

# Service offerings



# Why Bangladesh...

## Opportunities

- Locational advantage – easy access to India (even North-East), China, South-East Asia, Africa, etc.
- Trade Agreement and **Duty-waivers** on export to many locations
- Several **Economic Zones**, Export Processing Zones, Hi-Tech Parks
- Transitioning to **Developing Economy** in 2026
- Globally competitive **labour cost**, avg. age 26 yrs
- **35<sup>th</sup> biggest economy** in 2024 (up from 10<sup>th</sup> lowest GDP in 1971)
- ‘**Enemy to none**’: Cordial relations with major powers **US, EU, China, Singapore, Japan, Middle East**

## Foreign Direct Investment in Bangladesh

- **100% FDI is permitted** for foreign investors in most sectors (except few restrictions)
- A **liaison office** is formed for observing the **market conditions** and performing **specified activities**
  - **No local income** generation
  - **Exempt** from income tax
- A **Branch Office** or a **Project Office** or a **Company (WOS/ JV)** may be formed to undertake income generating activities
- Minimum expected investment **USD 50k**

## Tax incentives

- Tax incentives for various sectors
  - **PPP** - 100% tax exemption for 10 yrs
  - **Power** – graded exemption for 10/15 yrs, Customs & VAT benefits
  - **ICT & ITeS** – 100% tax exemption, reduced VAT rates
  - **Light engineering & Appliances**: 100% exemption, VAT benefits
  - Automobile, healthcare, education etc.
- **Reduced tax rate** of 12%/10% on income from export of **goods**
- Tax breaks in **Economic Zones**, Export Processing Zones, Hi-Tech Parks – **Income tax, VAT, customs**
- **DTAA** with 41 countries with **beneficial tax rates** on dividend, interest, capital gains, royalty, FTS

# Bangladesh – look-out points...

Corporate Tax	Transfer Pricing	VAT/ Customs	Regulatory
<ul style="list-style-type: none"><li>• <b>Incentives</b> for various sectors</li><li>• Tax neutral <b>business restructuring</b></li><li>• Group restructuring – <b>indirect transfer</b></li><li>• <b>Minimum tax regime</b> – Presumptive</li><li>• WHT is minimum tax, no refund</li><li>• Expenditure allowance - <b>commercial expediency</b> documents</li><li>• Prior approval for <b>Treaty benefits</b></li><li>• Non-compliance:<ul style="list-style-type: none"><li>– Heavy penal consequences</li><li>– Overriding of tax incentives</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Expanded <b>definition of AE</b> under TP</li><li>• <b>Deemed international transaction</b></li><li>• Identify &amp; report at <b>arm's lengths</b></li><li>• <b>Pillar II:</b><ul style="list-style-type: none"><li>– No announcement on implementation yet.</li><li>– However, analysis for local entities may be required in case applicable for the Multi National Enterprise group.</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Most VAT compliance are <b>manual</b></li><li>• <b>Input Tax credit</b> availability</li><li>• Prompt recognition</li><li>• Not available for all products</li><li>• Plan model / cost structure</li><li>• <b>Valuation</b> &amp; HSN code considerations</li></ul>	<ul style="list-style-type: none"><li>• <b>Repatriation</b> highly regulated</li><li>• Pre-approvals required</li><li>• Local <b>manpower ratio:</b><ul style="list-style-type: none"><li>– Industrial enterprise (implementation stage - 1:10; Regular phase – 1:20)</li><li>– Any other enterprise (prior to regular activities - 1:5; regular activities – 1:10)</li></ul></li><li>• Revised <b>guidelines</b> for LO / BO / PO</li><li>• <b>Local shareholding</b> requirements in certain sectors</li><li>• <b>MoA</b> has word limitations</li><li>• Regulatory <b>filings – manual</b></li></ul>

# Action items...

## **Tax filing obligation of non-resident entities**

- PE in Bangladesh / sale of goods and services by electronic means
- Tax registration is a challenge - Penal / prosecution consequences → Risk mitigation / safeguard approach

## **Overseas Indirect Transfer Taxation – Regulations notified**

- Tax incidence advice
- Valuation requirements

## **Increased penal consequences on non-compliance of WHT provisions**

- Loss of exemption/ reduced rates
- Discontinue supply of gas, electricity, water or any other services
- Company and individual – jointly and severally liable

## **Representation before NBR for approvals**

- Tax exemptions
- Beneficial tax treaty rates royalty, dividend and interest income / MAP process

