

Enrich Tax knowledge Develop the country for a better tomorrow

Bangladesh Income Tax Law 2023 and
National Budget, FY 2023-2024
Key highlights



 Bank Asia

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Preamble

This book has been prepared for informational and applicational purposes only in a synopsis form. If anyone feels any confusion regarding this matter, they should verify the related laws.

Chairman's Message



I am very delighted that Bank Asia is publishing a booklet focusing on “Bangladesh Income Tax Law 2023 and National Budget 2023-2024 Key highlights”. It is undeniable that our national budget serves as a blueprint for economic development, social welfare and infrastructure enhancement of the country. As a developing country, efficient management and collection of income tax play a pivotal role in the economic enhancement of the nation.

I believe this book will provide valuable insight to all stakeholders as well as clients of the bank. I also believe this book will be an excellent guide to all to perform our day-to-day activities.

ROMO ROUF CHOWDHURY

Chairman
Bank Asia Limited

President and Managing Director's Message

The budget for 2023-24 has been passed with the theme of “Towards Smart Bangladesh: Sustaining the Development Achievements in a Challenging World” and it aims to achieve a high growth rate, reduce poverty and inequality, ensure quality education, health and social security for all. However, major challenges of the budget shall be achieving the target of 7.5 per cent GDP growth while keeping the average inflation at 6.00%. Ensuring economic stability is the top priority of the government wherein financial institutions play vital role for achieving those goals. As one of the leading financial institutions, Bank Asia shall take the opportunity to get involved with the vision of the Government towards achieving the target through prudent lending to the productive business entities, financing & mentoring different sustainable development project (renewable & alternative energy, energy and resource efficient projects, waste management, green establishment, green agriculture, etc.) and channeling revenue and expenditure of the government to different stakeholders.

The Government has focused to increase the revenue base via a more inclusive approach across existing and new avenues. A higher focus has been given to domestic sourcing. Bank Asia carefully examines the changes in provisions regarding income tax, VAT, and other applicable tax & levies in newly enacted Income Tax Act, 2023.

This booklet shall provide an insight on major changes to the tax and VAT laws & regulations, a complete understanding of withholding tax, VAT and other pertinent issues that are required on regular basis.

Happy Reading!

SHAFIUZZAMAN

President and Managing Director (CC)
Bank Asia Limited

Summary on daily Banking Activities of Bangladesh National Budget, FY 2023-2024 & Income Tax Law 2023

Towards Smart Bangladesh Sustaining the Development Achievements in a Decade and a Half

NATIONAL BUDGET (yearly comparison of budget structure) *Core Tk.*

Sectors	Budget 2023-2024	Revised 2022-2023	Change in %
Total expenditure budget	761,785	660,507	15.33%
Revenue budget	500,000	433,000	15.47%
NBR Collection/Tax	430,000	370,000	16.21%
Deficit	261,785	227,507	15%
GDP growth	7.50	6.03	24%
Inflation	6	7.50	-20%

CORPORATE INCOME TAX

Corporate Tax Rate as per Finance Act 2023

Applicable corporate Tax rate for assessment year 2023-2024

SL	Corporate Category	Tax Rate %
1.	Publicly traded companies listed with DSE/CSE	20
2.	Non-publicly traded companies	27.5
3.	i) Mobile phone companies (not publicly traded)	45
	ii) Mobile phone companies (publicly traded)	40
4.	i) Banks, insurance, MFS, financial institutions listed with DSE/CSE	37.5
	ii) Banks, insurance, MFS, financial institutions (not publicly traded)	40
5.	Merchant banks	37.5
6.	Tobacco/Cigarette manufacturing companies	45
7.	One Person Companies	22.5
8.	Bangladeshi non-resident	30
9.	Association of persons, any artificial judicial person created by law and other taxable entities	27.5

SL	Corporate Category	Tax Rate %
10.	Co-Operative Society	15
11.	Private University, Medical, Dental, Engineering Collage/University or Information Technology	15
	Any dividend received from a company	20

* All income and receipts, and all expenses and investments over Taka 0.5 million for a single transaction and total Taka 3.6 million in a year shall be made through banking channel; otherwise, tax rate will be increased by 2.5%.

Definition

Income year | ITL 2023, 2(15)

Means the financial year immediately preceding the tax year and shall include—

- The period from the date of first commencement of a business to the 30th day of June following;
- the period from the date on which any new income arises to the 30th day of June next following;
- “from July 1st until the business or unincorporated body dissolves or the company winds up.”
- The period commencing on the first day of July to the date of retirement or death of a partner in an unincorporated firm;
- starting the day after the partner’s retirement or death in an unincorporated firm or on June 30th of the same year, if applicable.
- in the case of any bank, insurance or financial institution or any of its affiliates, for the next 12 (twelve) months commencing on the first day of January of the relevant year:

Taxpayer | ITL 2023, 2(22)

Means any person earning taxable income and includes the following persons, namely:

- (a) any tax or other payment under this Act any person liable to pay;
- (b) any person whose assessable income or that of another person is under considerations
- (c) act for determining minimum tax payment and filing requirements for liable persons.
- (d) any person willing to assess tax and file return
- (e) Any person willing to assess tax and file return person;
- (f) any person deemed to be a taxpayer or defaulting taxpayer under any provision of this Act;
- (g) against whom any proceedings under this Act has been accepted;

Tax Day | ITL 2023, 2(23)

