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CHARTERED ACCOUNTANTS

Overview of Income Tax

Updated by Finance Act-2014



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About Hussain Farhad & Co. (HFC)

Hussain Farhad & Co. (HFC) started its operation in 1997 as a sole proprietorship firm. Since then HFC has been maintaining a fast growth excelling in the professional fields. Today with 6 Partners, 2 Director, 2 qualified Managers and 4 Consultants who are working as members of senior management and down the line we have 12 part qualified accountants working at the mid and senior level supported by 70 trainees and 10 staff, it serves a wide variety of clients providing services in the area covering Accounting, Auditing, Taxation, Secretarial matters, Compliance issues, Business Advisory, Management Consultancy and Financial Planning. HFC delivers a comprehensive range of professional services to business.

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M Farhad Hussain FCA
Past President & Council Member
ICAB

We have prepared this booklet mainly for the guidance of our existing clients. No one should take steps on such information without appropriate professional advice this booklet incorporates many of the important provisions of the Income Tax Ordinance 1984 as amended up to the Finance Act 2014 and major changes brought in by the Finance Act 2014 in respect of the VAT Act 1991 and the VAT Rules 1991. This booklet contains selected aspects of Bangladesh tax provisions. It is not intended to be comprehensive. We will work together with our client in this manner regarding sharing of knowledge in future.

Managing Partner

Hussain Farhad & Co.
Chartered Accountants

Preface to the 2nd edition Overview of Income Tax

I am expressing my profound sense of thankfulness to the almighty Allah for giving me the effort to initially complete the second edition of Overview of Income Tax. I am very much thankful to all of our partners.



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It has been prepared by taking aide from Income Tax Ordinance-1984, NBR Website & Publications, Various SROs, Tax-II ICAB Manual, Bangladesh Income Tax (Nikhil Chandra Shil) and KPMG tax manual. It is up to dated by Finance Act-2014. I think it will serve its purpose to the reader ably of this Income Tax Digest at a Look. Although we attempt to provide accurate information at the time of preparation, there is no assurance that all the information would continue to be accurate in the future.

Any errors, omissions & mistakes in this summary book remain my responsibility to correct the errors, omissions & mistakes. If you have any query regarding this summary book, please don't do late to communicate with me. You can find me by mail: masum.hossain@hfc-bd.com or Skype: [hmmasum.bd](https://www.skype.com/user/hmmasum.bd). I always welcome your recommendation for its further improvement.



Thanking You

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The Income Tax Ordinance, 1984 - Chapters and Sections:

<i>Chapter</i>	<i>Title</i>	<i>Sections</i>
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The Income Tax Ordinance, 1984-Schedules

<i>Sl. No.</i>	<i>Schedule</i>	<i>Title</i>
1	<i>First Schedule:</i>	
	<i>Part-A</i>	Approved Superannuation Fund or Pension Fund
	<i>Part - B</i>	Recognized Provident Fund
	<i>Part - C</i>	Approved Gratuity Fund
2	<i>Second Schedule:</i>	Rates of income tax in certain special cases
3	<i>Third Schedule:</i>	Computation of Depreciation Allowance
4	<i>Fourth Schedule:</i>	Computation of the Profits and Gains of Insurance Business
5	<i>Fifth Schedule:</i>	

	Part-A	Computation of Profits and Gains from Exploration and production of petroleum and the determination of tax thereon.
	Part- B	Computation of Profits and Gains from Exploration and Extraction of Mineral deposits in Bangladesh (except oil and gas).
6	Sixth Schedule:	
	Part-A	Exclusions from total Income
	Part - B	Exemptions and allowances for assessee being resident and nonresident Bangladeshi
7	Seventh Schedule	Computation of relief from income tax by way of credit in respect of foreign tax

Different Tax Rates:

Person: Tax Rates for Individual, Firms, Association of Persons (AOP), Hindu Undivided Family (HUF) and Artificial Juridical Person:

Tax Exempted Ceiling of Income for Person:

Any Person other than under mentioned category:	220,000
Female & senior citizens at age 65 or above:	275,000
Handicapped/disabled persons:	350,000
For gazetted war wounded freedom fighters:	400,000

<u>Income</u>	<u>Rate of Income Tax</u>
First 220,000	@ 0%
Next 300,000	@ 10%
Next 400,000	@ 15%
Next 500,000	@ 20%
Next 3,000,000	@ 25%
Rest of amount	@ 30%

The minimum amount of income tax is **Tk. 3,000 under City Corporation Areas; Tk. 2000 under District municipal Area & Tk. 1000 other those Area.**

Non-resident Individual @ 30%
(Other than non-resident Bangladeshi)

Dividend income

A company paying dividend shall withhold tax at 10% (subject to furnish 12 digit Tax Payer's Identification Number) or 15% on dividend payable to an individual resident other than a company exceeding Tk 20,000.

(However in cases where dividend is payable to a shareholder resident in a country with which Bangladesh has signed a tax treaty, the rate mentioned in the tax treaty will apply.)

Charge of Minimum Tax (Section 16CCC):

Every company shall, irrespective of its profits or loss in an assessment year including the sustaining of a loss, the setting of a loss of earlier year or years or the claiming of allowances or deductions (including depreciation), be liable to pay minimum tax at the rate of **zero point three zero (0.30%)** per cent of the amount representing such company's (& every firm having gross receipts of more than Tk. 50 lakh) gross receipts from all sources for that year.

For the purposes of this section, 'gross receipts' means-

- (a) All receipts derived from the sale of goods;
- (b) All fees or charges for rendering services or giving benefits including commissions or discounts;
- (c) All receipts derived from any heads of income.

Small and Cottage Industries:

If the assessee is an owner of any small and cottage industry or engaged in such kind of activities in a NBR specified less developed / least developed area, he/she will be eligible to have a tax rebate on such income at following rates:

- i) If **production / turnover increases by more than 15% but less than 25% comparing to previous year, 5% rebate** on tax applicable on such income will be allowed;
- ii) If production / turnover increase by **more than 25%** comparing to previous year, such rate of **rebate will be 10%**.

(In order to avail the above opportunities, the industries be located in the "Less Developed Areas" and "Least Developed Areas" as specified by NBR in accordance of I.T.O. 1984.)

Tax Rates for Companies:

Applicable tax rates for companies for the Assessment year 2014-2015 are as follows:

Publicly Traded Company:

- (i) @ 27.5%**

(However, such company is eligible to claim 10% rebate on such payable tax if it declares dividends at a rate higher than 30%. If at least 10% dividend is declared and paid within 60 days of such declaration with a further rebate of 10% of Tax Payable in case of dividend of more than 20% is declared and paid within 60 days of such declaration.)

- (ii) @ 35%**

If declared dividend is less than 10% or the declared dividend is not paid within SEC stipulated time (60 days of such declaration).

Non-Publicly Traded Companies @ 35% .

Bank, Insurance and Financial Institutions @ 42.5%.

Merchant Banking @ 37.5%

Cigarette manufacturing companies - @ 45%.

(However, the rate will be reduced to 40% if such company is publicly traded.)

Mobile Phone Operator Company - @ 45%.

Publicly traded Mobile Phone Operator Company - @ 40%.

(Provided that if the mobile phone operator company turned into a publicly traded company by offering at least 20% (it must not include Pre Initial Public Offering Placement at a rate higher than 5%) of its paid up capital through stock exchanges, it would get 10% rebate on total tax in the year of transfer.)

Inter-Corporate Tax Rate (Tax Rate on Dividend) for Assessment Years 2014-15:

(a) Company

- (i) If dividend declared by a company registered under Company Act 1994 or any profit remitted outside Bangladesh by a company not incorporated in Bangladesh under Company Act 1994, the rate on such dividend or profit is 20%.
- (ii) 10% to 15% in relation to a non-resident company resident of a country with whom there is Double Taxation Agreement with Bangladesh.

(b) Individual

- (i) 15% if the non-resident is resident of a country with whom there is Double Taxation Agreement with Bangladesh.

