

The background of the entire page is a close-up, artistic photograph of a sewing machine needle stitching several colorful threads (red, green, blue, purple) through a piece of dark, textured fabric. The threads are vibrant and stand out against the dark background. The needle is positioned horizontally across the middle of the frame, with the threads passing through its eye. The lighting is dramatic, highlighting the texture of the fabric and the individual strands of the threads.

Income Tax Guide

(Including updates on
the Finance Act, 2020)

Preface

This tax guide has been prepared in accordance with the selective provisions of the Income Tax Ordinance, 1984 and the Income Tax Rules, 1984 as amended by the Finance Act, 2020. This guide is primarily intended for our existing and expected clients, to update them with a summary of the income tax laws applicable in Bangladesh.


It is a synopsis and does not cover all areas of tax regulations. It is therefore recommended not to consider this guide for any comprehensive decision without attaining proper professional counseling.

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Any suggestions to improve this guide further shall be highly appreciated.

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Key changes made in the Income-tax Ordinance, 1984 through the Finance Act, 2020 announced on 30 June 2020



- ▶ Tax rate for non-publicly traded companies have been reduced to 32.5% from existing 35%. Corporate tax rates for rest of the taxpayers has remained unchanged. However, benefit of reduced tax rate of 12% for readymade garments (10% if there is green building certification) has been extended for another two years, i.e., till 30 June 2022.
- ▶ The existing tax-free income limit of individual taxpayers has been raised by BDT50,000 for all classes. A new income slab for 5% tax has been introduced. Maximum tax rates for Bangladeshi taxpayers has also been reduced to 25% from existing 30%. No changes have been made in minimum tax obligation and surcharge on net wealth.
- ▶ Fifty-percent tax shall be payable on the difference between declared investment, import or export and actual investment made, or actual amount paid or received for import and export, respectively.
- ▶ No question to be raised on the source of any sum invested in securities by an individual during July 2020 to June 2021 by the tax or any other authority if tax at 10% on such investment is paid. However, investment need to be kept invested for one year otherwise such sum shall be deemed to be income in the year of withdrawal.
- ▶ No question on source of investment will be raised by the tax or any other authority if an individual assessee discloses any undisclosed property by paying an appropriate tax such as (i) for land–BDT500 to 20,000 per square meter depending on its location, (ii) for building or apartment–BDT500 to 4,000 per square meter based on the location of the property, and (iii) for cash, bank deposit and savings instruments–10% of the total amount.



- ▶ 'Net profit' in computing allowable limit for royalty, technical service fee, technical know-how fee or technical assistance fee has been redefined as 'net profit from business of profession excluding any profit or income of subsidiary, associate or joint venture'.
- ▶ Promotional expenses over 0.50% of the disclosed business turnover shall be disallowed and permissible expenditure for overseas travel has been reduced to 0.50% of the disclosed turnover from existing 1.25%.
- ▶ Capital gain tax shall be payable on the gains from transfer of business or undertakings. It shall be computed by deducting book value of net assets and expenditure incurred for transfer of business or undertakings from the full value of consideration or fair market value, whichever is higher.
- ▶ Tax holidays shall also be extended to industrial undertakings engaged in or in the production of electric transformer, artificial fiber or manmade fiber manufacturing, automobiles parts and components manufacturing, automation and robotics design, manufacturing including parts and components, Artificial Intelligence-based system design and manufacturing, nanotechnology-based product manufacturing and aircraft heavy maintenance services including parts manufacturing.
- ▶ Tax at 5% shall be charged on discount, interest or profit on securities of government or approved by government or BSEC at the time of making payment or credit, whichever is earlier instead of upfront deduction.

- ▶ Source tax on supply of goods under distributorship arrangement shall now be computed as B-A, where, A is the amount of tax paid under section 53E of the Income Tax Ordinance, 1984 (Ordinance), and B is the selling price of the company to the distributor or other person as per section 53E(3) x 7% x 5%.
- ▶ The definition of payment also includes an order or instruction of making payment.
- ▶ Tax at source at 3% (for base amount not exceeding BDT2.5m) or 4% (for base amount exceeding BDT 2.5m) shall be deducted from the service under any sharing economy platform, including ride sharing services, coworking space providing services and accommodation providing services. Source tax for wheeling charge for electricity transmission has been reduced to 2% from 4% (where base amount is up to BDT2.5m) and to 3% from 5% (where base amount exceeds BDT2.5m).
- ▶ Tax deduction at source from compensation against acquisition of property has been increased to 6% and 3% from existing 2% and 1%, respectively, depending on the location of the property.
- ▶ Tax at the rate of 2% shall be deductible on local LC for the purpose of purchase or procuring essential goods. However, tax under section 52 of the Ordinance shall not be applicable on purchase through local LC.
- ▶ Tax at source from export proceeds will be at 0.50% of the total amount.

- ▶ Transactions made by a member of the stock exchange shall be subject to Tax Deducted at Source (TDS) at 0.05% from existing 0.10% on the transaction value of the shares and mutual funds. 10% source tax shall be applied on commission on sale of securities other than shares and mutual fund.
- ▶ Dividend tax at source of a non-resident fund and trust has been reduced to 20% from existing 30%.
- ▶ Income of Alternative Investment Funds recognized by BSEC shall be tax exempted.
- ▶ Requirement of obtaining TIN is extended to the candidates of Zilla Parishad election, bearers of arms license and participants in shared service like motor vehicle, space or accommodation. All TIN holders are required to submit tax returns except the persons who have obtained TIN for selling land and getting credit cards but does not have taxable income.
- ▶ Individuals who will submit tax return first time online will get BDT2,000 tax rebate.
- ▶ Individuals having gross receipt of BDT30m or more shall be subject to pay minimum tax at 0.50% of the gross receipt. However, persons engaged in mobile operation or tobacco business shall pay minimum tax at different rates.
- ▶ If any school, college, university or NGO fails to ensure access facilities for the disabled service recipients as per prevailing rules, 5% extra tax shall be imposed from 1 July 2020. Further, if any employer employs a disabled person at a minimum of 10% of the total manpower, the employer shall get 5% as tax rebate.

Tax rates

Personal tax rates

Income slab	Tax Rate
Up to BDT300,000	0%
Next BDT100,000	5%
Next BDT300,000	10%
Next BDT400,000	15%
Next BDT500,000	20%
Rest of the income	25%

The tax-free income limit for:

- ▶ Females and persons aged 65 years or above is BDT350,000
- ▶ Physically challenged persons is BDT450,000
- ▶ Gazetted war-wounded freedom fighters is BDT475,000

A parent or guardian of a physically challenged person will get an additional initial exemption of BDT50,000.

Individual taxpayers who submits first-time returns online will get BDT2,000 rebate.

The tax rate for non-residents except non-resident Bangladeshi is 30%.

The tax rate for manufacturers of cigarette, beedi, zorda, gul and other tobacco products is 45%.



Company tax rates

Type of company	Tax Rate
Non-publicly traded companies	32.5%
Publicly traded companies	25%
Banks, insurance companies and financial institutions (NBFI):	
▶ Publicly traded	37.5%
▶ Non-publicly traded	40%
Merchant banks	37.5%
Cigarette/tobacco product manufacturers	45%
Mobile phone operators	45%

- ▶ Companies whose shares are not publicly traded will get a 10% tax rebate in the year of rolling out an IPO if the transfer of shares is for a minimum 20% of the paid-up capital.
- ▶ The tax rate for mobile companies converted into publicly-traded companies by offering a minimum of 10% of its paid-up share capital (pre-initial public placement shall not exceed 5%) shall be 40%. Companies that offer minimum 20% shares through an IPO in that year will get a tax rebate of 10%.

