Investment Guide

KPMG Bangladesh

KPMG. Make the Difference.

September 2025

Contents

01

Bangladesh – key facts

1.1 Country Overview (1/2)

$48.2b

2024-2025 export earnings as per Export Promotion Bureau

8.29%

Inflation rate on Aug 2025 as per Bangladesh Bank

Projected to become the **24th largest economy** by **2033**

Next Eleven Emerging Market

Classified as a "Next Eleven" emerging market and one of the "Frontier Five" emerging economies in the world by Goldman Sachs and JP Morgan respectively.

4.63%

Unemployment rate as per Labour Survey in covering October-December 2024

BDT 121.65

Dollar rate standing at BDT 121.65 in August 2025, which increased from BDT 120 in the previous year

B2 (Moody's)

Moody's provided a B2 negative credit rating for the country as of 29 May 2025

USD 1.27b

Foreign Direct Investment in 2024

$850m

Bangladesh and the World Bank signed two financing agreements worth a total of $850 million to support the development of the Bay Terminal deep sea port and the modernisation of the national social protection system.

3.97% GDP growth rate in the FY 2024-25

$31. 2b Gross Forex reserves as of August 2025

1.1 Country Overview (2/2)

Geography and climate

Location
Southern Asia, bordering the Bay of Bengal, between Myanmar and India .

Climate
Tropical; mild winter (October to March), hot, humid summer (March to June); humid, warm monsoon (June to October)

Capital
Dhaka is the capital city of Bangladesh.

Major Cities
Dhaka, Chattogram and Sylhet

175.7 m
The population of Bangladesh

53.7%
Dependency Ratio as of 2023

Political system and demographics

Type of government: Parliamentary democracy

Population: 175.7 million people

Official language: Bengali Prominent

Dependency ratio: 53. 7%

Financial Sector

Central Bank
Bangladesh Bank

Local Currency
Bangladeshi taka (BDT)

Stock Exchange
Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE)

Banks
62 scheduled banks, 5 non-scheduled banks and 35 non-banking financial institutions

1.2 Economy and Infrastructure

Key industry development

Consumer friendly economy

Sectors growing service and industry

Steady investment in digitisation

Bangladesh Investment Development Authority (BIDA)

Supports foreign investors

Provides one-stop services

Infrastructure

Elevated Expressway

Dhaka's first elevated expressway spans 12.5 km from the airport to Hatirjheel (FDC), offering fast north–south travel while bypassing local traffic

31,610MW

Installed power generation capacity, including renewables, captive, and off-grid, as of August 2025

Source: Power Division

Third Airport Terminal

Padma bridge construction has been completed

Dhaka Metro Rail

Two new metro rail projects, MRT-1 and MRT-5 are under development, for improved transportation

63 + 24

63 Government approved economic zones and 24 Private economic zones

- 2.4 GWe Ruppur Nuclear Power Plant,
- 1.3 GWe Rampal Power Plant,
- 1.2 GWe Matarbari Power Plant and more are being constructed

- Karnaphuli river tunnel construction project has been completed and daily traffic is expected to reach 17000 vehicles per day

1.3 Bangladesh Investment Summit 2025

The Bangladesh Investment Summit 2025 brought together global investors, policymakers, and business leaders to explore the country's growing investment potential. With a focus on sustainability, innovation, and strategic partnerships, the summit showcased Bangladesh as a dynamic destination for diversified and future-ready investments.

Tk 3,100 crore
Investment declared overall

3,500+
Attendees

415
Foreign Delegates

150+
Business-to-Government meetings

130+
Expert panelists

Key Points from Bangladesh Investment Summit 2025

Handa Industries: Signed a $150M deal for textile and garment investments.

Nilorn: Pledged $11–14M investment interest in local zones.

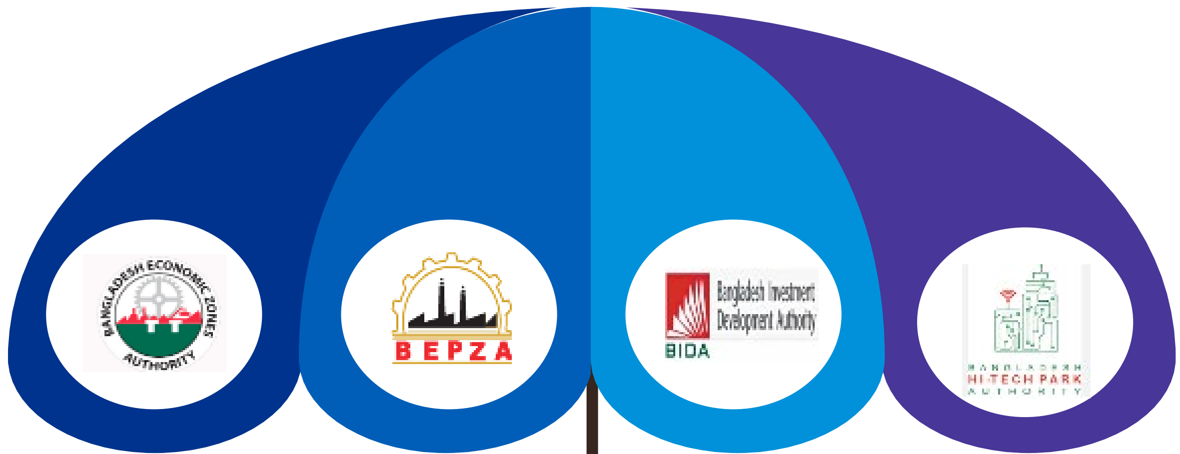
ShopUp: Raised $110M to scale its digital commerce operations.

Healthcare: Significant investment opportunity. Growth potential is $23B by 20233.

Incepta Pharmaceuticals: Launched a startup fund with a $1M commitment..

Startups: “Startup Connect 2025” linked founders with global investors.

1.3 Regulatory bodies overseeing FDI



Bangladesh Economic Zone Authority (BEZA)

Regulator for economic zones

Bangladesh Export Processing Zone Authority (BEPZA)

Regulator for export processing zones

Bangladesh Investment and Development Authority (BIDA)

Regulator for all except export processing zones, economic zones and high-tech parks

Bangladesh High Tech Park Authority (BHTPA)

Regulator for high-tech parks

1.4 BEZA's one-stop services

Bangladesh Economic Zones Authority is the primary regulator for economic zones and assists investors and developers with various services ranging from obtaining commercial licenses to operational registrations to commence their operations smoothly in the respective zones

BEZA	Directorate of Environment	Commercial licenses	Others
1. Investment Registration/ Clearance 2. Visa and Work Permit 3. Remittance assistance 4. Utility connections 5. Approval of building use and building design 6. Partial and final inspection 7. Others	1. Establishment of Power plant, water treatment plant, CETP, Sewage treatment plant 2. Environment Clearance 3. Environmental Impact Assessment Approval 4. TOR Approval	1. Import Registration Certificate 2. Trade License Issuance/ Renewal	1. Export/ Import Permit 2. Local sales/ purchase permit 3. Name Clearance, Company Registration, BO/ LO 4. Security Clearance Issuance for various services 5. Land use plan, Occupancy certificate