Reduced Rates of Corporate Tax for Special Cases:

Textile industries (time extended up to 30 June 2015)	15%
Jute industries (time extended up to 30 June 2015)	15%
Research Institutes recognised under the Trust Act, Society registration act	15%
Private Universities, Private medical college, Private dental college, Private engineering college or Private college engaged in imparting education on information technology	15%
Fisheries, poultry, plated poultry feed, seed production, marketing of locally produced seeds, cattle farming, dairy farming, horticulture, frog farming, sericulture, mushroom farming, floriculture (w. e. f. 1 July 2013 to 30 June 2015)	3%

Reduced Tax Rates Applicable to Local Authority:

25% reduced tax rate will be applicable for following local authorities:

1. WASA (Dhaka, Chittagong, Khulna and Rajshahi)
2. Bangladesh Civil Aviation Authority
3. RAJUK
4. RDA
5. KDA
6. CDA

7. National Housing Authority
8. Chittagong Port Authority
9. Mongla Port Authority
10. Pyra Port Authority
11. Bangladesh Inland Port Authority
12. Bangladesh Television
13. Bangladesh Betar
14. BIWTA
15. BRTA
16. BTRC
17. BSEC
18. BPDP
19. BREB
20. BWAPDA
21. BEPZA
22. Jamuna Multipurpose Bridge Authority
23. Borendra Multipurpose Development Authority (Rajshahi)
24. Bangladesh Hi-Tech Park Authority
25. IDRA
26. Sustainable and Renewable Energy Development Authority

Capital Gain Tax Rate (Paragraph 2 of the Second Schedule):

(a) Capital gain on Capital assets other than Shares referred to in clause (b) below:

(1) Companies: @ 15%.

(2) Other Assesseees:

(i) Disposal within 5 years: at regular rates applicable to assessee's total income including capital gains.

(ii) Disposal after 5 years: at regular rates applicable to total income (including capital gains) or at 15%, whichever is lower.

(b) Capital gain on Sale of Shares of Public Listed Companies for company & other than company:

(i) Shares of Public Listed Companies for other than company: No capital gain tax
(Ref. section 32(7))

(ii) For companies and firms: 10%

(iii) Capital gain tax of non-resident shareholders: 10%

(But Any profits and gains of a non-resident assessee arising from the transfer of stocks or shares of a public company listed in any stock exchange of Bangladesh shall be exempt from income tax in Bangladesh when gain received by Non-resident on Sale of Shares of Public Companies if the assessee is entitled to similar exemption in the country in which he is a resident)

Tax on Dividend/Remittance of Profit of Companies:

A company paying dividend shall withhold tax at the rate of 20% on dividend payable to a company

A branch company shall withhold tax at the rate of 20% while remitting profit to Head Office.

Charge of Surcharge (Sec-16A):

Surcharge is payable by an individual assessee on total tax payable if the total net worth exceeds Tk 20 million as stated below:

Total net worth Rate

Over Tk 20 million to Tk 100 million	10%
Over Tk 100 million to Tk 200 million	15%
Over Tk 200 million to Tk 300 million	20%
Over Tk 300 million	25%

Tax Rate on Winning Referred to in Section 19(13):

As per Paragraph 3 of the Second Schedule the tax rate on winnings is the rate applicable to total assessee's income (including "Winnings") or 20%, whichever is lower?

Person Liable to Submit Income Tax Return:

- i) If total income of any individual other than female taxpayers, senior male taxpayers of 65 years and above, retarded taxpayers and war wounded gazetted freedom fighter during the income year exceeds Tk 220,000/-.
- ii) If total income of any female taxpayer, senior male taxpayer of 65 years and above during the income year exceeds Tk 275,000/-.
- iii) If total income of any retarded taxpayer during the income year exceeds TK. 350,000.
- iv) If total income of any gazetted war-wounded freedom fighter taxpayer during the income year exceeds Tk. 400.000/-.
- v) If any person was assessed for tax during any of the 3 years immediately preceding the income year.
- vi) A person who lives in any city corporation/paurashava/divisional HQ/district HQ and owns motor car/owns membership of a club registered under VAT Law.
- vii) If any person runs a business or profession having trade license and operates a bank account. Any professional registered as a doctor, lawyer, income tax practitioner, Chartered Accountant, Cost & Management Accountant, Engineer, Architect and Surveyor etc.

- viii) Member of a Chamber of Commerce and Industries or a trade Association. Any person who participates in a tender.
- ix) Candidate for Paurashava, City Corporation or Parliament elections.
- x) Any company registered under the Company Act, 1913 or 1994.
- xi) Any non-government organization (NGO) registered with NGO Affairs Bureau.

Time to Submit Income Tax Return:

For company

By fifteenth day of July next following the income year or, where the fifteenth day of July falls before the expiry of six months from the end of the income year, before the expiry of such six months.

For other than company

Unless the date is extended, by the Thirtieth day of September next following the income year.

Assessment Procedures:

- For a return submitted under normal scheme, assessment is made after giving an opportunity of hearing.
- For returns submitted under Universal Self Assessment Scheme, the acknowledgement slip is determined to be an assessment order. Universal Self Assessment is of course subject to audit.

Provided that a return of income filed under universal self assessment scheme, shall not be selected for audit where such return shows at least twenty per cent higher income than the income assessed or shown in the return of the immediately preceding assessment year and such return-

- (a) is accompanied by corroborative evidence in support of income exempted from tax;
- (b) does not show receipt of gift during the year;
- (c) does not show any income chargeable to tax at a rate reduced under section 44;
- Or (d) does not show or result any refund.

Income Subject to Deduction at Source (TDS):

SI	Heads of Withholding	Section No.	Withholding Authority	Rate	Chalan in the Name Of
1	Salaries - Member of parliament	50	Any person responsible for making such payment	Deduction at average rate	Respective Zone
2	Discount on the real value of Bangladesh Bank bills	50 A	Maximum Rate	Maximum rate	LTU
3	Interest on securities	51	Any person responsible for issuing any security	5%	LTU
4	Supply of goods and execution contracts & sub-contracts or local LC	52 (rule 16)	Any person responsible for making such payment	Upto Tk. 200,000/----- Nil. Tk. 200,001 - 500,000=1% TK. 500,001-1,500,000=2.5% TK.1, 500,001-2,500,000=3.5% TK.2,500,001 -30,000,000=4% Exceeds Tk.30,000,000=5% (In case of oil supplied by oil marketing Co.) Where the payment exceeds Tk.200,000 = 0.60% Oil supplied by agent or dealer of marketing company = 1% Oil supplied by oil refinery = 3% -Gas supplied by a gas transmission company = 3%	Dhaka dist- Zone 2, Dhaka CTG dist Zone-2 Chittagong, Other district- Respective Zone
5	Fees for Doctors	52 A (1)	the principal officer of a company or the chief executive of any NGO or trust responsible for making such payment	10%	Dhaka dist- Zone 8, Dhaka CTG dist- Zone-2, Dhaka Chittagong Other Dist-Respective Zone
6	Royalty fees for professional services	52 A (2)	The government or any other authority, corporation or body or any company or any banking company or any insurance 10% of the fees company or any co-operative bank or NGO responsible for making such payment	10%	Dhaka dist- Zone 8, Dhaka CTG dist- Zone-2, Dhaka Chittagong Other Dist-Respective Zone
7	Fees for professional or technical service, (any other services applying professional knowledge	52 A (3)	Do	10% (who submit TIN) 15% (Who does not submit TIN)	Dhaka dist- Zone 8, Dhaka CTG dist- Zone-2, Dhaka Chittagong Other Dist-Respective Zone

