any taxes paid in a foreign jurisdiction on the same income being taxed in Bangladesh. The allowable credit is the lower of the foreign tax paid or the Bangladesh tax otherwise payable.

No provision exists for carry forward or carry-back of excess tax credits.

Obligation to Issue Tax Deduction Certificate

- Certificate to be issued within 2 weeks of the following month to the person from whom tax has been deducted **section 58, Rules 18**
- Tax deduction certificate to be issued by respective Govt. accounts office in prescribed form within 31 July following the financial year **section 50 (1B), Rules 18A**

Tax Rebate for Mfg. Inds. Outside City Corporation

Table 6 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 has 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 Facility for Least Developed Areas (LDA)

Table 7 Tax rebate on small and cottage industries of LDAs

Production increased upto 15% but not exceeded 25% from 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

Recognition of Interest Income by FIs from Bad or Doubtful Debts depending on their true realization

Any financial institution including commercial banks will recognize interest income against of bad or doubtful debts in the income year in which it is credited to its profit and loss account for that year or in which it is actually received, whichever is earlier **section 28(3)**

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, 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 or tunnel kiln, automobile manufacturing industries, bi-cycle manufacturing industries, tyre manufacturing industries 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 years 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 for physical infrastructure

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

- Income of Bangladesh Securities and Exchange Commission has been exempted effective from 01 July 2015 SRO no. 195-Law/ Income Tax/2015, dt 30 June 2015 w.e.f 01 July 2015

for the 1st year – 100% | 2nd year – 80%
3rd year – 60% | 4th year – 40%
5th year – 20%

- All types of remunerations of a Govt. official other than basic salary, festival allowance and bonus will be exempted from tax SRO no. 198-Law/ Income Tax/2015, dt 30 June 2015 w.e.f 01 July 2015
- A company set up under Bangladesh Economic Zone Act 2010 will be exempted from tax for 10 years from the commencement of its commercial operations SRO no. 226-Law/ Income Tax/2015, dated 8 July 2015

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

- An Economic Zone Developer, appointed under Bangladesh Economic Zone Act 2010, will be exempted from tax on its income, from the commencement of commercial operations in the Economic Zone, for 12 years SRO no. 227-Law/ Income Tax/2015, dated 8 July 2015

for the 1st to 10th year – 100% | 11th year – 70%
12th year – 30%

- A company defined and declared under Bangladesh Hi-tech Park Authority Act 2010 for production of goods or providing services, will be allowed exemption from tax for 10 years from its business operations in a Hi-tech Park SRO no. 228-Law/ Income Tax/2015, dated 8 July 2015
 - A Developer, appointed under Bangladesh Hi-tech Park Authority Act 2010, will be exempted from tax for 12 years from the date of commencement of its commercial operations SRO no. 229-Law/ Income Tax/2015, dated 8 July 2015
- for the 1st, 2nd and 3rd year – 100% | 4th year – 80%
5th year – 70% | 6th year – 60% | 7th year – 50%
8th year – 40% | 9th year – 30% | 10th year – 20%
- for the 1st to 10th year – 100% | 11th year – 70%
12th year – 30%