1.4 BIDA's one-stop services for investors

Bangladesh Investment Development Authority is the primary regulator for foreign investors and it assists them with various services ranging from obtaining commercial licenses to operational registrations to commence their operations smoothly

BIDA	Directorate of Environment	Commercial licenses	Others
1. Project Registration 2. Visa and Work Permit for expatriate employees 3. Office Permission 4. IRC Recommendation 5. Remittance Service 6. Utility connections	1. Site Clearance 2. Environment Clearance 3. Environmental Impact Assessment Approval 4. TOR Approval 5. Zero Discharge Approval	1. Tax registration (eTIN) and VAT registration (eBIN) 2. Import Registration Certificate 3. Trade License Issuance	1. Land Use Clearance, Construction Permit, Special Project Approval 2. Name Clearance, Company Registration, BO/ LO 3. Security Clearance Issuance

1.5 Bangladesh's B-READY 2024 Pillar Scores By World Bank

The World Bank's Business Ready (B-READY) initiative is a new global benchmark for assessing how effectively economies support private enterprise. It evaluates countries across three core pillars**: the Regulatory Framework, the Quality of Public Services, and the Operational Efficiency** of policies and systems. A more detailed analysis is presented through topic-wise scoring across 10 key areas.

56.99	Pillar 1 Regulatory Framework
41.64	Pillar 2 Public Services
70.49	Pillar III Operational Efficiency

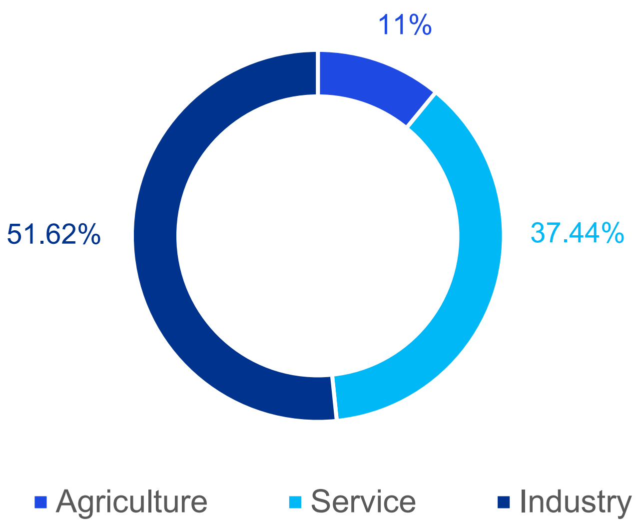
Business Entry	Business Location	Utility Services	Labor	Financial Services	International Trade	Taxation	Dispute Resolution	Market Competition	Business Insolvency
74.08	**66.91**	**62.1**	**64.01**	**61.45**	**53.86**	**56.36**	**41.9**	**42.65**	**40.39**

1.6 Public spending and GDP

BDT 7,900b

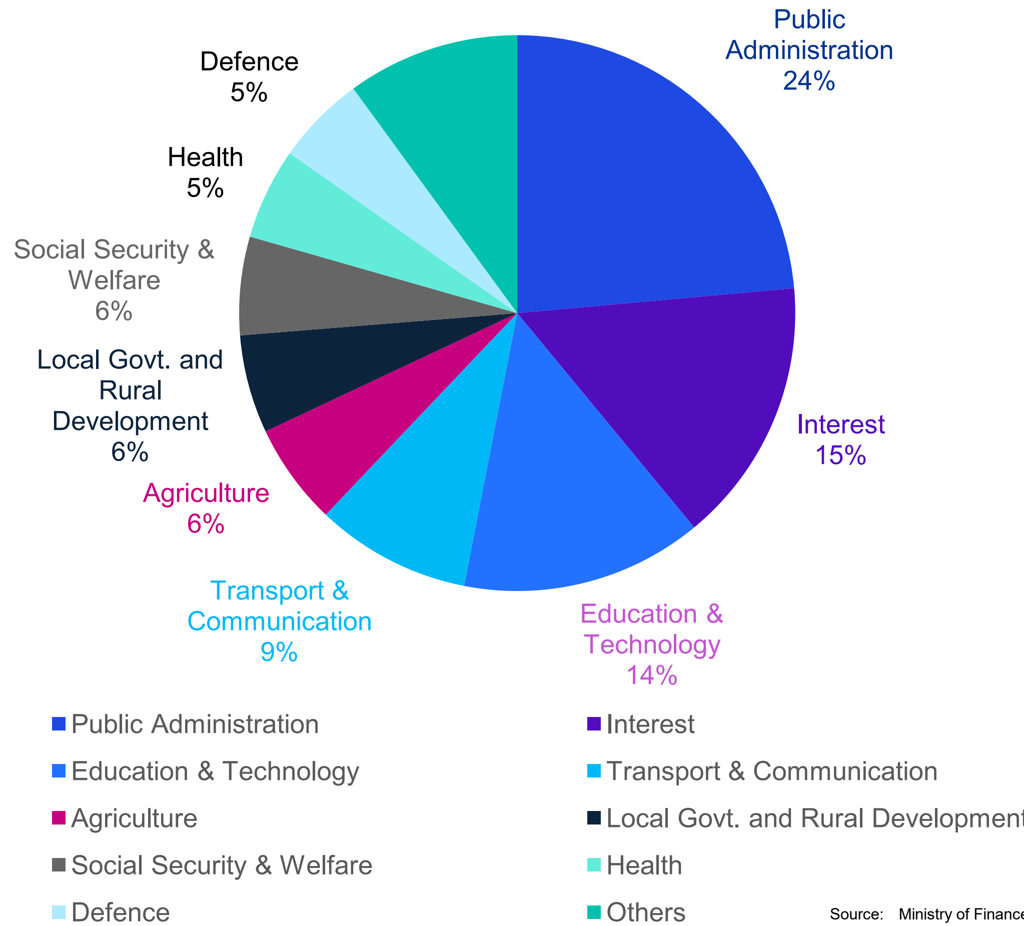
Planned Public spending for FY2025-26

Shares of GDP -2024-25



Source: Bangladesh Bureau of Statistics

Operating & Development Budget 2025-26



Source: Ministry of Finance

1.7 Digital Economy

Over the months of COVID 19 pandemic and after, Bangladesh has seen a booming growth in digital economy. Online platforms have stepped into the space left vacant by traditional business structures during the persistent lockdowns and restrictions. From educational sectors going completely virtual to consulting health specialists on smartphones, technology utilisation has been at its peak.

2.5%

Incentive on corporation tax if all income & receipts and expenses & investment above a certain limit are made through bank transfer

Healthcare

Praava Health

Praava Health provides several types of medical services for all ages. It enabled an online platform for people to consult doctors using smartphones

Mobile Financial Services (MFSs)

bKash, Nagad, Upay

These are online platforms/apps through which money can be sent or received

E-commerce

Chaldal, Bikroy, Daraz

These are some of the most successful e-commerce platforms in Bangladesh which provide online facilities for buying and selling products & services

Vehicle for hire

Uber, Pathao, Shohoz

One of the fastest growing tech startups in Bangladesh, Pathao provides ride sharing, food delivery, courier services, etc. through its online platform

1.8 Recent investments in industrial sectors

Recently there has been a huge injection of investment funds for manufacturing operations, both from local and foreign entities, mainly due to widespread tax incentives and dynamic exemptions directed at industrial enterprises setting up in Bangladesh.