8	Stevedoring agency & Private security service or any other service not specified in Chapter VII	52 AA	The government or any other authority, corporation or body or any company or any banking company or any insurance company or any co-operative bank or any NGO responsible for paying any commission to a stevedoring agency or making any payment to a private security service	10%	Dhaka dist- Zone 14, Dhaka CTG dist- Zone-2, Chittagong Other dist- Respective zone
9	Clearing and forwarding agency commission	52 AAA	Commissioner of customs	10%	Dhaka dist- Zone 15, Dhaka CTG dist- Zone-3, Chittagong Other dist- Respective zone
10	Cigarettes manufacturing	52 B	Any person responsible for selling banderols to any manufacturer of cigarettes.	10% of the value of the banderols	Dhaka dist- Zone 10, Dhaka CTG dist- Zone-4, Chittagong Other dist- Respective zone
11	Compensation against acquisition of property	52 C	Any person responsible for payment of such compensation	(a) 2% of the amount of such compensation against the immovable property situated within city corporation, Purashava or Cantonment Board (b) 1% of the amount of such compensation against the immovable property situated outside the jurisdiction city corporation, Purashava or Cantonment Board	Dhaka dist- Zone 15, Dhaka CTG dist- Zone-2, Chittagong Other dist- Respective zone
12	Interest on saving instruments	52 D	Any person responsible for making such payment	5% [NoTDS on interest on pensioners savings certificate and wage earners bond up to cumulative investment of Tk. 5 lac]	Dhaka dist- Zone 10, Dhaka CTG dist- Zone-4, Chittagong Other dist- Respective zone
13	Brick Manufacture	52 F	Any person responsible for issuing any permission or renewal of permission for manufacture of bricks	Tk.45,000/- for one section brick field. Tk.70,000/- for one and half section brick field Tk. 90,000/- for two section brick field. Tk. 1,50,000/- for automatic brick field.	Dhaka dist- Zone 7, Dhaka CTG dist- Zone-4, Chittagong Other dist- Respective zone
14	Commission of letter of credit	52 I	Any person responsible for opening letter of credit	5%	LTU

15	Collection of tax from travel agent commission [Sec-52JJ]		Any person responsible for paying to a resident any commission or discount or incentive bonus or any other benefits for selling tickets of an airline or for carrying cargo by air	3%	Dhaka dist- Zone-4, Dhaka
16	Renewal of trade license by City Corporation or Paurashava	52 K	Corporation or Paurashava	Tk. 500/- for Dhaka(North & South) & Chittagong City corporation. TK. 300/- for any city corporation other than Dhaka(North & South) & Chittagong city corporation and any paurashava of any district headquarters. TK. 100/- in any other paurashava.	Dhaka dist- Zone 3, Dhaka CTG dist- Zone-2, Chittagong Other dist- Respective zone
17	Freight forward agency commission	52 M	Any person responsible for making such payment	15%	Dhaka dist- Zone 6, Dhaka CTG dist- Zone-3, Chittagong Other dist- Respective zone
18	Rental Power Company	52 N	Bangladesh Power Dvelopment Board during payment to any power generation company against power purchase	6%	Dhaka dist- Zone 13, Dhaka CTG dist- Zone-3, Chittagong Other dist- Respective zone
19	Foreign technician serving in diamond cutting industries	52 O	Employer	5%	Dhaka dist- Zone 13, Dhaka CTG dist- Zone-3, Chittagong Other dist- Respective zone
20	Services from convention hall, conference centre, etc	52 P	Any person being a corporation, body or authority established by or under any law including any company or enterprise owned, controlled or managed by it, or a company registered under any non-government Organisation registered with N.G.O. Affairs Bureau or any university or medical college or dental	5%	Dhaka dist- Zone 4, Dhaka CTG dist- Zone-2, Chittagong Other dist- Respective zone

			college or engineering college		
21	Service charges, remunerations, consulting fees, commissions remitted from abroad for services work done by persons living in the country	52Q	Paying or crediting authority (Bank or Financial institutions)	10%	Zone-11, Dhaka
22	Deduction of tax from international gateway service in respect of phone call	52R	(1) The Respective bank through which revenue is received on account of IGW service. (2) IGW operator	(1) 1% of total revenue received by IGW operator (2) 5% of revenue paid or credited to ICX, ANS and others	Zone-15, Dhaka
23	Deduction of tax from manufacturer of soft drinks and mineral or bottled water.	52S	The Security Printing Corporation (Bangladesh) Limited or any other person responsible for delivery of banderols or stamps	3% value of such drinks mineral or bottled water as determined for the purpose of Value Added Tax (VAT)	Gazipur Zone
24	Deduction of tax from any payment in excess of premium paid on life insurance policy	52T	Any person responsible for paying to a resident, any sum in excess of premium paid for any life insurance policy maintained with any life insurance company	5%	LTU
25	Deduction from payment on account of purchase through local L/C	52U	Respective Bank or Financial Institute	3% [If purchase of goods through local L/C exceeds taka 5 lakh] No tax shall be deducted under this section from the payment related to local letter of credit (L/C) and any other financing agreement in respect of purchase or procurement of rice, wheat, potato, onion, garlic, peas, chickpeas, lentils, ginger, turmeric, dried chilies, pulses, maize, coarse flour, flour, salt, edible oil, sugar, black pepper,	Dhaka dist- Zone-2, Dhaka CTG dist- Zone-2, Chittagong Other district- Respective Zone

				cinnamon, cardamom, clove, date, cassia leaf and all kinds of fruits.	
26	Deduction from payment of fees, revenue sharing etc. by cellular mobile phone operator	52V	The principal officer of a cellular mobile phone operator company responsible for making such payment	10%	LTU
27	Importer	53	Customs	(1) 5% (2) TK. 800 per ton in case of import of certain items	Dhaka dist- Zone 14, Dhaka CTG dist- Zone-1, Chittagong Other dist- Respective zone
28	House property	53 A	The Government or any authority, corporation or body or any company or any banking company or any co-operative bank or any NGO run or supported by any foreign donation or any university or medical college or dental college or engineering college or any college or school as tenant	5% of the gross rent	Dhaka dist- Zone 7, Dhaka CTG dist- Zone-2, Chittagong Other dist- Respective zone
29	Shipping business of a resident	53AA	Commissioner of customs or any other authority duly authorized	5% of total freight received or receivable in or out of Bangladesh 3% of total freight received or receivable from services rendered between two or more foreign countries	Dhaka dist- Zone 10, Dhaka CTG dist- Zone-4, Chittagong Other dist- Respective zone
30	Export of manpower	53 B[rule 17 C]	The Director General, Bureau of Manpower, Employment and Training	10%	Zone -4, Dhaka
31	a) Export of Knit wear & woven garments, b) Terry towel, jute goods, frozen goods, vegetables, leather goods and packed foods.	53 (BB)	Bank	a) 0.30% of the total export proceeds [this rate is applicable till 30 June 2015] b) .60 of the total export proceeds [this rate is applicable till 30 June 2015]	Zone -4, Dhaka
32	Members of Stock Exchange	53(BBB)	The Chief Executive Office of Stock Exchange	0.05%	Dhaka dist- Zone 7, Dhaka CTG dist- Zone-3, Chittagong

33	Export of any other goods except, Knit wear & woven garments, terry towel, jute goods, frozen goods, vegetables, leather goods and packed foods,	53(BBBB)	Bank	0.60% of the total export proceeds [this rate is applicable till 30 June 2015]	Zone -4, Dhaka
34	Goods or property sold by Public Auctions	53 C[rule 17 D]	Any person making sale	5% of sale price	Dhaka dist- Zone 9, Dhaka CTG dist- Zone-4, Chittagong Other dist- Respective zone
35	Courier business of Non resident	53CC	Any person being a company working as local agent of a non-resident courier company	15% on the amount of service charge accrued	
36	Payments to Actors & Actresses or purchase of film drama, any kind of television or radio program	53D	The person responsible for making payment	(a) 10% on the payment in case of purchase of film, drama, any kind of television or radio program (b) 10% on the payment to actor /actress (if the local payment exceeds TK. 10,000).	Zone-12, Dhaka
37	Deduction of tax at source from export cash subsidy	53(DDD)	Any person responsible for payment	3%	Zone-4, Dhaka
38	Commission, discount or fees	53E(1)	Any person being a corporation body including a company making such payment	10%	Dhaka dist- Zone 12, Dhaka CTG dist- Zone-4, Chittagong Other dist- Respective zone
39	Deemed Commission, discount or fees	53E(2)	Any person being a corporation, body including a company making such payment.	3%	Dhaka dist- Zone-12, Dhaka CTG dist- Zone-4, Chittagong Other district- Respective zone
40	Commission or Remuneration paid to agent of foreign buyer	53EE	Bank	7.50%	Dhaka dist- Zone 6, Dhaka CTG dist- Zone-3, Chittagong Other dist- Respective zone

