

# Bangladesh

## Country Overview

### Key Facts:

Population	161,376,708
Capital City	Dhaka
Government	A unitary dominant-party parliamentary constitutional republic
President	Abdul Hamid
Prime Minister	Sheikh Hasina
Language	Bengali
Economy Ranking	121

### Economy:

The Bangladeshi economy relies on its enormous human resources, rich agricultural soils and abundant water resources. Agriculture forms the backbone of the economy with main crops including rice, tea, jute, wheat, sugarcane, tobacco, spices, and fruits. Bangladesh's secondary industries include paper, leather, fertilisers, metals, and pharmaceuticals.

### Focus Industries:

- Textiles
- Pharmaceuticals
- Shipbuilding
- Steel
- Electronics

- Energy
- Construction Materials
- Chemicals
- Ceramics
- Food Processing
- Leather Goods

#### Top reasons to set up:

1. Bangladesh is also one of the world's fastest-growing economies and one of the fastest-growing middle-income countries.
2. The government encourages growth in manufacturing and export-oriented industries by offering several tax incentives such as tax rebates and tax holidays as well as subsidy.
3. Bangladesh government offers several easy options to set up businesses:
  - a. 100% foreign ownership is allowed
  - b. Absence of a minimum share capital requirement
4. Bangladesh has low minimum wages as well as high literacy which means hiring skilled resources at an affordable cost.
5. The government also supports businesses via tax exemptions including interest payment on loans, capital gains tax.

#### Red Flags:

1. Bangladesh has a high corporate tax rate of 35% as per year 2023.
2. Setting up a business in Bangladesh involves procedures taking at least 5 weeks to complete.
3. Corruption is rampant and as a result, it rates poorly in a business environment.
4. While improvements are being made to the trade and investment policies, Bangladesh still rates very low 121<sup>st</sup> and mostly unfree.

Links: Healy, <https://en.wikipedia.org/wiki/Bangladesh>,  
<https://www.nordeatrade.com/en/explore-new-market/bangladesh/economical-context>,  
<https://import-export.societegenerale.fr/en/country/bangladesh/market-sectors?>

## Market Assessment

Before you enter a new market, conducting a new market assessment will be crucial. This will be bespoke to your business and your target region.

You should think about undertaking the following activities:

### 1. Market Analysis

This entails researching the market size, target customers, customer attitudes and behaviours, state of the economy and infrastructure. It is also important to consider the potential for growth within a region.

### 2. Competitor Analysis

It is important to review the local competition to understand how they operate and enable you to position your company against competitors.

### 3. Marketing Strategy

You will need to consider how you will generate awareness of your product or service and promote your brand. Where will you position your brand in line with the results of your market analysis?

Our local experts can help you undertake this new market assessment to assist you with your international expansion plans.

## Market Entry Options

There are several methods you can use to enter a market:

### 1. Set up an overseas office

- Open up a branch in your chosen location, hire staff if necessary, sell your goods/services

### 2. Franchise

- Allow others in different locations to open up branches of your business and operate it themselves following your guidelines. They pay you a fee and a percentage of profits. However, they have more control within their local market of how they operate.

### 3. Direct Exporting

- Market your goods/services within a region and export your goods/services from your home region.

### 4. Partnerships

- Can take many forms including JVs or having a local partner to represent your firm and help generate business.
- Some countries require a local partner to have an ownership stake within a region.
- You may simply need a distributor to sell your goods.

### 5. Buy a Company

- You immediately claim market share with an existing customer base.
- No incorporation or initial setup costs/laws to comply with
- However, expensive to buy and need to integrate within the company culture

### 6. Licensing

- Give ownership of your product to parties in different regions for them to sell on your behalf.

## 7. PEO/EOR

- If you liaise with a company offering PEO and EOR services, you will be able to launch in a region without setting up an entity.
- This involves the “leasing” of employees. A resident firm will hire employees on your behalf and cover payroll and other necessary HR requirements, whilst the employees work for you.
- This enables you to test the market with staff but without the up-front capital of setting up a company.

