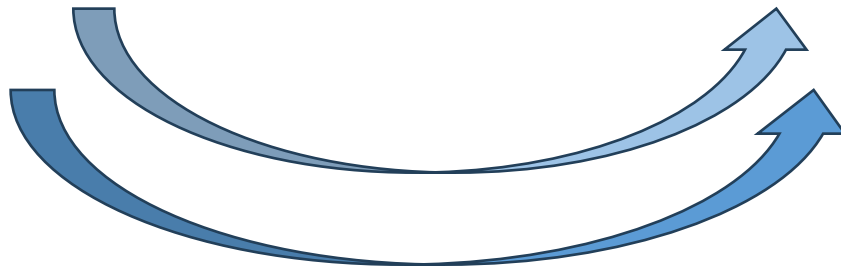




Ojha & Associates
Taxes & Assets Planner Partner

Tax Booklet

2024 -2025



Ojha & Associates

Taxes & Assets Planner Partner

SEL Trident Tower, Level 7, Suite 704, Purana Paltan Line, Dhaka – 1000

email- info@ojhaassociates.com Website:www.ojhaassociates.com

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Preface

Welcome to all!

As we embark on a new tax year, we understand that dealing with taxes can often be daunting and intricate. This booklet aims to simplify the tax process, offering clear, concise, and accurate information to help you meet your financial obligations effectively.

Whether you are an individual taxpayer, a business owner, or facing unique tax circumstances, this guide has been tailored to meet your needs. Inside, you will discover essential information on various facets of taxation, including updates to tax laws, applicable deductions and credits, and practical tips for organizing your financial records.

Our objective is to empower you with the knowledge and tools necessary to approach your tax responsibilities with confidence. By familiarizing yourself with the rules and regulations, you can navigate your financial situation more effectively and potentially uncover savings that enhance your overall financial health.

We encourage you to read this booklet thoroughly and refer to it throughout the year as your financial situation evolves. While this guide provides a solid foundation, we also recommend seeking personalized advice from a tax professional tailored to your unique circumstances.

We look forward to assisting you with your needs. Together, let's make your tax experience as smooth and rewarding as possible.

Happy filing!

About tax

A tax is a mandatory payment or charge collected by local, state, and national governments from individuals or businesses to cover the costs of general government services, goods, and activities.

People pay tax according to their income and businesses pay tax according to their profits. Tax is also often paid on goods and services.

Definition of Income

Income from hostel, hotel, motels, resorts and warehouse will not be considered as income from rent anymore.

Any service charge, repair and maintenance or other charges collected from tenant will be considered as rental income.

Any donation, gift or grant by individuals will be included in income from other source. Capital gain up to Tk. 50 lacs from sale of shares/securities of listed companies will be fully exempted.

Any gift from husband to wife, father to mother/children and vice versa can be excluded from total income provided it is shown under both of their returns.

Income tax return

According to the Income tax Authority, the presentation of specific information of income, expenditure and assets of an individual in a prescribed form is Income tax return.

According to the Income Tax Act, Income tax return (ITR) has to be filed in the prescribed form provided by National Board of Revenue.

Mode of Income Tax return

1. Online Application or e- Return
2. Offline form submission

Who is eligible to submit return of Income tax?

Who will file income tax immediately can be divided into two categories, namely:-

- a. Those who have taxable income
- b. For those it is compulsory to file a return

Mandatory to file return

It is mandatory to file return for the following:

1. If the total income of the taxpayer exceeds the tax free limit
2. In any of the 3 years preceding the income year in which the assessee is has income for which he was eligible to pay tax.
3. Partner of a firm
4. If the shareholder of the company is the director or the shareholder is the employee
5. Public employee