41	Interest on saving deposits and fixed deposits	53F	Any person responsible for making such payment	10% if there is TIN 15% if there is no TIN (not applicable if the balance does not exceed TK.1,00,000 at anytime in the year in case of savings deposit) (not applicable on the amount of interest or share of profit arising out of any deposit pension scheme sponsored by the government or by a scheduled bank with prior approval of the Government)	Zone-1, Dhaka
42	Real estate or land development business	53FF	Any person responsible for registering any document for transfer or any land or building or apartment	(a) (1) 5% for Dhaka, Gazipur, Narayanganj, Munshiganj, Narsingdi and Chittagong districts (2) 3% for any other districts. (b) TK. 1600 per square meter for building or apartment for residential purpose and TK. 6500 per sq meter building for commercial purpose situated at Gulshan Model Town, Banani, Baridhara, Motijheel Commercial area and Dilkusa commercial area of Dhaka. TK. 1500 per sq meter for residential building and TK. 5000 per sq meter building used for commercial purpose situated at Defence Officers Housing Society (DOHS), Dhanmondi Residential area, Lalmatia Housing Society, Uttara Model Town, Bashundhara Residential Area, Dhaka Cantonment Area, Kawran Bazar commercial area of Dhaka and Khulshi Residential Area, Panchlaish Residential Area and Agrabad of Chittagong, TK 600 per sq meter for residential building or apartment and TK.1600 per sq meter for commercial building situated in areas other than mentioned above.	Dhaka dist- Zone 5, Dhaka CTG dist- Zone-4, Chittagong Other dist- Respective zone
43	Insurance commission	53G	Any person responsible for paying such commission to a resident	5%	LTU
44	Fees of surveyors of general insurance co.	53GG	Any person responsible for paying such fees to resident	15%	LTU

45	Transfer of any property	53H	Any person responsible for registering any document of a person.	Specific advance tax per katha of some land located in some specified area within Dhaka, Gazipur Chittagong and Narayanganj district as specified in schedule (a) and (b) of Rule 17II. Rate of advance tax on transfer of property in other locations as specified in schedule (c) of Rule-17II are as follows:	Dhaka dist- Central survey, Dhaka CTG dist- Zone- 4, Chittagong Other dist- Respective zone												
				<table border="1"> <thead> <tr> <th>Name of Area</th> <th>Rate of Tax</th> </tr> </thead> <tbody> <tr> <td>Within the jurisdiction of RAJUK and CDA except areas specified in schedule (a) and (b)</td> <td>4% of deemed value</td> </tr> <tr> <td>Within the jurisdiction of Gazipur, Narayanganj, Munshiganj, Manikganj, Narsingdi, Dhaka and Chittagong districts [excluding RAJUK and CDA], and within any City Corporation (excluding Dhaka South City Corporation and Dhaka North City Corporation) and Cantonment Board</td> <td>3% of deemed value</td> </tr> <tr> <td>Areas within the jurisdiction of a paurasabha of any district headquarter</td> <td>3% of deemed value</td> </tr> <tr> <td>Areas of any other Pauroshova</td> <td>2% of deemed value</td> </tr> <tr> <td>Any other area not specified in schedule (a), (b) and (c)</td> <td>1% of deemed value</td> </tr> </tbody> </table>		Name of Area	Rate of Tax	Within the jurisdiction of RAJUK and CDA except areas specified in schedule (a) and (b)	4% of deemed value	Within the jurisdiction of Gazipur, Narayanganj, Munshiganj, Manikganj, Narsingdi, Dhaka and Chittagong districts [excluding RAJUK and CDA], and within any City Corporation (excluding Dhaka South City Corporation and Dhaka North City Corporation) and Cantonment Board	3% of deemed value	Areas within the jurisdiction of a paurasabha of any district headquarter	3% of deemed value	Areas of any other Pauroshova	2% of deemed value	Any other area not specified in schedule (a), (b) and (c)	1% of deemed value
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Any other area not specified in schedule (a), (b) and (c)	1% of deemed value																
46	Collection of Tax from lease of property	53HH	Any registering officer responsible for registering any document in relation to any lease granted by Rajuk, CDA, RDA,	4%	Dhaka dist- Central Survey Zone, Dhaka CTG dist- Zone- 4, Chittagong Other district-												

			KDA & NHA		Respective zone
47	Interest on deposit of post office saving bank account	53I	Any person responsible for making such payment	10%	Dhaka dist- Zone 9, Dhaka CTG dist- Zone-4, Chittagong Other dist- Respective zone
48	Rental value of vacant land or plant or machinery: (Per Month)	53 J	The Government or any authority, corporation or body including its units, the activities or any NGO, any university or medical college, dental college, engineering college responsible for making such payment	5% of the rent	Dhaka dist- Zone 15, Dhaka CTG dist- Zone-4, Chittagong Other dist- Respective zone
49	Advertisement t of newspaper or magazine or private television channel or private radio station or purchasing air time of private television channel or radio station	53K	The Government or any authority, corporation or body or any company or any banking company or any insurance company or any cooperative bank or any NGO or any university or medical college or dental college or engineering college responsible for making such payment.	3%	Dhaka dist- Zone 5, Dhaka CTG dist- Zone-3, Chittagong Other dist- Respective zone
50	Collection of tax from sale of shares by the sponsor shareholder of a company listed on stock exchange	53M	Securities & Exchange Commission or Stock Exchange	5%	SEC, DHK stock ex, Zone-3, Dhaka CTG stock EX- Zone-3, CTG
51	Collection of tax from transfer of shares of any Stock Exchange	53 N	The principal officer of a Stock Exchange	15% (on gain)	Zone-13, Dhaka Zone-3, Chittagong
52	Deduction of tax from gains of securities traded in the Stock Exchanges by any company or firm	53 O	The principal officer of a company holding Trading Right Entitlement Certificate (TREC) of any Stock Exchanges	10%	Zone-9, Dhaka

53	Dividends	54	The principle officer of a company	Resident/Non-resident Bangladeshi company-----20% Resident/Non-resident BD. person other than company---- ----10% a) If have TIN - 10% b) If No TIN - 15% Nonresident (other than Bangladeshi non-resident) person other than a company- 30% Non-resident company (other than non-resident Bangladeshi company) at the rate applicable to a company.	Dhaka dist- Zone 13, Dhaka CTG dist- Zone-4, Chittagong Other dist- Respective zone
54	Income from lottery	55	Any person responsible for making such payments	20%	Dhaka dist- Zone 9, Dhaka CTG dist- Zone-3, Chittagong Other dist- Respective zone
55	Income of non residents	56	Any person responsible for making such payments	Nonresident company at the rate applicable to a company Non-resident, Non BD person other company-----30% Non resident BD person at the rate applicable to a resident Bangladeshi	zone -11
56	Motor Vehicle advance tax	SRO-164/2014	BRTA	Upto 1500 CC Car/Jeep 15,000/- Upto 2000 CC Car/Jeep 30,000/- Upto 2500 CC Car/Jeep 50,000/- Upto 3000 CC Car/Jeep 75,000/- Upto 3500 CC Car/Jeep 100,000/- More than 3500 CC Car/Jeep 125,000/- Any Microbus 20,000/- Additional 50% of the above rate has to be paid for any additional car of Jeep	Central survey zone
57	Motor Vehicle presumptive	SRO-160/2014	BRTA	Rate specified in SRO No.160/2014	Central survey zone
58	Cargo/Launch presumptive tax	SRO-162/2014	BRTA	Rate specified in SRO No.162/2014	Dhaka dist- Zone 5, Dhaka CTG dist- Zone-3, Chittagong Other dist- Respective zone

The Time Limit for Payment of Tax Deducted at Source (Rule 13):

All sums of withholding tax shall be paid to the credit of the government with **two weeks** from the date of such deduction or collection by the person making the deduction or collection.

Submission of Withholding Tax Return:

Person who makes any TDS (Tax Deducted at Source) on payment, must file a separate return of withholding tax.

- To be submitted at
-15th day of October, January, April, July
-or extended date up to 15 days by DCT.
- Following document should be annexed with return:
-Statement of TDS
-Copy of Treasury Challans /Pay-Orders

Consequences of Non-Submission of Return and Return of Withholding Tax:

- Imposition of penalty amounting to 10% of tax on last assessed income subject to a minimum of Tk. 1,000/-
- In case of a continuing default a further penalty of Tk. 50/- for every day of delay.