- (a) In case of a taxpayer other than a company, the year of income
- (b) november 30th is the due date for individuals, and for companies, it's the 15th of the seventh month after the income year end. If the 15th falls before September 15th, then it's due on September 15th.
- (c) the 30th day of June next following the end of the income year in the case of a natural person taxpayer who has never filed a return before;
- (d) in the case of a natural person taxpayer residing abroad, the 90th (ninety) day from the date of his return to Bangladesh, if such person—
 - (i) stays outside Bangladesh on leave for higher education or on deputation or deputation for employment; or
 - (ii) resides outside Bangladesh in possession of a valid visa and permit for the purpose of earning money;
- (e) if the day mentioned in sub-clauses (a) and (b) is a public holiday, then the next working day after that day;

Company | ITL 2023, 2(31)

Means a company within the meaning defined in the Companies Act, 1994 (Act No. 18 of 1994), and shall include

the liaison office, representative office or branch office of a foreign establishment; Any permanent establishment of any foreign entity or

person; by or under the laws of any country outside Bangladesh any association or body registered under any bank, insurance or financial institution; Any industrial and commercial organization, foundation, society, cooperative society and any educational institution: Bureau of NGO Affairs or Microcredit Regulatory Authority Any organization registered with; any firm, corporation, joint venture or association of persons, by whatever name called, if such A person is a company or foreign entity within the meaning of the Companies Act, 1994 (Act No. 18 of 1994); Statutory Government Authorities, Local Authorities, Autonomous Bodies; by or under any law for the time being in for entity established or formed; all entities other than natural persons, firms, associations, trusts, Hindu undivided families and funds; Not incorporated by or under any law, as such Any foreign association or body which, by the Board, general or by special order, the company for fulfilling the purpose of this Act may be declared as;

Trusts | ITL 2023, 2(38)

Constituted under the Trust Act, 1882 (Act No. II of 1882) and trusts as defined in the Specific Relief Act, 1877 (Act No. II of 1877) shall also include:

Scheduled bank | ITL 2023, 2(41)

Means a scheduled bank as defined in article 2(j) of the Bangladesh Bank Order, 1972 (President's Order No. 127 of 1972);

Fund | ITL 2023, 2(42)

Means any fund created or recognized under any law or rule for the time being in force;

Firm | ITL 2023 2(58)

As per Partnership Act, 1932 "Partnership" is the relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all.

Persons who have entered into partnership with one another are called individually "partners" and collectively "a firm", and the name under which their business is carried on is called the "firm name".

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Export | ITL 2023 2(80)

Refers to goods/services supplied from Bangladesh to outside, including locally produced materials for export-oriented industries under domestic back-to-back LCs;

Securities | ITL 2023 2(87)

Shall include

- (a) Treasury Bills, Bonds, Savings Papers (Sonchoy Potro), Debentures, Sukuk or Shariah-based securities or similar instruments issued by the Government;
- (b) Includes shares, bonds, derivatives, mutual funds, sukuk, and similar instruments, excluding currency, notes, drafts, and trade receivables/payables.

Interest | ITL 2023 2(88)

Shall include—

- (a) any form of financial assistance, such as loans, borrowings, trades Against credit, advance, security or guarantee any interest or financial liability paid; or
- (b) service Fees or any such charge or payment which shall be treated as financial equivalent interest, however, it shall not include expenses involved in raising money or capital;

Recognized Provident Fund | ITL 2023 2(90)

Means such Provident Fund as is approved by the Commissioner under the provisions of Part 3 of the Second Schedule;

List of entity which returns submission is not mandatory:-

Section - 166 (2), ITL 2023

- (a) any educational institution--
- (b) which is a primary or pre-primary school or a government secondary or higher secondary school teaching in Bengali, or which is a monthly payment order (MPO) educational institution; And
 - (i) which does not have an English version of the curriculum;
 - (ii) Government Universities;

- (c) Bangladesh Bank;
- (d) local authorities;
- (e) Statutory public authorities or bodies having no income other than funds and interest income received from the Government;
- (f) any entity established or constituted by or under any law for the time being in force having no income other than funds received from the Government;
- (g) Government Provident Fund and Government Pension Fund;
- (h) any non-resident natural person who has no fixed base in Bangladesh; or
- (j) persons exempted from filing returns by the Board, by notification in the Official Gazette.

List of abbreviations

SRO	Statutory Regulatory Order
ITL	Income Tax Law
eTIN	Electronic Taxpayer's Identification Number
VAT	Value Added Tax
NBR	National Board of Revenue
FY	Financial Year
ITO	Income Tax Ordinance
GoB	Government of Bangladesh
GDP	Gross domestic product
DSE	Dhaka Stock Exchange
CSE	Chittagong Stock Exchange
MFS	Mobile Financial Services

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 June 2023**. Readers should use information of this book along with subsequent amendments, if any

Schedule 3

[Rule 10 (2) Note]

Details of deduction of tax at source from other than salaries

(Certificate Issuing Person
or organization name and address)
(office letterhead may be used)

Certificate of Deduction/Collection of Tax at Source

Serial No.

Date:

01.	Payee Name:					
02.	Address of Payee:					
03.	Whether payer has TIN?	Yes	<input type="checkbox"/>	No.	<input type="checkbox"/>	
04.	12 Digit TIN (if reply to serial no. 03 Yes)					
05.	Paid for any period [to be (date) - to (date)]					

06. Details of Payment and Tax Deduction (Attach Table as required)

Serial No.	Date of payment	Payment details	Clause	Payment Amount (TK)	Tax deduction Amount (TK)	Comment
1.						
2.						