Reduced tax rate for the following taxpayers

Type of taxpayer	Rate
Local authorities	25%
Registered co-operatives	15%
Exporters of knitwear and woven garments	12%
Companies engaged in yarn/fabric production, dying, finishing, conning and printing	15%


- ▶ If factories of knit and woven garments have an internationally recognized green building certification, then the tax rate on export of such goods will be 10%.

The tax rate for capital gains is 15%.

The tax on dividend income is 20%.

- ▶ Owners of small and cottage industries in less or least developed areas will get a tax rebate on income from the business at the following rates:

Particulars	Rate of tax rebate
If production is more than 15% but less than 25% of the previous year	5% on tax payable from that income
If production exceeds 25%	10% on tax payable from that income



Minimum tax

For individual taxpayers

Taxpayers' location	Minimum tax (BDT)
Dhaka and Chattagram City Corporation	5,000
Other city corporation areas	4,000
Other than city corporation areas	3,000

The minimum tax of owners of motor cars shall not be less than the tax collected at source under section 68B of the ordinance.

Minimum tax for some specific cases

- * **A** The tax deducted or collected under sections 52, 52A, serial no. 1, 2 and 13A of the table of sub-section (1) of section 52AA, 52AAA, 52B, 52C, 52D, 52JJ, 52N, 52O, 52R, 53, 53AA, 53B, 53BB, 53BBB, 53BBBB, 53C, 53CCC, 53DDD, 53E, 53EE, 53F, 53FF, 53G, 53GG, 53H, 53M, 53N, 53P and 55 of the ordinance (please refer to the section 'Tax Deducted at Source' for details) shall be minimum tax, excluding tax deducted or collected from the following sources:

Under section 52

- ▶ Contractors or subcontractors of oil companies
- ▶ Oil marketing companies and their dealers or agents, excluding petrol pump stations
- ▶ Companies engaged in oil refinery business
- ▶ Companies engaged in the gas transmission or distribution

Under section 53

- * From the import of goods by industrial undertakings except an industrial undertaking engaged in production of cement, iron, iron products or ferro alloy products as raw materials for their consumption.

Under section 53F

From a source other than mentioned in section 53F, sub-section (1) (C) and (2).

Tax Deducted at Source from the following sources of income shall be the final tax liability:

#	Source of income as mentioned in
1	Section 52C: Compensation against acquisition of property
2	Section 52D: Interest on savings instruments
3	Section 53DDD: Export cash subsidy
4	Section 53F(1) (c) and (2): Interest on saving deposits and fixed deposits
5	Section 53H: Transfer of property (on deed value less cost of acquisition)
6	Section 53P: Sum paid by real estate developer to land owner

- * **B** The minimum tax for an individual having gross receipts of BDT30m or more, a firm with gross receipts of more than BDT5.0m or every company shall be as follows:

Class of assessee	Minimum tax
Manufacturers of cigarette, bidi, chewing tobacco, smokeless tobacco or any other tobacco products	1% of gross receipts
Mobile phone operators	2% of gross receipts
* Individuals other than those engaged in mobile phone operation or manufacturing of tobacco products, having gross receipt of BDT30m or more	0.50% of gross receipt
Any other cases	0.60% of gross receipts


- ▶ The rate of minimum tax for industrial undertakings engaged in manufacturing of goods shall be 0.10% of gross receipts for the first three years of production.
- ▶ Where the assessee has income from any source that is exempt from tax or is subject to a reduced rate, the gross receipt from such source shall be shown separately, and minimum tax shall be the aggregate of:
 - ▶ The minimum tax for receipts from the sources that are subject to regular tax. This shall be calculated by applying the rate mentioned in the table (B) above.

- ▶ The minimum tax for receipts from sources that enjoy tax exemption or reduced rate. This shall be calculated by applying the above rate (B) as reduced in proportion to the exemption or the reduced rate.

Note:

- ▶ In case both (A) and (B) apply to an assessee, the minimum tax shall be the higher one.
- ▶ Minimum tax shall be neither refunded nor adjusted against the refund due for an earlier year or for assessment year from any sources.
- ▶ Where minimum tax has been mistakenly deducted and collected in excess or deficit of the due amount, minimum tax under this section shall be computed based on the due amount of deductions or collection, and provisions of this section shall apply accordingly.
- ▶ Any surcharge, additional interest or additional amount that is payable under this Ordinance shall be payable in addition to the minimum tax.
- ▶ If the regular tax is higher than the minimum tax, the regular tax shall be payable.





Additional tax

- ▶ Tax of 50% or BDT0.5m, whichever is higher, shall be imposed on any employer for employing or allowing any unauthorized foreigner to work.
- ▶ Tax of 10% on whole amount of stock dividend declared or distributed by a listed company shall be payable if such stock dividend exceeds the amount of cash dividend declared or distributed in an income year.
- ▶ Tax of 10% on total amount transferred to retained earnings, reserve or surplus shall be payable by the listed company if the amount so transferred exceeds 70% of net profit after tax.
- * ▶ Tax of 50% shall be payable on the difference between declared investment, import or export and actual investment made, or actual amount paid or received for import and export, respectively.




Surcharge

Surcharge on total tax liability shall be payable by an individual assessee based on the total net worth as below:

Total net worth	Rate	Minimum surcharge in BDT
Up to BDT30m	0%	0
More than BDT30m but less than BDT50m, or assessee has more than one motor vehicle in his name, or has a house property over 8,000 sq. ft. in city corporation area	10%	3,000
More than BDT50m but less than BDT100m	15%	
More than BDT100m but less than BDT150m	20%	5,000
More than BDT150m but less than BDT200m	25%	
More than BDT200m	30%	

- ▶ If net wealth is BDT500m or more, surcharge will be 0.1% of net wealth or 30% of income tax liability, whichever is higher.
- ▶ Surcharge of 2.5% will be imposed on the business income of manufacturers of cigarette, beedi, zarda, gul and other tobacco products.



Income exempted from tax

Some selective incomes exempted from computation of tax include:

- ▶ Service charge derived from operation of micro-credit by NGOs registered with the NGO Bureau.
- ▶ Income of provident fund and workers' participation fund.
- ▶ Special allowance and benefits/perquisite specifically granted to meet expenses in performance of duties of an office or employment of profit.
- ▶ Income by the trustee of a recognized provident fund and approved superannuation fund, pension fund and gratuity fund.
- ▶ Income received by ambassadors, high commissioners, envoys, ministers, charge d'affairs, advisor, etc. attached to an embassy of a foreign state or trade commission or office representative of a foreign state as office salary as well as any staff of the embassy or trade commission who is not a Bangladeshi and is not engaged in other businesses or services.
- * ▶ Pension due to or received by an assessee from the government or an approved pension fund.
- ▶ Dividend income from a listed company up to BDT50,000.
- * ▶ Gratuity up to BDT25m received from the government or an approved gratuity fund.
- ▶ Payment from: (a) Provident funds under the Provident Fund Act, 1925, (b) Recognized provident funds, (c) Approved superannuation funds and (d) Workers' Participation Fund under the Labour Act, 2006 not exceeding BDT50,000.
- ▶ Income from mutual funds/unit funds up to BDT25,000.
- ▶ Interest on tax-free government securities.



