



Salient features of Finance Ordinance 2025

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3 June 2025



Salient Features of Finance Ordinance 2025

Introduction

Dear Guests

Welcome to KPMG's Technical Seminar on Finance Ordinance 2025.

As you know, the Finance Ordinance has now been issued with effect from 1 July 2025 which may be amended before then.

We have compiled today's presentation and this booklet for sharing the key provisions of Finance Ordinance 2025 with you. Errors and omissions, may happen, for which we seek your understanding. In any event, the contents of today's presentation and this booklet cannot be taken as a comprehensive analysis of either the Ordinance, or Income Tax and VAT proposals contained in the Ordinance. More importantly, no decision should be taken exclusively on the basis of today's presentation or this booklet; you should obtain professional advice tailored to your specific circumstances.

Our objective for today is to bring to your knowledge, in a concise and organised manner, the key proposals in the Ordinance regarding Income Tax and VAT. We trust you will find this initiative beneficial.

Thank you.

Adeeb H. Khan
Senior Partner

Dhaka, 3 June 2025



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Changes/ proposals in connection with Income Tax

1. Tax rates for individual and firm are effective for assessment year 2025-2026 as follows:

Total annual income	Income tax rate
First Taka 350,000	Nil
Next Taka 100,000	5%
Next Taka 400,000	10%
Next Taka 500,000	15%
Next Taka 500,000	20%
Next Taka 2,000,000	25%
Balance amount	30%

Tax rates for individual (excluding Firm) are proposed for assessment year 2026-2027 and 2027-2028 as follows:

Total annual income	Income tax rate
First Taka 375,000	Nil
Next Taka 300,000	10%
Next Taka 400,000	15%
Next Taka 500,000	20%
Next Taka 2,000,000	25%
Balance amount	30%

Initial exemption limit for individual taxpayers

Taxpayers	AY 2025-26	AY 2026-27	AY 2027-28
	Effective	Proposed	Proposed
General taxpayer	Taka 350,000	Taka 375,000	Taka 375,000
Women and senior citizens aged 65 years or above	Taka 400,000	Taka 425,000	Taka 425,000
Third gender	Taka 475,000	Taka 500,000	Taka 500,000
Physically challenged persons	Taka 475,000	Taka 500,000	Taka 500,000
Gazetted war-wounded freedom fighters and July Warriors	Taka 500,000	Taka 525,000	Taka 525,000

In case of parent/legal guardian of a physically challenged person, he/she (only one assessee if father and mother both are taxpayers) will get a further initial exemption of Taka 50,000 in addition to above limit.

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Changes/ proposals in connection with Income Tax (contd.)

2. Non-residents

Non-residents other than Bangladeshi non-residents shall pay tax on the total income at flat rate of 30%.

3. Minimum tax payable

Minimum tax payable depending on location of the taxpayers are as follows:

Location	AY 2024-25	AY 2025-26	AY 2026-27	AY 2027-28
Dhaka and Chattogram city corporation	Taka 5,000	Taka 5,000	Taka 5,000	Taka 5,000
Any other city corporation	Taka 4,000	Taka 4,000		
Other than city corporation area	Taka 3,000	Taka 3,000		

New taxpayers – minimum tax is Taka 1,000 (AY 2026-27 and AY 2027-28)

4. Charge of surcharge

Surcharge is payable by an individual assessee are as follows:

Total net worth	AY 2025-26	AY 2026-27	AY 2027-28
	Effective	Proposed	Proposed
Over Taka 40 million to Taka 100 million or owner of more than 1 motor car or owner of house property of more than 8,000 sft size	10%	10%	10%
Over Taka 100 million to Taka 200 million	20%	20%	20%
Over Taka 200 million to Taka 500 million	30%	30%	30%
Over Taka 500 million	35%	35%	35%

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Changes/ proposals in connection with Income Tax (contd.)

5. Environment surcharge

Environment surcharge are as follows:

Engine capacity of motor car	Rate
Up to 1500cc or 75kw	Taka 25,000
Exceeding 1500cc or 75kw but not 2000cc or 100 kw	Taka 50,000
Exceeding 2000cc or 100 kw but not 2500cc or 125 kw	Taka 75,000
Exceeding 2500cc or 125 kw but not 3000cc or 150 kw	Taka 150,000
Exceeding 3000cc or 150 kw but not 3500cc or 175 kw	Taka 200,000
Exceeding 3500cc or 175 kw	Taka 350,000

- Environment surcharge for electric motor car has been proposed to be withdrawn from AY 2026-2027.
- Environment surcharge is payable to all taxpayers having more than one motor car and such surcharge will be exempted on the motor car with the lowest applicable surcharge.
- Environment surcharge will be collected during registration or fitness renewal.

