



# Tax and Tariffs Regime of Bangladesh

**National Board of Revenue  
Bangladesh**

23 September 2019



# NBR: Basic Information

- National Board of Revenue is the apex revenue collection agency of Bangladesh.
- NBR collects about 87% of the total revenue of Bangladesh from five major sources: Personal Income Tax & Corporate Tax, Value Added Tax, Supplementary Duty, and Customs Duty.
- Direct Tax: 35%, Indirect Tax: 65%
- Tax as a percentage of GDP: 10% (NBR collects about 9.2% of GDP).



## NBR's Contribution to Total Revenue

FY	NBR Tax Revenue	Total Tax Revenue	% of Total Revenue
2006-07	37,219	47,912	78%
2007-08	47,436	62,005	77%
2008-09	52,527	66,302	79%
2009-10	62,042	77,954	80%
2010-11	79,403	95,874	83%
2012-13	109,151	134,635	81%
2013-14	120,820	145,896	83%
2017-18	187,106	216,557	86%
2018-19*	280,000	316,613	88%
2019-20**	325,600	377,810	86%



# Personal Income Tax Rates

Total Income (in BDT)	Rate (%)
On 1 <sup>st</sup> 2,50,000	Nil
Next 4,00,000	10
Next 5,00,000	15
Next 6,00,000	20
Next 30,00,000	25
Rest	30

- Tax exemption threshold is higher in the following cases:
  - (1) Women taxpayers: 3,00,000.
  - (2) For an individual aged 65 years or more: 300,000
  - (3) For persons with disability: 4,00,000
  - (4) For gazetted war-wounded freedom fighters: 4,25,000.

# Wealth Surcharge



Description	Surcharge (as % of tax liability)	Minimum surcharge
Net wealth up to Tk. 30 million	0	
Net wealth exceeding Tk. 30million but not exceeding Tk. 50 million Or ownership of 2 motor cars Or ownership of house property exceeding 8000 sq ft in a city corporation area	10	Tk. 3000
Net wealth exceeding Tk. 50 million but not exceeding Tk. 100 million	15	
Net wealth exceeding Tk. 100 million but not exceeding Tk. 150 million	20	Tk. 5000
Net wealth exceeding Tk. 150 million but not exceeding Tk. 200 million	25	
Above Tk. 200 million	30	
Above Tk. 500 million	30% of tax or 0.1% of net wealth, whichever is higher	



# Corporate Tax Rates

<b>General</b>	<b>Rate (%)</b>
Listed companies	25
Non-listed companies	35
<b>Special</b>	
Tobacco products manufacturing companies (listed or not)	45
Mobile phone operator companies-	
Listed	40
Non-listed	45
Bank, insurance, leasing and other financial institutions -	
Listed	37.5
Non-listed	40



# VAT Rates

Item	Application	Rate (%)
Standard rate	Domestic	15
Reduced rate	On selected products and services	2, 2.4, 4.5, 5, 7.5, 10
Fixed tax	On 7 headings at production stage	Different values



# Customs Duty (Import)

Item	Customs Duty (CD)
Major food items	0%
Capital machinery	1% (for all industries) (5% AT for commercial importers only)
Basic raw materials	5% - 10%% + (15% VAT ,5% AIT and 5% AT)
Intermediate products	10% + (15% VAT ,5% AIT and 5% AT)
Finished products	25% + 4%RD+ (15% VAT ,5% AIT and 5% AT)



# Customs Incentives for Investment and Trade Facilitation



Duty free benefit of Machinery and raw materials for the industries established in Hi-tech park and Economic Zone

1% Customs Duty (CD) for importing Capital Machinery and Spare Parts (0% - VAT and 0% - SD)

Special concessionary CD for importing raw materials of Pharmaceutical, Textile, Toy Manufacturing, Telecommunication and Handloom Industries

Import of Machinery, Spare Parts and Raw Materials of Poultry and Dairy Farms are exempted from CD

