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PARTNERS**
NEXUS OF LAW & BUSINESS



BANGLADESH TAX BRIEFING · FY 2026-27

The Finance Act 2026: A Practitioner's Guide

Tuhin & Partners' briefing on the income tax, VAT, customs, excise and regulatory changes taking effect for the 2026-27 fiscal year — what has changed, where it is found in the law, and what it means for businesses and individuals in Bangladesh.

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About this briefing

Each year, the national budget and the Finance Act that follows it reshape the ground rules of doing business in Bangladesh. The Finance Act 2026 is an unusually consequential instalment: it rewrites core provisions of the Income Tax Act 2023, restructures the withholding tax architecture, cuts the cost of tax litigation across every appellate forum, introduces a Free Trade Zone regime into the Customs Act 2023, and issues a dense body of SROs touching everything from solar power to smart cards.

This guide is Tuhin & Partners' own reading of those changes. It is organised thematically rather than provision-by-provision: Part One sets out the fiscal frame of the FY 2026-27 budget; Parts Two to Five walk through the direct tax, VAT, customs and excise changes in turn; and the closing pages introduce our firm and how to reach us. Wherever a change turns on a specific number — a rate, a threshold, a deadline — we have stated it and cited the section, schedule or SRO in which it appears, so the guide can serve as a working reference as well as an overview.

We have prepared this briefing from the text of the Finance Act 2026, the SROs and general orders issued with it, the budget speech, and other publicly available National Board of Revenue materials. It reflects our understanding of the law as at July 2026.

IMPORTANT NOTICE

This publication is general information, not legal or tax advice. It summarises legislation and subordinate instruments at a high level and necessarily omits qualifications, conditions and transitional rules that may be decisive in a particular case. Rates and provisions described here may be amended, clarified or interpreted differently by the authorities after the date of publication.

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01

The National Budget FY 2026-27 at a Glance

Before turning to the legal changes, the fiscal frame. The FY 2026-27 budget is the largest in Bangladesh's history and leans heavily on the National Board of Revenue to fund it — context that explains much of what follows in this guide.

1.1 The headline numbers

The FY 2026-27 budget is set at Tk 938,000 crore — roughly 19% larger than the revised FY 2025-26 budget of Tk 788,000 crore. Revenue is targeted at Tk 695,000 crore, of which Tk 604,000 crore is to come from the NBR, an increase of just over 20% on the revised prior-year target. The plan assumes 6.5% GDP growth and 7.5% inflation.

BUDGET COMPARISON — FY 2026-27 VS FY 2025-26 (REVISED) · FIGURES IN CRORE TAKA UNLESS STATED

Particulars	FY 2026-27	FY 2025-26 (revised)	Change
Total budget size	938,000	788,000	+19.0%
Total revenue earnings	695,000	588,000	+18.2%
NBR revenue	604,000	503,000	+20.1%
Annual Development Programme	300,000	200,000	+50.0%
Budget deficit (excluding grants)	243,000	200,000	+21.5%
GDP growth assumption	6.5%	5.0%	—
Inflation assumption	7.5%	7.0%	—

Where the revenue comes from

Of the Tk 6.95 lakh crore revenue target, about 86.9% is NBR tax revenue, 3.6% non-NBR tax revenue and 9.5% non-tax revenue. The revenue target equals roughly 10.2% of GDP — the most ambitious revenue-to-GDP ratio of the last five budget cycles. Indirect taxes (VAT and customs) have supplied roughly 65-66% of total tax revenue in recent years, and the FY 2026-27 framework continues that reliance.

How the deficit is financed

The Tk 243,000 crore deficit — about 3.6% of GDP — is to be financed Tk 127,000 crore domestically (Tk 112,000 crore from the banking sector and Tk 15,000 crore from non-bank sources) and Tk 116,000 crore from foreign sources (Tk 109,850 crore in loans and Tk 6,150 crore in grants).

Where the money goes

By broad function, social infrastructure (education, health, food and social security) takes about 29.7% of the budget, general services about 26.1%, physical infrastructure (agriculture, local government, roads, power) about 18.7%, interest payments about 13.6%, and subsidies and other net lending about 11.9%. Notable allocations include Tk 259,712 crore for human resources, Tk 127,500 crore for interest payments and Tk 89,630 crore for agriculture and rural development.

Why this matters for taxpayers. A 20% jump in the NBR target, funded disproportionately by indirect taxes, is the fiscal logic behind many of the changes in this guide: a wider withholding net, digital information-sharing powers, mandatory return-filing triggers, and — as a counterweight — cheaper access to appellate forums and faster assessment timelines.

02

Direct Tax – Income Tax

The Finance Act 2026 makes its deepest cuts in the Income Tax Act 2023: definitions are widened, the punitive disallowance regime for withholding failures is replaced, the withholding schedule is rewritten from top to bottom, filing incentives and penalties are recast, dispute-entry costs fall sharply, and the corporate and personal rate cards are fixed for five assessment years.

2.1 Definitions and administration

Surcharge split in two ITA 2023 · S 2(14), 2(21), 2(86KHA)

The single concept of "surcharge" is bifurcated into a **tax surcharge** (the familiar net-wealth-based levy) and a new **environmental surcharge** on multiple car ownership. The rates for both are fixed for five years — see section 2.12.

Tax recovery hierarchy widened ITA 2023 · S 2(17), S 4

The office of Tax Recovery Officer, previously confined to the Deputy Commissioner of Taxes, now also extends to the Inspecting Additional Commissioner and Inspecting Joint Commissioner of Taxes — strengthening the enforcement chain for recovery proceedings.

National Tax Day ITA 2023 · S 2(22)

A statutory "National Tax Day" is introduced, aimed at taxpayer awareness, recognition of compliant taxpayers and the promotion of voluntary compliance.

Wider net of taxable "persons" ITA 2023 · S 2(31), 2(69), 2(69KA)

The definitions of company, association of persons and artificial juridical person are expanded, notably to bring various funds — recognised provident funds, general provident funds, pension, superannuation and workers' funds — within the definition of person. The definition of "assessment" is also expanded to include income, and a definition of "raw material" is inserted.

"Private institutions" defined ITA 2023 · S 2(65KA)

A new definition captures private universities, medical, dental and engineering colleges; non-MPO and private schools and colleges across Bangla medium, English medium and English version streams; professional and technical institutes (nursing, marine, flying, vocational and training institutes); specialised institutes (language, hospitality and tourism, art and fashion design); and driving schools and other skill-based or creative training institutions. The definition matters for the new reduced corporate rate for private higher-education institutions (section 2.12).

Capital assets now include gold, jewellery and club memberships ITA 2023 · S 2(77)

The definition of capital asset is widened to cover personal holdings of gold, silver and other precious metals, gold and silver ornaments, gems, diamonds and coins, paintings and antiques, and club memberships — business inventory remains excluded. The practical effect is that gains on disposal of these assets now attract capital gains tax (a concessional 5% rate applies in some cases — see sections 2.4 and 2.10).

Local L/Cs in foreign currency count as exports ITA 2023 · S 2(80)

A new definition of "export" confirms that the supply of produced raw materials under local letters of credit settled in foreign currency qualifies as export — resolving a long-standing classification dispute for deemed exporters.

Joint venture distributions recharacterised ITA 2023 · S 2(81), S 66

Profit distributed by a joint venture to its participants is defined as after-tax profit distributed among the partners and is treated as income from other sources rather than dividend. Because the JV itself is taxed as an AOP (at 20% in the illustration used by the NBR), the distribution carries no further tax exposure in the partners' hands.

"Set aside" defined — remand narrowed ITA 2023 · S 2(88)

A definition of "set aside" is introduced that confines the power of the Commissioner (Appeals) and the Taxes Appellate Tribunal to remand a case: broadly, set-aside is available only where the notice under section 335 was not properly served. This limits repeated remands and pushes appellate forums toward final decisions.

Digital permanent establishment ITA 2023 · S 2(92)

The permanent establishment definition now incorporates conditions drawn from double taxation avoidance agreements and — significantly — treats any digital or online activity or presence of a non-resident entity in Bangladesh as a PE where the entity has 100,000 or more digital or online customers or subscribers. Foreign technology and platform businesses serving Bangladeshi users should reassess their PE exposure.

Charge of tax and additional tax ITA 2023 · S 18, S 19

The charging provision is recast so that tax is "levied, imposed, paid or collected" under the Act, expressly encompassing minimum tax and tax payable on the basis of the return. The additional tax for employing a non-Bangladeshi citizen without approval — 50% of the tax payable or Tk 5,00,000, whichever is higher — is retained, but the taxpayer must now be given an opportunity of being heard before the DCT determines the liability.

Tax on transfers to retained earnings and reserves relaxed ITA 2023 · S 22, S 23

Listed banks, insurers and finance/leasing companies are carved out of the regime that taxed excess transfers to retained earnings and reserves (linked to the 70% transfer ceiling and 30% dividend expectation), aligning the tax law with Bangladesh Bank's directives on dividend capacity. For other listed companies, the charge now applies only to the **excess** transferred in the current assessment year rather than the entire transferred amount — in the NBR's own illustration, reducing the section 22 tax on an Tk 8 lakh transfer from Tk 220,000 to Tk 27,500. The additional tax on stock dividends under section 23 is likewise lifted for listed banks, insurers and finance companies.

Online-platform income sourced to Bangladesh ITA 2023 · S 27(JHA)

Income is treated as accruing or arising in Bangladesh where a buyer places a requisition through an online platform and the seller supplies goods or services — online or offline — with payment made through any medium. The provision broadens the source rule for the digital economy, though its offline-payment limb may prove difficult to administer.

Medical reimbursements excluded from salary ITA 2023 · S 32

Reimbursement of medical expenses under a group insurance policy is excluded from employment income — a modest but welcome relief for salaried taxpayers, mirrored by a matching Sixth Schedule exemption (section 2.10).

2.2 Income from rental property — a new framework

The rental head is comprehensively reorganised. Warehouse rents move into the rental head, salami and premiums are folded into rental income, and a two-step statutory formula replaces the previous computation.

Scope of the rental head ITA 2023 · S 35, S 36(3)

Warehouse rental income, previously assessed outside the house-property head, is brought within it, and salami or premium receipts move out of "income from other sources" into rental income — allowing the amount to be spread over multiple years rather than taxed at once. By exception, the rental income of Economic Zone and Hi-Tech Park developers is treated as business income.

The two-step computation ITA 2023 · S 37(2)

Step one — gross rental value: $A = (B + C) - D$, where B is the annual value, C is any service, repair or maintenance charge paid by the tenant (by whatever name called), and D is a vacancy allowance permitted only against production of utility (electricity) bills. **Step two — income from rent:** $X = Y + Z$, where Y is the total rent value from step one and Z is "special rental income" for the year.

