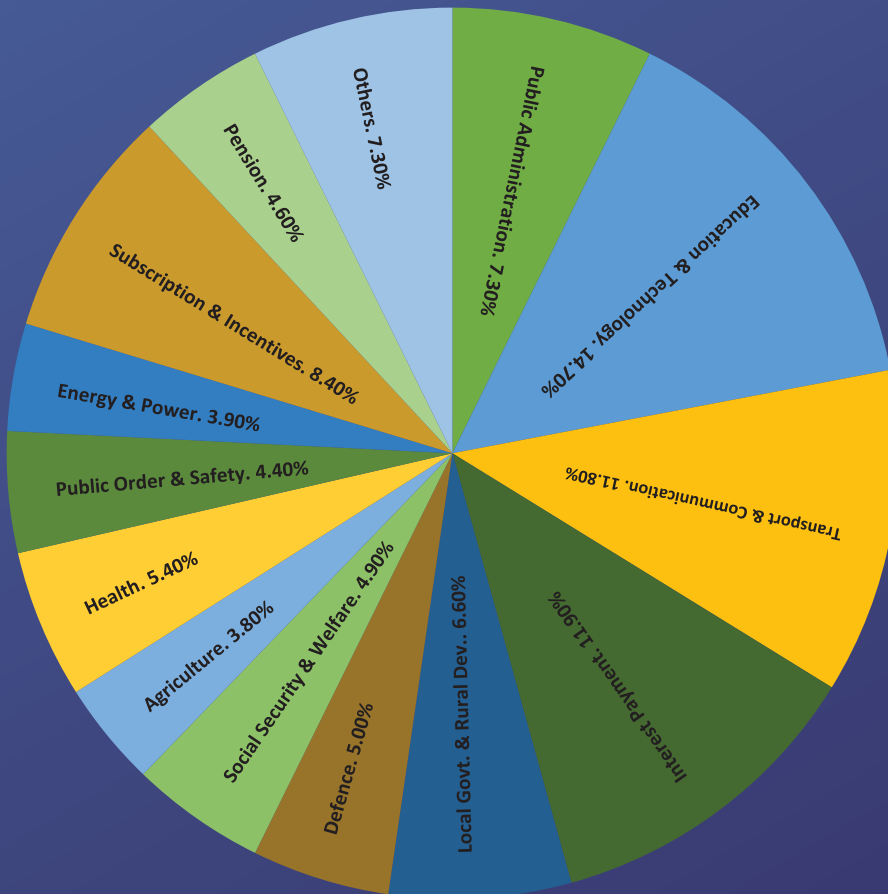


Important Changes Introduced by The Finance Act, 2022



ACNABIN
Chartered Accountants

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Preface

This represents a summary of important changes introduced by the Finance Act, 2022, both in the fields of **Direct and Indirect Taxes**. As would be evident from the summary, some of the existing provisions of law have been amended or rationalized. Our aim is to acquaint our clients and prospective investors, home and abroad, with the latest amendments regarding the provisions of the said laws.



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1. PERSONAL TAX



1.1 Tax rate for individuals, Hindu undivided families and partnership firms:

1.1.1 Rates of income tax:

No change has been made to the range of income in general and applicable rates of income tax thereon of resident individual assessee (including non-resident Bangladeshi), Hindu undivided family and Partnership firm:

Comparison between previous and new range of income and tax rates thereon			
Range of income for AY 2021-2022	Tax rates for AY 2021-2022	Range of income for AY 2022-2023	Tax rates for AY 2022-2023
Up to Tk. 3,00,000	Nil	Up to Tk. 3,00,000	Nil
Next Tk. 1,00,000	5%	Next Tk. 1,00,000	5%
Next Tk. 3,00,000	10%	Next Tk. 3,00,000	10%
Next Tk. 4,00,000	15%	Next Tk. 4,00,000	15%
Next Tk. 5,00,000	20%	Next Tk. 5,00,000	20%
Remaining amount	25%	Remaining amount	25%

1.1.2 Tax free limit:

Tax-free limit of income has been kept unchanged:

Tax-free limit of income	AY 2021-2022	AY 2022-2023
General assessee (Other than those mentioned below)	Tk. 3,00,000	Tk. 3,00,000
Male individuals aged 65 years or more and all female individuals	Tk. 3,50,000	Tk. 3,50,000
Transgender individual	Tk. 3,50,000	Tk. 3,50,000
Handicapped individual	Tk. 4,50,000	Tk. 4,50,000
Gazetted war wounded freedom fighter	Tk. 4,75,000	Tk. 4,75,000
Any one of parents or legal guardians of a disabled child	Additional Tk. 50,000 of the above applicable tax-free limit for each disabled child.	

1.1.3 Minimum tax:

No change has been made for minimum tax of on an assessee being individual. The applicable minimum tax is as follows:

Sl. No.	Location of taxpayer	Minimum tax
1.	Dhaka North City Corporation, Dhaka South City Corporation and Chattogram City Corporation	Tk. 5,000
2.	Other City Corporations	Tk. 4,000
3.	Areas other than City Corporation	Tk. 3,000

1.1.4 Surcharge:

Rates of surcharge for individual assessees, having net wealth exceeding certain limit, is kept unchanged:

AY 2021-2022		AY 2022-2023	
Total net worth	Rate	Total net worth	Rate
Up to Tk. 3 crore	Nil	Up to Tk. 3 crore	Nil
Over Tk. 3 crore up to Tk. 10 crore	10%	Over Tk. 3 crore up to Tk. 10 crore	10%
Assessee having more than 01 motor vehicles in his/her own name or having at least 8,000 square feet of house property in any city corporation area		Assessee having more than 01 motor vehicles in his/her own name or having at least 8,000 square feet of house property in any city corporation area	
Over Tk. 10 crore up to Tk. 20 crore	20%	Over Tk. 10 crore up to Tk. 20 crore	20%
Over Tk. 20 crore up to Tk. 50 crore	30%	Over Tk. 20 crore up to Tk. 50 crore	30%
Over Tk. 50 crore	35%	Over Tk. 50 crore	35%

1.1.5 Tax rate for non-resident individual:

Rate of income tax for a non-resident individual assessee (except non-resident Bangladeshi) has been kept to be same as that of previous year, which is 30% on total taxable income.

