



# Investment Guide

Bangladesh

March 2024





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**01**

# **Bangladesh – key facts**

# 1.1 Country Overview (1/2)

## \$55b

2022-23 export earnings as per Export Promotion Bureau

## 9.67%

Inflation rate on February 2024 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.



## 4.7%

Unemployment rate decreased from 5.1% in 2021 according to the modeled estimates by the ILO as reported by the World Bank.



## 110 BDT

Dollar rate standing at BDT 110 in February 2024 after significant rise in FY23



## B1 (Moody's)

Moody's provided a B1 stable outlook credit rating for the country in FY23



## USD 4.4b

Foreign Direct Investment in FY23

## 5.78%

GDP Growth For 2022-23

Projected to become the 24th largest economy by 2033.

Although the country's economic growth has been hampered due to Covid19 pandemic, it is expected the country will make a U-shaped recovery due to proactive economic policy reforms

# 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)
- **Regions:** 8 divisions
- **Capital:** Dhaka
- **Major cities:** Dhaka, Chattogram and Sylhet

## Political system and demographics

- **Type of government:** Parliamentary democracy
- **Population:** 171.2 million people (World Bank)
- **Official language:** Bengali Prominent
- **Dependency ratio:** 52.64%

## Financial sector

- **Central bank:** Bangladesh Bank
- **Local currency:** Bangladeshi taka (BDT)
- **Stock exchanges:** Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE)
- **Banks:** 61 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



### Payra Port

Bangladesh is constructing its third sea port in addition to Mongla and Chattogram ports to expand its foreign trade



# 27,521

Installed power generation capacity as on March 2024

Source: Power Division



### Padma Bridge

Padma bridge construction has been completed



### Dhaka Metro Rail

Dhaka Metro Rail project, expressway project and expansion of highways will improve transportation facilities

