



# Taxation of international executives: Bangladesh



January 2023

# Contents

|          |  |           |
|----------|--|-----------|
| <b>1</b> | <b>Overview and Introduction</b>                         | <b>4</b>  |
| <b>2</b> | <b>Income Tax</b>  | <b>6</b>  |
| <b>3</b> | <b>Special considerations for short-term assignments</b> | <b>15</b> |
| <b>4</b> | <b>Other taxes and levies</b>                            | <b>17</b> |
| <b>5</b> | <b>Immigration</b>                                       | <b>20</b> |

**01**

# **Overview and Introduction**

# 1 Overview and Introduction

International executives who are working with valid work Visas in Bangladesh are taxed depending on their residential status. Short-term visitors and dependents of foreign nationals not earning any income in Bangladesh are not taxed in Bangladesh and are not required to file tax return.

**02**

# **Income tax**

# 2 Income Tax

## 2.1 Tax Returns and Compliance

**When are tax returns due? That is, what is the tax return due date?**

30 of November.

**What is the tax year-end?**

30 June.

**What are the compliance requirements for tax returns in Bangladesh?**

### Residents

After end of the income year and within the tax return due date, every resident assignee must submit tax return for the period from 1 July to 30 June or the period delegate stays. Before submitting Income Tax Return in Bangladesh, an assignee must obtain e-TIN (12-digit electronic tax identification number) from tax authority. Individuals may file returns under universal self- assessment scheme, but the assessing tax authority have discretion to scrutinize the returns. Tax authority by its own discretion may extend the deadline of submission subject to application for 2-4 months.

### Non-residents

Compliance requirement for tax return of non-resident international executives is same as resident with the condition that non-resident foreigner has to obtain work permit and SB & NSI clearance certificate. If assignee comes through A3 or E1 visa, then visa copy itself considered as work permit. The person must obtain e-TIN in Bangladesh for submission of Tax return.

## 2.2 Penalty for non-submission of Income Tax Return on due time

If the assignee fails to submit Income Tax Return on due time, the penalty will be 10 percent of tax imposed on the last assessed income (subject to a minimum of 1,000 Bangladeshi taka (BDT)). In case of a continuing default further penalty of BDT50 for every day during which default continues.

Provide that such penalty shall not exceed,

- In case of an individual assessee whose income was not assessed previously BDT5000.
- In case of an individual assessee whose income was assessed previously, 50 percent of the tax payable on the last assessed income or BDT1000, whichever is higher.

## 2.3 Tax rates

**What are the current income tax rates for residents and non-residents in Bangladesh?**

### Residents

No tax is payable by tax residents on income not exceeding BDT250,000. The following rates are applicable to resident individual:

Income tax table for income year 2020-2021

| Tax rate           |
|--------------------|
| Nil                |
| 5%                 |
| 10%                |
| 15%                |
| 20%                |
| 25% On the balance |

\*Initial exemption limit for women and senior citizens aged 65 years or over is BDT350,000, for physically challenged persons, it is BDT450,000 and for gazetted war-wounded freedom fighters, it is BDT475,000.

In case of parent/legal guardian of a physically challenged person, they will get a further initial exemption of BDT50,000 in addition to above limit.

### Non-residents

For non-residents other than Bangladeshi non-residents, tax rate is 30 percent (flat rate) on total taxable income.

## 2.4 Residence rules

### For the purposes of taxation, how is an individual defined as a resident of Bangladesh?

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. Residence 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 in Bangladesh and are not required to file tax return.

**Is there a minimum number of days rule when it comes to residency start and end date? For example, a taxpayer can't come back to the host country/jurisdiction for more than 10 days after their assignment is over, and they repatriate.**

No.

### What if the assignee enters the country/jurisdiction before their assignment begins?

Residential law in Bangladesh does not depend on assignment. It rather depends on how many days the assignee stays in Bangladesh. It might be with assignment or without any assignment.

## 2.5 Termination of residence

### Are there any tax compliance requirements when entering or leaving the country/jurisdiction?

When entering into the country/jurisdiction, Bangladesh, the assignee has to obtain their work permit/A3 Visa/E1 Visa followed by obtaining tax registration number (which is known as e- TIN in) in Bangladesh. Security Clearance Certificate is also required to be obtained from NSI/SB under Home Ministry of Bangladesh.

### Departure tax

If any assignee leaves Bangladesh with the intension of not coming back to Bangladesh again, the assignee has to submit an Income Tax Return and obtain tax clearance certificate before leaving the

country/jurisdiction permanently. In such cases the period of the tax return should be the period from the beginning of the income year (1 July) to the date of departure. Such final tax return can be submitted before departure by incorporating the assignee's estimated income in the return up to the departure so that tax clearance certificate can be obtained at the time of departure.