- ▶ Income from Wage Earner's Development Bond, US Dollar Premium and investment bond, Euro Premium and investment bond, Pound Sterling Premium and investment bond.
- ▶ Employees' income from interest on accumulated balance of Provident Fund up to one-third of the salary of that year and at a rate specified by the tax authority, whichever is lower.
- ▶ The amount received by a government employee, local authority and an autonomous or semi-autonomous body under any scheme approved by the government on voluntary retirement.
- ▶ Income by indigenous hillmen derived solely from economic activities in the country's hilly districts.
- ▶ Fifty percent of income of an assessee from export (other than a company not registered in Bangladesh).
- ▶ Agricultural income up to BDT0.2m for an assessee whose only source of income is agriculture.
- ▶ Interest on pensioners' saving certificate where total accumulated investment does not exceed BDT0.5m.
- ▶ Income from business of some ICT services up to 2024.
- ▶ Income from export of handicrafts from 1 July 2008 to 30 June 2024.
- ▶ Tax paid by the government on behalf of the Petroleum Exploration Company under PSC.
- ▶ Income of private agricultural colleges or universities.
- ▶ Income of SMEs engaged in production with turnover up to BDT5m.
- ▶ Income from approved zero-coupon bonds by a person other than bank, insurance or any financial institutions.

- ▶ Commercial exhibitions started by cinema halls or cineplexes until 2024 at different rates depending on their location.
- ▶ Income derived from production of rice bran oil till 2024 at different rates.
- ▶ Fifty percent of income from production of corn, maize, sugar or beet.
- ▶ Income donated to any fund established by the Trust of Prime Minister's Education Assistance 2012, subject to the applicable maximum limit.
- ▶ Overseas income by Bangladeshis brought through the official channel.
- ▶ Income donated in approved girls' schools/colleges, approved technical or vocational training institutions, national-level institutions engaged in research and development (R&D) of agriculture, science, technology and industrial development through a banking channel.
- ▶ Income (other than interest or dividend) of MPO enlisted educational institutes and the professional body of CA/CMA/CS.
- ▶ Salary income except basic salary and bonuses of government officials, Justice of Supreme Court, ministers and Member of Parliaments (MPs).
- * ▶ Income earned by an Alternative Investment Fund recognized by BSEC.
- ▶ Income of BSEC from 01 July 2017 to 30 June 2022.
- ▶ Honorarium or allowance from Bangladesh Freedom Fighter Welfare Trust or any welfare allowance received by any person from the government.
- ▶ Any reward received by any person from the government.
- ▶ Any income derived from operation of elderly care homes or day care homes.
- ▶ Income of an educational or training institutions run exclusively for the physically-challenged.
- ▶ Distribution of taxed dividend to a company, if the company distributing such dividend maintains a separate account for them.



Tax credit on investments

The tax credit for resident and non-resident Bangladeshi persons shall be:

Total income	Amount of credit
Up to BDT1.5m	15% of eligible amount
Over BDT1.5m	10% of eligible amount


Eligible amount shall be the lower of:

- ▶ Sum of the allowable amounts/investment mentioned below.
- ▶ Twenty-five percent of total income excluding any exempted or reduced-rated income or any income under section 82C(2)(a) of the Ordinance.
- ▶ BDT15m.

Allowable amount/investment for tax credit

- ▶ Payment towards life insurance by an assessee for itself, spouse or minor child up to 10% of the actual sum assured.
- ▶ Employees' and employers' contribution to a recognized provident fund and approved superannuation fund.
- ▶ Sum invested in savings certificate or unit certificate and mutual fund issued by FI and ICB, Government-securities or development loans/bonds.

- ▶ DPS with a scheduled bank or FI for up to BDT60,000.
- ▶ Donation to an organization set up for the welfare of retarded people approved by the Social Welfare Department and Board, established at least one year before such payment is made.
- ▶ Zakat, donation and contribution to a Zakat Fund or a charitable fund.
- ▶ Sum paid to a benevolent fund or group insurance premium for spouse, child or dependents.
- ▶ Sum donated to socio-economic or cultural institutions of the Aga Khan Development Network.
- ▶ Donations given to government-approved philanthropic or educational institutions.
- ▶ Donation to national-level institutions set up in memory of the Father of the Nation.
- ▶ Investment in listed shares, stock, mutual funds and debentures.
- ▶ Purchase of Bangladesh Government Treasury Bonds.



Tax Deducted at Source

The deducting or collecting authority shall deduct or collect tax at source from the following incomes while making payments or granting rights or issuing a license, as applicable. The deducting authority shall furnish a certificate of tax deduction to the person from whom such deduction has been made.

Income head	Section	Rate
Salary	50	Average rate
Discount on real value of Bangladesh's bank bills	50A	Different rates
Remuneration to MP	50B	Average rate
Interest on securities	51	5%
Supply of goods or execution of contracts	52	See (A) below
Payment of royalties, etc.	52A	See (B) below
Payment of certain services	52AA	See (C) below
Clearing and forwarding agents	52AAA	10%
Cigarette manufactures (manual)	52B	10%
Compensation against acquisition of property	52C	3%-6%
Interest on savings instruments	52D	See (D) below
Payment to beneficiaries of WPPF	52DD	5%
Brick field: <ul style="list-style-type: none"> ► Capacity one section ► One and a half section ► Two section ► Automatic brick field 	52F	BDT45,000 BDT70,000 BDT90,000 BDT150,000
Commission of Letter of Credit	52I	5%

Income head	Section	Rate
Travel agents	52JJ	See (E) below
Renewal of trade license:		
▶ Dhaka and Chattagram City Corporation		BDT3,000
▶ Other city corporations	52K	BDT2, 000
▶ Pourashava at district headquarter		BDT1,000
▶ Any other Pourashava		BDT500
Freight forwarding agencies	52M	15%
Rental power	52N	6%
Convention hall or conference center	52P	5%
Income remitted from abroad (not applicable for ITES providers and income earned in abroad and brought into by Bangladesh citizens)	52Q	10%
Phone call of international gateway service:		
▶ Bank shall deduct while making credit	52R	1.5%
▶ IGW operator shall deduct while paying ICX		7.5%
Excess premium paid on life insurance policies	52T	5%
Local Letter of Credit payment (with exceptions)	52U	1%-3%
Payment by cellular mobile phone operators	52V	10%
Importers	53	As per Rule 17A
Income from house property	53A	5%
Shipping business of residents	53AA	3%-5%
Export of manpower	53B	10%
* Export of certain items	53BB	0.50%
Transaction of members of stock exchange (10% on commission)	53BBB	0.05%
* Export of any goods except certain items	53BBBB	0.50%
Income on purchase by public auction (for tea sale: 1% TDS)	53C	5%

Income head	Section	Rate
Courier business of non-residents	53CCC	15%
Acting in a film (on amount exceeding BDT10,000)	53D	10%
Export cash subsidy	53DDD	10%
Commission or discount or fees of distributors	53E	See (F) below
Commission, remuneration or charge as a foreign buying agency	53EE	10%
Interest on saving, fixed or term deposits	53F	See (G) below
Real estate and land development businesses	53FF	See (H) below
Insurance commission	53G	5%
Survey of general insurance companies	53GG	10%
Transfer of property	53H	See (I) below
Lease of property	53HH	4%
Interest on post office saving bank accounts	53I	10%
Rental value of vacant land or plant or machinery	53J	5%
Advertisement in newspapers and magazines and on TVs and radios	53K	4%
Transfer of security or mutual fund by a sponsor shareholder	53M	5%
Transfer of share of shareholders of stock exchange	53N	15%
Sum paid by real estate developers to landowners	53P	15%
Dividend: ► Bangladeshi company ► Person (non-TIN holders: 15%) Not applicable on taxed dividend to a resident company	54	Company rate 10%
Lottery	55	20%
Income of non-residents	56	See (J) below
Tax on owners of private motor cars	68B	See (K) below

A Deduction from payment to contractors, etc. (section 52 of the Ordinance)

Where any payment is made by a specified person to a resident, the person making the payment shall deduct tax at 10% maximum (rate of tax shall be 50% higher if the payee does not have a 12-digit TIN), as shown below, on the base amount at the time of payment on account of:

- ▶ Execution of contract except for contract for services mentioned in Chapter VII
- ▶ Supply of goods
- ▶ Manufacturing, processing or conversion
- ▶ Printing, packaging or binding

When payment is made against execution of contract under section 52, deduction at source shall be at the following rates:

Base amount	Rate
Less than BDT1.5m	2%
Exceeding BDT1.5m but less than BDT5m	3%
Exceeding BDT5m but less than BDT10m	4%
Exceeding BDT10m	5%

- ▶ For supply of imported goods on which tax has been paid at source under section 53, TDS would require to be deducted under section 52 as reduced by tax deducted under section 53, if any.
- * ▶ For supply of goods on which tax has been paid at source under section 53E, the amount of TDS would be $B-A$, where B is the selling price as per section 53E(3) $\times 7\% \times 5\%$, and A is the amount of tax paid under section 53E.