07. Payment of Tax Deducted at Source to Government Exchequer (Attach Table as applicable)

Serial No.*	Challan No. *	Challan Date	Bank Name	Amount specified in Challan (TK)	Amount relating to this certificate (TK)	Comment
1.						
2.						
Total:						
In Word:						

* If the payment is made through any other medium as per the specific instructions of the National Board of Revenue, then the details of the respective medium should be provided.

The information provided above is correct and complete; Confirm this.

Name of the person issuing the certificate:
Designation:
Withholder Identification Number:
Phone & Email:

Signature and seal
Date:

Schedule 4

[Rule 10 (3) Note]

Details of tax deduction at source

(Certificate Issuing Person
or organization name and address)
(office letterhead may be used)

Certificate of Deduction/Collection of Tax at Source

Serial No.					Date:
01.	Name of the person from whom the tax has been deducted				
02.	Address:				
03.	Does the person have TIN?	Yes	<input type="checkbox"/>	No.	<input type="checkbox"/>
04.	TIN (if answer to question 3 is yes)				

05. Details of Tax Collection (Attach Table as required)

Serial No.	Date of Collection	Tax collection details	Clause	Amount of Tax Collection (TK)	Comment
1.					
2.					
Total:					

06. Payment of Tax Collected to Government Exchequer (Attach Table as required)

Serial No.*	Challan No. *	Challan Date	Bank Name	Mentioned total Amount in Challan (TK)	Amount (TK) concerned in the certificate	Comment
1.						
2.						
Total:						
In Word:						

* If the payment is made through any other medium as per the specific instructions of the National Board of Revenue, then the details of the respective medium should be provided.

The information provided above is correct and complete; Confirm this.

Name of the person issuing the certificate:
Designation:
Withholder Identification Number:
Phone & Email:

Signature and seal
Date:

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Deduction of source tax from payment to contractors/suppliers

Section 89, ITL 2023, Rule 3, SRO no. 206-Law/ Income Tax-01/2023, dt 26 June 2023 (Section 52, Rule 16 ITO 1984)

SL	Base Value	Rate
1.	Up to Tk. 50,00,000	3%
2.	Above Tk. 50,00,000 but below Tk. 2,00,00,000	5%
3.	Above Tk.2,00,00,000	7%

The rate of tax under sub-rule (1) shall be fifty percent (50%) higher if the payee fails to submit **proof of submission of return** at the time of making the payment.

Submission of any Tax exemption certificate from NBR may deduct or reduce rate deduction.

Excise Duty.

Annual maximum limit of excise duty applicable based on annual transaction limit whether credit or debit during a calendar year as per SRO no. 162-Law/ 2022/175- excise, dt 1st June 2022

Slab	FY 2023-2024
Up to Tk. 1 lakh	Nil
From Tk. 1 lakh but does not exceed Tk. 5 lakh	Tk.150
From Tk. 5 lakh but does not exceed Tk. 10 lakh	Tk.500
From Tk. 10 lakh but does not exceed Tk. 1 crore	Tk.3,000
From Tk. 1 crore but does not exceed Tk. 5 crore	Tk.15,000
Above Taka 5 crore	Tk.50,000

Collection of tax from export proceed

Section 123, ITL 2023 (Section 53BB, ITO 1984)

SL	Service	Rate
1	Collection of tax from export of certain items	1%

Tax deduction at source from interest on saving deposits and fixed deposits, etc.- | Section 102 ITL 2023 (Section 52F, ITO 1984)

SL	Types of the payee	Rate
1	Where the payee is a company	20%
2	Where the payee is a person other than a company	10%
3	Applies to public universities, MPO-enlisted educational institutions following government-approved curriculum, professional institutes governed by Chartered Accountants, Cost and Management Accountants, or Chartered Secretaries.	10%
4	Where the payee is recognized provident fund, approved gratuity fund, approved superannuation fund or pension fund	5%

If the payee is required to submit a return under section 166 but fails to provide proof of submission, the deduction rate will be 50% higher.
Applies to section 142 source tax collection rules ITL 2023.

For the purpose of sub-section (2), **the proof of submission of return of parent shall be considered as the proof of submission of return of a minor.**

Nothing contained in this section shall apply-

- excludes interest or profit share from Govt. or Govt.-approved Bank deposit pension schemes.
- Exempts income of specified payees as per Board's order."

Newly Inserted ITL 2023

Tax deduction on Non Residence Section 119 ITL 2023, (Section 56, ITO 1984) SRO no. 206-Law/ Income Tax-01/2023, dt 26 June 2023, para 5

SL	Service	Rate	Previous Rate
1	Advisory Services	20%	
2	Pre - Shipment Inspection	20%	
3	Professional Service, Technical Service, Technical know-how or technical assistance	20%	Not applicable
4	Architecture, Interior Design or Landscape Design, Fashion Design or Process Design	20%	
5	Courier Service	15%	

- If the Board/NBR issues a certificate within 30 days stating that a non-resident is not liable to pay tax in Bangladesh, the payment will be made without deduction of tax or with deduction of tax at a reduced rate.
- The tax deducted under this section shall be deemed to be the minimum tax of the recipient on the income on which such tax is deducted and shall not be adjusted against any claim.
- A non-resident taxpayer must pay capital gains tax before shares can be transferred.
- If any tax collected under this section is deposited in the name of a resident person, the tax under this section shall be deemed not to have been collected.
- Deduction of tax at source under this section **shall not be applicable** on remittance of the following amounts remitted to a non-resident, namely:-
 - Arbitration Fees;
 - money remitted for Hajj;
 - Money for Priority Pas

Consequences of failure to deduct, collect, etc.