Special rental income ITA 2023 · S 39(3), (4), (6)

Advances and deposits are now taxed on a classification basis, irrespective of whether received in cash or through a bank:

- **Adjustable advances and refundable deposits** — 10% of the year-end closing balance is included as special rental income each year, with no fixed adjustment tenure.
- **Non-adjustable advances (salami / premium)** — the full amount is spread over the rental tenure or five years, whichever is lower; short tenures therefore accelerate the tax.
- **Deposits held too long** — a refundable deposit not refunded within six years is treated as income from other sources (see also section 2.5 on loans and advances generally), creating a real risk of double taxation for landlords who retain deposits.

Losses may now be set off against special rental income — a departure from the earlier rule that denied deductions, set-off and carry-forward against this category.

2.3 Business income: deductions and disallowances

Tea and rubber income ITA 2023 · S 40(2)

The statutory 40:60 split of tea and rubber receipts between business and agricultural income is now applied after computing total taxable income with admissible expenses, rationalising the earlier gross-receipts approach.

Agricultural withholding failures — disallowance replaced ITA 2023 · S 41(6)

Non- or short-deduction of withholding tax on agricultural payments no longer triggers expense disallowance. Instead, the deductor pays the shortfall plus 50% additional tax (with a credit mechanism where section 143 proceedings have already recovered part of the amount) — mirroring the new section 56 regime described below.

Trade and professional associations ITA 2023 · S 45(2)

Revenue earned by trade bodies from non-members is integrated into mainstream business income, but associations may now claim all legitimate business expenses against that revenue. Documentation discipline becomes essential.

Interest: accruals allowed, ageing policed ITA 2023 · S 46(6KA), S 52(1)

Interest on borrowed capital is now deductible on both a paid and an accrued basis — a shift to accrual accounting. As a counterweight, interest that remains unpaid for three years is added back as business income from special sources, becoming deductible again in the year it is actually paid.

Loans to and from associated enterprises ITA 2023 · S 46(11KA/KHA), S 52(2), S 53

Where a company on-lends borrowed funds to an associated enterprise at a lower rate, the rate differential is imputed as income of the lender — but the lender's full interest expense on the underlying borrowing remains deductible. The previous NBR-method limits on deducting interest paid to associated enterprises (with the Tk 15 lakh de minimis) are removed: such interest is now fully allowable as a business expense, and banks, financial institutions and leasing companies remain outside the limits in any event.

Perquisites, entertainment, samples and promotion — ceilings eased

ITA 2023 · S 55(GHA), (JA), (JHA), (NIO)

Four familiar expense ceilings move in the taxpayer's favour:

- **Perquisites** — the per-employee allowable limit rises from Tk 20 lakh to Tk 25 lakh.
- **Entertainment** — the tiered 4% / 2% formula is replaced by a single cap of 4% of business income (limited to the actual expense claimed).
- **Pharmaceutical free samples** — deductible at 2% of turnover up to Tk 10 crore, 1.5% for Tk 10-20 crore and 1% above Tk 20 crore (previously 2% / 1% / 0.5% with Tk 5 crore and Tk 10 crore bands).
- **Promotional expense** — the ceiling doubles from 0.5% to 1% of turnover.

The end of expense disallowance for withholding failures

ITA 2023 · S 55(KA) REPEALED IN EFFECT · S 56(1)(KA & KHA)

This is one of the most consequential corporate changes in the Act. Previously, failing to deduct tax at source meant the entire expense was disallowed (and an asset purchase could be treated as income), an effective cost of 27.5% of the payment for most companies. The Finance Act 2026 replaces disallowance with a self-contained monetary consequence:

- **Clause (Ka):** the deductor pays the undeducted (or short-deducted) tax plus a 50% additional amount — i.e. $1.5 \times$ the shortfall.
- **Clause (Kha):** where recovery proceedings under section 143 have run (which can add 50% uplifts for non-banking-channel payments or missing proof of return submission, plus interest at 2% per month capped at 24 months), and the amount collected is less than the clause (Ka) benchmark, the deductor pays the difference plus 50% of that difference.

On the NBR's own worked figures, the cash cost of a missed 5% deduction on a Tk 1,000 expense falls from Tk 275 under the old regime to between roughly Tk 75 and Tk 148 depending on the aggravating factors — and the expense itself remains fully deductible. The separate "special business income" characterisation under the old section 56 is abolished.

Co-operative societies ITA 2023 · S 79

The exemption for co-operative societies engaged in "production of crop" is widened to cover "agriculture" generally, alongside the existing cottage-industry and member-produce-marketing limbs.

2.4 Capital gains

Landowner benefits from developers ITA 2023 · S 58(3)

Where a landowner receives cash and/or constructed units from a developer under a specified contract, capital gains tax applies at 15% on the total benefits received less the acquisition cost of the land — and the Act now expressly permits payment in three equal annual instalments over the relevant tax year and the following two. Units later sold outside the contract period are taxed on their own gains at disposal.

Gold and precious metals — 5% on gains ITA 2023 · S 58(4) · SEVENTH SCHEDULE

Consistent with the widened capital-asset definition, gains on the sale of gold, silver and precious metals by individuals are taxed at a concessional 5% under the Seventh Schedule. The rate does not apply to persons in the business of trading these items, who remain taxed as traders.

Firm-to-company conversion ITA 2023 · S 61(4)-(6)

Capital gains exemption on converting a partnership firm into a company is codified with four preconditions: (i) all assets and liabilities of the firm transfer to the company; (ii) partners become shareholders in the same capital proportions; (iii) partners receive no consideration other than shares; and (iv) existing partners retain at least 50% of voting power for five years. Where the conditions are met, accumulated losses and unabsorbed depreciation carry over to the company. Breach triggers withdrawal of the exemption, taxation of the gains and DCT power to determine income.

Royalties and technical fees as business income ITA 2023 · S 66(KA)

Royalties, licence fees, fees for technical services and income from granting rights to use intangible property are treated as business income where earned as part of the taxpayer's regular business activity — a meaningful benefit for loss-making, reduced-rate and exempt companies that previously saw such income stranded in "other sources".

2.5 Other sources and anti-avoidance

Family loan waivers exempt ITA 2023 · S 67(8)

A loan taken from a spouse, own brother or sister, parents or child that is subsequently waived or converted into a gift is exempt from tax, provided the transaction is reflected in the returns of both parties — easing tax friction on genuine intra-family financial support.

Company cars: carve-out for rental fleets ITA 2023 · S 67(12)

The rule that taxes 50% of the excess where a company's motor car or jeep purchase exceeds 10% of paid-up capital plus reserves and accumulated profits no longer applies to car rental companies, whose fleets are their stock-in-trade.

Long-outstanding loans deemed income ITA 2023 · S 67(13)

Where a natural person receives an advance, loan or deposit exceeding Tk 5 lakh in aggregate (by crossed cheque or bank transfer, from one or more persons) and it is not repaid within six years after the end of the income year of receipt, the amount is treated as income from other sources in the following year — with a deduction available in any later year in which it is repaid. The rule is aimed at income disguised as perpetual "loans".

Inflated exemptions in revised returns ITA 2023 · S 67(15)

If a revised return declares more tax-exempt or reduced-rate income than the original, the increase is added to income from other sources and taxed — closing off the practice of laundering income into exempt categories through revision. Employment income and specified Sixth Schedule Part 1 items (clauses 4-8, 17 and 35) are excluded.

Losses and final-tax income ITA 2023 · S 70

The set-off and carry-forward provisions are clarified to confirm that losses cannot be applied against income subject to final tax under section 163(3).

Six-year deeming rule broadened ITA 2023 · S 212(4) PROVISIO

Undisclosed income, expenses or assets older than six years are deemed to relate to the sixth year preceding the assessment year — extending a rule previously focused on assets to income and expenses as well. Practitioners should note the tension with the new document-retention periods described below.

2.6 Books, audits and computation

Document retention ITA 2023 · S 72(KA)

Companies must preserve accounts, documents, bills and vouchers for 12 years; other persons for 6 years. Digital storage is encouraged. (The VAT law requires 5 years, and section 212 proceedings are not time-limited — a mismatch businesses should manage conservatively.)

Audited accounts net widens ITA 2023 · S 73

Beyond companies and long-term contract income earners, audited financial statements are now required from firms, associations, HUFs and artificial legal persons with turnover above Tk 10 crore or capital above Tk 5 crore; from special sectors including gold, silver and gems importers, suppliers and warehouse operators; and from manufacturers, importers, suppliers, distributors and retailers covered by the new section 130Ka. Financial statement components are aligned with IAS/IFRS (statement of comprehensive income, statement of financial position, changes in equity, cash flows and notes).

Income Computation Sheet mandatory ITA 2023 · S 73, S 169(2)

An Income Computation Sheet — prepared across income (ss 45-48), allowable expenses (ss 49-54) and disallowable expenses (ss 55-56) — must be filed with the return and certified by a registered chartered accountant, cost and management accountant or tax lawyer. The section 177 return acknowledgement must also be attached. Compliance costs rise accordingly.

Investment rebate reduced ITA 2023 · S 78

The individual investment tax rebate becomes the lowest of (a) 3% of adjusted total income, (b) 10% of eligible investment (down from 15%), or (c) Tk 7.5 lakh (down from Tk 10 lakh). Taxpayers must now invest roughly 50% more to obtain the same rebate, and top-bracket taxpayers lose up to Tk 2.5 lakh of maximum rebate — year-end tax planning for salaried individuals needs recalibration.

2.7 Withholding taxes: the rewritten schedule

The TDS Rules and the withholding sections of the Act are restructured wholesale. The direction of travel is consistent: lower rates on supplies and services that feed production and exports, clarified bases for commission-driven businesses, sharply lower rates for payments to non-residents, and a handful of targeted increases.