Areas for Final Settlement of Tax Liability (82 C):

Tax deducted at source for the following cases is treated as final discharge of tax liabilities. No additional tax is charged or refund is allowed in the following cases:-

1. Supply or contract work or local LC (Sec-52);
2. Royalty, fees for technical services (Sec 52A(2));
3. Commission from clearing & forwarding (C & F) agency (Sec 52AAA);
4. Band rolls of handmade cigarettes (Sec-52B);
5. Compensation against acquisition of properties (Sec 52C);
6. The amount received as interest from the amount received as interest from pensioner's savings certificate or wages earners development bond for which tax has been deducted under section (52 D)
7. Rental power companies (52N)
8. Salaries of foreign technician of Diamond cutting industry (Sec 52O)
9. International gateway service (IGW) and Interconnection Exchange (ICX) in respect of international Phone calls (52R)
10. Import of goods, not being goods imported by an industrial undertaking as raw materials for its own consumption (Sec 53);

11. Shipping business of a resident (Sec 53AA)
12. Export of manpower (Sec 53B)
13. Export of certain items (such as knit & woven garments etc) (sec 53BB)
14. Transaction by a member of a Stock Exchange (Sec 53BBB)
15. Auction purchase (Sec 53C)
16. Courier business of non-resident (53CC)
17. the amount on account of export cash subsidy as mentioned in (sec 53DDD)
18. Real estate or land development business (Sec 53FF)
19. Insurance agent commission (Sec 53G)
20. Payment on account of survey by surveyor of a general insurance company (Sec 53GG)
21. Transfer of property (Sec 53 H)
22. Income from transfer of securities or mutual fund units by a sponsor share holder (Sec 53M)
23. Income derived from transfer of share of Stock Exchange on which tax is deducted under (Sec 53N)
24. Income derived from transfer of share or securities traded in the stock exchange for which tax is deducted under (Sec 53O)
25. Winning of lotteries [Sec 19(13)] or Sec 55.

How Tax Computed regarding Section 82C (Final Settlement of Tax liability):

- To determine TDS Amount as per section 82C(1 to 29)
- Gross up the amount of TDS
- No loss adjustment
- Income shown in excess of deemed profit shall be liable to tax payable.
- In computing income on excess profit inadmissible allowances under section 30 shall be added to the income

Advance Payment of Tax:

Every taxpayer is required to pay advance tax in four equal installments falling on **15th September; 15th December; 15th March and 15th June** of each year if the latest assessed income exceeds Taka four lakh. Penalty is imposed for default in payment of any installment of advance tax.

Fiscal Incentives:

Following are fiscal incentives available to a taxpayer:-

1) **Tax holiday:** Tax holiday is allowed for industrial undertaking and physical infrastructure facility established between 1st July 2011 to 30th June 2019 in fulfillment of certain conditions.

Industrial Undertaking Eligible for Tax holiday:

- (a) Active pharmaceuticals ingredient industry and radio pharmaceuticals industry;
- (b) Barrier contraceptive and rubber latex;
- (c) Basic chemicals or dyes and chemicals;

- (d) Basic ingredients of electronic industry (e.g. resistance, capacitor, transistor, integrator circuit);
- (e) bio-fertilizer; (will get tax holiday even it is set up in district of Dhaka, Narayanganj, Gazipur, Chittagong, introduced in FA 2012)
- (f) Biotechnology;
- (g) Boilers;
- (h) Brick manufacturing by using HHK
- (h 1) Compressors;
- (i) Computer hardware;
- (j) Energy efficient appliances;
- (k) Insecticide or pesticide;
- (l) Petro-chemicals;
- (m) Pharmaceuticals;
- (n) Processing of locally produced fruits and vegetables;
- (o) radio-active (diffusion) application industry (e.g. developing quality or decaying polymer or preservation of food or disinfecting medicinal equipment);
- (p) Textile machinery;
- (q) Tissue grafting; or
- (q) Any other category of industrial undertaking as the Government may, by notification in the official Gazette, specify.

Area	Year	Exemption % of income
Dhaka and Chittagong Divisions excluding Dhaka, Narayanganj, Gazipur, Chittagong, Rangamati, Bandarban and Khagrachari Districts	1 st and 2 nd year	100 %
	3 rd year	60 %
	4 th year	40 %
	5 th year	20 %
Rajshahi, Khulna, Sylhet, Barisal and Rangpur divisions (excluding City Corporation area) and Rangamati, Bandarban and Khagrachari Districts	1 st and 2 nd year	100 %
	3 rd year	70 %
	4 th year	55 %
	5 th year	40%
	6 th year	25 %
	7 th to 10 th year	20 %

Physical infrastructure eligible for tax holiday:

Qualifying physical Infrastructure set up between 1 July 2011 and 30 June 2019 and going into commercial production/operation within those dates will be entitled to apply for granting tax exemption. Tax exemption of different proportions will now be granted for 10 years if the said physical undertakings are set up in any area of Bangladesh.

- (a) Deep sea port;
- (b) Elevated expressway;
- (c) Export processing zone;
- (d) Flyover;
- (e) Gas pipe line,
- (f) Hi-tech park;
- (g) Information and Communication Technology (ICT) village or software technology zone;

- (h) Information Technology (IT) park;
- (i) Large water treatment plant and supply through pipe line;
- (j) Liquefied Natural Gas (LNG) terminal and transmission line;
- (k) Mono-rail;
- (l) Rapid transit;
- (m) Renewable energy (e.g. energy saving bulb, solar energy plant, windmill);
- (n) Sea or river port;
- (o) Toll road or bridge;
- (p) Underground rail;
- (q) Waste treatment plant; or
- (r) Any other category of physical infrastructure facility as the Government may, by notification in the official Gazette, specify.

Year	Exemption % of income
1 st year	100 %
2 nd year	90 %
3 rd year	80 %
4 th year	70 %
5 th year	60 %
6 th year	50 %
7 th year	40 %
8 th year	30 %
9 th year	20 %
10 th year	10 %

- 2) Income derived from any Small and Medium Enterprise (SME) engaged in production of any goods and having an annual turnover of not more than taka **thirty lakh** is exempt from tax.
- 3) Income from poultry is exempted from tax up to 30th June, 2015, subject to investing at least 10% of the exempted income in the purchase of bond or securities if such income exceeds Tk. 1,50,000/-.
- 4) Income derived from export of handicrafts is exempted from tax up to 30th June, 2015.
- 5) An amount equal to 50% of the income derived from export business is exempted from tax.
- 6) Listed companies are entitled to 10% tax rebate if they declare dividend of more than 20%.
- 7) Income from Information Technology Enabled Services (ITES) business is exempted up to 30th June, 2015
- 8) Income of any private Agricultural College or private Agricultural University derived from agricultural educational activities.
- 9) Income received as pension and gratuity.
- 10) Income from dividend of a mutual fund or a unit fund up to taka 25000.

- 11) Income from dividend amounting to Tk. 20,000. (6th Schedule-Part A, Para 11A)
- 12) Donation to any fund established by “Trust of Prime Minister Education Assistance Act 2012”

Exemption limit:

- Companies – lower of 25% of income or Tk 80 million
- Other than companies – lower of 20% of income or Tk 10 million

- 13) Agricultural income (whose agriculture is the only source of income) up to Tk 200,000 for an individual is tax exempted.
- 14) Income received by an individual from interest on savings instruments Tk 500,000 is tax exempted.
- 15) Income earned in abroad by an individual assessee being a Bangladeshi citizen and brought any such income into Bangladesh as per existing laws applicable in respect of foreign remittance shall be tax exempted.
- 16) Income of an assessee donated in an income year by a crossed cheque to any girls school or girls college approved by the Ministry of Education of the government is exempt from tax.
- 17) Income of an assessee donated in an income year by a crossed cheque to any technical and Vocational Training Institute approved by the Ministry of Education of the Government is exempt from tax.
- 18) Income of an assessee donated in an income year by a crossed cheque to any national level institution engaged in the Research and Development (R&D) of agriculture, science, technology and industrial development is tax exempted.