Reduced Tax Rate

- Tax at reduced rate of 15% from 01 July 2015 to 30 June 2019 for a company for income derived from:
 - manufacturing cotton, dyeing cotton, finishing, conning, etc, associated with manufacturing textile goods SRO no. 193 & Law/ Income Tax/2015, dated 30 June 2015 w.e.f 01 July 2015
 - Tax at reduced rate of 10% from 01 July 2016 to 30 June 2019 for a company for income derived from:
 - manufacturing jute goods SRO no. 258 & Law/ Income Tax/2016, dated 10 August 2016 w.e.f 01 July 2016
 - Tax at reduced rate of 20% for assessment year 2016-2017
 - manufacturing and export knitwear and woven garments SRO no. 208 & Law/ Income Tax/2016, dated 29 June 2016
 - Reduced rate of income tax on capital gains from transfer of listed shares SRO no. 196-Law/ Income Tax/2015, dated 30 June 2015 w.e.f 01 July 2015
- In the hands of
- a firm or company **10%**
 - a sponsor shareholder or shareholder director of a bank, financial institution, merchant bank, insurance, leasing company, portfolio management company, stock dealer or stock broker company **5%**
 - other shareholders of a listed company having more than 10% share holding **5%**
 - a foreign investor, income tax on such capital gains in whose country of residence is
- | | | |
|--|-----------------------|------------|
| | not exempted from tax | 10% |
| | exempted from tax | Nil |
- Graduated tax rate for income from production of pelleted feed for poultry, cattle farming, prawn and fish, marketing of locally-produced seed, dairy farm, frog producing farm, milk and milk producing farm, horticulture, mushroom, floriculture, etc SRO no. 199-Law/ Income Tax/2015, dated 30 June 2015 w.e.f 01 July 2015
- | | |
|-------------------------------|------------|
| On first Tk. 1,000,000 | 3% |
| On next Tk. 2,000,000 | 10% |
| On the balance taxable income | 15% |
- Tax rate on poultry hatchery SRO no. 254-Law/ Income Tax/2015, dated 16 August 2015 w.e.f 01 July 2015
- | | |
|-------------------------------|------------|
| On first Tk. 2,000,000 | 0% |
| On next Tk. 1,000,000 | 5% |
| On the balance taxable income | 10% |
- Tax rate on poultry and fish hatchery, fish cultivation SRO no. 255-Law/ Income Tax/2015, dated 16 August 2015 w.e.f 01 July 2015
- | | |
|-------------------------------|------------|
| On first Tk. 1,000,000 | 0% |
| On next Tk. 1,000,000 | 5% |
| On the balance taxable income | 10% |

Exclusions

Changes in Exclusions from Total Income for 2016-17

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 2024 subject to submission of return u/s 75 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

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

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/bank transfer to any

6th schedule, part A, para 49-53

- 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
- #### Any income, not being interest or dividend
- Received by any educational institution if it is enlisted for Monthly Pay Order (MPO) of the Government; follows the curriculum approved by the Government, governed by a body formed as per Government rules or regulations
 - Received by any public university or any professional institute established under any law and run by professional body of Chartered Accountants or Cost and Management Accountants or Chartered Secretaries

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%

Normal Depreciation Allowance on imported computer software @ 10% 3rd schedule, para 3 (1)

Withholding Tax

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

Head of Tax 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 Provided that this provision shall not apply to the Treasury bond or Treasury bill issued by the Government	5
Payment section 52, rules 16	up to Tk. 200,000	Nil
	from 200,001 to 500,000	1
	from 500,001 to 10,000,000	2
	from 1,000,001 to 2,500,000	3
	from 2,500,001 to 10,000,000	4
	from 10,000,001 to 50,000,000	5
	from 50,000,001 to 100,000,000	6
	from 100,000,001 and above	7
	in case of a payment for	
	Supply of goods; or	
	Manufacture, process or conversion; or	
	Printing, packaging or binding;	
	Where base amount does not exceed Tk. 2.0 million	3
	Where base amount exceeds Tk. 2.0 million but does not exceed Tk.10.0 million	4
	Where base amount exceeds Tk.10.0 million	5
	<i>Tax shall be 50% higher if the payee does not have a twelve-digit Taxpayer's Identification Number</i>	
Royalties section 52A	Payment of royalties, franchise, license fee, brand name, patent, invention, formula, process, method, design, pattern, know-how, copyright, trademark, trade name, literary or musical or artistic composition, survey, study, forecast, estimate, customer list or any other intangibles:	
	Where base amount does not exceed Tk. 2.5 million	10
	Where base amount exceeds Tk. 2.5 million	12

