

# BANGLADESH INCOME TAX AT A GLANCE

Updated based on Finance Act 2019

**AWC**

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Bangladesh Income Tax at a Glance  
(Updated based on Finance Act 2019)

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# Preamble

This publication has been intended to give a brief overview of the Bangladesh Income Tax rules and procedures. The information provided is of general nature and not intended to address any specific industry or circumstances.

Readers are requested to seek adequately qualified tax professionals to address specific tax situations.

This document has been updated up to 30 June 2019.



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## 1. Scope of Bangladesh Income Tax

Income tax in Bangladesh is regulated primarily by the Income Tax Ordinance 1984. The Ordinance is amended every year during annual budget of the government in the form of Finance Act.

In addition to the Income Tax Ordinance 1984, Government sometimes issue Statutory Regulatory Orders (SRO), General Orders (GO) on specific issues, organizations or projects. In addition to above, there are several court orders which plays a significant role in income tax determination in Bangladesh.

## 2. What is Income Tax

Income tax means the income tax payable under the Income Tax Ordinance and includes any additional tax, excess profit tax, penalty, interest, fee or other charges payable under this Ordinance.

Income includes –

- a) any income, receipts, profits or gains, from whatever source derived, chargeable to tax under any provision of this Ordinance;
- b) any amount which is subject to collection or deduction of tax at source under any provision of this Ordinance;
- c) any loss of such income, profits or gains;
- d) the profits and gains of any business of insurance carried on by a mutual insurance association computed in accordance with paragraph 8 of the Fourth Schedule;
- e) any sum deemed to be income, or any income accruing or arising or received, or deemed to accrue or arise or be received in Bangladesh under any provision of this Ordinance;
- f) any amount on which a tax is imposed;
- g) any amount which is treated as income under any provision of this Ordinance

### 3. Personal Income Tax

#### 3.1. Individual Tax Free Income Threshold

Type of Person	Threshold in Taka
Any Person (other than below Categories)	250,000
Female & senior citizens at the age of 65 or above	300,000
Disabled	400,000
Gazette war wounded freedom fighters	425,000

*In case of parent / legal guardian of physically challenged person he, she will get further exemption of Tk. 50,000 in addition to above exemption.*

#### 3.2. Tax rates for individual, firm, AOP, HUF and Artificial Juridical Person:

Category	Threshold	Rate
Resident	First 250,000 / 300,000 /400,000/450,000 as the case may be	@0%
	Next 400,000	@10%
	Next 500,000	@15%
	Next 600,000	@20%
	Next 3,000,000	@25%
	Balance	@30%
Non Resident	Any Amount	@ 30%

### 3.3. Resident

An individual shall be considered resident, if he/she meets either of the criteria:

- The person stays 182 days or more in an income year; or
- The person stays 90 days or more in an income year and stays at least 365 days in total in previous four years.

A firm or other association persons are resident if control and management of affairs is situated wholly in Bangladesh in that year.

### 3.4. Minimum Tax for Individual

Minimum tax payable by individual is as follows depending on the location as follows if the total income exceeds the tax free threshold.

Location	Minimum Tax
Within Dhaka North, Dhaka South and Chittagong City Corporations	Tk.5,000
Any other City Corporation	Tk.4,000
Other than City Corporation	Tk.3,000

### 3.5. Source of Income of Individual Assessee

An individual can have multiple source of income which are categorized as follows:

- Income from Salary
- Interest on securities
- Income from house property
- Agricultural income
- Income from business or profession
- Capital gain
- Income from other sources.

### 3.6. Income from salary and exemptions

Income from salary includes the following:

- Basic Salary
- Festival Bonus

- Incentive Bonus
- Arrear Salary
- Advance Salary
- Wages or any other payment
- Overtime
- Contribution to PF
- Pension Fund
- Gratuity Fund
- Superannuation Fund
- Project pay
- Leave Encashment
- Compensation pay
- Leave Fare Assistance

The below table shows the limit of exemptions available as per the provision of Income Tax Ordinance 1984:

Income Head	Exemption	Taxable Income
Basic Salary	Nil	Fully taxable
House Rent Allowance (in cash/with salary)	Tk. 25,000 per month or 50% of basic salary, whichever is lower is exempt from tax.	Any amount over the exemption limit.
Rent free accommodation		Actual rent paid by employer or 25% of basic salary, whichever is lower shall be added to total income and taxed
Conveyance Allowance (in cash/with salary)	Tk. 30,000 per annum is exempt from tax.	Any amount over the exemption limit.
Conveyance provided for personal/private use		5% of the employee's basic salary or Tk. 60,000 whichever is higher, will be added with total income and taxed.

Income Head	Exemption	Taxable Income
Medical Expenses	<p>Tk. 120,000 per annum or 10% of basic salary, whichever is lower is exempt from tax.</p> <p>Medical expenses up to Tk. 1,000,000 paid to a disabled employee shall not be included in his total income.</p> <p>Medical expenses paid to an employee (other than a shareholder director) for a surgery relating to heart, kidney, eye, liver and cancer of the employee, shall not be included in the total income of such employee.</p>	Any amount over the exemption limit.
Festival Bonus	Nil	Fully taxable
Performance Bonus	Nil	Fully taxable
Utility expenses	Nil	Fully taxable
Telephone / Mobile allowance	Paid with salary	Fully taxable
Entertainment allowance	Nil	Fully taxable
Other allowances	Nil	Fully taxable
Travel (local & foreign)	Amounts paid at actual against bills/receipts are tax free.	Any benefit paid in addition in cash is taxable.
Any reimbursements	Tax free as long as it was incurred for official purposes.	

### 3.7. Investment Rebate

An individual can take investment rebate to reduce its tax liability. Ceiling of investment rebate is as follows:

Total Taxable Income	Investment Tax Rebate
Up to Tk. 1.5 million	15% of eligible amount
Over Tk. 1.5 million	10% of eligible amount

Eligible amount is the lowest of the following:

- Actual investment
- 25% of total income
- Tk. 15 million

Investment in the purchase of one computer or one laptop has been removed.

### 3.8. Area of Investment for rebate

The area of investments have specified in the sixth schedule part B of Income Tax Ordinance (ITO) 1984. Some of the areas are mentioned below.

- Any sum paid by an individual taxpayer as insurance premium for own life or spouse or a minor child But the premium will be up to 10% of the actual sum assured.
- Contribution to any provident fund to which Provident Fund Act, 1925 applies.
- Any sum representing the assesses and the employers contribution to a recognized provident fund in which the assessee is a participant subject to the limits laid down in Part B of First Schedule.
- Ordinary annual contribution to approved superannuation fund in which the taxpayer is also a participant.
- Any amount invested in any stocks or shares, debenture, mutual fund of a listed company with a Stock Exchange in Bangladesh
- Any sum invested in the purchase of the following:
  - ✧ NBR specified savings certificates or instruments
  - ✧ Unit certificates and mutual fund certificates

- issued by any financial institution or the Investment Corporation of Bangladesh (ICB) and its subsidiaries;
- ✧ NBR specified Government securities including Development loans or Bonds; and
  - ✧ NBR specified shares of investment companies.
- Any Deposit Pension Scheme (DPS) with a schedule bank or a financial institution but not exceeding BDT 60,000 yearly
  - Any sum invested in the purchase of Bangladesh Government Treasury Bond.
  - Followings are the areas where donation will be eligible for enjoying tax rebate:
    - ✧ Any sum paid as donation to a charitable hospital which is established out side the city corporation area one year before such payment and is approved by the NBR.
    - ✧ Any sum paid as donation to an organization set up for the welfare of retarded people, established at least one year before such payment and is approved by the Social Welfare Department and by the NBR.
    - ✧ Any sum paid as Zakat to the Zakat Fund or as donation or contribution to a charitable fund established by or under the Zakat Fund Ordinance, 1982.
    - ✧ Any sum paid as donation to any socio-economic or cultural development institution established in Bangladesh by the Aga Khan Development Network.
    - ✧ Any sum paid as donation to a philanthropic or educational institution which is approved by the Government.
    - ✧ Any sum paid as donation to a national level institution set up in memory of the liberation war.