Income from Salary Related Rules:

Description	Amount/Percentage that will be added to salary
1. Basic Salary	Full
2. Dearness Allowance	Full
3. Bonus	Full
4. Commission and fees	Full
5. Advance salary	Full
6. Accrued Salary	Full, provided that it was not taxed in earlier period
7. Leave encashment	Full
8. Pension	Nothing, since fully exempted
9. Gratuity	Nothing, since fully exempted
10. Annuity	Full
11. Profit in lieu of Salary	Full
12. Profit in addition to Salary	Full
13. Education Allowance for children	Full
14. Employer’s contribution to RPF	Full
15. Employer’s contribution to	Full

	Approved Superannuation Fund	
16.	Employer's contribution to Approved Gratuity Fund	Full
17.	Employer's contribution to life insurance policy	Full
18.	Entertainment Allowance	Full
19.	Medical Allowance	Excess over 10% of basic or 60,000 whichever is lower.
20.	Traveling Allowance	Excess over actual.
21.	Special Allowance	Nothing, if given for official purpose.
22.	House Rent Allowance	Actual allowance less exemptions of Tk. 20,000 p. m. (annually Tk. 240,000) or 50% of basic salary whichever is less.
23.	Rent Free Accommodation	Rental value or 25% of basic whichever is less
24.	Accommodation at concessional rate	Rental value or 25% of basic whichever is less, minus deducted rent
25.	Conveyance Allowance	Actual amount less exemption of Tk. 30,000 on an annual basis.
26.	Transport / conveyance facility	5% of basic salary if conveyance facility is given for personal, both personal and official purpose. Nothing will be added if it is given only for official purpose.
27.	Interest on RPF	Actual Interest less exempted to the extent of the interest @ 14.5% rate or 1/3 rd of basic salary, whichever is less.
28.	Free tea, coffee or lunch in office premises	Nothing
29.	Free dress, telephone, power, gas, water in office etc.	Nothing
30.	Free caretaker, sweeper etc.	Nothing
31.	Servant allowance	Full
32.	Compensation	Full
33.	Allowance received as Head of the department / Charge allowance.	Full
34.	Overtime	Full
35.	Residence telephone bills / utility bills / club bills reimbursed	Full

Unexplained Investments - special tax treatment in respect of investment in residential building and apartment (Section 19BBBBB):

Any sum invested by any person in the construction/purchase of any residential building/apartment shall be deemed to have been explained if tax is paid at following rates:

Sl. No.	Area	Tax per square meter	
		Up to 200 Square meter	More than 200 Square meter
1	Gulshan Model Town, Banani, Baridhara, Motijheel Commercial Area and Dilkusha Commercial Area	5,000	7,000
2	Dhanmondi Residential Area, Defence Officers Housing Society (DOHS), Mohakhali, Lalmatia Housing Society, Uttara Model Town, Bashundhara Residential Area, Dhaka Cantonment, Kawran Bazar, Bijaynagar, Segunbagicha, Nikunja of Dhaka, Panchlaish, Khulshi, Agrabad and Nasirabad of Chittagong	4,000	5,000
3	Any City Corporation other than area mentioned in 1 and 2 above	2,000	3,000
4	Any City Corporation other than area mentioned in 1 and 2 above	1,000	1,500
5	Other area	700	1,000

The rates will be 20% higher if the assessee makes investment in two or more buildings/apartments or already has any building or apartment in any City Corporation. However the above will not be applicable if the source of income is:

- Derived from any criminal activities; or
- Not derived from any legitimate source.

Tax Credit on Investment:

The individual can get investment allowance in accordance with the provision of section 44(2) of Income Tax Ordinance -1984(Exemption & Allowances for assessee being resident and non-resident Bangladeshi).

A resident and non-resident Bangladeshi assessee will get tax rebate of an amount equal to **15%** of the sums specified in Part B of the Sixth Schedule. **30%** of the total income excluding employer's contribution to RPF and interest on the accumulated balance of RPF and any income u/s 82C, or

Tk.15, 000,000. (Whichever is lower = Maximum Limit of Investment)

Tax Credit = 15% of Maximum Limit of Investment

The lists of investment are given below;

6th Schedule (Part B) Investment Allowance:

1. Life Insurance Premium Paid [Para - 1]:

Any sum paid in Bangladesh by an assessee to effect an insurance or a contract for deferred annuity on the life of himself, spouse or minor child, provided that such payment, in the case of insurance, **shall not exceed 10% of the sum assessed excluding bonus or other benefits.**

2. Life Insurance Premium Paid by a Hindu Undivided Family [Para - 2]:

Any sum paid in Bangladesh by a HUF to affect insurance on the life of any male member of the family or the wife of any such member.

3. Deduction from the salary of Government employee for deferred annuity [Para - 3]:

Any sum not exceeding one-fifth of the salary deducted from the salary payable by the Government or on its behalf to any individual in accordance with the service conditions to secure a deferred annuity for him or for his wife or children.

4. Contribution to Provident Funds [Para - 4]:

Any contribution by an assessee to any provident fund to which the Provident Fund Act, 1925 applies.

5. Employer's and Employee's contribution to a Recognized Provident Fund [Para - 5]:

Any sum paid to a recognized provident fund by the assessee and the employer, where the assessee is a participant subject to the limits laid down in Part B of the Sixth Schedule.

6. Contribution to Superannuation Fund [Para - 6]:

Any sum paid by the assessee as ordinary annual contribution to approved superannuation fund as a participant to the fund.

7. Investment in Savings Certificate [Para - 10]:

Any sum invested by a non-company assessee in the following if the investments are held for 5 years from the date of purchase / up to its maturity:

- a) **Savings Certificates or instruments** specified by the NBR;
- b) **Unit certificates and mutual fund certificates issued by ICB** and its subsidiaries;
- c) **Govt. securities** including development loans/Bonds as specified by the NBR;
- d) **Shares of Investment Companies** as specified by the NBR.

8. Contribution to Deposit Pension Scheme (DPS) [Para - 11]:

Any amount not exceeding Tk.60,000 by an individual in any Deposit Pension Scheme sponsored by a Scheduled Bank or a financial institution.

9. Donation to a Charitable Hospital [Para - 11A]:

Any sum paid as donation to a charitable hospital established outside the city corporation, provided the donation is made after one year of establishment of the hospital.

10. Donation to Organizations set up for the welfare of retarded people [Para - 11B]:

Any sum paid as donation to an organization set up for the welfare of retarded people, provided the donation is made after one year of establishment of the organization and is approved by the Social Welfare Department and the NBR.

11. Donation to Zakat Fund [Para - 13]:

Any sum paid by an assessee as Zakat to the Zakat Fund or charitable fund established by or under the Zakat Fund Ordinance, 1982.

12. **Contribution to Benevolent Fund and Group Insurance Scheme [Para - 17]:** Any sum paid by an assessee to make provision for his spouse, children or other dependent person to a benevolent fund or any premium paid under a group insurance scheme approved by the NBR.
13. **Contribution to Aga Khan Development Network [Para - 21]:** Any sum paid by an assessee as donation to any socio-economic or cultural development institution established by the Aga Khan Development Network in Bangladesh.
14. **Contribution to Philanthropic or Educational Institution [Para - 22]:** Any sum paid by an assessee as donation to Philanthropic or Educational Institution approved by the government for this purpose.
15. **Investment in Computer / Laptop [Para - 23]:** Any sum invested in the purchase of **one computer (Upto Tk. 50,000)** or **one laptop (Upto Tk. 1,00,000)** by an individual assessee.
16. **Donation to national level institution set up in memory of the liberation war [Para-24]:** Any sum paid by an assessee as donation to a national level institution set up in memory of liberation war.
17. **Donation to national level institution set up in memory of Father of the Nation [Para-25]:** Any sum paid by an assessee as donation to a national level institution set up in memory of Father of the nation.
18. **Donation to Prime Minister's Higher Education Fund [Para - 26]**
19. **Investment in shares by an individual [Para - 27] :** Any sum invested by an assessee, being an individual, in the acquisition of any stocks of shares of a company, mutual fund or debenture listed with any stock exchange.
20. **Investment in Government Treasury Bond [Para - 28]:** Any sum invested by an assessee, being an individual, in the purchase of Bangladesh Government Treasury Bond.

