

- ☐ Such donation related information has been reflected in the return and documents attached thereto;
- ☐ Total donation made under Part 2 of the Sixth Schedule does not exceed 10% of the total income before deduction of such donation amount;
- ☐ Detailed information regarding sources and amount of income has been furnished with the return.

3.12

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3.6

TAX CREDIT INCOME OR INVESTMENT ALLOWANCE

As per section 78 of the ITA, 2023, a resident and non-resident Bangladeshi individual assessee will get tax rebate from the amount of tax payable on his total income. Here the "rebate amount" shall be the lesser of:

- ☐ 3% of Total Income excluding any income on which a tax exemption or a reduced rate or minimum tax rate is applicable.
- ☐ 15% on total amount of investment allowance or contribution made by the assessee within the scope of the Sixth Schedule, Part 3; or
- ☐ Tk. 10,00,000 (Ten Lac).

According to Part 3 of the Sixth Schedule, the following items should be considered as investment allowance to enjoy tax credit/rebate facility:

- ☒ *Life Insurance Premium Paid [Para 1]:* Any sum paid in Bangladesh by an assessee to affect an insurance or a contract for deferred annuity on the life of himself, spouse or minor child, provided that such payment of insurance shall not exceed 10% of the sum assessed excluding bonus or other benefits.
- ☒ *Life Insurance Premium Paid by a Hindu Undivided Family [Para 2]:* Any sum paid in Bangladesh by a HUF to effect an insurance on the life of any male member of the family or the wife of any such member.
- ☐ *Deduction from the salary of Government employee for deferred annuity [Para 3]:* Any sum not exceeding one-fifth of the salary deducted from the salary payable by the Government or on its behalf to any individual in accordance with the service conditions to secure a deferred annuity for him or for his wife or children.
- ☒ *Contribution to Provident Funds [Para 4]:* Any contribution by an assessee to any provident fund to which the Provident Fund Act, 1925 applies.
- ☒ *Employer's and Employee's contribution to a Recognized Provident Fund [Para 5]:* Any sum paid to a recognized provident fund by the assessee and the employer, where the assessee is a participant subject to the limits laid down in Part 3 of the 2nd Schedule.
- ☒ *Contribution to Superannuation Fund [Para 6]:* Any sum paid by the assessee as ordinary annual contribution to approved superannuation fund as a participant to the fund.
- ☒ *Investment in Savings Certificate [Para 7]:* Any sum invested in the following:
 - Government securities [as defined in Section 2(87)] not exceeding Tk. 5 lac.

- Unit certificates and mutual fund certificates, ETF or Joint Investment Scheme Unit Certificate issued by any financial institution or ICB and its subsidiaries, not exceeding Tk. 5 lac;
- Any amount not exceeding Tk. 120,000 by an individual in any Deposit Pension Scheme or Monthly Savings Scheme sponsored by a Scheduled Bank or a financial institution.
- Any contribution to Universal Pension Scheme [SRO 295-LAW/IT- 17/2023 dated 31.10.2023].
- ☐ *Investment in stocks or shares by an individual in any stock exchange approved by the BSEC [Para 8]:* Any sum invested in the acquisition of any securities (shares of a company, mutual fund or debenture or bonds etc.) listed with any stock exchange run under BSEC.
- ☐ *Donation to a Charitable Hospital [Para 9]:* Any sum paid as donation to a charitable hospital established outside the city corporation, provided the donation is made after one year of establishment of the hospital.
- ☐ *Donation to Organizations set up for the welfare of retarded people [Para 10]:* Any sum paid as donation to an organization set up for the welfare of retarded people, provided the donation is made after one year of establishment of the organization and is approved by the Social Welfare Department and the NBR.
- ☐ *Donation to Zakat Fund [Para 11]:* Any sum paid by an assessee as Zakat to the Zakat Fund or charitable fund established by or under the Zakat Fund Management Act, 2023 (Act No. 5 of 2023).
- ☐ *Contribution to Benevolent Fund and Group Insurance Scheme [Para - 12]:* Any sum paid by an assessee to make provision for his spouse, children or other dependent person to a benevolent fund or any premium paid under a group insurance scheme approved by the NBR.
- ☐ *Contribution to Philanthropic or Educational Institution [Para 13]:* Any sum paid by an assessee as donation to Philanthropic or Educational Institution approved by the government for this purpose.
- ☐ *Donation to national level institution set up in memory of the liberation war [Para 14]:* Any sum paid by an assessee as donation to a national level institution set up in memory of liberation war.
- ☐ *Donation to national level institution set up in memory of Father of the Nation [Para 15]:* Any sum paid by an assessee as donation to a national level institution set up in memory of Father of the nation.
- ☐ *Contribution to Bangladesh Universal Pension Scheme formed under the Universal Pension Management Act, 2023.*
- ☐ Contribution to Ahsania Mission Cancer Hospital [SRO 202/IT/2005 dated 06.07.2005]
- ☐ Donation to The International Centre for Diarrhoeal Disease Research, Bangladesh (ICDDR,B) [SRO 232/IT/2006 dated 24.09.2006]
- ☐ Donation to Centre for the Rehabilitation of the Paralysed (CRP), Savar [SRO 42-AIN/IT/2008 dated 24.02.2008]