- ✧ Any sum paid as donation to a national level institution set up in memory of Father of the Nation.

### 3.9. Charge of Surcharge

Surcharge is payable by individual assessee on total tax payable if the net worth exceeds BDT 3 crore (e.g. BDT 30 million)

Total Net Worth as Shown in the Statement of Assets and Liabilities Submitted as Required by Sec-80	Rate	*Min Surcharge
Up to 3 crore	NIL	NIL
Above 3 crore but not exceeding 5 crore or owns more than one motor vehicle or own a house property exceeding 8,000 sft in any city corporation area	10%	Tk. 3,000
Above 5 crore but not exceeding 10 crore	15%	
Above 10 crore but not exceeding 15 crore	20%	Tk. 5,000
Above 15 crore but not exceeding 20 crore	25%	
Above 20 crore	30%	

*\*Minimum Surcharge:*

*If net worth of an individual assessee exceeds Tk. 50 Crore, minimum surcharge will be higher of 0.1% of the net wealth or 30% of income tax payable.*

### 3.10. Deadline for Tax Return Filing (Tax Day)

The last date for filing tax returns in case of individual/artificial judicial persons/firm is 30 November following the end of the income year which is now termed “Tax Day”. As a result, an individual can file return any time from July 1 to November 30 of a year.

### 3.11. Scope of Total Income

In order to ascertain the tax liability it is important to understand the scope of total income. Total income of any income year of any person includes –



### **In relation to a person who is resident**

- ✓ All income from whatever sources derived which is received or deemed to be received in Bangladesh by or on behalf of such person or
- ✓ Accrue or arises or deemed to accrue or arise to him in Bangladesh during that year
- ✓ Accrue or arise to him outside Bangladesh during that year

### **In relation to a person who is a non- resident**

- ✓ All income from whatever sources derived which is received or deemed to be received in Bangladesh by or on behalf of such person or
- ✓ Accrue or arises or deemed to accrue or arise to him in Bangladesh during that year

In short, the resident will be charged to tax on world come basis while a non-resident will be charged to tax on income related to Bangladesh only.

### **3.12. Exclusion from Total Income**

Individuals having income other than salary are also entitled to certain exemptions under The Part A - Sixth Schedule of the Income Tax Ordinance 1984.

Income Head	Exempted Amount
Dividend of listed company	Tk. 50,000 per year
Payment from recognized Provident Fund or from Provident Fund as per Provident Funds Act 1925 or approved superannuation fund.	Exempted subject to conditions
Gratuity income	Tk. 25,000,000
Payment from Workers Profit Participation Fund (WPPF)	Tk. 50,000 per year
Income from mutual fund or unit fund	Tk. 25,000 per year

Income Head	Exempted Amount
Income from Wage Earners Development Bond, US Dollar Premium Bond, US Dollar Investment Bond, EURO Premium Bond, EURO Investment Bond, Pound Sterling Premium Bond, Pound Sterling Investment Bond	Fully exempt
Interest on Pensioner's savings certificate	Full. Provided that accumulated amount of investment does not exceed Tk. 500,000 at the end of the income year
Pension	Fully exempt
Any profit/ gain of non-resident under the head capital gain arising from the transfer of stocks or shares of listed company	Exempted subject to the condition that such assessee is entitled to similar exemption in the country in which he is a resident.
Any income earned in abroad by an individual being a Bangladeshi citizen brought any such income into Bangladesh as per existing laws applicable in respect of foreign remittance.	Fully exempt

## 4. Corporate Tax

### 4.1. Resident Company

Resident in respect of any income year, means –

- a) A Bangladeshi company or any other company the control or management of whose affairs is situated wholly in Bangladesh in that year and
- b) A local authority and every other artificial juridical person

### 4.2. Permanent Establishment

PE in relation to income from business or profession, means a place or activity through which the business or profession of a person is wholly or partly carried on and includes –

- a) a place of management
- b) a branch
- c) an agency
- d) an office
- e) a warehouse
- f) a factory
- g) a workshop
- h) a mine, oil or gas well, quarry or any other place of exploration, exploitation or extraction of natural resources
- i) a farm or plantation
- j) a building site, a construction, assembly or installation project or supervisory activities in connection therewith
- k) the furnishing of services including consultancy services, by a person through employees or other personnel engaged by the person for such purpose, if activity of that nature continue (for the same or a connected project) in Bangladesh and
- l) any associated entity or person that is commercially dependent on a non-resident person where the associated entity or person carries out any activity in Bangladesh in connection with any sale made in Bangladesh by the non-resident person

#### **4.3. Perquisite**

Any payment made to an employee by an employer in the form of cash or any other form excluding

- Basic salary
- Festival bonus
- Arrear salary; Advance salary
- Leave encashment
- Leave fare assistance
- Overtime
- Contribution to recognized PF, approved pension fund, approved superannuation fund

#### **4.4. Income Year**

- In case of Bank / Insurance / FI : Jan to Dec
- In Other cases:
  - ✧ New business: The period beginning with setting up a business and ending on 30 day of June
  - ✧ Old business: The period beginning with first day of July and ending on 30 day of June
  - ✧ Discontinuation: The period beginning with first day of July and ending with date of discontinuance

#### **4.5. Who can apply for different financial year**

Deputy Commissioner of Taxes may allow a different financial year for a company which is a subsidiary, including a subsidiary thereof, or a holding company of a parent company incorporated outside Bangladesh or a branch or liaison office thereof.

#### **4.6. When deduction not admissible**

- If withholding tax not been deducted by payer
- Salary payment made to any employee who does not have 12 digit TIN number (if it is required by law to obtain TIN)
- Any payment of salary in excess of Tk. 15,000 by cash
- Any payment made after the tax day by way of salary

to an employee if the employee is required to file the return of income but fails to file the same on or before the tax day or failed to obtain time extension as the case may be

- Any payment in excess of Tk. 50,000 by cash (except raw material /govt. obligation)
- Head Office or Intra group expenses exceeding 10% of net profit
- Payment of perquisite exceeding Tk. 550,000.
- Payment of royalty, technical fee, technical knowhow in excess of
  - ✧ 10% of net profit disclosed for first 3 years
  - ✧ 8% of net profit disclosed for subsequent years
- Overseas travel expenses in excess of 1.25% of disclosed turnover
- Payment of rent other than by crossed cheque
- Payment of entertainment expenses
  - ✧ On first 10 lacs profit – 4%
  - ✧ Balance amount – 2%
- Free Sample Expenses

Turnover Limit	Pharmaceutical Industry	Food, Cosmetic, Toiletries	In Case of Other Industry
Up to 5 crore	2%	1%	0.5%
Exceeding 5 crore but upto 10 crore	1%	0.5%	0.25%
Exceeding 1 crore	0.5%	0.25%	0.1%

#### 4.7. Treatment of disallowance

Inadmissible expenses will be subject to corporate tax separately regardless of loss from business. Example is given below.

