

Key Budget Proposals 2025

Bangladesh

Towards sustainable growth and prosperity

June 2025



Contents

01	Reforms and policy announcements	03
02	Personal tax	04
03	Corporate income-tax	07
04	Indirect tax	14
05	Abbreviations	24

Reforms and policy announcements

The theme of the National Budget for this year is 'Building an Equitable and Sustainable Economic System' with emphasis on inclusive and people-centric growth, good governance, and institutional reforms with increased focus on education, health and family welfare, employment and agriculture. In this regard, some of the key aspects are the following:

- 1. Assigning significant importance to harnessing the opportunities of the Fourth Industrial Revolution, preparing for the post LDC graduation era, addressing climate change risks and ensuring sustainable development.
- 2. Strengthening the investment infrastructure where it is anticipated that ten economic zones will become operational over the next decade.
- 3. Increasing the tax-gross domestic product (GDP) ratio by simplifying the Income-tax return filing through automation, establishing new tax offices and developing a medium and long-term revenue strategy.
- 4. Prioritising science-based, technology-driven and employment-oriented education with the loan ceilings being raised for trained youths and successful young entrepreneurs through the allocation of additional funds.
- 5. Establishing ICTD Digital Labs and ICTD School of Future in several educational institutions nationwide to train teachers and help with employment opportunities.

- 6. Integrating all sectoral investment services across 134 services from 43 organisations. One Stop Service portal efforts are underway, while the Bangladesh Single Window has been launched to further simplify business processes on a unified platform.
- 7. Emphasising on electricity generation from renewable sources, with a target of generating 3,400 MW from clean sources by 2028, as outlined in the Integrated Power Sector Master Plan. Enhancement of energy security is also proposed by increasing oil and gas exploration and production through Bangladesh Petroleum Exploration and Production Company Limited.
- 8. Proposing the prospective income-tax rates for AY 2026–27 and AY 2027-28.



Personal tax

Basic tax rates and surcharge

Finance Act, 2024		Finance Ordinance, 2025 (proposed)			
AY 2025–2026		AY 2026–2027		AY 2027–2028	
Total income	Tax rate	Total income	Tax rate	Total income	Tax rate
Up to the tax-free threshold*	Nil	Up to the tax-free threshold**	Nil	Up to the tax-free threshold**	Nil
Next BDT 1,00,000	5%	Next BDT 3,00,000	10%	Next BDT 3,00,000	10%
Next BDT 4,00,000	10%	Next BDT 4,00,000	15%	Next BDT 4,00,000	15%
Next BDT 5,00,000	15%	Next BDT 5,00,000	20%	Next BDT 5,00,000	20%
Next BDT 5,00,000	20%	Next BDT 20,00,000	25%	Next BDT 20,00,000	25%
Next BDT 20,00,000	25%	Rest of the total income	30%	Rest of the total income	30%
Rest of the total income	30%				

* Tax-free threshold

General taxpayers: BDT 3,50,000

Women and senior citizens aged 65 years or older: BDT 4,00,000

Persons with physical challenges: BDT 4,00,000

Freedom fighters who are war-wounded and gazetted: BDT 5,00,000

Taxpayers of the third gender: BDT 4,75,000

Parents of a person with physical challenges: Additional BDT 50,000

** Tax-free threshold

General taxpayers: BDT 3,75,000

Women and senior citizens aged 65 years or older: BDT 4,25,000

Persons with physical challenges: BDT 5,00,000

Freedom fighters who are war-wounded and gazetted and wounded July fighters who are gazetted: BDT 5,25,000

Taxpayers of the third gender: BDT 5,00,000

Parent of physically challenged person – Additional BDT 50,000

 $The \ limit\ of\ standard\ deduction\ for\ income\ from\ employment\ to\ be\ increased\ to\ BDT\ 5,00,000\ from\ BDT\ 4,50,000.$

If the total income exceeds the tax-free limit, the minimum amount of tax to be BDT 5,000. However, in the case of new taxpayers, the minimum amount of tax to be BDT 1,000.

Simplification and clarification

- The nomenclature of 'tax day' to be replaced with 'specified date for filing the return', wherein the due date will remain unchanged. Nevertheless, individual taxpayers to have the opportunity to seek an extension of the due date for filing the return from Commissioner of Taxes up to a maximum of 90 days.
- Slab limit for determination of value of perquisite for motor vehicle to be revised.
- Methodology for computation of 'income from rent' to be revised.
- Calculation of the general-tax rebate on account
 of investments and expenditure to be modified to
 also exclude certain components such as profitshare receipts from partnerships and associations
 of persons, as well as final tax (instead of minimum
 tax) in certain circumstances while calculating 3%
 of the taxable income.