SUPPLIES OF GOODS

WITHHOLDING ON SUPPLY — SELECTED CHANGES · TDS RULE 3

Supply	Previous	Now
Essential goods newly listed — fortified rice kernel, livestock bone, poultry, eggs, green vegetables, lemon, green chilli, liquid milk, saw-mill dust, poultry feed (incl. pelleted), mushroom, honey, jaggery, non-tobacco plant leaves and bark, molasses, oil cake, soybean meal, de-oiled rice bran, raw hide, organic fertiliser, bio-/pesticide, iodine	5%	0.5%
Cotton	1%	0.5%
Gold, silver, gold ornaments, gems and diamonds (deduction by specified persons only; not individuals)	5%	0.5%
Oil supplied by refinery companies	1.5%	1%
Packing materials used in industrial production	5%	3%
Raw materials used in industrial production	3%	3% (unchanged)
Recycling industries — raw materials, and supply of recyclable goods (plastic, polythene, battery, lead, electrical, electronics, paper, glass)	1.5% / 3%	1% flat

SERVICES AND COMMISSIONS

WITHHOLDING ON SERVICES — SELECTED CHANGES · TDS RULE 4 AND RELATED SECTIONS

Payment	Previous	Now
Technical services / technical assistance fee	10%	15% individuals · 10% others
Meeting fees, training fees, honorarium	10%	20%
Freight forwarding agency	1.5% (basis unclear)	Higher of 10% of commission or 1% of gross bill
Shipping agency	8%	Higher of 10% of commission or 1% of gross bill
Cleaning, private security, manpower supply, creative media	Higher of 10% / 2% gross	Higher of 10% commission / 1% gross
Print & electronic media agency	Higher of 10% / 0.65% gross	Higher of 10% commission / 1% gross
Catering, PR, event management, training/workshops, courier, packing & shifting, collection agencies and similar	Higher of 10% commission or 2% gross	2% of gross bill
MFS agents / channel partners	10% (base disputed)	10% — clarified as on commission only
Mobile network operator; technical support service	12%	10%
Motor garage or workshop; private container port / dockyard	8%	5%
Transport, carrying, vehicle rental, repair & maintenance; sharing-economy platforms (ride sharing, co-working, accommodation)	5%	2%

OTHER DOMESTIC WITHHOLDING POINTS

Local letters of credit ITA 2023 · S 97(4)-(5)

Cotton falls from 1% to 0.5%, a broad basket of agricultural commodities is brought in at 0.5%, and a 2% withholding is introduced on bank-financed local L/Cs for cement, iron and ferro-alloys (excluding MS billet).

Telecoms relief ITA 2023 · S 98

The 20% withholding on payments involving cellular mobile phone operators and tower-sharing companies is withdrawn — a substantial liquidity release for the sector.

Warehouse rent and land acquisition ITA 2023 · S 109, S 111

A 10% withholding is expressly extended to rent paid for buildings used wholly as warehouses. Separately, any payment — by whatever name called — made to an owner for the acquisition of immovable property attracts 10% withholding as a final tax, closing relabelling loopholes.

Export cash incentives ITA 2023 · S 112

Withholding on government cash incentives to exporters falls from 10% to 5% — but the payment leaves the final-tax net (section 2.9), so the ultimate burden depends on the exporter's regular rate.

Precious metals trading and electricity ITA 2023 · S 112KA, S 114

Traders of gold, silver, gems, diamonds, platinum or jewellery must deduct tax on the purchase value from the seller at 0.5% (down from 5%). Withholding on electricity purchases falls from 4% to 3%.

Dividends ITA 2023 · S 117 · SEVENTH SCHEDULE

Dividend withholding for resident individuals is unified at 15% (previously 10% with TIN, 15% without); non-individuals remain at 20%. For natural persons, the Seventh Schedule makes 15% the final rate on dividend income — beneficial to taxpayers whose marginal slab exceeds 15%, but an increased effective burden for those in lower slabs (refunds are no longer generated).

Land registration deposits TDS RULES 6-7

Tax on land registration must now be deposited through A-Challan before registration of the deed, replacing the staggered pay-order collection calendar.

PAYMENTS TO NON-RESIDENTS

WITHHOLDING ON PAYMENTS TO NON-RESIDENTS — TDS RULE 5

Payment	Previous	Now
Technical services / know-how / assistance (other than individuals)	20%	10%
Architecture, interior, landscape, fashion or process design	20%	15%
Certification and rating fees; commission	20%	15%
Rental of machinery and equipment	15%	7.5%
Advertisement broadcasting	20%	15%
Advertisement making; digital marketing	15%	10%
Sea or air transport (outside ss 259-260)	7.5%	6%
Contractor / sub-contractor services (manufacturing, civil works, construction, engineering)	7.5%	6%
Supply of goods	7.5%	6%
Insurance premium	10%	5%
Dividend — companies, funds and trusts	20%	20%
Dividend — individuals	30%	25%
Survey for coal, oil or gas exploration	20%	15%
Courier service	15%	10%
Interest	20%	10%

Treaty note. With interest withholding now at 10% domestically — matching the best rate available under Bangladesh's tax treaties — treaty relief on interest becomes largely academic, and the cost of foreign borrowing falls across the board.

2.8 Advance and collected taxes

AIT at the import stage — restructured tables TDS RULE 8

The import-stage advance income tax schedule is renumbered and rebalanced. In summary form:

IMPORT-STAGE AIT — STRUCTURE AFTER THE FINANCE ACT 2026 · TDS RULE 8

Rate	Table (new)	Coverage and movement
0%	Table 1	Expanded from 42 to 77 items — essential foods, fertilisers, edible oils and sugar, plus capital machinery per the customs SRO and new green entries (EV chargers and charging stations, electric bus and truck chassis fitted with battery and motor). Cotton and certain seeds and fibres drop to 0%.
0%	Table 2	32 items at 0% only when imported from Bhutan (fruits, spices, minerals, timber and similar).
1%	Table 3	A new 42-item band, populated largely with mobile-phone and electronics components, medical devices (stents, catheters, artificial joints, hearing aids), wheelchairs and items for the blind — most moving down from 2% or 5%.
2%	Table 4	Trimmed from 197 to 131 items — staples, industrial inputs, fuels, IT hardware (laptops and desktops fall from 5% to 2%), steel bars and rods.
3%	Table 5	48 items for VAT-registered industrial IRC holders (dairy inputs, clays and minerals, aluminium, lithium-ion batteries down from 5%).
4%	—	All other items imported by VAT-registered industrial IRC holders.
20%	Table 6	10 items — alcohol, spirits and perfumes (unchanged).
Tk 600/ton	Table 7	5 steel and ship-breaking categories (unchanged). The former 10% band is repealed (SRO 157/2025).

Freight forwarders and shipping agents on exports ITA 2023 · S 124

Withholding on export-side payments is clarified as the higher of 10% of commission or 1% of the gross bill, with shipping agents newly brought within the section.

Gift tax at registration; mortgaged property ITA 2023 · S 125

Registering officers must collect gift tax through A-Challan when registering property transfer deeds where the Gift Tax Act 1990 applies. Separately, where the owner of mortgaged property owes income tax, the registrar may transfer the property only after the bank or finance company submits a Commissioner-approved undertaking to pay that tax — strengthening recovery but adding friction to loan enforcement.

Brick manufacturers ITA 2023 · S 130

Annual advance tax rises across all categories: single-section fields Tk 80,000 → 100,000; one-and-a-half section Tk 120,000 → 150,000; double section Tk 160,000 → 200,000; other fields Tk 220,000 → 300,000. Licensing authorities are personally accountable if licences are issued or renewed without payment.

Tax collected from retailers ITA 2023 · S 130(KA)

A new 0.2% tax collection at source applies on sales to retailers — collected by whoever sells to the retailer in the chain (manufacturer, distributor or wholesaler). The measure widens the net at the retail frontier, though the incidence may in practice settle on suppliers.

Club memberships ITA 2023 · S 137(KA)

Registered clubs must collect 10% on payments for obtaining, renewing or transferring membership; gains on transfer of memberships are capital gains under the widened asset definition.

Commercial vehicles — and helicopters ITA 2023 · S 138, 138(KA)

The AIT card for commercially operated vehicles is refreshed: air-conditioned double-decker and sleeper buses Tk 50,000 (new); trucks, dump trucks, covered vans, lorries and tank lorries with payload above 5 tons up to 20 tons Tk 30,000 and above 20 tons Tk 50,000 (new bands); 1.5-5 ton vehicles unchanged at Tk 15,000; pick-ups, human haulers, tractors and auto-rickshaws unchanged at Tk 7,500; heavy special-purpose vehicles (cranes, excavators, dredgers, rollers, concrete mixers) Tk 50,000 (new); and the separate prime mover charge is repealed. Helicopters and choppers are brought in at Tk 10,00,000 per year.

Private motor vehicles and electric vehicles ITA 2023 · S 153

The cc-based advance tax is unchanged up to 2,500cc (Tk 25,000 / 50,000 / 75,000), then rises steeply: 2,500-3,000cc Tk 125,000 → 200,000; 3,000-3,500cc Tk 150,000 → 250,000; new bands at 3,500-4,500cc (Tk 400,000) and above 4,500cc (Tk 500,000); minibuses and double-cabin pick-ups Tk 30,000 → 40,000. Electric vehicles move the other way: above 200 up to 300 kW falls from Tk 200,000 to Tk 50,000, 300-400 kW to Tk 75,000, and above 400 kW to Tk 100,000 — a deliberate tilt away from large fossil-fuel cars and toward EVs.

Firearms ITA 2023 · S 153(KA)

Registration, issue or renewal of a firearms licence now carries advance tax: Tk 50,000 for a gun, shotgun or rifle and Tk 100,000 for a pistol or revolver, collected by the licensing authority.

Quarterly advance tax threshold ITA 2023 · S 154(1)

The threshold for the quarterly advance tax obligation is raised, relieving taxpayers with taxable income below Tk 10 lakh of instalment compliance.

New withholding entities and WIN ITA 2023 · S 140, S 263

Large sole proprietors are brought in as withholding entities, and every person responsible for deduction at source must hold a Withholding Identification Number — the TIN doubles as the WIN where one exists; others must obtain a separate WIN. TDS assessments under section 147 are now confined to the relevant financial year plus the two preceding years, giving deductors long-awaited certainty.

2.9 Minimum, turnover and final tax

TDS-based minimum tax withdrawn ITA 2023 · S 163(1)-(2), S 164

The rule that treated tax deducted at source under sections 89-151 as a non-refundable minimum tax is withdrawn. Loss-making and thin-margin businesses whose withholding exceeded their regular liability can now obtain refunds instead of forfeiting the excess — in the NBR's illustration, a supplier with Tk 5 crore of source tax against a Tk 2.5 crore regular liability moves from paying Tk 5 crore to paying Tk 2.5 crore with a Tk 2.5 crore refund.

The final tax list is pruned ITA 2023 · S 163(3), (5)

Four items leave the final-tax net and return to regular taxation: profit on savings certificates (sanchayapatra), capital gains on compensation for acquired property, export cash subsidies, and capital gains on transfer of property. Tax collected from the operation of water vessels is newly designated final. Withholding under the Part 7 heads for persons exempt from filing under section 166(2), and the motor-vehicle advance tax under section 138, remain final. Savers and exporters should note that regular-rate taxation can raise the ultimate burden even where the withholding rate has fallen.