Section 143 ITL 2023 (Section 57, ITO 1984)

- Where a person-
 - fails to deduct or collect tax at source as required by or under the provisions of this Chapter; or
 - deducts or collects tax at a lesser rate or in lesser amount; or
 - after deducting or collecting tax under this Chapter, fails to pay the same to the credit of the Government, or pays to the credit of the Government an amount lower than the collected or deducted amount; or
 - fails to comply with any other provision of this Chapter; such person shall be deemed to be an assesee in default, and without prejudice to any other consequences to which such person may be liable, shall be liable to pay—
 - the amount of tax that has not been deducted or collected; or
 - the amount which was required to be deducted or collected under this Chapter as reduced by the amount that has been actually deducted or collected; or
 - the amount that, after being collected and deducted, has not been paid to the credit of the Government; or
 - a penalty not exceeding Taka ten lakhs for being noncompliant in respect of cases other than the cases mentioned above.

Certificate of deduction, etc. of tax | Section 145, ITL 2023.
(Section 58, ITO 1984)

- every person who has deducted or collected tax must provide a certificate of tax deduction or collection to the person from whom the tax was deducted or collected.
 - the name and TIN of the person from whom tax was deducted or collected, and the amount of deduction or collection.
 - section or sections under which tax has been deducted or collected;

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- (d) the particulars of the payment of deducted or collected amount to the credit of the Government; and
 - (e) such other particulars as may be prescribed.
- (2) the Board may specify by notification
- (a) in the official gazette the cases in which the certificate of tax deduction or collection shall be generated or furnished electronically.
 - (b) specify the manner in which such electronic, machine readable or computer readable certificate shall be generated or furnished.]

Newly Inserted ITL 2023

Source Tax deduction collection, confirmation & verification

Section 147 ITL 2023

If any authority empowered under this section enters the premises or place of a person or if he faces any kind of obstruction or non-cooperation after expressing his intention to enter, he may impose a fine not exceeding 50 (fifty) lakh on such person.

Proof of Submission of Return required in certain cases

Section 264 ITL 2023 (Section 184A)

Proof of submission of return required in certain cases.-

(1) Notwithstanding anything contained in this Ordinance, a person shall be required to furnish a proof of submission of return in the cases mentioned in sub-section (3).

- (2) The proof of submission of return shall be-
 - (a) an acknowledgment receipt of return prescribed by the Board; or
 - (b) a system generated certificate containing name and Taxpayer's Identification Number (TIN) of the person and the year for which return has been submitted; or
 - (c) a certificate issued by the Deputy Commissioner of Taxes containing name and TIN of the person and the year for which return has been submitted.
- (3) The proof of submission of return shall be furnished in the cases of -
 - (i) **applying for a loan exceeding Taka twenty lakh from a bank or a financial institution;**
 - (ii) becoming a director or a sponsor shareholder of a company;

- (iii) obtaining or continuing an import registration certificate or export registration certificate;
 - (iv) obtaining or renewal of a trade license in the area of a city corporation or paurashava
 - (vi) **obtaining or maintaining a credit card;**
 - (vii) **opening a letter of credit for the purpose of import;**
 - (viii) **opening and continuing bank accounts of any sorts with credit balance exceeding Taka ten lakh;**
 - (ix) **purchasing savings instruments (Sanchayapatra) of Taka exceeding five lakhs;**
 - (x) receiving any payment which is an income of the payee classifiable under the head "Salaries" by any person employed in the management or administrative function or in any supervisory position in the production function;
 - (xi) receiving any commission, fee or other sum in relation to money transfer through mobile banking or other electronic means or in relation to the recharge of mobile phone account; Omitted
 - (xii) submitting tender documents by a resident for the purpose of supply of goods, execution of a contract or rendering a service;
 - (xiii) submitting a bill of entry for import into or export from Bangladesh;
- (4) Submission of any Tax exemption certificate from NBR may deduct or reduce rate deduction.
- (6) The person to whom the proof of submission of return is furnished shall verify the authenticity of it in the manner as may be specified by the Board.
- (7) **Where the person responsible for processing any application or nomination, or approving any sanctioning any loan, issuing any credit card, allowing connection or operation, executing registration or making any payment, as the case may be, fails to comply with sub-sections**

shall be deemed to be an assessee in default and be liable to pay a penalty not exceeding Taka ten lakh as imposed by the Deputy Commissioner of Taxes.”

Details As prescribed in Section 264 ITL 2023

INTERNATIONAL TAX

(ITL-2023 Section 244), ITO 1984 Section 144

Double Taxation Avoidance Agreement

There are agreements on avoidance of double taxation between Bangladesh and 37 countries which are:

1 UK	14 The Netherlands	27 Switzerland
2 Singapore	15 Italy	28 Oman (air traffic only)
3 Sweden	16 Denmark	29 Mauritius
4 Republic of Korea	17 China	30 United Arab Emirates
5 Canada	18 Belgium	31 Myanmar
6 Pakistan	19 Thailand	32 Kingdom of Saudi Arabia
7 Romania	20 Poland	33 Nepal
8 Sri Lanka	21 Philippines	34 Kuwait
9 France	22 Vietnam	35 Bhutan
10 Malaysia	23 Turkey	36 Belarus
11 Japan	24 Norway	37 Bahrain
12 India	25 USA	
13 Germany	26 Indonesia	

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.