Particulars	Previous	New
Loss before tax as per FS	(10,000,000)	(10,000,000)
Add: Inadmissible expenses	3,500,000	3,500,000
Loss from business	(6,500,000)	(6,500,000)
Tax liability as calculated on regular manner (a)	Nil	Nil
Minimum tax u/s 82C (b) - Assumed	200,000	200,000
Higher of (a) and (b)	200,000	200,000
Additional tax liability on inadmissible expenses (35% on 3,500,000)	Nil	1,225,000
Total tax liability	200,000	1,425,000

#### 4.8. Set off of losses

It is dealt with as per section 37 of the Income Tax Ordinance 1984. In the course of computing the total income under different heads of income for a particular year there may be losses under some heads of income which can be set- off against the income of any other source in that year in the manner noted below:

- **Income from securities:**  
The loss under this head can be set off with income from any other heads.
- **Income from House Property:**  
The loss under this head can be set off with income from any other heads.
- **Income from Agriculture:**  
The loss under this head can be set off with income from other heads except from capital gain.
- **Income from Business or Profession:**  
The loss under this head can be set off with income from any other heads except income from capital gain and income from house property.

- **Capital Gain:**  
The loss of capital gain can be from one source set off only income from capital gain from another source.
- **Speculation business:**  
The speculation business loss can be set off against gain of other speculation business.
- **Miscellaneous source:**  
Loss in case of miscellaneous source of income cannot be set off.
- **Salary**  
In case of salary income there is no question of loss and as such the provision of set off is not applicable.

#### 4.9. Charge of tax on stock dividend for listed company

Tax shall be payable by a company at the rate of 10% on the whole amount of stock dividend declared or distributed in the income year, If in income year, the amount of stock dividend declared or distributed exceeds the amount of cash dividend declared or distributed or Stock dividend declared without declaration or distribution of any cash dividend.

*Stock dividend = Cash dividend*  
*Stock dividend < Cash dividend*  
*Full Cash dividend*  
*If; Stock dividend > Cash dividend, then 10 % tax on whole amount of stock dividend*

#### 4.10. Charge of tax on Retained Earnings

If in the income year, the total amount transferred to retained earnings or any fund, reserve or surplus, by a company exceeds 70% of the net income after tax, tax shall be payable at the rate of ten per cent on the total amount so transferred in that income year.

*Maximum 70% transfer of net profit after tax to retained earnings or any fund, reserve or surplus which means 30% should be distributed as dividend*

#### 4.11. Additional Tax for unauthorized employment

Employer shall be charged additional tax at the rate of fifty percent (50%) of the tax payable on his income or taka five lakh, whichever is higher in addition to tax payable under this Ordinance for unauthorized employment of foreign national i.e. employment without work permit / approval of competent authority.

#### 4.12. Deemed Income

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

Sl.	Deemed Income	Head of Income
1	Unexplained cash credit in the books of accounts	Income from Other Source
2	Unexplained expenditure	Income from Other Source
3	Unrecorded investment	Income from Other Source
4	Income from discontinued business	Income from Business or Profession.
5	Dividend received	Income from Other Source
6	Fair market value – Purchase price of asset (except stock-in-trade)	Income from other source
7	Goodwill money, compensation or damages for cancellation or termination of contracts and licenses	Income from Other Source
8	Monetary value of benefit for cancellation of indebtedness	Income from other source
9	Managing Agency Commission	Income from Other Source
10	Profits and gains from insurance Business	Income from Insurance business
11	Amount received in respect of any loss, bad debt, expenditure or trading liability previously allowed as deduction	Income from Business or Profession



Sl.	Deemed Income	Head of Income
12	[Sale proceed – (original cost – written down value)] of building, machinery, plant used for business or profession	Income from Business or Profession
13	[Sale proceed – (original cost – written down value)] of machinery and plant used for agriculture	Agricultural income
14	[Insurance / salvage / compensation received – ((original cost – written down value) – scrap value) of building, machinery, plant used for business or profession	Income from Business or Profession
15	[Insurance / salvage / compensation received – ((original cost – written down value) – scrap value) of machinery and plant used for Agriculture	Agricultural income
16	Sale proceed – allowed capital expenditure] of asset used for scientific research	Income from Business or Profession
17	Loan, advance or deposit of any kind called by whatever name or gift unless/1:	Income from Other Source
	– Through bank transfer	Income from other source
	– A part of the loan is repaid or converted into consideration for any goods or services within the tax year in which case the amount repaid will be deductible.	Income from other source
	– From a bank or financial institution	Income from other source
	– Amount is below Tk. 500,000 by individual assessee	Income from other source
18	Loan or gift received which is transfer of initial capital of a business or profession, subject to certain conditions	Income from Other Source
19	Amount received from tenant which is not adjustable with rent	Income from House Property

Sl.	Deemed Income	Head of Income
20	Amount received from tenant any amount exceeding Tk. 2,00,000 other than bank transfer which is adjustable with rent	Income from House Property
21	Paid-up capital received by a non-listed company otherwise than by crossed cheque or bank transfer	Income from Business or Profession
22	Loan received by a company otherwise than by crossed cheque or bank transfer	Income from Other Source
23	50% of [Value of motor car / jeep purchased or hired – 10% of (paid- up capital + reserve + accumulated profit)] of a company	Income from Other Source
24	Unpaid liability in respect of credit purchase of building construction material, subject to certain condition	Income from Other Source
25	Unspent amount of deduction allowed for repair and maintenance of house property	Income from House Property
26	[Income shown in revised return – income shown in original return], subject to certain condition	Income from Other Source
27	Any payment made for acquiring any assets or constitutes any asset and tax has not been deducted (TDS) there from.	Income from other source.