Automobiles

- Nitol Motors (Suvare Electric cars)
- Fair Technology Ltd (Hyundai Cars)
- PHP Automobiles (Proton Saga)
- Bangladesh Auto Industries Ltd (Battery Electric Vehicles)

FMCG

- Coca Cola
- Procter & Gamble (in collaboration with Pran)

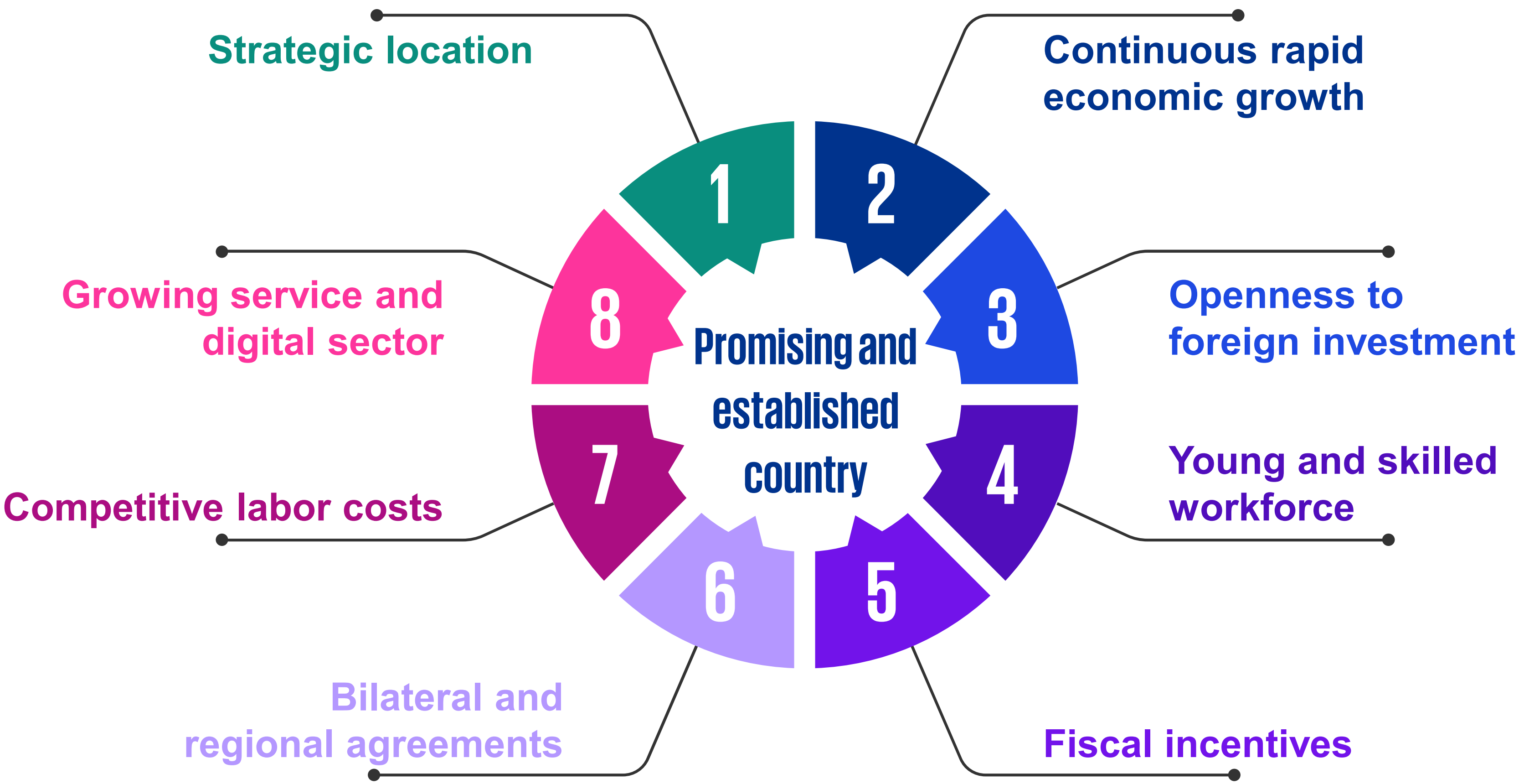
Home and Consumer Electronics

- Walton
- Joint Venture of Whirlpool Corporation and Transcom Group
- Meghna Corporation
- Fair Electronics Ltd (Samsung AC)

Mobile phone companies

- Samsung Electronics
- Nokia
- Walton Digitech Industries
- Benli Electronic Enterprise (Oppo)

1.9 Why invest in Bangladesh



1.10 Investment conditions (1/3)

FDI is a potent resource for developing the economy of Bangladesh and can play an important role in achieving the country's socio-economic objectives, including poverty reduction goals.

Generally, foreign investors are free to make investments in Bangladesh except in a few restricted sectors.

1.10 Investment conditions (2/3)

Protected industries

Furthermore, investment in certain industries also require prior approval of the relevant ministry/authority.

- Fishing in the deep sea
- Bank, insurance and other financial institution
- Generation, supply and distribution of power
- Exploration, extraction and supply of natural resources
- Crude oil refinery (recycling/ refining of lube oil used as fuel) project
- Medium and large industry using natural mineral as raw materials
- Telecommunication service (mobile/cellular and land phone)
- Satellite channel
- Cargo/passenger aviation
- Sea-bound ship transport
- Sea-port/Deep sea-port
- VOIP/IP telephone
- Industries using heavy minerals accumulated from sea beach

1.10 Investment conditions (3/3)

Foreign investment and 100% foreign ownership is permitted in general, with a limited number of business activities which require ownership from Bangladeshi companies or individuals.

1.11 Priority sectors

1. Man power export from Bangladesh
2. Environmentally friendly ship recycling industry
3. Tourism industry
4. Home Textile Industry
5. Wind mill
6. Herbal medicine industry
7. Hospitals and clinics
8. Manufacturing of LED, CFL bulbs
9. Tea industry
10. Seed industry
11. Cosmetics and Toiletries
12. Cement industry
13. Logistics industry sector
14. Hi-tech industry
15. Medical equipment and device industry sector
16. Agricultural machinery manufacturing industry
17. Rice bran oil industry sector

Reference: National Industrial Policy 2022

1.12 Special development sectors

1. Electric and electronic industry;
2. Ceramic industry;
3. Fisheries;
4. Printing and packaging industry;
5. Jewelry industry;
6. Paper and paper products;
7. Rubber industry;
8. Silk industry;
9. Handicrafts and crafts;
10. Textile industry;
11. Solar Energy;
12. Cashew nuts (raw and processed);
13. Live and processed crabs;
14. Toy industry;
15. Agar industry;
16. Halal meat and meat products and other Halal products;
17. Recycled products;
18. Activities suitable for the fourth industrial revolution.