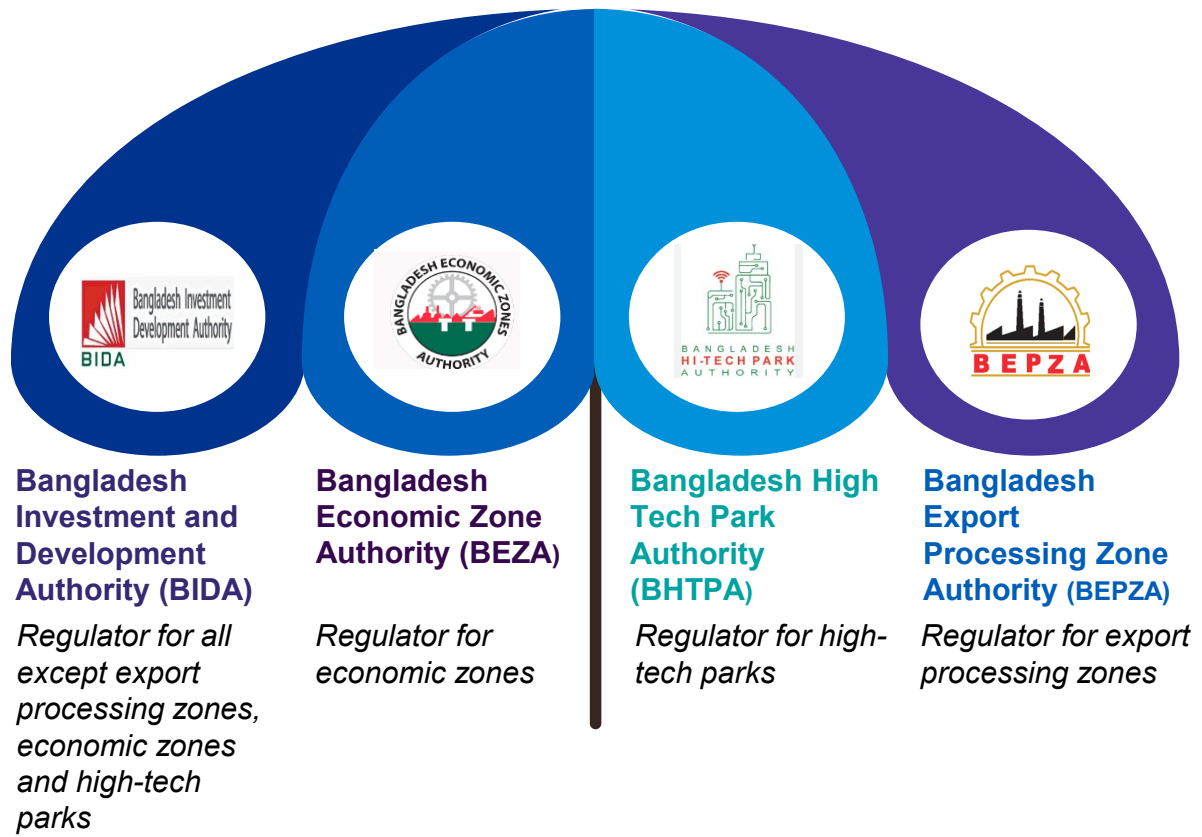
# 68 + 29

68 Government approved economic zones and 29 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

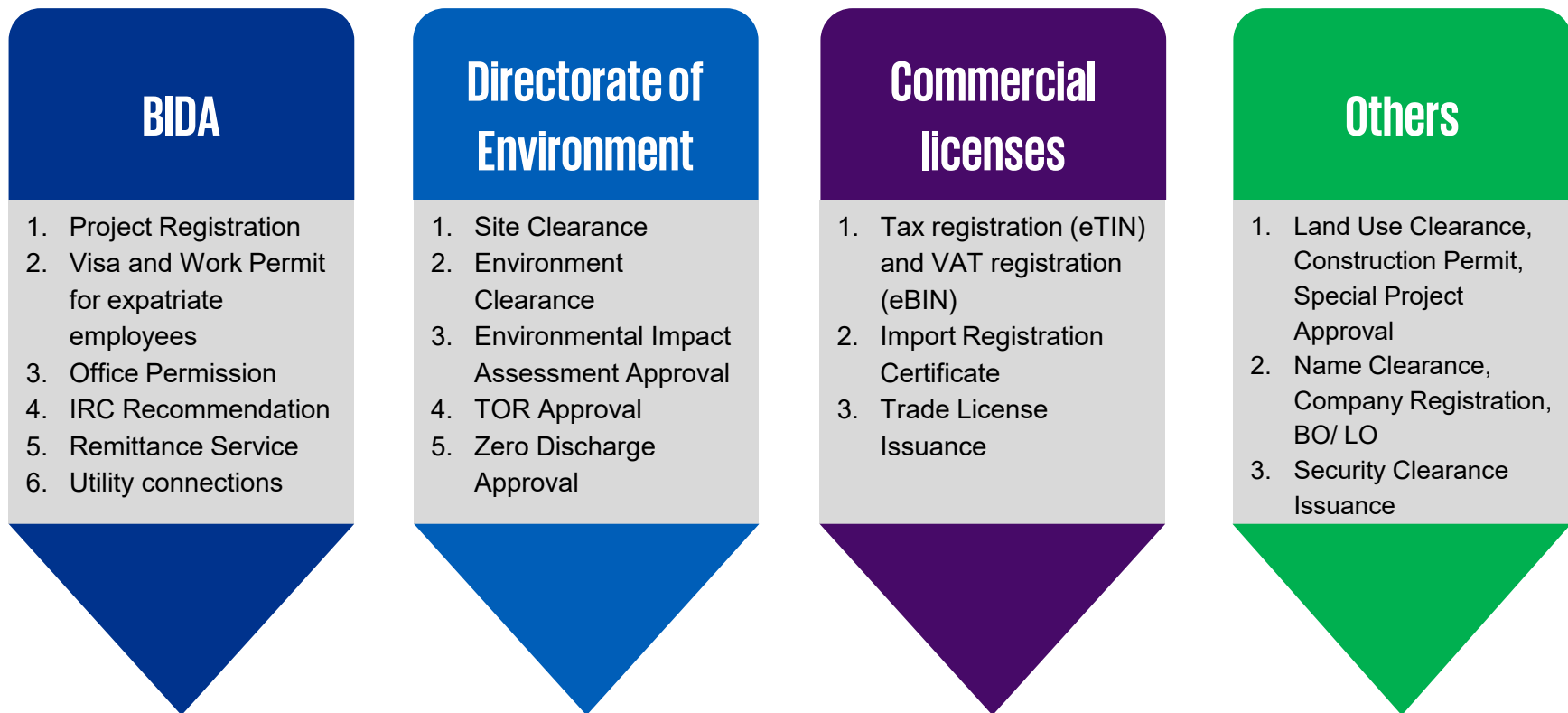
# 1.3 Regulatory bodies overseeing FDI





# 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



1.5

# Bangladesh's Ease of Doing Business Global rankings

168

131

## Starting a Business Indicator

Trade license within 2 days for companies, Risk based inspection for VAT registration within 3 days, etc.

72

## Protecting Minority Investors Indicator

The extent of shareholders rights, the extent of ownership and control, corporate transparency, disclosure has been increased, etc.

176

## Getting Electricity Indicator

New electricity connection to warehouses in industrial zones in Dhaka and Chittagong is now given (up to 80 kW) within 7 working days through 2 procedures maximum.

151

## Paying Tax Indicator

Corporate Tax has been reduced to 30% from 35%

184

## Registering Property Indicator

Mutation for land transfer done within 7 days, company to company land transfer fee reduced to 1%, etc.

176

## Trading Across Border Indicator

The cost and time for border and documentary compliance for both imports and exports have recently been reduced.

135

## Construction Permits Indicator

Land use clearance issued from, RAJUK & CDA within 7 days, Occupancy certificate issued in 5 working days, etc.

119

## Getting Credit Indicator

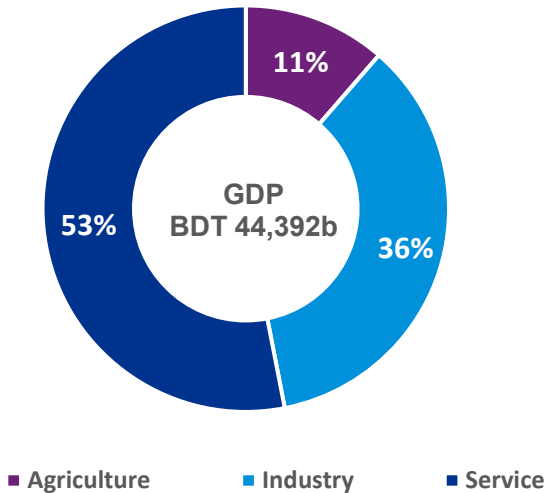
2 years of historical data on credit information of borrowers is now available from the credit information bureau report.