Head of Tax Withholding	Basis	Tax Rate %	
Payment section 52AA	Description of service and payment	Where base amount does not exceed Tk. 2.5 million	Where base amount exceeds Tk. 2.5 million
	Advisory or consultancy service	10	12
	Professional service , technical service fee, or technical assistance fee	10	12
	Catering service		
	commission	10	12
	gross amount	1.50	2
	Cleaning service		
	commission	10	12
	gross amount	1.50	2
	Collection and recovery agency		
	commission	10	12
	gross amount	1.50	2
	Management of events, training, workshops etc.		
	commission	10	12
	gross amount	1.50	2
	Private security service		
	commission	10	12
	gross amount	1.50	2
	Supply of manpower		
	commission	10	12
	gross amount	1.50	2
	indenting commission	6	8
	Meeting fees, training fees or honorarium	10	12
	Mobile network operator, technical support service provider or service delivery agents engaged in mobile banking operations	10	12
	Credit rating agency	10	12
	Motor garage or workshop	6	8
	Private container port or dockyard service	6	8
	Shipping agency commission	6	8
	Stevedoring/berth operation commission	10	12
	Transport service, car rental	3	4
Any other service	10	12	

*Base amount means the higher of the (i) contract value; or (ii) bill or invoice amount ; or (iii) payment;
Tax shall be 50% higher if the payee does not have a twelve-digit Taxpayer's Identification Number*

Head of Tax Withholding	Basis	Tax Rate %
Interest section 52D	On saving instruments	5
	On pensioners saving certificate	5
	If cumulative investment at the end of the income year in the pensioners savings certificate does not exceed Tk. 0.5 million	Nil
	On interest or profit of Wage earners development bond, US dollar premium bond, US dollar investment bond, Euro premium bond, Euro investment bond, Pound sterling investment bond or Pound sterling premium bond	Nil
WPPF Payment section 52DD	To a beneficiary of workers' participation fund	5
	A WPPF established under Bangladesh Labor Law 2006 and received Tk. 50,000 will be excluded from income of Assessee 6 th schedule, part A, para 21D	
Brickfield permission/ renewal section 52F	From brick manufacturers for issuing any permission/ renewal	
	1 section	Tk. 45,000
	1½ section	Tk. 70,000
	2 section automatic machine	Tk. 90,000 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	0.30
Commission section 52M	To freight forward agency	15
Payment by PDB section 52N	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

Head of Tax Withholding	Basis	Tax Rate %
Payment/receipts for international phone call section 52R	At the time of payment/bank account crediting of an International Gateway (IGW) services operator	1.5
	At the time of payment/bank account crediting of an Interconnection Exchange (ICX), Access Network Services (ANS) etc. by IGW under agreement of BTRC	7.5
Banderols/stamps section 52S	On selling price banderols/stamps at the time of delivery to manufacturer of soft drinks and mineral bottled water	4
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. 0.50 million	Nil
	from 0.50 million+	3
No tax shall be deducted under this section from payment of local L/C purchase or procurement of rice, wheat, potato, onion, garlic, peas, chick peas, lentils, ginger, turmeric, computer or computer accessories, jute, cotton, yarn and all kinds of foods		
Revenue sharing/licence fees section 52V	From payment of revenue sharing/licence fees to any regulatory authorities by the mobile operator	10
Rent section 53A	House property	5
Freight section 53AA	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 SRO no 257-Law/ Income Tax 2016, dated 10 August 2016	At the time of crediting export proceeds to the bank account of an exporter of certain items viz. knit-wear, woven garments, terry towel, carton and accessories of garments industry, frozen food, vegetables, leather goods, packed food	0.70
Export proceed section 53BB SRO no 207-Law/ Income Tax 2016, dated 29 June 2016	jute goods	0.60