Turnover (minimum) tax rates ITA 2023 · S 163(6)

Tobacco product manufacturers remain at 3% of gross receipts; carbonated and sweetened beverage manufacturers fall from 3% to 2.5%; mobile phone operators — now expressly joined by NTTN operators — remain at 1.5%; and all other cases remain at 1% (the separate line for natural persons is absorbed into the general rate). Receipts from exempt or reduced-rate sources attract proportionately scaled-down turnover tax. Trusts, firms and AOPs are subject to turnover tax irrespective of the gross-receipts threshold.

Turnover tax exemptions ITA 2023 · S 163(6)

Turnover tax does not apply to: government bodies and state-owned enterprises importing, distributing or selling fertiliser, seed or essential consumer commodities; commission businesses; delivery order (DO) businesses; money exchange businesses; and the business of buying and selling gold, silver, ornaments, gems, diamonds or platinum. The commission-business exemption creates a strong structural incentive for distributors to move from buy-sell to commission models.

Turnover tax carry-forward ITA 2023 · S 163(6)

Where turnover tax paid exceeds the tax payable at regular rates in a year, the excess may be carried forward to the following income year and set off against regular-rate tax — significant relief for businesses emerging from loss-making years. The separate minimum alternative tax carry-forward introduced by the Finance Ordinance 2025 (s 163(8)-(9)) is repealed, leaving transitional uncertainty for those who carried amounts into AY 2025-26.

2.10 Returns, assessment and compliance

Filing windows and incentives — individuals and HUFs ITA 2023 · S 170(1), S 171, S 174

Returns can now effectively be filed throughout the year, with the price varying by quarter:

INDIVIDUAL & HUF RETURN FILING CALENDAR · S 170(1)

Window	Treatment
1 July – 30 September	Early-filing incentive: 5% of payable tax or Tk 25,000, whichever is lower
1 October – 31 December	Standard period — no incentive, no penalty
1 January – 31 March	Additional tax: 2% of payable tax or Tk 3,000, whichever is higher
1 April – 30 June	Additional tax: 5% of payable tax or Tk 5,000, whichever is higher

Delayed returns beyond the year ITA 2023 · S 174

The old 2%-per-month (up to 24 months) additional tax on delayed returns is replaced: a voluntarily late return costs the higher of 10% of net payable tax or Tk 5,000; a return filed after a notice under section 212(1) costs the higher of 15% or Tk 10,000 — a substantial softening for late filers (in the NBR's example, from Tk 40,200 to Tk 8,375 of additional tax on the same facts).

Entities and foreign companies ITA 2023 · S 170(2)

For taxpayers other than individuals and HUFs, filing at least two months before the return date earns an incentive of 5% of the tax under section 173(2) or Tk 25,000 (lower); filing within the final two months is neutral; and filing after the date but within the assessment year attracts additional tax of 2% or Tk 25,000 (higher). Foreign companies get a short 15-day incentive window at the start of their cycle — a notably tighter regime than for local companies.

Universal self-assessment and automated refunds ITA 2023 · S 170KA

Return submission under section 180 (universal self-assessment) becomes mandatory for individuals. Individuals claiming refunds whose income comprises only employment, financial assets and/or agriculture qualify for automated refunds; the presence of any other income head (for example house property) routes the return into assessment under section 183 instead.

Return integrity ITA 2023 · S 167, 168, 175, 176

Defective or incomplete asset-and-liability (IT-10B) or lifestyle (IT-10BB) statements draw a resubmission notice under section 176(2); non-compliance results in the return being cancelled under section 176(3) — treated as never filed. Amended returns are permitted after self-discovered errors (s 180(2)), during audit (s 182(5)), during DCT assessment (s 183(4Ka)), after an evasion notice (s 212(1)) and after set-aside orders under sections 289 or 292.

Special-circumstance returns and PSR triggers ITA 2023 · S 172, S 264, S 265(1)

Returns in special circumstances now cover business closure or ownership transfer during the year (listed companies excepted), persons leaving Bangladesh, evasion cases, changes in a partnership's constitution and business or firm succession. Proof of submission of return (PSR) is newly required from resident directors and sponsor shareholders of companies, candidates for Union Parishad chairman, and educational institutions seeking renewal; taxpayers must display their **latest** PSR at their business premises; and a TIN is mandatory for registration, transfer and fitness renewal of motorcycles of 150cc and above.

Withholding tax returns — wider net ITA 2023 · S 177

The obligation to file withholding returns extends to public-private partnerships; e-commerce platforms and online marketplaces with annual turnover above Tk 1 crore; hotels, resorts, motels, restaurants, community and convention centres and transport agencies above Tk 1 crore; tobacco product manufacturers; and individuals with business turnover above Tk 10 crore.

Assessments: faster, defined, digital ITA 2023 · S 184, 195, 197, 200KA

"Best judgment assessment" receives a statutory explanation — a reasonable estimation from reliable information where the taxpayer fails to file or comply. Spot assessment now allows an initial capital benefit of up to four times taxable business income. Time limits tighten across the board: return processing (s 181), audit (s 182), assessment (s 183) and section 212 assessments must conclude within the concerned assessment year plus 12 months (previously two years); arm's-length price determinations extend to five years; and orders following appellate or ADR decisions get 45 days (set-aside assessments, 90). A new section 200Ka empowers the NBR to mandate digital information sharing on assets, liabilities, income, expenses and transactions — by direct upload, real-time API or authorised system access.

Representation, agents and dissolutions ITA 2023 · S 252-254, S 256(3)

The representative concept expands to include a Seibait, attorney or any person with a financial nexus receiving income for another, and covers property or establishments capable of earning income or holding assets. Clear machinery is created for representing deceased and missing taxpayers (the DCT may select from successors, or successors may elect one of themselves), agents obtain the same statutory right as representatives to recover tax paid on a principal's behalf — and a tax clearance certificate becomes mandatory for the dissolution of a partnership firm.

2.11 Appeals and dispute resolution

The single most taxpayer-friendly theme of the Finance Act 2026 is the collapse in the cost of contesting an assessment. Deposit requirements fall by up to 90% across the appellate ladder — but the former waiver facilities disappear with them.

DEPOSIT REQUIRED TO PURSUE AN INCOME TAX DISPUTE · SS 286(5), 291

Forum	Previous requirement	Now
Commissioner of Taxes (Appeals)	Admitted tax + 10% of disputed tax	Admitted tax + 1% of disputed tax (10% where no return was filed)
Taxes Appellate Tribunal	10% of disputed tax (waiver available)	3% of disputed tax — waiver facility withdrawn
High Court Division	15% of disputed tax (25% where disputed tax exceeded Tk 10 lakh); Board could waive	10% of disputed tax — waiver removed

Appellate decision-making ITA 2023 · S 289(2), (8), S 292, S 290

The Commissioner (Appeals) may confirm, reduce, enhance, set aside, cancel or annul — but set-aside is confined to non-service of notice cases consistent with section 335(4), and penalties imposed by the DCT cannot be cancelled at that level. Both the CT(A) and the Tribunal may correct mathematical, clerical and factual errors in their own appellate orders under section 330. Appeals against decisions of the Taxes Recovery Officer now lie directly to the Commissioner rather than the Inspecting Additional Commissioner.

ADR and rectification ITA 2023 · ADR PROVISIONS, S 334

The alternative dispute resolution track is refined with defined timeframes for depositing demands after an ADR outcome and consequential recovery rules, while the scope of applications for rectification is broadened. Time-extension applications for return filing under section 334 continue — though how the new quarterly incentive/penalty calendar interacts with extensions remains to be clarified.

Practice point. On a representative dispute of Tk 50 lakh of disputed tax, the cumulative cash needed to carry the matter from first appeal through the High Court falls dramatically under the new percentages. Lower entry costs will likely increase dispute volumes; taxpayers should nonetheless weigh the loss of waiver facilities — the deposit, though smaller, is now unavoidable.

2.12 Schedules: depreciation, exemptions and rates on specific income

Accelerated depreciation outside Dhaka and Chattogram ITA 2023 · THIRD SCHEDULE, PART 1

Industrial undertakings — now joined by tourism and sports ventures — located outside the Dhaka and Chattogram city corporations may claim accelerated depreciation at 60% in the first income year and 40% in the second (previously 50/30/20 over three years), with the approval window extended from six months to one year from commencement of commercial activities. A clear nudge toward decentralised industrialisation.

Life insurers ITA 2023 · FOURTH SCHEDULE

The DCT's power to adjust a life insurance company's surplus is removed: the surplus determined in the actuary's valuation report now governs, eliminating a recurring source of arbitrary assessment.

Sixth Schedule — exemptions in and out ITA 2023 · SIXTH SCHEDULE, PARTS 1 & 3

In: income of persons with disabilities from SME production activities is exempt up to Tk 70 lakh of turnover (SME Foundation registration required); income from content creation is exempt until June 2027; cash or other benefits received by employees under group insurance policies are exempt; and the mutual fund / unit certificate exemption is extended to certificates issued by finance companies, asset managers and fund managers (alongside ICB), for holdings up to Tk 5 lakh and any new investment. Donations to a Centre for Zakat foundation become deductible from taxable income under Part 3.

Out: income from financial assets is now taxable for members of ethnic communities in the Rangamati, Bandarban and Khagrachhari hill districts — a narrowing of a long-standing exemption.

Rebate clawback on premature encashment ITA 2023 · SIXTH SCHEDULE

Where an investment that earned a tax rebate — deposit pension schemes and government securities in particular — is encashed before the prescribed holding period, the rebate previously allowed is imposed as additional tax in the year of encashment. Individuals should map holding periods before committing rebate-driven investments.

Seventh Schedule rates ITA 2023 · SEVENTH SCHEDULE

Two headline final rates for natural persons: 5% on capital gains from the sale of gold, silver and precious metals (traders excluded), and 15% as the final rate on dividend income — beneficial above the 15% slab, adverse below it.

2.13 The startup regime rebuilt

The Eighth Schedule Part 2 startup framework is substantially liberalised — wider definitions, a uniform nine-year growth period, no registration deadlines, and a zero turnover tax rate.

Who qualifies ITA 2023 · EIGHTH SCHEDULE, PART 2

A startup is a company with annual turnover not exceeding Tk 100 crore that is either a **Standard Startup** — engaged in the innovation, development or improvement of a product, service, process, business model or technology, or operating a new business model with employment- or wealth-creation potential — or a **Deep Tech Startup** — based on artificial intelligence, technology-based financial services (FinTech), information or scientific research or engineering knowledge, holding its own intellectual property. Companies formed through merger or demerger remain excluded, and per Bangladesh Bank's SMESPD guidance, restructurings and spin-offs of large conglomerates do not qualify. The definition of "innovation" itself is broadened to cover significant improvements that solve existing problems and create value.