1.2.1 Ease of restriction for the individual assessee:

- By amending the definition of 'tax day', an individual assessee who has not submitted return before will be able to submit his/her income tax return within 30 June following the end of the income year without attracting any penalty (u/s 124)/50% additional interest (u/s 73)/delay interest (u/s 73A). In the earlier, the deadline for filing the income tax return irrespective for a new assessee was 30 November following the end of the income year [Clause (62A) of section 2];
- A loan or gift received from son or daughter will not be considered as income from other sources if a banking channel or formal channel is involved in the process [Section 19(21)];
- Instead of 10% or 15% of investment rebate depending on the total income being above or below Tk. 15 lakh respectively, all individual assessees will be eligible to claim 15% investment rebate on the eligible amount [Section 44(2)];
- 50% income of an individual, Hindu undivided family and partnership firm from export will be exempted from tax. This benefit will be effective up to 30 June 2028. [SRO 158-Law/Income Tax/2022 dated 01 June 2022].

1.2.2 Risks/restrictions imposed for the individual assessee:

- Maximum eligible amount for calculating investment rebate is reduced to 20% of total income in place of 25%. Moreover, an assessee who fails to submit income tax return as required under section 75, the rate of investment rebate will be only 7.5%. [Section 44(2)];
- Directors are liable to meet the unrecoverable tax of private companies which have discontinued business for 03 successive years [Section 100].

2. CORPORATE TAX



2.1 For corporate bodies and business entities:

2.1.1 Rates of income tax:

- i. In a few cases, rates of corporate income tax have been reduced. A comparison between the previous assessment year's and the current assessment year's corporate tax rates is outlined below:

Description	Rates for AY 2021-2022	Rates for AY 2022-2023	*Applicable tax rates if fails to meet the condition (for AY 2022-2023)
Publicly traded company that issues shares worth more than 10% of its paid-up capital through Initial Public Offering (IPO)	22.5%	20%	22.5%
Publicly traded company that issues shares worth 10% or less than 10% of its paid-up capital through Initial Public Offering (IPO)	22.5%	22.5%	25%
Non-publicly traded company	30%	27.5%	30%
One Person Company (OPC)	25%	22.5%	25%
Publicly traded bank, insurance and financial institution (except merchant bank)	37.5%	37.5%	Condition not applicable
Non-publicly traded bank, insurance and financial institution (except merchant bank)	40%	40%	Condition not applicable
Merchant bank	37.5%	37.5%	Condition not applicable
Company and all other entities other than company, producing all sorts of tobacco items including cigarette, bidi, chewing tobacco and gul	45% + 2.5% (surcharge)	45% + 2.5% (surcharge)	Condition not applicable
Publicly traded mobile operator company (at least 10% share of paid-up capital transferred through stock exchange of which minimum 5% must be through pre-initial public offering)	40%	40%	Condition not applicable
Non-publicly traded mobile operator company	45%	45%	Condition not applicable
Association of persons, artificial juridical person and other taxable entities	30%	27.5%	30%
Registered co-operative society, Private University, private medical college, private dental college, private engineering college or private college solely dedicated to imparting education on ICT	15%	15%	Condition not applicable
* Condition: All receipts and income must be transacted through bank transfer and all expenses and investments over Tk. 36 lakh in a year, wherein value of no single transaction exceeds Tk. 05 lakh, must be made through bank transfer.			

- ii. School, College, University and NGO would be subject to excess income tax of 5%, if special arrangement facilitating the disabled persons to reach the service points in order to avail service therefrom is not made.
- iii. If an assessee, being an appointing authority, appoints minimum 10% handicapped individuals of total employees or more than 25 in number, then the amount representing 5% of tax liability of the employer or 75% of the salary paid to such handicapped employees, whichever is lower, will be allowed as tax rebate.
- iv. If any employer appoints transgenders equivalent to at least 10% of total employees or more than 25 in number, then the amount representing 5% of tax liability of the employer or 75% of the salary paid to transgender employees, whichever is lower, will be allowed as tax rebate.

2.1.2 Ease of doing business:

- i. Restrictions for receiving any loan, advance or deposit of any kind over Tk. 5,00,000 through bank transfer will not be applicable for deposits received by a bank, financial institution, organization registered with Micro Credit Regulatory Authority or NGO Affairs Bureau [Section 19(21)];
- ii. The admissible limit of perquisite paid to an employee extended up to Tk. 10,00,000 in place of Tk. 5,50,000 [Clause (e) of Section 30];
- iii. Amalgamated companies will have the right to carry forward the accumulated loss and the unabsorbed depreciation of the amalgamating companies [Section 42(8)];
- iv. Special benefits for startup companies introduced by [Section 111A]:
 - ❖ defining start-up companies;
 - ❖ relaxing restrictions under sections 30, 30B;
 - ❖ allowing carry forward of loss up to 09 assessment years;
 - ❖ reducing minimum tax on gross receipt to 0.1% from 0.6%;
- v. Amortization of pre-commencement expenditure up to 05 years will be allowed [Para 10B of 3rd Schedule].