6. If an employee holds a salaried position in an executive or managerial role across any industry or profession...
7. One who qualifies for tax exemption or a reduced tax rate
8. One who does not have any taxable income however has taken a loan of 20 lakhs
9. To obtain and maintain import registration certificate or export registration certificate
10. For candidates and renewal of trade license in city corporation or municipal area
11. On receipt of registration of Co-operative Societies
12. To be registered in Serbia for general insurance and to apply for and renew licenses.
13. To register sale or lease or transfer or deed of land building or apartment above 10 lakh takas in city corporation municipality and cantonment board area
14. To obtain and maintain credit cards
15. To maintain membership in any recognized professional body as a doctor, dentist, lawyer, chartered accountant and management accountant, architect or surveyor or as a similar professional.
16. To obtain license as registrar position according to Muslim marriage and divorces (registration) Act 1997 or registrar for Hindu marriage registration and special marriage Act 1872 (Act no. III of 1872).
17. To maintain membership of any trade body or professional organization.
18. To obtain and renew license for drug, fire, environment clearance, BSTI or other clearance
19. To obtain and maintain commercial and industrial gas connection in any area and to obtain and maintain residential gas connection in city corporation area.
20. Applicants for and maintaining service certificate of any type of vessel operated for hire including launch steamers fishing trawlers cargo coasters and dumping wastes.
21. Obtaining and renewing permission for brick production from the Department of Environment or District Commissioner's office
22. To admit child or ward in English medium schools located in the City Corporation, district Municipality
23. To receive and maintain electric connection in city corporation or cantonment area
24. To receive and maintain company agent or distributor status
25. To obtain and maintain firearms
26. To open letter of credit for import and export purpose
27. For opening post office savings account of more than 5 lakhs
28. To open and maintain term deposits of more than Tk. 10 lakhs
29. For purchasing sanchaypatra of more than 5 lakhs
30. To participate in the election in municipality, upazila, district, city corporation or parliament.
31. To participate in share economy activities by providing vehicles, space or place or other resources
32. To obtain salaries and allowances for persons working in management or administrative or supervisory positions in production activities
33. In case of receiving commission, fee or any other payment through mobile banking or electronic money transfer and mobile phone account recharge
34. Any payment received by the resident from any company for advisory or consultancy services, event management, manpower supply, security supply services
35. Receiving any amount above 16 thousand taka per month from the government through monthly payment order or MPO subscription.
36. Registration and renewal of agency for insurance company

37. Registration, change of ownership or renewal of fitness for motor vehicles excluding two-wheeler or three-wheeler vehicles
38. To waive foreign grants in favor of registered NGOs or Microfinance Institutions licensed by the Microfinance Regulatory Authority
39. Selling products or services using digital platforms to consumers located in Bangladesh
40. For membership application in any club registered under the company Act 1994 (law 18) and Societies Registration Act, 1860 (Act No. XXI of 1860)
41. During submission of tender documents by the resident for the purpose of execution of contract, supply of goods or provision of services
42. For receiving any type of product or services from any company or firm
43. During submission of bill of entry for export or import purposes
44. Submitting the building design for approval to the Rajdhani Unnayan Katripokha (RAJUK), Chittagong Development Authority (CDA), Khulna Development Authority (KDA), Rajshahi Development Authority (RDA), Gazipur Development Authority, Cox's Bazar Development Authority or similar authorities constituted by the Government from time to time or the City Corporation or other relevant authorities of the municipality.
45. To obtain registration, license, enlistment and renewal as a vendor for stamp, court-fee and cartridge paper
46. To open and maintain Bank account in favour of Trust, funds, foundation, NGO, microcredit organization, society or cooperative society.
47. During obtaining rent of house or lease of any property from landlord by any individual in any city corporation area
48. Supplier or service provider when accepting supply of goods or services by a particular person
49. To obtain or renew license of hotels, restaurants, motels, hospitals, clinics, diagnostic centers etc.
50. When availing services from community centers, convention hall or similar places located in city corporation area
51. Individuals eligible as taxpayers according to section 261.

How to obtain return form

Return form is available in all tax offices. A taxpayer can obtain it from any tax office for free or download it from the following website: <https://nbr.gov.bd/>

Time for submission of return

An individual taxpayer is required to file tax return within the Tax Day. The tax return must be submitted according to within the Tax Day the refund is to be made as per section 173 of the Income Tax Act.

Method of filing return

Any taxpayer either paying tax on the Tax Day or beyond the tax day must submit the tax return under universal self-assessment.

Individual Income tax based on Taxable income

1. Individual tax rates are applicable to person who reaches the taxable income. It is charged in variable percentage slab wise.
2. The following tax rates are applicable to residential individual, Hindu Undivided Family (HUF), partnership firm and non – resident Bangladeshi [NRB].

Total Income	Amount Range	Tax Rate
First Tk.350,000*	up to BDT350,000*	0%
Next Tk.100,000	from BDT350,001 up to 450,000	5%
Next Tk.300,000	from BDT450,001 up to 750,000	10%
Next Tk.400,000	from BDT 750,001 up to 1,150,000	15%
Next Tk.500,000	over BDT 1,150,000 up to 1,650,000	20%
Remaining Income	over BDT 1,650,000	25%

*There is an initial exemption limit for the following taxpayers:

- ✓ Taxpayers who are female, , and Senior citizens aged 65 or above having the income of Tk. 4,00,000.
- ✓ Third gender and physically handicapped person is Tk.475,000.
- ✓ Gazetted war-wounded freedom fighters it is Tk.500,000;

In case of parent/legal guardian of a child with disability only one assessee among the father and mother (if both are taxpayers) will get a further initial exemption of Tk. 50,000 in addition to above limit per physically challenged child.

