

**SUMMARY OF IMPORTANT
CHANGES INTRODUCED BY
THE FINANCE BILL, 2024 OF BANGLADESH**



ACNABIN
Chartered Accountants

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National Budget 2024-25



Source: The Daily Star



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ABOUT ACNABIN



ACNABIN was formed in February 1985, with a mission to continually add value by helping clients succeed. The firm is in public practice for more than 39 years. The then largest partnership firm was founded with a vision to build an institution which would foster an environment for leadership, continuous growth, learning and collaborations. Over the past, the firm has become one of the leading and most reputable chartered accountancy firms in Bangladesh with global affiliations.

At present, ACNABIN has eight partners whose expertise in audit, accounting, review, business consulting, business process outsourcing, technology solutions and taxation has established the firm as a multidisciplinary organization. All the partners have many years of experience of working both at home and abroad and with international consultants and organizations operating locally and globally. ACNABIN is regarded as one of the top firms of chartered accountants in the country context and has significant exposure in the relative market.

PREFACE



This represents a brief summary of important changes introduced by the Finance Bill, 2024 of Bangladesh, 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 proposed to be amended or rationalized. Our aim is to acquaint our clients and prospective investors, home and abroad, with the latest proposal of amendments regarding the provisions of the said laws.

The content of this document is intended for general informational purposes and is not tailored to specific individual circumstances. It is recommended that no action be taken based on this information without first seeking professional advice and conducting a detailed assessment of the specific situation.



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BUDGET STRUCTURE



BUDGET STRUCTURE

(Taka in Crore)

Particulars	Proposed Budget FY 2024-2025	Revised Budget FY 2023-2024	Change (%)	Budget FY 2023-2024
Total Budget size	7,97,000	7,14,418	11.56%	7,61,785
GDP size	55,97,414	50,48,027	10.88%	50,06,782
Inflation rate	6.5% (expected)	8.0% (estimate)	-18.8%	
Operating expenditure	5,06,971	4,53,228	11.86%	4,75,281
Development expenditure	2,81,453	2,60,007	8.25%	2,77,582
Others	8,576	1,183	624.94%	8,922
Total expenditure	7,97,000	7,14,418	11.56%	7,61,785
Tax revenue:	4,95,000	4,29,000	15.38%	4,50,000
NBR Tax	4,80,000	4,10,000	17.07%	4,30,000
Non-NBR Tax	15,000	19,000	-21.05%	20,000
Non-Tax Revenue	46,000	49,000	-6.12%	50,000
Total revenue	5,41,000	4,78,000	13.18%	5,00,000
Deficit	(2,56,000)	(2,36,418)	8.28%	(2,61,785)

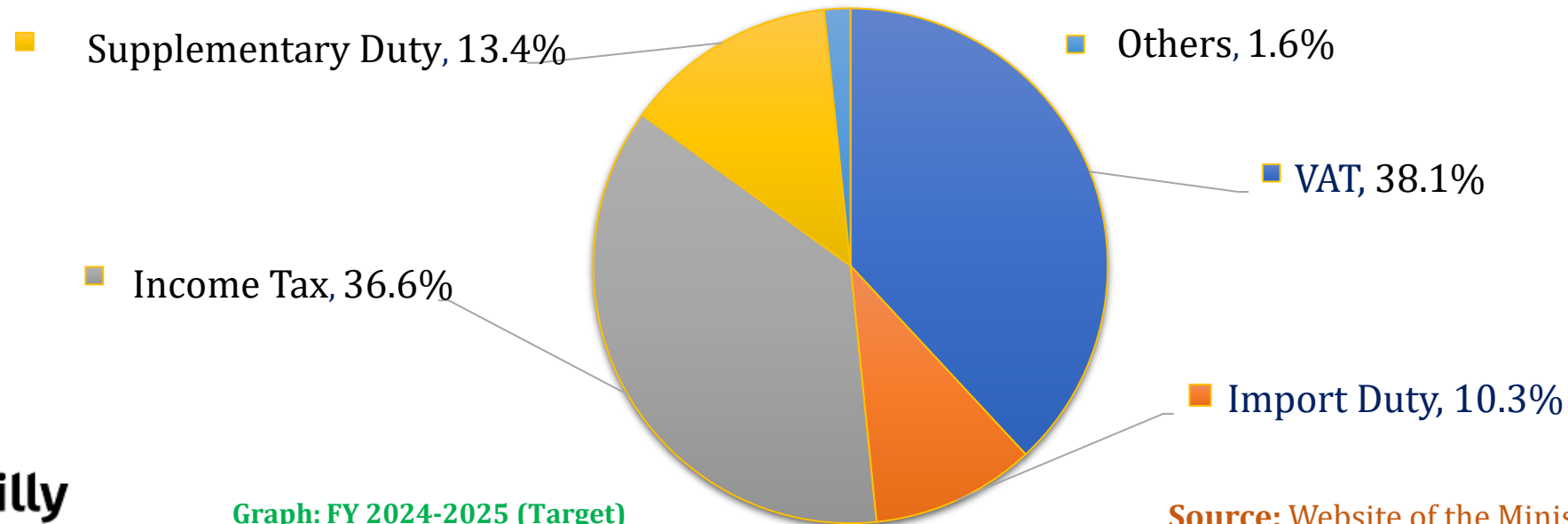
Source: Budget Speech and website of the Ministry of Finance

BUDGET STRUCTURE

Comparison of NBR collection

(Taka in Crore)

Particulars	FY 2024-2025 (Target)		FY 2023-2024 (Revised)	
	Amount in Tk.	In %	Amount in Tk.	In %
VAT	1,82,783	38.1%	1,58,066	38.6%
Import Duty	49,464	10.3%	43,876	10.7%
Income Tax	1,75,620	36.6%	1,45,865	35.6%
Supplementary Duty	64,278	13.4%	55,437	13.5%
Others	7,855	1.6%	6,756	1.6%
Total	4,80,000	100.0%	4,10,000	100.0%