2.1.3 Exemptions/reduction of tax rate allowed/extended:

- i. Business income of an ocean-going ship being Bangladeshi flag carrier for the period from 1st July 2022 to 30th June 2030 will be exempted from tax, if the income is received in foreign currency and brought into Bangladesh as per existing laws [Para 61 of 6th Schedule, Part A];
- ii. Income from poultry, hatchery and fisheries will avail reduced tax rates. These rates of tax have been unified for poultry and fisheries business, effective from 01 July 2022 [SRO no. 157-Law/Income Tax/2022 dated 01 June 2022]:

Description	Rate of tax
Up to Tk. 10 lac	0%
Next Tk. 10 lac	5%
Next Tk. 10 lac	10%
Rest of the income	15%

Please note that SRO no. 254-Law/Income Tax/2015 dated 16 August 2015 (Reduced tax rates for income from poultry farm) and SRO no. 255/Law/Income Tax/2015 dated 16 August 2015 (Reduced tax rates for income from poultry, hatchery & fisheries) have been deleted;

- iii. Subject to compliance with a few conditions, income of an assessee (except individual, partnership firm and Hindu undivided family) from export will be taxed @ 12% or in the case of a factory which is Leadership in Energy and Environmental Design (LEED) certified, the tax rate on income from export will be 10%. This benefit will be effective up to 30 June 2028 [SRO no. 158-Law/Income Tax/2022 dated 01 June 2022].

Please note that SRO no. 255-Law/Income Tax/2017 dated 01 August 2017 (Reduced tax rate for export-oriented garments) has been deleted;

- iv. Subject to compliance with a few conditions, companies engaged in textiles business are eligible to avail the benefit of reduced tax rate @ 15% on income from the said business up to 30 June 2025 [SRO no. 159-Law/Income Tax/2022 dated 01 June 2022].

Please note that SRO no. 193-Law/Income Tax/2015 dated 30 June 2015 (Reduced tax rate for textiles business) has been deleted.

2.1.4 Disallowances for business income:

Up to 5% of total income carried to any special reserve created by financial institution was allowable expenditure. Now, this has been deleted [Clause (v) of Section 29(1) deleted].

2.1.5 Tax benefit withdrawn/restriction imposed:

- i. Waiver of loan or interest from bank or financial institution will be now taxable as income from other sources in the hand of assessee other than individual [Section 19(11)];
- ii. Capital gain arising from the transfer of Government securities will be taxable. Previously it was exempted from tax [Deletion of section 32(7)];
- iii. Instead of only the companies registered under Companies Act, 1994; all the deemed companies (including liaison office, branch office etc.) under the definition of 'Company' [as per clause (20) of section 2] will have to comply with the provision of section 35 [Section 35(3)];
- iv. For claiming exemption from tax or reduced rate of tax, assesseees have to comply with section 75, all provisions of Chapter VII of the Ordinance and

receive all receipts (income of which is exempted or taxed at reduced rate) through bank transfer (except for individual assessee whose gross receipt does not exceed Tk. 01 crore or income is derived from agriculture or farming) [Section 44(5)];

- v. Tax deducted at source u/s 52Q (on income by serving non-residents), and advance tax given u/s 53Q (for motor vehicles plying commercially) and 53R (for inland ships) will be considered as minimum tax [Section 82C];
- vi. For the purpose of tax recovery, the DCT may write to the respective authority to disconnect the supply of gas, electricity, water or any other service within 21 days from the receipt of such notice [Section 143].

2.1.6 Amendments in the deductions of tax:

- i. Hotel, resort, community center and transport agency having annual turnover exceeding Tk. 01 crore and Artificial juridical person will be considered as deducting authorities [Section 52];
- ii. Rates of deduction of income tax for following goods have been re-fixed [Section 52, Rule 16]:

Description	Rate of TDS
Books (supplied except to Government bodies)	3%
Trading goods	5%
Industrial raw materials	4%

- iii. Rates of deduction of tax at source vide section 52AA have been amended. Instead of two different rates on the basis of volume of transaction (above or below Tk. 25 lakh), single rate irrespective of volume has been introduced [Section 52AA];
- iv. No deduction of tax will be required for receipts in foreign currency on account of business income derived by an ocean-going ship being Bangladeshi flag carrier which is exempted from income tax vide para 61 of the 6th Schedule, Part A [Section 52Q];
- v. Rate of tax deduction at source from export proceeds has been raised from 0.5% to 1% [Section 53BB];
- vi. Rate of tax deduction at source will be 20% (instead of 10%) on income in terms of interest from bank deposit of a company [Section 53F];
- vii. Rent of water body, not being Government property, will be subject to tax deduction at source [Section 53];
- viii. By cancelling respective SROs for advance tax on motor vehicles plying commercially and inland ships, new sections have been inserted [Sections 53Q & 53R];
- ix. 10% tax deduction on payment for bandwidth to non-residents is introduced

and tax deduction on any other payments to non-residents is reduced to 20% from 30% [Section 56];

- x. Penalty up to Tk. 10 lakh shall be imposed for the failure to comply with the provisions of Chapter VII on the persons responsible for approving the payment or granting the license, permits, clearance etc. jointly and severally with the payer organizations other than the Government bodies [Section 57].

2.2 Amendments/insertions in the definitions:

2.2.1 Amendments:

- i. The definition of ‘amalgamation’ has been amended by separately addressing the amalgamated Bangladeshi and Foreign company [Clause (2) of section 2];
- ii. Charitable organizations will require obtaining approval from the National Board of Revenue [Clause (16) of section 2];
- iii. The definition of ‘tax day’ is amended for the benefit of individual assessee who has not submitted return of income before [Clause (62A) of section 2].