PERSONAL INCOME TAX

Taxable income and tax rates for individual taxpayers are as follows (Assessment year 2023-2024 as per Finance Act 2023)

Types of Tax Payer (Tax free income slab)	Existing FY 2022-23	Proposed FY 2023-24
	Taka	Taka
General Tax Payer	3,00,000	3,50,000
Women/ third gender and senior citizen aged 65 years or above	3,50,000	4,00,000
Physically Handicapped	4,50,000	4,75,000
War-wounded gazetted freedom fighters	4,75,000	5,00,000
Personal Tax Rate	Existing FY 2022-23	Proposed FY 2023-24
Total Income	Tax rate %	Tax rate %
1st Tk. 3,50,000	Nil	Nil
Next Tk. 1,00,000	5	5
Next Tk. 3,00,000	10	10
Next Tk. 4,00,000	15	15
Next Tk. 5,00,000	20	20
On the balance of total income	25	25

Minimum Tax for Individual Taxpayers Based on Location which is as follows:

Location	Minimum Tax Taka
Dhaka and Chattogram City Corporation Area	5,000

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Any other city Corporation area	4,000
Any other area	3,000

Other source tax deduction under Section 163 ITL 2023 also considered as minimum tax

TAX REBATE ON INVESTMENT | Section 78 ITL 2023 (Section 44, ITO 1984)

Investment allowance for tax rebate are as follows:

- (A) $0.03 \times 'KA'$, or
- (B) $0.15 \times 'KHA'$, or
- (C) 10 lakh, least amount within three.

'KA' = total taxable income, excluding tax-exempt and reduced-rate income, and minimum tax, and

'KHA' = the total amount of investment and expenditure of the taxpayer in accordance with Part 3 of the Sixth Schedule in any income year.

Sixth Schedule part A para 27 (Tax Exemption, deduction from taxable salary) one third of Salary income or 4.5 lakh which is lower

OTHER RELEVANT TAXES & LEVIES

Finance Act 2023, date 26 June 2023 part-3, Section 9

Environmental surcharge

If any taxpayer have more then one motor car, jeep, and micro bus registration and fitness renewal, an Environmental Surcharge Tax is payable at the specified rate.

Slab	Taka
up to 1500 CC	25,000
1501 to 2000 CC	50,000
2001 to 2500 CC	75,000

2501 to 3000 CC	150,000
3001 to 3500 CC	200,000
3500 CC+	350,000

Surcharge

Finance Act 2023, date 26 June 2023 part-2, Section 167 ITL 2023
Surcharge imposed on net wealth

Net Wealth	Surcharge Rate %
Up to Tk. 40 million	Nil
Tk. 40+ million to Tk. 100 million	10
Tk. 100+ million to Tk. 200 million	20
Tk. 200+ million to Tk. 500 million	30
Above Tk. 500 million	35

For the assessment year 2023-2024

Travel Tax Finance Act 2023, date 26 June 2023
Travel Tax law 2003, Section 12(3)

Particulars	Tax Amount
North and South America, Europe, Africa, Australia, New Zaland, China, Japan, Hong kong, North Korea, South Korea, Vietnam, Laos, Cambodia and Taiwan	6,000
SAARC countries	2,000
Others including Middle East	4,000
Air Travel Tax (domestic)	200
Land Port Travel Tax (international)	1,000
Water Port (international)	1,000

VALUE ADDED TAX (VAT)

The Value Added Tax Act, 2012 (amended upto June 30, 2023) and the Finance Act, 2023

Withholding VAT

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

Service Code	Service Provider	VAT Rate %
S001.10	Hotel (AC)	15
S001.20	Restaurant (AC)	5
S001.10	Hotel (Non-AC)	7.50
S001.20	Restaurant (Non-AC)	5
S002.00	Decorators and caterers	15
S003.10	Motor workshop and garage	10
S003.20	Dockyard	10
S004.00	Construction company	7.50
S 007.00	Advertisement agency	15
S008.10	Printing and press	10
S009.00	Auctioneer	10
S014.00	Indenting agency	5
S020.00	Survey firm	15
S021.00	Plant or machinery leasor	15
S024.00	Sales Centre of furniture	7.50
	(a) Manufacturer of Furniture (if purchased from direct factory rate 15%)	7.50
	(b) Sales Centre of Furniture (if at manufacturing level rate 7.5% VAT deposited) unless rate 15%	7.50
S028.00	Courier and express mail service	15
S031.00	Repairs or servicing of goods	10
S032.00	Consultancy and supervisory firms	15
S033.00	Lease/lessor	15

Service Code	Service Provider	VAT Rate %
S034.00	Audit and accounting firm	15
S037.00	Procurement provider	7.50
S040.00	Security service	10
S045.00	Legal consultants	15
S049.00	Transport player/provider	15
S050.10	Architect, interior design/ decorator	15
S050.20	Graphic designer	15
S051.00	Engineering firm	15
S052.00	Supply of light and sound systems	15
S053.00	Attendant- board meeting	10
S054.00	Advertisement broadcaster via satellite TV	15
S058.00	Chartered aircraft/helicopter	15
S060.00	Buyer of auctioned goods	7.50
S065.00	Cleaner/ up keeping/maintenance of building and floor	10
S066.00	Seller of lottery tickets	10
S071.00	Program organizer	15
S072.00	HR consultants /headhunters/ employee recruitment services	15
S099.10	IT enabled services	5
S099.20	Other various services	15
S099.30	Sponsorship services	15
S099.50	Credit Rating Agency	7.50
S015.10	Freight forwarders	15
S056.00	Banking and Non-Banking Service Provider	15

Withholding Tax: Rates applicable for Financial Year 2023-24 & as per new Income Tax Law 2023

General Provisions for Deduction or Collection of Tax at Source. Section 142. ITL 2023

(1) Exceptions to section 119 Unless provided otherwise, the tax rate for deduction or collection under this Chapter is **50% higher** if the person fails to produce **proof of filing a return**.