The 0% surcharge bracket threshold for wealthy individuals is increased 40 million, resulting in the following brackets.

- up to BDT 40 million - 0%
- over BDT 40 million up to 100 million - 10%
- over BDT 100 million up to 200 million - 20%
- over BDT 200 million up to 500 million - 30%
- over BDT 500 million - 35%

Non Resident Foreigners

Non Resident foreigners shall pay tax on the total income straight at 30% as per finance Act, 2024

Tax deduction and collection from non- residents

Tax deduction from non- resident is according to section 119:

1. According to the act the usual tax deduction for non- resident is 30% unless the board decides to reduce or exempt such tax on the income from non-residents.
2. The tax deducted under this section on the income on which such tax is deducted is the minimum of the payee on such income shall be deemed to have paid minimum tax and shall not be adjusted against any claim.

3. If a capital gain arises in favor of a non-resident taxpayer from the transfer of shares in a company, the person responsible for effecting the transfer of shares or the authority as the case may be shall not effectuate the transfer unless the tax payable on the said capital gain has been paid.
4. If any tax collected under this section is deposited in the name of any person, the collection under this section shall be deemed not to have been accepted.
5. Any tax collected under this section shall be deemed not to have been collected under this section if it is deposited in the name of any person.
6. Deduction of tax at source under this section shall not be applicable at the time of remittance of money remitted to a non-resident viz., money remitted on account of:
 - i. arbitration fee
 - ii. amount for Hajj
 - iii. priority pass money

Deduction or collection of tax from income of non-resident

SL	Payment Description	Rate (%)
1.	Consultant or advisor	20
2.	Pre-shipment visit	20
3.	Professional service, technical service fee, technical know-how or technical assistance fee	20
4.	Architecture, interior design or landscape design, fashion design or process design	20
5.	Certification, rating etc.	20
6.	Satellite, airtime or frequency use fare or other expense/channel transmission rent fee	20
7.	Legal service	20
8.	Event management and management service	20
9.	Commission	20
10.	Royalty, license fee or amount paid for intangible property	20
11.	Interest	20
12.	Broadcasting of Advertisements	20
13.	Advertising creation and digital marketing	15
14.	Sea transport or air transport except in the areas mentioned in section 259 and section 260	7.5
15.	Contractor, sub-contractor and sub-sub-contractor, complete manufacturing process or conversion, construction, architectural or similar work	7.5
16.	Service as per contract	
i.	Supply of product	7.5
ii.	Capital gain	15
iii.	Insurance premium	10
17.	Equipment, tools etc. fare	15
18.	Dividend if accepted by a company, fund or trust	20

19.	Dividend if received by a person, other than a company, fund or trust	30
20.	Money received by artists, singers or players	30
21.	Salary or remuneration	30
22.	Exploration or drilling of petroleum operations	5.25
23.	Survey for exploration of coal, oil or gas	20
24.	General insurance company surveyor fee	5.25
25.	Any service to connect the oil or gas field and its export point	5.25
26.	Payment against bandwidth	10
27.	Courier service	15
28.	Any other payment	20

Minimum Tax payable according to location

There is a specific minimum amount of tax that is required to be paid by an assessee depending upon the area they are located. The amount are stated below:

Location	Amount in Tk
Within Dhaka North, Dhaka South and Chattagram City Corporation	5,000
Any other City Corporation	4,000
Other than City Corporation	3,000

Non-Residential Foreigners [NRF] shall pay tax on total taxable income @ 30% directly without varied rates and threshold limit.

Deduction from Importer

Collection of duty from importers Section 120 -The Commissioner, customs or any other empowered officer shall collect the duty on the import value of the goods at a fixed rate not exceeding 20%.

Tax rates for Corporate:

Applicable tax rates for companies remain unchanged as mentioned below:

Companies	Rate	Without condition
Publicly traded companies listed more than 10% of their paid-up capital through IPO.	20%*	22.5%
Publicly traded companies listed 10% or less of their paid-up capital through IPO	22.5%*	25%
One-person company	20%*	25%
Non-listed companies other than below	27.5%*	30%
Banks, insurance and other financial institutions (except merchant banks): -if publicly listed	37.5%	No condition applicable

-if not publicly listed	40%	
Banks, insurance and other financial institutions if not publicly listed	40%	No condition applicable
Merchant banks	37.5%	
Cigarette, zarda, bidi, gul or any other tobacco product manufacturer (companies and any other assessee) <i>2.5%-Surcharge in addition to above tax is applicable on business income.</i>	45%	
Mobile phone operator companies[opportunity to apply tax rate @40% for listing with stock exchange has been eliminated]	40%	No condition applicable
Trust, Fund, Association of persons and other taxable entities	27.5%	
Co-operative society	20%	
Private university, private medical college, private dental college, private engineering or private college engaged in information technology education	15%	
Recognized provident fund, approved gratuity fund, approved superannuation fund or pension fund	15%	

-*All income and receipts, and all expenses and investments over Taka 0.5 million for a single transaction and total Taka 3.6 million in a year shall be made through banking channel; otherwise, tax rate will be increased by 2.5%.