Rate of deduction for the following classes of person shall be:

Amount	Rate
Oil supplied by oil marketing companies:	
► For payment less than BDT0.2m	Nil
► For payments over BDT0.2m	0.60%
Oil supplied by dealers or agents (except petrol pumps) of oil marketing companies	1%
Oil supply by companies engaged in oil refinery, for any amount	3%
Companies engaged in gas transmission, for any amount	3%
Companies engaged in gas distribution	3%
Companies engaged in producing cement, iron or iron products except MS Billets	3%
Companies engaged in producing MS Billets	0.5%
* Locally procured MS scrap	0.5%
Supply of rice, wheat, potato, onion, garlic, peas, chickpeas, lentils, ginger, turmeric, dried chilies, pulses, maize, coarse flour, flour, salt, edible oil, sugar, black pepper, cinnamon, cardamom, clove, date, cassia leaf, jute, cotton yarn and all kinds of fruits	2%

- Specified person means government and its units, projects, programs or activities, joint venture or consortiums, companies, co-operative banks/societies, financial institutions, registered NGOs, micro credit organizations, schools, colleges, institutes or universities, hospitals, clinics or diagnostic centers, trusts/funds, firms, an association of persons, PPPs, foreign contractors, enterprises, associations or bodies established outside Bangladesh or any artificial jurisdiction person.
- Base amount means an amount that is higher of contract value, or bill or invoice value or payment.

B Deduction from payment of royalties, etc. (section 52A)

When a specific person makes payment to a resident on account of royalty, franchise or fee for using license, brand name, patent, invention, formula, process, method, design, pattern, know-how, copyright, trademark, trade name, literary, musical or artist composition, survey, study, forecast, estimates, customer list or any other intangibles, tax shall be deducted: (a) At the rate of 10%, where the base amount does not exceed BDT2.5m, and (b) At the rate of 12%, where the base amount exceeds BDT2.5m.

C Deduction from payment of certain services (section 52AA)

Where payment is made by a specified person to a resident, tax shall be deducted while making payment as follows:

#	Description of payment	Base amount	
		< BDT2.5m	> BDT2.5m
1	Advisory or consulting service	10%	12%
2	Professional service, technical service fees or technical assistance fees	10%	12%
3	<ul style="list-style-type: none"> ▶ Catering services ▶ Cleaning services ▶ Collection and recovery ▶ Private security services ▶ Manpower supply services ▶ Creative media services ▶ Public relation services ▶ Event management services ▶ Training, workshops, etc. ▶ Courier service ▶ Packing and shifting service ▶ Any other service of similar nature <ul style="list-style-type: none"> ▶ On commission or fee ▶ On gross bill amount 	<div>10%</div> <div>1.5%</div>	<div>12%</div> <div>2%</div>
4	Media buying agency services <ul style="list-style-type: none"> ▶ Commission or fees ▶ Gross receipt 	<div>10%</div> <div>0.5%</div>	<div>12%</div> <div>0.65%</div>
5	Indenting commission	6%	8%
6	Meeting or training fees/honorarium	10%	12%
7	Payment made to mobile network operators, technical support service providers and service delivery agents engaged in mobile banking operations	10%	12%
8	Payment made to Credit rating agencies	10%	12%
9	Motor garage or workshop	6%	8%
10	Private container port or dockyard	6%	8%
11	Shipping agency commission	6%	8%
12	Stevedoring/berth commission	10%	12%

#	Description of payment	Base amount	
* 13	<ul style="list-style-type: none"> ▶ Transport services, carrying services, vehicle rental services ▶ Services pertaining to sharing of economic platform including ride sharing services, coworking space and accommodation service 	3%	4%
* 13A	Wheeling charge for electricity transmission	2%	3%
14	Any other services which are not mentioned in Chapter VII and are not provided by banks and insurance companies or financial institutions	10%	12%

If the amount for services in (3) and (4) above shows both commission and fees and gross bill, tax shall be the higher of (i) the tax calculated on commission or fees applying relevant rate or (ii) $B \times C \times D$ (where B is gross bill, C is 10% for (3) and 2.5% for (4), and D is the rate at which the tax is applicable for commission).

D Deduction at source from interest on savings instruments (section 52D)

The person responsible for paying interest/profit on savings instruments shall deduct tax at 10% while making payments. The deduction shall also be applicable on interest/profit on savings instruments purchased by approved superannuation funds, pension funds, gratuity funds, recognized provident funds or Workers' Profit Participation Fund.

There shall be no deduction if the cumulative investment at the end of the income year in pensioner's saving certificate does not exceed BDT0.5m. There shall be no deduction for interest on Wage Earners Development Bond, US Dollar Premium and investment bond, Euro Premium and investment bond, Pound Sterling Premium and investment bond.

E Collection of tax from travel agents (section 52JJ)

The person responsible for paying commission, discount or any benefit convertible into money for selling tickets/cargo by air on behalf of any airlines to a resident shall deduct 0.30% tax on the total value of ticket/cargo bill. Any incentive bonus, performance bonus or other benefit in relation to such ticket or bill in addition to the amount mentioned above shall be taxable on an amount equal to $A/B \times C$ (where A is the incentive bonus, performance bonus or other benefit; B is the amount of commission, discount and other benefits, and C refers to the source tax on commission or discount or other benefits).

Payment made towards embarkation fees, travel tax, flight safety insurance, security tax and airport tax shall not be included in the value or charge while computing total value.

F Deduction or collection at source from commission, discount or fees (section 53E)

- ▶ Any company making a payment or allowing an amount to a distributor called by whatever name or to any other person by way of commission, discount, fees, incentives or performance bonus or any other payment for distribution or marketing of goods, etc. shall deduct tax at 10%.
- ▶ Any company making a payment to promote itself or its goods to any person engaged in the distribution or marketing of goods shall deduct tax at 1.50%.
- ▶ Companies (except oil marketing companies) that sell goods to any distributor/person under a contract at a price lower than the retail fixed price shall collect tax at 5% on the amount equal to $B \times C$ (where B is the selling price of the company to the distributor/other person and C is 5%).

Cigarette manufacturing companies shall deduct tax at the time of sale of their goods to a distributor or any other person at 3% of the difference between the sales price to the distributor/other person and the retail fixed price.

