

Personal income tax in Bangladesh

Personal income tax is a tax collected from individuals and is imposed on different sources of income like labour, pensions, interest and dividends.

If a person spends 182 or more days in Bangladesh during any income year, or 90 days or more if they have previously spent more than 365 days there over the four years prior, they are considered to be residents of Bangladesh.

Without regard to residence in other nations or jurisdictions, Bangladesh bases residency only on the length of time spent there. Visitors who stay for a brief period of time and dependents of foreign citizens who do not earn any money in Bangladesh are not subject to taxation or obliged to file tax returns in Bangladesh. Only Residents of Bangladesh are considered to be liable for submitting personal income tax returns.

Usually, all remuneration and benefits received by an employee with resident status in Bangladesh, or for services rendered in Bangladesh, are taxable. These include salary, bonuses, commissions, accommodation allowances, transport benefits, education allowances for children, employer-provided domestic assistance and medical allowances.

Income tax is levied on residents based on progressive tax rates, which range from 10 percent to 30 percent, while non-residents (except Bangladeshi non-residents) are taxed at the flat rate of 30 percent.

The rate of income-tax on the gross income of all natural persons including non-resident Bangladeshis, Hindu undivided families and partnership firms as defined in section 2(46) of income-tax ordinance, 1984 (Ordinance No. XXXIV of 1984) shall be as follows, namely:

Total Income		Tax rate
i.	On gross income up to first 3,00,000/- tk	0%
ii.	On gross income up to next 1,00,000/- tk	5%
iii.	On gross income up to next 3,00,000/- tk	10%
iv.	On gross income up to next 4,00,000/- tk	15%
v.	On gross income up to next 5,00,000/- tk	20%
vi.	On remaining gross income	25%

Provided that,

- Tax free income limit for taxpayers of third gender, female taxpayers and taxpayers aged 65 years or above shall be tk 3,50,000/-;
- Tax exempt income limit of a disabled person taxpayer shall be tk 4,50,000/-;
- Tax-free income limit of gazetted freedom fighter taxpayer is tk 4,75,000/-;

- d. Tax-free income limit for each child or adoptee of a parent or legal guardian of a disabled person shall exceed tk 50,000/-; If both the father and mother of the disabled person are taxpayers then either one will enjoy this benefit;
- e. The amount of minimum tax shall not in any case be less than the rate specified below,

Description of area	Minimum tax (tk)
Taxpayers located in Dhaka North City Corporation, Dhaka South City Corporation and Chittagong City Corporation areas.	5,000/-
Taxpayers located in other City Corporation Areas	4,000/-
Taxpayers located in areas other than City Corporation	3,000/-

- f. If a taxpayer is the owner of a small or cottage industry located in a less developed area or least developed area is engaged in the production of the products of the said cottage industry, then he/she is liable to getting income tax rebate at the following rates on the income arising from the said small or cottage industry.

Description	Rebate rate
a. In cases where the amount of production of the respective year is more than 15%, but not more than 25% of the amount of production of the previous.	5% of the tax payable on gross income
b. Where the production volume of the respective year is more than 25% compared to the production volume of the previous.	10% of the tax payable on gross income

- g. For all taxpayers who are non-residents of Bangladesh (other than non-resident Bangladeshis) these clauses shall not apply.
- h. Every taxpayers, including companies, associations, artificial persons created by law and other bodies to which these above clauses shall not apply, is liable to income-tax under the Income-Tax ordinance, 1984(Ordinance no. XXXVI of 1984)
 - 1. “On all forms other than dividends arising from a company whose registered office is situated in Bangladesh”

I. Except in the cases of companies mentioned in (b), (c), (d) & (e)

a. In respect of every such publicly traded company in which more than 10% of its paid-up capital has been transferred by way of IPO	20% of said income; Provided that, in case of failure to complete all types of income and receipts and all types of expenditure and investment above 12 lakh Taka annually through bank transfer, the above tax rate will be 22.5% of the said income.
b. In respect of every such publicly traded company in which less than 10% of its paid-up capital has been transferred by way of IPO	22.5% of said income; Provided that, in case of failure to complete all types of income and receipts and all types of expenditure and investment above 12 lakh Taka annually through bank transfer, the above tax rate will be 25% of the said income.
c. For one person enterprise	22.5% of said income; Provided that, in case of failure to complete all types of income and receipts and all types of expenditure and investment above 12 lakh Taka annually through bank transfer, the above tax rate will be 25% of the said income.
d. For non-publicly traded company and other companies listed under the clause (20) of section 2 of the Income Tax Ordinance, 1984(Ordinance No. XXXIV of 1984)	27.5% of said income; Provided that, in case of failure to complete all types of income and receipts and all types of expenditure and investment above 12 lakh Taka annually through bank transfer, the above tax rate will be 30% of the said income.