The benefits ITA 2023 · EIGHTH SCHEDULE, PART 2

- **Growth period:** a uniform nine years from the end of the year of incorporation for all registered startups (previously three or five years depending on vintage).
- **Registration:** incorporation-date cut-offs and registration deadlines are removed; the NBR retains power to cancel a registration for good cause following due process.
- **Turnover tax:** reduced from 0.1% to **0%** during growth years.
- **Loss carry-forward:** growth-year tax losses remain available for set-off for up to nine years even after fundraising rounds or changes in shareholding — protecting tax attributes through investment cycles.
- **Reporting relief:** the NBR's system access is expressly limited to read-only digital access, replacing broader system-access requirements.

A parallel VAT exemption package for registered startups runs until 30 June 2035 — see Part Three.

2.14 Income tax SROs

Rebate for donations to philanthropic institutions SRO 213-AIN/INCOME TAX-4/2026

Individual taxpayers donating to eleven named institutions qualify for the investment tax rebate from 1 July 2026 to 30 June 2030: ASHIC Foundation for Childhood Cancer; Bangladesh Cancer Aid Trust (BANCAT); Al-Markazul Islami; Disabled Child Foundation; Sherpur Diabetic Samity; Magura Diabetic Association; Bangladesh Thalassaemia Samity; Autism Welfare Foundation; BRAC; Ramakrishna Math & Mission, Dhaka; and Chattogram Maa-O-Shishu Hospital.

Solar power SRO 211-AIN/INCOME TAX-2/2026

Solar power producers and suppliers enjoy income tax exemption from 1 July 2026 to 30 June 2035, conditional on compliance with the Income Tax Act 2023, exclusively self-funded projects, the Net Metering Guidelines 2025, specified power purchase agreements and withholding compliance. Users of solar electricity receive a tax rebate of 5% of their total solar power bill.

Edible oil manufacturing SRO 212-AIN/INCOME TAX-3/2026

Manufacturers processing exclusively locally cultivated oilseeds (mustard, sesame, sunflower and the like) into edible oil receive a ten-year progressive exemption: 100% for years one to five, 50% for years six to eight, and 25% for years nine and ten.

2.15 Tax rates for the next five years

In a first for Bangladesh, both the corporate and personal rate cards are legislated for five assessment years at once — AY 2026-27 through AY 2030-31 — giving businesses and individuals a planning horizon they have never previously had.

CORPORATE RATES — AY 2026-27 TO AY 2030-31

CORPORATE INCOME TAX · FINANCE ACT 2026, SCHEDULE 2 · REDUCED RATE REQUIRES 100% BANK-TRANSFER COMPLIANCE FOR ALL TRANSACTIONS

Category	Standard rate	With bank-transfer compliance
Publicly traded company transferring shares of at least 10% of paid-up capital by IPO, direct listing, rights issue or RPO	22.5%	20%
Other publicly traded companies	25%	22.5%
Non-publicly traded companies	27.5%	25%
Publicly traded banks, insurance and financial institutions		37.5%
Non-publicly traded banks, insurance and financial institutions		40%
Merchant banks		27.5% (down from 37.5%)
Tobacco businesses (individuals and companies)		45%
Mobile phone operators		40% / 45%
Non-residents (other than Bangladeshi non-resident individuals)		30%
Trusts, associations of persons, artificial juridical persons and firms	27.5% (previously 25% / slab)	
One Person Companies	27.5% (previously 22.5% / 20%)	
Funds		15%
Co-operative societies		20%
Private universities, medical, dental and engineering colleges, and private colleges teaching only technological subjects		5% (down from 15%)

Watch the cash condition. The concessional column is earned only with 100% bank-transfer compliance across all transactions — a single cash expense can forfeit the reduced rate for the year. OPCs, trusts, firms and AOPs face materially higher rates; merchant banks and private higher-education institutions are the clear winners.

PERSONAL RATES — AY 2026-27 TO AY 2030-31

INDIVIDUAL SLAB RATES · FINANCE ACT 2026, SCHEDULE 1

Slab	AY 2026-27 & 2027-28	AY 2028-29 & 2029-30	AY 2030-31
Tax-free threshold (general)	First Tk 4,00,000 — 0%	First Tk 4,50,000 — 0%	First Tk 5,00,000 — 0%
Next Tk 3,00,000	10%	10%	10%
Next Tk 4,00,000	15%	15%	15%
Next Tk 5,00,000	20%	20%	20%
Next Tk 20,00,000	25%	25%	25%
Balance	30%	30% up to Tk 2,63,50,000 further; 35% on the remainder	30% up to Tk 2,63,00,000 further; 35% on the remainder

ENHANCED TAX-FREE THRESHOLDS AND MINIMUM TAX · FINANCE ACT 2026, SCHEDULE 1

Taxpayer	AY 2026-27 & 27-28	AY 2028-29 & 29-30	AY 2030-31
Women; men aged 65+	4,50,000	5,00,000	5,50,000
Third gender; persons with disabilities	5,25,000	5,75,000	6,25,000
Gazetted freedom fighters; July fighters	5,50,000	6,00,000	6,50,000
Parent of a child with disability		Additional Tk 50,000 in each period	
Minimum tax		Tk 5,000 (first-time taxpayers: Tk 1,000)	

Because the tax-free threshold steps up in AY 2028-29 and again in AY 2030-31, effective burdens fall progressively for low and middle earners over the five-year card, with the new 35% top band affecting only very high incomes.

SURCHARGES — AY 2026-27 TO AY 2030-31

TAX SURCHARGE ON INDIVIDUALS · FINANCE ACT 2026, SCHEDULE 2, PART TWO

Net wealth / basis	Rate
Up to Tk 4 crore	Nil
Above Tk 4 crore up to Tk 10 crore; or more than one motor car in own name; or house property exceeding 8,000 sq ft aggregate	10%
Above Tk 10 crore up to Tk 20 crore	20%
Above Tk 20 crore up to Tk 50 crore	30%
Above Tk 50 crore	35%
Income of manufacturers of tobacco products (cigarettes, bidi, zarda, gul)	2.5%
Income of educational institutions failing to provide legally required accessibility for persons with disabilities	2.5%

ENVIRONMENTAL SURCHARGE — PER MOTOR CAR IN EXCESS OF ONE · FINANCE ACT 2026, SCHEDULE 2, PART THREE

Motor car	Surcharge (Tk)
Up to 1,500 cc	25,000
Above 1,500 cc up to 2,000 cc	50,000
Above 2,000 cc up to 2,500 cc	75,000
Above 2,500 cc up to 3,000 cc	150,000
Above 3,000 cc up to 3,500 cc	200,000
Above 3,500 cc	350,000

03

Indirect Tax – Value Added Tax

The VAT changes pull in two directions at once: compliance is digitised and simplified — quarterly returns, automatic eVAT enlistment, electronic invoices, a 90% cut in appeal deposits — while the supplementary duty schedules tighten sharply on tobacco, nicotine products and vehicles. A one-time window to settle legacy disputes closes in December 2026.

3.1 Amendments to the VAT & SD Act 2012

Labour comes out of the input negative list VSA 2012 · S 2(18KA)

"Labour" is removed from the negative list in the definition of input. VAT paid on labour, human-resource supply and manpower management services becomes creditable as input tax — a direct cost reduction for manufacturers and service businesses that outsource workforce functions.

"Trader" defined in the Act VSA 2012 · S 2(48), S 76A

The definition of trader, previously buried in paragraph 3 of the Third Schedule, is moved into the definitions section — clarifying trader status for rate and return purposes.

BIN or enlistment proof required for everyday business acts VSA 2012 · S 4(3)

A BIN or enlistment certificate becomes a precondition for opening business current/STD bank accounts and MFS merchant accounts, obtaining business loans, renewing trade licences, joining trade organisations, taking electricity and gas connections, and BRTA registration. The provision effectively conscripts banks, utilities and licensing bodies into VAT-net enforcement.

Turnover enlistment goes automatic VSA 2012 · S 10

Where turnover crosses Tk 30 lakh within any 12-month period without crossing the Tk 50 lakh registration threshold, the person applies through the eVAT system within 30 days; the system auto-verifies against the prescribed conditions and issues the enlistment certificate instantly — no manual officer approval. Below Tk 30 lakh nothing is required; above Tk 50 lakh full VAT registration applies.

Import of services — banks as VDS agents VSA 2012 · S 20 · SRO 258/2026

All imported services, except First Schedule exemptions, are taxable at 15%, with the recipient's liability treated as output VAT. The bank, financial institution or authorised forex dealer remitting the payment deducts the VAT at source and deposits it by treasury challan under the importer's circle and economic codes; the challan itself serves as the Mushak 6.3 tax invoice. Input tax credit on that challan is available only where the imported service is rebateable under section 46.

Value-addition route for SRO-exempt local goods VSA 2012 · S 32(6)

Where local production enjoys an SRO exemption, subsequent supplies may pay 15% VAT on the actual value addition only — conditional on holding the purchase invoice (Mushak 6.3) and declaring an input-output coefficient on the new Mushak 4.3.1. Traders of exempted goods are taxed on their margin, not the full price.

Input tax credit — scope reset VSA 2012 · S 2(18), S 46

Three notable moves: the Board may allow ITC against inputs not declared in the input-output coefficient (Mushak 4.3); the 80% cap on ITC for goods transport services is removed, allowing 100% credit; and no ITC is available against goods supplied under the new section 32(6) value-addition route. Where goods or services are sold below purchase cost, ITC is limited to the tax on the selling price.

Special schemes beyond tobacco and alcohol VSA 2012 · S 58

The Board's special-scheme power — previously confined to tobacco products and alcoholic drinks and binding only on manufacturers — may now extend to all SD-leviable goods and binds importers, manufacturers and suppliers alike. Digitalised banderoles, tax stamps, QR and AR codes, RFID and perforation feature as track-and-trace mechanisms, and the Board may impose supply conditions and determine MRP.

Turnover tax: from rate to fixed amounts VSA 2012 · S 63

The Government may replace the 4% turnover tax rate with presumptive fixed amounts set by gazette, by sector and region, capped at Tk 2,00,000. Until notification, enlisted persons continue at 4%.

Quarterly VAT returns VSA 2012 · S 64

Returns move from monthly to quarterly — due within 15 days of the end of every three tax periods, with voluntary monthly filing still permitted. The Board may extend deadlines without prior government approval and may mandate 100% e-filing. Four returns a year instead of twelve is a genuine compliance saving, though credit-matching across longer periods will need care.

Penalties recalibrated VSA 2012 · S 85

Penalties for overstated decreasing or understated increasing adjustments fall to 30-50% of the adjusted amount (from half-to-equal, and originally double). Two new offences cut the other way: supplying tobacco without stamps or with fake stamps draws a penalty of up to double the evaded tax, and data tampering through NBR-approved VAT software exposes both the software provider and the user to penalties.