Reference: National Industrial Policy 2022

02

Modes of entry

2.1 Investment options

- Social development institutions and not-for-profit organisations working with foreign donations operate under specific regulations of NGO Affairs Bureau of Bangladesh.
- Although not common, a general partnership may be formed with local individual or other registered entities under the Partnership Act, 1932. Its formation is easier than both office or a company. It has no legal entity and registration is not mandatory. There is only an agreemental relationship among the partners detailing the share of capital, profit and liability. The minimum number of partners is 2 and the maximum number is 20 in ordinary cases and 10 in case of banking business. Member's liability is unlimited for such formation.

Operate as a foreign company

- Open an office as a foreign company by registering with **Bangladesh Investment Development Authority** (**BIDA**).
- Office structures include Representative Office, Liaison Office and Branch Office.
- The office has to comply with the requirements mentioned in BIDA permission letter along with other Bangladeshi legislations.
- Operations and locations of BO/ LO are limited to as stated in BIDA permission letter. For any new locations/customers and operations, a new application will have to be submitted to BIDA.
- Operating lives of these offices are limited to 2-3 years which is renewable upon expiry.

Incorporate a subsidiary

- Investors can incorporate a fully-owned subsidiary subject to industry regulations or have a jointly owned company.
- Incorporated companies are governed by Registrar of Joint Stock Companies and Firms (RJSC).
- The most common types of company are Public Limited Company and Private Limited Company.
- Incorporated company can carry out any legally permissible business and expand their operations and location to any place in Bangladesh.
- Incorporated company has to comply with the regulations of the Companies Act 1994 and other legislations applicable in Bangladesh.

2.2 Registered offices

FORMS

- Representative Offices
- Liaison Offices
- Branch Offices
- Project offices

LOCATION

Limited to the places specified by the BIDA permission letter

OPERATIONS

Scope of work and employment of foreign persons are limited

REVENUE

Only Branch Offices can generate revenue locally

New locations, expansion of scope of work and employee base can be increased by obtaining approval from BIDA

2.3 Incorporated companies

	Public Limited Company	Private Limited Company
Number of Members	• The number of members of a Public Limited Company is minimum 7. • The maximum number is limited according to share capital as described in Memorandum of Association.	• The number of members of a Private Limited Company is limited • This limit is minimum 2 and maximum 50.
Liability	• The liability of a member is limited by his/her share capital.	• The liability of a member is limited by his/her share capital.
Listing of Shares	• The special significance of a Public Limited Company is that such a company is permitted to offer shares and securities to the public. The shares of this company can be transferred without any restriction.	• It cannot invite the general public to subscribe to its shares or debentures.
Regulatory Body	• Public Limited Companies are regulated by the Bangladesh Securities and Exchange Commission (BSEC).	• Public Limited Companies are regulated by the Bangladesh Securities and Exchange Commission (BSEC).

Company legislation also allows One Person Company to be formed by having one natural person as a shareholder.

2.4 Steps to set up a Registered office

Step 1:
Apply to BIDA

Step 2:
Notify Bangladesh Bank after obtaining registration.

Step 3:
Register with Income Tax Authority

Step 4:
Register with RJSC

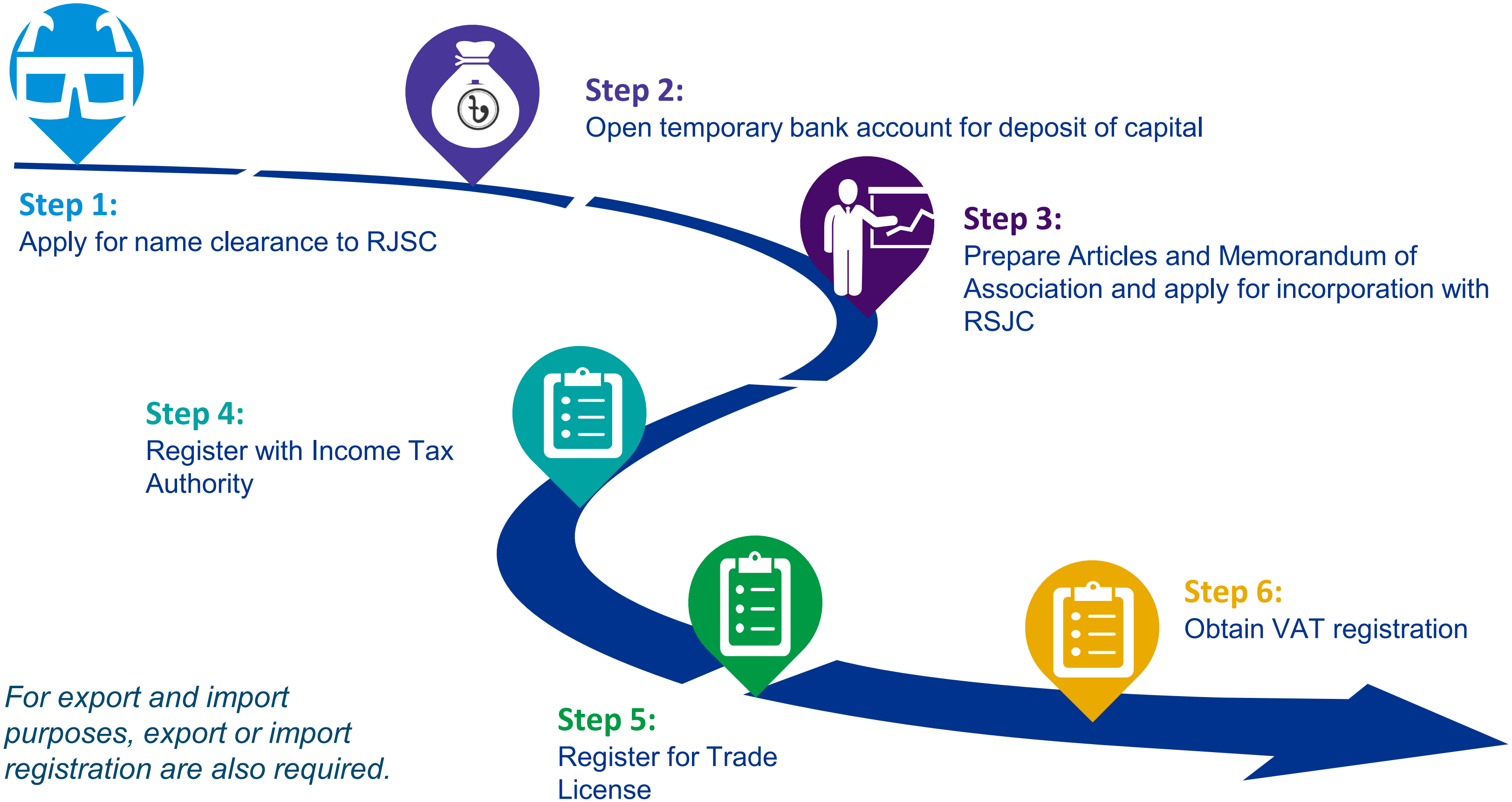
Step 5:
Obtain Trade License

— *If Bangladesh office wishes to generate and receive revenue locally, approval from BIDA is required along with VAT registration, if applicable.*

— *For export and import purposes, export or import registration certificates are also required.*

You are operational!