Head of Tax Withholding	Basis	Tax Rate %
Export proceed section 53BBBB SRO no 257-Law/ Income Tax 2016, dated 10 August 2016	Collection of tax from export of any goods except above items u/s 53BB	0.70
Auction sale section 53C rules 17D	On sale price of goods or property sold by public auction	5
Deduction or collection section 53CCC	Tax at source from courier business of a non-resident.	15
Export cash subsidy section 53DDD	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
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	10
Interest section 53F	On saving deposits and fixed deposits	
	where eTIN is furnished	10
	any other cases	15
	If balance of a saving deposit does not exceed Tk. 0.10 million at any time in the year	10
	a public university, educational institution if it is enlisted for Monthly Pay Order (MPO) of the Government; follows the curriculum approved by the Government, governed by a body formed as per Government rules or regulations, or any professional institute established under any law and run by professional body of Chartered Accountants or Cost and Management Accountants or Chartered Secretaries	10
	Recognized Provident Fund/ Gratuity Fund/ Superannuation Fund/ WPPF Tax is to be withheld from interest arising out of any deposit maintained by any approved fund irrespective of thier tax exemption facility	5

Head of Tax Withholding	Basis	Tax Rate %
Registration section 53FF	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
	If the area is within Dhaka South City Corporation, Dhaka North City Corporation and Chittagong City Corporation for residential purposes	Tk. 1,000 per square metre
	not for residential purposes	Tk. 3,500 per square metre
	If the area is within any other city corporation for residential purposes	Tk. 700 per square metre
	not for residential purposes	Tk. 2,500 per square metre
	any other area for residential purposes	Tk. 300 per square metre
	not for residential purposes	Tk. 1,200 per square metre
	For land Dhaka, Gazipur, Narayanganj, Munshiganj, Manikganj, Narsingdi & Chittagong	5
for any other districts	3	

Head of Tax Withholding	Basis	Tax Rate %
Transfer of property section 53H	Collection of tax at source on transfer of property will be guided by the tax rules 17II Rate for collection of tax on transfer of property is Tk. 1.08 million per katha (1.65 decimal) 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
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, any person on account of advertisement	4
Transfer of securities or mutual fund unit section 53M	At the time of transfer of securities or mutual fund unit by sponsor, director or placement holder	5
Transfer of share section 53N	On any profit and gain arising from the transfer of share of shareholder of stock exchange under the Exchanges Demutualisation Act 2013	15
Amount paid by real estate developer to land owner section 53P	Where any person engaged in real estate or land development business pays any sum to the land owner on account of signing money, subsistence money, house rent or in any other form	15
Dividends section 54	Resident/NRB company	20
	Resident/NRB person other than company if eTIN certificate is provided	10
	if eTIN certificate is not provided	15

Head of Tax Withholding	Basis	Tax Rate %
Non-residents section 56	Description of services or payments	
	Advisory or consultancy service	20
	Pre-shipment inspection service	20
	Professional service, technical services, technical know-how or technical assistance	20
	Architecture, interior design or landscape design, fashion design or process design	20
	Certification, rating etc.	20
	Charge or rent for satellite, airtime or frequency, rent for channel broadcast	20
	Legal service	20
	Management service including event management	20
	Commission	20
	Royalty, license fee or payments related to intangibles	20
	Interest	20
	Advertisement broadcasting	20
	Advertisement making	15
	Air transport or water transport	7.50
	Contractor or sub-contractor of manufacturing, process or conversion, civil work, construction, engineering or works of similar nature.	7.50
	Supplier	7.50
	Capital gain	15
	Insurance premium	10
	Rental of machinery, equipment etc.	15
	Dividend	
	company	20
	any other person, not being a company	30
	Artist, singer or player	30
	Salary or remuneration	30
	Exploration or drilling in petroleum operations	5.25
	Survey for oil or gas exploration	5.25
	Any service for making connectivity between oil or gas field and its export point	5.25
	Any payments against any services not mentioned above	20
	Any other payments	30

12 Digit eTIN

12 Digit Electronic Tax Payer's Identification Number (eTIN) is Required at the Time of :

sections 82A, 82BB, 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. 0.5 million
- credit card issue
- practicing license to a doctor, chartered accountant, CMA, lawyer or ITP
- 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
- parent or guardian of a student of english medium school
- any person receiving any payment under the head "Salaries" employed in the management or administrative function or in any supervisory position in the production function."