- However, 5% additional tax will be charged if disabled persons are not provided with proper arrangement for movement at the place of service by school, college, university and NGO.

- Every person is required to submit income tax return under section 180 i.e. "Self-Assessment." NBR can extend the due date of submission up to one month.

Minimum Tax liability for company and individual taxpayers

SL	Category of Taxpayers	Minimum Tax rate on Gross receipt
1	Cigarette, bidi, chewing tobacco, smokeless tobacco or any tobacco products manufacturers	3%
2	Carbonated beverage, sweetened beverage manufacturer	3%
3	Mobile phone operator	2%
4	Cigarette, Bidi, chewing tobacco, smokeless tobacco or any tobacco product manufacturer except any individual taxpayer	0.25%
5	Any other case	0.60%

Surcharge on educational institution

If educational institutions don't provide accessibility for disabled persons as per the law, a surcharge of 2.5% will be applicable in place of 5% if the condition is not met.

On the other hand, rebate of 5% tax or waiver of 75% of salary to physically challenged or third gender employees or more than 25 persons from physically challenged or third gender persons.

Tax rate for owner of small and cottage industry

If an individual being the owner of a small and cottage industry situated in a less developed area or least developed area is engaged in manufacturing of the products and derives income from such industries, then he/she will be entitled to get tax rebate at the following rate:

Particulars	Rate of tax rebate
If production during the year is more than 15% but less than 25% compared to previous year	5% on tax payable on income derived from circ Industries
If production during the year exceeds 25% as compared to previous year	10% on tax payable on income derived from such industries

Acquisition of asset to be considered as income

Under Section 2(13), income will include the acquisition of any assets which are –

1. Not natural
2. Not created by own self
3. Not acquired against indebtedness or mortgage (foreclosure)
4. Not acquired through inheritance, will, bequest, or trust
5. Not acquired through exchange or purchase

Normal rate of depreciation allowance

General depreciation rate according to third schedule, part 1, Para -4. The following depreciation rate is charged on the category of resources listed below:

SI	Category of resources	Rate (%)
1.	Building	5
2.	Factory	10
3.	Furniture & fittings	10
4.	Office equipment	10
5.	Machinery, plant and equipment	10
6.	Sea ship New	5
7.	Purchase of Sea ship used for 10 years	10
8.	Purchase of Sea ship used above 10 years	20
9.	X-Ray, electrotherapeutic and its spare parts including medical equipment	20
10.	Battery run apparatus and rechargeable battery	30
11.	Audio visual product manufacturing and projection instruments	20
12.	All motor vehicles except rented vehicles	10

13.	Rented motor vehicles	20
14.	Printer, monitor and accessories including computer hardware	25
15.	Professional and reference book	25
16.	Aircraft, Aeroengine and aerial photography equipment	30
17.	Glass or plastic products or the mold used in making of concrete pipes	30
18.	Mineral oil related underground installed equipment	100
19.	Portable boilers, excavators,oil head tanks & rigs including other ground mounted equipment	25
20.	Bridge	2
21.	Road	2
22.	Flyover	2
23.	Pavement, runway, taxiway	2.5
24.	Apron, tarmac	2.5
25.	Boarding bridge	10
26.	Communication and research aids and other tools	5
27.	All such physical resources not mentioned in this table	10

Income from employment

Income from employment includes, Basic salary, special salary, cost of living allowance, contribution on provident fund from employer, duty allowance, leave allowance or encashment, festival bonus or any other bonus, overtime allowance, commission and perquisite(limited by law).

The Tax on the income from employment is determined by deducting one third of the total income from employment or 450,000 whichever is less. The after deduction amount will be the taxable income of the individual taxpayer from employment.

If the employer provides full time car to the employee, for up to 2500 cc car then monthly Tk.10,000, if exceeding 2500cc then Tk.25,000 per month will be considered as taxable income.

Limit of perquisite for income from employment is Tk. 1,000,000 lacs annually.

Income from rental property

The scope of rental income has been expanded and separated into house property and other than house property.