G Deduction at source from interest on saving deposits and fixed deposits, etc. (section 53F)

- ▶ A person responsible to pay any interest/profit on any savings account, fixed deposit or term deposit maintained with any scheduled bank – including co-operative banks, non-banking financial institutions or housing finance companies – shall collect tax while making payment or crediting into accounts, whichever is earlier, at 10% for 12-digit TIN holders and 15% for non-TIN holders.
- ▶ There shall be 10% tax on saving accounts where balance does not exceed BDT0.1m at any time in the year. There shall be a 10% deduction where the receiving party is a university, an educational institute enlisted under an MPO or a professional institute established under the law and run by a professional body of CA/CMA/CS.
- ▶ A deduction of 5% shall be applicable on interest/profit on deposit made by a fund at the time of payment or credit, whichever is earlier.
- ▶ There shall be no deduction on interest/profit out of any DPS sponsored by the government or a scheduled bank with prior approval and any class of payee exempted from tax, as the board may order

H Collection of tax from persons engaged in real estate or land development business (section 53FF)

The registering authority shall not register the documents unless tax is paid at the following rate:

- ▶ Buildings/apartments situated at Gulshan Model Town, Banani, Baridhara, Motijheel C/A, Dilkusha C/A of Dhaka: BDT1,600 per square meter for residential buildings and BDT6,500 per square meter for non-residential buildings.
- ▶ Buildings/apartments at Dhanmondi R/A, DOHS, Mohakhali, Lalmatia Housing Society, Uttara Model Town, Bashundhara R/A, Dhaka Cantonment and Kawran Bazar C/A of Dhaka and Panchlaish R/A, Khulshi R/A, Agrabad and Nasirabad of Chattagram: BDT1,500 per square meter for residential buildings and BDT5,000 per square meter for non-residential buildings.

- ▶ The tax rates for buildings/apartments in areas other than the ones mentioned above are as follows:
 - ▶ For areas in Dhaka and Chattagram City Corporation: BDT1,000 per square meter for residential and BDT3,500 for non-residential buildings.
 - ▶ For any other city corporation: BDT700 per square meter for residential and BDT2,500 for non-residential buildings.
 - ▶ For other areas: BDT300 per square meter for residential and BDT1,200 for non-residential buildings.
- ▶ Source tax shall be 20% lower for residential apartments less than 70 square meter and 40% lower for apartments less than 60 square meter including the common space.
- ▶ Stamp duty on registration of land is chargeable at the following rates:
 - ▶ For Dhaka, Gazipur, Narayanganj, Munshigonj, Manikgonj, Narshindi and Chattagram: 5%
 - ▶ For other districts: 3%

I Collection of tax on transfer, etc. of property (section 53H)

The registering officer shall not register any document unless tax is paid by the person whose right, title or interest is sought to be transferred, limited or extinguished thereby in relation to the property on which stamp duty is chargeable (rate as per IT Rule 17II). Tax shall not exceed BDT1.08m per katha (1.65 decimal) for land, BDT600 per square meter for any structure/building/flat/apartment/floor space or 4% of deed value, whichever is higher. There shall be no deduction for a mortgage of property/sale of mortgaged property by financial institutions.

J Deduction from income of non-residents (section 56)

A specified person responsible for making payment to a non-resident, unless such person is also liable to pay tax thereon as an agent, shall deduct tax as below:

Description of payment	Rate
Advisory or consultancy services	20%
Pre-shipment inspection services	20%
Professional services, technical services/know-how or technical assistance	20%
Architecture, interior design, landscape design, fashion design or process design	20%
Certification, rating, etc.	20%
Charge or rent for satellite, airtime or frequency or rent for channel broadcast	20%
Legal services	20%
Management services, including event management	20%
Commission	20%
Royalty, license fee or payments related to intangibles	20%
Interest	20%
Advertising broadcasting	20%
Advertisement making or digital marketing	15%
Air or water transport not being the carrying services mentioned in sections 102 or 103A	7.5%
Contractors or subcontractors of manufacturing, process or conversion	7.5%
Suppliers	7.5%
Capital gains	15%
Insurance premiums	10%
Rental of machinery, equipment, etc.	15%
* Dividends:	
Companies, fund and trust	20%
Any other person not being a company, fund and trust	30%
Artists, singers or players	30%
Salary or remuneration	30%
Exploration or drilling in petroleum operations	5.25%
Surveys for coal oil or gas exploration	5.25%
Fees of surveyors of general insurance company	20%
Services for developing connectivity between oil or gas fields and export points	5.25%
Any payments against any services not mentioned above	20%
Any other payments	30%

- ▶ The Board may instruct not to deduct tax or deduct tax at lower rate as per tax treaties or any other reasons. Application is recommended to be disposed within 30 days of the date of application.
- ▶ Tax deducted under this section shall be minimum tax and refund, set off or adjustment shall not be allowed.
- ▶ In case of transfer of shares, no effect shall be given in respect of transfer of shares unless capital gain tax is paid under this section.



K Tax for owner of private motor car (section 68B)

The authority shall collect advance tax while registration or renewal of fitness of cars as below:

Engine capacity	Amount of tax (in BDT)
Cars or jeeps not exceeding 1,500cc	25,000
More than 1,500cc but less than 2,000cc	50,000
More than 2,000cc but less than 2,500cc	75,000
More than 2,500cc but less than 3,000cc	125,000
More than 3,000cc but less than 3,500cc	150,000
More than 3,500cc	200,000
Microbus	30,000


The tax shall be 50% higher for the people who own more than one car in their name or in joint name. The minimum tax liability from regular sources of such persons shall be at least equal to the tax collected for motor cars. Tax collected above shall not be refunded. Cars owned by specific persons will get exemption from TDS.

Payment of TDS

All sums deducted or collected under Chapter VII shall be deposited in the government treasury as follows:

Time of deduction or collection	Date of payment to the credit of the government
From July to May	Within two weeks from the end of each month
On any day from June 1-20	Within seven days after deduction
On any day from June 21-28	The next day of the deduction
On June 29, 30	The same day






Advance payment of tax

Advance tax shall be payable if the total income of an assessee exceeds the latest assessed income by BDT0.6m by way of regular assessment or provisional assessment. There shall be no advance tax on agricultural income and capital gains (excluding gain from transfer of shares listed on a stock exchange).

Advance income tax shall be payable in four equal instalments on the 15th day of September, December, March and June of the financial year for which tax is payable.

Advance tax in case of cigarette manufacturers

Cigarette manufacturers shall pay advance tax at 3% on net sales price in every month. Advance tax above shall be adjusted with quarterly instalments under section 66 of the Ordinance. Net sale in this case means gross sales minus VAT and supplementary duty, if any, on gross sale.



Submission of returns and statements

A Returns of income tax

Tax return shall be submitted by the following persons:

- ▶ Persons whose total income exceeds that maximum amount that is not chargeable to tax and/or who have been assessed to tax for any one of the three immediately preceding years
- ▶ Every company
- ▶ Registered NGOs/co-operative societies
- ▶ Firms/an association of persons
- ▶ Shareholder directors or shareholder employees of a company
- ▶ A partner of a firm
- ▶ Government employees drawing a basic salary of BDT16,000 or more at any time in the income year
- ▶ Employees holding an executive or a management position in a business or profession
- ▶ Registered micro credit organizations
- ▶ Non-residents having permanent establishment in Bangladesh
- ▶ Persons (other than a charity or a fund) with income during the year that is subject to tax exemption or a lower tax rate under section 44 of the Ordinance
- ▶ Persons fulfilling any of the following conditions at any time during the income year:

- ▶ Own a motor car
 - ▶ Own a membership of a club registered under the VAT Act
 - ▶ Run a business having a trade license
 - ▶ Registered with professional bodies
 - ▶ Registered ITP
 - ▶ Who are members of a trade association or body
 - ▶ Run for an office of any paurashava, city corporation or as Members of Parliament
 - ▶ Participate in tenders floated by the government, semi-government body, autonomous body or local authorities
 - ▶ Serve on the Board of Directors of a company or group of companies
 - ▶ Participate in a shared economic activity by providing motor vehicle, space, accommodation or any other assets
- * ▶ Own any licensed arms
- ▶ Any person who has a 12-digit TIN under section 184A

A return of income shall not be mandatory for:

- ▶ Educational institutions receiving government benefits under an MPO
- ▶ Public universities
- ▶ A fund
- ▶ A non-resident, not being a non-resident individual, having no permanent establishment in Bangladesh
- ▶ Non-resident individuals having no fixed base in Bangladesh
- ▶ Any class of persons with the board, by order in the official gazette, exempt from filling the return
- * ▶ Individual assessee having no taxable income but TIN for selling land
- ▶ Individual assessee having no taxable income but TIN for obtaining credit card

Date of submission of returns of income tax

- ▶ Assessee, other than a company, shall submit a tax return by November 30 following the income year in the respective tax office.