II. Banks, Insurances & Financial Institutions

a. For publicly traded companies	37.5% of said income
b. For non-publicly traded companies	40% of said income
c. For merchant banks	37.5% of said income

- III. Tax rate for mobile phone operator companies: 45% of said income; provided that, if the mobile phone operator company is converted into a publicly traded company by transferring at least 10% of its paid-up capital out of which the pre-initial public offering placement cannot be more than 5%, the tax rate will be 40%. Provided further that if such company transfers at least 20% of its paid-up capital shares through IPO, such company shall enjoy a rebate of 10% on the income tax applicable in the year concerned with such transfer.
- IV. In case of companies manufacturing all types of tobacco products including Cigarette, Bidi, jorda, Gul; the tax rate shall be 45%
- V. Income tax applicable to all other taxpayers not resident in Bangladesh (except non-resident Bangladeshis) other than companies and individuals is 30% of said income.
- VI. Not a company, but a manufacturer of all types of tobacco products including cigarette, bidi, jorda, etc. For this type of tax payer, tax is applicable on the income earned from the said business at a rate of 45%.
- VII. Tax applicable on income in case of non-companies, partnerships, juridical persons and other taxable entities is 27.5% of such income; provided that, in case of failure to complete all types of income and receipts and all types of expenditure and investment above 12 lakh Taka annually through bank transfer, the above tax rate will be 30% of the said income.
- VIII. In case of registered cooperative societies under the co-operative societies act 2001 (Act No. 47 of 2001) the tax applicable on income is 15% of said income.
- IX. Tax applicable on income derived by private universities, private medical colleges, private dental colleges, private engineering colleges or private colleges engaged only in teaching information technology subjects is 15% of the said income.

Tax surcharges:

In the case of the assessee being an individual, on the basis of the following assets shown in the statement of assets, liabilities and expenses as per section 80 of the Income-tax Ordinance, 1984 (Ordinance No. XXXVI of 1984), Surcharge shall be payable on the prescribed tax payable before the calculation of surcharge under section at the following rates, namely:

Wealth	Rate of surcharge
a. Net asset value up to three crore taka	0%
b. Net asset value is more than three crore taka but not more than ten crore taka Or, more than one motor vehicle registered in own name	10%

Or, any landed property exceeding 8,000 sq. ft. in any city corporation area;	
c. Net asset value is more than ten crore taka but not more than twenty crore taka	20%
d. Net asset value is more than twenty crore taka but not more than fifty crore taka	30%
e. Net asset value exceeding fifty crore taka	35%

Surcharge at the rate of 2.5% shall be payable on the income earned from the business of the taxpayer who manufactures all types of tobacco products including cigarettes, bidis, jorda, gul.

Submitting tax return:

To verify a person's income and asset status, he must submit an annual tax return copy to the government in the prescribed manner using a tax ID obtained from the National Board of Revenue.

The Electronic Tax Identification Number Certificate (E-TIN) is a unique identification number provided by the National Board of Revenue to each assessee. Before submitting a return, a person must obtain a copy of their E-TIN from the National Board of Revenue's website. A National Identification Card, Passport, Driver's License, or any legal representation proving that a person is a resident of Bangladesh is required for E-TIN. If the person is not a Bangladeshi resident, he or she must meet with the Deputy Commissioner of Taxes.

This submission has to be completed by the 30th November following the end of the fiscal year (30th June of each year), also known as "Tax day" in the case of an individual.

A person is required to submit a tax return on his annual income to the deputy commissioner of taxes under whose jurisdiction the person is appraised under the provisions of the Income Tax Ordinance 1984. This jurisdiction is stated in that person's E-TIN copy.

After determining a person's residential status, his annual income must be calculated and classified into seven categories in order to calculate his tax liability. Income from Salary, Interest on Securities, Income from House Property, Agricultural Income, Income from Business or Profession, Capital Gain Income, and Income from Other Sources are the various categories. Specific documents are required to be submitted as proof of the income shown in the return for each head.

Any person who invests any amount of his income in any of the prescribed sources is eligible for a tax credit, provided the necessary documentation to prove investment legitimacy.

Any person who is required to file a return must pay the greater of the tax payable on the basis of such return or the lesser of the tax payable on the basis of such return. The National Board of Revenue determines the minimum tax payable amount. He can pay by depositing money in the

Central Bank of Bangladesh, or he can attach a pay order in the name of the Deputy Commissioner of Taxes to his Tax Return.

Tax is paid in Bangladesh in a variety of ways, including advance income tax, tax deducted at source (TDS), and tax payment during the submission of a return under Section 74 of the ITO, 1984. Advance tax is paid with a treasury challan or a pay order.

The Income Tax Ordinance of 1984's guidelines will consider an individual in default if he fails to submit a return, and he would be subject to penalties as a result. He will also be responsible for paying additional fees for the duration of the default period. For authorisation purposes, many regulatory agencies in Bangladesh require tax acknowledgement receipts, which can be obtained by filing a tax return.

According to this Ordinance, if a person's total income for the most recent income year surpassed 400,000 taka, he or she is required to pay tax in advance throughout the income year, at aforementioned rates calculated for accordingly. On the fifteenth day of September, December, March, and June of the fiscal year for which the tax is due, advance tax must be paid in four equal payments.

After determining their income tax liability, each individual must deposit the appropriate amount with the government exchequer through pay order or treasury challan, and they must also submit a properly completed return form and supporting documentation to the appropriate tax circle.