By SRO

21. **Contribution to President's Relief Fund [SRO 254/L85]**
22. **Contribution to Prime Minister's Relief Fund [SRO 125/L91 dated 01.07.1991]**
23. **Contribution to Ahsania Mission Cancer Hospital [SRO 202/IT/2005 dated 06.07.2005]**
24. **Contribution to Sylhet Diabetic Society, Islamia Eye Hospital and M. A. Ispahani Institute of Ophthalmology, Kidney Foundation; and National Heart Foundation of Bangladesh [SRO 109/IT/2006 dated 07.05.2006]**
25. **Contribution to Child Health Foundation Hospital; Child Hospital, Jessore; Hospital for Sick Children, Sathkhira (Run by Child Health Foundation, Bangladesh); Digonto Memorial Cancer Hospital, Dhaka; The ENT & Head-Neck Cancer Foundation of Bangladesh, Dhaka; and National Development Foundation for Disables, Dhaka [SRO 316-AIN/2008]**

26. Contribution to Jatir Janok Bangabondhu Sheikh Mujibur Rahman Memorial Trust, Dhaka; Rafatullah Community Hospital (RCH), Thengamara, Bogra; and Salvation for the Deserving (SFD), Manikgonj [SRO 33-AIN/2009 dated 09.03.2009]

27. Contribution to Asiatic Society of Bangladesh, Ramna, Dhaka [SRO 32-AIN/2009 dated 09.03.2009]

Corporate Social Responsibilities (CSR) [SRO 229-AIN/IT/2011 dated 04-07-2011]:

Allowable limit: Maximum limit of allowable expenditure under the head CSR is 20% of total income or Tk. 120,000,000, whichever is lower. If actual expenditure exceeds this limit, such amount exceeding the limit cannot be used to compute tax rebate.

Tax Rebate: Tax rebate will be computed @ 10% on such expenditure for CSR within the maximum limit.

Conditions: The corporate entity must fulfill the following conditions:

1. Must pay salaries and allowances to its worker regularly and must have waste treatment plant if it involves with the production of industrial goods;
2. Must pay income tax, VAT and duty timely and must repay institutional loans;
3. Can only donate money to the institutions recognized by the government for the purpose of CSR;
4. Must fulfill all rules as per Bangladesh Labor Act, 2006.
5. Contribution to the CSR must be incurred through banking channel.

However, no company can charge such expenditure expensed as a result of CSR in manufacturing or profit and loss account. Up to finance Act 2014 there are 22 areas of expenditure in which the companies can claim 10% rebate due to its CSR activities.

Deductions not Admissible in Certain Circumstances (u/s 30):

The following expenditures are not admissible deductions in the determination of income from business or profession under the circumstances as stated against each item:

- (a) Payment of salaries if tax is not deducted at the time of payment and paid thereon in accordance with section 50 of Chapter VII [Section 30(a)].
- (b) Any payment made by an assessee to any person if tax thereon has not been deducted and credited in accordance with the Chapter-VII and Vat thereon has not been collected or deducted and credited in accordance with the VAT Ordinance 1991 [Section 30(aa)].
- (b) Payment of interest, salary, commission or remuneration by a firm or an association of persons to any partner of the firm or any member of the association, as the case may be [Section 30(b)].
- (c) Brokerage or commission paid to a non-resident if tax has not been deducted there from under section 56 [Section 30(c)].
- (d) Payment to a provident or other fund unless effective arrangement has been made for deduction of tax at source while making the payments from the fund which are taxable under the head "Salaries" [Section 30(d)].

- (e) Amount of perquisites or other benefits paid to any employee in excess of Tk. 350,000 [Section 30(e)].

In this regard, 'perquisite' means -

- i. Any payment made to an employee by an employer in the form of cash or in any other form excluding basic salary, festival bonus, arrear salary, advance salary, leave encashment or leave fare assistance and over time, and
 - ii. Any benefit, called by whatever name, provided to an employee by an employer, whether convertible into money or not but other than contribution to-
 - (a) recognized provident fund;
 - (b) approved pension fund;
 - (c) approved gratuity fund;
 - (d) approved superannuation fund.
- (f) Any expenditure in respect of the following as is in excess of the amount or rate prescribed in this behalf and as is not, in the cases of sales and services liable to excise duty, supported by excise stamp or seal, namely:
- (a) entertainment;
 - (b) foreign travels of employees and their dependents for holidaying and recreation;
 - (c) publicity and advertisement; and
 - (d) distribution of free samples.
- (g) Any expenditure exceeding **10%** of the net profit disclosed in the financial statements under the head of Head Office expenses by a company not incorporated in Bangladesh under Company Act, 1994;
- (h) Any payment by way of royalty, technical services fee, technical know-how fee or technical assistance fee exceeding **8%** of the net profit disclosed in the financial statements;
- (i) Any payment by way of salary or remuneration made otherwise than by crossed check or bank transfer by a person to any employee having gross monthly salary of **taka 15,000** or more;
- (j) Any expenditure by way of incentive bonus exceeding **10%** of the disclosed net profit;
- (k) Any expenditure by way of overseas traveling exceeding **1%** of the disclosed turnover.
- (L) Any payment by way of commission paid or discount made to its shareholder director by a company
- (m) Any payment by a person exceeding **Tk 50,000** or more, otherwise than by cheque or bank transfer excluding:
- Payment for the purchase of raw materials;
- Salary or remuneration made to any employee, without prejudice to an obligation referred to in clause (a)
- Any payment for government obligation i.e. municipal tax, payment for electricity, WASA and gas.

Capital Expenses as per Generally Accepted Accounting Principles but Allowable as Revenue Expenses as per Income Tax Provision:

	Particulars	Accounting Principle	Income Tax Provision
(a)	Extension expenditure for bringing new areas under cultivation for tea and rubber companies	Capital	Revenue under Rule 31 and 32
(b)	Building constructed for educational Institution or hospital or Institute for the benefit of employees and their dependents free of cost and giving training to industrial workers (Sec 29(1)(xxiii))	Capital	Revenue u/s 29(i) (xxii)
(c)	Expenditure of capital nature expended on scientific research in Bangladesh (Sec 29(1)(xx))	Capital	Revenue u/s 29(i) (xx)

Capital Gain:

As per SRO 269-AIN/IT/2010 circulated on July 01, 2010,

Sl.	Nature of Taxpayer's income	Tax rate
(a)	Any income earned from trading of shares/securities by a company defined as per section 2(20) and by a firm defined as per Section 2(32)	10%
(b)	Any income earned from trading of shares/securities by any Sponsor Shareholder / Director of a Bank, Financial Institution, Merchant Bank, Insurance Company, Leasing Company, Portfolio Management Company, Stock Dealer or Stock Broker Company	5%
(c)	Any income earned from trading of shares/securities by any Shareholder [excluding the Sponsor Shareholders/Directors mentioned in above Sl. (b)] having 10% or more shares of the total paid up capital of a company / companies listed at any time during the income year	5%

Set off of Losses (Sec 37):

The table produced below may be used as a short-cut guideline for set-off losses:

Income heads generating losses	Set off against
1. Salaries	any head [Generally loss is uncommon]
2. Interest on securities	any head
3. Income from house property	any head
4. Agricultural income	any head except "Capital Gain"
5. Income from business or profession	any head except income from house property and capital gain;
6. Capital gain	income from "Capital gain" only

7. Income from other sources	any head [Generally loss is uncommon]
8. Speculation business	income from speculation business only
9. Income exempted from tax	Set off is not allowed

Transfer Pricing:

Key points in brief are as follows:

(i) Transactions included are transaction between associated enterprises, either or both of whom are non-residents, in the nature of purchase, sale or lease of tangible or intangible property, provisions of services, lending or borrowing money, or any other transactions having a bearing on the profits, income, losses, assets, financial position or economic value of such enterprises etc.

(ii) There are extensive proposals in the Act regarding responsibility and determination of “arms length price” of such transactions.

(iii) If such a transaction is not found to be at arm’s length, DCT may determine via the Transfer Pricing officer the arms length price of the transaction.

(iv) Every person who has entered into an international transaction shall furnish, along with the return of income, a statement of international transactions in the form and manner as may be prescribed.

(v) The taxpayer has to furnish a special report on such transactions, if those exceed Tk 30 million in aggregate in a given year, duly certified by a Chartered Accountant. Failure to furnish such report may lead to a penalty up to Tk 300,000.

Effective period of transfer pricing

Transfer pricing regulation is effective from 1 July 2014 (S.R.O. 161/Law/Income tax/2014 dated 26 June 2014).