- For default in identifying the authenticity of eTIN, the person responsible for such verification may be penalized up to Tk. 0.05 million by the DCT or any other income tax authority authorized by NBR
section 124AA

Advance Tax on Motor Vehicle

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

section 68B

Motor Car/Jeep

up to 1500 CC	Tk. 15,000
1501 to 2000 CC	Tk. 30,000
2001 to 2500 CC	Tk. 50,000
2501 to 3000 CC	Tk. 75,000
3001 to 3500 CC	Tk. 100,000
3500 CC+	Tk. 125,000

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 but in case tax liability of a person is less than the said advance tax the tax liability will be equal to the said advance tax.

Tax Adjustment

section 68B

Where a person pays AIT as above and the income from regular sources results in a tax liability less than the said AIT, the income of such person shall be deemed to be the amount that results a tax liability equal to the said AIT

Exemption from Paying Advance Income Tax for Ownership of Motor Vehicle

The following assesseees will be exempted from paying advance income tax at the time of registration and fitness renewal for ownership of motorcar, jeep or microbus:

- Organizations not defined as person u/s 2(46)
- Public university, foreign embassy, UN group
- War-wounded gazetted freedom fighters
- Tax exempted organization certified by NBR

Restriction Imposed for a Company on Purchasing or Hiring Motor Vehicle above 10% of its Capital

If a company purchases or hires one or more motor car or jeep and value of which exceeds 10% of its paid-up capital plus reserve plus accumulated profit (capital); then 50% of the amount that exceeded 10% of the capital as mentioned above shall be deemed as income for that assessee section 19(27)

Value Added Tax (VAT)

The Value Added Tax Act, 1991 (amended upto June 30, 2016) and the Finance Act, 2016

VAT rebate

The concerned VAT officer may issue letter to show cause to the concerned person who has taken input VAT credit illegally. The concerned person will be given an opportunity of being heard before adjustment of input VAT credit which has been illegally taken earlier.

The concerned officer is required to dispose of the order within 30 working days which was 15 days in earlier year, receiving the written grounds of appeal giving the appellant an opportunity of being heard. **Section 9**

VAT registration

Any organization having more than one associate establishment located nearby under common ownership and keeps all records together can be registered under single registration. **Section 15**

Mandatory registration

According to SRO no.185 Law/ 2016/761-Mushak dated 2 June 2016, all manufacturers of taxable goods whose place of business are in Dhaka North City Corporation, Dhaka South City Corporation and Chittagong City Corporation are required to be registered under Section 15 of the VAT Act, 1991 irrespective of its annual turnover. **Section 15**

Amendments of the scope of alternative dispute

Irrespective of whatever might be there in sub section 1, Serious cases of forgery or criminal offence and cases requiring settlement in normal courts of law in public interest shall remain outside the purview of Alternative Dispute Resolution. **section 41 Ga(2)**

Time limit for submission of application and disposal of ADR

Time limit for submission of application – Within 20 days from the issue date of notice for that ADR application.

Time limit for negotiation and disposal – Within 50 days of the filing of the application. **Section 41(uma)(cha)**

Price declaration

Divisional officer is now not required to give his decision within the limit of 15 days with regard to price declaration or revised declaration by any registered person who is engaged in supplying taxable goods or services or export of goods or services. **Rules 3ka (1ka)**

Any registered person engaged in supplying taxable goods or services along with VAT exempted goods or export of goods or services is required to submit revised price declaration only if any anomaly comes to the knowledge of the commissioner. **Rules 3(1a)**

Approved value will not come into consideration for investigation or survey of price declaration of a particular goods by Divisional Officer, Circle Revenue Officer or any other Value Added Tax Officer. Now, investigation or survey will be carried out based on the amount of value addition and division of similar goods, actual cost, value declared or information related to market value, maintained at the Circle, Division or Commissioner's office. **Rules 3(3)**

During the investigation or survey of price declaration, if any deviation or inconsistency is found, the Divisional Officer, without giving hearing to the concerned registered person may request the Commissioner to take action in accordance with Sub-rules 7 of Rules 3 of the VAT Rules, 1991.