# 1.6 Public spending and GDP

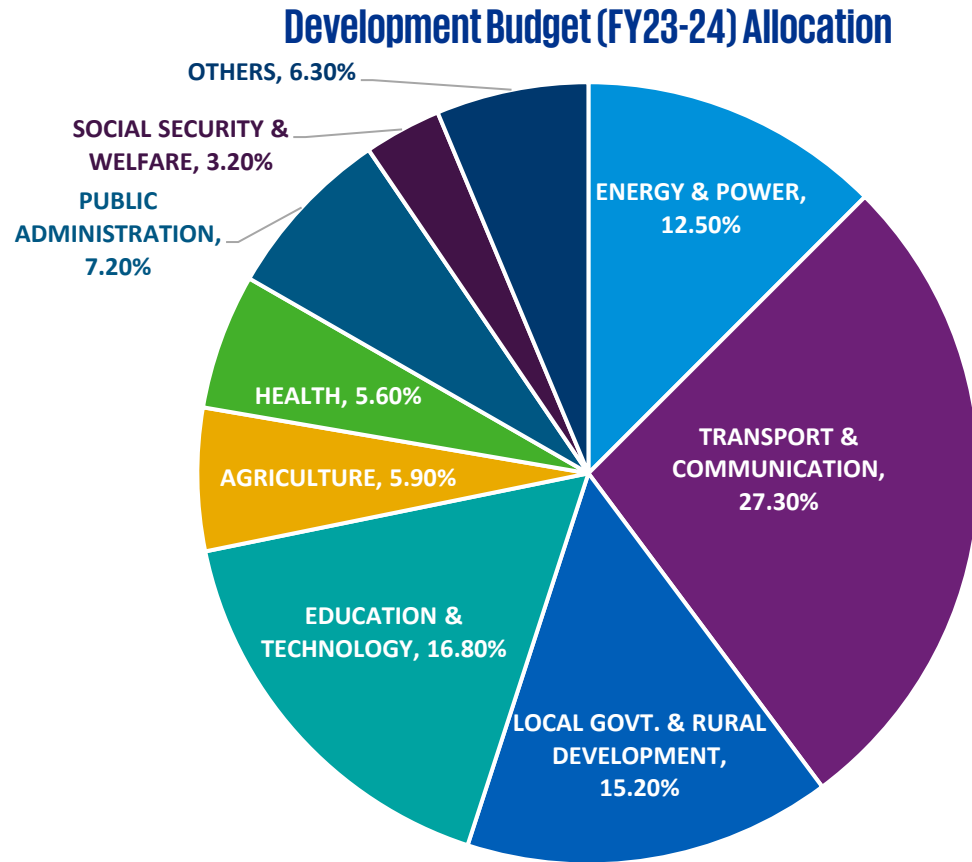
## BDT 7,618b

Planned Public spending for FY2023-24

Shares of GDP (current prices) in FY2022-2023



Source: Bangladesh Bureau of Statistics



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.



## 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

**2.5%** Incentive on corporation tax if all income & receipts and expenses & investment above a certain limit are made through bank transfer

# 1.8 Recent investments in industrial sectors



## 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)

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.

# 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

Large-scale infrastructure project

Crude oil refinery (recycling/refining of lube oil used as fuel)