### 4.13. Rates of Corporate Tax

The applicable rates of tax for companies are as follows:

Type	Rate
Publicly traded companies having registered office in Bangladesh i.e. companies listed with any stock exchanges in Bangladesh other than banks, insurance and other financial institutions, merchant banks, mobile phone operator companies and cigarette manufacturing companies. If such a company is not a publicly traded but transfers at least 20% shares through IPO it will enjoy a 10% rebate on tax in that year.	25%
Non-listed companies	35%
Banks, insurance and other financial institutions (except merchant banks) if not publicly listed.	40%
Banks, insurance and other financial institutions (except merchant banks) if publicly listed.	37.50%
Merchant banks	37.50%
Cigarette, bidi, zarda, gul and all tobacco manufacturers (companies, firms and individuals) irrespective of listing	45%
Mobile phone operator companies if not publicly listed as below.	45%
Mobile phone operator companies that convert themselves into a publicly traded company by transfer of at least 10% shares through stock exchanges, of which maximum 5% may be through Pre-Initial Public Offering Placement. If such a company transfers at least 20% of shares through IPO, it will enjoy a 10% tax rebate in the year of listing.	40%
Textile industries	15%
Jute Industries	10%
Knit wear and woven garments manufacturers and exporters	12%

Type	Rate
Knit wear and woven garments manufacturers and exporters with “green building certification”	10%
Private university/medical college/dental college/engineering college/college involved in IT education	15%
Co-operative societies registered under Co-operative Societies Act, 2001	15%
Dividend Income	20%
Capital gain arising from transfer of stocks and shares of any company registered under Companies Act, 1994	10%
Capital gain arising from transfer of capital assets other than stocks and shares of any company registered under Companies Act, 1994	15%

#### **4.14. Capital gains tax on sale of shares of listed companies**

Capital gain from transfer of stocks and shares of public limited companies listed with stock exchange except listed Govt. securities:

Particulars	Rate
a) For resident companies and firms	10%
b) Capital gain tax of non-resident shareholders ( refer to section 5.9)	15%
c) For sponsor shareholders and shareholder directors	5%
d) For resident individual holding at least 10% of total share capital of the company	5%

*Capital gains tax on sale of stocks and shares of public limited companies listed with stock exchange in respect of resident individual assessee shall be exempted from tax unless such residents fall in categories(c) and (d) above.*

#### **4.15. Capital gains tax other than sale of shares of listed companies**

In the case of a company , income from capital gains will be separated from total income and tax at 15% is payable on such capital gain regardless of the period of holding

of the asset from the date of its acquisition.

In the case of an assessee's other than a company, if the asset is transferred before the expiry of five years from the date of its acquisition, the capital gains will be taxed at the usual rate applicable to the assessee's total income including the capital gains. If the asset is transferred at any time after expiry of five years from the date of its acquisition, the capital gains will be taxed at the usual rate applicable to the assessee's total income including the capital gains or at the rate of 15% on the amount of capital gains whichever of the two is lower.

#### **4.16. Exemption of capital gains tax from sale of shares of listed companies for non-resident**

Any profits and gains of a non-resident assessee arising from the transfer of stocks or shares of a public company listed in any stock exchange of Bangladesh shall be exempt from income tax in Bangladesh subject to the condition that such assessee is entitled to similar exemption in the country in which he is a resident.

#### **4.17. Tax on dividend/remittance of profit**

A company paying dividend shall withhold tax at the rate of profit 20% on dividend payable to a company and at 10% (subject to furnishing 12 digit Tax Payer's Identification Number) or 15% on dividend payable to a resident individual. A company paying dividend shall withhold tax at the rate of profit 20% on dividend payable to any non-resident company and 30% in case of non-resident individual.

A branch company shall withhold tax at the rate of 20% while remitting profit to Head Office.

However in cases where dividend is payable to a shareholder resident in a country with which Bangladesh has signed a tax treaty, the rate mentioned in the tax treaty will apply subject to confirmation/certification from NBR.

#### **4.18. Minimum Tax**

Every firm with gross receipts in excess of Tk. 5,000,000 or every company, irrespective of profit or loss (for any reason) in any year is liable to pay minimum tax as follows:

##### **Higher of Three:**

1. Aggregated amount of tax deducted at sources (Import of goods as raw material by industrial undertaking engaged in the manufacturing of cement, iron or iron product has been excluded)
2. Tobacco, tobacco products bidi, etc manufacturer - 1% of gross receipts
  - ✧ Mobile phone operator – 2% of gross receipts
  - ✧ In other cases - 0.60% of gross receipts

*Provided that such rate of tax shall be zero point one zero percent (0.10%) of such receipts for an industrial undertaking engaged in manufacturing of goods for the first three income years since commencement of its commercial production.*

3. Tax calculated on income in regular manner.

## 5. Tax Incentives

### 5.1. Income from exports

50% of income derived by any taxpayer from export shall be exempted from tax, except for a company not incorporated in Bangladesh and company paying tax at a reduced rate.

### 5.2. Income from Industry set up in Export Processing Zone

At present the following exemptions are available on tax payable:

- For a period of 5 years if the industry is set up in Export Processing Zone located in Dhaka and Chattogram divisions excluding Rangamati, Bandarban and Kghagrasari districts;

Area	Year	Exemption % of income
Dhaka, Mymensingh and Chattogram divisions excluding Rangamati, Bandarban and Kghagrasari districts	1st and 2nd	100%
	3rd and 4th year	50%
	5th year	25%

- For a period of 7 years if the said industry is set up in EPZ located in Rajshahi, Khulna, Sylhet and Barisal divisions, Rangamati, Bandarban and Kghagrasari districts.

Area	Year	Exemption % of income
Rajshahi, Khulna, Sylhet and Barisal divisions and Rangamati, Bandarban and Kghagrasari districts	1st, 2nd and 3rd year	100%
	4th, 5th and 6th year	50%
	7th year	25%

*To attain above exemption of EPZ industries, proper books of accounts have to be maintained and must submit income tax return as per section 75 of ITO 1984.*

### **5.3. Income from the business of software development or Nationwide Telecommunication Transmission Network (NTTN) and Information Technology Enabled Services (ITES)**

Income derived from the business of software development or Nationwide Telecommunication Transmission Network (NTTN) and Information technology enabled Services (ITES) is to be tax exempt up to 30 June 2024. However those enjoying the exemption must file tax return annually disclosing the income along with income from other source, if any.

Information Technology Enabled Services (ITES) definition has been widened as below:

- Software development;
- Software or application customization;
- Nationwide Telecommunication Transmission Network (NTTN);
- Digital animation development;
- Website development;
- Website services;
- Web listing;
- IT process outsourcing;
- Website hosting;
- Digital graphics design;
- Digital data entry and processing;
- Digital data analysis;
- Geographic Information Services( GIS);
- IT support and software maintenance service;
- Software test lab service;
- Call centre service;
- Overseas medical transcription;
- Search engine optimization services;
- Document conversion, imaging and digital archiving;
- Robotics process outsourcing; and
- Cyber security services.



#### 5.4. Exemption of income from Cinema Hall or Cineplex

Any income derived from Cinema Hall or Cineplex has been given tax exemption facility starting commercial exhibition from 1 July 2012 to 30 June 2024 as stated below:

Area	Year	Exemption % of Income
Dhaka, Mymensingh and Chattogram divisions excluding Rangamati, Bandarban and Khagrassari districts	1st and 2nd	100%
	3rd and 4th year	50%
	5th year	25%

Area	Year	Exemption % of Income
Rajshahi, Khulna, Sylhet and Barisal divisions and Rangamati, Bandarban and Khagrassari districts	1st, 2nd, and 3rd year	100%
	4th, 5th and 6th year	50%
	7th to 10th year	25%

#### 5.5. Income from Production of corn, maize, or sugar beet

Income from Production of corn, maize or sugar beet is tax exempted up to 50%.

#### 5.6. Exemption of Income of export of handicrafts

Income derived from the export of handicrafts shall tax exempt up to 30 June 2024.