## Company Setup

There are four main types of entities in Bangladesh:

### 1. Limited Liability Company

- a. No minimum share capital required
- b. It requires at least two directors and at least two shareholders and (these can be individuals or entities and can be foreign nationals)
- c. It needs to submit annual audited accounts to the Tax Authority of Bangladesh

### 2. Public Limited Company

- a. It requires at least three directors and at least seven shareholders (these can be individuals or entities and can be foreign nationals)
- b. It can issue shares to the public
- c. It needs to submit annual audited accounts to the tax authority of Bangladesh

### 3. Branch Office

- a. Registration needs to be done with the Bangladesh Board of Investment
- b. It needs to submit quarterly accounts statements of remittances to the Bangladesh Board of Investment and the Bangladesh Tax Authority.
- c. It needs to appoint a statutory auditor

### 4. Representative Office

- a. Registration needs to be done with Bangladesh Board of Investment, Bangladesh Bank and Registrar of Joint Stock Companies and Firms (RJSC - <http://roc.gov.bd/>)
- b. It is registered for the conducting of market research activities and cannot carry out commercial activity in Bangladesh

## Entity FAQs

1. How long does it take to set up the entity?
  - a. LLC – 5 weeks
  - b. PLC & Branch – 7 weeks
  - c. Representative Office – 6 weeks
2. Usually how long does it take to open a bank account?
  - a. 4 -5 weeks
3. What is the legal liability?
  - a. LLC & PLC – Limited
  - b. Branch & Representative Office – Unlimited
4. Can the entity be entirely foreign-owned?
  - a. LLC, PLC, Branch and Representative Office – Yes
5. Any minimum share capital requirement?
  - a. LLC & PLC – US \$1
  - b. Branch and Representative Office – US \$50,000
6. Does the entity need to file annual tax returns and need to have a tax registration certificate?
  - a. Yes for LLC, PLC and Branch but not for Representative Office
7. Would I need to travel to set up any of these entities?
  - a. No
8. Is a resident director or resident shareholder required?
  - a. LLC, PLC, Branch and Representative Office – No
9. Minimum no. of directors required
  - a. LLC – 2
  - b. PLC – 3
  - c. Branch – 1
  - d. Representative Office – 1
10. Minimum no. of shareholders required
  - a. LLC – 2
  - b. PLC – 7
  - c. Branch – 1

d. Representative Office – 1

11. Is Tax Identification Number (TIN) required?

- a. Yes for LLC, PLC and Branch but not for Representative Office

12. Does the entity need a resident company secretary?

- a. No for all entities

13. Are corporate directors and shareholders allowed?

- a. Yes for all entities

14. Do the entities require Annual financial statements and statutory audit?

- a. Yes for LLC, PLC and Branch but not for Representative Office

15. Can the entities, issue sales invoices, sign contracts, import/export goods, buy the property or hold equity in a company?

- a. Yes for LLC, PLC and Branch but not for Representative Office

16. Can the entities rent office space in Bangladesh?

- a. Yes for all entities



## Company Formation

### Incorporation Procedure

1. Decide on the company name, entity type, shareholders/directors.
2. Get approval for the company name from the Registrar of Joint Stock Companies and Firms (RJSC - <http://roc.gov.bd/>)
3. Draft the Article of Association (AoA) and the Memorandum of Association (MoA) along with other forms as required for compliance to Registrar of Joint Stock Companies and Firms (RJSC - <http://roc.gov.bd/>)
4. Set up a bank account and deposit the share capital as outlined in the documents and collect the Encashment Certificate
5. Submit the above to the Registrar of Joint Stock Companies and Firms (RJSC - <http://roc.gov.bd/>)
  1. Article of Association (AOA)
  2. Memorandum of Association (MoA)
  3. Incorporation Forms
  4. Encashment Certificate
6. Once the registration is complete, you will get the following from Registrar of Joint Stock Companies and Firms (RJSC - <http://roc.gov.bd/>)
  1. Incorporation Certificate – This will include the amount of the registration, the business name and the date of incorporation
  2. Form XII – This includes the company's list of directors
  3. Certified copies of Memorandum of Association and Articles of Association.

### Other Registrations post incorporation

1. Apply for the Trade License Number and Tax Identification Number
2. Enable internet banking for Corporate Bank Account
3. Obtain a VAT Registration certificate
4. Obtain Fire Safety certificate

## Key Consideration/s

Setting up an entity takes between 5-7 weeks.