- ▶ Companies shall submit their return by the 15th day of the seventh month following the end of the income year or 15 September following the end of the income year where the said 15 day falls before 15 September.
- ▶ Non-resident Bangladeshis may file their return at their nearest Bangladesh Mission.
- ▶ Individuals who are government officials engaged in higher education or training on deputation or employed under lien outside Bangladesh shall file a return for the period of such duration within three months from the date of their return to Bangladesh.

B Statement of assets, liabilities and lifestyle

Every individual assessee shall furnish its dependents' assets, liability statement, with the annual returns of income, if the person:

- ▶ Has a gross wealth exceeding BDT4m
- * ▶ Owns a motor car
- ▶ Has invested in house property/apartment in the city corporation area
- * Also, every individual assessee shall furnish a statement of expenses relating to the lifestyle. However, an individual, except shareholder director having income not exceeding BDT0.4m, may opt not to submit lifestyle statement.

C Information regarding payment of salary

Persons responsible for making payment of salaries, shall furnish an information before 1 September each year. This information includes the name and addresses of employees, amount, TDS and other particulars as may be prescribed.

D Information regarding filling of returns by employees

Every employee shall furnish the following information to its employer by April 15 each year:

- ▶ TIN
- ▶ Date of filing returns
- ▶ Serial number of tax returns provided by tax authority

Persons (not applicable for government authorities) responsible for making salaries shall, by 30 April each year, furnish a statement containing the following information:

- ▶ Name, designation and TIN of each employee
- ▶ Date of filing returns by the employees
- ▶ Serial number of returns so filled.

E Information regarding payment of interest

Information regarding payment of interest (not interest on securities) to be furnished in a prescribed manner by responsible persons before 1 September each year if interest amount exceeds BDT15,000.

F Information regarding payment of dividend

Information regarding dividend shall be furnished in a prescribed manner by principal officers of every company before 01 September each year if dividend or aggregate of dividend exceeds BDT20,000.

G Returns of withholding tax

Every company or a cooperative society or registered NGO, micro credit organization, university, private hospital, clinic, diagnostic centre, local authority, an artificial judicial person and an English medium school providing education following international curriculum shall file half-yearly returns of withholding tax for the tax deducted or collected at source under the Chapter VII. First return shall be submitted by 31 January and second return by 31 July of the year.

H Statement of tax deducted or collected at source

Every person who has deducted or collected tax at source shall furnish a statement by the 20th of the month following the end of the month in which the deduction or collection is made.



Assessment of tax

Universal self-assessment

Where return is filed by an assessee who has a 12-digit TIN and has paid tax as per section 74, the DCT/other authority shall issue an acknowledgement receipt, which shall be deemed to be an order of assessment. The authority shall process the return to check income, tax or refund computation and, if required, send a notice of demand along with an intimation specifying its computation/particulars. The board may select some of the returns so submitted for audit.

Returns shall not be selected for audit where:

- ▶ Returns or amended returns, except the returns of income of a financial institution, show at least 15% higher income (considering income from the sources that are common between the previous year and the current year) than in the immediately preceding assessment year.
- ▶ Returns:
 - ▶ Are accompanied by corroborative evidence
 - ▶ Are accompanied by a copy of the bank statement in support of loans over BDT0.5m taken other than from a bank/FI
 - ▶ Do not show receipt of any gift
 - ▶ Do not show any exemption or reduction of tax rate as per section 44
 - ▶ Do not show or result in any refund
- ▶ The assessee has complied with the provision of section 75A, 108 and 108A of the Ordinance.

No question on initial capital to business for a new assessee shall be raised if the assessee:

- ▶ Shows income that exceeds tax exemption threshold and is not less than 20% of the initial capital invested in the business
- ▶ Pays tax at the regular tax rate
- ▶ States in writing that return falls under sub-section 11 of section 82BB

Minimum capital shall be kept at the end of income year and the next four years. Any shortfall in any year shall be treated as income of that year.

Other assessments

Other assessments include provisional assessment, assessment on correct return, assessment after hearing, spot assessment, etc.



Transfer pricing

In accordance with the provision of transfer pricing, the amount of any income or expenditure arising from an international transaction shall be determined as per the arm's length price.

Here, an international transaction means transaction between associated enterprises, either or both of whom are non-residents or not, in any nature of purchase, sale or lease of tangible or intangible assets, provision of service, lending or borrowing money, guaranty fees or any other transaction having a bearing on the profits, income, losses, assets, financial position or economic value of such enterprise.

Under the provisions of transfer pricing rules, companies having international transactions with associated enterprises shall be required to determine the arm's length price and maintain certain documents if the transaction value exceeds BDT30m in a year. The arm's length price shall be determined by applying appropriate method or methods below:

- ▶ Comparable uncontrolled price method
- ▶ Resale price method
- ▶ Cost plus method
- ▶ Profit split method
- ▶ Transactional net margin method
- ▶ Any other method if the above methods cannot be reasonably applied

Such companies also need to announce international transactions and submit statements of international transactions to the tax authority with annual income tax return irrespective of the volume of the international transactions. If any transaction is found not at an arm's length price, the

tax authority may determine the price. Even, if an assessee is exempted from tax or is subject to a reduced rate of tax, the adjustment made in conformity with the arm's length price so determined shall be treated as income and tax shall be payable at regular rate.

A report of chartered accountants/chartered cost and management accountants may be required upon notice of the DCT in writing if the value of international transactions exceeds BDT30m in the books during the income year.

Penalty for non-compliance with the provision of transfer pricing

- ▶ The penalty for failure to keep, maintain or furnish information, documents or records shall not exceed 1% of the value of each international transaction entered.
- ▶ The penalty for failure to comply with the notice or requisition shall not exceed 1% of the value of each international transaction entered.
- ▶ The penalty for failure to submit a statement of international transactions shall not exceed 2% of the value of each international transaction entered.
- ▶ The penalty for failure to furnish a report from accountants shall not exceed BDT0.3m.



Penalties or fines

Consequences of failure to deduct or collect tax at source

In case there is failure in terms of deducting or collecting tax at source or deduction is at a lesser rate or there is failure to pay the government, such persons shall be personally liable (with other consequences) to pay amounts as below:

- ▶ The amount of tax that has not been deducted/collected
- ▶ The gap amount between the deducted and would have been deducted
- ▶ The amount that has not been paid to the government

In addition to the above amounts, such persons shall be liable to pay an additional amount at the rate of 2% per month on the amount calculated above for the period from the due date to the date of payment made. The period for which this additional amount is calculated shall not exceed 24 months.

Consequence of issuance of certificate of tax deduction or collection without actual deduction

Such persons shall be liable personally to pay the amounts.

Failure to pay advance tax

Failing to pay advance tax or producing an untrue estimate of advance tax will attract a penalty not exceeding the amount of shortfall of tax payment.

Failure to pay instalments of advance tax

Persons failing to pay advance tax instalments shall be deemed to be assessee in default in respect of such instalments. If advance tax paid based on the estimate is less than 75% of the tax assessed, a simple interest at 10% shall be payable on the shortfall amount. The rate of interest shall be 50% higher if such assessee fails to file a return on or before the tax day.