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

# Mode of entry

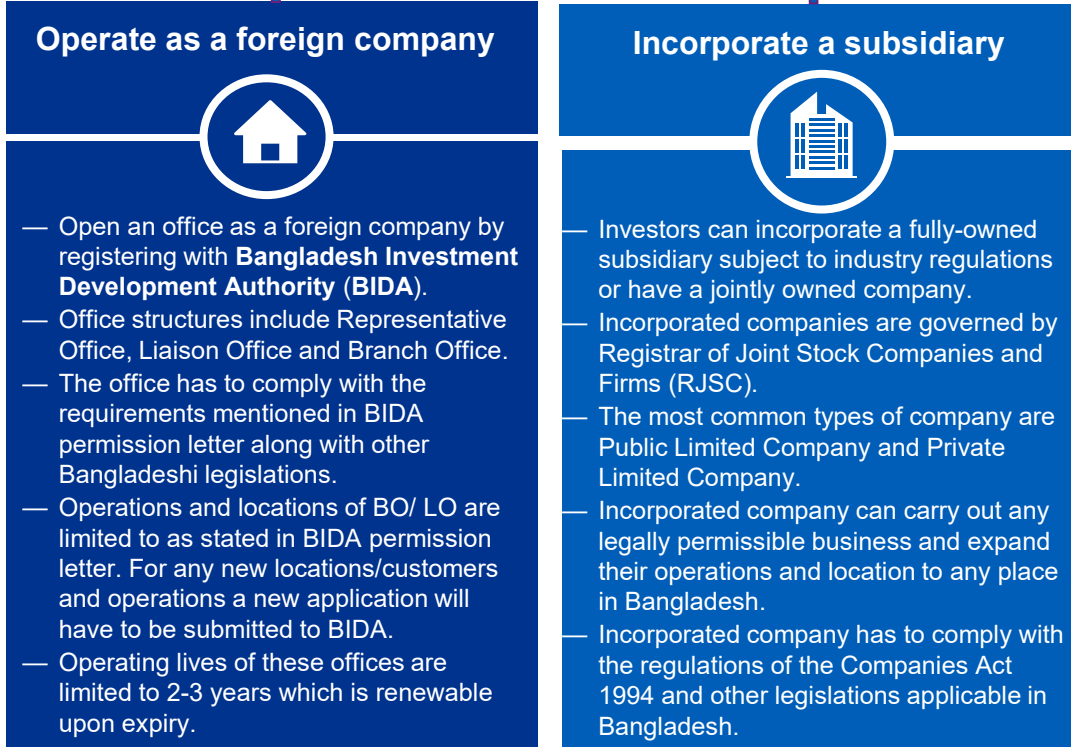




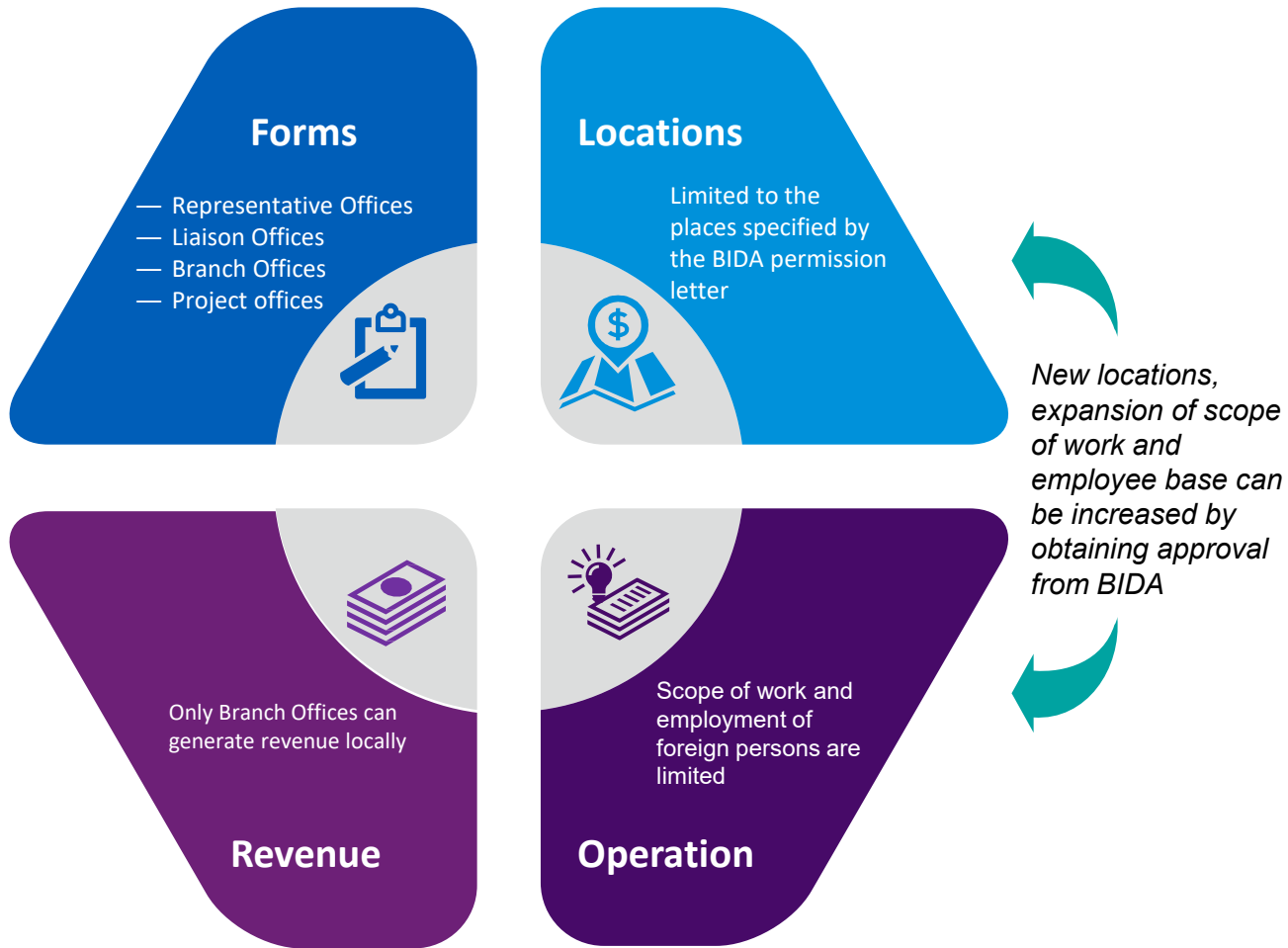
# 2.1 Investment options



- 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.