#### 5.7. Exemption of income of BSEC

Any income of Bangladesh Securities and Exchange Commission (BSEC) has been given tax exemption for 5 years from July 2017 to June 2022 as stated below:

Tax Exempted Period	Rate of Tax Exemption
First year	100%
Second year	80%
Third year	60%
Fourth year	40%
Fifth year	20%

### 5.8. Income derived from any SME

Income derived from any SME engaged in production of any goods having an annual turnover of not more than Tk. 5 million is tax exempted.

### 5.9. Incentive for private power generation companies (other than coal based)

Private power generation companies starting commercial operations after 1 July 2016 and complying with the requirements of private sector power generation policy of Bangladesh will get the following tax incentive:

- Private power companies' power generation income is exempt from corporate tax for a period of 10 years from the date of commencement of commercial operations.

Tax Exempted Period	Rate of Tax Exemption
First 5 years from the commencement of commercial production	100%
Up to next 3 years	50%
Up to next 2 years	25%

*All such companies shall maintain accounts and submit return in due date of filling under section 75.*

### 5.10. Incentive for coal based power generation companies

Coal based power generation companies (other than private power generation company) entering into agreement within 30 June 2020 and starting commercial

production within 30 June 2023 and complying with the requirements of private sector power generation policy of Bangladesh will get the following tax incentive:

- Power generation income is exempt from corporate tax for a period of 15 years from the date of commencement of commercial operations.
- Salaries of expatriate employees of such power generation companies shall also be tax exempt for a period of three years, starting from the date of arrival in Bangladesh.
- Interest payments to foreign lenders will be tax exempt. Royalties and technical assistances fees paid by such companies will also be tax exempt.
- Capital gains from the sale or transfer of shares by the investing company shall be exempt from tax.
- All such companies shall maintain accounts and submit return in due date of filing under section 75.

## **5.11. Public Private Partnership Project**

### **5.11.1. List of Public Private Partnership Project**

1. National Highways or Expressways and related Service Roads
2. Flyovers
3. Elevated and At-Grade Expressways
4. River Bridges
5. Tunnels
6. River port
7. Sea port
8. Airport
9. Subway
10. Monorail
11. Railway
12. Bus Terminals
13. Bus Depots
14. Elderly care home

### **5.11.2. Income from business from PPP project**

Income from business from PPP project is exempted (100%) from payment of tax for 10 years from the date of commencement of commercial operation of the project.

#### **Conditions:**

- ✓ The company has to obtain 12 digit e-Tin
- ✓ Maintain books of accounts
- ✓ File income tax return

### **5.11.3. Income of Foreign Technician in PPP Project**

Income of foreign technician working in the company engaged in PPP project is 50% exempted from payment of tax for 3 years from the date of appointment.

#### **Conditions:**

The facility is not available if the company has completed 5 years of commercial operation of the project. The person has to obtain 12 digit e-Tin and file income tax return.

### **5.11.4. Capital Gain /Royalty/Technical fee arising from PPP Project**

Capital gain from transfer of shares of company engaged in PPP is exempted from payment of tax for 10 years from the date of commercial operation of the project.

No tax on payment of royalty / technical know-how / technical assistance fee for 10 years from the date of commercial operation.

#### **Conditions:**

The company has to obtain 12 digit e-Tin, maintain books of accounts and file income tax return.

### **5.12. Investment in Economic Zones/Hi-Tech Parks**

No question shall be raised as to the source of Investment for setting up industrial undertaking If 10% tax is paid on the sum so invested before filing of the return for the concerned income year. Period: from July 2019 to June 2024.

### **5.13. Exemption from Tax of Industrial Undertaking**

Income, Profits/Gains of newly established industrial undertakings set up between July 2019 to June 2024 are exempted from payment of tax. The rates of exemption are different from year to year based on geographical location.

#### **Industrial Undertaking means -**

Active pharmaceuticals ingredient; agriculture machineries; automatic bricks; automobile; Components of electronics; bi-cycle; bio-fertilizer; biotechnology based agro products; boiler; compressor; computer hardware; furniture; home appliances; insecticides/pesticides; leather goods; LED TV; locally produced fruits/vegetables processing; mobile phone; petro-chemicals; pharmaceuticals; plastic recycling; textile machinery; tissue grafting; toy manufacturing

### **5.14. Exemption from Tax of physical infrastructure facility**

Income, Profits/Gains of newly established physical infrastructure facility set up between July 2019 to June 2024 are exempted from payment of tax. The rates of exemption are different from year to year based on geographical location.

#### **Physical infrastructure facility means -**

Deep sea port; elevated expressway; EPZ; flyover; gas pipe line; Hi-tech park; IT park; large water treatment plant ; LNG terminal and transmission line; mobile phone tower; mono-rail; rapid transit; renewable energy; sea or river port; toll road or bridge; underground rail; waste treatment plant.

## 6. Advance Payment of Tax

### 6.1. Installment of Advance Tax

Tax shall be payable by assessee during each financial year by way of advance payment of tax if the total income of the assessee for the latest income year in respect of which he has been assessed by way of regular assessment or provisionally assessed exceeds Tk. 600,000. Advance tax shall be payable in four equal installments in each financial year by –

- 15th Sep
- 15th December
- 15th March and
- 15th June

### 6.2. Advance tax of motor car owner

Every person owning a private motor car shall be deemed to have an income by which the motor car is maintained and shall pay advance tax as follows.

SL No	Particulars	Amount of Tax
1.	A Car or Jeep not exceeding 1500 cc	15,000
2.	A Car or Jeep exceeding 1500 cc but not exceeding 2000 cc	30,000
3.	A Car or Jeep exceeding 2000 cc but not exceeding 2500 cc	50,000
4.	A Car or Jeep exceeding 2500 cc but not exceeding 3000 cc	75,000
5.	A Car or Jeep exceeding 3000 cc but not exceeding 3500 cc	100,000
6.	A Car or Jeep exceeding 3500 cc	125,000
7.	A Microbus	20,000

*The rate of tax shall be 50% higher for each additional motor car if the owner has two or more motor cars in his name or in joint name with other person.*

## 7. Filing of Income Tax Return

As per Income Tax Ordinance, there is requirement of filing tax return which is stated below.