EXHIBIT**3.1****Tax Rebate on Investments: Few Illustration**

Case 1: Mr. Tareq's total income is Tk. 12,00,000 in the current income year. His actual investment as per sixth schedule part 3 is Tk. 280,000. Here, the tax rebate will be lower of (a), (b) and (c):

- (a) 3% of Total income ($12,00,000 \times 3\%$)
 (b) 15% of actual investment allowance as per 6th Schedule, Part 3 ($2,80,000 \times 15\%$)
 (c) Tk. 10,00,000

Tk.	36,000
	42,000
	10,00,000

So, the eligible amount of tax rebate is Tk. 36,000.

Case 2: Mr. Belal's total income is Tk. 22,00,000 in the current income year. His actual investment as per sixth schedule part 3 is Tk. 600,000. Here, the eligible amount of tax rebate will be lower of (a), (b) and (c):

- (a) 3% of Total income ($22,00,000 \times 3\%$)
 (b) 15% of actual investment allowance as per 6th Schedule, Part 3 ($6,00,000 \times 15\%$)
 (c) Tk. 10,00,000

Tk.	66,000
	90,000
	10,00,000

So, the eligible amount of tax rebate is Tk. 66,000.

Case 3: Mr. Rafiq's total income is Tk. 18,00,000 (including Tk. 350,000 income from fisheries project on which reduced tax rate is applicable) in the current income year. His actual investment as per sixth schedule part 3 is Tk. 200,000. Here, the eligible amount of tax rebate will be lower of (a), (b) and (c):

- (a) 3% of total income excluding any income for which a tax exemption or a reduced rate or minimum tax is applicable i.e. $[(18,00,000 - 350,000) \times 3\%]$
 (b) 15% of actual investment allowance as per 6th Schedule, Part 3 ($2,00,000 \times 15\%$)
 (c) Tk. 10,00,000

Tk.	43,500
	30,000
	10,00,000

So, eligible amount of tax rebate is Tk. 30,000.

Case 4: Mr. Sumon's total income is Tk. 22,00,000 in the current income year. He has made the following investments and contributions during the income year and claimed for tax rebate. Compute tax rebate on the allowable investments for the year.

- Contribution of life insurance premiums: For own Tk. 25,000 (Policy value Tk. 200,000); For spouse Tk. 15,000 (PV Tk. 200,000); For his father Tk. 18,000 (PV Tk. 200,000).
- He has contributed 10% of his basic salary to the recognized provident fund and his employer has also contributed the same. The annual basic salary for the income year is Tk. 480,000.
- He has purchased 5-year Bangladesh Savings Certificate (Sanchaypatra) Tk. 200,000.
- He has contributed Tk. 5,000 per month to a Deposit Pension Scheme (DPS) opened in Sonali Bank.
- He has contributed Tk. 30,000 to the Bangladesh Government's Zakat Fund.
- Donated Tk. 5,000 to the Bangladesh Muktijuddho Jadughar (Liberation War Museum).
- He has made the following investments in the Dhaka Stock Exchange (Through IPO Tk. 20,000; Purchase of secondary shares of public limited companies Tk. 15,000; Purchase of debentures Tk. 5,000, Purchase of shares of a mutual fund Tk. 8,000 & zero-coupon bond Tk. 10,000)
- He has purchased additional shares from a private limited company Tk. 15,000; a co-operative society Tk. 10,000; and a partnership firm Tk. 20,000. He also purchased Gold Tk. 200,000 and land Tk. 400,000
- Contribution to Charitable Hospital in Feni Tk. 20,000, in Dhanmondi, Dhaka 30,000.
- Contribution to Red Crescent Society Tk. 40,000

Here, Eligible amount of tax rebate will be lower of (a), (b) and (c):

- (a) 3% of Total income ($22,00,000 \times 3\%$)
 (b) 15% of actual investment allowance as per 6th Schedule, Part 3 ($5,44,000 \times 15\%$)
 (c) Tk. 10,00,000

Tk.	66,000
	81,600
	10,00,000

So, the eligible amount of tax rebate is Tk. 66,000.