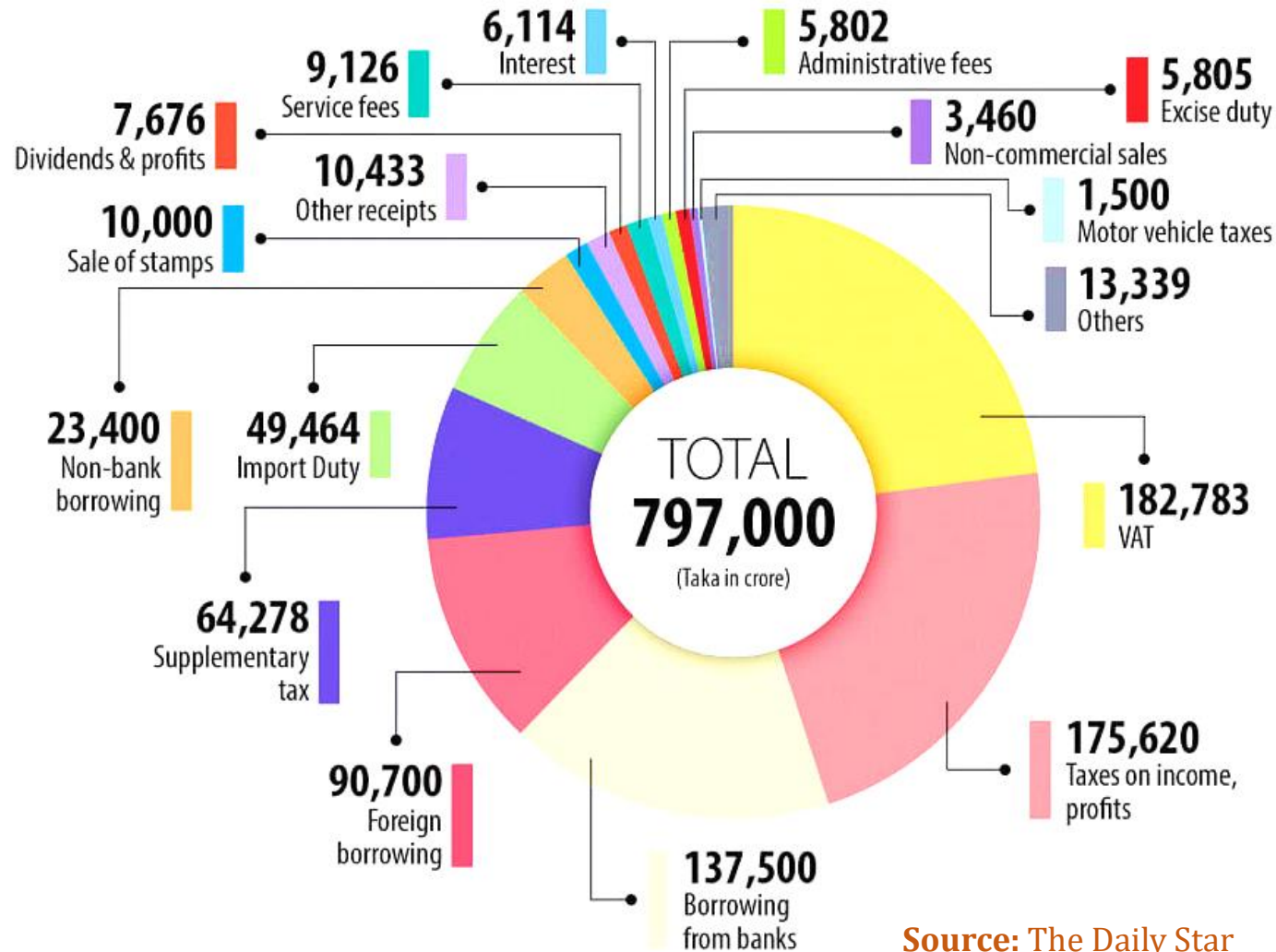


Graph: FY 2024-2025 (Target)

Source: Website of the Ministry of Finance 8

BUDGET STRUCTURE

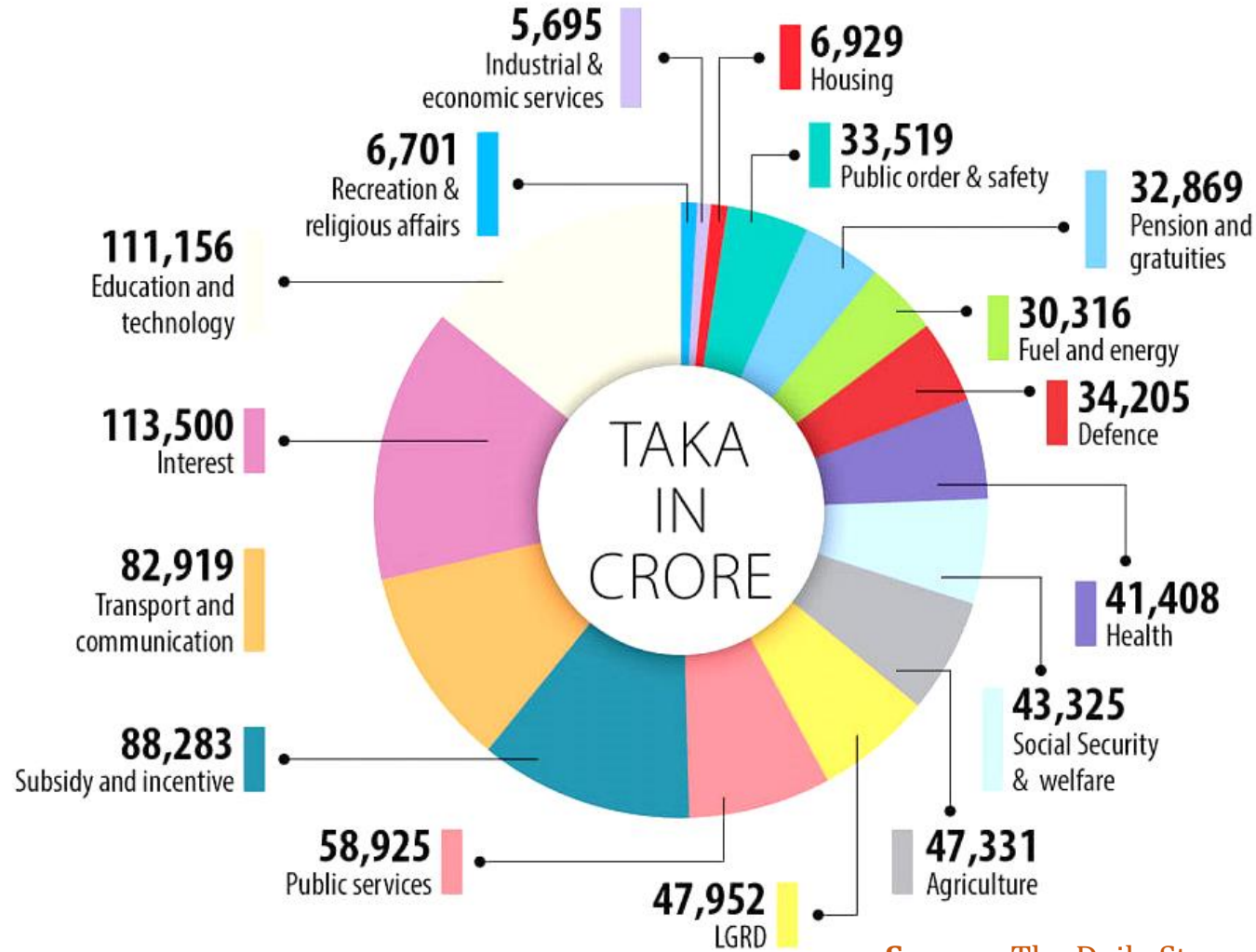
Where will the money come from?



Source: The Daily Star

BUDGET STRUCTURE

Where will the money go?



BUDGET STRUCTURE

Budget out of Tk 100:



PERSONAL INCOME TAX

TAX RATES FOR INDIVIDUAL (INCLUDING NON-RESIDENT BANGLADESHI), HINDU UNDIVIDED FAMILY AND PARTNERSHIP FIRM

AY 2023-2024		Proposed for the AYS 2024-2025 & 2025-2026		Impact
Level of income	Rates of tax	Level of income	Rates of tax	
Up to Tk. 3,50,000	Nil	Up to Tk. 3,50,000	Nil	Unchanged
Next Tk. 1,00,000	5%	Next Tk. 1,00,000	5%	Unchanged
Next Tk. 3,00,000	10%	Next Tk. 4,00,000	10%	Reduced tax liability of Tk. 5,000
Next Tk. 4,00,000	15%	Next Tk. 5,00,000	15%	Reduced tax liability of Tk. 10,000
Next Tk. 5,00,000	20%	Next Tk. 5,00,000	20%	Reduced tax liability of Tk. 10,000
On balance	25%	Next Tk. 20,00,000	25%	There is no impact
		On balance	30%	5% increased tax liability on the balancing amount

Impact: If the total income of a male assessee (including tax-exempted threshold Tk. 3,50,000) is Tk. 38,50,000, his tax liability will be reduced by an amount of Tk. 25,000. If the total income is Tk. 43,50,000, there will be no change in the total tax liability for the assessee. However, if the total income exceeds Tk. 43,50,000, additional tax liability at the rate of 5% will result in. The government may by this means collect higher tax revenue from the higher-earning taxpayers.