If the assignee departs from Bangladesh in the middle of an income year with the intention of returning to Bangladesh, an exemption certificate requires, which is issued by Deputy commissioner of taxes upon their satisfaction of the valid reason of the applicant. Such certificate issues either for a single journey and for all journeys within the period specified.

#### **What if the assignee comes back for a trip after residency has terminated?**

In such case if they come back for a trip but not for work, then they are not required to submit any tax return. But if they come with valid work visa, they are required to submit tax return.

#### **Communication between immigration and taxation authorities**

##### **Do the immigration authorities in Bangladesh provide information to the local taxation authorities regarding when a person enters or leaves Bangladesh?**

Our tax environment and immigration department have not yet been fully digitalized and synchronized each other. In general, immigration authorities do not proactively send information regarding entry and departure of foreign nationals to local taxation authorities. Besides, international airport sets an Income tax booth to check Income tax clearance certificate (TCC) at the time of departure.

#### **Filing requirements**

##### **Will an assignee have a filing requirement in the host country/jurisdiction after they leave the country/jurisdiction and repatriate?**

As per our tax law the assignee has to submit exit tax return and obtain tax clearance certificate before leaving permanently and subsequently tax authority closed the respective tax file after exit tax return processed. Also, after leaving the country/jurisdiction permanently the assignee cannot remit the money from Bangladesh as their bank account is normally closed at the time of their departure permanently. This is because of the fact that their work permits normally cancelled at the time of departure permanently.

## **2.6 Economic employer approach**

##### **Do the taxation authorities in Bangladesh adopt the economic employer approach to interpreting Article 15 of the Organisation for Economic Co-operation and Development (OECD) treaty? If no, are the taxation authorities in Bangladesh considering the adoption of this interpretation of economic employer in the future?**

Not applicable in Bangladesh.

#### **Minimum number of days**

##### **Are there a minimum number of days before the local taxation authorities will apply the economic employer approach? If yes, what is the de minimum number of days?**

Not applicable in Bangladesh.

## **2.7 Types of taxable compensation**

##### **What categories are subject to income tax in general situations?**

Below are the elements of an assignee compensation, which are subject to income tax in general situation:



Basic Salary, House Rent, Dearness Allowance, COLA (cost of living adjustment), Conveyance allowance  
Medical allowance, Festival allowance, Leave encashment, Performance bonus,  
Car benefits (5 percent of basic salary) and other benefits (including all benefits not mentioned above

### **Intra-group statutory directors**

**Will a non-resident of Bangladesh who, as part of their employment within a group company, is also appointed as a statutory director (i.e., member of the Board of Directors in a group company situated in (Bangladesh) trigger a personal tax liability in (Bangladesh), even though no separate director's fee/remuneration is paid for their duties as a board member?**

**Will the taxation be triggered irrespective of whether or not the board member is physically present at the board meetings in (Bangladesh)?**

Yes, any kind of benefit will be taxable.

**Will the answer be different if the cost directly or indirectly is charged to/allocated to the company situated in (Bangladesh) (i.e., as a general management fee where the duties rendered as a board member is included)?**

No, any kind of benefit will be taxable.

**In the case that a tax liability is triggered, how will the taxable income be determined?**

At the time of submission of the tax return total income will be taxable.

## **2.8 Tax-exempt income**

**Are there any areas of income that are exempted from taxation in your country/jurisdiction? If so, please provide a general definition of these areas.**

Yes, the assignee will avail the following exemptions from their income:

House rent (50 percent of basic salary or monthly BDT25,000 whichever is lower)

Conveyance paid in cash (maximum BDT30,000). In case of car facility for office and personal purpose (higher of 5 percent of basic salary or BDT60,000).

Medical allowance (10 percent of basic salary or BDT120,000 whichever is lower Prizes

Rewards related to employment are taxed. Other kinds of prizes are not.

## **2.9 Expatriate concessions**

**Are there any concessions made for expatriates in your country/jurisdiction?**

There are no concessions for expatriates in Bangladesh.

## **2.10 Salary earned from working abroad**

**Is salary earned from working abroad taxed in Bangladesh? If so, how?**

Yes, a person who is a non-resident, all income from whatever source derived, which- accrues or arises to them in Bangladesh during that year is taxable. For residents (regardless of local or foreign nationals) income from all sources regardless of location is required to be declared in Bangladesh. However,

resident foreigner declares all sources of income earned in connection to Bangladesh employment only and the tax authority has accepted this so far.

## 2.11 Taxation of investment income and capital gains

### Are investment income and capital gains taxed in your country/jurisdiction? If so, how?

Yes, capital gain tax for non-resident shareholder is 10 percent in Bangladesh (capital gains on sale of shares of listed companies). Tax rate from capital gain received from selling capital asset (other than securities of listed companies) is 15 percent. Capital gain tax arising from sale of shares of listed entity in the hands of non-resident is exempt from tax provided that the non-resident has similar tax exemption in their home country/jurisdiction, however any income which is exempted in other countries/jurisdictions, will be exempted in Bangladesh.