Note:

- ▶ The period for interest shall be from 1 July following the financial year in which advance tax is paid to the date of regular assessment or a period of two years, whichever is shorter.
- ▶ If tax is paid under section 74 or provisional assessment is made under section 81 of the Ordinance but regular assessment has not been made:
 - ▶ The simple interest shall be calculated up to the date on which the tax has been paid under section 74 or 81 of the Ordinance
 - ▶ Thereafter, interest shall be calculated on the shortfall amount from the said 75% of the assessed tax
- ▶ Excess interest along with tax amount shall be payable as a result of an appeal, revision or reference if any.

Delay interest for not filling return on or before the Tax Day

If assessee fails to file return under section 75 of the Ordinance before the Tax Day, 2% interest per month on the shortfall amount (assessed tax less advance tax) shall be payable along with other consequences, if any.

Delay interest shall be calculated from the following Tax Day to:

- ▶ The date of filing return, if the return is filed, and
- ▶ The date of regular assessment, if return is not filed.

The period for calculating delay the interest shall not exceed one year. Delay interest shall not be applicable for the assessee mentioned in section 75(5).

Penalty for failure to file return

Persons who fail to file a return under section 75, 77, 89, 91 or 93 of the Ordinance may be imposed a penalty of 10% on the last assessed income (minimum of BDT1,000) and a further penalty of BDT50 every day for continued default. However, the penalty shall not exceed BDT5,000 for individual assessee whose income was not assessed previously and 50% of the last assessed income or BDT1,000, whichever is higher, for those whose income was assessed previously.

Failure to comply with section 75A, 108 or 108A of the Ordinance may invite a penalty at 10% of tax on last assessed income or BDT5,000, higher one, and for continued default BDT1,000 per month.

- * For non-compliance with the provisions of section 58, 103A, 109, 110 or 184C of the Ordinance, a penalty of BDT5,000 may be imposed and a further BDT1,000 per month for continued default.

For failure to furnish information under section 113 of the Ordinance, a penalty of BDT25,000 may be imposed and a further penalty of BDT5,000 per day for continued default.

Failure to pay tax on the basis of return

Persons who fail to pay tax as required under section 74 of the Ordinance will attract a penalty not exceeding 25% of the whole/portion of the unpaid tax.

Penalty for not maintaining accounts in a prescribed manner

If persons, who do not have income from house property, fail to maintain accounts as per section 35(2), they may be penalized a maximum of one and a half times of the tax payable. The penalty for persons whose income do not exceed the minimum threshold is BDT100. Persons having income from house property may be penalized at 50% of the tax payable on income from house property or BDT5,000, whichever is higher.

Penalty for using fake TIN

The penalty shall not exceed BDT20,000.

Penalty for failure to verify TIN

The penalty shall not exceed:

- ▶ BDT0.2m for non-compliance with section 184A(5)
- ▶ BDT50,000 for non-compliance with section 184A(6)

Penalty for failure to verify TIN under section 184A of the Ordinance

The penalty shall not exceed BDT50,000.

Penalty for concealment of income


The penalty shall be 15% of the tax avoided. If concealment is detected after a period of more than one year of first assessment of tax, an additional penalty at 15% for each preceding assessment year shall be imposed.

Penalty for incorrect or false audit report by a CA

The penalty shall not be less than BDT50,000 but not more than BDT0.2m if audit has not been done as per IFRS/ISA.

Penalty for furnishing fake audit report

The penalty shall be BDT0.1m.



Offences and prosecutions

Punishment for non-compliance with certain obligations

If any person is found to be guilty of offences, without any reasonable cause, the person can be punished up to one year of imprisonment and/or a fine can be imposed. This punishment applies if they:

- ▶ Fail to deduct/collect and pay tax under Chapter VII and section 143(2) of the Ordinance except advance payment of taxes
- ▶ Fail to produce documents/accounts, etc. as per the notice issued by the tax authority under Chapter VIII or section 83
- ▶ Fail to furnish return under section 75 or as per the notice issued under section 77 or 93
- ▶ Refuse to furnish information under section 113
- ▶ Refuse to permit inspection or allow copies to be taken under section 114
- ▶ Fail to ensure necessary facilities or furnish required information under section 115
- ▶ Fail to comply with the requirements under section 116
- ▶ Fail to comply with order under section 116A
- ▶ Refuse to permit/obstruct exercise of the power of tax authority under section 117

Punishment for false statements in verification, etc.

Any person who is guilty of offences can be punished with an imprisonment from three months to up to three years and/or a fine, if they, without any reasonable cause:

- ▶ Furnish any false documents under any provision.
- ▶ Knowingly induce any person to make or deliver any false document or make any willfully false statement, accounts, declaration, etc.
- ▶ Sign and issue certificate for returns made under section 75 and for tax paid that turns out to be false or is believed to be false.
- ▶ Refuse to furnish information under section 115.

Punishment for improper use of TIN

The punishment shall be up to three years of imprisonment and/or fine up to BDT50,000.

Punishment for furnishing fake audit reports

The punishment shall be up to three years but not less than three months of imprisonment and/or a fine up to BDT0.1m.

Punishment for obstructing an income tax authority

The punishment shall be up to one year of imprisonment and/or a fine for obstructing the tax authority in discharging its functions.

Punishment for unauthorized employment

The punishment shall be up to three years but not less than three months of imprisonment and/or a fine up to BDT0.5m for employing unauthorized foreign nationals or allowing them to work.

Punishment for concealment of income, etc.

The punishment shall be up to five years but not less than three months of imprisonment and/or a fine for concealment of income or deliberately furnishing inaccurate particulars.

Punishment for disposal of property to prevent attachment

The punishment shall be up to five years of imprisonment and/or a fine.

Punishment for providing false information, etc.


Up to three years of imprisonment or a fine or both can be imposed on a person if it is found to be in possession of any information of an assessee and after being required to furnish the information to an income tax authority under this Ordinance:

- ▶ Conceals the information
- ▶ Deliberately furnishes inaccurate information

Punishment for disclosure of protected information

The punishment shall be up to six months of imprisonment for disclosing protected information in contravention of section 163.





Some important definitions

Annual value in relation to any property let out

Reasonable yearly rental value including letting furniture, fixture and fittings or the amount of annual rent, whichever is higher.

Assessee

A person who pays tax and includes every person:

- ▶ In respect of whom any proceeding under the Ordinance has been taken for the assessment of the person's income or income of other person in respect of which the person is assessable or of the amount of refund due
- ▶ By whom a minimum tax is payable
- ▶ Who is required to file a return under section 75, 89 or 91 of the Ordinance
- ▶ Who desires to be assessed and desires to submit a return
- ▶ Who is deemed to be an assessee or assessee in default

Capital assets

Property of any kind that does not include stock in trade (not stocks and shares), consumable stores, raw materials, personal effects (wearing apparels, jewelry, furniture, equipment and vehicles used exclusively for personal purpose) used by an assessee or their dependent family.

Company

A company as defined in the Companies Act, 1994 and includes:

- ▶ A body corporate established under any law



- ▶ Any bank or financial institution, insurance body and industrial or business enterprise
- ▶ Association of persons, if any of such person is a company as defined in the Companies Act, 1994
- ▶ Association or body incorporated outside Bangladesh
Any foreign association that the NBR declares a company

Dividend

- ▶ Any distribution of accumulated profit to share or debenture holders
- ▶ Any profit remitted outside Bangladesh by a company not incorporated in Bangladesh
- ▶ Advance or loan paid by a private company, not in an ordinary course of business, to the shareholders to the extent the company possesses accumulated profit
- ▶ Does not include bonus shares
- ▶ Distribution of profit of a mutual fund or an Alternative Investment Fund

Income

- ▶ Any incomes, receipts, profits or gains chargeable to tax
- ▶ Amount subject to collection or deduction at source
- ▶ Any loss of such income profit or gains
- ▶ Profit or gains of an insurance business computed as per para 8 of the 4th Schedule of the Ordinance
- ▶ Any sum deemed to be income or income deemed to have been arisen/received in Bangladesh
- ▶ Any amount on which tax is imposed
- ▶ Any amount that is treated as income

Income year

- * Income year means financial year immediately preceding the assessment year and includes:
 - ▶ Period starting from setting up business and ending on the next 30 June
 - ▶ Period starting when a new source of income comes into existence and ending on the next 30 June
 - ▶ Period starting on 01 July and ending at the discontinuing/dissolution date
 - ▶ Period starting on 01 July and ending on the retirement/death of the principal for the unincorporated body
 - ▶ Period immediately following the death/retirement of the principal and ending on the retirement/death of another participant of an unincorporated body or the next 30 June
 - ▶ For banks and insurance companies or financial institutions as well as their subsidiaries, income year means 12 months starting from 01 January
 - ▶ In any other cases, 12 months commencing from 01 July of a given year

The DCT may allow a different financial year for a company if required for the purpose of consolidation. This company includes a subsidiary or a holding for a parent company incorporated outside Bangladesh or a branch or liaison office, thereof.