## **Budget 2025 highlights..**

Excess minimum tax eligible for carry forward and set off in future years

WHT rates on service fees revised – ranging from 7.5% to 20%

Distribution of profits by JVCA to partner excluded from dividend

Certainty in PIT & CIT rates (till AY 2027-28)

Ambit of **re-assessment proceedings** enhanced

Benefit of **ITC credit** in discharge of **VDS liability**

# PwC in Bangladesh

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- **PricewaterhouseCoopers Bangladesh Private Ltd:** Local office in Dhaka, Bangladesh
- **Tax & Regulatory as well as Advisory and Risk Assurance Services:** Comprehensive tax and regulatory services as well as advisory & assurance services offered in Bangladesh
- **Diversified Clientele:** We are catering to a Diversified clientele from various sectors on ground in Bangladesh
- **Regulator & Government connect:** Technical deliberations with regulators and government in Bangladesh
- **Team:** With experienced subject matter experts in Bangladeshi and international tax, the team is well-equipped to provide services tailored to the unique needs of clients operating in Bangladesh



# Bangladesh Tax and Regulatory Service Offerings

## Corporate Tax Services

Provide direct taxes services – income taxes, Bangladesh inbound tax advisory, withholding taxes, income tax return and identification and measurement of uncertain tax positions (including global mobility services) for various sectors including financial services.

## Regulatory Services

Setting up of the desired entity in Bangladesh, such as liaison office, branch office, subsidiary, joint venture company. Specialising in corporate and allied laws, foreign exchange management laws.

## International Tax Services

Dedicated to international taxation and Bangladesh inbound and outbound tax advisory and structuring.

## Indirect Tax Services

Focused on all indirect tax matters, including value added tax (VAT), Customs and import duties.

## Transfer Pricing Services

Transfer Pricing planning, compliance, assessment, and litigation services.

## Merger & Acquisition Services

A dedicated team that handles merger and demerger, corporate restructuring, due diligence, review of share purchase agreements and tax deeds and offers advisory, and implementation expertise needed throughout the transaction lifecycle.

## Specialized services

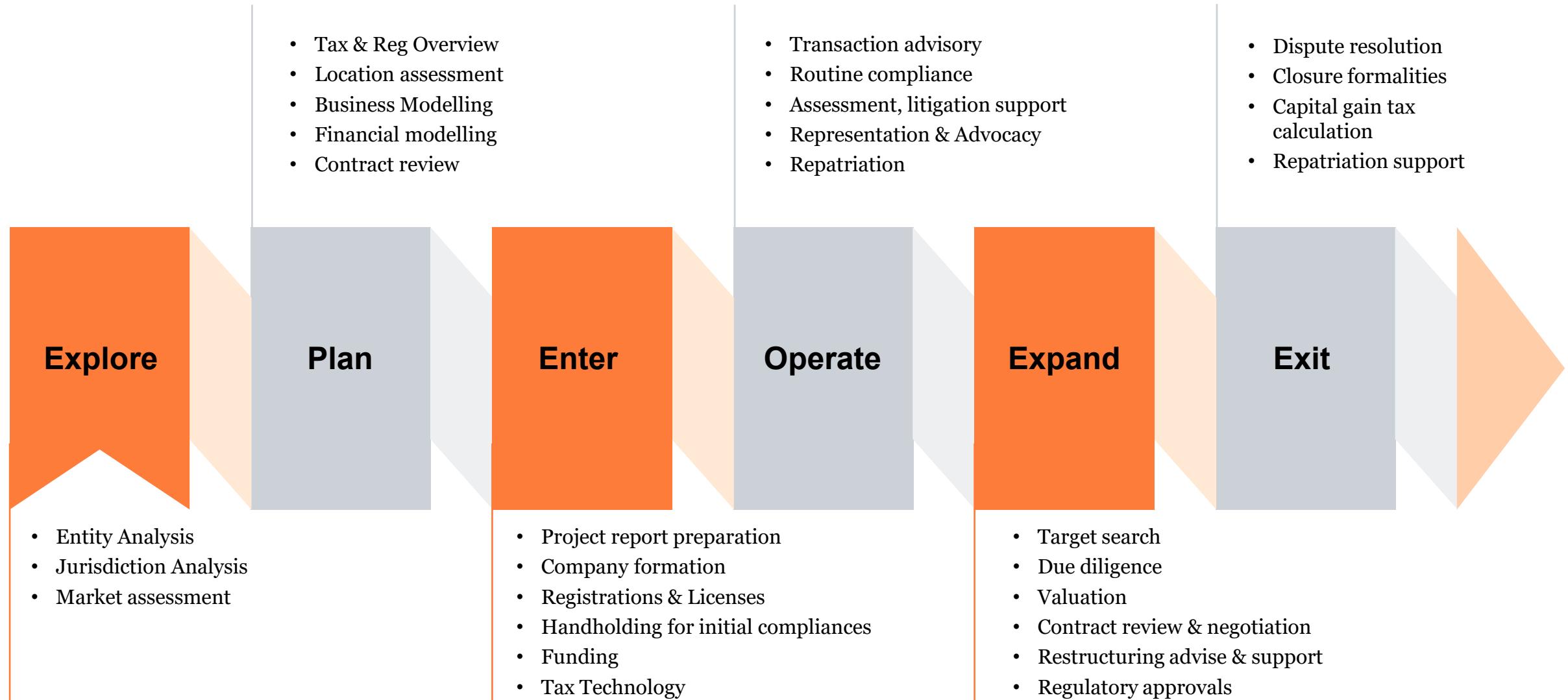
We provide our clients with a complete spectrum of tax advisory services; we have specialist teams that focus on niche areas of taxation to meet the needs of every business.