(2) Unless specified otherwise, tax deduction or collection rates are **50% higher** if payment is not received **via bank transfer**.

SI No	Head of Tax Withholding as per ITO 1984	Section as per new Income Tax Law 2023	Withholding rate of tax as per new Income Tax Law 2023	
1	Salaries [50]	Salaries [86]	Deduction at the average rate	
	Salaries (Government) [Sub-section (1A) of section 50]			
2	Discount on the real value of Bangladesh Bank Bills. (Section 50A)	Section 107	Maximum rate	
3	Interest on securities [51]	Section 106	5%	
4	Payment to contracts and sub- contracts (a) Execution of contract, other than a contract for providing or rendering a service mentioned in any other section of Chapter VII. (b) Supply of goods; (c) Manufacture, process or conversion; (d) Printing, packaging or binding [52 & Rule-16]	Section 89, Rule 3	Description	deduction of tax %
			Where base amount does not exceed taka 50 lakh	3
			Where base amount exceeds 50 lakh but does not exceed taka 2 crore	5
			Where base amount exceeds taka 2 crore	7
5	Payment of certain Services (52AA)	Specified person as mentioned in SRO no. 206-Law/ Income Tax-01/2023, dt 26 June 2023 w.e.f 01 July 2023		
	Advisory or consultancy service [52AA(1.1)]	Section 90, Rule 4	10%	
	Professional service [52AA(1.2i)]			
	Technical services fee; or [52AA(1.2ii)]			
	Technical assistance fee. [52AA(1.2iii)]			

SI No	Head of Tax Withholding as per ITO 1984	Section as per new Income Tax Law 2023	Withholding rate of tax as per new Income Tax Law 2023			
5	Catering service [52AA(1.3i)]	Section 90, Rule 4	10%	2%		
	Cleaning service [52AA(1.3ii)]					
	Collection and recovery agency [52AA(1.3iii)]					
	Private security service [52AA(1.3iv)]					
	Manpower supply service [52AA(1.3v)]					
	Creative media service [52AA(1.3vi)]					
	Public relations service [52AA(1.3vii)]					
	Event management service [52AA(1.3viii)]					
	Training, workshop, etc. organization and management service [52AA(1.3ix)]					
	Courier service [52AA(1.3x)]					
	Packing and Shifting service [52AA(1.3xi)]					
	Any other service of similar nature [52AA (1.3xii)] (c) on commission or fee (d) on gross bill amount					
	Media buying agency service (c) on commission or fee [52AA(1.4a)] (d) on gross bill amount [52AA(1.4b)]				10%	0.65%
	Indenting commission [52AA(1.5)]				8%	
	Meeting fees, training fees or honorarium [52AA(1.6)]				10%	
	Mobile network operator, technical support service provider [52AA(1.7)]				12%	
	Credit rating service [52AA(1.8)]				10%	
Motor garage or workshop [52AA(1.9)]	8%					
Private container port or dockyard service [52AA(1.10)]	8%					
Shipping agency commission [52AA(1.11)]	8%					

SI No	Head of Tax Withholding as per ITO 1984	Section as per new Income Tax Law 2023	Withholding rate of tax as per new Income Tax Law 2023	
5	Stevedoring/berth operator /terminal operator/Ship handling operator - (c) on commission or fee [52AA(1.12c)] (d) on gross bill amount [52AA(1.12d)]	Section 90, Rule 4	10%	
	(i) Transport service, carrying service, vehicle rental service, Repair and maintenance service; [52AA(1.13i)] (ii) Any other service under any sharing economy platform including ride sharing service, coworking space providing service and accommodation providing service; [52AA(1.13i)]		5%	
	Wheeling charge for electricity transmission [52AA(1.14)]		3%	
	Internet Service [52AA(1.15)]		10%	
	Service delivery agents engaged in mobile financial services or channel partners of mobile financial services [52AA(1.16)]		10%	
	Any service not listed in Chapter VII and not provided by banks, insurance, mobile financial services, or financial institutions.		10%	
6	C&F agency commission [52AAA]	Section 122	10%	
7	Manufacturer of non-mechanical cigarette (Bidi) [52B]	Section 129	10%	
Submission of any Tax exemption certificate from NBR may deduct or reduce rate deduction.				
8	Compensation against acquisition of property [52C]	Section 111	(a) 6% tax on compensation for immovable property within city corporation, paurashava, or cantonment board. (b) 3% tax on compensation for immovable property outside city corporation, paurashava, or cantonment board.	
9	Interest on saving instruments [52D]	Section 105	10%	
10	Payment to a beneficiary of Workers' Participation Fund (Section 52DD)	Section 88	10% (Previously 5%)	