# 2.2 Registered offices



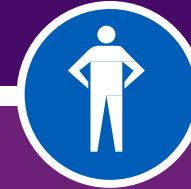
## 2.3 Incorporated companies

### Public limited company



- The number of members of a Public Limited Company is minimum 7 and the maximum number is limited according to share capital as described in Memorandum of Association. The liability of a member is limited by his/her share capital.
- 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.
- Public Limited Companies are regulated by the Bangladesh Securities and Exchange Commission (BSEC).

### Private limited company



- The number of members of a Private Limited Company is limited and this limit is minimum 2 and maximum 50. The liability of a member is limited by his/her share capital.
- It cannot invite the general public to subscribe to its shares or debentures.
- Private Limited Companies are not primarily regulated by the BSEC, but certain regulations of BSEC still apply.

*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



# 2.6

# Timeline

SL	Set-up process	Timeline (weeks)							
		1	2	3	4	5	6	7	8
<b>Office registration procedures</b>									
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								
<b>Company incorporation procedures</b>									
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



Income Tax Act 2023

## Indirect Tax



VAT and Supplementary Duty Act 2012



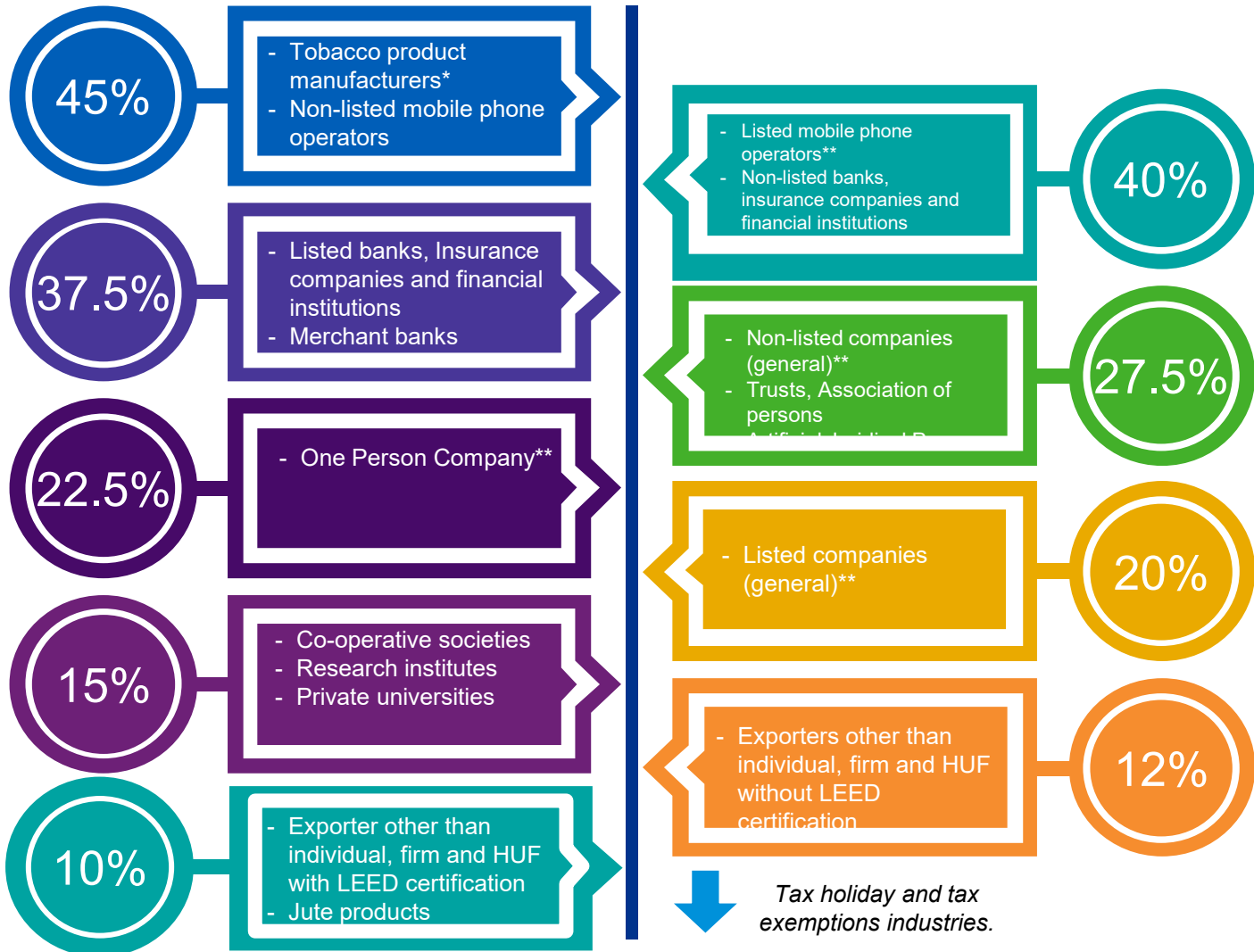
Customs Act 2023



Stamp Act 1899

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

# 3.2 Corporate income tax structure

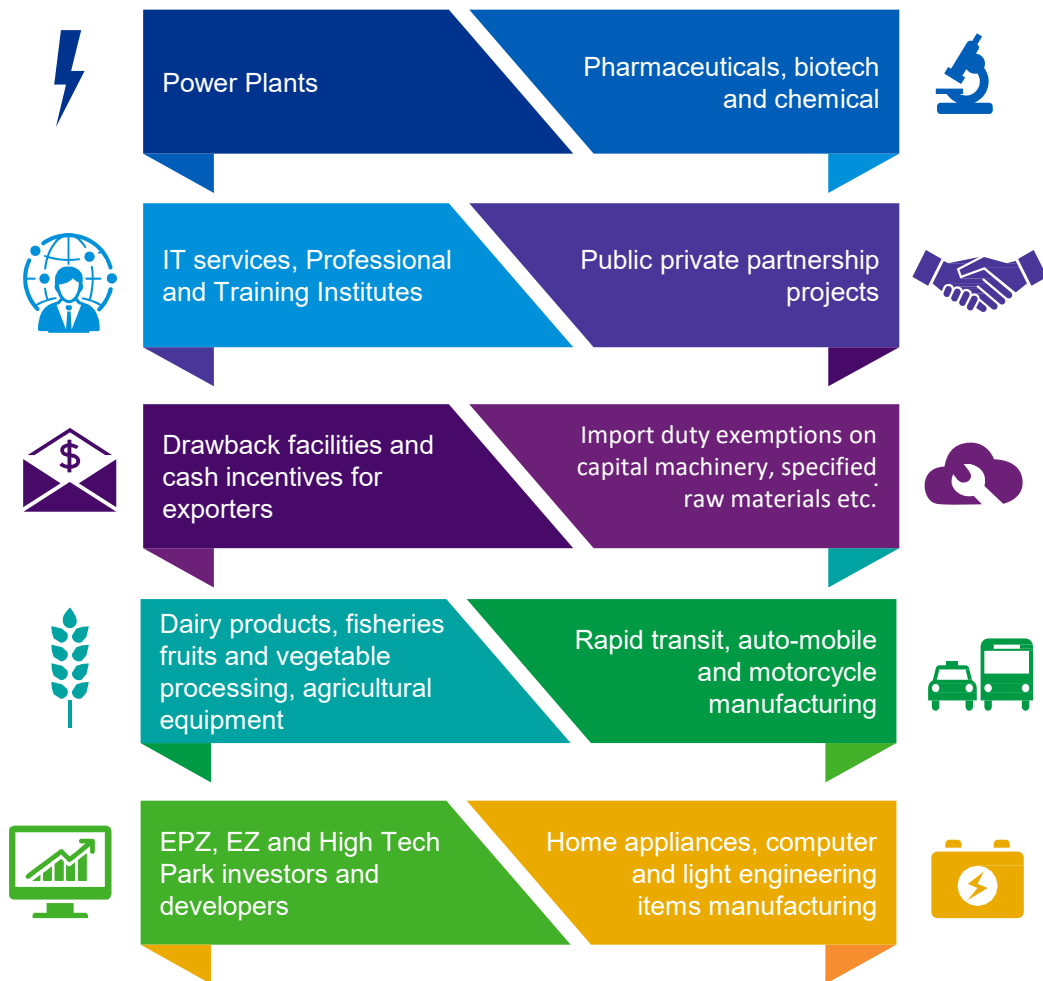


↓ Tax holiday and tax exemptions industries.





\* Additionally 2.5% surcharge is applicable  
\*\* Specific conditions apply

# 3.3 Tax incentives (1/2)

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