6. Investment tax rebate

An individual taxpayer is eligible to avail investment tax rebate lowest of the following:

- 3% of total taxable income (other than tax exempted income and income on which reduced and final tax liability applicable), or
- 15% of actual investment as per Part 3 of 6th Schedule or
- Taka 1 million

7. Statement of assets, liabilities and lifestyle

An individual assessee must submit the statement of assets, liabilities and lifestyle, if he

- Has a gross wealth over Taka 4 million;
- Owns a motor car; or
- Has made an investment in a house property or an apartment in the city corporation area; or

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Changes/ proposals in connection with Income Tax (contd.)

- d) Shareholder director of a Company; or
- e) Having any property outside Bangladesh.

If any individual has total income exceeding Taka 0.5 million including business income, he needs to submit the statement of lifestyle.

Non-resident Bangladeshi and non-Bangladeshi shall submit the assets and liabilities statements only in respect of assets located in Bangladesh.

8. Tax rates for corporate and firms

Applicable tax rates for companies and firms are as follows:

Companies and firms	AY 2025-26	AY 2026-27	AY 2027-28
	Effective	Proposed	Proposed
Publicly traded companies listed more than 10% of their paid-up capital through IPO	20%*	20%*	20%*
<i>Publicly traded companies listed 10% or less of their paid-up capital through IPO</i>	22.5%*	Not specified	Not specified
One-person company	20%*		
Non-listed companies other than below	25%*	27.5%	27.5%
Banks, insurance and other financial institutions (except merchant banks):			
- if publicly listed	37.5%	37.5%	37.5%
- if not publicly listed	40%	40%	40%
Merchant banks	37.5%	Not specified	Not specified
Cigarette, zarda, bidi, gul or any other tobacco product manufacturer (companies and any other assessee)	45%	45%	45%
Surcharge in addition to above tax is applicable on business income.	2.5%	2.5%	2.5%
Mobile phone operator company if not publicly listed as below	45%	45%	45%
Mobile phone operator company that converts itself into a publicly traded company by transfer of at least 10% shares through stock exchanges, of which maximum 5% may be through Pre-Initial Public Offering Placement [If mobile phone operator companies list at least 20% of their paid-up capital through IPO, they shall receive a rebate of 10% in the year of listing.]	40%	40%	40%
Trust, Association of persons, and firms	27.5%	27.5%	27.5%
Co-operative society	20%	20%	20%

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Changes/ proposals in connection with Income Tax (contd.)

Companies and firms	AY 2025-26	AY 2026-27	AY 2027-28
	Effective	Proposed	Proposed
Private university, private medical college, private dental college, private engineering college or private college engaged in information technology education	15%	15%	15%

* All income and receipts, and all expenses and investments over Taka 0.5 million for a single transaction and over Taka 3.6 million in a year shall be made through bank transfer.

* All income in a year shall be made through bank transfer (AY 2026-2027 and AY 2027-2028)

Surcharge at 2.5% is applicable for educational institutions if these entities fail to ensure proper arrangement for movement of disabled person.

On the other hand, rebate of 5% tax or waiver of 75% of salary to physically challenged or third gender employees, whichever is lower, will be allowed for employing 10% of total employees or more than 25 persons from physically challenged or third gender persons.

9. Income from employment

- Medical benefits related to heart, kidney, eye, liver and cancer operations expenses, neuro operation expenses, artificial organ transplant, except for shareholder director will not be included in income from employment.
- Employee Share Option Plan: Company can issue share or right of share purchase to its employees or employees of its associated entities.
- Deemed conveyance facilities:
 - Taka 15,000 per month for vehicles up to 1500 cc
 - Taka 20,000 per month for vehicles above 1500 cc up to 2000 cc
 - Taka 30,000 per month for vehicles above 2000 cc up to 2500 cc
 - Taka 50,000 per month for vehicles above 2500 cc

10. Group insurance

Group insurance premium for employees by a Company will not be treated as income from employment, but income from 'other source'. Moreover, payment of group insurance premium to employees by a Company will not be considered as perquisite.