2.5 Steps for Incorporating a company



— *For export and import purposes, export or import registration are also required.*

You are operational!

2.6 Timeline

SL	Set-up process	1	2	3	4	5	6	7	8
	Office registration procedures								
1	Apply for permission from BIDA								
2	Letter to Bangladesh Bank under section 18B of Foreign Exchange Regulation Act 1947								
3	Registration with Income Tax Authority								
4	Registration with Registrar of Joint Stock Companies								
5	Trade license								
6	Clause 7 waiver from the permission letter of BIDA if the branch office raises invoice locally								
7	Registration with VAT authority								
	Company incorporation procedures								
1	Obtaining name clearance								
2	Opening temporary bank account for deposit of capital								
3	Obtaining registration from RJSC								
4	Registration with Income Tax Authority								
5	Obtaining Trade license								
6	Obtaining online VAT registration								

Import Registration Certificate (IRC) or Obtaining Export Registration Certificate (ERC) (If required) can be obtained within 2-3 weeks, however, chamber membership is required to be obtained beforehand which can take time depending on the relevant chamber.

03

Tax environment and incentives

3.1 Major tax legislations

National Board of Revenue (NBR), the tax authority in Bangladesh.

Direct Tax	Indirect Tax
Income Tax Act 2023	VAT and Supplementary Duty Act 2012
	Customs Act 2023
	Stamp Act 1899

SROs, Clarifications and Interpretations are issued to support the main legislations.

3.2 Corporate income tax

Mobile Phone Operators

40% Listed*
45% Others

* Listed mobile phone operators who transferred 10% shares through the stock exchanges of which up to 5% may be through Pre-initial Public Offering
10% corporate tax rebate in the year of listing can be availed if 20% paid-up capital is transferred through IPO

Banks, insurance and finance companies

37.5% Listed
40% Others

Tobacco manufacturers

45%

Additional 2.5% surcharge is applicable on the above business income

General companies

22.5% Listed*
27.5% Others

* Listed general companies who transferred at least 10% of its paid-up capital through IPO
2.5% reduction in tax rates for only listed entities for cashless operations
Merchant banks and one person companies would be taxed as general companies.

Other taxpayers

27.5% Trust, firm and association of persons

3.3 Tax incentives (1/2)

Several tax incentives have been issued for industrial enterprises, physical infrastructures, thrust sector industries and specialised sectors.

- Power Plant
- Import duty exemptions on capital machinery, specified raw materials etc.
- Pharmaceuticals, biotech and chemical
- Dairy products, fisheries fruits and vegetable processing, agricultural equipment
- IT services, Professional and Training Institutes and chemical
- Rapid transit, auto-mobile and motorcycle manufacturing
- Public private partnership projects
- EPZ, EZ and High-Tech Park investors and developers
- Drawback facilities and cash incentives for exporters
- Home appliances, computer and light engineering items manufacturing

3.3 Tax incentives (2/2)

Oil and Gas Sector

- Special tax provisions for exploration and extraction of mineral operations
- Simplified deemed income basis tax provisions for subcontractors in petroleum operations

Power Generation Entities

- Subject to commencement of operation up to 15 years income tax exemption may be given
- Royalty, technical fees, capital gains on transfer of shares are also exempted
- Expatriates working in power plants also enjoy up to 3 years tax exemption

EZ, HTP and EPZ investors

- Subject to location of establishment, 5 or 7 years regressive tax exemption is given for companies set up in Export Processing Zones
- 10 years regressive tax exemption is given for companies set up in Economic Zones and High Tech Parks

3.3 Tax incentives for Power sector(1/3)

01

Exemptions specific for non-coal based powerplants (SRO 208 dated 26 June 2023)

1. Entities starting commercial production between 1 January 2023 and 30 June 2024:

Exemptions on:

✓ Business income from power generation up to 30 June 2036

✓ Personal income tax for expatriate for 3 years from date of arrival in Bangladesh

✓ Tax on interest payments to foreign lenders

✓ Tax on Royalty, Technical know how and technical assistance fees

2. Entities starting commercial production between 1 July 2024 and 30 June 2025:

Year of commercial production	Exemption on business income*
First 5 years of starting commercial production	**100%**
Next 3 years (6^{th}, 7^{th} and 8^{th})	**50%**
Next 2 years (9^{th} and 10^{th})	**25%**

**Subject to fulfilment of certain conditions*

3.3 Tax incentives for Power sector(2/3)

02

Exemptions specific for coal based powerplants (SRO 281 dated 03 October 2023)

For Entities which entered into contracts for power plant establishment before 30 June 2020 and starting commercial production within 30 June 2024:

Exemptions on:

- ✓ Business income from power generation for 15 years from COD
- ✓ Personal income tax for expatriate for 3 years from date of arrival in Bangladesh
- ✓ Tax on interest payments to foreign lenders
- ✓ Tax on Royalty, Technical know how and technical assistance fees
- ✓ Tax on capital gains from transfer of company shares

**Subject to fulfilment of certain conditions*

03

Exemption specific for investors in renewable power generation projects (SRO 228 dated 5 October 2009)

As per the above mentioned SRO, the company is offered exemption on business income for 5 years starting from the date of commercial production subject to fulfilment of the conditions as per the *Renewable Energy Policy of Bangladesh (2008).*

3.3 Tax incentives for Power sector(3/3)

04

Exemption specific for renewable energy based projects or powerplants (SRO 400 dated 26 November 2024)

All persons or companies whose commercial production of renewable energy-based projects or power plants commences between 1 July 2025 and 30 June 2030, are exempted from the tax payable for a period of 15 years from the commencement of commercial production in the following structure:

Year of commercial production	Exemption on business income*
First 10 years of starting commercial production	**100%**
Next 3 years	**50%**
Next 2 years	**25%**

**Subject to fulfilment of certain conditions*

**For every project or power plant based on renewable energy, approval from the Power Division of the Ministry of Power, Energy and Mineral Resources will be required.*

3.3 Export Cash Incentives (1/2)

RMG & Textiles (Including export to new countries)	0.3- 2%
Jute products	3-10%
Hand-made products and leather goods	6-10%
Cattle and Buffalo by-products	6%
Frozen sea-food products	1.5-8%
PET bottles, flexible packaging & derived polyester fiber	6%
Ship exports, plastic, & paper products	6%
Crop seeds, furniture, agar and perfume	8%

3.3 Export Cash Incentives (2/2)

Pharmaceutical ingredients and products	5- 6%
Hardware, Software, ITES exports and Freelance services	2.5- 6%
Consumer goods- Personal use items and household appliances	2- 6%
Consumer goods- rice and tea	2- 3%
Hat exports	7%
Export incentives in specialized zones for industries- general exports, processed agricultural products, and special cash assistance for RMG sector	0.3-2%

Please note, this is a simplified list of cash incentives and does not encompass all items.