In case of sale of goods with discount, there is no limit for offering discount of any goods. Earlier, the maximum discount was 15% which could be valid only for 30 days in 12 months period. Currently, price of goods can be discounted at any rate at any time. Rules 3(6)

Second Schedule (Services exempted from Value Added Tax)

Ambulance service (involved in carrying patient and dead body) is inserted as a new clause "Gha" under paragraph 5- Transport Services. Therefore, ambulance service engaged in carrying patient and dead body has specifically been given exemption from VAT.

Exclusion from the schedule of VAT exempted service SRO no. 176/Law/2016/752-Mushak

Following service has been excluded from the schedule of VAT exempted service in table 4 (Service Stage):

Service Code	Service
S099.50	Product sale through online

Inclusion from the schedule of VAT exempted service SRO no. 176/Law/ 2016/ 752-Mushak

Service Code	Service
S099.20	Other miscellaneous services such as dying of gray fabrics, printing, finishing and calendaring related services
S074.00	VAT on office rent who are registered under service code S099.10 (ITES companies)

Minimum VAT for small Retailers has been Changed as follows SRO no. 181/Law/ 2016/757-Mushak

Area	Annual Value Addition Tk.	VAT Rate	VAT Amount Tk.
Dhaka North, South and Chittagong City Corporation	186,667	15%	28,000
Other City Corporation	133,334	15%	20,000
Municipal of any District	93,334	15%	14,000
Any other area of Bangladesh	46,667	15%	7,000

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	15
	General	7.5
Motor garage & workshop S003.10	Any type of automobile repair and servicing including spare parts	10
Dockyard S003.20	Any type of mechanical vessel repair & servicing including spare parts	10
Construction contractor S004.00	Any type of construction tender price	6
Land developer S010.10	Developed land sell/ handover value	3
Building construction contractor S010.20	Building sell/ handover value	
	1-1100 sft	1.5
	1101-1600 sft	2.5
Furniture sales center S024.00	At manufacturing level	6
	At total sell value	4
Gold and silver jewelry shop S026.00	Gold & silver ornaments sell value	5
Procurement provider (except school tiffin provider) S037.00	Supplied goods/service value	5
Transport contractor Petroleum General S048.00	Value received	
		4.5
		10
Electricity distributor S057.00	Sell value	5
Auctioneers S009.00		15
Purchaser of auctioned goods S060.00	Sell value of auctioned goods	4
Immigration consultant S067.00	Sell value of total service charge	15

Service Provider	Basis	VAT Rate %
English medium school S069.00	Total service value	7.5
Place and establishment rentee S074.00	Total rent value	15
Readymade garments selling organization with own brand S078.00	Total sell value	4
Information technology enabled service S099.10	Total service value	4.5
Sponsorship services S099.30	Total service value	15
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

Service Provider	Basis	VAT Rate %
Architect, interior designers or interior decorators S050.10		15
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
Renter of chartered planes or helicopters S058.00		15
Cleaning 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

Other Relevant Taxes and Levies

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 countries Tk. 1,200
Others including Middle East Tk. 3,000
Water Port Travel Tax Tk. 800
Land Port Travel Tax Tk. 500

SRO no. 159-Law/ Travel/2014, dated 26 June 2014

Air Travel Excise Duty

Services Rendered by Airline -

Issuing a domestic "Airline Ticket per seat" for single journey, which may involve one or more stops over on its way to ultimate airport of destination Tk. 500

Issuing an international "Airline Ticket per seat" for single journey, which may involve a connecting flight from a domestic airport for

- SAARC countries Tk. 500
- Other countries of Asia Tk. 1,000
- Europe, USA and rest of the world Tk. 1,500

Foreign national of Diplomatic class, showing his/her diplomatic passport at the Airline Ticket counter and check-in counter Nil

SRO no. 129-Law/ 2015 /314 Excise, dated 04 June 2015

Global Private Travel Entitlement

FE circular # 17/2014, 02/2015, 16/2016 Bangladesh Bank

Annual travel entitlement of resident Bangladeshi nationals 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\$ 5,000