- Tax Accounting and Risk Advisory Services
- Outbound Tax Advisory
- Tax Policy Advisory

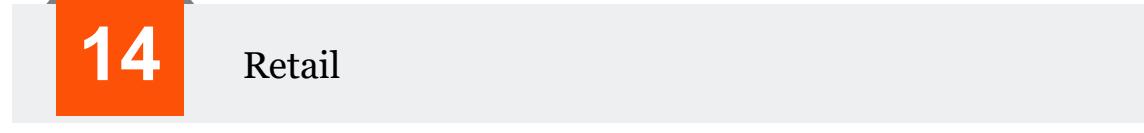
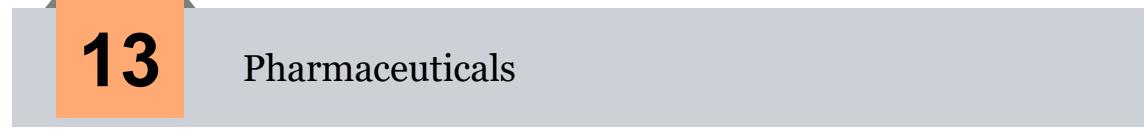
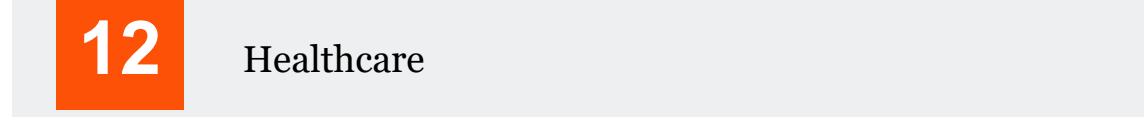
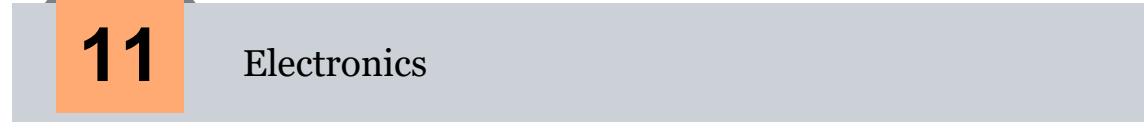
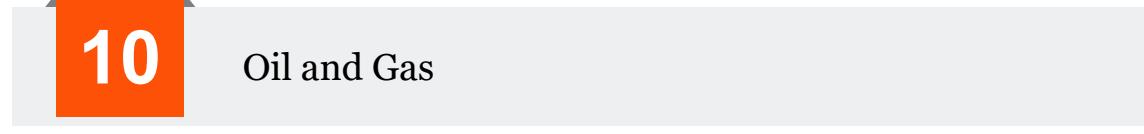
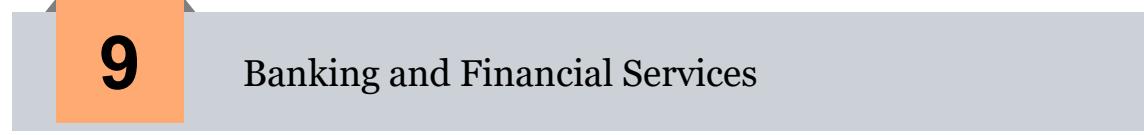
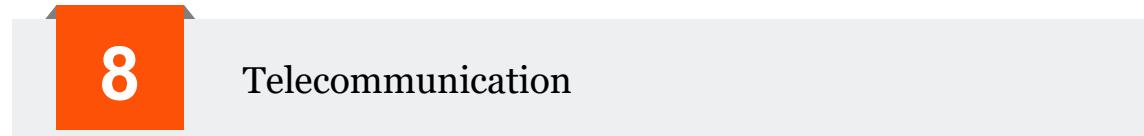
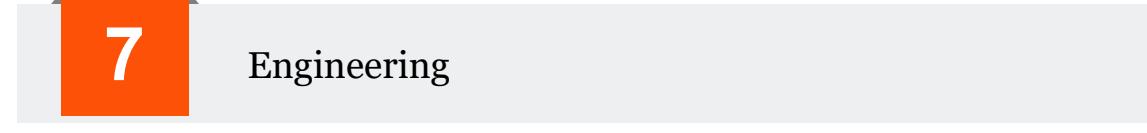
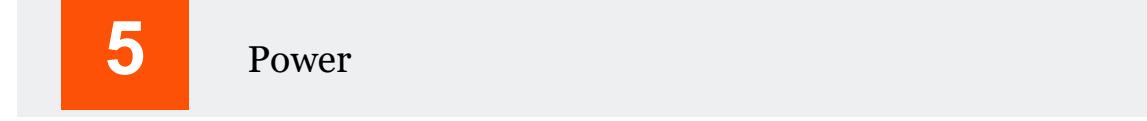
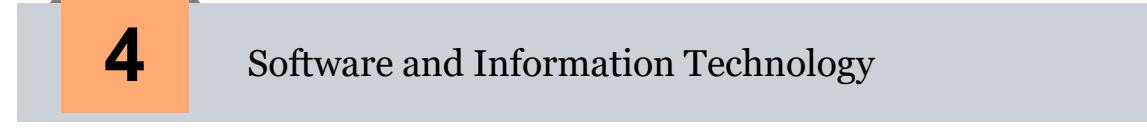
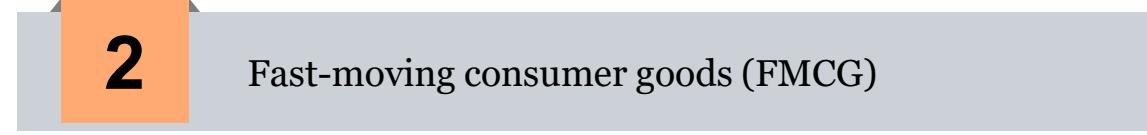
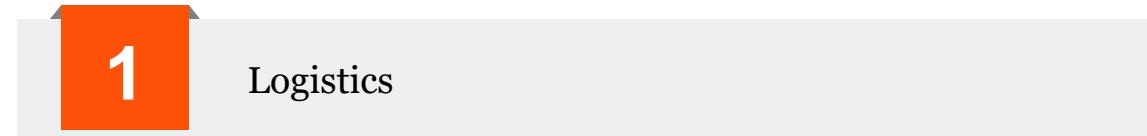
## Tax Litigation Services