### 7.1. Who will file tax return

A return of income shall be filed –

- If the total income of the person during the income year exceeds the maximum amount that is not chargeable to tax or
- If such person was assessed to tax for any of three years immediately preceding that income year or
- If the person is –
  - ✧ Company
  - ✧ NGO
  - ✧ Cooperative society
  - ✧ Firm
  - ✧ An association of persons
  - ✧ Shareholder Director or shareholder employee
  - ✧ Partner of a firm
  - ✧ An employee of the government, on authority, corporation, body or units of the government, if the employee draws a basic salary of Tk. 16,000 or more
  - ✧ An employee holding an executive or management position in a business or profession
  - ✧ Micro Credit Organization having license with Micro Credit Regulatory Authority
  - ✧ A non-resident having PE in Bangladesh
- If the person, not being an institution established for charitable purpose or a fund has an income during the income year which is subject to tax exemption or lower tax rate under section 44 or
- If the person fulfill any of the conditions
  - ✧ Owns a motor car, or
  - ✧ Owns a membership of a club registered under any law governing value added tax, or
  - ✧ Runs any business having a trade license, or

- ✧ Registered with recognized professional body as doctor, dentist, lawyer, chartered accountant, cost and management accountant, engineer, architect, surveyor, or
  - ✧ Registered as income tax practitioner, or
  - ✧ Has a membership with chamber of commerce or trade association, or
  - ✧ Runs for an office of any paurashava, city corporation or a member of parliament, or
  - ✧ Participates in a tender floated by government, semi government or autonomous body, or
  - ✧ Serves in a board of director of a company or group of companies, or
  - ✧ Participates in a ride sharing arrangement by providing motor vehicle
- A return of income shall not be mandatory for
    - ✧ An educational institution receiving government benefits under monthly payment order (MPO), or
    - ✧ Public university, or
    - ✧ A fund, or
    - ✧ A non-resident, not being a non-resident individual having no permanent establishment in Bangladesh
    - ✧ A non- resident individual having no fixed base in Bangladesh
    - ✧ Any class of person which the Board by order official gazette exempt from filing of tax return



## 7.2. When to file tax return

Nature of Assessee	Timeline for Tax Return
Assessee - other than company	30 Nov following the end of income year
Assessee – Company	15th day of seventh month following the end of income year or 15th day of September following the end of income year where said 15th day falls before the 15th day of September

## 7.3. Revised Tax Return

Any person having filed return discovers any omission or incorrect statement may file a revised return at any time before the assessment is made.

## 7.4. Requirement regarding filing of Statement of International Transaction (TP return)

Every person who has entered into international transaction with associated enterprise shall file along with tax return, a statement of international transaction in the prescribed form. A transaction between associated enterprises for sales, purchases, leases, provision of services, lending or borrowing money or any other transaction resulting profit, losses, assets, financial position or economic value of the enterprise have been recognized as international transaction.

The definition further includes a mutual agreement between two associated enterprise for allocation or apportionment of any costs, or expenses in connection with any benefit, or facility. This basically indicates franchisee contracts, or payments of royalties, affiliations with other organization etc. However, the definition has also included any transaction between an enterprise and a person who is not an associated enterprise but the person is somehow has another contract with associated enterprise which similar to this kind of transactions. The transaction can even include payment in substance.

Every such person shall keep and maintain such information and documents as may be prescribed. The DCT may by notice in writing ask for a report from a Chartered Accountant or a Cost and Management Accountant if the aggregate value of international transaction with associated enterprise exceeds Tk. 3 crore (i.e. BDT 30 million)

## 8. Assessment

There are several ways of completing the assessment under Income Tax law. Most common methods of assessment are discussed below.

### 8.1. Universal Self-Assessment (u/s 82BB):

Under this scheme, individuals can electronically or manually submit an income tax return within the specified deadline and pay tax on the basis of such return. The Deputy Commissioner of Taxes (DCT) will then proceed to issue an acknowledgement of such return and this shall be deemed to be an order of assessment for that assessment year.

Returns filed under this section may be selected for audit within two years of the end of the assessment year. However, such returns or amended return except the return of income of a financial institution are not selected for audit if it shows a 15% increase in income over the last assessed year and are accompanied by:

- Evidence in support of income exempted from tax
- A copy of bank statement
- Account statement of any loan exceeding Tk. 500,000.
- Does not include receipt of gift during the year
- Does not show any income chargeable to tax at a rate reduced under Section 44
- Does not show or result in any refund.

### 8.2. Assessment on the basis of hearing /Normal assessment (U/S: 83)

Where a return or revised return has been filed and the Deputy Commissioner of Taxes is not satisfied without requiring the presence of the person who filed the return or the production of evidence that the return is correct and complete, he shall serve on such person a notice requiring him, on a date to be therein specified, to appear before the Deputy Commissioner of Taxes,

or to produce or cause to be produced before him or at his office, any evidence in support of the return. The Deputy Commissioner of Taxes shall, after hearing the person appearing, or considering the evidence produced in pursuance of the notice under section 83(1) and also considering such other evidence, if any, as he may require on specified points, by an order in writing assess, within thirty days after the completion of the hearing or consideration, as the case may be, the total income of the assessee and determine the sum payable by him on the basis of such assessment, and communicate the order to the assessee within thirty days next following.

## 9. Penalty

Descriptions	Penalty
Penalty for not maintaining accounts in prescribed manner	1.5 times of tax payable; Tk. 100 where total income does not exceed the maximum amount on which tax is not chargeable. Having income from house property – 50% tax payable on house property income or Tk. 5,000 whichever is higher
Penalty for failure to file return	10% of tax imposed on last assessed income or Tk.1,000 whichever is higher. In case of continued default Tk. 50 for every day. Such penalty shall not exceed –  - In case of an individual assessee who was not previously assessed – Tk. 5,000  In case of an individual assessee who was previously assessed – 50 % of tax payable on last assessed income or Tk. 1,000 whichever is higher
Penalty for using fake TIN	Not exceeding Tk. 20,000
Penalty for failure to verify TIN	Person responsible for processing application for loan, license, distributorship, credit card, allowing connection, execute any payment without TIN is furnished– Not exceeding Tk. 200,000 Person responsible for above if fails to verify – Tk. 50,000
Penalty for Failure to pay advance tax	Not exceeding the amount tax actually paid by him fall short of that should have been paid.
Penalty for non-compliance with notice	Not exceeding the amount chargeable on total income.

Descriptions	Penalty
Penalty for Failure to pay tax on the basis of return	Not exceeding the 25% of whole tax or such portion of tax has not been paid as the case may be.
Penalty for concealment of income	15% of tax which would have been avoided.
Penalty for incorrect or false audit report by Chartered Accountant	Tk. 50,000 – Tk. 200,000.
Penalty for fake audit report by Assessee	Tk. 100,000

## 10. Appeal

Situation	Appeal to	Time-frame	Payment	Disposal of Appeal
Aggrieved by the order of DCT	Commissioner Appeal / Additional Commissioner Appeal	Within 45 days	Tax liability on the basis of return submitted by assessee must be paid before filing appeal.	Within 150 days from the end of the month on which appeal was filed.
Aggrieved by the order of Appellate Joint Commissioner / Commissioner Appeal	Appellate Tribunal	Within 60 days	10% of difference between order by Commissioner Appeal and tax payable on the basis of return	Within 6 months from the end of the month on which appeal was filed.
Aggrieved by the order of Appellate Tribunal for question of law	High Court	Within 90 days	If tax demand does not exceed Tk. 10 lacs - 15% of difference between order by Appellate tribunal and tax payable on the basis of return.  If tax demand does exceed Tk. 10 lacs - 25% of difference between order by Appellate tribunal and tax payable on the basis of return.	Not specified

## 11. Avoidance of Double Taxation

### 11.1. Avoidance of Double Taxation Agreement

There are agreements between Bangladesh 34 countries for avoidance of double tax which are as follows.