- a. Rental Income from Hostel, Hotel, Motel or Resort excluded from "Rental Income"
- b. Only the Adjustable part out of Advance will be considered as Rental Income
- c. Salami or Premium will not be considered as Rental Income
- d. Vacancy will need to be proved by electricity bill, no need to inform DCT
- e. Allowance Repair and Maintenance expense **30% for commercial purpose, 25% for non-commercial purpose**
- f. Electricity bill will be considered as the evidence in case any property is vacant (not rented)

- g. Loans taken for housing construction/ repairs, new or reconstruction, will be treated as allowable expenditure
- h. Any tax, fee or any annual charge levied on the house property will be deducted from the annual rental value

Landlords who rent out property that is not their primary residence can generally claim business expenses related to the rental income. This means they can deduct costs such as repairs, property management fees, utilities, and other operational expenses from their taxable income, reducing their overall tax burden.

For homeowners, if non-adjustable advances (possibly referring to certain types of fixed payments or non-variable charges) are no longer subjected to taxation, it can lead to a lower taxable income. This relief can provide financial benefits to homeowners, allowing them to retain more of their income.

Special Income from Rent

The following will be considered as special income from rent:

- The unspent portion of eligible repair and maintenance
- Inadmissible expenses from other than House Property

Income from Agriculture

If any individual has agriculture as the only source of income, then an income above 200,000/- only taxable (6th Schedule, para – 20). If the tax payer is unable to maintain records of transaction of the agricultural produce, then 60% of the market value of the product shall be considered as allowable expenses.

Rate of depreciation on resources used in agriculture:

Sl	Capital Resources	Rate
1.	Brick, concrete, building or structure constructed by steel or similar material	5%
2.	Tin, bamboo, straw or similar product made house	10%
3.	Permanent fence	10%
4.	Tube- well	10%
5.	Tank	10%
6.	Irrigation well, channel, pipe	10%
7.	Agricultural implements made of wood or bamboo	10%
8.	Weighing machine	10%
9.	Tractor, oil engine and light equipment	10%
10.	Truck, delivery van and other motor vehicles	10%
11.	Piper pumping equipment	20%
12.	Non-mechanical van	15%
13.	Steam engine	10%
14.	Factory machinery	15%
15.	General machinery, tools, plant and other assets not mentioned in this memorandum	10%

Rate for Farms, hatchery and fisheries

Since the income from farm, hatchery and fishery are similar in nature hence the tax rate decided are as follows:

Amount of Income	Tax rate
For the income of first 10 lacs	0%
For the next 10 lacs	5%
For the next 10 lacs	10%
On the remaining income	15%

Capital Gain

Profits and gains arising from the transfer of ownership of capital assets will be taxable income, but notional gains arising out of no transfer of assets under the fair market value method or in actual terms shall be treated as capital gains.

Capital gains tax

Tax on the capital gains will be charged as follows:

- Trust and funds: flat 15% instead of earlier 15% or slab rate
- Company and firm: flat 15% instead of earlier 10%
- Individuals: transfer of sponsor, director or placement share, or unit is 15% instead of previous 5% rate

Income from financial assets

Interest profit or interest on securities approved by the government or local authority, any dividend receipt or profit received against Sanchay Patra, from mortgage, interest from financial product or scheme from any bank or financial institution will be considered as income from financial assets.

Income from other sources

Any donation, grant or gift by whatever name received from other sources shall be treated as income from other source.

Any property received as a gift from husband, wife, mother, father or spouse will be exempt from tax, provided it appears in the return of the donor and the recipient. However, in cases where the donation is sent from abroad to the recipient in Bangladesh through banking channel, the provision of presentation of donor return shall not apply.

Any asset received as gift from husband, wife, mother, father or child if shown in the donor and recipient returns then it is not necessary to be a bank transfer.

If any individual receives an amount exceeding five lacs as advance, loan or any form of deposit without a cross-check or bank transfer will be considered as income from other source.

Special business income

Inadmissible expenses in respect of perquisite, royalty/license fee/ technical-know-how fees, head office expense of branch, foreign travel, entertainment, free sample, promotional expense, calculated without precise calculation

(provision), impairment loss will not be considered as special business income in addition to earlier amortization of RoU assets.