Assistance on tax matters in proceedings before the Deputy Commissioner of Taxes, Tax Appellate Tribunals, High Division Courts and the Supreme Court. With pan-Bangladesh coverage, our advisors and external litigators are widely recognized and have appeared in a range of matters before the highest judicial forums in the country.

# How PwC can assist...



# Industry Sector Credentials



# Our team - Bangladesh Tax and Regulatory Practice



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**Qualifications:**

- Bachelor of Commerce
- Chartered Accountant

**Professional experience:**

20+ years of professional experience in advising both domestic and foreign clients on corporate and international taxation as well as regulatory matters like entry and entity strategy formulation, compliance and litigation support, representation & advocacy, tax due diligence, etc.



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**Qualifications:**

- Bachelor of Law
- Postgraduate in Applied Economics

**Professional Experience:**

18+ years of experience in assisting leading MNCs on transfer pricing and international taxation matters including advisory, TP documentation projects, transfer pricing audits, litigation, APA negotiations, etc.



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**Qualifications:**

- Bachelor of Arts and MBA, USA
- Certified Public Accountant, USA

**Professional Experience:**

16+ years of combined professional experience in the USA and Bangladesh in advising clients on corporate & international taxation and regulatory matters such as entry and entity strategy formulation, tax and regulatory advisory, representation and advocacy, etc.



**Prabir Mitra,**  
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**Qualifications:**

Bachelor of Commerce

**Professional Experience:**

35+ years of work experience in dealing and handling clients in various sectors on indirect tax related matters, including, VAT Excise and custom including tax structuring and optimization, entry strategy formulation, analysis of trade agreements, compliance & litigation support, transaction advisory, tax due diligence, etc.

# Thank you

Data Classification: DCo (Public)

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