3.3 Exemptions for PPP projects

Certain incentives have been offered for Public- Private Partnership (PPP) projects considering their strategic significance, as presented by different regulatory orders issued in year 2017.

Applicable exemptions

Corporate Income Tax

100% exemption for 10 years from COD

Personal Income Tax

50% exemption for 3 years from appointment

Capital Gain Tax

100% exemption for 10 years from COD

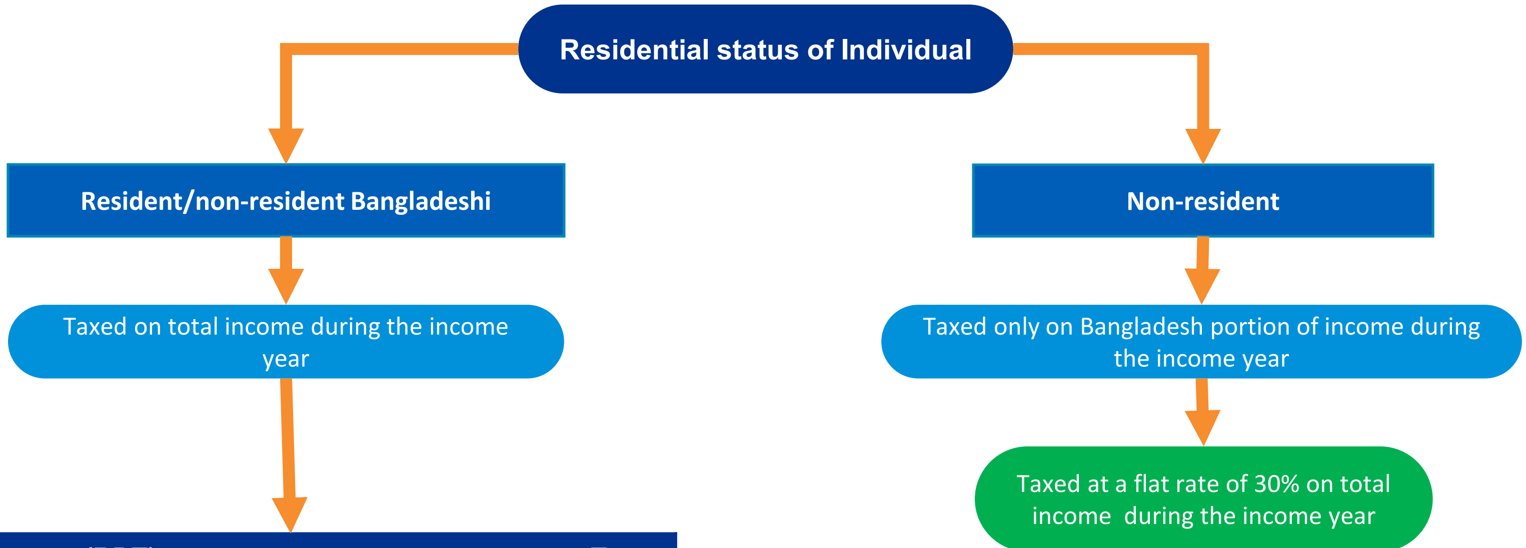
Royalty & Technical Fee

100% exemption for 10 years from COD

Specific Projects

- ✓ National Highways or Expressways and related Service Roads
- ✓ Flyovers
- ✓ Elevated and At-Grade Expressways
- ✓ River Bridges, Tunnels
- ✓ River, sea and Airports
- ✓ Subway
- ✓ Monorail
- ✓ Railway
- ✓ Bus Terminal
- ✓ Bus Depots
- ✓ Elderly care home

3.4 Personal income tax structure



Total Income(BDT)	Tax Rate
First 375,000 (for women and senior citizens 65+ 425,000)	0%
Next 300,000	10%
Next 400,000	15%
Next 500,000	20%
Next 2,000,000	25%
Remaining amount	30%
Applicable for Assessment Year 2026-27 & 2027-28	

Resident: (i) Presence in Bangladesh for 183 days or more in the related fiscal year or

(ii) Presence for 90 days or more in the related fiscal year + 365 days or more in preceding 4 years.

- Surcharge is applicable based on the amount of wealth of the individual
- Employers are required to deduct withholding tax at the time of payment to their employees.
- Return filing deadline is 30 November for individuals and firms.
- For individual assesses submitting return for the first time, the date of submission is 30 June of the year.
- Tax free threshold for physically challenged persons and persons of third gender is BDT 500,000 and for gazetted war-wounded freedom fighters and July fighters it is BDT 525,000.

3.5 Capital gain tax

Transfer of capital assets are subject to capital gains tax in Bangladesh.

Transfer of shares of a non-resident company might be subject to capital gain tax in Bangladesh under certain circumstances.

EXEMPTION FOR INDIVIDUALS INVESTING IN LISTED SHARES

Transfer of listed share or unit (other than sponsor, director or placement share or unit) is **15%** or slab rate unless the gain exceeded BDT **5 million**.

15%

General Capital Gain Tax

Capital gains tax

Company - 15%

- **Others – 15% or marginal tax rate based on the holding period of the asset**

EXEMPTION FOR NON-RESIDENTS

Recently, NBR published SRO No-. 156- ACT/Income Tax/2022, dated 1 June 2022, for the tax implications on offshore indirect transfer of shares which provides exemptions on certain transactions, given it fulfils certain outlined conditions.

Transfer of shares of a non-resident company might be subject to capital gain tax in Bangladesh under certain circumstances.

Transfer of capital assets are subject to capital gains tax in Bangladesh

3.6 Value added tax (VAT) (1/2)

New VAT legislation has been implemented from 1 July 2019 with a view to modernising the VAT system, ease VAT compliance and reduce VAT complexities

Nature of Activities	VAT Rate
Standard VAT rate — Businesses having turnover between BDT 0.3m to BDT 0.5m will be subject to turnover tax	15% 4%
Supply of goods — Supply of any goods from inside to outside Bangladesh; — Temporarily imported goods; — Deemed export; — Supply of goods for repair, maintenance or modification and supply of stores or spare parts for ocean-going ship and aircraft engaged in international transport. **Supply of services** — Services given physically on goods situated outside Bangladesh at the time of supply of the service; — Services given relating to temporarily imported goods under the Customs Act; — Services given to a recipient situated outside Bangladesh at the time of supply; — Supply of telecommunication services by a telco supplier to a non-resident telco supplier.	Zero rated
Trade VAT	7.5%
Specifically for — Manufacturers (on imports) — Medicine — Petroleum products	 2% 2.4% 2%
Certain prescribed goods and services Business entities whose supplies are subject to Truncated VAT can choose to exercise the standard VAT rate of 15% and claim input VAT credit against their purchase.	Less Rate (2-10%)

3.7 Value added tax (VAT) (2/2)

Goods and services subject to lower VAT rates and trade VAT rates will not be eligible for input VAT credit.

However, they can choose to exercise standard VAT rate of 15% and claim input VAT credit against their purchase.