2.2.2 Insertions:

- i. Instead of section-wise definition of ‘bank transfer’, it has been introduced in the list of general definitions under section 2 [Clause (12A) of section 2];
- ii. In line with the definition of ‘export’ in the VAT law, it has also been defined in the tax law which means:

‘Supply of goods and services from inside to outside the geographical limits of Bangladesh and shall include supply of locally manufactured raw materials and other inputs to export oriented industry under internal back to back letter of credit’ [Clause (28A) of section 2];

- iii. By deleting the section-wise definition of ‘scientific research’, the new definition of ‘research and development’ is introduced in the list of general definitions [Clause (54A) of section 2];
- iv. The definition of ‘supply of goods’ has been newly introduced which means:

‘Transfer of the right of goods by way of sale, exchange or otherwise including sale under hire purchase agreement or finance lease’ [Clause (61A) of section 2].

2.3 Special tax treatment in respect of undisclosed offshore assets:

Following the deletion of sections 19AAAA (Special tax treatment for investment in securities) and 19AAAAA (Special tax treatment for undisclosed property, cash etc.), 02 new sections have been introduced for the special tax treatment of undisclosed assets located outside Bangladesh.

No question will be raised as to the source of undisclosed asset located outside Bangladesh if an assessee pays tax at prescribed rate before the submission of return of income applicable for the assessment year 2022-2023 [Section 19F].

Description of the Asset	Rate of tax
Any cash or cash equivalents, bank deposits, bank notes, bank accounts, convertible securities and financial instruments repatriated to Bangladesh through banking channel	7%

However, if any resident Bangladeshi is found to be the owner of any offshore asset not disclosed in the return and the assessee offers no explanation about the nature and source thereof, or the explanation offered is not satisfactory, the DCT may proceed to recover from such person the amount of penalty equal to the fair value of such offshore asset. The DCT will have the power to sell any asset held by or on behalf of the assessee to recover such penalty [Section 19G].

2.4 Clarifications:

- i. Where any capital gain arises from any transfer of capital asset in a scheme of amalgamation, no tax shall be charged under section 31. However, any consideration, other than the shares of the amalgamated company, received by shareholders of the amalgamating companies, will be subject to applicable tax [Section 32(5A)];
- ii. Any lessor will not be eligible to claim depreciation on the leased-out machinery, plant, vehicle or furniture. Previously this restriction was for leasing companies only [Para 3 of 3rd Schedule].

2.5 Mandatory submission of income tax return:

- i. MPO listed educational institution who has English version curriculum;
- ii. Funds except recognized provident fund, approved gratuity fund, pension fund or approved superannuation fund;
- iii. Non-resident entity other than a non-resident individual having no fixed base in Bangladesh [Section 75(2)];
- iv. Person opening and continuing bank accounts of any sorts with credit balance exceeding Tk. 10 lakh or opening postal savings account or purchasing savings instrument (Sanchaypatra) of exceeding Tk. 05 lakh [Section 184A).

2.6 Disclosure of global assets and liabilities:

All resident Bangladeshi individual assesseees will be required to furnish the statements of assets and liabilities in respect of all local and global assets and liabilities of the person or the spouse, minor children and dependents of that person.

2.7 Others:

- i. Requirement of showing/submitting e-TIN has been replaced with the proof of submission of return and the scope has been widely extended.

Where the person responsible to process any application or approve any license/permission etc. fails to comply with the requirement of obtaining the

proof of submission of return and verify the authenticity thereof, he will be deemed to be an assessee in default and be liable to pay a penalty no exceeding Tk. 10 lakh.

However, a person, not being an individual, shall furnish a system generated e-TIN, instead of the proof of submission of return in the year of incorporation/registration/formation and the following year thereof. [Section 184A];

- ii. Effect of the decision of the ADR will have to be given within 30 days from the date of the communication of the order or agreement [Section 94];
- iii. No authority (except the Courts and the tax authority under section 3 and Chapter XIX of the ITO, 1984) will be able to question any assessment made under Chapter IX of the Ordinance [Section 94B];
- iv. Formats of the 'Statement of tax deducted from salaries' [Rule 21] and 'Statement regarding the payment of salary' [Rule 23] have been replaced;
- v. Offshore Indirect Transfer Rules, 2022 has been introduced [SRO 156-Law/Income Tax/2022 dated 01 June 2022].

3. VALUE ADDED TAX & SUPPLEMENTARY DUTY



3.1 Change in definitions:

- i. Service has been proposed to be considered as input for traders [Section 2(18a)];
- ii. From the definition of ITES (Service Code S099.10), 'Software Development and Customization' has been excluded [SRO 172/2022].

3.2 VAT registration:

- i. VAT registration for branch office, liaison office or project office of foreign entities & Mushak Agent has been made mandatory [Section 4(2)];
- ii. Central VAT registration can be taken by persons supplying identical or related goods or services or both from one or more places upon maintaining books of accounts, tax payments, records etc. through automated software (except for tobacco-based business) [Section 5].

3.3 Supply of zero-rated services:

Service to international transport and loading/unloading service to international ships are excluded from the list of services subject to zero-rated VAT [Section 24(11)].

3.4 Input tax credit:

- i. The restriction for claiming input tax rebate for any transaction over Tk. 1,00,000 not made through banking channel or mobile financial service has been withdrawn for sale and purchase of inputs within the organizations under the same ownership [Clause (a) of section 46(1)];
- ii. Input tax credit can be taken by the original manufacturer against goods kept under possession of contract manufacturer [Clause (d) of Section 46(1)];
- iii. Invoice issued by mobile financial service providers against payment of electricity bill will be considered as VAT Challan [Clause (f) of Section 46(3)];
- iv. The procedure for taking partial input tax credit has been eased down. In the case, where the VAT registered entity supplies goods or services of standard rate and of below standard rate or fixed rate or VAT exempted goods or services simultaneously, the entity (supplier) will take entire input tax credit according to section 46 during the VAT period and following the end of the VAT period, will make increasing adjustments proportionately for the input tax credit against the supplies of below standard rates, fixed rates or VAT exempted supplies [Section 47(1ka)].