Tax rate for non-resident individual has been proposed to be unchanged

- 30% (except non-resident Bangladeshi)

TAX FREE INCOME FOR INDIVIDUAL (INCLUDING NON-RESIDENT BANGLADESHI), HINDU UNDIVIDED FAMILY AND PARTNERSHIP FIRM

Tax exempted income for	AY 2023-2024 (Tk.)	Proposed for AYs 2024-2025 & 2025-2026
General tax payers	3,50,000	Unchanged
Women & Senior Citizen above 65 years age	4,00,000	
Third gender tax payers and physically challenged persons	4,75,000	
War-wounded gazette freedom fighters	5,00,000	
The income tax free threshold for parents or legal guardians of physically challenged child or dependent will be increased by Tk. 50,000 for each child/dependent.		

➤ Tax rebate for less/least developed areas has been proposed to be withdrawn.



MINIMUM TAX PAYABLE BY INDIVIDUALS

Area of residence	AY 2023-2024 (Tk.)	Proposed for AYs 2024-2025 & 2025-2026
Dhaka North, Dhaka South and Chattogram City Corporation	5,000	Unchanged
Any other City Corporation	4,000	
Other area	3,000	

SURCHARGE ON INDIVIDUAL'S NET WEALTH

AY 2023-2024		Rate	Proposed for AYs 2024-2025 & 2025-2026
Total net wealth			
Up to Tk. 4 crore		Nil	Unchanged
Over Tk. 4 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			
Over Tk. 10 crore up to Tk. 20 crore		20%	
Over Tk. 20 crore up to Tk. 50 crore		30%	
Over Tk. 50 crore		35%	

Proposed for AYs 2024-2025 & 2025-2026	Rate
If any school, college, university, or educational institution does not arrange appropriate accessibility for persons with disabilities, a 2.5% surcharge will be imposed on the income of such institution.	2.5%

ENVIRONMENTAL SURCHARGE

NO CHANGE HAS BEEN PROPOSED ON THE RATES OF ENVIRONMENTAL SURCHARGE

Sl. No.	Description of motor vehicle	Rate of environmental surcharge for each vehicle (Tk.)
1	Up to 1500 cc / 75 kW	25,000
2	More than 1500 cc / 75 kW but up to 2000 cc or 100 kW	50,000
3	More than 2000 cc or 100 kW but up to 2500 cc or 125 kW	75,000
4	More than 2500 cc or 125 kW but up to 3000 cc or 150 kW	1,50,000
5	More than 3000 cc or 150 kW but up to 3500 cc or 175 kW	2,00,000
6	More than 3500 cc or 175 kW	3,50,000

- ❖ This surcharge will not be refunded nor be adjusted with any other tax liability.
- ❖ Here, motor vehicle excludes bus, minibus, coaster, prime mover, truck, lorry, tank lorry, pick-up van, human hauler, autorickshaw and motor cycle.

CORPORATE INCOME TAX



RATES OF CORPORATE INCOME TAX

Description	Existing tax rates for AY 2023-2024		Proposed tax rates for AYs 2024-2025 & 2025-2026	
	Tax rate	On failure to comply with conditions*	Tax rate	On failure to comply with conditions*
Publicly traded company that issues shares worth more than 10% of its paid-up capital through Initial Public Offering (IPO)	20%	22.5%	Unchanged	Unchanged
Publicly traded company that issues shares worth 10% or less than 10% of its paid-up capital through Initial Public Offering (IPO)	22.5%	25%	Unchanged	Unchanged
One Person Company (OPC)	22.5%	25%	20%	22.5%
Non-publicly traded company	27.5%	30%	25%	27.5%
Publicly traded bank, insurance and financial institution (except merchant bank)	37.5%	Condition N/A	Unchanged	Condition N/A
Non-publicly traded bank, insurance and financial institution (except merchant bank)	40%	Condition N/A	Unchanged	Condition N/A
Merchant bank	37.5%	Condition N/A	Unchanged	Condition N/A
Company and other than company producing all sorts of tobacco items including cigarette, bidi, chewing tobacco and gul	45% + 2.5% (surcharge)	Condition N/A	Unchanged	Condition N/A

RATES OF CORPORATE INCOME TAX

Description	Existing tax rates for AY 2023-2024		Proposed tax rates for AYs 2024-2025 & 2025-2026	
	Tax rate	On failure to comply with conditions*	Tax rate	On failure to comply with conditions*
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%	Condition N/A	45%	Condition N/A
Non-publicly traded mobile operator company	45%	Condition N/A	Unchanged	Condition N/A
Trust, Fund, Association of persons and other taxable entities	27.5%	30%	27.5%	Condition N/A
Cooperative Society, registered under Cooperative Society Act, 2001	15%	Condition N/A	20%	Condition N/A
Private university, private medical college, private dental college, private engineering college or private college solely dedicated to imparting education on ICT	15%	Condition N/A	Unchanged	Condition N/A
Capital gain for company	15%	Condition N/A	Unchanged	Condition N/A
Capital gain for trust and fund	15%/27.5%	15%/30%	15%	Condition N/A
Dividend	20%	Condition N/A	Unchanged	Condition N/A

***Condition:** All income and receipts must be made through bank transfer. Any single transaction exceeding Tk. 5,00,000 and annual transactions exceeding Tk. 36,00,000 in expenses and investments, must be made through bank transfer.

RATES OF CORPORATE INCOME TAX

Description	Tax rates
Subject to compliance with a few conditions, companies engaged in textiles business	15%
Reduced tax on income from all kinds of export:	
(a) Individual, firm and Hindu Undivided Family	50% exempted
(b) Other tax payers	12%
(c) Other tax payers with LEED Certified Factory	10%

THE DEFINITIONS (Section 2)

❑ Income- clause (13)

Income will include any acquisition of assets which are:

- (a) Not natural;
- (b) No person's own creation;
- (c) Not foreclosed against indebtedness or mortgages;
- (d) Not acquired through inheritance, will, bequest or trust;
- (e) Not acquired by exchange or purchase.

❖ Impact

1. The scope of 'income' widened;
2. Any gift or unexplained assets may be considered as income, subject to other conditions.

THE DEFINITIONS (Section 2)

❑ Employee- clause (25)

- (a) More clarifications have been brought in with consideration for the employees;
- (b) Workers of tea gardens and day-laborers have been excluded from the definition.

❖ Impact

1. Payment through banking channel is not mandatory for workers of tea gardens and day-laborers;
2. Payments in cash may invalidate the conditional tax benefits of corporate tax rates or tax exemption criteria, in applicable cases.

❑ Transfer- clause (93)

Donation of capital assets will be treated as 'Transfer'.

❖ Impact

May be taxed in some cases considering 'Income from other sources'.

INCOME FROM RENT

- (a) Warehouses have been excluded from house property and will be considered under other than house property;
- (b) Income from hostels, hotels, motels and resorts will not be considered as income from rent;
- (c) Complexities for treating income of more than one owner of any property will be simplified;
- (d) Part of advance, adjustable with rent during the year, will be treated as income from rent;
- (e) Service charges given by tenants will be considered as income;
- (f) Vacancy allowances will be allowed only in support with the electricity bills;
- (g) Previously allowable all expenditures (section 38) against **'Income from Rent'** will be meant for only **'Income from rental of house properties'**;
- (h) 'Rental income from other properties' will be subject to deductions allowable under sections from 49 to 55 and made through bank transfers;
- (i) Unspent portion of allowable repair & maintenance against income from house property rental:
 - will be treated as 'Special income from rent',
 - will not be set off with any other loss or deductions,
 - will be taxed at regular rate.
- (j) Disallowed expenses against income from rental of other properties:
 - will be treated as 'Special income from rent',
 - will not be set off with any other loss or deductions,
 - will be taxed at regular rate.

INCOME FROM RENT

❖ **Impact**

1. More clarifications have been proposed;
2. Tax to be paid only on the adjustable advance;
3. Claiming deductions for rental income from non-house properties will be inconvenient;
4. Claiming vacancy allowance will be simplified;
5. Increased tax liability for 'Special income from rent'.