1.	UK
2.	Singapore
3.	Sweden
4.	Republic of Korea
5.	Canada
6.	Pakistan
7.	Romania
8.	Sri Lanka
9.	France
10.	Malaysia
11.	Japan
12.	India
13.	Germany
14.	The Netherlands
15.	Italy
16.	Denmark
17.	China

18.	Belgium
19.	Thailand
20.	Poland
21.	Philippine
22.	Vietnam
23.	Turkey
24.	Norway
25.	USA
26.	Indonesia
27.	Switzerland
28.	Oman (Air tariff only)
29.	Mauritius
30.	UAE
31.	Myanmar
32.	Kingdom of Saudi Arabia
33.	Kingdom of Bahrain
34.	Republic of Belarus

### 11.2. Relief in respect of income arising outside Bangladesh

A resident in Bangladesh is entitled to get credit in respect of any tax paid in foreign jurisdiction on the same income being taxed in Bangladesh. The allowable credit is the sum calculated on double taxed income at the average of tax of Bangladesh or the average rate of tax of the said country whichever is lower.



## 12. Things to do for Tax Compliance

- ✓ Maintain books of accounts as per IAS / IFRS (U/S 35)
- ✓ Comply with TDS requirement on expenses and deposit on timely basis
- ✓ Pay advance tax (U/S 64)
- ✓ Pay balance tax on the basis of return U/S 74)
- ✓ Submit withholding tax return (U/S 75A)
- ✓ Submit annual return of salary (U/S 108)
- ✓ Submit information regarding filing of return by employees (U/S 108A)
- ✓ File income tax return (U/S 75)
- ✓ File statement of international transaction (U/S 107EE) and
- ✓ TP report certified by Chartered Accountant if required by DCT (U/S 107F)
- ✓ Respond to any notice issued by Tax Authority.

### 13. Withholding Tax Rates

#### Withholding Tax Rates for 2019-20:

Sl	Applicable for	Rate of Tax		Reference
1	Salaries including salaries of Government employee	As per ceiling of income		Sec – 50
2	Discount on real value of Bangladesh Bank bills	Higher of maximum rate or applicable rate		Sec – 50A
3	Remuneration to Member of Parliament	Average rate applicable to assessee based on personal tax rate structure		Sec – 50B
4	Interest on securities Subject to certain conditions	5%		Sec – 51
5	Payment for execution of contracts or sub- Contract, other than a contract for providing /rendering a service mentioned in any other section of Chapter-VII, supply of goods, manufacturing, processing, conversion, printing, packaging, binding	See details below (Amended)		Sec –52; Rule –16
	a. Subject to clause (b), in case of payment made sub-section (1) of section 52, the deduction on payment shall be	Up to 15 lakh	2%	Sec –52; Rule –16
		15 lakh- 50 lakh	3%	
		50 lakh-1 crore	4%	
		Exceed 1 crore	5%	
	b. The rate of deduction from the following classes of persons shall be at the following rate:	See details below		Sec –52; Rule –16
	In case of oil supplied by oil marketing companies	0% (payment up to 2 Lakh)		
	In case of oil supplied by oil marketing companies	0.60% (payment exceeds 2 lakh)		
In case of oil supplied by dealer/agent (excluding petrol pump station) of oil marketing companies, on any amount.	1%			

Sl	Applicable for	Rate of Tax		Reference
	In case of supply of oil by any company engaged in oil refinery, on any amount.	3%		
	In case of company engaged in gas transmission, on any amount.	3%		
	In case of company engaged in gas distribution, on any amount.	3%		
	In case of an Industrial undertaking engaged in producing cement, iron or iron products except MS billets	3%		
	In case of an industrial undertaking engaged in the production of MS billets	0.5%		
6	Payment for royalties, franchise, fee for using license, brand name, patent, invention, formula, process, method, design, pattern, know-how, copyright, trademark, trade name, literary / musical / artistic composition, survey, study, forecast, estimate, customer list or any other intangibles Subject to certain condition	Base amount up to Tk. 25 lakh: 10% of base amount  Base amount exceeding Tk. 25 lakh: 12% of base amount		Sec – 52A
7	Payment for following services	Base amount up to Tk. 25 Lakh	Base amount exceeding Tk. 25 Lakh	Sec – 52AA
8	Advisory or consultancy service	10%	12%	Sec – 52AA
9	Professional service, technical services fee, technical assistance fee	10%	12%	Sec – 52AA
10	Professional service by doctors	10%	12%	

Sl	Applicable for	Rate of Tax		Reference
11	Payment for following services	Base amount up to Tk. 25 Lakh	Base amount exceeding Tk. 25 Lakh	Sec – 52AA
12	Catering service a) On commission b) On gross amount	10% 1.5%	12% 2%	
13	Cleaning service a) On commission b) On gross amount	10% 1.5%	12% 2%	Sec – 52AA
14	Collection and recovery agency a) On commission b) On gross amount	10% 1.5%	12% 2%	
15	Management of events, training, workshops etc. a) On commission b) On gross amount	10% 1.5%	12% 2%	
16	Private security a) On commission b) On gross amount	10% 1.5%	12% 2%	
17	Supply of manpower a) On commission b) On gross amount	10% 1.5%	12% 2%	
18	Creative Media Service a) On commission b) On gross amount	10% 1.5%	12% 2%	
19	Public Relations Service a) On commission b) On gross amount	10% 1.5%	12% 2%	
20	Event Management Service a) On commission b) On gross amount	10% 1.5%	12% 2%	
21	Media Buying Agency Service a) On commission b) On gross amount	10% 1.5%	12% 0.65%	
22	Indenting commission	6%	8%	
23	Meeting fees, training fees or honorarium	10%	12%	Sec – 52AA
24	Credit rating agency	10%	12%	Sec – 52AA
25	Motor garage workshop	6%	8%	Sec – 52AA

Sl	Applicable for	Rate of Tax		Reference
26	Private container port or dockyard service	6%	8%	Sec – 52AA
27	Shipping agency commission	6%	8%	Sec – 52AA
28	Stevedoring / berth operation commission	10%	12%	Sec – 52AA
29	Transport service, car rental or ride sharing	3%	4%	Sec – 52AA
	Wheeling Charge for Electricity Commission	4%	5%	Sec – 52AA
30	Any service not mentioned in Chapter – VII, except for services provided by bank, insurance or financial institutions	10%	12%	Sec – 52AA
31	Mobile network operator, technical support service provider, service delivery agents engaged in mobile banking operations	Base amount up to Tk. 25 lakh: 10% of base amount Base amount exceeding Tk. 25 lakh: 12% of base amount		Sec - 52AA
32	Clearing & forwarding agency commission	10%		Sec - 52AAA
33	Manual cigarette manufacturer (Biri)	10%		Sec – 52B
34	Compensation against acquisition of immovable property situated in city corporation, paurashava or cantonment board area	2%		Sec – 52C
35	Compensation against acquisition of immovable property situated outside city corporation, paurashava or cantonment board area	1%		Sec – 52C
36	Interest on saving instruments Subject to certain conditions	10%		Sec – 52D
37	Payment of workers' participation fund	5%		Sec – 52DD