Audits become time-bound VSA 2012 · S 90

A VAT audit must now conclude within one year of the notice, with documents to be submitted within two months (one month's extension possible). Failure to submit documents on time leads to best judgment assessment. Audits acquire a statute of limitation for the first time — and ERP records carry legal force in the process.

Electronic records recognised VSA 2012 · S 107

Entities may submit documents to the VAT authority electronically; electronic VAT records and Mushak 6.3 are permitted; and MFS notifications or statements are recognised as Mushak 6.3.

Appeal deposits collapse VSA 2012 · SS 121-124

The statutory deposit falls from 10% to **1%** of disputed tax at both the Commissioner (Appeals) and the Appellate Tribunal (with no deposit at all for appeals against CT(A) decisions), and to **2%** at the High Court Division — and the deposit base now excludes penalties. On a Tk 50 lakh disputed demand carried through all three stages, the cumulative stay-of-demand outlay falls from Tk 10 lakh to Tk 1.5 lakh — an 85% reduction in the cash cost of access to justice.

Legacy dispute window — closes December 2026 VSA 2012 · S 137A

For outstanding dues under the VAT Act 1991 and under the VSA 2012 for periods up to 30 June 2022, interest is capped at 24 months at 2% simple — replacing unlimited interest accrual. No interest or additional tax applies to manufacturing dues from periods before 1 July 2010. The settlement window closes at the end of December 2026. On a Tk 10 lakh demand from FY 2015, the total payable falls from Tk 35.2 lakh to Tk 14.8 lakh — businesses carrying legacy VAT exposure should act within the window.

3.2 Schedule changes: exemptions and supplementary duty

First Schedule — exemptions withdrawn at import VSA 2012 · FIRST SCHEDULE · SRO 127/2026

A set of items loses import-stage exemption and moves to 15% VAT, including sweet corn, cashew nuts in shell, iron ore, LP gas, polymer ion-exchangers, FRP sticks and profiles, gas-cylinder hoses, composite LPG cylinders, tractor tyres and tubes, rubber bearings, woodpulp for moulding-compound makers, large chillers (25 tons+), certain telecom optical equipment, insulated and other containers, and computer printer ribbon.

Second Schedule — supplementary duty tightens on nicotine and vehicles

VSA 2012 · SECOND SCHEDULE

Nicotine and tobacco: inhalation and reconstituted-tobacco products enter at 150%; nicotine granules, pouches and related codes at 350% (import stage); at supply stage, nicotine pouches carry 35% and heated tobacco 67% SD.

Vehicles: plug-in hybrids up to 2,000cc (and hybrid minibuses 1,801-2,000cc) enter at 10% SD; completely built-up EVs are banded by price — above USD 25,000 up to 50,000 at 10%, above 50,000 up to 100,000 at 45%, above 100,000 up to 200,000 at 60%, above 200,000 at 100% (other EVs 100%); CKD EVs at 20% / 45% / 60% by the same upper bands. Conventional cars of 1,201-1,600cc rise from 45% to 60%, cars up to 1,200cc enter at 45%, washing machines at 20%, mattresses at 10%, and lighters double from 10% to 20%.

Reductions and exits: dried fish falls from 20% to 10%; CBU vehicles seating up to 15 from 20% to 10%; CBU electric three-wheelers from 20% to 10%; cosmetics (lip and eye make-up, manicure preparations, powders) from 10% to 5%. Car radio receivers and tungsten halogen lamps leave the schedule entirely.

Third Schedule — specific rates replace percentages VSA 2012 · THIRD SCHEDULE

Goldsmiths, silversmiths, platinum and diamond setters and shops (S 026) move from 5% to specific amounts per vori: gold Tk 2,500, silver Tk 100, platinum Tk 2,500, diamond Tk 2,500. The Tk 300 per SIM/e-SIM levy (S 012) is repealed. Steel-sector specific rates rise: ship scrap Tk 1,200 → 1,500/MT; MS products from re-rollable scrap Tk 1,700 → 2,100/MT; billet and ingot from meltable scrap Tk 1,500 → 1,900/MT; MS products from billet Tk 1,600 → 2,000/MT; and from billet plus meltable scrap Tk 2,700 → 3,400/MT. New entries: locally produced foreign liquor at Tk 500 per litre, and unprocessed tobacco supplied from a processing unit (other than exports and own processing) at Tk 50 per kg.

3.3 VAT & SD Rules

Registration and BIN closure VSR 2016 · RULES 4, 8

VAT registration applications through the eVAT system are auto-approved, with the physical inspection following approval rather than preceding it. BIN-closure notices may be served through the eVAT system and hearings attended virtually.

Input-output coefficients VSR 2016 · RULE 9 · SRO 254/2026 · GO 05/2026

A fresh Mushak 4.3 declaration is triggered where product prices or total material costs change by 7.5%. Commercial importers and traders are exempt from Mushak 4.3 where value addition is at least 50% and supply is at 15%. The new Mushak 4.3.1 coefficient supports the section 32(6) value-addition route for SRO-exempt local goods and must be filed within 15 days. Service industries' obligation to declare coefficients sits uneasily with Rule 21 and awaits clarification.

Digital Mushak 6.3 VSR 2016 · RULE 40

Registered entities may issue Mushak 6.3 electronically and preserve VAT documents electronically; MFS notifications and statements are recognised as Mushak 6.3.

New and simplified returns VSR 2016 · RULE 47 · SRO 254/2026

New return forms arrive: **Mushak 9.1.1** for traders under the section 32(6) route, commercial importers on final settlement and reduced-rate traders; **Mushak 9.2** as the simplified turnover-taxpayer return; and **Mushak 9.2.1** for enlisted importers, enlisted reduced-rate traders and dealers. Forms 2.1, 4.3, 9.2, 12.9, 12.10 and 12.11 are amended and simplified, and Mushak 4.3.1 is introduced.

ADR only at appeal forums VSR 2016 · RULE 99

Alternative dispute resolution in Customs, Excise and VAT matters may be initiated only at the appeal forums — the Appeal Commissionerate, the Appellate Tribunal and the Supreme Court — and no longer at Commissioner level.

3.4 Key VAT SROs and general orders

The exemption SRO reshuffled SRO 127/2026 · SRO 255/2026

Alongside the withdrawals noted in 3.2, the consolidated exemption SRO adds meaningful new relief: refractory bricks and blocks (magnesia- and alumina-based), dialysis filters, computer printers, portable and desktop computers, EV chargers and charging stations, and flash memory become exempt at import; fresh and chilled fish, perfumery/medicinal plant parts, natural gums and resins, solubor boron and fertiliser chemicals (magnesium and zinc sulphates, disodium tetraborates, zinc salts) gain exemption at manufacturing and trading stages. At the service stage, consultancy by computer experts, supply of garment waste, heart stents and intraocular lenses, death-notice newspaper advertisements and fish procurement become exempt — and services of content creators and freelancers are exempt until 30 June 2029.

VAT SRO RENEWALS AND AMENDMENTS AT A GLANCE

SRO (old → new)	Subject	Change
188/2019 → 133/2026	EPZ utilities	Water supplied to EPZ production units made VAT-exempt
229/2019 → 134/2026	Mobile phone manufacturing	New PCBA qualification route (100% PCBA + 50% PCB + 50% charger output); PCBA defined; validity to 30 Jun 2030
149/2021 → 135/2026	Home & kitchen appliances	Five appliances added: electric, induction and infrared cookers, water purifiers, water heaters/geysers
150/2021 → 136/2026	Computer & tech products	Validity extended 30 Jun 2026 → 30 Jun 2030
164/2025 → 138/2026	Ferro-alloys	Specific production VAT raised: ferro-manganese/silico-manganese Tk 1,200 → 1,500/MT; ferro-silicon Tk 1,500 → 1,900/MT
371/2025 → 141/2026	Ocean-going vessels	Maximum vessel age ≤25 → ≤10 years; minimum Bangladesh-flag use before sale 3 → 5 years
480/2025 → 142/2026	VAT & SD exemption notification	Validity extended to 30 Jun 2028
52/2026 → 143/2026	LP gas import	Validity extended to 30 Jun 2028
181/2025 → 139/2026 & 267/2026	Import VAT exemption list	Flax and hemp fibres added; capital-machinery concession extended to registered service providers; agro-chemical codes updated; new entries for hemodialysis blood tubing sets, POS devices, EV chargers, electric bus and truck chassis, and refractory bricks

Vehicles and green manufacturing SRO 137/2026 · SRO 260/2026

The vehicle-manufacturing exemption widens from cars up to 2,500cc and four-wheeler EVs to cars up to 3,000cc plus plug-in hybrids, electric buses, electric trucks and three- and four-wheeler EVs — with EV component and battery localisation now a condition of relief across manufacturer, vendor and assembler tiers. Separately, graphene batteries exit the battery concession (returning to 15% VAT at manufacturing); lithium batteries continue under amended SRO 260/2026.

Exporters' utilities SRO 144/2026 · GO 06/2026

Natural gas used to generate captive power supplied exclusively to 100% export-oriented units is VAT-exempt for 1 July 2026 – 30 June 2027, conditional on industrial IRC status, VAT compliance and dedicated metering. The utility exemption for direct and deemed exporters and EPZ companies is tightened to specific meters, account numbers or customer codes.

White goods SRO 146/2026

Fridge, freezer, air-conditioner and compressor manufacturers (not assemblers) are exempt from local manufacturing-stage VAT above 7.5% and from VAT on inputs and spare parts — subject to BIDA registration, prescribed machinery, minimum 15% value addition, application to the NBR and Mushak 4.3 filing. Spare-part sales are taxed at 7.5%, capped at 3% of annual output.

Startups — VAT holiday to 2035 SRO 147/2026

Registered startups (as defined in the ITA 2023) are exempt until 30 June 2035 from VAT on local sales (customers must not deduct VDS), on imported services and on rental of premises and facilities — conditional on maintaining records in ERP or NBR-approved VAT software, submissible electronically. The trade-off: as exempt suppliers, startups cannot claim input tax credit, which may raise costs for input-heavy models.

Tobacco pricing and control SRO 129/2026 · GO-03/2026 · SRO 264/2026

Cigarette MRPs rise across all four tiers — low Tk 60 → 62, medium Tk 80 → 92, high Tk 140 → 160, premium Tk 180 → 210 — each carrying 15% VAT, 67% SD and the 1% health surcharge. Nicotine pouches are priced at Tk 500 per 10 grams with 35% SD; heated tobacco at Tk 210 per 10 sticks with 67% SD. Bidi SD is set at 30% (without filter) and 40% (with filter). A comprehensive Tobacco Products Import, Production, Marketing and Sales Control Guideline 2026 adds regulatory oversight across the chain.