SPECIAL SECTORS OF BUSINESS INCOME

Unpaid interest or profit against loan exceeding 03 years will not be added as Special sectors of business income.

❖ **Impact**

1. Tax burden reduced;
2. Inconsistency with section 52 will be removed.

GENERAL DEDUCTIONS FROM BUSINESS INCOME

Amount payable to Workers Profit Participation Fund, Welfare Fund and Labor Welfare Foundation Fund will be allowed on accrual basis, instead of payment basis.

❖ **Impact**

1. Ease of doing business for aligning with Accounting Standards;
2. Inconsistency with the compliance with the Labor Act, 2006 will be eradicated.

DEDUCTIONS NOT ADMISSIBLE IN CERTAIN CASES

If a payment is made to a fund that needs approval from the National Board of Revenue (NBR) but doesn't have it, that payment will be disallowed.

❖ **Impact:** Payment to WPPF will be allowed, since it does not require obtaining approval from the NBR.

SPECIAL BUSINESS INCOME

Disallowance of the following expenses will be excluded from special business income:

- (a) Excess perquisite;
- (b) Royalty, License fee, Technical service fee, Technical know-how fee, Technical assistance fee or similar fees;
- (c) Head Office expenses;
- (d) Foreign tours and travels;
- (e) Entertainment expenditures;
- (f) Free samples related expenses;
- (g) Promotional expenses;
- (h) Any deduction or any unspecified deduction against liability;
- (i) Impairment loss for any intangible assets.

❖ **Impact**

1. Additional tax burden will be reduced;
2. As disallowance of expenses will be added to regular business income, the disallowed amount may be set off against the other allowable expenses or losses.

INCOME FROM OTHER SOURCES

- (a) Transfer of any asset (except minerals, hydrocarbon and goodwill), whether natural or self-created will be treated Income from other sources;
- (b) Donation, grant or gifts called by whatever name will be considered as Income from other sources (except from spouse, parents and children);
- (c) Loan, advance or any amount received from spouse, parents and children will have to be disclosed in income tax returns of both receiver and giver. Otherwise it will be treated Income from other sources.

❖ **Impact**

1. Any gifts will be treated as income from other sources (except for spouse, parents and children);
2. Gifts will not be considered as 'Special sectors of other income';
3. Loans, advances, or any deposits received from spouse, parents, or children without a bank transfer may not be deemed as special sources of other income, provided they are disclosed in the income tax returns of both the recipient and the giver.

MANDATORY SUBMISSION OF AUDITED FINANCIAL STATEMENTS

For following persons, submitting audited financial statements are not mandatory:

- Individual;
- Hindu Undivided Family;
- Firm, Trust, Association of persons, Foundations, Societies and Cooperative Societies whose gross receipts do not exceed BDT 50 million;
- Primary and pre-primary educational institutions.

❖ **Impact:** Easy compliance for small scale firms, trusts, association of persons, foundations, societies, and cooperative societies not having gross receipts exceeding Tk. 50 million.

TAX EXEMPTIONS

❑ Under Section 76

- (a) Receipt through bank transfer will not be required for claiming tax exemption on gifts from spouse, parents and children. However, the gift has to be shown in the income tax returns of both giver and receiver;
- (b) Any person may voluntarily pay tax at regular rate on any exempted income;
- (c) Any person, exempted from tax on a specific income source for a certain period cannot claim another exemption for the same source of income, even if it is restructured through amalgamation, demerger or acquisition. However, this restriction does not apply if the exemption period is extended by law or notification.

❖ Impact

1. Complexities reduced for gifts receipts from spouse, parents and children. However, if the income tax return is not submitted within the tax-day, tax exemption will not be allowed;
2. Tax exemption cannot be claimed twice on the same income.

TAX EXEMPTION AMENDMENTS

□ Under 6th Schedule

- (a) Donation or charity received by charitable organizations (which does not generate service revenue exceeding BDT 10 million) approved by the respective Taxes Commissioner;
- (b) Donation or charity received by any person approved by the NGO Bureau;
- (c) Service charge of the microcredit organizations which only deal with micro credit activities (applicable from AY 2026-2027). However, any part of service charge income that is not used for microcredit activities will be taxed;
- (d) Part of income received by beneficiaries of a trust or participants of a fund, on which Trust or fund paid tax;
- (e) Gifts received from spouse, parents or children, subject to the condition that both the giver and receiver properly show the gift in the income tax returns. If the gift is received from abroad through proper banking channel, it will suffice the requirement of tax exemption;
- (f) Capital gains earned by individuals from trading listed company shares and funds' units up to BDT 5 million, except sponsors, directors or placement shareholders;
- (g) Following changes have been proposed for ITES:

TAX EXEMPTION AMENDMENTS

Existing services (proposed to be withdrawn)	Proposed new services
Nationwide telecommunication transmission network	AI based solution development
IT process outsourcing	Blockchain based solution development
Website hosting	Software as a service
Digital data entry and processing	Data science
Graphic information service	Geographic information service
Overseas medical transcription	
Search engine optimization	
Cloud service	
System integration	

(h) A complete list of IT Enabled Services for which tax exemption will be allowed up to 30 June 2027 is as follows:

- i. AI based solution development;
- ii. Blockchain based solution development;
- iii. Robotics process outsourcing;
- iv. Software as a service;
- v. Cyber security service;
- vi. Digital data analytics and data science;

TAX EXEMPTION AMENDMENTS

List of IT Enabled Services (cont'd):

- vii. Mobile application development service;
- viii. Software development and customization;
- ix. Software test lab service;
- x. Web listing, website development and service;
- xi. IT assistance and software maintenance service;
- xii. Geographic information service;
- xiii. Digital animation development;
- xiv. Digital graphics design;
- xv. Digital data entry and processing;
- xvi. E-learning platform and e-publication;
- xvii. IT freelancing;
- xviii. Call center service;
- xix. Document conversion, imaging and digital archiving.

Provided that to avail tax exemption benefit all income, expenditure and investment will have to be made through banking channel.

TAX EXEMPTION AMENDMENTS

❖ **Impact**

1. Trust beneficiaries and fund participants will be benefited by avoiding dual tax on taxed income;
2. Gift receipts from spouse, parents and children will be convenient;
3. Tax burden on capital gain from listed company share trading may increase.

TAX EXEMPTION AMENDMENTS

❑ Under SROs

- (a) Any income of Oncology Club, Bangladesh and Obstetrical and Gynecological Society of Bangladesh (OGSB), except interest, dividend and capital gain;
- (b) 15% corporate tax rate for Recognized Provident Fund, Approved Gratuity Fund, Approved Superannuation Fund and Approved Pension Fund;
- (c) 5% corporate tax rate up to 12 years for income of industries manufacturing freezer, refrigerator, air-conditioner and motor cycles;
- (d) Tax exemption up to 10 years for companies established in government Economic Zone;
- (e) Tax exemption up to 10 years for companies established in government Hi-tech Park.

TAX EXEMPTION WITHDRAWN

- (a) Tax exemption for income of ICAB, ICMAB and ICSB (para 28 of 6th Schedule, Part 1);
- (b) Tax holiday benefit up to 10 years for infrastructure development (Para 3 & 4 of 6th Schedule, Part 4);
- (c) Tax exemption for Economic Zone developer (SRO 227 of 2015);
- (d) Tax exemption for Hi-tech Park developer (SRO 229 of 2015);
- (e) Tax exemption of expatriate employed in a company established in Economic Zones and Hi-tech parks (SROs 298 and 300 of 2015);
- (f) Tax exemption on dividend, royalties, technical know-how and technical assistance fees, capital gain from shares of any company established in Economic Zones and Hi-tech parks (SROs 299 and 301 of 2015);
- (g) Tax exemption on dividend declared by Hi-tech park developer (SRO 302 of 2015);
- (h) As SRO 196 of 2015 has been repealed, the tax rate for capital gain from listed company shares of sponsor shareholders and companies will be at applicable regular rate.