Note: (1) Life insurance premium paid for father is not an investment allowance. (2) Purchase of private limited company, co-operative society and firm's share is not investment allowance. (3) Purchase of gold and land are not investment allowance. (4) Donation to charitable institutions in city corporation area is not investment allowance

Workings: Actual investment allowance as per sixth schedule, Part 3:

Life insurance premium paid:

- Own Tk. 25,000 (Max. limit 10% of policy value i.e., Tk. 20,000)
 Spouse Tk. 15,000 (Max. limit 10% of policy value i.e., Tk. 20,000)
 Employee's contribution to Rec. Prov. Fund ($480,000 \times 10\%$)
 Employer's contribution to Rec. Prov. Fund ($480,000 \times 10\%$)
 Purchase of 5-year Bangladesh Sanchaypatra
 DPS @ Tk. 5,000 per month i.e., Tk. 60,000 (Max. limit Tk. 120,000)
 Contribution to Govt. Zakat Fund
 Donated to the Bangladesh Muktijuddho Jadughar
 Investment in Dhaka Stock Exchange: ($20,000 + 15,000 + 5,000 + 8,000 + 10,000$)
 Contribution to Charitable hospital in Feni
 Contribution to Red Crescent Society
 Total investment

Tk.	20,000
	15,000
	48,000
	48,000
	200,000
	60,000
	30,000
	5,000
	58,000
	20,000
	40,000
Tk.	544,000

Case 5: Mrs. Sumona's total income is Tk. 14,00,000 in the current income year. She has made the following investments and contributions during the income year and claimed for tax rebate.

- Contribution of life insurance premiums: For own Tk. 25,000 (Policy value Tk. 200,000); For 20 years old son Tk. 15,000 (Policy value Tk. 200,000); For 16 years old daughter Tk. 12,000 (Policy value Tk. 100,000); For her mother Tk. 18,000 (Policy value Tk. 200,000).
- She has contributed 10% of his basic salary to the unrecognized provident fund (URPF) and Tk. 30,000 to his Office welfare Fund. The annual basic salary for the income year is Tk. 480,000.
- She has purchased 3-year monthly profit-based Bangladesh Savings Certificate (Sanchaypatra) Tk. 200,000.
- Purchase of Land Tk. 200,000 & Gold Tk. 100,000
- Contributed Tk. 4,000 per month to a DPS in Dhaka Bank and Tk. 200,000 in FDR of Rupali Bank Limited.
- Donated Tk. 5,000 to a local kindergarten school and Tk. 10,000 to Baitul Mokarram Mosque
- Contribution to Bangabandhu Memorial Museum Tk. 20,000 and to government zakat fund Tk. 25,000
- Paid Tk. 100,000 as the Tuition fee for her university admitted son.
- Purchase prize bond of Tk. 10,000 and membership of Dhaka Club Tk. 200,000
- Purchase of government treasury bill Tk. 100,000

Here, Eligible amount of tax rebate will be lower of (a), (b) and (c):

- (a) 3% of Total income ($14,00,000 \times 3\%$)
 (b) 15% of actual investment allowance as per 6th Schedule, Part 3 ($4,23,000 \times 15\%$)
 (c) Tk. 10,00,000

Tk.	42,000
	63,450
	10,00,000

So, eligible amount of tax rebate amount will be Tk. 42,000.

Note: Life insurance premium paid for non-minor child (i.e., more than 18 years old), contribution to URPF, contributed to Office Welfare Fund, purchase of gold and land, donation to local kindergarten school, investment in FDR, Dhaka Club membership, payment of university tuition fee for children, purchase of prizebond, and donation to Baitul Mokarram Mosque is not allowable investment for tax rebate.