Digital economy measures SRO 258, 262, 265, 266/2026 · GO 05, 07/2026

Online advertisement becomes its own service code (S007.20) with VAT limited to 5% — covering ads on social media, OTT platforms, marketplaces and search engines — and joins the mandatory VDS list together with the new semiconductor assembly, testing and packaging service code (S083.00). VDS is not required from traders supplying at 15% through VAT forms, registered startups, or contract manufacturers issuing Mushak 6.3 at 15%. Online retail sales may pay VAT at 7.5%/15% without Mushak 4.3; online marketplaces pay 15% VAT on their commission or fee only and need not preserve product owners' challans. BTRC revenue sharing is excluded from VDS, and telecom direct-operator billing arrangements attract VAT on the commission earned plus collection at source.

Premises rental VDS SRO 258/2026

VAT on office and premises rent (S074.00) must be paid separately by e-payment or e-challan, deposited to the treasury, reported in Parts 5 and 9 of the return and evidenced at filing — it can no longer be absorbed in the closing balance, a working-capital point for tenants.

PPP ports SRO 263/2026

New-construction PPP port projects on vacant land receive exemption from VAT on imported services and from advance tax on imported capital machinery, effective 1 July 2026 to 30 June 2028.

04

Indirect Tax — Customs

The Customs Act 2023 gains an entire Free Trade Zone chapter, appeal deposits fall to 1-2%, final assessments acquire a 120-working-day clock, and a large body of SROs recuts duty concessions across pharmaceuticals, renewables, electric vehicles, electronics and export logistics — alongside four new operational rulebooks for ports, gold exports, container depots and air cargo stations.

4.1 Customs Act 2023 amendments

New definitions CA 2023 · S 2(5A), 2(32A), 2(32B)

Three definitions anchor the new regime: **Importer on Record (IOR)** — a person who imports on behalf of others; **Free Trade Zone** — an area declared by the Board carrying duty benefits; and **Free Trade Zone Operator** — any licensed public, autonomous or private institution operating such a zone.

Final assessment on a clock CA 2023 · S 93

Final assessment of provisionally assessed goods must be completed within 120 working days of the provisional assessment, of an appellate, tribunal or High Court order, or of the importer's compliance with any legal obligation — extending the discipline beyond the first of these cases and reducing open-ended provisional exposure.

Warehouse access powers CA 2023 · S 113(3)

Owners of warehoused goods must cooperate fully with the appropriate officer; where cooperation is refused, the officer may enter the warehouse or premises to exercise statutory powers.

The Free Trade Zone chapter CA 2023 · CHAPTER 16KA

A complete FTZ regime enters the Act:

- **Permitted activities** — storing, grading, production, processing, trading, repackaging, bulk-breaking and disposal of imported goods within the zone.
- **Duty treatment** — duty-free where goods are exported, sold as raw materials for exportable goods to warehouse licence holders, or sold within the same FTZ; duty and taxes apply where goods enter final consumption in the FTZ or elsewhere in Bangladesh, computed at the date of the domestic sale.
- **Licensing** — warehouse licences are not required for IORs or manufacturers inside the FTZ, but are required for outside customers buying raw materials for exportable goods; agency licences, logistics service licences and retail approvals are required, and customs agents must hold licences to operate in the zone (s 243).
- **Authorities' powers** — control over placed goods, examination and seizure, sale of seized goods to recover dues, opening and sealing packages, and searching transports.
- **Storage and wastage** — goods may remain in the zone up to 48 months, extendable by 12; wastage rules distinguish destruction from wastage sold outside the zone; penalties apply for unlawful disposal or holding beyond the time limit.
- **Deemed exports** — sales from EPZs, Economic Zones, Hi-Tech Parks and the domestic tariff area into an FTZ against foreign currency are treated as exports; movements between and within FTZs must be documented like imports.

For domestic industry — including SMEs — the design promises duty-free inputs, shorter lead times and lighter working-capital pressure; for foreign investors, a recognisable free-zone platform.

Penalties rationalised CA 2023 · S 171

For violations other than those specifically listed, the penalty becomes a maximum of Tk 100,000 with the former Tk 50,000 floor removed. For temporary import violations, the ceiling falls from three times to two times the value of the goods (minimum Tk 1 lakh retained).

Single window operational now CA 2023 · S 175(2)

Rather than awaiting establishment of a Bangladesh Single Window Commissionerate, single-window functions are assigned to a subordinate department of the Board — allowing operations to continue immediately.

Appeals — 1% and 2% CA 2023 · S 223, S 229

Payment for filing an appeal falls from 10% of demanded duty (or of penalty where duty was nil) to **1%** of demanded duty and penalty before the Commissioner (Appeals) and the Appellate Tribunal, and is set at **2%** before the High Court Division. The former bank-guarantee and exemption facility under section 223 is eliminated — smaller deposits, but no way around them.

Third-party recovery CA 2023 · S 238

Due duty and penalties may be recovered from any third party, associate or bank holding amounts owed to the assessee — a material strengthening of customs' recovery toolkit.

4.2 Duty concessions and exemptions by sector

The FY 2026-27 customs SROs form a coherent industrial policy: cheaper inputs for pharmaceuticals, renewables, EVs, electronics and food processing; conditions tightened around genuine manufacturing; and selected supports withdrawn.

Capital machinery SRO 150/2026

The flagship concession — customs duty above 1% plus full VAT and SD exemption on specified capital machinery — continues, with laboratory equipment and sewage water-treatment plants added and glass fibre and refractory materials removed (HS 69.01, 69.02, 70.19 and 8450.90.00 out; 8414.70.00 and 8421.21.95 in).

Industrial inputs — the concessional CD lists SRO 151/2026 · SRO 235/2026

A long schedule of raw materials moves to concessional rates for industrial IRC-holding, VAT-compliant importers. Highlights: zinc slag and ash for fertiliser makers 5% → 0%; prilled aluminium nitrate and linear alkyl benzene 5% → 1%; cashew nuts in shell for processors 15% → 5%; printing ink for SIM/scratch-card makers 25% → 5%; holograms, PVC films, conductive tape, magstripes and insulating plates for smart-card makers 25% → 5%; fused magnesia, sodium silicate, stamping foil and refined copper wire to 5%; kaolin and titanium-dioxide pigments 15% → 10%; detonating cords for mining 25% → 10%; beverage concentrate 25% (SD 3%) → 15% (SD 0%); glass-industry chemicals 25% → 15%; honey SD 10% → 0%; nicotine granules SD 100% → 60%; acetate tow and filter rods SD 100% → 30%; lighter parts SD 20% → 10%. One increase stands out: aluminium sheet for electric-fan makers rises from 5% to 15%.

Pharmaceuticals and health SRO 152, 153, 154, 155, 169/2026

Medicine raw materials — including calcium phosphate, propylene glycol, coenzyme Q10, ferric maltol, dapagliflozin, ivermectin, docetaxel and crosopovidone — move to 5% CD (colour lakes and hard-fat suppository base to 10%; sandwich-panel clean rooms to 1%). The anti-cancer list adds erythropoietin, aflibercept, depemokimab and sotatercept at 0%. API raw-material coverage is updated, a 14-item list of production inputs (stainless steel, activated carbon, switches, sight glasses) enters at 5% CD with RD, SD and VAT at zero, and medical-device manufacturers see input cuts of 25% → 15%, 15% → 5% and 10% → 5%.

Renewables and agriculture SRO 156, 159, 241, 161/2026

Solar inverters, PV modules, lithium cells and battery-pack housings — and the supporting cast of mounting structures, battery management systems, SCADA equipment and UV-protected DC cables — become duty-free (all of CD, RD, SD and AT at 0%) with only 2% AIT. Pesticide raw materials (castor oil polyglycolether, kaolin, dolomite, mineral oils, emulsifier, silica) receive CD-above-15% and VAT exemption. Feed-grade magnesium sulphate, potassium chloride and magnesium oxide for dairy and poultry feed fall to zero across the board.

Electric vehicles and e-bikes SRO 163-167/2026

EV manufacturers import at 3% CD, assemblers at 15% and vendors at 3%. EV spare parts based on sodium and potassium chemistries enter at 1% CD; lithium iron phosphate cells at 15% (local production only). E-bike manufacturing gets PCBs and electric motors at 1% (from 25%) and parts, components and chassis at 5% (from 25%), with RD, SD, VAT and AT exempt.

Digital devices and semiconductors SRO 168, 236, 170/2026

Manufacturers and assemblers of category-1 devices (computers, laptops, desktops, printers, projectors) import at 5% CD; assemblers of categories 1 and 2 (barcode/QR scanners, modems, power banks, pen drives) at 10%. A component list — conductive fabric, internal HDDs, RAM and EMMC, modules, AC adapters, touch panels, power switch boards — falls to 1% with other levies zeroed. Semiconductor manufacturing and assembly earns exemption from RD, SD, VAT and AT and from CD above 1%.

Agro-industry, EPZ and construction SRO 171, 244, 173, 247/2026

Capital machinery for poultry, cattle and dairy farms and shrimp hatcheries falls to 0% (from rates up to 25%). EPZ investors gain full exemption (CD, RD, VAT, SD, AT) on all kinds of office furniture (HS 9401). Chemical-product manufacturers import at 5% CD / 0% RD and washery plants at 15% / 0%. Pre-fabricated building structure industries see heading 72.08 fall 10% → 5%, 72.10 25% → 10% and 72.18 25% → 15%.

Consumer durables and safety SRO 178, 186, 187, 239/2026

Ultra-clear float glass for refrigerator makers falls 25% → 10%; lift rope fasteners and lop/cop 15% → 1%; motorised fire and smoke dampers 25% → 5%; and copper cable for fire-extinguisher manufacturers 15% → 5%.

Assistive devices SRO 174/2026

Minimum customs values are reduced on 21 products for persons with disabilities — braille paper, printers, notetakers, keyboards, displays and typewriters; screen-reader and braille-translation software; walking sticks and equipment for the blind; personal emergency alert systems; electronic reading devices; ultrasonic glasses, canes and navigation aids; electrolarynxes; cochlear implants; speech-generating devices; watches for the blind; and braille slates.

Conditions tightened; supports withdrawn SRO 179, 183, 186-188, 193, 204-206/2026

Industries operating inside BEPZA, BEZA and BHTPA zones claiming SRO benefits (ATM/CC camera, cellular phone, motorcycle, firefighting equipment, washing machine, air-conditioner, LPG cylinder and lift manufacturing) need no industrial IRC but must submit a valid import permit. Dressers and anchor boats leave the temporary importation facility, and exemptions are cancelled outright for generator manufacturing, CNG/LPG-related machinery and air purifiers.