TAX DEDUCTIONS/COLLECTIONS AT SOURCES

❑ Salary

The requirement for tax deduction related to payments from accumulated balance of provident fund to employees as outlined in para 06 of 2nd Schedule, Part 3 has been removed.

❖ **Impact:** Increased tax burden on employees.

❑ Payment to WPPF

Payments to Workers Profit Participation Fund, Welfare Fund and Workers Welfare Foundation Fund will be subject to 10% tax deduction at sources.

❖ **Impact:** Welfare Fund and Workers Welfare Foundation Fund will receive reduced amount.

❖ **Problem:** Whose e-TIN should be used to deposit the TDS.

TAX DEDUCTIONS/COLLECTIONS AT SOURCES

❑ Local letter of credit

TDS rate for essential commodities (except fruits and computer & computer accessories) will be reduced to 1% from 2%.

❖ **Impact:** Business's profit will increase.

❑ Payment by cellular mobile phone operator

TDS on payments to regulatory authorities in terms of profit sharing, license fee or any other charge or fees called by whatever name, will be increased to 20%, instead of 10%.

❖ **Impact:** Telecommunication regulatory authorities will receive less amount. As such, the additional tax burden may pass to final consumers.

TAX DEDUCTIONS/COLLECTIONS AT SOURCES

❑ Interest from Savings accounts and Fixed Deposits

(a) Changes in TDS rates for different entities:

Entities	Existing TDS Rate	Proposed TDS Rate
Trust and Association of persons	10%	20%
Primary educational institutions	20%	10%
MPO enlisted educational institutions	10%	20%
Public Universities	10%	20%
Recognized provident funds, Approved gratuity funds, Approved superannuation fund or pension fund	5%	10%

❖ **Impact:** MPO enlisted educational institutions and public universities may adjust the tax burden by increasing fees from students.

TAX DEDUCTIONS/COLLECTIONS AT SOURCES

❑ Freight forward agency

TDS rate will be restructured:

Existing TDS Rate	Proposed TDS Rate
Local- 15%	10% on commission
Inward remittance- 10%	2.5% on gross bill

❖ **Impact:** TDS rate for freight forward agency will be rationalized.

❑ Income remitted from abroad for services, revenue sharing etc.

TDS rate for fees, service charge, remuneration or revenue sharing will be 7.5% instead of 10%.

❖ **Impact**

1. TDS rate will be rationalized;
2. Inward remittance in proper channel will be encouraged.

TAX DEDUCTIONS/COLLECTIONS AT SOURCES

❑ **Transfer of listed securities by sponsors**

- (a) TDS rate on capital gain will increase to 10% from 5%;
- (b) Placement shareholder will be included;
- (c) Gifts of shares to parents, children and spouse will be excluded.

❖ **Impact**

1. Tax burden on sponsor shareholders, placement shareholders and director shareholders for transferring listed securities will increase;
2. Gifts of listed shares to spouse, parents and children will not attract additional tax burden.

❑ **Withholding entities**

Resort, motel, restaurant and convention centers having turnover exceeding BDT 10 million will be considered as specified person and act as withholding entities.

❖ **Impact:** Tax net will be widened.

❑ **Motor Vehicle Tax:**

Orphanage and religious places owned motor vehicles will not pay any advance tax.

❖ **Impact:** Increased disposable income of the entities and enhanced community services will be encouraged.

TAX DEDUCTIONS/COLLECTIONS AT SOURCES (SRO 161 OF 2024)

Ref.	Particulars	Existing Rate	Proposed Rate
Sec. 89 & Rule 3	Supply of services against contracts executed for manufacturing, process or conversion, construction, engineering or any other similar work	3%, 5%, 7% on base amount	7%
	Supply of any other goods		5%
	Printing, packaging or binding		5%
	Supply of oil by the oil refinery	3%	2%
	Supply of rice, wheat, potato, fish, meat, onion, garlic, chickpeas, lentils, ginger, turmeric, dried chillies, 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%	1%
	In case of supply of recycled lead	3%, 5%, 7% on base amount	3%
	In case of supply of industrial raw materials to a manufacturer	4%	3%
	In case of supply by a distributor	(Purchase value X 7%X5%)- TDS/TCS as per section 94	(Purchase value X 5%X10%)- TDS/TCS as per section 94



TAX DEDUCTIONS/COLLECTIONS AT SOURCES (SRO 161 OF 2024)

Ref.	Particulars	Existing Rate	Proposed Rate
Sec. 90 & Rule 4	Freight forward agency service - On commission - On gross bill with or without commission	15% on commission	10% 2.5%
Sec. 119 & Rule 5	In case of supply of services against the contract executed by the contractor, sub-contractor and sub-sub-contractor for manufacturing, process or conversion, construction, engineering or any other similar work.	7.5%	7.5%

SPECIAL PROVISION FOR THE DISCLOSURE OF UNDISCLOSED ASSETS

Subject to some certain conditions, no question will be raised by any authority regarding the source of acquisition of any asset of a person, provided that such undisclosed assets are shown in the return for the assessment year 2024-2025, following tax payment between 01 July 2024 and 30 June 2025 (both days inclusive), at the specified rates outlined in the tables below:

Table-1

Sl. No.	Location	Tax rate for residential buildings, houses, flat, apartment or floor space	Tax rate for land
1	All mauzas under Gulshan, Banani, Motijheel, Tejgaon, Dhanmondi, Wari, Tejgaon Industrial, Shahbagh, Ramna, Paltan, Kafrul, Newmarket and Kalabagan police stations of Dhaka district.	Per square meter Tk. 6,000	Per square meter Tk. 15,000
2	All mauzas under Bangshal, Mohammadpur, Sutrapur, Jatrabari, Uttara Model, Cantonment, Chawkbazar, Kotwali, Lalbagh, Khilgaon, Shyampur, Shahjahanpur, Mirpur Model, Darus Salam, Dakshin Khan, Uttar Khan, Turag, Shah Ali, Sabujbagh, Kadmatoli, Kamrangirchar, Hazaribagh, Demra, Adabor, Gendaria, Khilkhet, Airport, Uttara West, Mugda, Rupnagar, Bhashantek, Badda, Pallabi and Bhatara of Dhaka district; Khulshi, Panchlaish, Pahartali, Halishahar and Kotwali of Chittagong district; Sadar, Sonargaon, Fatulla, Siddhirganj and Bandar Police Station of Narayanganj District and all mauzas under Sadar Thana of Gazipur District.	Per square meter Tk. 3,500	Per square meter Tk. 10,000

SPECIAL PROVISION FOR THE DISCLOSURE OF UNDISCLOSED ASSETS

Sl. No.	Location	Tax rate for residential buildings, houses, flat, apartment or floor space	Tax rate for land
3	All mauzas under Dohar, Nawabganj, Keraniganj, Savar and Dhamrai upazilas of Dhaka district; Akbar Shah, EPZ, Karnaphuli, Chawkbazar, Chandgaon, Doublemooring, Patenga, Bandar, Baklia, Bayezid Bostami and Sadarghat of Chittagong district; Joydevpur, Kaliganj, Basan, Konabari, Gacha, Tongi Purba and Tongi Paschim of Gazipur district and Rupganj and Araihaajar Upazila of Narayanganj District.	Per square meter Tk. 1,500	Per square meter Tk. 3,000
4	Property located in all mauzas of city corporation, any development authority and all municipalities located at district headquarters except property located in Serial No. 1 to 3 and City Corporations of Dhaka South, Dhaka North, Chittagong, Narayanganj and Gazipur.	Per square meter Tk. 1,000	Per square meter Tk. 2,000
5	All mauzas of any other municipality except in Serial No. 1 to 4	Per square meter Tk. 850	Per square meter Tk. 1,000
6	All mauzas in any other area except Serial No. 1 to 5	Per square meter Tk. 500	Per square meter Tk. 300

➤ In the case of commercial buildings, houses, flat, apartment or floor space, the tax rate will be higher by 100%;

SPECIAL PROVISION FOR THE DISCLOSURE OF UNDISCLOSED ASSETS

Table-02

Sl. No.	Description of wealth	Tax rate
1	Securities, cash, deposits in banks, financial schemes and instruments, all types of deposits or savings deposits.	15% of total assets
2	Any other assets not mentioned in Serial No. 1 of Table-2 and Table-1	15% of the fair market value of the assets

MINIMUM TAX LIABILITY

❖ **Inclusion:**

TDS against income of oil contractors, oil marketing companies (except petrol pumps), oil refiners, gas distributors or transmitters will be treated as minimum tax liability.