## 3.3 Tax incentives (2/2)

 <p>Oil and gas sector</p>	<ul style="list-style-type: none"><li>— Special tax provisions for exploration and extraction of mineral operations</li><li>— Simplified deemed income basis tax provisions for subcontractors in petroleum operations</li></ul>
 <p>Power generation entities</p>	<ul style="list-style-type: none"><li>— Subject to commencement of operation up to 15 years income tax exemption may be given.</li><li>— Royalty, technical fees, capital gains on transfer of shares are also exempted.</li><li>— Expatriates working in power plants also enjoy up to 3 year tax exemption</li></ul>
 <p>Industrial enterprises Physical infrastructure</p>	<ul style="list-style-type: none"><li>— 10 year regressive tax exemption is given for physical infrastructures</li><li>— Subject to location of establishment, 5 or 10 year regressive tax exemption is given to industrial enterprises</li><li>— Includes renewable energy, IT parks, highway, ports, rapid transit, expressway, pharmaceuticals, biotech, auto-mobile and motorcycle etc.</li></ul>
 <p>EZ and EPZ investors</p>	<ul style="list-style-type: none"><li>— Subject to location of establishment, 5 or 7 year regressive tax exemption is given for companies set up in Export Processing Zones.</li><li>— 10 year regressive tax exemption is given for companies set up in Economic Zones.</li></ul>

# 3.3 Tax incentives for Power sector(1/2)

01

## Tax Holiday (Income Tax Act 2023)

As per the Sixth Schedule of the Act, certain **physical infrastructure facilities**, including entities producing renewable energy (e.g., solar energy plant, windmill) operating in Bangladesh are offered exemptions at reducing rates on Corporate Tax for 10 years from starting of commercial production:

Year of commercial production	Exemption on business income*
1 <sup>st</sup> and 2 <sup>nd</sup> years	90%
3 <sup>rd</sup> and 4 <sup>th</sup> years	75%
5 <sup>th</sup> , 6 <sup>th</sup> and 7 <sup>th</sup> years	50%
8 <sup>th</sup> , 9 <sup>th</sup> and 10 <sup>th</sup> years	25%

*\*Subject to fulfilment of certain conditions*

02

## 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 Bd
- ✓ 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 <sup>th</sup> , 7 <sup>th</sup> and 8 <sup>th</sup> )	50%
Next 2 years (9 <sup>th</sup> and 10 <sup>th</sup> )	25%

*\*Subject to fulfilment of certain conditions*

# 3.3 Tax incentives for Power sector(2/2)

03

## 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 Bd
- ✓ 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*

04

## 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 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*

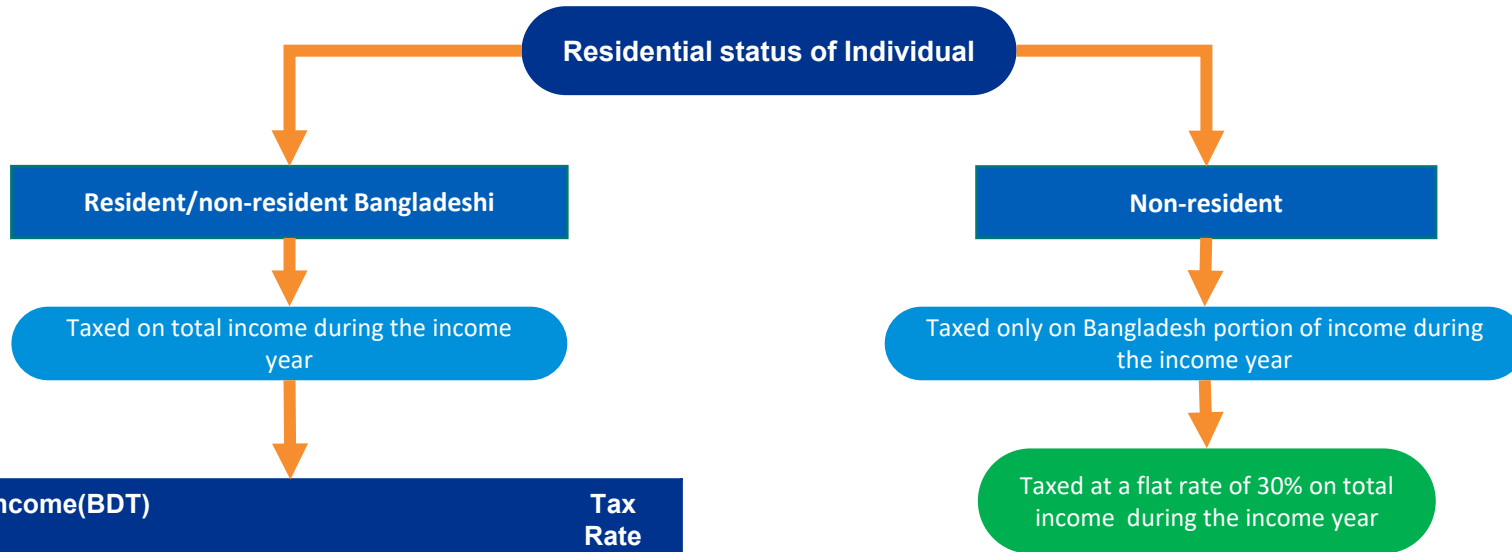


## Specific Projects

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



# 3.4 Personal income tax structure



Total Income(BDT)	Tax Rate
First 350,000 (for women and senior citizens 65+ 400,000)	0%
Next 100,000	5%
Next 300,000	10%
Next 400,000	15%
Next 500,000	20%
On balance	25%

- 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 disabled persons and persons of third gender is BDT 475,000 and for gazette war-wounded freedom fighters it is BDT 500,000.

# 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.

## General CAPITAL GAINS TAX RATE

 15%

Capital gains tax other than sale of shares of listed companies:

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

## CAPITAL GAIN TAX RATES FOR LISTED SECURITY TRANSFERS

15%	10%	5%	5%	0%
Non-resident shareholders	Resident firms, and companies	Sponsor shareholders and shareholder directors of financial institutions	Shareholders with at least 10% shareholding excluding sponsor shareholders and shareholder directors	General individuals

*\* Tax rates may vary due to specific conditions*

## 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.

# 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
<b>Standard VAT rate</b>	15%
– Businesses having turnover between BDT 5m to BDT 30m will be subject to turnover tax	4%
<b>Supply of goods</b>	
– 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;	Zero rated
<b>Supply of services</b>	
– 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.	
<b>Trade VAT</b>	5%
<b>Specifically for</b>	
– Manufacturers (on imports)	3%
– Medicine	2.4%
– Petroleum products	2%
<b>Certain prescribed goods and services</b>	Less Rate
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.	(2-10%)

