



Rahman Rahman Huq
Chartered Accountants

Quarterly Tax Updates

December 2025



KPMG in Bangladesh

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Background

The tax environment in Bangladesh is undergoing significant changes with the introduction of several Acts in the recent years.

This update presents some of our picks from the major updates in the latest quarter which any professional should be aware of.

Thank you.

01 VAT and Customs



Tax and Duty Exemptions for Public and Private EPZs in Bangladesh

The new SRO No. 438-Act/2025/108/Customs replaces the earlier SRO dated 25 October 2009 and continues duty-free import benefits for public and private EPZs under the updated Customs Act, 2023 and VAT & SD Act, 2012. While exemptions from customs duty, regulatory duty, VAT and supplementary duty already existed, the key change is the explicit exemption of Advance Tax on EPZ imports, bringing greater clarity and alignment with current tax laws.

S.R.O No 438-Law/2025/108/Customs dated 3 November 2025



Mandatory Implementation of Customs Bond Management System (CBMS) for Utilization Permission from January 2026

The tax authority has made the use of the Customs Bond Management System (CBMS) mandatory from 1 January 2026 for all services related to the issuance of Utilization Permission (UP) to bonded warehouse license holders. To address this, NBR improved the system based on user feedback and issued a circular stating that no UP-related services will be provided outside CBMS from 2026 onward. The mandatory implementation aims to ensure speed, transparency, accountability, and automation in bonded warehouse management. Key benefits include easier and faster service delivery for exporters, automated and transparent accounting of raw materials, elimination of manual paperwork, and a significant reduction in bond-related disputes.

Press Release- National Board of Revenue dated 1 December 2025

01 VAT and Customs



Conditions for Treating Supplies to Genuine Exporters as Deemed (Concealed) Exports under VAT and SD Rules

The NBR has clarified that supplies of goods or services by a registered person to a genuine exporter may be treated as deemed (concealed) exports under Rule 18(b) of the VAT and SD Rules, 2016, subject to prescribed conditions, following a formal request for opinion on the applicability of VAT. The conditions are-

- Supply must be made to the genuine exporter
- Supplies must be made against internal back-to-back L/Cs
- Payments must be made or received in foreign currency
- The exporter must operate an approved bonded or special bonded warehouse
- All supplies must be properly recorded in the exporter's Utilisation Declaration (UD) or Utilisation Permission (UP)

Notification (File No: 08.01.0000.068.22.016.2012/353(32) dated 9 October 2025



Introduction of Automated VAT Refund Processing through iVAS using BEFTN

The NBR has introduced an automated VAT refund system by integrating iVAS with iBAS++, enabling refunds to be paid electronically through BEFTN. All pending online refund applications have been cancelled and their amounts adjusted to taxpayers' closing balances as referred in VAT-9.1, Notes 65 & 66).

Manual refund applications are no longer valid; taxpayers must reapply online through iVAS. Refunds will be processed strictly under existing laws, approved through designated officers, and initially limited to claims within six months, with older claims to be included later.

Poripatra (File No: 08.01.0000.069.52.003.21/341 dated 9 November 2025

01 VAT and Customs



Reduction of Customs Duty on Import of Dates

With this SRO, the Government of Bangladesh, has reduced the customs duty on the import of dates from 25% to 15% in the public interest. The reduction applies to both fresh and dried dates, including wrapped/canned packs up to 2.5 kg and other forms, classified under HS heading 08.04. The notification came into effect immediately and will remain valid until March 31, 2026.

S.R.O No-481-Law/2025/Customs dated 23 December 2025



Reorganization of VAT Administration under the Amended VAT and SD Rules, 2016

The Government of Bangladesh amended the Value Added Tax and Supplementary Duty Rules, 2016. The amendment restructures the administrative framework by replacing references to the Board and National Board of Revenue with the Revenue Management Department and the Revenue Policy Department.

S. R. O No.-451-Act/2025/327-Mushak dated 25 November 2025

01 VAT and Customs



Authentic English Framework for Bangladesh's Indirect Taxation

The Government of Bangladesh published the updated authentic English version of the VAT and SD Act 2012.

S.R.O No. 440-Law/2025/326-Mushak dated 13 November 2025

02 Income Tax



Authentic English Framework for Bangladesh's Direct Taxation

The Government of Bangladesh published the authentic English text of the Income Tax Act, 2023 which was initially introduced in Bengali language in the year 2023.

S.R.O No-404-Law/2025 dated 16 October 2025



Renaming of Tax Authority under the Income Tax (Amendment) Ordinance, 2025

The Ministry of Law, Justice and Parliamentary Affairs, publishes Ordinance No. 59 of 2025 titled Income Tax (Amendment) Ordinance, 2025. Enacted under Article 93(1) of the Constitution due to the dissolution of Parliament, this ordinance replaces all references to the "National Board of Revenue" or "Board" in the Income Tax Act, 2023 (Act No. 12 of 2023) with "Revenue Policy Department" and "Revenue Management Department."

Income Tax (Amendment) Ordinance-59, 2025 dated 6 November 2025

Contact us



Sarker Nahidul Islam

Director,
KPMG in Bangladesh
T: +880 2 2222 86450-2
E: nahidulislam@kpmg.com



Fuad Khan

Director,
KPMG in Bangladesh
T: +880 2 2222 86450-2
E: khanfuad@kpmg.com



Md Jashim Uddin Patwary

Director,
KPMG in Bangladesh
T: +880 2 988 6450-2
E: juddin@kpmg.com



Sheikh Aminul Islam

Associate Director,
KPMG in Bangladesh
T: +880 2 2222 86450-2
E: skaminul@kpmg.com



Abidur Rahman

Associate Director,
KPMG in Bangladesh
T: +880 2 2222 86450-2
E: abidurrahman@kpmg.com

 dhaka@kpmg.com

 <https://kpmg.com/bd/>

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