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Changes/ proposals in connection with Income Tax (contd.)

11. Capital gains tax

- Capital gains earned by a company, fund or trust are subject to tax at the rate of 15%;
- Capital gains earned by taxpayers other than a company, fund or trust, from the transfer of shares listed with any of the stock exchanges, are subject to tax at the rate of 15%; and
- Capital gains on the transfer of assets other than shares listed with any of the stock exchanges, by other taxpayers (except a company, fund and trust) will be taxed as follows:
 - within 5 years of acquisition, capital gains will be included in total income and taxed at the regular tax rate; and
 - after 5 years of acquisition, such capital gains will be taxed at 15%.

12. Inadmissible expenses

- Commission or discount to the sponsor shareholder, director shareholder or placement shareholder will be inadmissible instead of director shareholders.
- Excess perquisite has been proposed to be increases to 2 million instead of 1 million.
- Royalty, technical fee, license fees etc. – exceeding lower of 6% of business turnover or 15% of business profit.
- Payments for salary and rent not made by bank transfer.
- 50% of payments (other than salary, rent) need to be made through bank transfer. If fails, 25% of cash payments would be inadmissible.

13. Special business income

- In case of calculating exempted income, inadmissible expenses would be considered as special business income and tax needs to be paid at regular rate.
- In case of reduced income, inadmissible expenses would be subject to tax at reduced rate. However, in case of failure to deduct tax, regular tax rate would be applied.

14. Corporate income tax return

Every person is required to submit income tax return under section 180 i.e. 'Self-assessment' within the relevant assessment year on which return is due. NBR can extend the due date of submission up to one month. Individuals would be eligible to get time extension for 90 days upon application to the Commissioner of Taxes.

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Changes/ proposals in connection with Income Tax (contd.)

15. Minimum tax

If the regular tax liability falls below the minimum tax suffered under Section 163, the excess amount i.e. the difference between the minimum tax paid and the regular tax liability), can be offset against the surplus tax liability in a subsequent assessment year where the regular tax exceeds the minimum tax.

If the excess tax cannot be fully adjusted, the remaining unadjusted amount can be carried forward and offset against the surplus tax liability in a subsequent assessment year where the regular tax exceeds the minimum tax.

The minimum tax on gross receipts of the following has been updated:

Type of assessee	Existing	Proposed
Mobile operator	2%	1.5%
Individual other than manufacturer of cigarette, biri, chewing tobacco, smokefree/electric tobacco, gul or other kind of tobacco	0.25%	1%
Any other sector	0.60%	1%

Individual having gross receipts of **Taka 40 million** (existing Taka 30 million) is required to calculate minimum tax.

Any tax withheld from any source of income under section 30 of the persons for whom submission of return is not mandatory is now considered as final discharge of tax liability.

Persons not required to submit income tax return under section 166(2), any tax withheld from any source of income under Section 30 is now treated as the final settlement of their tax liability.

Apart from the above, following are now included in ITA 2023 as final discharge of tax liability:

- Interest from saving certificate
- Capital gain arises due to receive of compensation from acquisition of assets
- Export cash subsidy
- Capital gain arises from transfer of property.

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Changes/ proposals in connection with Income Tax (contd.)

16. Normal return and revised return

- Any return filed after the expiry of relevant assessment year on which return is due will be considered as normal return.
- Any return that has been submitted in response to notice from DCT after audit completion under section 182 (5).
- Return submission as notice from DCT on suspicion of escaping income tax payment under section 212 (1).
- A revised return can be filed before the assessment without any reduction of tax liability.
- If no return is filled against the notice of return submission or income escaped assessment, taxpayer cannot file the return after assessment.

17. Withholding tax return

Withholding income tax return needs to be submitted on quarterly basis instead of monthly basis. The deadline falls on the 25th of the month following the end of each quarter, with no option for time extensions.

18. Payment to contractors and suppliers

Supply of service against contracts executed for manufacturing, process or conversion, civil work, construction, engineering or works of similar nature will be at flat rate of 5% instead of 7%.

Description	Existing WHT rate	Proposed WHT rate
Supply of grocery items	1%	0.5%
Sub-contracts provided by 100% export-oriented garment industries	-	1%
Oil supply by companies engaged in oil refining activities	2%	1.5%
Companies engaged in gas distribution	2%	0.60%
Supply of raw materials used in recycling industries	-	1.5%

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Changes/ proposals in connection with Income Tax (contd.)