SI No	Head of Tax Withholding as per ITO 1984	Section as per new Income Tax Law 2023	Withholding rate of tax as per new Income Tax Law 2023
11	Brick Manufacturer [52F]	Section 130	Tk.45,000 for one section brickfield, Tk.70,000 for one and half section brickfield, Tk.90,000 for two section brick field, Tk.1,50,000 for automatic brick field
12	Commission of letter of credit [52I]	Section 96	5%
13	Travel agent (Section 52JJ)	Section 95	Any person responsible for making any payment to a resident any sum by way of commission or discount or any other benefits, called by whatever name, convertible into money for selling passenger tickets or air cargo carriage shall deduct or collect advance tax at the rate of zero point three zero percent (0.30%) of the total value of the tickets or any charge for carrying cargo by air at the time of payment to such resident.
14	Renewal of trade license City Corporation or Paurashava [52K]	Section 131	Tk. 3,000 for Dhaka North City Corporation, Dhaka South City Corporation & Chittagong City Corporation; Tk. 2,000 for anyother city corporation; Tk.1,000 for any paurashava of any district headquarters; Tk. 500 for any other area.
15	Freight forward agency commission [52M]	Section 113	15%
16	Foreign technician serving in diamond cutting industry [52O]	Omitted	
17	Services from convention hall, conference centre etc. (Section 52P)	Section 110	5%
18	Any income in connection with any service provided to any foreign person by a resident person (Section 52Q)	Section 124	10% Note: 7.5% Tax where the remittance has been received as consideration for contract on manufacturing process or conversion, civil work, construction, engineering or works of similar nature.

SI No	Head of Tax Withholding as per ITO 1984	Section as per new Income Tax Law 2023	Withholding rate of tax as per new Income Tax Law 2023
19	International gateway service in respect of phone call. [52R]	Section 108	(1) 1.5% of total revenue received by IGW services operator. (2) 7.5% of revenue paid or credited to ICX, ANS and others (2A) 7.5% on the whole amount so paid or credited at the time of payment or credit Submission of any Tax exemption certificate from NBR may deduct or reduce rate deduction.
20	Payment in excess of premium paid on life insurance policy [52T]	Section 99	5% In case of death a policyholder, this section is not applicable.
21	Payment on account of purchase through local L/C [52U]	Section 97	3% on the amount paid or credited not being in the nature of Distributor Financing 1% on the amount paid or credited in case of Distributor Financing Agreement Tax shall be deducted at the rate of two percent (2%) in cases of local letter of credit (L/C) and any other financing agreement opened or made for the purchase or procurement of rice, wheat, potato, onion, garlic, peas, chickpeas, lentils, ginger, turmeric, dried chillies, pulses, maize, coarse flour, salt, edible oil, sugar, black pepper, cinnamon, cardamom, clove, date, cassia leaf, computer or computer accessories, jute, cotton, yarn and all kinds of fruits.
22	Payment of fees, revenue sharing etc. by cellular mobile phone operator [52V]	Section 98	10%
23	Import [53 & Rule 17A]	Section 120, (Rule 7)	(a) 5% (general rate) (b) 1% on certain imported goods (c) 2% on certain imported goods (d) Tk.500 per ton in case of import of certain items

Sl No	Head of Tax Withholding as per ITO 1984	Section as per new Income Tax Law 2023	Withholding rate of tax as per new Income Tax Law 2023
24	House property [53A]	Section 109	5% of the gross rent Note: If any assessment year house holder have not any taxable income excess deducted tax will be refunded. (Obtaining Certificate from DCT)
25	Shipping business of a resident [53AA]	Section 132	5% of total freight received or receivable in or out of Bangladesh 3% of total freight received or receivable from services rendered between two or more foreign countries
26	Export of manpower [53B, rule-17C]	Section 121	10%
27	Export of goods (Section 53BB)	Section 123	1% of the total export proceeds of all goods
28	Member of Stock Exchanges [53BBB]	Section 137	0.05% on the value of shares and mutual funds transacted
29	Goods or property sold by public auction [53C] [rule 17D]	Section 133	10% of sale price. Note: Not applicable for lands & plots
30	Courier business of a non-resident (Section 53CCC)	Omitted	
31	Payment to actors, actresses, producers, etc (Section 53D)	Section 93	(a) 10% on the payment in case of purchase of film, drama, any kind of television or radio program (b) 10% on the payment to actor/actress
32	Export cash subsidy (Section 53DDD)	Section 112	10%
33	Commission, discount or fees [Section 53E (1) and (2)] Commission, discount or fees [Section 53E(3)]	Section 94	(1) Companies paying commissions, incentives, or performance-related benefits to distributors or others shall deduct or collect 10% tax on the payment. (2) Companies paying for promotional services to distributors or marketers shall deduct 1.5% tax at the time of payment. (3) Companies selling goods below retail price shall collect 5% tax on the difference between the selling price and the retail price (except for cigarette manufacturers who collect 3% tax on the same difference).

SI No	Head of Tax Withholding as per ITO 1984	Section as per new Income Tax Law 2023	Withholding rate of tax as per new Income Tax Law 2023	
34	Commission or remuneration paid to agent of foreign buyer [53EE]	Section 116	10%	
35	Interest on saving deposits and fixed deposits etc. [53F]	Section 102	20%	Where the payee is a company
			10%	Where the payee is a person other than a company
			10%	For payees: public universities, MPO-enlisted educational institutions following approved government curriculum, and professional institutes governed by Chartered Accountants, Cost and Management Accountants, or Chartered Secretaries
			5%	Where the payee is recognized provident fund, approved gratuity fund, approved superannuation fund or pension fund
			(2) Exceptions: (a) Interest or profit from government-sponsored deposit pension schemes or approved bank schemes; (b) Payees exempted from tax as specified by the Board. (3) Proof of submission of the parent's return is considered proof for a minor's return.	
36	Real estate or land development business [53FF]	Section 126	As mentioned in Section 126.	
37	Insurance commission [53G]	Section 100	5%	
38	Fees of surveyors of general insurance company [53GG]	Section 101	15% (Previously 10%)	
39	Transfer of property [53H]	Section 125	As mentioned in Section 125.	
40	Collection of Tax from lease of property [53HH]	Section 128	4%	
41	Interest on deposit of post office saving bank account [53I]	Section 103	10%	
42	Rental value of vacant land or plant or machinery [53J]	Omitted		

