



# Tax Newsflash

## Exemptions for Hi-tech Park

August 2024

Dear all,

Bangladesh Hi-Tech Park Authority (BHTPA) is the regulator for establishing Hi-Tech Parks, Software Technology Parks 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 Enabled Service industries. We have curated all the SROs that have been issued by NBR in relation to Hi-Tech Parks outlining the exemptions and benefit provided for businesses operating in and developing this sector.

### Income tax

- **Investors:** Income generated from business operation (manufacturing of goods and rendering of service) is tax exempted from starting of commercial operation within 30 June 2035 in the following manner, subject to fulfilment of certain conditions:

Tax exemption period	Tax exemption rate
First seven years	100%
The next three years	70%

- **Developers:** Income generated from business operation is tax exempted from starting of commercial operation in the following manner, subject to fulfilment of certain conditions:

Tax exemption period	Tax exemption rate
First ten years	100%
11 <sup>th</sup> year	70%
12 <sup>th</sup> year	30%

### Value Added Tax (VAT)

- Companies established in HTPs will enjoy certain VAT exemptions on the following:
  - Procurement provider
  - Electricity provider

### Customs

- Industrial companies operating in the Hi-tech Park, will receive exemption on import of capital machines and equipment on the import of machinery and parts on the payment of Customs Duty, Regulatory Duty, Supplementary Duty, and VAT.

- Developers operating for the establishment of Hi-tech Park will receive an exemption on the import of goods used for development on the payment of Customs Duty, Regulatory Duty, Supplementary Duty, and VAT.

*Provided that this exemption shall not apply to the import of construction materials readily available in Bangladesh such as MS rod/bar, cement, prefabricated building, iron/steel sheet.* In addition, this exemption shall not apply to the import of any goods not directly related to the development and construction of Hi-Tech Parks such as office equipment, air conditioners, refrigerators, passenger vehicles, household appliances and similar products.

- Industrial companies operating in the Hi-tech Park will receive an exemption on Customs Duty on the import of vehicles.

If you require any support, we will be happy to discuss further.

Best Regards

KPMG Bangladesh team

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