19. Payment against services

Description	Existing WHT rate	Proposed WHT rate
Indenting commission	8%	7.5%
Internet service	10%	5%
Freight forward agency on gross bill including or excluding commission	2.5%	1.5%
Advisor or Consultant	10%	For natural persons - 15% Other than natural person – 7.5%
Professional service	10%	For natural persons - 15% Other than natural person – 7.5%

20. Payment to participation fund, welfare fund and worker's welfare fund

Tax at 10% needs to be deducted at the time of making payment to or crediting to the beneficiaries from the fund.

21. Payment against local LC

- In case of credit facility to the distributor against goods supplied, payment to the seller is proposed to be 1.5% instead of 1%.
- Groceries items will be subject to tax at 0.5% instead of 1%. However, tax rate for purchasing of yarn and cotton will remain 1%.

22. Payment made by cellular mobile phone operator and tower sharing company

Tax deduction of 20% will also be applicable for tower sharing company.

23. Interest on saving deposit, fixed deposit and other deposits

Types of interest receiver	Rate
Company	20%
Trust, Association of person	20%
In other cases	10%

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Changes/ proposals in connection with Income Tax (contd.)

24. Income remitted from abroad on account of any services, revenue sharing etc.

- Fees, service charges, commission or remuneration called by whatever name, or revenue sharing of any name and nature: 7.5%. If any resident lease out of any property to a foreign person and receives inward remittance, tax needs to be deducted under this section.
- Payment received by the freight forwarding agent is subject to tax 1.5% on gross bill including commission.

25. Transfer of securities by Sponsor, Director, Placement shareholder

Capital gains tax for sponsor, director, placement shareholders has been proposed to increase at 10% from existing 5%.

26. Payments to non-residents

Services	Existing WHT rate	Proposed WHT rate
Advisor or Consultant	20%	For natural persons - 20% Other than natural person – 10%
Professional service	20%	For natural persons - 20% Other than natural person – 10%

27. Submission of audited financial statements

Excluded from submission of audited financial statement:

- Individual
- Hindu undivided family
- Funds
- Having turnover more than Taka 50 million of any firm, trust, association of persons, foundation, society and cooperative society
- Any educational institution which provides primary education.

All financial statements need to be audited by the Chartered Accountants.

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Changes/ proposals in connection with Income Tax (contd.)

28. No question on source of investment

- No question shall be raised to the source of any sum invested in construction or purchase of building, apartment or floor space in the specific areas within the relevant assessment year, if specified rate on invested amount is paid as tax before filing of the tax return.
- If the above establishment are constructed or purchased for commercial purpose, the rates will be 50% higher instead of earlier 100%.

29. ITES exemption

Condition of bank transfer is now limited to income only instead of income, expense and investments.

30. Tax holiday facility for industrial undertakings

Tax holiday benefit for industrial undertakings have been cancelled.

31. Special tax rate has been withdrawn

The provision related with income tax return for entities having no mandatory requirement with 20% tax on gross income has been withdrawn.

32. Proof of Return Submission (PSR)

- If return submission is not mandatory under section 166(2) and obtaining PSR is exempted under section 264(4), 50% additional tax deduction will not be required.
- If income tax is deducted at 50% higher rate due to non-submission of PSR, the expense will not be inadmissible. PSR requirement for "Participating in shared economic activities by providing motor vehicle, space, accommodation or any other assets" has been deleted.
- Few services can submit certificate containing name and TIN in lieu of PSR.

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Changes/ proposals in connection with Income Tax (contd.)

33. Definitions

Specified date of return filing

- In case of an individual – 30 November following the end of the income year.
- Other than individuals – 15th day of the 9th month following the end of the income year.
- Individual who did not previously file return of income should file returns by 30 June following the end of income year.

Individuals who stay outside Bangladesh for higher education, or on deputation, lien for employment, or with valid visa and work permit, the specified date of return filing would be the 90th day from the date of her or his return to Bangladesh.

Individuals would be eligible to get time extension for 90 days upon application to the Commissioner of Taxes.