❑ **Exclusion:**

TDS against powder milk, aluminum products, ceramic products will not be treated as minimum tax.

- (a) Trust will be included for minimum tax liability @ 0.6% on gross receipts;
- (b) Minimum tax liability for sweetened beverage increased to 3% from 0.6% of gross receipts;
- (c) Tax refunds from previous years will be used to offset the extra tax owed beyond the minimum tax liability under section 163(2);
- (d) Regardless of actual TDS amounts, applicable TDS amount will be contemplated as minimum tax liability.

❖ **Impact:**

1. More tax burden on trusts and oil and gas related entities;
2. By utilizing tax refunds, tax expenses of the company can be reduced;
3. Taxpayers will need to maintain proper books of accounts to calculate applicable TDS on actual receipts during the year.

STATEMENT OF ASSETS AND LIABILITIES

Individuals with total gross wealth over BDT 5 million at the end of the income year must submit a statement of assets and liabilities, up from the previous threshold of BDT 4 million.

❖ **Impact:** Individuals with fewer assets will not need to submit a statement of assets and liabilities.

MANDATORY SUBMISSION OF RETURN UNDER SELF-ASSESSMENT SCHEME

All assesseees will mandatorily submit the income tax returns under self-assessment scheme.

❖ **Impact:** Filing income tax return will be easy and convenient.

COMPUTATION OF TAX LIABILITY FOR FILING RETURN AFTER TAX DAY

Delay interest will be imposed at the rate of monthly 2% on the difference between tax liability and advance tax (including TDS). Previously it was 4% per month on the entire tax liability.

❖ **Impact:**

1. Interest imposition will be rationalized;
2. Tax burden for failing to file return within Tax-day will be reduced.

NORMAL RETURN AND REVISED RETURN

- (a) Normal return will be considered, if submitted under sections 176(3)- Incomplete return, 182(10)- Amended return following audit report approved by the audit curator, and 212(3)- Tax escape payment;
- (b) No return or amended return can be submitted on the basis of Appeal Order or Tribunal Order, unless required by the Appeal Order or Tribunal Order in the case when no return was submitted.

❖ **Impact:** Scope for filing normal return will be very limited.

WITHHOLDING TAX RETURN

- (a) Deadline for submitting withholding tax return will be extended to 25th day of the following month, instead of 15th day of the following month;
- (b) Time extension capacity of the DCT up to 15 days will be removed.

❖ **Impact:**

1. Due to extension of withholding return submission deadline, all TDS challans related information will likely be available during the return preparation;
2. Businesses will be a bit relaxed;
3. Since there is no time extension, businesses may face penalties if returns are not submitted within due date.

SELECTION OF THE FILE FOR AUDIT

- (a) If no bank statement is furnished against any loan received exceeding BDT 0.5 million from any source except bank or financial institutions, it may be selected for audit;
- (b) The tax file must be selected for audit within 02 years from the end of the assessment year in which the return was submitted.

SELECTION OF THE FILE FOR AUDIT

❖ **Impact:**

1. Selection criteria for audit will be rationalized;
2. Time limit for selecting a file for audit has been fixed.

MANDATORY SUBMISSION OF PROOF OF SUBMISSION OF RETURN

- (a) Obtaining licenses of hotels, restaurants, motels, hospitals, clinics, diagnostic centers or renewal thereof;
- (b) To receive any service from community centers, convention halls or services of similar nature.

❖ **Impact:** Tax net will be widened.

DISPLAY OF PROOF OF SUBMISSION OF RETURN

Penalty for failing to display proof of submission of return at business places will increase from minimum BDT 20,000 to maximum BDT 50,000.

❖ **Impact:** Forced compliance.

POWER TO EXTEND DEADLINE

The NBR will be able to extend the Tax-day up to 01 month by issuing order.

❖ **Impact:** Taxpayers will be at relief.

SPECIAL TAX TREATMENT IN RESPECT OF INVESTMENT IN BUILDINGS OR APARTMENTS

(a) In the case of commercial establishment, buildings of floor spaces, the tax rate will be higher by 100%;

(b) Tax rate will be higher by 150%, if:

- Any proceeding is ongoing under section 200;
- Any tax evasion proceedings under this Act are ongoing.

❖ **Impact:** Tax burden will be increased for availing special tax treatment in respect of investment in buildings or apartments.



VAT AND SUPPLEMENTARY DUTY

VAT



MAJOR CHANGES

1. The definition of “VAT Withholding Entity” has been extended. Now, any person or organization with a yearly turnover exceeding BDT 10 Crore will be considered a withholding entity.

❖ **Impact:** The entity is required to deduct applicable VAT on the procurement of specified goods or services. Failure to do so will attract penalties, and the entity will need to pay VAT from its own funds.

2. Previously, in both VAT appeal and tribunal cases, the appellant had to deposit 20% of the demand VAT amount, excluding the penalty, to the Government treasury before filing an appeal. This percentage has now been reduced from 20% to 10%.

❖ **Impact:** These changes will be more business-friendly as business working capital will not be tied up.

3. Previously, organizations could appeal to the Civil Court for orders/actions taken by VAT officers below the rank of Commissioner. Now, all such appeals must first be filed with the VAT appellant authority.

❖ **Impact:** These changes are proposed to ensure the smooth management of VAT administration.

4. In addition to Chartered Accountants, Chartered Secretaries and Licensed VAT Consultants, Cost and Management Accountants (CMA) will now be eligible to represent any organization before the VAT authorities in any proceedings.

VAT HAS BEEN INCREASED FOR THE FOLLOWING SERVICES

Sl. No.	Service Code	Description	Existing Rate	Proposed Rate
1	S009.00	Auctioneer (Auction Firm)	10%	15%
2	S012.20	SIM Card or e-SIM supplier	Tk. 200 (Per SIM)	Tk. 300 (Per SIM)
3	S013.00	Mechanical laundry service	10%	15%
4	S040.00	Security service	10%	15%
5	S060.00	Buyer of auction goods	7.5%	15%
6	S064.00	Amusement park and theme park	7.5%	15%
7	S066.00	Lottery ticket seller	10%	15%

VAT HAS BEEN INCREASED FOR THE FOLLOWING PRODUCTS

Sl. No.	Heading	Description	Existing Rate	Proposed Rate
1	20.08	Mango bar	5%	15%
2	20.09	Mango juice, pineapple juice, guava juice and tamarind (Tetul) juice	5%	15%
3	48.13	Cigarette / biri paper (26 +/- 2 gm/2m)	7.5%	15%
4	85.39 (8539.31.10)	All kinds of energy bulb	5%	15%
5	85.39 (All H.S Code)	Tube Light (18-watt and 36-watt)	5%	15%
6	69.04	(a) Normal brick (non-refractory building bricks) not made by machine except brick used in facing	Tk. 450 (Per thousand)	Tk. 500 (Per thousand)
		(b) Normal bricks(non refractory building bricks) made by machine or by any mechanical process except brick used in facing	Tk. 500 (Per thousand)	Tk. 600 (Per thousand)

