

Quarterly Tax Updates

September 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 Income Tax



0% Tax at Source on Specific Textile Raw Material Imports

National Board of Revenue (NBR) has set the tax collected at source (TDS) at 0% on import value of specified textile raw materials including various forms of cotton, synthetic staple fibres, acrylic, and artificial staple fibres, polyesters, as listed under specified HS Codes in the SRO.



Fixation of Tax at Source on Import of Edible Oils

The NBR has amended the Tax at Source Rules, 2024 to impose a 1% tax at source on the value of imported goods falling under specific HS Codes. These include soya-bean oil (crude, refined, and other), palm oil (crude and refined), sunflower/safflower oil, and maize (corn) oil.

SRO No. 317-Ain/Income tax-15/2025 dated 17 July 2025

SRO No. 361-Ain/Income -16/2025 dated 11 September 2025

02 VAT and Customs



Advance Tax Adjustment and VAT Payment Procedure at the Local Level After Import by Commercial Importers

NBR has laid down instructions on how commercial importers should adjust advance tax and pay VAT on the first supply of imported goods in Bangladesh. The order specifies the process for treating the 7.5% advance tax paid at import, whether as final settlement or adjustable, based on the level of local value addition, and gives directions on issuing VAT invoices, maintaining records, reporting in VAT returns, and claiming rebates, adjustments, or refunds where applicable. It also instructs how subsequent buyers should handle VAT compliance and formally repeals the earlier General Order No. 04/VAT/2025, coming into effect immediately.

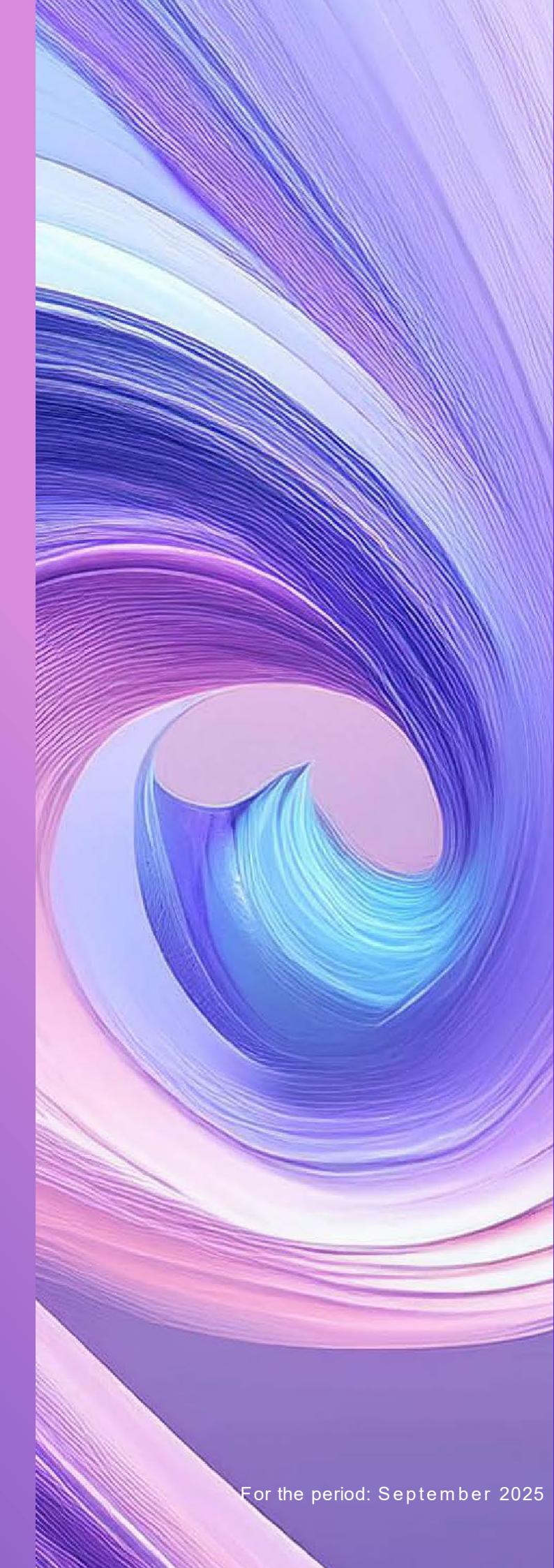
No.06/Mushak/2025 dated 24 July 2025



Standing Order for Disposal of Seized and Confiscated Goods (Undeclared/smuggled)

The Standing Order sets a comprehensive framework for managing seized and confiscated goods, replacing all earlier instructions. It requires that goods be deposited in the nearest customs warehouse with full documentation, while warehouse officers must record details such as condition, brand, quantity, expiry, and value. Precious metals and foreign currency need verification before deposit and must be transferred to Bangladesh Bank or Treasury Bank within seven working days (extendable to one month), and perishable or general goods must be stored securely by type and disposal method, with alternative warehouse use if needed. The Order further outlines procedures for auctioning seized goods, ensuring their lawful and transparent disposal.

No.91/Customs/2025/123 dated 12 July 2025



02 VAT and Customs



VAT Exemption on Import of Ocean-Going Ship's Vessels

The Government, by the authority vested in it, exempts the import of ocean-going vessels with a minimum capacity of 5,000 DWT under the applicable HS Codes. Previously, these vessels were subject to a VAT of 15%. To avail of this tax exemption, importers must comply with certain prescribed conditions. This exemption shall take effect immediately and remain in force until 30 June 2026.

No.371/Mushak/2025/324 dated 17 September 2025



Duty & Tax Exemptions for Import of Raw Materials

The NBR allows certain industrial establishments without warehouse (listed in SRO) to import raw materials for making export goods without paying any import duty, VAT, advance tax, supplementary duty, or regulatory duty. To avail this benefit, the company must give a bank guarantee equal to the value of the taxes and duties waived and follow some particular conditions. This is to take effect immediately.

No.384/Customs/2025/106 dated 25 September 2025

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