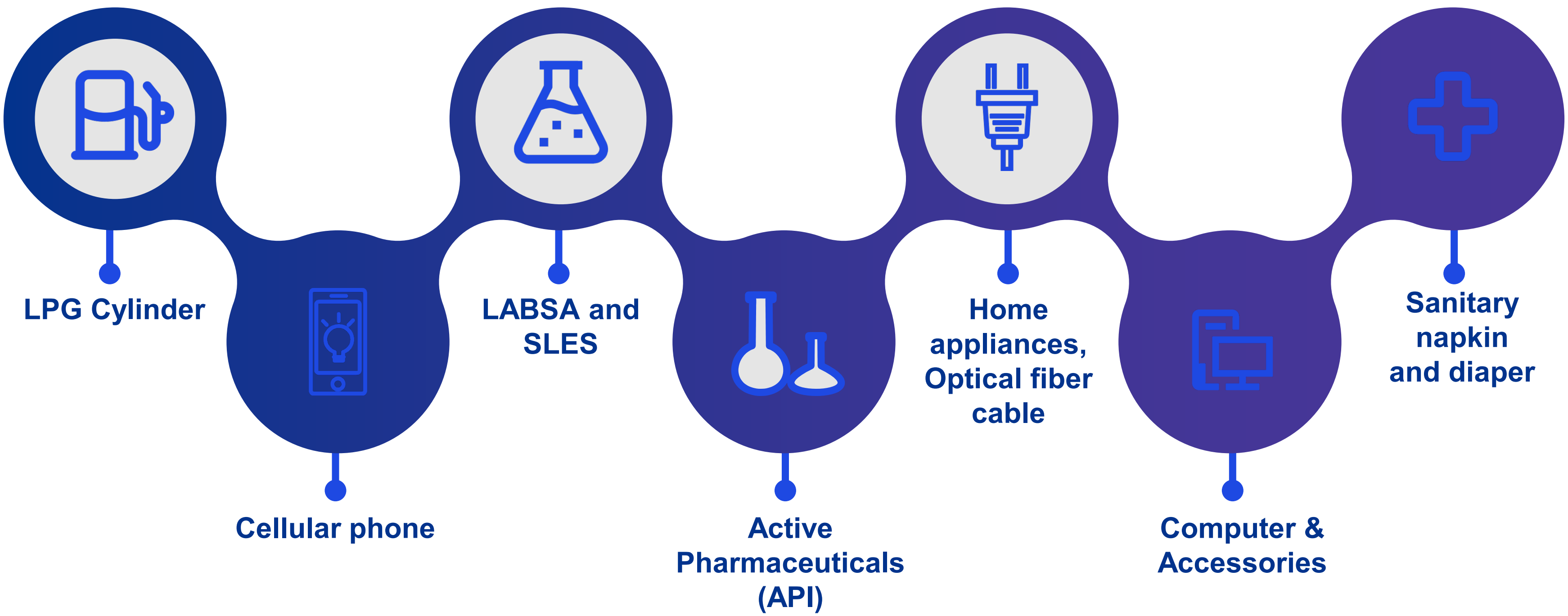
VAT on specific goods and services procurement can be taken as credit.

VAT cannot be taken as credit for the following cases:

- Rent and expenditures for construction and maintenance of building
- Infrastructure
- Office equipment and fixtures
- Immovable properties
- Labor expenses, land
- Interior design
- Rental, purchase, and lease of vehicles
- Entertainment expenses
- Transportation services
- Employee welfare

3.8 VAT Exemptions on specific industries

Several VAT incentives (partial to full) have been issued for certain specific industries considering their local significance, which can be enjoyed subject to fulfilment of certain conditions.



3.8 Import duties

Import duties are paid by the importer as per the rates specified by regulations.

Following import duties are recoverable or adjustable:

— VAT

— Advance income tax (*subject to minimum tax regulations and taxable profit*)

— Advance Tax

***There exists few items with significantly higher duty rates, which can be found in the customs tariff schedule, 2025-26.*

*Bangladesh has a well developed Cost and Freight (C&F) sector which provides comprehensive support to importers***.**

Duty Type	Duty rate
Customs Duty (CD)	0% to 25%
Regulatory Duty (RD)	0% to 3%
Supplementary Duty (SD)	0% to 500%
Value Added Tax	0% to 15%
Advance Income Tax	0% to 20%
Advance Tax (VAT)	0% to 7.5%

3.9 Stamp duties

Stamp duties are paid by the executors of legal documents

Stamp duty is levied on legal documents, but the rates vary depending on the nature of documents. Major stamp duties include:

01

For the transfer of shares of unlisted companies, stamp duty is imposed at the rate of 1.5% on the transfer price.

02

The duty on transfer of immovable property is lower of 1.5% of the value of consideration or BDT 20 million .

03

Stamp duty for contracts and agreement is BDT 300.

04

Stamp duty for incorporation of a company is up to BDT 20,000.

05

For all other documents, the stamp duty varies.

3.10 Double taxation avoidance treaty

Sl.	Country	Sl.	Country
1	Bahrain	22	Pakistan
2	Belgium	23	Philippines
3	Bhutan	24	Poland
4	Canada	25	Republic of Belarus
5	China	26	Republic of Korea
6	Czech Republic	27	Romania
7	Denmark	28	Saudi Arabia
8	Germany	29	Singapore
9	France	30	Sri Lanka
10	India	31	Sweden
11	Indonesia	32	Switzerland
12	Italy	33	Thailand
13	Japan	34	Turkey
14	Kuwait	35	United Arab Emirates
15	Malaysia	36	United Kingdom
16	Mauritius	37	United States of America
17	Myanmar	38	Vietnam
18	Nepal	39	Maldives
19	The Netherlands	40	Morocco
20	Norway	41	Hong Kong
21	Oman (air traffic only)	42	Iran

3.11 Export processing zones (EPZ)

EPZs have been established by the Bangladesh Export Processing Zones Authority (BEPZA) under the Bangladesh Export Processing Zones Act of 1980 in order to invigorate industrialisation and boost employment through promotion of trade and investment.

BEPZA is responsible for attracting foreign investment, facilitating fiscal and operational benefits and thus, providing special customs bonded areas for investors to set up their infrastructure in Bangladesh in a congenial investment climate.

- **BEPZA provides various one stop services to expedite and ease setup and operational requirements**
- **Dedicated branches of banks, courier, post office, shipping agent, customs office, police station etc. are setup in EPZ areas to provide access or essential services.**

Fiscal benefits

- ✓ Tax exemption up to 7 and 5 years depending upon location of EPZ, for investors;
- ✓ Tax exemption on dividend during tax exemption period;
- ✓ Import tariff exemptions and duty draw back-back facilities on import of raw materials, machinery, equipment and construction materials;
- ✓ 100% foreign investment is permissible;
- ✓ Medium/long-term foreign borrowing facilities;
- ✓ Operation of foreign currency accounts;
- ✓ Bonded warehousing facilities.