## 3.6 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:*



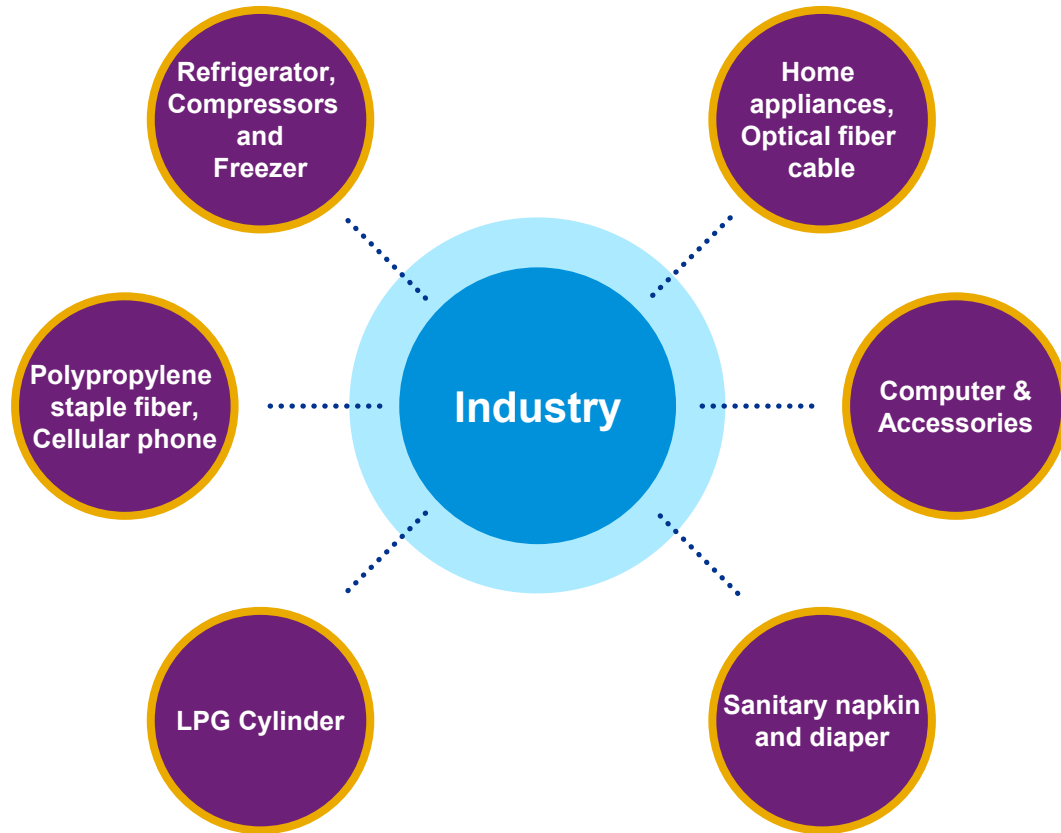
- Rent and expenditures for construction and maintenance of building,
- Infrastructure,
- Office equipment and fixtures,
- Immovable properties
- Labor expenses, land
- Interior design
- Rental, purchase and lease of vehicles
- Entertainment expenses,
- Transportation services.
- Employee welfare.



# 3.6 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.



## 3.7 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

*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 5%



## 3.8 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:**

- For the transfer of shares of unlisted companies, stamp duty is imposed at the rate of 1.5% on the transfer price.
- The duty on transfer of immovable property is lower of 1.5% of the value of consideration or BDT. 20 million .
- Stamp duty for contracts and agreement is BDT 300.
- Stamp duty for incorporation of a company is up to BDT 20,000.
- For all other documents, the stamp duty varies.



# 3.9 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





# 3.10 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 industrialization and boost employment through promotion of trade and investment.

BEPZA is responsible for attracting foreign investment, facilitating fiscal and operational benefits and thus, providing a 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



# 3.11 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, BEPZA also provide one-stop services and established dedicated branches of banks, courier, post office, shipping agent, customs office, police station etc. for the investors.

68

Government owned  
EZs

29

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 free 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.

## 3.12 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 incentivize local as well as foreign investors for the development of Hi-Tech/ Information Technology/Information Technology Enable Service industries.

Similar to EPZs, BEPZA also provide 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





# 3.13 Startup Sandbox (1/2)






## 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.

### Conditions to be classified as a startup

-  Annual turnover not exceeding BDT 1 billion in any financial year
-  Incorporated under Companies Act ,1994 and registered with NBR
-  Not a resulting company of a scheme of amalgamation or demerger
-  It is involved with the deployment or commercialization of new products, process or service driven by innovation, development and technology or intellectual property.

### Ineligibility conditions

-  Incorporated prior to first day of July 2017
-  Incorporated between first day of July 2017 and thirtieth day of June 2023 and fails to get registration by the thirtieth day of June 2024; or
-  Incorporated on or after first day of July 2023 and fails to get registration under this section by thirtieth June of the year following the year of its incorporation

# 3.13 Startup Sandbox (2/2)

## Benefits

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

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

**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 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**

Foreigners can invest in Bangladesh through equity contribution or loans.



**Bangladesh Bank**

**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  
**265,000**  
Our largest headcount

**10**  
Partners & Directors  
In Bangladesh

In Bangladesh  
we have around  
**450+** people

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

## Our Presence



Present in over  
**144**  
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 145 countries and territories and have 265,000 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 around 450 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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