Validity extensions SRO 158, 175, 176, 178-183, 185/2026

Extended to 30 June 2030: concessions for cellular phones, ATM and CC cameras, washing machines, power plants, electric vehicles (educational institutions and the 10-ton category), air-conditioners, refrigerators, and ships, pontoons and dredgers. Extended to 30 June 2027: LPG cylinders, auto-tanks and bulbs/bungs, and effluent treatment plants.

4.3 New operational rules

Private Port and Terminal Operator Rules 2026 SRO 191/2026

All existing and upcoming private ports and terminals fall under a licensing framework: three months to comply (extendable up to a year by the Commissioner). Applicants need RJSC registration, valid trade licence, BIN and TIN, five years' clean experience, a port authority agreement and land proof; infrastructure to ISPS and WCO SAFE standards with NII scanners, CCTV, cyber-security, data backup, weighbridges and ASYCUDA-integrated ICT; customs office facilities, transport and housing; a bank booth on site; and a Tk 250 million bank guarantee for duties. The application fee is Tk 500,000; initial approval runs five years, with ten-year renewals available to Authorised Economic Operators; extended facilities must remain within 5 km of the main port; and written Commissioner approval is required before operations commence. Operators must maintain cargo records, ensure security, run 24/7 service and inventory, and may not transfer, lease or outsource without approval.

Gold Jewelry Export Rules 2026 SRO 194/2026

A bonded-warehouse framework for gold jewellery exports: specialised structural security for warehouses, country-of-origin certificates for gold imports, mandatory purity and weight testing equipment, and specific licences for authorised dealers — the plumbing for a structured, duty-free jewellery export channel.

ICD & CFS Rules 2026 SRO 195/2026

Internal container depots and container freight stations receive their own conditions on site selection, capacity, infrastructure, logistics and security. Operators must follow ISPS codes, report consignment information quarterly, comply with the Customs and VAT laws and licence terms, assume responsibility for cargo security, losses, damages and applicable duties, maintain full staff records and give customs complete access to information and documents.

Direct and Indirect Export Rules 2026 SRO 196/2026

Direct exporters sourcing duty-free raw materials from licensed warehouses must meet physical-security criteria: continuous CCTV coverage, double-lock door systems, secured factory gates, Civil Defence-standard firefighting, environmental clearance certificates and calibrated digital weighing equipment — a boost for backward-linkage industries with compliance discipline attached.

Air Cargo Operator's Station Rules 2026 SRO 197/2026

ACOS licensing covers location, capacity, infrastructure, NII, security and risk bonds. Stations may not handle gold, diamonds and similar valuables, live trees and animals, or arms. Operators must prevent unauthorised removal of goods, maintain secure movement, storage and electronic records, assume liability for cargo security, losses and duties, deploy modern IT, tracking, CCTV and 24/7 support, and give customs full access with timely irregularity reporting.

Warehouse rules refreshed SRO 199, 250, 200, 252, 201, 251, 202, 208, 209/2026

The Warehouse Licensing Rules 2024 are substantially amended. Allowable retention time for goods rises from 24 hours to 7 days. Utilisation declaration (UD) applications tighten from 48 to 24 hours, while documentation flexes: a master LC **or** sales contract or purchase order now suffices alongside the UD/UP. Annual import entitlement certificates during ongoing audits rise from one-quarter to one-third of the coming year's estimate, and warehouse stock may reach approved capacity. General bonds run one year for direct and deemed exporters generally, and three years for direct exporters in knit, woven, sweater, towel, linen, home textile, leather goods and footwear. Warehouses with five years of clean compliance qualify for simplified audits on annual import-export statements and utility bills; others continue regular audits with a trimmed document set.

Risk management and green lanes SRO 192/2026 · SRO 190/2026

The Customs Risk Management Rules 2024 gain a "risk register" definition, an expanded Bond Commissionerate list and ARMS-based selectivity profiling. Green-lane (automated clearance) thresholds for Authorised Economic Operators double: category 1 from 20% to 40%, category 2 from 30% to 60% and category 3 from 50% to 80%, with the audit-report eligibility rule repealed — a major expansion of intervention-free clearance for compliant traders.

4.4 Valuation and minimum values

Brand-new EV valuation GO 216/2026

For direct imports from the manufacturer or authorised dealer, the manufacturer's invoice is the transaction value; customs may reject it only with documented reasons approved at least at Joint Commissioner level. Third-party imports require a certified invoice value from the Bangladesh Mission or Commercial Counsellor in the exporting country.

Benchmark pricing and private laboratories GO 217/2026 · GO 218/2026

Internationally recognised benchmark prices are introduced for customs valuation, with genuine transaction values supported, approvals required for value rejection and minimum-value provisions preserved. Chemical testing of imports may now be completed at accredited private laboratories alongside government facilities, except where Import Policy Orders designate specific authorities.

Minimum values pruned SRO 189/2026 · SRO 242/2026

Minimum customs values are removed from 26 HS codes — including non-alcoholic beer, paraffins, dry-cell batteries, smartphones, polyester interlining, furnishing articles, mosquito nets, hair dryers, smoothing irons, coffee and tea makers, toasters, refrigerator and AC compressors, bicycles and parts, lubricating oil, worked glass and alloy steel and aluminium bars. Values are reduced on eight consumer products (lipstick USD 40 → 30; face and skin creams 20 → 14; moisture lotion, facewash and soaps 10 → 7; door locks 5 → 4) and newly imposed on five (cashew nuts at USD 7/kg; semi-synthetic and synthetic lubricating oils at ICIS value plus 30%; shirting fabrics at USD 4 and 5/kg).

05

Indirect Tax – Excise Duty

One change, but one that touches nearly every bank account holder in the country: the excise duty slabs on bank balances are revised, with the exemption threshold raised and a sensible fix for Islamic banking structures.

5.1 Excise duty on bank account balances

The nil band widens: no excise duty is payable where the balance does not exceed Tk 4 lakh, up from Tk 3 lakh — removing millions of small accounts from the duty entirely. The remaining slabs are unchanged.

EXCISE DUTY ON BANK ACCOUNT BALANCES · SRO 126/2026

Highest balance in the year	Excise duty (Tk)
Up to Tk 4,00,000 (<i>previously Tk 3,00,000</i>)	Nil
Tk 4,00,001 – 5,00,000	150
Tk 5,00,001 – 10,00,000	500
Tk 10,00,001 – 50,00,000	3,000
Tk 50,00,001 – 1,00,00,000	5,000
Tk 1,00,00,001 – 2,00,00,000	10,000
Tk 2,00,00,001 – 5,00,00,000	20,000
Above Tk 5,00,00,000	50,000

Islamic banking clarified SRO 126/2026

Where multiple deal accounts are linked to a single main loan account under Islamic banking arrangements, excise duty is charged once per year on the main loan account only — ending the multiplication of duty across individual deal accounts.

06

About Tuhin & Partners

Nexus of Law & Business — a consultancy firm for corporate legal, tax and compliance, serving businesses and investors in Bangladesh and across borders since 2019.

6.1 The firm

TUHIN & PARTNERS was founded in 2019 with a clear vision: to provide complete corporate legal, tax and compliance advice to businesses under one roof, combining jurisdictional expertise with professional depth in our core specialisations.

What we do

The firm specialises in Corporate & Commercial, Foreign Direct Investment, Commercial & Operational Contracts, Employment & Industrial Relations, Property & Conveyancing, Banking & Financial, Capital Market & Corporate Finance, Intellectual Property, Taxation, Dispute Resolution and Immigration matters. Because most corporate and commercial transactions span several of these disciplines at once, we offer a composite range of services — prompt, practical and to a consistently high standard.

Our team

Teamwork is central to how we practise. Tuhin & Partners has built a dedicated business consulting team — young, driven and inspired by honesty, devotion and integrity — with the ability to get to the root of an issue, conduct meaningful research and deliver workable solutions within our practice jurisdiction.

Cross-border reach

Through our partner firms, the firm serves clients not only in Bangladesh but worldwide, with access to a network of experienced specialists in all major commercial centres. We are well positioned to advise on cross-border transactions and to meet clients' needs across every area of corporate and commercial consultation.

Our philosophy

We help our clients succeed in their commercial and financial goals by delivering innovative, flexible and realistic advice. Today's market demands efficient, practical and responsive solutions in the shortest possible time — and that is the standard to which we hold ourselves.

6.2 Our partners

Osman Gani Tuhin

FOUNDER & CEO

Osman Gani Tuhin is the Founder of Tuhin & Partners and an FDI Facilitator Lawyer, leading the firm's corporate legal, tax and compliance practice. An Advocate of the Supreme Court of Bangladesh, he has practised since 2013 and has advised local and foreign investors on the full lifecycle of doing business in Bangladesh — from regulatory approvals, permits and licence applications to establishment and operation of companies.

His qualifications include an LL.M. and LL.B. (Hons) from Southeast University and a Postgraduate Diploma in Tax Management; he is currently pursuing the Chartered Secretary qualification at the Institute of Chartered Secretaries of Bangladesh (ICSB). His journey into law began as a BBA student, where he recognised the essential role of legal compliance in business success — a business-first perspective that continues to define the firm's approach.

Mohammad Pavel

PARTNER

Barrister Mohammad Pavel is a seasoned legal professional specialising in commercial litigation, writ petitions, banking and financial litigation, family matters, marine and admiralty matters, negotiation, mediation and arbitration. He is highly experienced in enforcing foreign arbitral awards in Bangladesh, providing clients with strategic, results-driven representation both in and out of court.

His approach combines meticulous legal analysis, practical problem-solving and client-focused advocacy, ensuring every matter is handled with precision, efficiency and professionalism. He holds an LL.M. in International Commercial Law and an LL.B. (Hons) from the University of London, U.K.

Chandra Banerjee

PARTNER — ADR & ODR

Chandra Banerjee is a Partner at Tuhin & Partners, overseeing the firm's Alternative Dispute Resolution (ADR) and Online Dispute Resolution (ODR) practice — helping clients resolve disputes efficiently outside the courtroom through negotiation, mediation and technology-enabled resolution processes.

6.3 How to reach us

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Talk to us about the Finance Act 2026. Whether the question is a withholding position, a legacy VAT demand ahead of the December 2026 window, restructuring for the new corporate rate card, startup registration, or an appeal now worth pursuing at the reduced deposit rates — our tax and corporate teams are ready to help. Write to hello@tnp.legal or book a consultation through tnp.legal/e-appointments.

To read our e-newsletter please visit <https://tnp.legal/enewsletter/> or Scan



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