#### Dividends, interest, and rental income

##### Dividend income:

Dividend income is tax free up to BDT50,000 and excess over BDT50,000 is taxable.

A company paying dividend shall withhold tax at the rate of 10 percent on dividend payable to a resident individual (subject to having 12-digit TIN) or 15 percent (if the individual doesn't have 12-digit TIN). In case of non-resident foreigner, 30 percent tax rate will be applicable.

##### Interest income:

In Bangladesh interest income means- Interest on securities, Bank Interest on Fixed Deposits Receipts (FDR) and Bank Interest on savings account. These sorts of income are chargeable to tax and tax will be deducted at source as follows:

- interest on securities at the rate of 10 percent
- interest on saving instruments at the rate of 10 percent
- interest on saving deposits and fixed deposits at the rate of 10 percent (subject to having 12- digit TIN) otherwise 15 percent
- interest on deposit of post office & saving bank account at the rate of 10 percent.

For non-residents 20 percent tax rate is applicable on interest and royalty income.

##### Rental Income:

In Bangladesh rental income means- income from house property and rental value of vacant land or plant or machinery. These incomes are chargeable to tax and tax will be deducted at source as follows:

- Deduction at source from house property income at the rate of 5 percent.
- Deduction at source from rental value of vacant land or plant or machinery at the rate of 5 percent.

#### Gains from employee stock option exercises

No specific guideline mentioned in the tax law of Bangladesh for employee stock option. However, stock option will be taxable in Bangladesh and be part of salary income in the period when it has been vested. Gain on stock option will be taxable if the gain arises in Bangladesh.

#### Foreign exchange gains and losses

No specific guideline mentioned in the tax law of Bangladesh for foreign exchange gain/loss. However, it will be considered as 'other income', and will be taxed at an average rate.

## Principal residence gains and losses

In practice resident foreign national declares only all sources of income earned in Bangladesh.

## Capital losses

Capital loss suffered in Bangladesh can be carried forwarded in excess of BDT5,000 to the following years for setting off with any capital gain.

## Personal use items

Not addressed in tax law of Bangladesh.

## Gifts

Every person who had made taxable gift during any financial year of an amount as to render them liable to gift tax under the Gift Tax Act shall before the 15th day of September of the corresponding assessment year furnish a return to the Deputy Commissioner of Taxes in the prescribed form and in the prescribed manner. Tax on the basis of the return is payable on or before the date on which such return is furnished. Gift Tax Rate as follows from the schedule of the Gift Tax Act 1990.

Particulars

| (Slab Amount of Taxable Gifts)                             | Rate (%) |
|--|----------|
| On the first BDT500,000 of the value of all taxable gifts  | 5        |
| On the next BDT1,000,000 of the value of all taxable gifts | 10       |
| On the next BDT2,000,000 of the value of all taxable gifts | 15       |
| On the balance amount of above                             | 20       |

Gifts received from any source by an individual exceeding BDT500,000 without crossed cheque or bank transfer shall be treated as income under the head 'income from other sources'.

## Foreign property reporting

Not applicable in Bangladesh.

## Non-resident trusts

Our tax law does not specifically address this.

## 2.12 Additional capital gains tax (CGT) issues and exceptions

Are there capital gains tax exceptions in your country/jurisdiction? If so, please discuss?

None, except those mentioned above.

## 2.13 General deductions from income

What are the general deductions from income allowed in your country/jurisdiction?

Followings are the general deductions from income of a foreign executives:

- Any special allowance, benefits or perquisite specifically granted to meet expenses wholly and necessarily incurred in the performance of the duties of an office or employment of profit.
- Any income up to BDT25,000,000 received by an assessee as gratuity.

Also referred to the section of tax-exempt income.

## 2.14 Tax reimbursement methods

**What are the tax reimbursement methods generally used by employers in your country/jurisdiction?**

Normally in Bangladesh cash tax refund is not possible even though there is a provision of cash tax refund in our law. Excess tax payment is generally adjusted with next year's tax liability.

## 2.15 Calculation of estimates/prepayments/withholding

**How are estimates/prepayments/withholding of tax handled in your country/jurisdiction? For example, Pay-As-You-Earn (PAYE), Pay-As-You-Go (PAYG), and so on.**

Withholding of tax in Bangladesh is handled through Pay-As-You-Earn (PAYE). Where total income exceeds BDT600,000 during the income year for any individual, they are required to pay advance tax as either 100 percent of last assessed tax or 75 percent of current estimated income tax and pay the outstanding tax (if any) at the time of filing the return. Tax on an employee's salary is required to be withheld on a monthly basis by the employer.