Fair Market Value

“Fair market value” means, in relation to capital asset or a business or undertaking –

- the price which such asset or such business or undertaking would ordinarily fetch on sale in the open market on the relevant day, and, where such price is not ascertainable, the price which the Deputy Commissioner of Taxes may, with the approval in writing of the Commissioner of Taxes, determine.
- the residual value received from the lessee in case of an asset leased by a financial institution having license from the Bangladesh Bank on termination of lease agreement on maturity or otherwise subject to the condition that such residual value plus amount realised during the currency of the lease agreement towards the cost of the asset is not less than the cost of acquisition to the lessor financial institution.

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Changes/ proposals in connection with Value Added Tax (VAT)

Changes brought in Act

1. Amendment of the definition of Electronic Service

“Event” and “sports” were named as electronic service elements which have no relevance. Now, the wording of “event” and “sports” are proposed to be replaced by the wording of “program” and “games” which are meaningful for the definition of electronic services.

2. Semi-annual tax period for few service providers

Commonly tax period for VAT registered person is one month. This year, six-month-tax-period (six-month period ended 30th June and 31st December) is introduced for the following service providers if they are not withholding entities.

- Construction firm
- Procurement provider and
- C&F agents.

If the above service providers are withholding entity, their tax period will be one month as usually (not six-month).

3. Inclusion and exclusion of the Definition

Inclusion	Exclusion
Goods Declaration: Goods declaration refers to the definition of goods declaration in the Customs Act, 2023 as per section 2(31) of Customs Act, 2023.	1. Bill of entry (clause 70 of the section 2 of the VAT and SD Act 2012) 2. Joint venture arrangement for land development (clause 88 of the section 2 of the VAT and SD Act 2012)

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Proposals/Changes in connection with Value Added Tax (VAT) (contd.)

4. Changes in the procedure of export of services (i.e. zero-rated services)

The controversial wording in subsection (6) of section 24 of the VAT and SD Act 2012 has been removed. With this removal, **unconditionally**, service is exported outside Bangladesh (following export procedure) will be zero rated.

5. Changes of the rate of Advance tax

Status of importer	Existing	Proposed
Import of raw materials by the manufacturer	3%	2% (reduced)
Import by the commercial importer	5%	7.5% (increased)

6. Introduction of new VAT mechanism for commercial importer

When commercial importer pays 7.5% Advance Tax (AT) at import stage, it is allowed to supply of imported goods (first sale) without payment of VAT if the local value addition is less than 50% and issue VAT invoice following the prescribed procedure.

We understand, there is legal barrier to implement the above regulation when the first sale transaction of commercial importer will take place with the withholding entity. As per regulation of withholding entity, withholding entity will be required to apply 10% withholding VAT on the supply imported goods from commercial importer as per general withholding rules.

7. Time-bar of AT claim is extended

Particulars	Existing	Proposed
AT can be adjusted through decreasing adjustment	Within next 4 months from the month of import	Within next 6 months from the month of Import

8. Time-bar of rebate claim is extended

Particulars	Existing	Proposed
Input VAT rebate can be taken	Within next 4 month from the month of purchase of input	Within next 6 month from the month of purchase of input

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Proposals/Changes in connection with Value Added Tax (VAT) (contd.)

9. Some effective changes in input VAT rebate claim

Service providers without the submission of input-output coefficients will be allowed to claim input VAT credit (clause M of sub-section 1 of section 46 of the VAT Act, 2023). Currently, this regulation is being exercised by service providers as, by another provision, they are not required to submit input-output coefficients for their supply of services, which is generally exempt from the obligation of submission. This change removes the inconsistency between the two provisions.

10. Limit of maximum rebate cancellation for changes in input-output coefficient (Section 46 [1](N))

Particulars	Cancellation of input VAT Credit (Existing)	Cancellation of input VAT Credit (Proposed)
<p>If the changes of input cost go beyond 7.5%, revised input-output coefficient sheet is required to be submitted for taking input VAT rebate.</p> <p>On this occasion, if the revised input output coefficient sheet is not submitted, the input VAT rebate is cancelled following the regulation.</p>	Entire additional input VAT will be cancelled.	Additional input VAT above 7.5% of input VAT.

11. Changes in the price of finished goods have no impact for submission of revised input-output coefficient

Changes of the selling price of finished goods at any range will no longer trigger for submission of the revised input-output coefficient. A company is required to submit a revised input-output coefficient only if the total input cost changes by more than or less than 7.5%.