Individuals transfer of listed share or unit (other than sponsor, director or placement share or unit) is 15% or slab rate unless the gain exceeded taka 5 million [earlier full amount was exempted]

Widened scope of Minimum Tax [U/S 163]

Tax collected under the section from the following person will be as follows:

- a. any oil company contractor or, as may be prescribed, a subcontractor of any oil company contractor.
- b. oil marketing companies and their dealers or agents but shall not include petrol pump stations.
- c. any company engaged in oil refining.
- d. any company engaged in the transmission or distribution of gas

Investment tax rebate

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

- a. 3% of total taxable income (other than tax exempted income and income on which reduced and minimum tax rate applicable), or
- b. 15% of actual investment as per Part 3 of 6th schedule or
- c. Taka 1 million

Statement of assets, liabilities and lifestyle

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

- a. Has a gross wealth over Taka 5 million (earlier it was 4 million);
- b. Owns a motor car; or has made an investment in a house property or an apartment in the city corporation area
- c. Has made an investment in a house property or an apartment in the city corporation area.

If any individual, not being a shareholder director, has total income not exceeding taka 0.5 million without from business, he may opt not 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.

Set off or carry forward

The set off or carry forward of the different heads of income will be as follows:

SL	Source of income or head	Adjustments
1	Capital Loss	Can only be adjusted with a capital gain
2	Loss in business	Can only be adjusted with income from business
3	Speculative Business loss	Can only be adjusted from speculative business income
4.	Loss in Tobacco business	Can only be adjusted from income from the tobacco business.

It should also be taken into consideration that:

1. -any exempted or reduced tax rate according to section 163 and subsection 2, no further adjustment will be made against loss.

- any unrequited loss of firm or AOP can only be adjusted from the income from those firm or AoP and cannot be adjusted with the income of any partner of the firm or the income of any member of the AoP

- if a loss in any category of income during a given assessment year cannot be fully offset against income from other categories in that year, the unutilized loss can be carried forward to subsequent years. Typically, this carryforward period lasts for up to 6 years.

- subject to the Eighth Schedule, if a person is succeeded in business or profession by any means other than succession, the successor shall not be able to set off the loss of the predecessor against any of his own income.

Income tax applicable on personal motor vehicles

AIT at the time of registration or renewal of fitness of motor vehicle is:

Type and engine capacity of motor vehicle	Amount of tax in taka
Upto1500cc or 75 kw	25,000
Exceeding 1,500cc or 75kw but not more than 2,000cc or 100 kw	50,000
Exceeding 2,000cc or 100kw but not exceeding 2,500cc or 125 kw or more	75,000
Exceeding 2,500cc or 125kw but not exceeding 3,000cc or 150 kw	150,000
Exceeding 3,000cc or 150kw but not exceeding 3,500cc or 175 kw or more	200,000
Exceeding 3,500 CC or 175 kw or more	350,000
Each microbus	30,000

Environmental Surcharge

Environmental 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.

The environmental surcharge will be collected during registration or fitness renewal.

Such advance income tax shall not be collected from Government, Local Government, any project under government, local Government, any project under Government, Foreign diplomat, development partner, and educational institution under MPO, public university, gazette war-wounded freedom fighter and institution that has obtained a certificate from NBR that AIT shall not be collected from them.

If an assessee owns more than one motor vehicle, the advance income tax will be 50% higher for every additional vehicle.

No adjustment or rebate on any surcharge paid by taxpayers.

Tax on gift

Gifts to be considered as taxable income on the hand of the recipient (except gifts from parents, children, or spouse).

Return submission by Government employees

Government officers and employees shall compulsorily pay their basic salary and holiday allowance to the authorities from their own income. If the basic salary of government officials is Tk.16,000 taka, then the return has to be filed. (SRO-225).

Rebate on taxpayer investment

The admissible rebate on total taxable income on actual investment is 15% or 3% of or 10 lakhs of the total taxable income whichever is less will be applicable if return is submitted in due time. No such rebate will be available on failing to submit the return beyond the stipulated time.

- i. Rebate will be available on the following:
- ii. Life insurance/ joint premium insurance
- iii. Purchase of Sanchay Patra
- iv. Contribution on the provident fund of government employees
- v. Contribution of employer and taxpayer's amount on the recognized provident fund
- vi. Welfare fund contribution
- vii. Contribution to Superannuation fund
- viii. DPS up to 120,000/-
- ix. Purchase of listed company share or debentures
- x. Purchase of ICB unit certificate (book value)
- xi. Donation to the Prime Minister's fund
- xii. Donation to the Zakat fund (according to Zakat law)
- xiii. Donation to charitable hospitals
- xiv. Donation to Bangabandhu Memorial Museum
- xv. Donation to Prime Minister's Education Fund
- xvi. Donation to any government or private organization approved by the National Board of Revenue etc.

Exemption from income tax on money brought from abroad

Any income earned abroad by a natural person taxpayer in Bangladesh which he brings into Bangladesh in accordance with existing laws relating to foreign remittances is exempt from income tax.