## 2.16 Relief for foreign taxes

**Is there any Relief for Foreign Taxes in your country/jurisdiction? For example, a foreign tax credit (FTC) system, double taxation treaties, and so on?**

In Bangladesh there is Double Taxation Avoidance Agreement (DTAA) with other countries/jurisdictions to have the tax relief, however these are subject to certain conditions and obtaining tax exemption certificate from NBR.

## 2.17 General tax credits

**What are the general tax credits that may be claimed in your country/jurisdiction? Please list below.**

Assignee (only resident and non-resident Bangladeshi) can get investment tax credit through investing in government specified area.

Expatriates are not allowed to tax credit or investment allowance even though they become tax resident in Bangladesh. Double taxation treaties are not applicable in Bangladesh. If income accrues or arises in relation to Bangladesh delegation, it is taxable.

The investment tax rebate is calculated as follows:

| Total Taxable Income               | Amount of Credit           |
|------------------------------------|----------------------------|
| Total income up to BDT1.5 million. | 15% of the eligible amount |
| Total income above BDT1.5 million. | 10% of the eligible amount |

Eligible amount is higher of 25percent of taxable income or 15 million or Actual investment.

## 2.18 Sample tax calculation

| Particulars   | Gross Amount (A) | Particulars  | Gross Amount (A) |
|---|------------------|--|------------------|
| Basic salary  | 5,000,000        | -  | 5,000,000        |
| House rent  | 2,500,000        | 300,000<br>50% of basic salary or monthly<br>25,000 which one is lower | 2,200,000        |
| Medical allowance                                       | 400,000          | 120,000<br>10% of basic salary or 120,000<br>which one is lower        | 280,000          |
| Conveyance allowance                                    | 200,000          | 30,000<br>* If conveyance paid in cash                                 | 170,000          |
| Full time car facility                                  | 250,000          | 5% of basic salary or 60,000<br>which one is higher                    | 250,000          |
| Festival bonus  | 450,000          | -  | 450,000          |
| Performance bonus                                       | 150,000          | -  | 150,000          |
| Leave encashment  | 325,000          | -  | 325,000          |
| Education allowance                                     | 150,000          | -  | 150,000          |
| Employer's contribution to<br>recognized provident fund | 410,000          |  | 410,000          |
| <b>Total</b>  | <b>9,835,000</b> | -  | <b>9,385,000</b> |

### Calculation of tax liability

|                            | Slab (in BDT) | Tax rate | Tax (in BDT)     |
|----------------------------|---------------|----------|------------------|
| Up to                      | 300,000       | 0%       | Nil              |
| On next                    | 100,000       | 5%       | 5,000            |
| On next                    | 300,000       | 10%      | 30,000           |
| On next                    | 400,000       | 15%      | 60,000           |
| On next                    | 500,000       | 20%      | 100,000          |
| On remaining               |               | 25%      | 1,946,250        |
| <b>Gross tax liability</b> |               |          | <b>2,141,250</b> |

**03**

**Special considerations  
for short term  
assignments**

# 3 Special considerations for short-term assignments

For the purposes of this publication, a short-term assignment is defined as an assignment that lasts for less than 1 year (365 days).

## 3.1 Residency rules

**Are there special residency considerations for short-term assignments?**

No special consideration.

## 3.2 Payroll considerations

**Are there special payroll considerations for short-term assignments?**

No, the general rules apply.

## 3.3 Taxable income

**What income will be taxed during short-term assignments?**

All the income mentioned in the sample tax calculation will be taxed during short term assignment.

## 3.4 Additional considerations

**Are there any additional considerations that should be considered before initiating a short-term assignment in your country/jurisdiction?**

If the person works in Bangladesh without prior approval of Bangladesh Investment Development Authority (BIDA) or any other Government Authority, as the case may be, in an income year; they

shall be charged additional tax at the rate of 50 percent tax payable of their income or BDT500,000 whichever is higher.

**04**

# **Other taxes and levies**



# 4 Other taxes and levies

## 4.1 Social security tax

Are there social security/social insurance taxes in your country/jurisdiction? If so, what are the rates for employers and employees?

No.

## 4.2 Gift, wealth, estate, and/or inheritance tax

Are there any gift, wealth, estate, and/or inheritance taxes in your country/jurisdiction?

As discussed above.

## 4.3 Real estate tax

Are there real estate taxes in your country/jurisdiction?

No.

## 4.4 Sales/VAT tax

Are there sales and/or value-added taxes in your country/jurisdiction?

Yes.

## 4.5 Unemployment tax

Are there unemployment taxes in your country/jurisdiction?

No.

## 4.6 Other taxes

Are there additional taxes in your country/jurisdiction that may be relevant to the general assignee? For example, customs tax, excise tax, stamp tax, and so on.