12. Positive changes for input VAT credit for clearance of imported goods with Bank guarantee

Particulars	Existing	Proposed
Timeline/period for input VAT credit against those imported goods	<p>No special consideration, (i.e. within 4 months)</p> <p>In some cases, it was not practically possible as proper documents were not available.</p>	There is a special consideration which is within 6 months from the date of final clearance of goods or release of bank guarantee which one is later.

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Proposals/Changes in connection with Value Added Tax (VAT) (contd.)

13. Rationalisation of partial input VAT credit

Partial input VAT credit system has been rationalised with the removal of round-up concept. Earlier, if the percentage of the partial input VAT credit would be 0.90, it was required to be rounded to 1; on the other hand, if the percentage of the partial input VAT credit would be less than 0.10, it was required to be rounded to 0. Now ratio or percentage of partial input VAT credit is not a matter for partial input VAT Credit.

14. VAT on subcontractor

The new provision follows:

In case, where, the Value Added Tax payable by any service provider under any project, has been collected or deducted and deposited to Government treasury at the time of payment of service value or commission by a person receiving service or, as the case may be by the person paying the service value or commission and if that service provider appoints any sub-contractor, agent or any other service rendering person for providing total services or a part of total services of the project, in such case Value Added Tax shall not be collected at source again from such sub-contractor, agent or any other service rendering person appointed by the main service provider, subject to production or submission of documentary evidence of collection or deduction of Value Added Tax and the deposit of the same in the government treasury, only in case of first level sub-contractor- VAT will not be applicable. However, this provision will not be applicable for supply of goods to the project.

This provision is mostly similar to the earlier provision. The only highlighted point in the new provision is that “no VAT” will be applicable for first level sub-contractor (i.e., first tier). First level contractor is focused to avoid any malpractice on other level of contractor.

15. Extension of adjustment of withholding VAT through decreasing adjustment

Particulars	Timeline (Existing)	Timeline (Proposed)
Service providers are allowed to adjust withholding VAT through withholding VAT certificate (i. e Mushak- 6.6).	Within next 3 months from the month of payment	Within next 6 months from the month of payment

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Proposals/Changes in connection with Value Added Tax (VAT) (contd.)

16. Late Submission of monthly VAT return for specific entities

Particulars	Existing	Proposed
Submission of VAT return by the <ul style="list-style-type: none"> government, semi-government autonomous organisations, banks, insurance companies individuals, organizations filing zero returns 	Within 15 days of the following month	Within 20 days of the following month

17. Decrease of penalty

Particulars	Existing	Propose
Non-submission of monthly VAT return within the due time	Taka 5,000	Taka 2,000
Irregularity of input VAT credit	Minimum 50% which can increase to maximum 100% of the disputed amount.	Minimum 30% which can increase to maximum 50% of the disputed amount.
Irregularity in case of supply of exempted goods or services under SRO	Taka 100,000 for non-compliances	Taka 25,000 for non-compliances

18. Payment Instalment of VAT liability

Particulars	Number of instalments (Existing)	Number of instalments (Proposed)
In case of VAT dues, Commissioner can issue the permission for installment-basis payment of VAT dues.	12 months' Installment	18 months' Installment

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Proposals/Changes in connection with Value Added Tax (VAT) (contd.)

19. Upgradation of books and records

Company's ERP (Enterprise Resource planning) can be considered as a medium for maintaining books and records (e.g. purchase registers- Mushak 6.1, Sales register- Mushak 6.2, Combined purchase and sales register – Mushak 6.2.1). Earlier ERP software can only be allowed for maintaining books and records based on the permission from NBR (National Board of Revenue). Now the permission from NBR is not required to maintain books and records in the company's ERP software.

20. Deletion of exemption authorisation from the board

NBR is no longer authorised to issue general exemption order to any existing VAT able goods, services and import. Only government will have the sole authority to issue the exemption for general types of goods & services.

Changes brought through SROs:

1 Amendment of the changes of VAT registration information

Extension of timeline for amendment of VAT registration for the changes of the company's basic registration information (e.g. change of bank information, new branch, any kind of information)

Earlier	Current
Immediately inform the Division office	Inform the divisional office within 15 days of the changes

2 Increase of limit for free sample of goods for any financial year (i.e. July to June)

If any registered person for any income year provides any free sample goods VAT will be as follows:

Earlier	Current
Taka 20,000	Taka 50,000

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Proposals/Changes in connection with Value Added Tax (VAT) (contd.)