In this case the taxpayer will get cash incentive from the bank at the rate of 2.5%

Amendment on Admissibility of WPPF

Admissibility of WPPF has been amended as mentioned below:

- Amount Paid Payable to Worker's Participation Fund, Welfare Fund and Bangladesh Worker's Welfare Foundation Fund
- Accrual accounting treatment acknowledged
- Compliance with Labour Law won't create inadmissibility

Deducting authority changed for TDS on Fund 37 [U/S 88]

- More tax deposit in government Treasury
- The company made responsible to deduct the withholding tax
- Beneficiaries will not be required to pay tax since it is exempted under 6th Schedule.

Deduction of tax from contractor [U/S 89 U/R 3]

The rate of tax is 7% on payment to contractors & subcontractors for the deed/agreement of Manufacture, process or conversion, Civil work, construction, Engineering or any similar type of service. For recycled Lead supply the rate is 3%.

Tax on dividend/ profit repatriation

A company paying dividend shall withhold tax at the following rate:

- 20% on dividend payable to a non- resident company/fund/ trust and resident company
- 30% on dividend payable to any non- resident person other than a company/fund/ trust, and
- 10% (subject to furnishing 12 digit TIN), otherwise the rate of TDS would be 15% on dividend payable to a resident person other than a company.

If stock dividend declared or distributed by a list company exceeds the cash dividend or only stock dividend declared, then 10% tax on the whole amount of stock dividend will have to be paid by the company as per section 23.

While remitting profit from Bangladesh branch office to head office situated in foreign country @ 20% is to be deducted. If there is DTTA.

Withholding tax (WHT) return time

Withholding income tax return needs to be submitted on monthly basis within 25th instead of 15th of the following month with no time extension facility.

Withholding Tax band enhanced

Resort, motel, restaurant, and convention centers are also be considered as specified persons who will be under the enhanced band of withholding tax.

WHT from supplier of essential goods [U/S 89 U/R 3]

Tax is deducted at 1% rate on essential commodities except all types of fruits, computer and computer parts. The cost of commodity might reduce and will benefit final consumers. The table listed below shows:

Description	Rate
Supply of grocery items	1%
Supply of oil by refinery company	2%
Supply of recycled lead	7%
Supply of industrial raw materials to an industrial manufacturer	3%

Supply of goods not specified and any other areas	3%
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WHT from payments by Mobile Operators [U/S 98]

The WHT on revenue distribution or any license fee or any other fee or charge to regulatory authority is 20%

WHT from interest on savings and FDR [U/S 102]

The withholding tax from the interest on savings and FDR will be as follows:

- Trust or AOP – 20%
- Where the payee is recognized provident fund, approved gratuity fund, approved superannuation fund or pension fund– 10%
- Primary Education Institution- 10%

WHT on Outward Remittance [U/S 119 U/R 5]

TDS on payment to non-residents shall not be applicable for the following cases:

- Payment made to any authority of the foreign country.
- Payment for subscription fee of professional body
- Expenses of liaison office
- International product development & marketing expense.
- Tuition fees
- Any type of security deposit.

WHT from Inward Remittance [U/S 124]

With holding tax rate for Fee, Service Charge, remuneration in connection with any service or revenue sharing is 7.5%.

Disallowed Expenses

Following disallowed expenses will not be treated as special business income anymore:

- Expenditures above Tk. 1,000,000 as perquisites to an employee
- Payment of royalty, license fee, technical service fee, technical know-how fee, technical assistance fee which exceed 10% of net profit disclosed in the financial statements
- Head office or intra-group expenses of a company not incorporated in Bangladesh which exceed 10% of net profit disclosed
- Overseas travelling expenditure exceeding 0.5% of disclosed business turnover
- Expenditures on account of entertainment allowance
- Expenditure exceeding the prescribed limits on distribution of free samples
- Payment of any promotional expense except advertisement exceeding 0.5% of the disclosed business turnover
- Any deduction or deduction against any liability which is not expressly set forth
- Amortization and interest on Right of Use assets except lease of land and space for business purposes
- Impairment loss on conceptual assets.

Penalty on late submission of return

There is a provision for a penalty if a return is not filed on time. All individual taxpayers are eligible to pay tax on or before 30 November in their respective circles. Failure to submit income tax return on the mentioned date or any extended date may lead to a fine amounting to 10% of the total taxable income or a minimum of 1000 taka of fine. In addition to this, there is a provision to penalize those who fail to file the return on time and for each day of failure to file the income tax return at the rate of Tk. 50.

For a new taxpayer the penalty will be 5000 taka.

Tax defaulters

Any person who fails to fulfill any tax obligation under this Act or is deemed to be in default under the Act shall be considered a tax defaulter and shall be liable to a maximum penalty of 2% per month for a maximum of 24 months.