No.

### Local taxes

No.

### Provincial Health Premiums

No.

### Employer Health Tax

No.

## 4.7 Foreign Financial Assets

Is there a requirement to declare/report offshore assets (e.g., foreign financial accounts, securities) to the country/jurisdiction's fiscal or banking authorities?

No.

**05**

# **Immigration**

# 5 Immigration

Following is an overview of the concept of Bangladesh immigration system for skilled labor.

(E.g., which steps are required, authorities involved, in-country/jurisdiction and foreign consular processes, review/draft flow chart illustrating the process)

This summary provides basic information regarding business visits to, and work authorization for, Bangladesh. The information is of a general nature and should not be relied upon as legal advice.

Most foreign nationals who intend to engage in active, productive employment in Bangladesh will need an employment Visa and work Permit. Depending on the purpose of travel to Bangladesh and the nationality of the traveler, there are different types of visas that will apply to the occasion, and which vary in their processes and processing times. For all work authorization types, foreign nationals must coordinate with their employer to collect and legalize corporate and personal documentation.

They (the foreign employees) also required to comply with local tax laws. To comply with the local tax laws, they are required to submit their tax return and obtain tax clearance certificate from the National Board of Revenue.

## 5.1 International Business Travel/Short-Term Assignments

Describe (a) which nationalities may enter Bangladesh as non-visa national, (b) which activities they may perform and (c) the maximum length of stay.

Generally, citizens of most countries/jurisdictions require valid visa to enter Bangladesh. However, VISA can be obtained either from the country/jurisdiction of origin of an individual who is planning to visit Bangladesh or on arrival from the international airports in Bangladesh and all the land ports as a non-visa national. Any foreigner can visit Bangladesh as either as tourist or for business purpose.

Overview of VISA on arrival:

- The nationals of those countries/jurisdictions where there is no diplomatic mission of Bangladesh may be granted visa on arrival after examining the genuineness of their visit.
- If any foreign national arrives in Bangladesh from a country/jurisdiction other than their own country/jurisdiction where there is no mission of Bangladesh, they may be issued visa on arrival.
- On the basis of invitation letters of interested/required body being attested by the Board of Investment/BEPZA, the foreign investors/businessmen may be allowed to issue visa on arrival. In this case, interested/inviting organization must inform in advance the arrival of the foreign visitor(s) to the immigration and passport authority.
- Only for the purpose of official duty, business, investment, and tourism, citizens arriving from USA, Canada, Australia, New Zealand, Russian Federation, China, Japan, Singapore, Malaysia, South Korea, UAE, Saudi Arabia (KSA), Qatar, Kuwait, Oman, Bahrain and the countries/jurisdictions of Europe may issue visa on arrival after examining and being satisfied by the immigration authority at the Airports and Land Ports.
- Bangladeshi origin foreign citizens, their spouses, and their offspring may be issued visa on arrival, on the proof of their being Bangladeshi origin.
- The staffs/officials of the foreign Missions, UN or its affiliated organizations located in Bangladesh may be issued visa on arrival after examining their appointment letters or other related documents. Only UN passport holders will get such facilities gratis (free of charge).

The maximum duration for VISA on arrival is 30 days. Visa on arrival provided in the international airports is single entry only. However, depending on the case individual can get multiple entries as well.

**Describe (a) the regulatory framework for business traveler being visa nationals (especially the applicable visa type), (b) Which activities they may perform under this visa type and the (c) maximum length of stay.**

Business Visas are issued by Bangladesh embassy, located throughout the world. B visa is issued by the concerned authority only for the purpose of visit for trade, commerce and to the person eligible for business. If any person come to BD under B VISA, then their employment is strictly prohibited in BD.

The traveler will get 6 months VISA and no work permit is required.

**Outline the process for obtaining the visa type(s) named above and describe (a) the required documents (including any legalization or translation requirements), (b) process steps, (c) processing time and (d) location of application.**

**A foreign person can work in Bangladesh under employment visa. To work in Bangladesh, they must obtain one of the first following three types of visas such as:**

- E-Visa,
- E1-Visa and A-3 Visa.

For business travel

- B-Visa

**E category visa:** This type of visa is very common and easier to obtain to work in Bangladesh.

Following foreign persons are eligible to obtain this visa?

- Experts/advisers/employees/Individuals appointed in government/semi-government/autonomous bodies / projects and equivalent organizations.
- Individuals employed in local/ foreign government/semi-government/liaison/Industrial/commercial organizations or other equivalent organizations.

Normally E-Visa is followed by obtaining work permit (i.e., work permit). E-visa is initially issued for 3 months, one can extend their E-visa for further 3 months. But if anyone wants to extend their visa any further, they have to apply for their NSI (National Security Intelligence) and SB (Special Branch of Police) clearance and after getting NSI and SB clearance they can extend their visa up to the validity period of their work permit. First work permit is generally issued for 1 year which is further renewable on application.