A person must fill out the specific forms the National Board of Revenue has mandated with information about their income, investments, assets, and obligations. The tax return form as of 2022 is the IT-GHA2020 form available in the NBR website under the forms section (nbr.gov.bd/form/income-tax/eng).

Tax clearance certificate, when referring to an individual tax payer in Bangladesh, refers to a document issued by the National Board of Revenue (NBR) that attests to the fact that the taxpayer is in compliance with all tax laws and does not owe any money in accordance with the Income Tax Ordinance, 1994. When applying for citizenship, residency, or to extend a work permit, among other things, a tax clearance certificate must be presented in Bangladesh. In addition, if the expatriate is not expected to return to Bangladesh, a tax clearance certificate is also needed before departing Bangladesh. At the airport, the expatriate can be asked to present their tax clearance certificate.

ব্যক্তি করদাতার আয়কর রিটার্ন দাখিলের ক্ষেত্রে প্রয়োজনীয় কাগজপত্রের বিবরণী:

ক্রমিক নং	প্রয়োজনীয় কাগজ এর নাম	মন্তব্য
১	বিগত বছরের রিটার্ন এর কপি,	পুরাতন এর ক্ষেত্রে
২	বেতন বিবরণী, প্রভিডেন্ট ফান্ড তথ্য অন্যান্য ফান্ডের তথ্য (যদি থাকে)	চাকুরিজীবীদের ক্ষেত্রে
৩	ব্যাংক বিবরণী (জুলাই হতে জুন পর্যন্ত)	সকল ক্ষেত্রে
৪	নিরাপত্তা জামানতের আয়ের তথ্য, সার্টিফিকেট	যদি থাকে
৫	বাড়ী ভাড়া আয়ের তথ্য	যদি থাকে
৬	কৃষি খাতের আয়ের তথ্য	যদি থাকে
৭	ব্যবসায় খাতে আয়ের ক্ষেত্রে-	ব্যবসায় খাতে আয় থাকলে
	ক) ব্যাংক বিবরণী (জুলাই হতে জুন পর্যন্ত)	
	খ) উৎস কর কর্তনের সার্টিফিকেট (বিলের পরিমাণ ও কর কর্তন এর পরিমাণ উল্লেখ সহ)	
	গ) ব্যবসায় খরচের বিবরণ	
	ঘ) ব্যবসায় খাতের সম্পদের বিবরণী	
	ঙ) ট্রেড লাইসেন্স এর কপি	
৮	অন্যান্য খাতে আয়ের প্রমানাদি	
৯	বিভিন্ন খাতে বিনিয়োগের প্রমানপত্র যেমন-ডিপিএস, একডিআর, বীমা, সঞ্চয়পত্র, শেয়া মার্কেটে বিনিয়োগ ইত্যাদি তথ্য বিবরণী সহ।	বিনিয়োগের তথ্য
১০	ব্যক্তিগত সম্পদের তথ্য প্রমানপত্র সহ (জমি, বাড়ি, গাড়ি, আসবাবপত্র, ইলেকট্রনিক্স সামগ্রী ইত্যাদি।	
১১	ব্যক্তিগত ঋণের তথ্য- ব্যাংক বা ব্যক্তি হতে গ্রহণ	
১২	অন্যান্য প্রয়োজনীয় তথ্য প্রমান সহ	

নতুন করদাতাদের ক্ষেত্রে অতিরিক্ত প্রয়োজনীয় কাগজপত্র

১	জাতীয় পরিচয় পত্রের কপি
২	ইটিন এর কপি
৩	২ কপি পাসপোর্ট সাইজ ছবি

Necessary documents for submitting tax returns

Form of Return of Income Under Income-tax Ordinance, 1984 (Ord. XXXVI of 1984)Office Register
No.

Applicable for Individual Taxpayers having taxable income and gross wealth not exceeding tk. 4,00,000/- and tk. 40,00,000/- respectively

Universal Self

Photograph of
the Assessee

1. Name:

2. TIN:

3. Circle:

4. Zone:

5. Resident:

☐

6. Non-resident

☐

7. Assessment Year:

8. Present Address and Mobile No.

9. Permanent Address and NID No.

10. Taxable Income: Tk.

11. Gross Wealth: Tk.

12. Amount of Tax: Tk.....

13. Source of Income:.....

14. Bank&Challan
No.& Date

15. Verification: I.....Father/Spouse.....TIN.....do
solemnly declare that I am eligible for this Return form and the information given here is correct and complete. I
don't have any motor car and an investment in house property or in apartment in any city corporation area.

Date:

(Signature)

- Please show tax computation, name list of documents attached herewith and give brief description of your wealth and liabilities overleaf.

Universal Self	Acknowledge Receipt		Register No.
Name:	Assessment Year:		
TIN:	Circle:	Zone:	
Taxable Income: Tk.	Gross Wealth: Tk.		
Amount of Tax:	Bank/Mobile Bank:	Challan No.	
Date:	Signature of the receiving officer with Seal		

Sample Tax Return form IT-2020GHA