3.5 VAT withholding at source:

- i. If the supply is made by a VAT non-registered entity, the withholding entity will be responsible to pay applicable VAT thereon by its own [Section 49(2)];
- ii. Clarification has been made that there will be no applicability of VAT on sub-contractor [Section 49(5)];
- iii. Deducted VAT shall be deposited to government treasury within 07 days from

the end of the month in which the payment to the supplier was made [SRO 179/2022];

- iv. From the payment to be made to manufacturer (except furniture manufacturer), no VDS is required irrespective of the rate of VAT, if the manufacturer issues VAT 6.3. However, if the furniture manufacturer submits VAT 6.3 @ 15% to the Customer which is certified by the Revenue Officer, VDS is not required as well [SRO 179/2022];
- v. If the purchaser's name and VAT registration are mentioned in the VAT challan (VAT 6.3) issued from Electronic Fiscal Device (EFD)/Sales Data Controller (SDC), there is no requirement of VAT deduction at source [SRO 179/2022];
- vi. Rate of VAT for AC and non-AC restaurants has been fixed as 5%. However, for the restaurants situated in the residential hotels of 03 stars or above standard or restaurants having bars, the rate of VAT will be 15% [3rd Schedule and SRO 179/2022].

3.6 Decreasing adjustment:

Decreasing adjustment can be made on account of VDS Certificate (VAT 6.6) in the VAT return of the respective month in which the payment is received or within the following 03 months thereof. Previously, the time limit of making the decreasing adjustment for VAT 6.6 was within the following month of receiving the payment. [Section 50(2)].

3.7 Refund or adjustment of taxes paid in excess:

Refund can be claimed if any VAT is paid by an unregistered person by mistake [Section 72].

3.8 Penalty and interest:

- i. If VAT is not paid or is unpaid by a person due to erroneous or incorrect explanation, no penalty shall be charged on such person if the said person pays assessed VAT amount including applicable interest thereon [Section 85(2ka)];
- ii. An entity which failed to file VAT return during its dormant period of business is relieved from any penalty that arose for not filing the returns for the said dormant period [Section 85 (4ka)];
- iii. Penalty for non-compliance in filing VAT or turnover tax return within the prescribed time period has been reduced to Tk. 5,000 from Tk. 10,000;
- iv. In the following cases, ranges of penalties have been re-fixed as "not less than half but not more than the avoided amount of VAT":
 - ❖ Non-compliance or irregularities for not including any output tax in the return;
 - ❖ Irregularities for taking more input tax credit than the amount entitled;
 - ❖ Irregularities relating to making excess decreasing adjustment or less

increasing adjustment in the return;

❖ Irregularities for willingly evading or attempting to evade assessment and payment of taxes;

- v. Penalty amounting Tk. 1,00,000 will be imposed on suppliers of exempted goods/services if they do not comply with sections 51, 53, 54, 64 and 107;
- vi. VAT authority may write to the respective supplier of gas, water and electricity to disconnect these connections of a VAT defaulter [Section 95(5)];
- vii. Interest imposable on VAT payable cannot exceed 24 months [Section 127(1)].

3.9 Appeal, Tribunal & High Court:

- i. For calculating 20%/10% (whichever applicable) tax on the demanded amount before filing appeal to the Appellate Commissioner, Appellate Tribunal and Honorable High Court Division; penalty imposed will be excluded from the demanded amount [Section 121(2)];
- ii. Additional 60 days may be allowed by the Appellate Tribunal if the appellant fails to file appeal within stipulated 90 days for any valid reason [Section 122].

3.10 Changes in 1st Schedule, Part-1 (list of exempted goods):

H.S Code	Particulars	Insertion/deletion/replacement
0305.10.90	Dry & salted fish	Deletion
0309.10.90	Fish powder (up to 2.5 Kg except packaged)	Insertion
0410.10.90 0410.90.90	Food Item produced from live stock	Replacement
2508.40.90	Soil	Replacement

3.11 Changes in 1st Schedule, Part-2 (List of exempted services):

- i. VAT is exempted on brail printed for visually impaired person;
- ii. VAT will be charged on first class non-AC railway service.

3.12 Changes in 3rd Schedule (reduced rate of VAT):

Sl. No.	HS Code/ Service Code	Description	Table/ Para	Previous rate	Amended rate
1.	HS 19.05	Cake (Per Kg exceeding TK. 250, previously was per Kg exceeding TK. 150)	Table 1, Part A	5%	5%
2.	HS 48.18	Hand towel, paper towel, clinical bed sheet		5%	5%
3.	S001.20	Restaurants in Hotel exceeding 3 star and having bar	Table 1, Part B	10%	15%
	S001.20	Other AC/Non-AC Restaurant		10%/5%	5%
4.	S036.20	AC Water transport (Change in the definition of service)	Table 3, Part B	10%	10%
5.	HS Code 54.02 to 54.10 & 55.12 to 55.16	Manmade fibre	Table 4, Part A	Tk. 6 per Kg	Tk. 3 per Kg
6.	HS Code 72.13 to 72.16	MS Product		Tk. 1,200, TK. 1,000, Tk 1,000, Tk. 2,000 per ton (based on category)	Tk. 1,400, TK. 1,200, Tk. 1,200, Tk. 2,200 (In every case TK. 200 has been increased)
7.		Wholesaler (for clothes and paper)	Para 4	5%	1.5%

3.13 Exemption/reduction of VAT/SD by SROs:

Sl. No.	SRO No.	SRO Date	Particulars	Status
1.	161-AIN/2022/174-Mushak & 223-AIN/2022/195-Mushak	01-06-2022 & 29-06-2022	Amendment of VAT & SD Rules, 2016	Amendment of VAT Rules
2.	162-AIN/2022/175-Mushak	01-06-2022	Excise duty	Amendment of SRO 143-AIN/2020/104-Excise
3.	163-AIN/2022/176-Mushak & 225-AIN/2022/197-Mushak	01-06-2022 & 28-06-2022	VAT exemption on different stages	Amendment of SRO 141-AIN/2021/138-Mushak