SI No	Head of Tax Withholding as per ITO 1984	Section as per new Income Tax Law 2023	Withholding rate of tax as per new Income Tax Law 2023
43	Advertisement of newspaper or magazine or private television channel or private radio station or any web site or any person on account of advertisement or purchasing airtime of private television channel or radio station or such website. [53K]	Section 92	5% (Previously 4%)
44	Transfer of shares by the sponsor shareholders of accompany listed with stock exchange (Section 53M)	Section 135	5%
45	Transfer of shares of any Stock Exchange (Section 53N)	Section 136	15% (on gain)
46	Any sum paid by real estate developer to land owner (Section 53P)	Section 115	15%
47	Collection of Tax from motor vehicles plying commercially (Section 53Q)	Section 138	As prescribed in Section 138
48	Collection of tax from inland ships (Section 53R)	Section 139	As prescribed in Section 139
49	Dividends [54]	Section 117	Resident/non-resident Bangladeshi company --20% Resident/non-resident Bangladeshi person other than company -If TIN, 10% -If No TIN, 15%
50	Income from lottery [55]	Section 118	20%

SI No	Head of Tax Withholding as per ITO 1984	Section as per new Income Tax Law 2023	Withholding rate of tax as per new Income Tax Law 2023
51	Income of non- residents [56]	Section 119, Rule 5	
	Advisory Services		20% (newly inserted)
	Pre - Shipment Inspection		20% (newly inserted)
	Professional Service, Technical Service, Technical know-how or technical assistance		20% (newly inserted)
	Architecture, Interior Design or Landscape Design, Fashion Design or Process Design		20% (newly inserted)
	Certification, rating etc. [56(1.5)]		20%
	Charge or rent for satellite, airtime or frequency, rent for channel broadcast [56(1.6)]		20%
	Legal service [56(1.7)]		20%
	Management service including event management [56(1.8)]		20%
	Commission [56(1.9)]		20%
	Royalty, license fee or payments related to intangibles [56(1.10)]		20%
	Interest [56(1.11)]		20%
	Advertisement broadcasting [56(1.12)]		20%
	Advertisement making or Digital marketing [56(1.13)]		15%
	Air transport or water transport not being the carrying services mentioned in sections 102 or 103A [56(1.14)]		7.5%
	Contractor or sub-contractor of manufacturing, process or conversion, civil work, construction, engineering or works of similar nature [56(1.15)]		7.5%
	Supplier [56(1.16)]		7.5%
Capital gain [56(1.17)]	15%		

SI No	Head of Tax Withholding as per ITO 1984	Section as per new Income Tax Law 2023	Withholding rate of tax as per new Income Tax Law 2023
51	Insurance premium [56(1.18)]	Section 119, Rule 5	10%
	Rental of machinery, equipment etc. [56(1.19)]		15%
	Dividend- (a) company, fund and trust- [56(1.A.20)] (b) any other person, not being a company fund and trust - [56(1.B.20)]		20% 30%
	Artist, singer or player [56(1.21)]		30%
	Salary or remuneration [56(1.22)]		30%
	Exploration or drilling in petroleum operations [56(1.23)]		5.25%
	Survey for coal, oil or gas exploration [56(1.24)]		20%
	Fees, etc. of surveyors of general insurance company [56(1.24A)]		5.25%
	Any service for making connectivity between oil or gas field and its export point [56(1.25)]		5.25%
	Bandwidth payment [56(1.27)]		10%
	Courier Service		15%
	Any other payments [56(1.28)]		20%
52	Consequences of failure to deduct, collect, etc. (57)	Section 143	As prescribed in Section 143
53	Consequences of the issuance of certificate of tax deduction or collection without actual deduction, collection or payment. (57A)	Section 144	Where a person issues a certificate of deduction or collection of tax at source without actual deduction. The person shall be personally liable to pay the amount not being deducted, collected or paid to the credit of the Government.
54	Certificate of deduction, etc. of tax.(58)	Section 145	As prescribed in Section 145

SI No	Head of Tax Withholding as per ITO 1984	Section as per new Income Tax Law 2023	Withholding rate of tax as per new Income Tax Law 2023
55	Payment to Government of Tax deduction (59)	Section 146, Rule-8	All sums deducted or collected as tax under the provisions of this Chapter shall be paid. As per SRO # 206/Law/Income Tax-01/2023 dated 26 June, 2023(SL No. 8) time limits for depositing taxes withheld at source during will be as under.
56	Source Tax deduction collection, confirmation & verification	Section 147	As prescribed in Section 147
57	Collection of tax on transfer of shares	Section 134	15%
58	Collection of tax from commission paid on government stamps, court fees, cartridge paper	Section 127	10%
59	Tax deduction from resident interest income	Section 104	10%
60	Tax deduction against purchase of electricity (52N)	Section 114	6%
61	Deduction from amount paid for intangible property (52A)	Section 115	10% if the base price does not exceed 25 (twenty five) lakh rupees 12% If the base price exceeds Tk 25 (twenty five) lakhs

We will continuously update all.
Sincerely yours,

- Sd-
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An aerial, grayscale view of a city grid, showing a dense network of streets and building footprints. The perspective is from a high angle, looking down on the urban layout.

 **Bank Asia**



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