



Thinking Beyond Borders: Management of Extended Business Travelers - Bangladesh



January 2023

Contents

1	Key message	4
2	Income Tax	6
3	Social Security	8
4	Compliance obligations	10
5	Immigration	12
6	Other issues	14

01

Key message

Income tax is payable by an individual on total income from all sources, excluding exempt income. However, taxation varies based on the residential status of the individual in a tax year. Individuals can be classified as resident or non-resident for tax purposes.

Residents are taxed on worldwide income. However, foreign nationals, though resident for tax purposes, are generally taxed only on income earned from working in Bangladesh and on foreign income received from Bangladesh sources.

Non-residents are taxed only on income received, accrued, or deemed to accrue or be received in Bangladesh. Consequently, their income accruing outside Bangladesh, not in connection to Bangladesh, is not taxable in Bangladesh.

1 Key message

Expatriates are taxed on income earned for working in Bangladesh, wherever that may be paid, and on foreign income received from Bangladesh sources.

02

Income tax

2 Income Tax

2.1 Residency status

An individual is treated as a resident of Bangladesh if that person stays in Bangladesh for 182 days or more in any income year; or 90 days or more in an income year if that person has previously resided in Bangladesh for a period of more than 365 days during the 4 preceding years.

Residency is determined in Bangladesh purely on the period of presence in Bangladesh, irrespective of residency in other countries/jurisdictions. Short-term visitors and dependents of foreign nationals not earning any income in Bangladesh are not taxed and are not required to file a tax return in Bangladesh.

2.2 Source income

Tax laws list seven sources of income: salaries, interest on securities, income from house property, agricultural income, income from business or profession, and capital gain and other issues

2.3 Types of taxable remuneration

In general, all remuneration and benefits received by an employee who is resident in Bangladesh, or for services rendered in Bangladesh, are taxable. Taxable remuneration and benefits include salary, bonuses, commissions, accommodation allowances, transport benefits, education allowances for children, employer-provided domestic assistance and medical allowances.

2.4 Tax rates

Income tax is levied on residents based on progressive tax rates, which range from 10 percent to 30 percent, while non-residents (except Bangladeshi non-residents) are taxed at the flat rate of 30 percent.

03

Social Security

3 Social Security

3.1 Liability for social security

There is no concept of social security in Bangladesh. However, companies of a certain size need to pay 5 percent of their profits into a Workers Profit Participation Fund. No contribution from employees is required in this case.

04

Compliance obligations

4 Compliance obligations

4.1 Employee compliance obligations

Every taxpayer is required to file an annual tax return. An individual's tax return must be filed by 30 November, following the end of the tax year, which is on 30 June. The filing date may be extended up to 2 months by the Deputy Commissioner of Taxes upon application by an individual being assessed, and by another 2 months upon application by the Inspecting Joint Commissioner of Taxes.

The delayed return subject to pay a delay interest at the rate of 2 percent per month on the difference between the tax assessed on total income for the assessment year and the tax paid in advance (including tax deduction) for that assessment year.

4.2 Employer reporting and withholding requirements

Employers are required to withhold income tax when making payments to employees and submit a monthly statements of tax deduction to tax authority. Employers are also required to file an annual return showing pay and tax deducted for each employee during the fiscal year which is to be submitted by 1 September each year and another annual return regarding information of filing of the tax return by the employees within 30 April each year.

05

Immigration

5 Immigration

5.1 Work permit/visa requirements

A visa must be applied for before the individual enters Bangladesh. The type of visa requirement depends on the purpose of the individual's entry into Bangladesh. Foreigners working in Bangladesh must have a work permit. These are issued by the Bangladesh Investment Development Authority (BIDA).

06

Other issues

6 Other issues

6.1 Double taxation treaties

Bangladesh has entered into double taxation treaties with 36 countries/jurisdictions.

6.2 Permanent establishment implications

There is the potential that a permanent establishment (PE) could be created as a result of extended business travel, but this would be dependent on the type of services performed and the level of authority the employee has. The concept of PE primarily exists in tax treaties.

6.3 Indirect taxes

Value-added tax (VAT) is levied on the importation of goods and the making of taxable supplies in the course of carrying out a taxable activity. The standard rate is 15 percent. Reduced rates are available depending on the nature of the taxable supply, which ranges from 0 percent to 15 percent. VAT operates in Bangladesh partly as a sales tax.

6.4 Transfer pricing

Transfer pricing was introduced into Bangladesh by Finance Act 2012 which has become effective from 1 July 2014.

6.5 Local data privacy requirements

Bangladesh in particular does not currently have data privacy laws. However, Bangladesh tax laws provide certain protection of information submitted to them.

6.6 Exchange control

Expatriates are allowed to open foreign currency bank accounts in Bangladesh and remit a portion of their post-tax earnings through proper banking channels after obtaining necessary permissions from the central bank. The balance can be taken out when leaving the country/jurisdiction permanently.

[Back to top](#)

Disclaimer

All information contained in this publication is summarized by KPMG Tax and Legal Advisers, the Bangladesh member firm affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity, based on the important provisions of the Income Tax Ordinance 1984 as amended up to the Finance Act 2019 and VAT and Supplementary Duty Act, 2012 (VAT Act 2012), Web site <http://nbr.gov.bd>. The provisions of the laws relied on or referred to are subject to change occasioned by future legislative amendments and court decisions.

kpmg.com



KPMG¹ refers to the global organization or to one or more of the member firms of KPMG International Limited (“KPMG International”), each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. For more detail about our structure please visit kpmg.com/governance.

© 2023 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.