Sl. No.	SRO No.	SRO Date	Particulars	Status
4.	164-AIN/2022/177-Mushak	01-06-2022	VAT exemption for refrigerator and freezer & compressor manufacturing	Amendment of SRO 174-AIN/2019/31-Mushak
5.	165-AIN/2022/178-Mushak	01-06-2022	VAT exemption on local Automobiles manufacturing	New
6.	166-AIN/2022/179-Mushak	01-06-2022	VAT exemption of Active Pharmaceutical Ingredients (API)	Amendment of SRO 178-AIN/2019/35-Mushak
7.	167-AIN/2022/180-Mushak	01-06-2022	VAT exemption on Polypropylene Staple Fiber Production Line	Amendment of SRO 179-AIN/2019/36-Mushak
8.	168-AIN/2022/181-Mushak	01-06-2022	Determining fair market price	Amendment of SRO 180-AIN/2019/37-Mushak
9.	169-AIN/2022/182-Mushak	01-06-2022	Instruction for using Cigarette Band Role	Amendment of SRO 181-AIN/2019/38-Mushak
10.	170-AIN/2022/183-Mushak	01-06-2022	Fixation of retail price of cigarette and tobacco products	Amendment of SRO 147-AIN/2020/108-Mushak
11.	171-AIN/2022/184-Mushak	01-06-2022	Exemption of SD on cigarette and Biri	Amendment of SRO 155-AIN/2020/116-Mushak
12.	172-AIN/2022/185-Mushak & 226-AIN/2022/198-Mushak	01-06-2022 & 28-06-2022	Definition of service	Amendment of SRO 186-AIN/2019/43-Mushak
13.	173-AIN/2022/186-Mushak	01-06-2022	Procedure for collection of VAT from Brick manufacturers	Amendment of SRO 195-AIN/2019/52-Mushak
14.	174-AIN/2022/187-Mushak & 224-AIN/2022/196-Mushak	01-06-2022 & 28-06-2022	Central VAT registration and payment of VAT	Amendment of SRO 263-AIN/2019/79-Mushak
15.	175-AIN/2022/188-Mushak	01-06-2022	VAT rate for MS products at trading stage	Amendment of SRO 320-AIN/2019/82-Mushak
16.	176-AIN/2022/189-Mushak	01-06-2022	Time extension of SRO up to 30 June 2023 relating to exemption of VAT exceeding 5% on Containers for compressed or liquefied gas (LPG Cylinder)	Amendment of SRO 259-AIN/2020/122-Mushak
17.	177-AIN/2022/190-Mushak	01-06-2022	VAT exemption of manufacturer of computer and computer accessories	Amendment of SRO 150-AIN/2021/147-Mushak
18.	178-AIN/2022/191-Mushak & 228-AIN/2022/200-Mushak	01-06-2022 & 28-06-2022	Exemption of AT on different products and organizations	Amendment of SRO 151-AIN/2021/148-Mushak

Sl. No.	SRO No.	SRO Date	Particulars	Status
19.	179-AIN/2022/192-Mushak & 227-AIN/2022/199-Mushak	01-06-2022 & 28-06-2022	VAT deduction at sources	Amendment of SRO 240-AIN/2021/163-Mushak
20.	180-AIN/2022/193-Mushak	01-06-2022	VAT exemption on local manufacturer of three-wheeler	New
21.	181-AIN/2022/194-Mushak	01-06-2022	VAT exemption on local battery manufacturer	New
22.	229-AIN/2022/201-Mushak	28-06-2022	Reduced rate of VAT on Sodium Lauryl Ether Sulphate (SLES)	New
23.	230-AIN/2022/202-Mushak	28-06-2022	Reduced rate of VAT on meditation service	New

- ✓ VAT exemption on mobile hand sets, medical protective gear and 3-ply/3 layer surgical Mask (Including Face Mask) at trading stage has been withdrawn [SRO 163/2022].

3.14 Amendment/issuance of General Order and Special Order:

Sl. No.	GO No.	GO Date	Particulars	Status
1.	GO-01/Mushak/2022	17-05-2022	Rules for collection and payment of VAT on medicine manufacturer	Amendment of GO-18/Mushak/2019
2.	GO-02/Mushak/2022	01-06-2022	SD on cigarette and Biri	Replacement of GO-02/Mushak/2021
3.	GO-03/Mushak/2022	01-06-2022	VAT payment procedures for wholesale business of clothes and paper	New
4.	GO-04/Mushak/2022	01-06-2022	Central VAT registration	Cancellation of GO 21/ Mushak/2019.
5.	GO-05/Mushak/2022	01-06-2022	Using VAT software	Amendment of GO 16/ Mushak/2019.
6.	GO-06/Mushak/2022	01-06-2022	Mandatory VAT registration	Amendment of GO 17/ Mushak/2019.
7.	GO-07/Mushak/2022	01-06-2022	Contract manufacturing	Amendment of GO 14/ Mushak/2020.
8.	GO-08/Mushak/2022	01-06-2022	VAT exemption on supply of raw materials between bonded garments on sub contract basis	New
9.	SO-14/Mushak/2022	01-06-2022	VAT exemption on revenue sharing to BTRC for 4G network	New
10.	SO-15/Mushak/2022	01-06-2022	VAT exemption on revenue sharing to BTRC against NTTN service	New

4. CUSTOMS DUTY



4.1 Insertion of new sections for ease of operation and maintaining confidentiality:

- i. The operation of any bonded warehouse may be performed electronically subject to some conditions, restrictions and procedures [Section 119B];
- ii. Information of all trade and passenger gathered by the Customs for clearance purpose would be confidential and is restricted for use except for some specific cases [Section 204B].