Appeal to the Income Tax Authority

1. If a taxpayer cannot accept the order of the Income Tax Authority, he may file an appeal to the concerned Appellate Income Tax Authority on the following matters:
 - i. determination of income
 - ii. determination of tax payable
 - iii. adjustment of loss assessed on net income tax
 - iv. assessment or levy of penalty or interest
 - v. loss adjustment or carry forward
 - vi. imposition of penalty or interest
 - vii. charge and surcharge or any financial calculation
 - viii. tax credit
 - ix. error in tax calculations
2. Subject to the provisions of sub-section 3, appeals may be made to the Commissioner only in the following matters, namely,
 - i. appeals by the company
 - ii. under section 213 any appeals against any order
 - iii. appeals against judgments or orders relating to international transactions.
3. The Board is able to -
 - i. assign responsibility on income tax appeal authority to resolve any appeal
 - ii. transfer of responsibility to resolve any appeal from one income tax authority to another income tax authority
4. No appeal shall be accepted in respect of any income treated as taxable share income.
5. No appeal shall be accepted against the order of assessment of tax in the cases mentioned in the table below:

Status of return filing	Conditions
In case the return is filed	Recognized tax liability has not been paid
In case of filed return	A minimum of 10% of the tax prescribed by the deputy commissioner of taxes has not been paid

If the appellant prior to appeal has paid the tax based on the return submitted and the tax appeal authority is satisfied with the fact that, the appellant could not submit the tax earlier due to an acceptable reason, then the tax appeal authority may accept the appeal for the hearing.

Alternative dispute resolution

Alternative Dispute Resolution (ADR) Alternative Dispute Resolution (ADR) is a process of resolving disputes within shortest possible time beyond the regular course of business followed by Appeal/Tribunal/Court.

ADR is used for tax assessment disputes pending before any Income tax authority or Taxes Appellate Tribunal or Court awaiting settlement. A tax payer may apply according to the provisions of sub section (4) for settlement of any dispute pending before Appellate income tax authority or Tax appellate tribunal or before any division of the Supreme Court through alternative dispute resolution process.

Application to ADR shall be certified and filed in a prescribed form and with the fee; the appeal concerned shall lie before the Income – tax Authority or the Taxes Appellate Tribunal or, as the case may be , the Registrar for the Supreme Court. The taxpayer shall submit the relevant paper, documents and statement of lawful ground and facts along with the application form.

Where a taxpayer has files a return for an income year, he shall not be eligible to file an ADR unless he has not paid the recognized tax in that income year.

Facilitator in Alternative dispute resolution

ADR process shall be conducted between the taxpayer and the representative of the Commissioner through a facilitator appointed by the Board. The facilitator shall perform the prescribed duties and responsibilities and receive the prescribed fee.

Decision of ADR

1. Where both the parties agree on any incident or legally disputed matter under this Act, the disputed matter shall be settled partially or fully through the ADR process on the basis of consensus.
2. Where there is a partial or complete agreement between the taxpayer and the representative of the Commissioner of Taxes on the settlement of the dispute, the facilitator shall, in the prescribed manner, record the details of the agreement.
3. The record of the agreement shall contain a description of the terms of the agreement, including any taxes payable or refundable and other payment of the fair dues based on the agreement and such other matters as the facilitator considers appropriate.
4. If it is subsequently discovered that the process of the agreement has been completed through fraud and misrepresentation, the same shall be cancelled.
5. The taxpayer , the representative of the Commissioner and the facilitator shall sign the agreement.

6. In cases where it is not possible to reach an agreement in whole or in part thereof due to non-cooperation between the applicant taxpayer and the representative of the Commissioner concerned, or where disagreement arises in the settlement of the dispute, the facilitator, recording the reasons, within 15(fifteen) days of the disagreement, shall inform the applicant, the Board, the concerned Court, Tribunal, Appellate Authority and, as the case may be, the Income Tax Authority about the unsuccessful settlement of the dispute.
7. Where an agreement is reached fixing the manner and time of collection and return of dues and the same is duly recorded and signed , the facilitator shall, in accordance with the provisions of this Act, notify the same to the taxpayer and the Deputy Commissioner of taxes concerned, in accordance with the agreement.
8. If the facilitator fails to reach an agreement within 3 (three) months after the end of the month in which the application was made, no agreement shall be deemed to have reached.
9. Where a successful agreement is reached, the facilitator shall send copies of the agreement to all parties mentioned in sub-section (6) within 15 (fifteen) days from the date on which the agreement is signed by the facilitator and the parties.



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