## Documents Required for Company Set Up

### **Documents required to complete company incorporation include**

1. MoA and AoA
2. The name and address of each Director
3. The address of its Registered Office in Bangladesh
4. Share certificates for each shareholder
5. Shareholders, stock register
6. A company seal

### **Additional documents, if a work permit application is planned, will be**

1. Download and fill the visa application form and sign it.
  1. [Visa Application Form \(English\)](#)
2. A printed copy of the online application form.
3. Signature of applicant in application form within the signature marked area.
4. A printed copy of the appointment confirmation letter.
5. Original passport for at least 06 months with a minimum of two blank pages.
6. Two (02) recent passport size photographs with white background.
7. All the supporting documents as mentioned in your respective visa category.
8. Business Introduction Letter
9. Letter of Invitation: A letter of invitation from the company the applicant is visiting.  
A copy is acceptable. This letter must:
  1. Be addressed to the Consulate. See the directory of Embassies & Consulates for full details Be on company letterhead paper
  2. Include the name of the applicant
  3. State the purpose of the journey

4. Match the Business Introduction Letter with regards to the requested number of entries and the length of visa required where a Business Introduction Letter is requested
5. Bear the stamp of the inviting company
6. Bear the signature of the inviting party
2. Fully completed and signed a supplementary form entitled "Health Certificate Declaration Form"
3. Enclose the appropriate visa application fee

#### Processing Timelines:

Description of steps	Timeframe to complete
Company incorporation period	5 - 7 weeks
Bank Account approval	4 weeks
Internet Banking approval	3 weeks

#### Other options and information:

Multi-currency bank accounts are available.

Link: Healy, <https://emerhub.com/bangladesh/company-registration-in-bangladesh/>,  
<https://nhglobalpartners.com/bangladesh/company-registration-in-bangladesh/>,  
<https://tahmidurrahman.com/how-to-open-a-company-in-bangladesh/>

## Tax & Accounting

### Accounting Regulations

Here is some high-level information to get you started before you engage with a Bangladesh Tax & Accounting expert.

**Tax Year:** 1<sup>st</sup> July to 30<sup>th</sup> June

**Accounting Regulation Body:** The Bangladesh Securities and Exchange Commission (BSEC)

**Accounting Reports:** Balance sheet, profit and loss statement, cash flows and Auditor's and Director's report.

**Publication Requirements:** Companies must prepare financial statements annually.

Companies listed on the stock exchange must comply with additional requirements relating to financial disclosure and public announcements.

### Bangladesh taxes corporates as follows:

Tax	Tax Rate
Non publicly traded Company	35%
Publicly traded Company	25%

**VAT rate: 15%**

### Income Tax rates are as follows:

Tax Base	Tax Rate
Up to BDT 250,000	0%
Next BDT 400,000	10%
Next BDT 500,000	15%
Next BDT 600,000	20%
Next BDT 3,000,000	25%

Any excess amount	30%
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**Other information:**

1. Bangladesh has over 28 double taxation treaties
2. 15% withholding tax is applicable on dividends paid to both resident and non-resident companies

Link: Healy, <https://www.nordeatrade.com/en/explore-new-market/bangladesh/taxes>,  
[http://bida.gov.bd/?page\\_id=2552](http://bida.gov.bd/?page_id=2552)

## Payroll / HR / PEO / EOR

### Payroll

Using a Professional Employer Organization in Bangladesh can be very advantageous as it can help you deploy staff faster and delegate employer liabilities. Companies choose professional employer organization if:

- They want a cost-effective solution to set up their business in Bangladesh
- They want to expand to Bangladesh but are not fully ready to establish a separate legal entity
- They want to test the Bangladesh market

Working with an established professional employer organization helps because:

- your employment structure will be local labour law compliant
- PEO would also manage payroll, human resources duties and tax compliance matters

When structuring employment with workers in Bangladesh, PEO takes care of the following aspects:

- Employment agreement
- Hiring & onboarding procedures of employees
- Setup and manage payroll
- Compliances management
- Immigration & visa
- Legal & HR support
- Employee contract renewal and termination

Specific Information	
<b>Working Week</b>	Not more than 48 hours in a week and at most 10 hours per day.

<b>Minimum Wage</b>	Currently, the minimum wage fixed by the Bangladesh government is Taka 5,300.
<b>Holiday</b>	One day for every 18 days of work, in the case of a shop, commercial, industrial, factory or road transport establishment. Also under the Labour Act, every worker has a right of 11 days of festival paid holiday in a year.
<b>Sick Leave</b>	Under the Labour Law, every worker is entitled to sick leave with full wages for 14 days in a calendar year.