**E1 category visa:**

Individuals visiting for supply / installation / maintenance of equipment and software / supervision of project etc. are eligible to get E1-visa. Invitation from local sponsor, recommendation of Bangladesh Board of Investment (BOI) / Bangladesh Export Processing Zones Authority (BEPZA) / relevant Ministry / department / agency is required for E1-visa.

**A3 category visa:**

Experts/advisers/officials/staff members/labors working in any project under the bilateral/multilateral agreement between Bangladesh government and development partner agencies are eligible to get A3-visa. Recommendation of the concerned Ministry/Ministry of Finance/ relevant government agency of Bangladesh will be required to obtain A3-visa.

**Obtaining E-visa recommendation letter from Bangladesh Investment Development Board (BIDA) formerly, Board of Investment (BOI).**

An application needs to be submitted with BIDA along with some relevant documents for obtaining E - visa recommendation letter.

Following are the necessary documents to be submitted with the application:

- Resolution of Board of Directors from head office of the representative office for employment of expatriate employee.
  - Photocopy of full set of concerned person's passport
  - Appointment Letter
  - Academic and professional certificate
  - Their CV
  - Their job description in a letter headed paper from the branch office
  - A copy of job advertisement published locally
- List of employees (List of employees should be in the ratio of 1 expatriate employment against 5 local employment. In this case, the branch office has to show name of 5 local persons for recruitment of 1 expatriate employee).
  - Copy of the branch office permission letter
  - Copy of the branch office Bangladesh Bank (18B) acknowledgment letter
  - Copy of the latest tax clearance certificate of the branch office
  - Copy of the encashment certificates of the branch office.

#### **B- Visa:**

Applicable to businessmen / business representatives. The visa is issued by the respective Bangladeshi Embassy upon receiving all the required documents along with the recommendation of recognized chambers of commerce OR recommendation of the local sponsor in Bangladesh. Embassy issues a maximum of 6-month visa.

#### **Are there any visa waiver programs or specific visa categories for technical support staff on short-term assignments?**

BIDA usually allows exemption of the above mentioned 1: 5 ratio for recruiting expatriate employee for Oil and Gas sectors however other than Oil and Gas sector, it is not a very usual case and completely relies upon discretion of BIDA subject to the recommendation of the relevant Ministry (if required).

## **5.2 Long-Term Assignments**

#### **What are the main work permit categories for long-term assignments to Bangladesh? In this context outline whether a local employment contract is required for the specific permit type.**

The Government of Bangladesh designated Bangladesh Investment Development Authority (BIDA) for arranging work permit for foreign national who wants to work in Bangladesh. Private sector, liaison/representative office, industrial enterprises, branch office, desiring to employ foreign nationals are required to apply before BIDA in a prescribed form for obtaining work permit. BIDA's recommendation is necessary prior to issuing below types of visa. All the documents submitted to the BIDA shall have to be attested by the Managing Director/Managing Partner/Proprietor of the Company/Firm.

Following are the categories of work permit for long term assignments:

**A3 Visa:** Experts/advisers/officials/staff members/labors working in any project under the bilateral/multilateral agreement between Bangladesh government and development partner agencies are eligible to get A3-visa. Recommendation of the concerned Ministry/Ministry of Finance/ relevant government agency of Bangladesh will be required to obtain A3-visa.

**E1 Visa:** Individuals visiting for supply / installation / maintenance of equipment and software / supervision of project etc. are eligible to get E1-visa. Invitation from local sponsor, recommendation of Bangladesh Investment Development Authority / Bangladesh Export Processing Zones Authority (BEPZA) / relevant Ministry / department / agency is required for E1-visa.

**E-Visa:** This type of visa is very common and easier to obtain to work in Bangladesh. Following foreign persons are eligible to obtain this visa.

- Experts / advisers / employees / Individuals appointed in government / semi-government/ autonomous bodies / projects and equivalent organizations.
- Individuals employed in local/ foreign government / semi-government/ liaison / Industrial / commercial organizations or other equivalent organizations.
- Individuals appointed under local / foreign government / semi-government contractor ship and in equivalent organizations

**Provide a general process overview to obtain a work and residence permit for long-term assignments (including processing times and maximum validation of the permit).**

Below are the steps for obtaining E-visa and work permit in Bangladesh:

Step-1: Firstly, a job advertisement is required to publish through a local media (e.g., Newspaper, online job, etc.) 15 to 20 days before application to BIDA for obtaining E-visa recommendation letter. The job advertisement should include a brief requirements of job responsibility and suitable academic qualification for the published job advertisement.