4.2 Appeals to the Appellate Tribunal:

Additional 02 months may be allowed by the Appellate Tribunal if the appellant fails to file appeal within stipulated 03 months due to any valid reason [Section 196A].

4.3 Punishment for offences:

Penalties for committing offences have been amended to Tk. 200,000 instead of Tk. 50,000 and Tk. 500,000 instead of Tk. 200,000 for some specific items mentioned in the table of section 156(1).

4.4 Increase of Customs Duty (CD): *

Sl. No.	H.S. Code	Description	Previous Rate (%)	New Rate (%)
(1)	(2)	(3)	(4)	(5)
1.	0106.31.00	Birds of prey	5	25
2.	0106.32.00	Psittaciformes (including parrots, parakeets, Macaws and Cockatoos)	5	25
3.	0106.33.00	Ostriches; emus (<i>Dromaius novaehollandiae</i>)	5	25
4.	0106.39.00	Other	5	25
5.	2507.00.19	Other	5	15
6.	2507.00.90	Other	5	15
7.	2508.40.19	Other	5	15
8.	2508.40.90	Other	5	15
9.	2706.00.11	Crude tar Imported by Industrial IRC holder VAT compliant tar manufacturing industry	5	15
10.	2706.00.19	Other Crude tar	5	15
11.	4010.11.00	Reinforced only with metal	1	5
12.	4010.12.00	Reinforced only with textile materials	1	5
13.	4010.19.00	Other	1	5
14.	5910.00.00	Transmission or conveyor belts or belting, of textile material, whether or not impregnated, coated, covered or laminated with plastics, or reinforced with metal or other material.	1	5
15.	7217.10.00	Not plated or coated, whether or not polished	5	10
16.	7217.30.00	Plated or coated with other base metals	5	10
17.	7305.11.00	Longitudinally submerged arc welded	15	25
18.	7305.12.00	Other, longitudinally welded	15	25
19.	7305.19.00	Other	15	25

Sl. No.	H.S. Code	Description	Previous Rate (%)	New Rate (%)
(1)	(2)	(3)	(4)	(5)
20.	7305.20.00	Casing of a kind used in drilling for oil or gas	15	25
21.	8311.30.00	Coated rods and cored wire, of base metal, for soldering, brazing or welding by flame	10	15
22.	8311.90.00	Other	10	15
23.	8421.21.20	Domestic type water purifying apparatus/machine	1	10
24.	8428.10.00	Lifts and skip hoists	1	5
25.	8442.50.20	Printing plates	1	10
26.	8470.50.00	Cash registers	0	10
27.	8501.10.10	Fan motor fitted with revolving mechanism not exceeding 37.5 W	10	15
28.	8501.10.90	Other motor not exceeding 37.5 W	10	15
29.	8501.20.91	Other Universal AC/DC motor of an output exceeding 37.5 W but not exceeding 750 W	10	15
30.	8501.31.00	Other DC motors of an output not exceeding 750 W	10	15
31.	8501.40.10	AC motor single phase of an output not exceeding 750 W	10	15
32.	8501.51.00	Other AC motor multiphase of an output not exceeding 750 W	10	15
33.	8504.40.10	Mobile and other battery charger (less than 10 VA)	15	25
34.	8541.43.00	Solar modules or panels	0	1
35.	9028.90.10	Parts of kilowatt hour meter	10	15
36.	9613.90.00	Parts of lighter	15	25

4.5 Decrease of Customs Duty (CD): *

Sl. No.	H.S. Code	Description	Previous Rate (%)	New Rate (%)
(1)	(2)	(3)	(4)	(5)
1.	0801.31.90	Other Cashew nuts in shell	25	1
2.	0801.32.90	Other Cashew nuts Shelled	25	5
3.	0905.10.10	Vanilla Neither crushed or ground wrapped/ canned up to 2.5 kg	25	15
4.	0905.10.90	Vanilla Neither crushed or ground other	25	15
5.	1109.00.00	Wheat Gluten, whether or not dried	25	15
6.	1703.10.00	Cane molasses	15	10
7.	2905.11.10	Methanol HPLC	15	10
8.	3808.92.99	Fungicides, Nes excluding in bulk	25	10
9.	3824.99.60	Other desiccant	25	10
10.	4011.30.00	New pneumatic tyres, of rubber of a kind used on aircraft	5	1
11.	7309.00.10	Silo imported by Industrial IRC holder VAT compliant food manufacturing industry	10	5
12.	8418.69.96	Chiller imported by Industrial IRC holder VAT compliant cold storage	25	10
13.	8421.21.95	Sewage treatment plant (STP)	25	5
14.	8506.60.10	Air-zinc battery for hearing aid	25	5
15.	8511.10.10	Sparking plug used for exclusively aircraft and helicopter engine	10	1
16.	9406.10.00	Pre-fabricated buildings of wood	25	15