Workings: Actual investment allowance as per sixth schedule, Part B:

Life insurance premium paid:

Own Tk. 25,000 (Maximum: 10% of policy value i.e., Tk. 20,000)	Tk. 20,000
16 yr daughter Tk. 12,000 (Maximum: 10% of policy value i.e., Tk. 10,000)	10,000
Purchase of 3-year Bangladesh Sanchaypatra	200,000
DPS @ Tk. 4,000 per month i.e., Tk. 48,000 (Mx. limit Tk. 120,000)	48,000
Contribution to Bangabandhu Memorial Museum	20,000
Contribution to government zakat fund	25,000
Purchase of government treasury bill	100,000
	Tk. 423,000



Identify the following items as either tax credit income or tax exempted income: Income from property under trust, Income of a local government, Contribution to recognized provident fund, gratuity, Investment in savings certificate and Purchase of primary share.

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TAX HOLIDAY SCHEME

It is one kind of special scheme taken by NBR to enhance rapid industrialization in Bangladesh. Under this, some specific newly established industrial undertakings are given exemption from payment of income tax upto a certain period subject to the fulfillment of some conditions. As per section 15(b) of the ITO, 1922, Tax Holiday Scheme was first introduced in Pakistan in 1959. After the independence of Bangladesh, this scheme was repealed in 1972 by an ordinance. But again, to boost rapid industrialization in the country, this scheme has again re-introduced in 1974 introducing Sec. 14(a) in the ITO, 1922. In the ITO, 1984, the government retained the scheme as per section 45, 46 and 47. Considering its importance, in the new Income Tax Act 2023 the scheme has also been retained in Chapter 3 of Part 6 (Sections 81 – 85) and Part 4 of Sixth Schedule. The main objectives of this scheme are to encourage the formation of domestic capital as well as attracting FDI to enhance the rapid industrialization of the country.

Industrial Undertakings eligible to avail the Tax Holiday [Part 4, 6th Schedule, Para 1]

As per Para 1, Part 4 of the 6th Schedule, for the purpose of the tax holiday the following nature of “Industrial undertaking” engaged –

- ☐ in the production of: active pharmaceuticals ingredient industry and radio pharmaceuticals industry; agricultural machineries; automatic bricks; automobile:

barrier contraceptive and rubber latex; basic components of electronics (e.g. resistor, capacitor, transistor, integrator circuit, multilayer PCB, etc.); bi-cycle including parts thereof; bio-fertilizer; biotechnology based agro products; boiler including parts and equipment thereof; compressor including parts thereof; computer hardware; furniture; home appliances (blender, rice cooker, microwave oven, electric oven, washing machine, induction cooker, water filter etc.); insecticides or pesticides; leather and leather goods; LED TV; locally produced fruits and vegetable processing; mobile phone; petrochemicals; pharmaceuticals; plastic recycling; textile machinery; tissue grafting; toy manufacturing; tyre manufacturing; electrical transformer; artificial fiber or manmade fiber manufacturing; automobile parts and components manufacturing; automation and robotics design, manufacturing including parts and components thereof; artificial intelligence based system design and/or manufacturing; nanotechnology based products manufacturing; aircraft heavy maintenance services including parts manufacturing.

- ☐ processing and preservation of locally produced fruits and vegetable;
- ☐ tissue grafting, development of organic technology and radioactive (diffusion) application industry (i.e. development of polymer or annihilation of polymer or food preservation or sterilization of medical items)
- ☐ Any other industrial undertaking as specified by the board through SROs.

But for the purpose of this section, the abovementioned industrial undertakings must be set up in Bangladesh and starts its commercial operation between 1st July, 2020 to 30th June, 2025 (both days inclusive).

Exempted incomes of Industrial Undertaking's eligible to avail the Tax Holiday [Part 4, 6th Schedule, Para 2]

As per Para 1 of Part 4, 6th Schedule, the income, profits or gains of an industrial undertaking set up in Bangladesh between specified periods are eligible for tax holiday subject to fulfillment of specified conditions. Income earned from any other sources (not included in Para 1) will not be considered for this purpose. It is provided that any industry engaged in the production of abovementioned items in city corporation areas or Paurashavas of district headquarters, Rangamati, Bandarban and Khagrachari will not be eligible for tax holiday scheme.

Tax Holiday option will be available for the industrial undertakings situated in:

- ☐ For 10 years - Districts of other divisions excluding Dhaka and Chittagong (excluding City Corporation area), Rangamati, Bandarban and Khagrachari districts:

Year	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th	9 th	10 th
Exemption Rate	90%	90%	75%	75%	50%	50%	50%	25%	25%	25%