Step-2: after publishing Job advertisement, the assignee has to apply for E-visa recommendation letter to the Bangladesh Investment Development Authority. BIDA generally issues the E-visa recommendation letter within few weeks and forward it to the concerned Bangladesh Embassy of the assignee's home country/jurisdiction. If any foreign national already staying in Bangladesh before applying for E-visa recommendation letter s/he should leave Bangladesh and a copy of departure seal on their passport is also required to be submitted along with the documents for E-visa recommendation letter application.

Step-3: After Obtaining E-visa recommendation letter from BIDA, they need to apply for E-visa to the concerned embassy and based on the E-visa recommendation letter Embassy will stamp E-visa on their passport with a validity for 3 months.

Step-4: After attaining E-visa from Bangladesh Embassy, one can come to Bangladesh and apply within 15 days of arrival before BIDA for work permit. The documents which were required for E-visa recommendation letter requires again to submit along with application for work permit. First work permit is generally issued for 1 year which is further renewable on application.

Step 5: E-visa is initially issued for 3 months and further extension of another 3 months can be done. However, for extending further National Security Intelligence and Special Branch of Police clearance are required and after getting NSI and SB clearance extension of visa up to the validity period of work permit is possible.

Previously A3 and E1 VISA holder are not required to obtain work permit as this VISA category treated as work permit, however currently these VISA holders are requested to obtain work permit as tax authority are not issuing any tax registration number for these types of VISA holder and without tax registration number there is no possible way of submitting tax return and for extending VISA of such category tax clearance certificates are required.

**Is there a minimum salary requirement to obtain a long-term work and residence permit for assignments? Can allowances be taken into account for the salary?**

Information regarding honorarium for foreign investors or basic salary and other allowances / benef its payable to foreign workers should be specified in the work permit application form. There is a minimum wage structure set as a criterion to alleviate the confusion regarding this matter, which is set based on the economic status and per capita income of different countries/jurisdictions and the status of foreign nationals, however this may change from time to time:

| SL | Classification of the positions of the foreign nationals   | Acceptable level of Minimum basic salary according to the nationality of the foreign national   |  |   |
|----|--|---|--|---|
|    |  | SAARC countries/jurisdictions, China, Myanmar, Indonesia, African countries/jurisdictions (excluding South Africa), other 3rd world countries/jurisdictions | Malaysia, Thailand, Hong Kong (SAR), South Korea, South Africa and other countries/jurisdictions with similar economic conditions. | United States, United Kingdom, Japan, Australia, Singapore, United Arab Emirates, Saudi Arabia, European Union countries/jurisdictions, New Zealand and other developed world |
| 1  | Foreign Investor / Managing Director / Chairman / Director / CEO of the company  | Monthly: Dollar: 1,200 Or equivalent Bangladeshi money  | Monthly: Dollar: 1,500 Or equivalent Bangladeshi money   | Monthly: Dollar: 2,000 Or equivalent Bangladeshi money  |
| 2  | Officers with advanced technical and professional knowledge and experience (e.g., Senior Engineer, Senior Chemist General Manager, Technical Advisor, Supervisor, Quality Assurance Manager, Merchandiser) | Monthly: Dollar: 1,000 Or equivalent Bangladeshi money  | Monthly: Dollar: 1,200 Or equivalent Bangladeshi money   | Monthly: Dollar: 1,500 Or equivalent Bangladeshi money  |
| 3  | Intermediate level technical and   | Monthly: Dollar: 850 Or equivalent  | Monthly: Dollar: 1,000 Or equivalent   | Monthly: Dollar: 1,200 Or equivalent  |
| 4  | Skilled Workers / Employees (Ex: Technician, Supervisor, Operator, Foreman)  | Monthly: Dollar: 650  | Monthly: Dollar: 850   | Monthly: Dollar: 1000   |

The above minimum wage structure will not be applicable in case of multinational companies (MNC/TNCs), airlines and shipping companies. The salary structure of foreign nationals employed in these institutions will be considered internationally.

If the acceptable information of salary and allowances is not mentioned by the employing organization, the Ministry Committee or the concerned authority may fix the appropriate basic salary

### Is there a fast-track process which could expedite the visa/ work permit?

In practical there is no fast-track process which could expedite the visa/ work permit.

At what stage is the employee permitted to start working when applying for a long-term work and residence permit (assignees/ local hire)?

E-VISA itself permitted expatriate employee to work. So, after obtaining e-visa from relevant embassy of Bangladesh a foreign national can work.



### **Can a short-term permit/ business visa be transferred to a long-term permit in Bangladesh?**

It is very difficult to run E visa process in parallel to business visit. And usually it is much time consuming to convert Business Visa to E Visa while an employee is on business visit in Bangladesh as because respective Ministry of Government also get involved in this procedure or recommendation to convert Business Visa to E Visa to the respective authority.