3 Changes in the mechanism of wastage of by-products

In case of sale of scrape or waste of by-products, there is no requirement to determine the fair market value of the fair market value rules, 2019. It means that value declared through Mushak- 4.6 is the final value for the determination of VAT based amount.

4 Issuance of withholding VAT Certificate (Mushak- 6.6)

Earlier	Current
Withholding VAT certificate (i.e. Mushak-6.6) is required to be issued within 3 working days from the date of the deposit of withholding VAT to the government treasury	Withholding VAT certificate (i.e. Mushak-6.6) is required to be issue within 3 working days from the date of submission of monthly VAT Return by VAT registered persons

5 Adjustment of Supplementary Duty (SD) against export of goods

Earlier	Current
Exporter is required to apply to the concerned commissioner for the purpose of decreasing adjustment of SD within 6 months from the date of goods shipment through application of Mushak- 7.1 and approval from the commissioner is required for adjustment.	Exporter can make a decreasing adjustment of SD within 6 months from the date of shipment of exported goods without approval from the commissioner.

6 Inclusion of definition of the new service

Tower Monitoring Service Provider (S081.00)"

Refers to entities that offer specialised services related to telecom infrastructure, as defined under the Bangladesh Telecommunication Regulatory Act, 2001. These providers must obtain the necessary licenses from the Bangladesh Telecommunication Regulatory Commission (BTRC) to engage in Telecom Facility Sharing or similar service operations.

OTT Platform (S082.00)

Refers to any entity, company, or organisation that provides digital content services using the internet or similar technology. This includes the streaming or distribution of various types of content such as shows, dramas, films, documentaries, fiction and non-fiction contents, podcasts, reality

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Proposals/Changes in connection with Value Added Tax (VAT) (contd.)

shows, advertisements, and video-on-demand. It also covers the direct broadcast or distribution of licensed television channels within Bangladesh or for international audiences.

7 Extension of scope for exporter for availing of certain inputs as VAT exempted (SRO 188/Ain2019/45-Mushak dated 13 June 2019)

Existing Provision	New Provision	Changes
Only exporter of goods was eligible for purchasing certain inputs i., e natural gas, WASA, procurement provider, security service, electricity provider, transport contractor etc. as VAT exempted.	Any person engaging in export will be eligible for purchasing certain inputs i., e natural gas, WASA, procurement provider, security service, electricity provider, transport contractor etc. as VAT exempted.	Previously, only exporters of goods were entitled to VAT exemptions on certain inputs. Now, any exporter will be entitled to avail certain inputs as VAT-exempted.

8 Withholding VAT Obligation

Inclusion of withholding VAT obligation	Exclusion from withholding VAT obligation
Community centre (SO17) at 15% VAT will be subject to withholding VAT obligation.	Purchase of medicine from trader is not subject to withholding VAT. Earlier it could be considered as procurement provider.

9 Increase of VAT Rates

Particulars	Stage	Change
Online goods sale	Service stage	5% to 15%
Duplex board/ coated paper	Production Stage	7.5% to 15%
Construction	service stage	7.5% to 10%
Cotton Thread	Manufacturing	VAT at 3 taka per kg to VAT at 5 taka per kg
Scrap/ Ship Scrap	Production Stage	VAT at 1,000 per metric ton to VAT at 1,200per metric ton
Plastic made household products i, e table ware & kitchen wear excluding tiffing box & water bottle	Production Stage	5% to 15%

Salient Features of Finance Ordinance 2025

Proposals/Changes in connection with Value Added Tax (VAT) (contd.)

10 Decrease of VAT Rates

Particulars	Stage	Change
LNG	Import Stage	15% to Exempted
Upto 30 Inch computer monitor	Production	15% to Exempted
Upto 30 Inch computer monitor	Trading	7.5% to Exempted
Aircraft Lease Rent	Service	15% to Exempted
Packaged Liquid Milk	Trading	7.5% to Exempted

11 Increase of the MS Product VAT Rates

MS Product Type	Existing VAT Rate (₹/MT) (Previous)	New VAT Rate (₹/MT) (Increased)
Re-rollable scrap-based MS products	1400 per MT	1700 per MT
Billet/Ingot from meltable scrap	1200 per MT	1500 per MT
MS products from Billet/Ingot	1200 per MT	1600 per MT
Complete process (scrap to MS product)	2200 per MT	2700 per MT