Permanent Establishment (PE)

A PE is a place through which a person is wholly or partly carried on any business or profession and includes the following:

- ▶ A place of management
- ▶ A branch, an agency, an office, a warehouse, a factory, a workshop, a mine, oil, gas well, place of exploration, extraction of natural resources, a farm or plantation
- ▶ A building site, construction, assembly or installation project or its supervisory activities
- ▶ Furnishing of services including consultancy services, by a person through employees or other personnel engaged by the person for such purpose, if the activities of that nature continue in Bangladesh
- ▶ Any associated entity or a person who is commercially dependent on a non-resident person for carrying out activities in Bangladesh in connection with sales.

Perquisite

- ▶ Any payment in cash or kind, excluding basic salary, festival bonus, incentive, arrear salary, advance salary, leave encashment and overtime.
- ▶ Any benefit in cash or kind, other than contribution to a recognized provident fund, approved pension fund, gratuity fund and superannuation fund.

Person

Individuals, firms, an association of persons, HUFs, trusts, funds, local authorities, companies, entities and every other artificial juridical person.

Resident

- ▶ For individuals: people living in Bangladesh for 182 days or more in an income year, or 90 days or more in an income year plus 365 days or more during the four years preceding that year
- ▶ For firms, associations and HUFs: if control and management are situated wholly in Bangladesh
- ▶ For companies, trusts and funds: if control and management are situated wholly in Bangladesh in that year
- ▶ A local authority and every other artificial juridical person

Tax day

- ▶ For assessee other than a company: November 30
- ▶ For companies: 15th day of the seventh month following the end of the income year, or the 15 September following the end of the income year where the said 15th day falls before 15 September
- ▶ Next working day if the above days are public holidays.

Taxed dividend

Taxed dividend is the dividend income on which tax has been paid by the recipient under the Ordinance.

Compliance calendar from 1 July 2020 to 30 June 2021

Date	Particulars
July 2020	
14	Payment of Tax deducted at source
20	Submission of 'Statement of Tax Deducted or Collected under Chapter VII'
31	Submission of 'Return of Withholding Taxes'
August 2020	
14	Payment of Tax deducted at source
20	Submission of 'Statement of Tax Deducted or Collected under Chapter VII'
September 2020	
1	<ul style="list-style-type: none"> ▶ Information regarding payment salary u/s 108 ▶ Information regarding payment interest u/s 109 ▶ Information regarding payment dividend u/s 110
14	Payment of Tax deducted at source
15	<ul style="list-style-type: none"> ▶ First Installment of advance tax ▶ Annual 'Return of Income' for the company year ended 31st December 2019* ▶ Statement of international transaction
20	Submission of 'Statement of Tax Deducted or Collected under Chapter VII'
October 2020	
14	Payment of Tax deducted at source
20	Submission of Statement of Tax Deducted or Collected under Chapter VII
November 2020	
14	Payment of Tax deducted at source
20	Submission of Statement of Tax Deducted or Collected under Chapter VII

Date	Particulars
December 2020	
14	Payment of Tax deducted at source
15	Second Installment of advance tax
20	Submission of 'Statement of Tax Deducted or Collected under Chapter VII'
January 2021	
14	Payment of Tax deducted at source
15	<ul style="list-style-type: none"> ▶ Annual Return of income for the company year ended 30th June 2019* ▶ Statement of international transaction
20	Submission of Statement of Tax Deducted or Collected under Chapter VII
31	Submission of Return of Withholding Taxes
February 2021	
14	Payment of Tax deducted at source
20	Submission of Statement of Tax Deducted or Collected under Chapter VII
March 2021	
14	Payment of Tax deducted at source
15	Third Installment of advance tax
20	Submission of Statement of Tax Deducted or Collected under Chapter VII
April 2021	
14	Payment of Tax deducted at source
20	Submission of 'Statement of Tax Deducted or Collected under Chapter VII'
30	Submission of statements regarding employees tax returns' in particulars column

Date	Particulars
May 2021	
14	Payment of Tax deducted at source
20	Submission of 'Statement of Tax Deducted or Collected under Chapter VII'
June 2021	
14	Payment of Tax deducted at source
15	Fourth Installment of advance tax
20	Submission of 'Statement of Tax Deducted or Collected under Chapter VII'
27	Payment of Tax Deducted at Source during June 1 - June 2
29	Payment of Tax Deducted at Source during June 21- June 29
30	Payment of Tax Deducted at Source on June 30

**Date of submitting annual returns of income and statement of international transactions may vary depending on the date of year ending.*

Abbreviations

BDT	Bangladesh Taka
Board/NBR	National Board of Revenue
BSEC	Bangladesh Securities and Exchange Commission
BTRC	Bangladesh Telecommunication Regulatory Commission
CA	Chartered Accountants
C/A	Commercial Area
CDA	Chattagram Development Authority
CMA	Cost and Management Accountants
CS	Chartered Secretariat
DCT	Deputy Commissioner of Taxes
DOHS	Defence Officers Housing Society
DPS	Deposit Pension Scheme
EPZ	Export Processing Zone
FI	Financial Institution
HUF	Hindu Undivided Family
IAS	International Accounting Standards
ICB	Investment Corporation of Bangladesh
ICT	Information and Communication Technology
ICX	Interconnection Exchange
IFRS	International Financial Reporting Standards
IGW	International Gateway
ITES	Information and Technology Enabled Services
KDA	Khulna Development Authority
LC	Letter of Credit
m	million
MOE	Ministry of Education
MPO	Monthly Payment Order
MS	Mild Steel
NBFI	Non-Banking Financial Institutions
NGO	Non-Government Organization
PE	Permanent Establishment
PPP	Public Private Partnership
PSC	Production Sharing Contract
RAJUK	Rajdhani Unnyan Kartipakkha
RDA	Rajshahi Development Authority
SME	Small and Medium Enterprise
The	
Ordinance	The Income Tax Ordinance, 1984
TIN	Taxpayer's Identification Number
VAT	Value Added Tax
WPPF	Workers' Profit Participation Fund



Key Contacts

Corporate Office

Gulshan Pink City

Suites: 01-03, Level: 7

Plot: 15, Road: 103

Gulshan Avenue, Dhaka-1212,

Phone: +880-2-8881824-6

Fax: +880-2-8881822

Email: sohel.kasem@bd.ey.com | abu.hanif@bd.ey.com

Paltan Tax Division

"Chandana" (2nd Floor)

3/1 H, Purana Paltan

Dhaka-1000

Phone: +880-2-9551103 | +880-2-9584925

Fax: +880-2-9564312

Chattagram Branch Office

"Faruk Mahal" (3rd Floor)

Plot: 93, Agrabad Commercial Area

Chattagram

Phone: +880-31-715656 | +880-31-718066



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