### **Is it possible to renew work and residence permits?**

Yes. First work permit issued for 1 year, an expatriate can again apply for renewal of work permit. In such case, BIDA want to ensure the following documents or compliance for expatriate employee:

- Latest tax clearance certificate/ tax deposit slip for the expatriate employee for last 1 year
- His security clearance from the home ministry which is most important document for their stay in Bangladesh
- Board minutes from Board of directors for their further employment for Bangladesh office.

### **Is there a quota or system or a labor market test in place?**

No.

## **5.3 General Immigration Related Questions**

### **Would it be possible to bring family members to Bangladesh?**

If any of the dependent person (i.e., dependent family member) will stay with concerned expatriate employee who has the E-visa, the dependent person will be required to get Family E-Visa which validity will not be longer than work permit's/ E-Visa's validity period. Getting Family E-Visa requires clearance from the Special Branch of Police Department for each case. The completion of whole process of obtaining FE-visa may take 6-8 weeks.

### **Is it possible to obtain a permanent residence permit?**

Yes, it is possible to obtain a permanent residence permit. If any person who has been granted a certificate of naturalization under the Naturalization Act, 1926 and register that person as a citizen of Bangladesh by naturalization. Provided that Govt. may register any person as a citizen of Bangladesh without the certificate of naturalization as aforesaid.

Naturalization is at the discretion of the Bangladesh government and may be provided categorically or by withholding certain rights and privileges. However, generally, individual who meets these following requirements may apply for naturalization:

- that they have resided in Bangladesh throughout the period of 12 months immediately preceding the date of the application, and has, during the 7 years immediately preceding the said period of 12 months, resided in Bangladesh for a period amounting in the aggregate to not less than 4 years
- be of good character;
- that they have an adequate knowledge of Bengali
- intend to reside in Bangladesh.

this does not apply in the case of a woman who was a citizen of Bangladesh previously to their marriage to a person not citizen of Bangladesh and whose husband has died or whose marriage has been dissolved.

Those who naturalize as Bangladeshi citizens must give up any other nationalities or citizenships. After the naturalized alien\* has taken the oath, the spouse and children may apply for naturalization.

- Those who marry a Bangladeshi citizen may apply for citizenship provided that they have raised in Bangladesh for at least 2 years.

- Those who invest 5,000,000 US dollars (USD) in an industrial or commercial project in Bangladesh or those who transfer USD1,000,000 to any recognized financial institution of Bangladesh may apply for Bangladeshi citizenship. This amount is non-repatriable.

\*\*" alien" means a person who is not a citizen of Bangladesh or a Commonwealth Citizen

### **What if circumstances change after the Work and Residence application process (e.g., change of employment or personal situation, including job title, job role or salary)?**

If circumstances change after the Work and Residence application process (e.g., personal situation, including job title, job role or salary) the assignee must amend their work permit by applying to BIDA. However, in the change of employer or new employment, s/he needs to cancel current work permit and again requires them to apply for a new work permit under the new employment contact and the assignee will follow again the whole procedure for obtaining a new work permit under this new employment.

### **How long can a permit holder leave Bangladesh without their permit becoming invalid ?**

Before expiry of work permit one can leave Bangladesh by cancelling the work permit by submitting cancellation application made to BIDA with required documents and after cancellation an application for an exit VISA for departing Bangladesh required and upon obtaining such an individual may leave Bangladesh within 7 days.

### **Must immigration permissions be cancelled by the end of the assignment/employment?**

Yes, expatriate employee's visa automatically cancelled after cancellation of the work permit as the validity of visa is attached to work permit tenure. After cancellation of the work permit a foreign individual has to apply for exit visa and required to leave within 7 days.

### **Are there any penalties for individuals and/or companies in place for non-compliance with immigration law?**

As per section 16B (b) of The Income Tax Ordinance, 1984 if any person employs or allows, without prior approval of the Board of Investment or any competent authority of the Government, any individual not being a Bangladeshi citizen to work at their business or profession at any time during the income year, such person shall be charged additional tax at the rate of fifty per cent (50 percent) of the tax payable on their income or taka five lakh, whichever is higher.

As per section 165 (c) of the Income Tax Ordinance, 1984 an organization is considered guilty of an offence punishable with imprisonment for a term which may extend to 3 years, but shall not be less than 3 months, or with fine up to taka five lakh, or both, if they employ or allow to work any individual not being a Bangladeshi citizen without prior approval from Board of Investment or any competent authority of the government.

[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 Income Tax Ordinance 1984 as amended up to the Finance Act 2019 and major changes brought in by the Finance Act 2019 in respect of the Value Added Tax and Supplementary Duty Act 2012 and Rules 2016, 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](https://kpmg.com)



KPMG' 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](https://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.