12 Industry wise VAT exemption benefits

SRO No.	Item/Industry	Exemption Details	Effective Period
SRO 176	Refrigerator, Fridge, Air conditioner	No longer VAT exemption (VAT rate changed from 7.5% to 15% on supply at Production Stage).	
SRO 175	Local E-bike (two-wheeler) manufacturer	Output VAT- 5%	1 July 2025 – 30 June 2030
SRO 174	Lithium and graphene battery manufacturer	Output VAT exemption	Up to 30 June 2027
		Output VAT-5%	1 July 2027 to 30 June 2030
		Importation and local procurement of input- Full exemption on VAT, AT, SD	Up to 30 June 2027
SRO 173	Medical bed manufacturing	Output VAT-exemption	Up to 30 June 2030
		Importation and local procurement of input- Full exemption on VAT, AT, SD	
SRO 171	Three-wheeler manufacturing	Output VAT- 5%	Up to 30 June 2025

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Proposals/Changes in connection with Value Added Tax (VAT) (contd.)

SRO No.	Item/Industry	Exemption Details	Effective Period
		Output VAT- 7.5%	1 July 2025 to 30 June 2028
		Output VAT- 10%	1 July 2028 to 30 June 2030
		Importation of input- Full exemption on VAT, AT, SD	Up to 30 June 2030
SRO 168	Blender, Juicer, Mixer, Grinder, rice cooker, pressure cooker, iron	Output VAT- 5%	1 July 2025 – 30 June 2027
		Output VAT- 7.5%	1 July 2027 – 30 June 2029
		Output VAT- 10%	1 July 2029 to 30 June 2030
		Importation and local procurement of input- Full exemption on VAT, AT, SD	Up to 30 June 2030
SRO 167	Washing machine, microwave oven, electric oven	Output VAT- 5%	1 July 2025 – 30 June 2027
		Output VAT- 7.5%	1 July 2027 – 30 June 2029
		Output VAT- 10%	1 July 2029 to 30 June 2030
		Importation and local procurement of input- Full exemption on VAT, AT, SD	Up to 30 June 2030
SRO 166	LPG Cylinder manufacturing	Output VAT- 7.5%	Up to 30 June 2025
		Output VAT- 10%	1 July 2025 – 30 June 2027
SRO 165	Lift manufacturing	Output VAT- <i>Exempted</i>	Up to 30 June 2025
		Output VAT- 5%	1 July 2025 – 30 June 2027
		Output VAT- 7.5%	1 July 2027 – 30 June 2029
		Output VAT- 10%	1 July 2029 to 30 June 2030
		Importation and local procurement of input- Full exemption on VAT, AT, SD	Up to 30 June 2030
SRO 162	Mobile phone manufacturing	Component manufacturer- 2%	Up to 30 June 2025
		Component manufacturer- 4%	Up to 30 June 2027
		<i>Assembler and component manufacturer-5%</i>	Up to 30 June 2025
		Assembler and component manufacturer-7.5%	Up to 30 June 2027
		<i>Assembler-7.5%</i>	Up to 30 June 2025
		Assembler-10%	Up to 30 June 2027
SRO 161	Active Pharmaceutical Ingredients	Output VAT- Exempted	Up to 30 June 2030
		Importation and local procurement of input- Full exemption on VAT, AT, SD	

Salient Features of Finance Ordinance 2025

Proposals/Changes in connection with Value Added Tax (VAT) (contd.)

13 Change of SD Rates

Code	Particulars	Stage	Change
4813.10.90	Cigarette Paper by the importer	Import	150% to 300%
21.05	Ice-cream	Production	10% to 5%
S082.00	OTT or Over the Top Platform	Service	0% to 10%

14 Change of Excise duty

Bank Account Balance (Existing)	Excise duty (Existing)	Bank Account Balance (Proposed)	Excise duty (Proposed)
Up to Taka 1 Lakh	Nil	Up to Taka 3 Lakh	Positive Change
Taka 1Lakh to 5 Lakh	150	Taka 3 Lakh to 5 Lakh	Positive Change
Taka 5 Lakh to 10 Lakh	500	Same	Same
Taka 10 Lakh to 50 Lakh	3,000	Same	Same
Exceeding 50 Lakh	5,000	Same	Same

Notes

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