Sl	Applicable for	Rate of Tax	Reference
38	Brick manufacturer		Sec – 52F
	One section brick field	Tk. 45,000	
	One and half section brick field	Tk. 70,000	
	Two section brick field	Tk. 90,000	
	Automatic brick	Tk. 150,000	
39	Commission of letter of credit	5%	Sec – 52I
40	Travel agent Subject to certain conditions	0.30% of airfare or cargo charge	Sec – 52JJ
41	Renewal of trade license	See Details Below	Sec – 52K
	Dhaka North and South City Corporation or Chittagong City Corporation	Tk. 3000	
	Other City Corporation	Tk. 2000	
	Paurashava at any district headquarter	Tk. 1000	
	Other paurashava	Tk. 500	
42	Freight forward agency commission	15%	Sec – 52M
43	Rental power company	6%	Sec – 52N
44	Foreign technician serving in a diamond cutting industry	5%	Sec – 52O
45	Services from convention hall, conference center, etc.	5%	Sec – 52P
46	Services provided to any foreign person by a resident	10%	Sec – 52Q
47	International Gateway (IGW) service operator	1.5%	Sec – 52R
48	Interconnection Exchange (ICX), Access Network Services (ANS), any other person having agreement with BTRC	7.5%	Sec – 52R
49	Manufacturer of soft drink and mineral or bottled water	4%	Sec – 52S
50	Payment in excess of premium paid on life insurance policy	5%	Sec – 52T
51	Local letter of credit (on proceeds exceeding Tk. 500,000)	3%	Sec – 52U

Sl	Applicable for	Rate of Tax	Reference
52	Payment to regulatory authority by cellular mobile phone operator	10%	Sec – 52V
53	Importer (The rate may vary subject to certain conditions)	5%	Sec – 53; Rule – 17A
54	Rent payment for house property	5%	Sec – 53A
55	Shipping business of a resident	See Details Below	Sec – 53AA
	Freight received or receivable in or out of Bangladesh	5%	
	Freight received or receivable from service rendered between two or more foreign countries	3%	
56	Export of manpower	10%	Sec – 53B; Rule –
57	Export of knit wear, woven garments, terry towel, carton, garments accessories, jute goods, frozen foods, vegetables, leather goods, and packed food Subject to certain conditions	0.6% for all goods (except for jute goods) 0.60% for jute goods	Sec – 53BB;
58	Member of Stock Exchanges	0.05%	Sec – 53BBB;
59	Export of goods except for items specified in Section – 53BB Subject to certain conditions	0.60%	Sec – 53BBBB;
60	Goods or property sold by public auction	5% 1% for auction of tea	Sec – 53C; Rule – 17D
61	Courier business of a non-resident	15%	Sec – 53CCC
62	Purchase of film, drama, TV or radio program	10%	Sec – 53D(1)
63	Performance in film, drama, advertisement, TV or radio program Subject to certain condition	10%	Sec – 53D(2)
64	Export cash subsidy	10%	Sec – 53DDD
65	Commission, discount, fees	10%	Sec – 53E(1)

Sl	Applicable for	Rate of Tax	Reference
66	Distributor or other person purchasing goods at a price lower than fixed retail price Subject to certain condition	5%	Sec – 53E(2)
67	Commission or remuneration paid to agent of foreign buyer	10%	Sec – 53EE
68	Interest on savings deposit, fixed deposit, term deposit	See Details Below	Sec – 53F
	If TIN is furnished	10%	
	If TIN is not furnished and deposit amount is up to Tk.100,000	10%	
	If TIN is not furnished and deposit amount exceeds Tk. 100,000	15%	
	Public university, educational institutions, ICAB, ICMAB and ICSB	10%	
	Fund	5%	
69	Real estate or land development business	As specified in Section – 53FF	Sec – 53FF
70	Insurance commission	5%	Sec – 53G
71	Fees etc. of surveyor of general insurance company	10%	Sec – 53GG
72	Transfer of property	As specified in Section – 53H and Rule – 17II	Sec – 53H; Rule – 17II
73	Lease of property Subject to certain conditions	4%	Sec – 53HH
74	Interest on deposit of Post Office Savings Bank Account	10%	Sec – 53I
75	Rental value of vacant land, plant or machinery	5%	Sec – 53J
76	Advertisement or airtime bill of newspaper, magazine, private TV channel, private radio station, website	4%	Sec – 53K



Sl	Applicable for	Rate of Tax	Reference
77	Transfer of securities or mutual fund units by sponsor shareholder, director, placement holder of listed companies	5%	Sec – 53M
78	Transfer of share of shareholder of Stock Exchange	15%	Sec – 53N
79	Signing money, subsistence money, house rent etc. paid to land owner by real estate developer	15%	Sec – 53P
80	Dividend	See Details Below	Sec –54; Rule –19
	Company	20%	
	Assessee other than company, if TIN is furnished	10%	
	Assessee other than company, if TIN is not furnished	15%	
81	Lottery	20%	Sec – 55
82	Payment to non– resident for advisory or consultancy service	20%	Sec – 56
83	Payment to non– resident for pre- shipment inspection service	20%	Sec – 56
84	Payment to non– resident for professional service, technical services, technical know-how or technical assistance	20%	Sec – 56
85	Payment to non– resident for architecture, interior design, landscape design fashion design, process design	20%	Sec – 56
86	Payment to non– resident for certification, rating etc.	20%	Sec – 56
87	Payment to non– resident for charge or rent for satellite, airtime or frequency , rent for channel broadcast	20%	Sec – 56
88	Payment to non– resident for legal service	20%	Sec – 56

Sl	Applicable for	Rate of Tax	Reference
89	Payment to non– resident for management service including event management	20%	Sec – 56
90	Payment to non– resident for commission	20%	Sec – 56
91	Payment to non– resident for royalty, license fee or payments related to intangibles	20%	Sec – 56
92	Payment to non– resident for interest	20%	Sec – 56
93	Payment to non– resident for advertisement broadcasting	20%	Sec – 56
94	Payment to non– resident for advertisement making	15%	Sec – 56
95	Payment to non– resident for air transport or water transport	7.5%	Sec – 56
96	Payment to non– resident contractor or sub-contractor for manufacturing, processing or conversion, civil work, construction, engineering or works of similar nature	7.5%	Sec – 56
97	Payment to non– resident supplier	7.5%	Sec – 56
98	Payment to non– resident for capital gain	15%	Sec – 56
99	Payment to non– resident for insurance premium	10%	Sec – 56
100	Payment to non– resident for rental of machinery, equipment etc.	15%	Sec – 56
101	Payment to non– resident company for dividend	20%	Sec – 56
102	Payment to any non– resident person (except for company) for dividend	30%	Sec – 56
103	Payment to non– resident artist, singer or player	30%	Sec – 56

Sl	Applicable for	Rate of Tax	Reference
104	Payment to non– resident for salary or remuneration	30%	Sec – 56
105	Payment to non– resident for exploration or drilling in petroleum operation	5.25%	Sec – 56
106	Payment to non– resident for survey for oil or gas exploration	5.25%	Sec – 56
??	Fees etc of surveyors of General Insurance Company	20%	Sec - 56
107	Payment to non– resident for any service for making connectivity between oil or gas field and its export point	5.25%	Sec – 56
108	Any other payments made to non–resident for any other services	20%	Sec – 56
109	Any other payments to non–resident	30%	Sec – 56



Forward your questions to

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