Return Related:

Production of other information as per different Sections and Rules at the time of Submission of Return or in other circumstances

References	Particular
U/s - 108 & Rule - 23	Information regarding payment of salary
U/s - 109 & Rule - 20	Information regarding payment of interest
U/s - 110 & Rule - 19	Information regarding payment of dividend
Rule - 10	Particulars to be furnished on interest on securities by a person other than the Government
Rule - 12	Particulars to be furnished by persons making deductions at source
Rule - 21	Statement of deduction of tax under the head “Salaries” where such deduction is not made by or on behalf of the Government
Rule - 24 , Rule 25 &	Form of Return

25A	
Rule - 41	Particulars for depreciation allowance
Rule - 47	Furnishing of an abstract of the provident fund account of an employee
Rule - 58B	Return, statements, etc., that may be required to be furnished

Form of Return:

For Individuals

IT 11GA	Form of return of income under the income tax ordinance 1984 for individual and other taxpayers (Other than company)
IT 10B	Statement of Assets and Liabilities
IT 10BB	Statement under section 75(2)(d)(i) and section 80 of the Income Tax Ordinance, 1984 regarding particulars of life style

For Company

IT 11GHA	Form of return of income under the income tax ordinance 1984 for Company taxpayers only
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Summary of Penalty:

Ref.	Reasons of Penalty	Authority	Penalty
Sec 123	for not maintaining accounts in the prescribed manner	DCT with approval from IJCT	Sum not exceeding one and a half times the amount of tax payable by him, however, such amount must not exceed Tk. 100 where the total income does not exceed the non-assessable limit, say, Tk. 220,000
Sec 124	for failure to file return of income	DCT	Ten per cent of tax imposed on last assessed income subject to a minimum of Tk. 1,000 and in the case of a continuing default a further sum of Tk. 50 for every default days
	for failure to file certificate, statement, accounts, information or TIN certificate	DCT	Tk. 500 and in the case of a continuing default a further sum of Tk. 250 for every default month or fraction thereof
	for failure to furnish information as required under section 113	DCT	Tk. 25,000 and in case of a continuing default a further sum of Tk. 500 for each default day
Sec 124A	for using fake Tax-payer's Identification Number	DCT with approval from IJCT	Sum not exceeding Tk. 20,000
Sec 125	for failure to pay advance tax	DCT with approval from IJCT	Sum not exceeding the amount by which the tax actually paid falls short of the amount that should have been paid
Sec 126	for non-compliance with notice	DCT with approval from	Sum not exceeding the amount of tax chargeable on total income

		IJCT	
Sec 127	for failure to pay tax on the basis of return	DCT with approval from IJCT	Sum not exceeding 25% of the whole of the tax or as the case may be, of such portion of the tax as has not been paid
Sec 128	for concealment of income	DCT, AJCT, Commissioner (Appeals) or Appellate Tribunal	Sum of 10% of tax which would have been avoided had the income as returned by such person or as the case may be, the value of the immovable property as stated by him been accepted as correct; provided that if such concealment is detected after a period of more than one year the amount of penalty shall increase by an additional 10% for each preceding assessment year
Sec 137	for default in payment of tax	DCT	sum not exceeding the amount of tax in arrears

Appeal against the Order of DCT:

A taxpayer can file an appeal against DCT's order to the Commissioner (Appeals)/Additional or Joint Commissioner of Taxes (Appeals) and to the Taxes Appellate Tribunal against an Appeal order.

Avoidance of Double Taxation Agreement (Sec-144, 145):

There are agreements on avoidance of double taxation between Bangladesh and 32 countries which are:-

(1) United Kingdom (2) Singapore (3) Sweden (4) Republic of Korea (5) Canada (6) Pakistan (7) Romania (8) Sri Lanka (9) France (10) Malaysia (11) Japan (12) India (13) Germany (14) The Netherlands (15) Italy (16) Denmark (17) China (18) Belgium (19) Thailand (20) Poland (21) Philippines (22) Vietnam (23) Turkey (24) Norway (25) USA (25) Indonesia (27) Switzerland (28) Mauritius (29) Kingdom of Saudi Arabia (30) Oman (air traffic only) (31) United Arab Emirates (32) Myanmar

Please also note that there are no provision exists for carry forward or carry-back of excess tax credits.

Value Added Tax (VAT) Related:

Truncated VAT:

Sl. No.	Service code	Particulars	Rate of VAT
1	S001.20	Restaurant (i) Non-air conditioned	7.50%
		(ii) Air conditioned	15%
2	S003.10	Motor vehicles garage and workshop	7.50%
3	S003.20	Dockyard	7.50%
4	S004.00	Construction firm	5.50%
5	S010.10	Land developer	3%
6	S010.20	Building construction firm	3%
7	S019.00	Producer of film or photo studios/shops	7.50%
8	S024.00	Furniture distributors	
9	S024.00	i) Manufacturing stage	6%
10	S024.00	ii) Distribution stage	4%
11	S026.00	Goldsmith and silversmith	3%
12	S037.00	Procurement provider	4%
13	S048.00	Transport contractor	
14	S048.00	i) Transportation of petroleum products	2.25%
15	S048.00	ii) Others	7.50%
16	S057.00	Electricity distributor	5%
17	S060.00	Buyers of auctioned goods	4%
18	S067.00	Immigration advisor	7.50%
19	S069.00	English medium school	7.50%
20	S074.00	Location and premises tenant	9%
21	S078.00	Seller of own branded readymade garments	5%
22	S099.10	Information Technology Enabled Services (ITES)	4.50%
23	S099.30	Sponsorship Services	7.50%

Vat Deducted at Source (VDS):

VAT will have to be deducted at source by the below mentioned rates.

Sl. No.	Service code	Particulars	Rates of VDS
1	S 002.00	Decorators & caterers	15%
2	S 003.10	Motor car garage & workshop	7.50%
3	S 003.20	Dockyard	7.50%
4	S 004.00	Construction Agency	5.5
5	S 007.00	Advertising Agency	15%
6	S 008.10	Printing press	15%
7	S 010.10	Auction Firm	15%

8	S 010.10	Land development agency	3%
9	S 010.20	Building construction agency	3%
11	S 020.00	Survey Agency	15%
12	S 021.00	Plant or capital machineries rent provider agency	15%
13	S 024.00	Furniture sales/ distribution centre	(a) Manufacturing stage 6% (b) Distribution stage(show room) 4% (On manufacturing stage 6% provided mushak for the challan is presented)
14	S 028.00	Courier & express mail service	15%
15	S 031.00	Repairing for taxable product or service Trading Agency	15%
16	S 032.00	Consultancy firm & supervisory firm	15%
17	S 033.00	Lessor	15%
18	S 034.00	Audit & Accounting firm	15%
19	S 037.00	Procurement Provider	4%
20	S 040.00	Security service	15%
21	S 045.00	Legal Advisor	15%
22	S 048.00	Vehicle supplier	(a) Carrying on petroleum goods 2.25% (b) Carrying on other goods 7.5%
23	S 049.00	Rent a car	15%
24	S 050.10	Architect, interior designer or interior decorator	15%
25	S 050.20	Graphic designer	15%
26	S 051.00	Engineering firm	15%
27	S 052.00	Sound & light rent provider	15%
28	S 053.00	Attendance on board meeting	15%
29	S 054.00	Advertisement in satellite channels by Ad agency	15%
30	S 058.00	Chartered Plane or Helicopter Rent Agency	15%
31	S 060.00	Buyer of Betting Product	4%
32	S 065.00	Cleaning/Maintenance Agency for building & floor	15%
33	S 066.00	Seller of Lottery Ticket	15%
34	S 071.00	Event Management	15%
35	S 072.00	Human resource provider or human resource management institution.	15%

36	S099.10	Information Technology Enable Services	4.5%
37	S099.20	Miscellaneous services	15%
38	S099.30	Sponsorship services	7.5%

Exemption of Input VAT at Manufacturing Stage:

Exemption of input VAT at manufacturing stage for exporter, deemed exporter and the company situated in EPZ in accordance with the provision of S.R.O. No. 110-AIN/2014/705-Mushak.

Sl. No.	Service code	Service name	Exemption rate of VAT
1	S025.00	WASA	60%
2	S037.00	Procurement provider	100%
3	S040.00	Security service	100%
4	S048.00	Transport contractor	100%
5	S057.00	Electricity distributor	60%
6		Service receiver from outside of the Bangladesh	100%

Thank You

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