8 EPZs are currently operational across Bangladesh

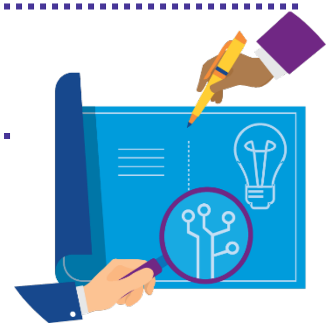
3.12 Economic zones (EZ)

EZs have been established by the Bangladesh Economic Zones Authority (BEZA) under the Bangladesh Economic Zones Authority Act of 2010 in order to encourage rapid economic development through increase and diversification of industry, employment, production and export.

BEZA provided multiple incentives, to the developers of the Economic Zones as well as to the manufacturing unit investors. Similar to EPZs, BEZA also provides one-stop services and established dedicated branches of banks, courier, post office, shipping agent, customs office, police station etc. for the investors.

63 Government owned EZs

24 Private EZs



Fiscal benefits

- ✓ Tax exemption up to 10 years for unit investors and up to 12 years for EZ developers;
- ✓ Tax exemption on dividend during tax exemption period for 10 years for investors;
- ✓ Tax exemption on capital gains from transfer of shares for 10 years for investors;
- ✓ Tax exemption on royalties, technical know-how and technical assistance fees, etc. for 10 years for investors;
- ✓ 50% tax exemption on salary of expatriate employees for 3 years;
- ✓ Exemption of VAT on all utility services;
- ✓ Duty concession on import of goods to be used for the development of Zones;
- ✓ 100% foreign investment is permissible;
- ✓ Medium/long-term foreign borrowing facilities;
- ✓ Operation of foreign currency accounts;
- ✓ Bonded warehousing facilities.

3.13 High-tech Park

Bangladesh Hi-Tech Park Authority (BHTPA) is the regulator for establishing Hi-Tech Park, Software Technology Park and IT Training & Incubation Centre throughout Bangladesh to incentivise local as well as foreign investors for the development of Hi-Tech/ Information Technology/Information Technology Enable Service industries.

Similar to EPZs, BHTPA also provides one-stop services and established dedicated branches of banks, courier, post office, shipping agent, customs office, police station etc. for the investors

12 High Tech Parks declared across Bangladesh

Fiscal benefits

- ✓ 12 years exemption of Income Tax for park developers;
- ✓ 10 years exemption of Income Tax for investors at reducing rate;
- ✓ Exemption of Duties on importing Capital Equipment and Construction Materials by the Investors and Goods/Materials to be used for the development of Hi-Tech Parks by the Park Developers;
- ✓ 50% Exemption of Income Tax on Dividend, Share Transfer, Royalty, Technical Fees for investors for up to 10 years from COD;
- ✓ Exemptions of Income Tax for Foreign Employees for 3 years from date of appointment;
- ✓ Exemption of Income Tax on declared Dividend by Park Developers up to 10 years from COD;
- ✓ Exemption of VAT on goods produced by Investors;
- ✓ Exemption of stamp duty on the deed registration/ mortgage deed registration;
- ✓ Bonded Warehousing Station.

3.14 Startup Sandbox

What is a startup?

Startup means a company which works towards deployment or commercialisation of new products, process or service driven by innovation, development and technology or intellectual property.

Please note that qualifying as a startup is susceptible to certain conditions.

Benefits

No disallowance in Growth Years

Sections 55 and 56 (treatment of disallowances) will not be applicable for growth years for startups registered under the section

Loss carry forward

Losses incurred in growth years can be carried forward up to 9 successive years.

Simplified Reporting

No reporting obligations other than submission of corporate tax and withholding tax return if permanent access to books is provided to the tax authority.

Minimum tax reduction

Minimum tax on gross receipts is reduced to 0.1%

04

Foreign exchange regulations

4.1 Foreign exchange regulations (1/2)

Bangladesh Bank is the central bank and regulator of the financial market

Bangladesh Bank

Foreigners can invest in Bangladesh through equity contribution or loans.

Equity funding by the foreign investors is always encouraged in Bangladesh for the following reasons:

- The Government shall accord fair and equitable treatment to foreign private investment which shall enjoy full protection and security in Bangladesh;
- Government ensures foreign private investment shall not be expropriated, nationalised or be subject to any similar effect except for a public purpose against adequate compensation which shall be paid expeditiously and be freely transferable;
- Full repatriation of capital is ensured.

Injection of equity does not require prior approval but certain formalities need to be maintained.

Any foreign loan is subject to prior approval of BIDA and Bangladesh Bank.

4.1 Foreign exchange regulations (2/2)

Bangladesh is a highly regulated country with respect to foreign exchange controls

Outward remittances are highly restricted. Few outward remittances can be made without prior approval of Bangladesh Bank, e.g.

- Dividend
- Import payments under L/C mechanism
- Training and consultancy fees
- Repayment of approved foreign loans

For few outward remittances, specific guidance and conditions have been prescribed or practiced e.g.

- Transfer of shares and securities
- Royalty and technical fees

Specific foreign exchange regulations are present for shipping agents, freight forwarding agents, courier companies and airline companies

For remittances which are not given specific guidance, special permission from Bangladesh Bank is required

A recent circular from Bangladesh Investment Development Authority (BIDA) simplified the process of Royalty and Technical fees repatriation, wherein registered private entities can remit permissible amounts without additional approval from BIDA, subject to certain conditions.

05
KPMG Bangladesh

5.1 KPMG at a glance

KPMG is a global network of professional service firms providing Audit, Tax and Advisory services. KPMG is one of the 'Big Four' accounting firms in the world today. KPMG firms collaborate across the globe, addressing the needs of clients, making bold decisions on investing together and serving the needs of KPMG professionals, wherever they work.

Our People

Globally we are over
275,000
Our largest headcount

In Bangladesh
we have around
525+ people

11
Partners & Directors
In Bangladesh

Robust Training
Skill-building programs, and international trainings ensure professional competency

Our Presence

Present in over
142
Countries and territories

In Bangladesh we have
2
offices: Dhaka & Chattogram

Our Clients

400+
Clients across several industries both in Bangladesh and globally

Industry Presence

Our Achievements

1st
KPMG Bangladesh has been a "Member Firm" of KPMG International (KPMG) since January 2006. It is the first Member Firm in Bangladesh of any of the 'Big Four'.

KPMG Bangladesh
celebrates over
60 years
of service

5.2 About KPMG Bangladesh

KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. We operate in 142 countries and territories and have 275,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Limited ("KPMG International"), a private English company limited by guarantee. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

KPMG Bangladesh operates through Rahman Rahman Huq, Chartered Accountants and KPMG Advisory Services Limited. Operating from offices in Dhaka and Chattogram, we are a team of over 525 people.

KPMG Bangladesh's Advisory Services include IT Advisory, Deal Advisory and Risk & Management Consulting Services, which are manned by professionals with the qualification and experience necessary to meet the diverse needs of clients.

Our ambition is to continue to recruit the best talent, train them in an environment of technical and ethical excellence to meet the highest expectations of clients in this age of continually evolving multi-dimensional challenges.

5.3 KPMG Bangladesh Leadership

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