VAT HAS BEEN INCREASED FOR THE FOLLOWING PRODUCTS

Sl. No.	Heading	Description	Existing Rate	Proposed Rate
6	69.04	(c) Bricks made by machine or by any mechanical process: First grade- Three-hole brick Ten-hole brick Seventeen-hole brick Multi cored brick	Tk. 700 (Per thousand)	Tk. 800 (Per thousand)
		Second grade- Three-hole brick Ten-hole brick Seventeen-hole brick		
		(d) Bricks chips	Tk. 700 (Per 100cft)	Tk. 800 (Per 100cft)
		(e) Mekad bats	Tk. 500 (Per 100cft)	Tk. 600 (Per 100cft)

EXEMPTION/REDUCTION OF VAT/SD

Sl. No.	SRO No.	Status	Particulars
1	135 of 2024	Amendment of VAT Rules, 2016	Amendment of a few VAT rules regarding Mushak-6.3 and correction of a few other clerical mistakes.
2	137 of 2024	Amendment of SRO 136 of 2023	VAT exemption on different stages. The major change is previously, services provided by tour operators (S073.00) were exempt from VAT. However, under the new regulations, these services will now be subject to VAT at a rate of 15%.
3	138 of 2024	Amendment of SRO 173 of 2019	Previously, output VAT was exempt for both local manufacturers of compressors and air conditioners. Under the new regulations, output VAT remains exempt for local manufacturers of compressors, but a 7.5% VAT has been imposed on local manufacturers of air conditioners. The exemption for the import or local procurement of raw materials and spare parts for the local manufacturing of both compressors and air conditioners remains unchanged. This SRO will be valid until June 2025.

EXEMPTION/REDUCTION OF VAT/SD

Sl. No.	SRO No.	Status	Particulars
4	139 of 2024	Amendment of SRO 174 of 2019	Previously, output VAT was 5% for local manufacturers of refrigerators & freezers and was exempt for compressors. Under the new regulations, output VAT remains exempt for local manufacturers of compressors, but a 7.5% VAT has been imposed on local manufacturers of refrigerators & freezers. The exemption for the import or local procurement of raw materials and spare parts for the local manufacturing of both compressors and Refrigerator & freezers remains unchanged. This SRO will be valid until June 2025.
5	140 of 2024	Amendment of SRO 179 of 2019	Previously, output VAT was 5% for local manufacturers of polypropylene staple fiber; now that has increased to 7.5%. The exemption for the import of main raw materials polymer of profiline in primary forms remains unchanged. This SRO will be valid until June 2025.
6	141 of 2024	Amendment of SRO 181 of 2019	Amendment of SRO regarding instruction for usage of Cigarette stamp.

EXEMPTION/REDUCTION OF VAT/SD

Sl. No.	SRO No.	Status	Particulars
7	142 of 2024	Amendment of SRO 229 of 2019	Amendment of SRO regarding instruction for usage of Cigarette stamp.
8	143 of 2024	Amendment of SRO 240 of 2019	Extension of the effective date of SRO regarding reduced VAT rate for mobile phone manufacturing until 30 June 2024.
9	144 of 2024	Amendment of SRO 147 of 2020	Amendment of SRO regarding fixation of retail rate of cigarette.
10	145 of 2024	Amendment of SRO 155 of 2020	Amendment of SRO regarding SD exemption of Cigarette & Biri.
11	146 of 2024	Amendment of SRO 259 of 2020	Time extension of the SRO regarding a 5% output VAT on local manufacturing of LPG cylinders until 30 June 2025.
12	147 of 2024	Amendment of SRO 150 of 2021	Regarding the VAT exemption for computer and computer accessories manufacturers. Previously, the local procurement of raw materials was VATable. Now in addition to the import of raw materials, local procurements are also VAT exempted until 30 June 2026.
13	148 of 2024	Amendment of SRO 151 of 2021	Amendment of SRO regarding exemption of Advance Tax (AT) on import of different goods.

EXEMPTION/REDUCTION OF VAT/SD

Sl. No.	SRO No.	Status	Particulars
14	149 of 2024	Amendment of SRO 240 of 2021	Amendment of VDS SRO. The definition of VAT withholding entity has been extended, and the VAT rate has been changed for a few services. For this reason, the amendment has been made.
15	150 of 2024	Amendment of SRO 229 of 2022	Time extension of SRO regarding a 5% output VAT on local manufacturing of Linear Alkyl Benzene Sulphonic Acid (LABSA) and Sodium Lauryl Ether Sulphate (SLES) until 30 June 2025.
16	151 of 2024	Amendment of SRO 155 of 2023	Time extension of SRO regarding a 5% output VAT on local manufacturing of optical fiber until 30 June 2027.
17	152 of 2024	Amendment of SRO 156 of 2023	Previously, VAT at the import stage for goods under Heading 29.05: Ethylene glycol (ethanediol) and Heading 29.17: Terephthalic acid, imported by Industrial IRC holders for VAT-compliant PET chips manufacturing industries, was 5%. Now, VAT will be charged at 15% at import stage on these products.