HR Considerations	
<b>Employment Contracts</b>	<p>The Labour Law requires an employer to provide employees with a written statement of terms and conditions of employment within two months of starting employment. The contract should at the least include the following:</p> <ul style="list-style-type: none"> <li>• Working hours</li> <li>• Salary</li> <li>• Role title</li> <li>• Nature of work</li> <li>• Working time and leave</li> <li>• Procedures for dismissal</li> </ul>
<b>Probation Period</b>	In Bangladesh, the probationary period is usually between 3-6 months.
<b>Termination &amp; Severance</b>	<p>Under the Labour Law, an employment contract may be terminated under the following circumstances:</p> <ul style="list-style-type: none"> <li>• agreement by the parties</li> <li>• end of the contract term</li> <li>• retirement</li> <li>• death of the employee</li> </ul>

	<ul style="list-style-type: none"> <li>• a disability hindering the performance of work</li> <li>• dissolution of the company or reduction in the number of staff</li> <li>• final conviction leading to at least two months' imprisonment of the employee</li> <li>• disciplinary reasons</li> <li>• an unsatisfactory probationary period</li> </ul>
<b>Notice Period</b>	<p>If a permanent worker is terminated/retrenched/discharged, he or she will be entitled to compensation of 30 days' wages for every completed year of service or gratuity according to the Labour Law.</p>

Link: Healy, <https://www.lexology.com/library/detail.aspx?g=d1623485-d48f-439e-bf10-61afd82a80db>, <https://www.minimum-wage.org/international/bangladesh>, [https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwjYoczj5JXsAhU9zjgGHf59BTsQFjAFegQIBhAC&url=https%3A%2F%2Fwww.bussines.hsbc.com.cn%2F-%2Fmedia%2Flibrary%2Fmarkets-selective%2Fchina%2Fpdfs%2Fbangladesh.pdf%3Fla%3Den-GB&usg=AOvVaw2L10\\_njLX8cY-EYhbjlGQS](https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwjYoczj5JXsAhU9zjgGHf59BTsQFjAFegQIBhAC&url=https%3A%2F%2Fwww.bussines.hsbc.com.cn%2F-%2Fmedia%2Flibrary%2Fmarkets-selective%2Fchina%2Fpdfs%2Fbangladesh.pdf%3Fla%3Den-GB&usg=AOvVaw2L10_njLX8cY-EYhbjlGQS)



## Legal

The laws of Bangladesh have been inherited from the British legal system and adapted to the country's cultural and religious context. Although founded on the English common law system, the laws of Bangladesh take a statutory form, which is enacted by the legislature and interpreted by the Supreme Court.

### Company Law

1. All Bangladesh companies must file annual returns and have statutory audits except if the entity is representative office.
2. All companies must maintain a local registered address.
3. An LLC needs to have at least 2 directors and a PLC at least 3 directors.
4. An LLC needs at least 2 shareholders and a PLC needs at least 7 shareholders.

### Employment Law

- The Labour Law requires an employer to provide employees with a written statement of terms and conditions of employment within two months of starting employment. The contract should at the least include the following:
  - Working hours
  - Salary
  - Role title
  - Nature of work
  - Working time and leave
  - Procedures for dismissal
- In Bangladesh, the probationary period is usually between 3-6 months.
- Under the Labour Law, an employment contract may be terminated under the following circumstances:
  - agreement by the parties
  - end of the contract term
  - retirement

- death of the employee
  - a disability hindering the performance of work
  - dissolution of the company or reduction in the number of staff
  - final conviction leading to at least two months' imprisonment of the employee
  - disciplinary reasons
  - an unsatisfactory probationary period
- If a permanent worker is terminated/retrenched/discharged, he or she will be entitled to compensation of 30 days' wages for every completed year of service or gratuity according to the Labour Law.

## Intellectual Property

Bangladesh is a member of:

1. Member of the WIPO (World Intellectual Property Organization)
2. Signatory to the Paris Convention For the Protection of Intellectual Property
3. Membership to the TRIPS agreement - Trade-Related Aspects of Intellectual Property Rights (TRIPS)

Type of property and law	Validity	International Agreements Signed
Patent  Patents and Designs Act, 1911	16 years	-
Trademark  Trade Mark Act, 2009	7 years	-
Copyright  Copyright Act, 2000	60 years after the author's death	Berne convention For the Protection of Literary and Artistic Works
Design  Patents and Designs Act, 1911	5 years, twice renewable (for 15 years maximum)	-

Links: Healy, <https://www.nordeatrade.com/en/explore-new-market/bangladesh/intelectual-property>,

<https://www.nyulawglobal.org/globalex/Bangladesh1.html>

## Data Protection

Bangladesh does not have any specific laws or regulations directly addressing data protection. However, some laws addressing other subjects contain data protection provisions such as Information Communication Technology Act 2006 and the recently passed Digital Security Act 2018.