4.6 Imposition/increase of Supplementary Duty (SD):

Sl. No.	H.S. Code	Description	Previous Rate (%)	New Rate (%)
(1)	(2)	(3)	(4)	(5)
1.	0406.10.00	Cheese and Curd	0	20
2.	0406.20.00			
3.	0406.30.00			
4.	0406.40.00			
5.	0406.90.00			
6.	2101.11.00	Extracts, essences and concentrates	0	20
7.	2101.12.00	Preparations with a basis of extracts essences or concentrates or with a basis of coffee	0	20
8.	2101.20.00	Extracts, essences and concentrates, of tea or mate, and preparations with a basis of these extracts, essences or concentrates or with a basis of tea or mate	0	20
9.	2101.30.00	Roasted chicory and other roasted coffee substitutes, and extracts, essences and concentrates thereof	0	20
10.	4823.69.90	Paper Cup, Plate, Bowl	0	20
11.	6117.80.90	Other made up clothing accessories, knitted or crocheted	0	45
12.	7307.11.00	GI Fittings	0	20
13.	7307.19.00			
14.	7307.99.90			
15.	7318.11.00	Coach screws	0	20
16.	7318.12.00	Other wood screws	0	20
17.	7318.13.00	Screw hooks and screw rings	0	20
18.	7318.14.00	Self-tapping screws	0	20
19.	7318.15.10	Other screws and bolts flus type tower bolt imported by Industrial IRC holder VAT compliant fire resistant door manufacturers	0	20
20.	7607.20.99	Aluminum Foil (Backed by others)	0	20
21.	8544.70.00	Optical fiber cables	0	10
22.	8711.30.10 8711.30.90	Motorcycles' cylinder capacity from 251 cc to 500 cc (with four-stroke engine)	0	100
23.	8711.30.20	Motorcycles' cylinder capacity from 251 cc to 500 cc (with two-stroke engine)	0	250
24.	8711.40.10 8711.40.90	Motorcycles' cylinder capacity from 501 cc to 800 cc (with four-stroke engine)	0	100
25.	8711.40.20	Motorcycles' cylinder capacity from 501 cc to 800 cc (with two-stroke engine)	0	250
26.	8711.50.10 8711.50.90	Motorcycles' cylinder capacity above 800 cc (with four-stroke engine)	0	100
27.	8711.50.20	Motorcycles' cylinder capacity above 800 cc (with two-stroke engine)	0	250
28.	9401.91.00 9401.99.00	Parts of seats	0	10
29.	9405.11.00	Chandeliers and other electric ceiling or wall lighting fittings, excluding those of a kind used for lighting public open spaces or thorough fares: Designed for use solely with light-emitting diode (LED) light sources	45	60

Sl. No.	H.S. Code	Description	Previous Rate (%)	New Rate (%)
(1)	(2)	(3)	(4)	(5)
30.	9405.19.00	Other electric lighting fittings	45	60
31.	9613.10.00	Pocket lighters, gas fueled, nonrefillable	0	10
32.	9613.20.00	Pocket lighters, gas fueled, refillable	0	10
33.	9613.80.00	Other lighters	0	10

4.6.1 Rates of Supplementary Duty (SD) have been rearranged under the heading of 87.03 for motor cars having cylinder capacity above 2000 cc:

Description	Previous Rate (%)	New Rate (%)
Wholly made motor cars and other motor vehicles, including station wagons (except hybrid motor car, ambulance and motor car run by electric battery):		
Cylinder capacity from 2001 cc to 3000 cc	200	250
Cylinder capacity from 3001 cc to 4000 cc	350	500
Cylinder capacity above 4000 cc	500	500
CKD motor cars, motor vehicles, station wagons including jeep car:		
Cylinder capacity from 2001 cc to 3000 cc	100	150
Cylinder capacity from 3001 cc to 4000 cc	300	350
Cylinder capacity above 4000 cc	350	500
Wholly made hybrid motor cars and other motor vehicles, including station wagons:		
Cylinder capacity from 2001 cc to 2500 cc (except microbus)	45	60
Cylinder capacity from 2501 cc to 3000 cc (except microbus)	60	100
Cylinder capacity from 3001 cc to 4000 cc (except microbus)	100	150
Cylinder capacity above 4000 cc (except microbus)	300	350
Cylinder capacity above 2001 cc of microbus	45	60

4.6.2 Supplementary Duty (SD) rate of motorcycle for which cylinder capacity is above 250 cc:

Description	New Rate (%)
Cylinder capacity from 251 cc to 500 cc (in CBU with four-stroke engine)	100
Cylinder capacity from 501 cc to 800 cc (in CBU with four-stroke engine)	100
Cylinder capacity above 800 cc (in CBU with four-stroke engine)	100
Cylinder capacity from 50 cc to above 800 cc (in CBU/CKD with Two-stroke engine)	250

4.7 Decrease of Regulatory Duty (RD): *

Sl. No.	Heading	H.S. Code	Description	Previous Rate (%)	New Rate (%)
(1)	(2)	(3)	(4)	(5)	(6)
1.	28.11	2811.21.00	Carbon dioxide	15	5

4.8 VAT exempted at import stage: *

Sl. No.	H.S. Code	Description	Previous Rate (%)	New Rate (%)
(1)	(2)	(3)	(4)	(5)
1.	0801.31.90	Other Cashew nuts in shell	15	0
2.	0801.32.90	Other Cashew nuts Shelled	15	0
3.	8713.90.00	Wheel chair	15	0
4.	9608.99.10	Ball points for ball point pen	15	0

4.9 VAT imposed at import stage: *

Sl. No.	H.S. Code	Description	Previous Rate (%)	New Rate (%)
(1)	(2)	(3)	(4)	(5)
1.	8443.32.10	Computer printer	0	15
2.	8443.99.10	Toner cartridge/ Inkjet cartridge for computer printer	0	15
3.	8471.30.00	Portable automatic data processing machines, weighing not more than 10 kg, consisting of at least a central processing unit, a keyboard and a display	0	15

4.10 Exemption of AT and AIT at import stage:

Sl. No.	H.S. Code	Description	Previous Rate (%)	New Rate (%)
(1)	(2)	(3)	(4)	(5)
1.	8713.90.00	Wheel chair	5	0

* Changes have been made when the Finance Bill, 2022 was proposed.

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End

Our Tax Division is working with the vision to serve our tax clients in helping them ensure effective planning and management of Income Tax, VAT and other taxes. We are committed to assist them in providing the best advices on all Income Tax, VAT and other tax issues to ensure maximum tax benefits to them fulfilling the requirements of Income Tax, VAT and other tax laws of the country.

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