ADs may release foreign exchange without visa to resident Bangladesh Nationals proceeding to the countries with provision of visa on port entry/ arrival basis upto unused annual travel quota entitlement applicable for country concerned subject to complying with other relevant instructions

FE circular # 23/2011, Bangladesh Bank

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

FE circular # 19/2016, Bangladesh Bank

enhance the limit of releasable foreign exchange for attending seminars, conferences, workshops and training, etc. abroad on per day basis.

travel to SAARC countries and Myanmar per day US\$ 350
for other countries per day US\$ 400

Stamp Duty

Adhesive/Non-Judicial stamp	Tk. 300	Letter of Continuity Adhesive Stamp	Tk. 200
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		Affidavit Non-Judicial Stamp	Tk. 200
Mortgage Non-Judicial & Pay Order Stamp		Deed of Redemption Non-Judicial Stamp	Tk. 300
Up to Tk. 2 million	Tk. 2,000	Certified copy of Non-Judicial Stamp	Tk. 50
More than Tk. 2 million but not more than Tk. 10 million	Tk. 5,000	Power of Attorney (PoA) Non-Judicial Stamp	
Above Tk. 10 million	Tk. 5,000 + 0.1% of the rest amount	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
Promissory Note Revenue Stamp		when authorizing one person or more to act in a single transaction other than above	Tk. 200
When payable on demand		when authorizing not more than 5 persons to act jointly and severally in more than one transaction or generally	Tk. 400
up to Tk. 2,000	Tk.10	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
from Tk. 2,001 to Tk. 10,000	Tk. 20	Cancellation & revocation of PoA	Tk. 300
In any other case	Tk. 50	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
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

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. 150
from	100,001 to 1million	500
above	1million to 10 million	1,500
above	10 million to 50 million	7,500
above	50 million	15,000

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	
up to 1500 CC	45	up to 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	up to 2000 CC	30
4000 CC+	500	Others (CKD)	
			60

Supplementary Duty on Services

S. Code	Description of service	SD %
S001.10	Hotel Provide accommodation, food if at the time of supplying drink also supply hard drink or arrange “floor show” even for one day in a year	10
S001.20	Restaurant Provide food or at the time of supplying drink also supply hard drink or arrange “floor show” even for one day in a year	10
S0012.10	Telephone Phone service provided by using only mobile phone SIM/RUIM	5
S0012.20	SIM card Supplier In case of cellular mobile/fixed wireless service supplying SIM or RUIM or microchip card or using CDMA or other technology (each time) for similar use	35
S023.10	Cinema Hall	0
S039.20	Distributor of Satellite Channel	25

Price up ↑ ↓ Price down

Services or Products

Bidi; cigarette; wheat and maize starch; talcum powder; ECG and ultrasonogram recording paper; textbooks for primary and secondary education; children's picture, drawing or colouring books; evaporative air coolers; UPS/IPS, etc.

Products or Services

LP gas cylinder (capacity below 5000 litres); WiFi/Wimax lan card; petroleum jelly, poultry and dairy food; locally made motorcycle; video conference device; LED lamps; bulbs and tubes without fittings; pipes and hoses; spare parts of diesel engine; ball bearings; machinery parts; gear boxes; brakes and servo brakes; fire resistant door; sprinkler system and equipments, etc.

List of Abbreviations

ADR	Alternative Dispute Resolution
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
CSE	Chittagong Stock Exchange
DCT	Deputy Commissioner of Taxes
DPS	Deposit Pension Scheme
DSE	Dhaka Stock Exchange
FMJ	Foreign Money and Jewellery
FS	Final Settlement
GoB	Government of Bangladesh
ITES	Information Technology Enabled Services
ICX	Interconnection Exchange
IGW	International Gateway
ITP	Income Tax Practitioner
JCT	Joint Commissioner of Taxes
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
SMT	Square Meter
SFT	Square Feet
SRO	Statutory Regulatory Order
TDS	Tax Deduction at Source
eTIN	Electronic 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 September 2016**. Readers should use information of this book along with subsequent amendments, if any

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