Laws that contain data protection provisions include:

- Information Communication Technology Act of 2006
- Digital Security Act of 2018
- The Contract Act, 1872
- The Consumers' Rights Protection Act, 2009
- The Penal Code, 1860
- The Copyright Act, 2000

Link: <https://www.dataguidance.com/notes/bangladesh-data-protection-overview>

## Immigration

### Business Visa (BV)

- Duration of Business visa: Business visa can be for single, double or multiple entries with a maximum validity of 1 year. For every visit the length of stay cannot exceed 60 days.
- Visa Extension: Visas can be extended for up to 3 years with a maximum stay of 6 months during each visit with the help of a local sponsor and a police clearance certificate. In the case of six months extension of visa police clearance is not required.

### Investor Visa (IV)

- Eligibility: An investor in existing/new/under construction/upcoming industrial/commercial entity in the private sector under joint venture or 100% foreign-owned company wants to go to Bangladesh for investment/management of established business/commercial organisation, they are eligible to apply for this category visa.
- Duration of investor visa: Investor visa may be issued for maximum one (01) year with single, double or multiple entries. Duration of stay in this category is as required.
- Extension of visa: Extension up to five (05) years could be obtained from the Department of Immigration and Passport (DIP) in Bangladesh.

### Dependent Visa

- Proof of spouse/dependent family members.
- The request of concerned organization/institution and positive police report and copy of related E-visa

### General Requirements:

1. Download and fill the visa application form and sign it.
  1. [Visa Application Form \(English\)](#)
2. A printed copy of the online application form.
3. Signature of applicant in application form within the signature marked area.
4. A printed copy of the appointment confirmation letter.
5. Original passport for at least 06 months with a minimum of two blank pages.
6. Two (02) recent passport size photographs with white background.

7. All the supporting documents as mentioned in your respective visa category.
8. Business Introduction Letter
9. Letter of Invitation: A letter of invitation from the company the applicant is visiting.

A copy is acceptable. This letter must:

1. Be addressed to the Consulate.
  2. Include the name of the applicant
  3. State the purpose of the journey
  4. Match the Business Introduction Letter with regards to the requested number of entries and the length of visa required where a Business Introduction Letter is requested
  5. Bear the stamp of the inviting company
  6. Bear the signature of the inviting party
10. Fully completed and signed a supplementary form entitled "Health Certificate Declaration Form"
  11. Enclose the appropriate visa application fee

#### Processing Time to Get Bangladesh Visa:

- 7 to 8 Working days for Normal Processing.
- 3 to 4 Working days for Urgent Processing.

Link: <https://visacentral.co.uk/bangladesh-visa>, <https://bhclondon.org.uk/business-visa>,  
[http://dip.portal.gov.bd/sites/default/files/files/dip.portal.gov.bd/policies/b59c9216\\_c18842cc\\_b815\\_2e15c27e61ed/Citizen%20charter%20update.pdf](http://dip.portal.gov.bd/sites/default/files/files/dip.portal.gov.bd/policies/b59c9216_c18842cc_b815_2e15c27e61ed/Citizen%20charter%20update.pdf),

## Banking

Banking is a stable sector and The country is experiencing strong and stable economic growth, thanks to strong private investments and growth of private consumption.

1. It is better to open a Bangladesh corporate bank account with a bank with which you already have a bank account in another country, as this will reduce:
  1. the time required to open the account
  2. the bank' requirements for security check and
  3. allow them to enjoy reduced/waived international transfers fees
2. If the above is not an option, the client can choose from a wide array of Bangladesh banks:
  1. [HSBC](#)
  2. [DBBL](#)
  3. [Sonali Bank](#)
  4. [Islami Bank Bangladesh Limited \(IBBL\)](#)
  5. [Grameen Bank](#)
  6. [Janta Bank](#)
  7. [Standard Chartered Bank](#)
  8. [Prime Bank](#)
  9. [State Bank of India](#)
  10. [Habib Bank](#)

### Documents required

- Account Opening Form
- Board/Partnership Resolution ( for partnership and private limited companies only)
- Valid Current Trade License
- National ID/Passport of the owners/shareholders of the company
- 12 Digit e-TIN certificate
- Personal Information Form & Photo ID of the proprietor, directors/signatories & the persons holding 10% or more shares
- Partnership deed and registration certificate from the registrar of firms (for Partnership businesses only)

- Memorandum of Article of Association and Certificate of Incorporation (for Private Limited Company only)
- Updated Form X and XII (for Private Limited company only)

Link: Healy, <https://www.hsbc.com.bd/1/2/>