EXCISE DUTY

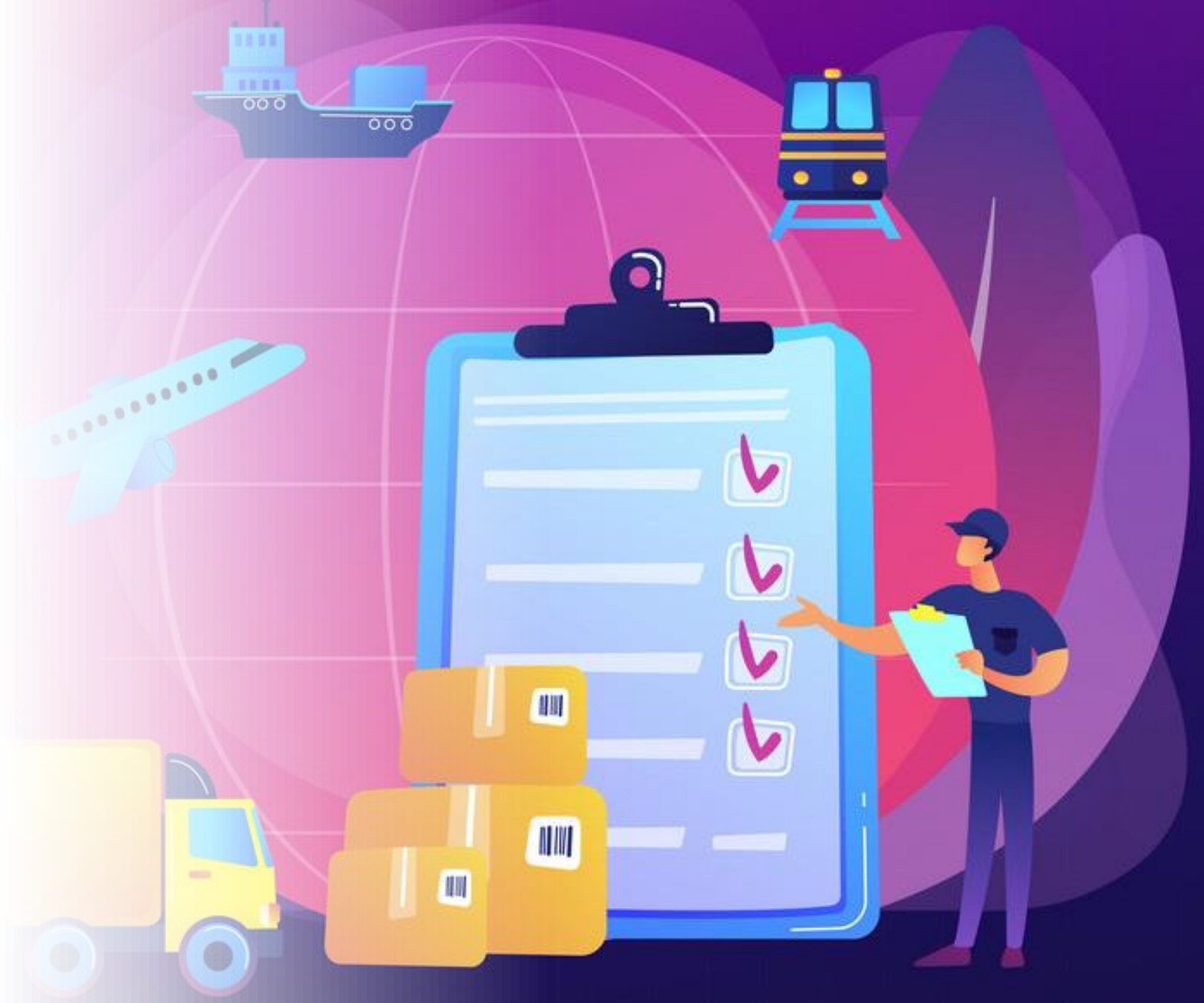




CHANGES IN EXCISE DUTY

Description of service	Particulars	FY 2023-2024 (TK.)	FY 2024-2025 (Tk.)	Impact
In cases where the balance, whether credit or debit, at any time during a year	Tk. 1,00,000	-	-	Unchanged
	Tk. 1,00,001 to Tk. 5,00,000	150	150	Unchanged
	Tk. 5,00,001 to Tk. 10,00,000	500	500	Unchanged
	Tk. 10,00,001 to Tk. 50,00,000	3,000	3,000	Unchanged
	Tk. 50,00,001 to Tk. 1,00,00,000	3,000	5,000	Increased Tk. 2,000
	Tk. 1,00,00,001 to Tk. 2,00,00,000	15,000	10,000	Decreased Tk. 5,000
	Tk. 2,00,00,001 to Tk. 5,00,00,000	15,000	20,000	Increased Tk. 5,000
	Above Tk. 5,00,00,000	50,000	50,000	Unchanged

CUSTOMS DUTY





- ICE CREAM
- CARBONATED BEVERAGES
- CIGARETTES
- SIM, ESIM IN SUPPLEMENTARY DUTY, VAT
- MOBILE PHONE AND INTERNET
- ENERGY SECTOR
- CNG, LPG FILLING STATIONS, CNG CONVERSION KITS, CYLINDERS
- POWER PLANTS
- ECONOMIC ZONE
- AIR CONDITIONERS AND REFRIGERATORS
- WATER FILTER
- LED BULBS
- CASHEW NUTS



- ESSENTIAL COMMODITIES
- AIRCRAFT ENGINES & PROPELLERS
- POWDERED MILK
- CHOCOLATE
- LAPTOPS
- MOTORCYCLE
- DENGUE TEST KITS
- KIDNEY TREATMENT
- CANCER TREATMENT
- CARPET
- SWISS-SOCKET
- ELECTRIC MOTOR
- METHANOL

COMMENCEMENT

The Customs Act, 2023 has come into force from 06 June 2024 vide SRO no. 153 of 2024 dated 28 May 2024.



INCREASE OF CUSTOMS DUTY (CD)

Sl. No.	H.S. Code	Description	Existing Rate (%)	Proposed Rate (%)
1	7217.10.00	Wire of iron or non-alloy steel Not plated or coated, whether or not polished	10	15
2	7217.20.00	Wire of iron or non-alloy steel Plated or coated with zinc	10	15
3	7217.30.00	Wire of iron or non-alloy steel Plated or coated with other base metals	10	15
4	8409.91.90	Parts of spark-ignition internal combustion piston engines	5	15
5	8421.21.20	Domestic type water purifying apparatus/machine	10	15
6	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	5	10
7	9028.30.20	Pre-payment KWH meter	15	25
8	9028.30.90	Other Electricity meters	15	25
9	9028.90.20	Parts of Pre-payment KWH meter	10	15
10	9028.90.90	Parts of Other Electricity meters	10	15

DECREASE OF CUSTOMS DUTY (CD)

Sl. No.	H.S. Code	Description	Existing Rate (%)	Proposed Rate (%)
1	0801.32.90	Cashew nuts in Shelled in bulk	15	5
2	2905.11.91	Methanol (Methyl alcohol) in bulk	10	5
3	4819.20.10	Folding cartons, boxes and cases, of non-corrugated paper and paperboard of aseptic pack	25	10
4	5402.53.00	Polypropylene yarn	10	5
5	8111.00.00	Manganese	10	5
6	8418.69.97	Chiller, capacity 50 tons or above	25	5
7	8421.29.30	Dialysis filter	10	1
8	9033.00.10	Dialysis circuit	10	1

GOODS ON WHICH SUPPLEMENTARY DUTY (SD) HAS BEEN IMPOSED/DECREASED/INCREASED/WITHDRAWN

Sl. No.	H.S. Code	Description	Existing Rate (%)	Proposed Rate (%)
1	0402.10.10	Milk in powder form, in retail packing of upto 2.5 kg	20	0
2	0402.21.10	Milk in powder form, in retail packing of upto 2.5 kg	20	0
3	0402.29.10	Milk in powder form, in retail packing of upto 2.5 kg	20	0
4	1806.90.00	Chocolate	45	20
5	8418.69.97	Chiller, capacity 50 tons or above	30	0
6	9403.20.20	Racks of a kind used in the pharmaceutical laboratory	0	20
7	9403.60.10	Furniture of a kind used in pharmaceutical laboratory	0	20

PRODUCTS ON WHICH REGULATORY DUTY (RD) HAS BEEN IMPOSED/DECREASED/INCREASED

Sl. No.	Heading	H.S. Code	Description	Existing Rate (%)	Proposed Rate (%)
1	08.01	0801.32.90	Cashew nuts in Shelled in bulk	0	10
2	94.03	9403.20.20	Racks of a kind used in the pharmaceutical laboratory	0	20
3		9403.60.10	Furniture of a kind used in pharmaceutical laboratory	0	20

GOODS WHICH ARE EXEMPTED FROM VAT AT THE IMPORT STAGE

Sl. No.	H.S. Code	Description	Existing Rate (%)	Proposed Rate (%)
1	2905.31.10	Mono-Ethylene Glycol (MEG)	5	0
2	2917.36.10	Purified Terephthalic Acid (PTA)	5	0
3	8409.10.00	Parts of aircraft engines	15	0
4	8411.21.00	Turbo-propellers	15	0
5	8411.22.00	Turbo-propellers	15	0
6	8411.91.00	Parts of turbo-jets or turbopropellers	15	0
7	8412.10.10	Aircraft engines	15	0
8	8412.90.10	Parts of aircraft engines	15	0
9	8418.69.97	Chiller, capacity 50 tons or above	15	0
10	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	15	0

PRODUCTS FOR WHICH AT IS EXEMPTED AT IMPORT STAGE

Sl. No.	H.S. Code	Description	Existing Rate (%)	Proposed Rate (%)
1	2905.31.10	Mono-Ethylene Glycol (MEG)	5	0
2	2917.36.10	Purified Terephthalic Acid (PTA)	5	0
3	8418.69.97	Chiller, capacity 50 tons or above	5	0

*** Others as per respective SRO.**

PRODUCTS FOR WHICH AIT IS EXEMPTED AT IMPORT STAGE

Sl. No.	H.S. Code	Description	Existing Rate (%)	Proposed Rate (%)
1	2905.31.10	Mono-Ethylene Glycol (MEG)	5	0
2	2917.36.10	Purified Terephthalic Acid (PTA)	5	0

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