Import of Machinery, Spare Parts and Raw Materials of Solar Panel Manufacturing Plants are exempted from CD

Import of Raw materials by Generator Producing and Assembling Industry is exempted from CD

Special Concessionary rate of CD for importing machinery and materials for the construction of residential hotel for tourism sector



## A wide range of sectors related to Information and Communication Technology (ICT) enjoys full tax exemption

Software development;  
Software or application customization;  
Nationwide Telecommunication Transmission Network (NTTN);  
Digital content development and management;  
Digital animation development;  
Website development;  
Web site services;  
Web listing;  
IT process outsourcing;  
Website hosting;  
Digital graphics design;

Digital data entry and processing;  
Digital data analytics;  
Geographic Information Services (GIS);  
IT support and software maintenance service;  
Software test lab services;  
Call center service;  
Overseas medical transcription;  
Search engine optimization services;  
Document conversion, imaging and digital archiving;  
Robotics process outsourcing;  
Cyber security services.

50% tax exemption for export income

Energy and power sector enjoy 10 -15 years of tax exemption (based on year of commencement)

Tax exemptions for a wide range of industrial undertakings established in Rajshahi, Khulna, Sylhet, Barishal and Rangpur Division (excluding City Corporation area and Rangamati, Bandarban and Khagrachari districts) @ 90% for 1<sup>st</sup> and 2<sup>nd</sup> year, 80% for 3<sup>rd</sup> year, 70% for 4<sup>th</sup> year, 60% of 5<sup>th</sup> year, 50% for the 6<sup>th</sup> year, 40% for the 7<sup>th</sup> year, 30% for the 8<sup>th</sup> year, 20% for the 9<sup>th</sup> year and 10% for the 10<sup>th</sup> year.

Industrial undertakings established in Dhaka, Mymensingh, Gazipur and Chattogram districts and producing biofertilizer and computer hardware shall enjoy the same tax holiday.

Tax exemptions for a wide range of industrial undertakings established in Dhaka, Mymensingh and Chattogram divisions (except Dhaka, Narayangonj, Gazipur, Rangamati, Bandarban and Khagrachari districts) @ 90% for 1<sup>st</sup> year, 80% for 2<sup>nd</sup> year, 60% of 3<sup>rd</sup> year, 40% for the 4<sup>th</sup> year and 20% for 5<sup>th</sup> year.

Up to 100% tax exemption (on reducing basis) for companies established in Economic Zones, Hi-tech Park and EPZs and established under PPP



# Other Fiscal Benefits



Investors enjoy LDC benefits

Full repatriation of dividend, capital and capital gain at exit

No ceiling on foreign and local investment

Foreign currency loan from abroad under direct automatic route

Non-resident Foreign Currency Deposit (NFCD) Account permitted

# Why Invest in Bangladesh



## Advantage under Trade Agreements

- Bangladeshi products enjoy duty and quota free access to EU, Japan, Canada, Australia and many other countries.
- Bilateral and Multilateral agreements provide business advantages:
  - Multilateral Investment Guarantee Agency (MIGA)
  - Overseas Private Investment Corporation (OPIC), USA
  - International Center for Settlement of Investment Disputes (ICSID)
  - World Intellectual Property Organization (WIPO)
  - South Asian Free Trade Area (SAFTA)
  - **Asia-Pacific Trade Agreement (APTA)**
  - D-8
  - **BIMSTEC**
  - OIC-Preferential Tariff Scheme (PTS)
- Double taxation avoidance agreements with 33 countries including Canada. DTAAAs give special tax rates.



# Why Invest in Bangladesh

## Competitiveness

- Low cost of labor
- Large labor base
- Low cost of business (price level is low comparing other locations)

## Infrastructure

- Sea ports
- Physical infrastructure
- Sound and Mature Financial Sector
- Physical infrastructure
- ICT infrastructure

**Thank You**