- Adjustment of excess or deficit from earlier years not to be considered when calculating WHT on income from employment for the current year.
- The computation mechanism to be rationalised to calculate the average rate of tax on the share of income received from a firm or association of individuals.
- Computation of advance tax in the case of new taxpayers clarified.
- The ambit of WHT suffered under certain sections considered as final tax to be expanded:
 - Under any source of income by a person exempted from filing a return of income (earlier restricted to persons exempted from filing return of income in case of income on account of interest or profit from savings deposits and fixed deposits)
 - On account of compensation for the acquisition of property received by a natural person



Widening of the tax base

- Tax incidence on income from employee share scheme expanded to include the 'right to acquire shares'.
- Amount or benefit received by an employee from a group insurance policy to be included under 'income from other sources'.
- Minimum tax based on the gross receipts in case of any natural person taxpayer (other than a manufacturer of cigarettes, bidis, chewing tobacco, smokeless tobacco or any other tobacco product) to be enhanced to 1% from 0.25%.

Incentives and relaxations

- The scope of exclusion of income from salary to be expanded to cover expenses incurred by the employer on account of a group insurance policy as well as medical treatment for brain operations and artificial organ transplants.
- The threshold for the applicability of minimum tax based on the gross receipts in case of natural persons prescribed to be BDT 40 million in place of BDT 30 million.



Corporate income-tax

a. Corporate tax rates

- For eligible listed corporate taxpayers, the tax rate for AYs 2026–27 and 2027–28 to be 20% in case all income is received through bank transfer. Otherwise, the rate will be 22.5%.
- For unlisted corporate taxpayers, trusts, firms and associations of persons, the tax rate for AYs 2026–27 and 2027–28 to be 27.5%.



b. Widening of the tax base or scope

- The scope for penal consequences for nondisclosure of foreign assets expanded to cover nonresident Bangladeshi as well.
- The definition of financial assets to be expanded to include 'securities'.
- Any loan, advance or deposit received by any taxpayer, who is not an individual taxpayer, other than by crossed cheque or bank transfer, to be included under 'income from other sources'.
- The provision of disallowance on account of non-compliance of WHT provisions to be made applicable for the computation of taxable agricultural income.
- Expenditure on financial assets to be disallowed for the purpose of computing income from such financial assets, if applicable taxes have not been deducted or collected.

- FMV to be defined as the price of the asset as may be transacted in the open market. In case determination of FMV is not possible, the DCT may determine the appropriate FMV, subject to conditions. In case of a leased asset, a separate methodology for determination of FMV to be adopted.
- Where a taxpayer discloses, in the amended return, any income that is exempt or subject to a reduced rate of tax (except certain specific income), the difference between such disclosed income and the income shown in the original return to be taxed under the head 'income from other sources'.
- The ambit of reassessment proceedings to be enhanced to also include issues not mentioned in the notice initiating reassessment.
- Restriction on the transfer of assets to extend to cases of reassessment of income in addition to cases of concealment of income.

- WHT on discount, interest or profit on government securities or securities approved by the Bangladesh Securities and Exchange Commission to be brought within the ambit of minimum tax.
- WHT on the import of goods by an industrial undertaking engaged in the manufacture of pesticides for own use as raw materials to be brought within the ambit of minimum tax.
- Organisations established for only charitable purposes to be brought within the requirement of filing a return of income.
- The requirement of submitting audited financial statements, evidence of compliance with criteria as may be prescribed by the NBR from time to time and separate calculation of taxable income considering the prescribed adjustments along with the return of income to be extended to all the persons other than natural person and HUF.
- Local authorities, autonomous bodies, primary or pre-primary schools teaching in Bengali, and government secondary and higher secondary schools to file WHT returns.
- Ambit of disallowance of commission or discount provided to a shareholder to be expanded to include such payments to sponsor shareholders and placement shareholders as well.
- Minimum tax based on the gross receipts in case of taxpayers not specifically categorised to be enhanced to 1% from 0.6%.
- Tax holiday for certain industrial undertakings to be withdrawn.

c. Simplification and clarification

- The methodology of calculating additional tax on account of transfer to retained earnings, reserve and surplus rationalised to consider post-tax profits of the relevant FY.
- The presumptive scheme of taxation for nonresidents in the airline business to be clarified to cover cases of receipts in or outside Bangladesh in respect of carriages leaving from a Bangladesh airport, as well as of receipts in Bangladesh in respect of carriages leaving from any airport outside Bangladesh.
- An increase in rate of WHT on account of nonsubmission of PSR not to be applicable in case of persons exempted from filing a return of income.
- A higher rate of advance income-tax in case of ownership of more than one motor vehicle clarified to be applicable in case of natural persons only.
- WHT suffered under certain sections from any source of income by any person exempted from filing a return of income to be considered as final tax (earlier restricted to persons exempted from filing return of income in case of income on account of interest or profit from savings deposits and fixed deposits).
- The nomenclature of 'tax day' has been substituted with 'specified date for filing the return', whereby any person other than an individual and HUF can file a return within the 15th day of the ninth month following the end of the income year.
- Return of income filed after expiry of the tax year related to the specified date for filing the return to be considered as a normal return. The time limit for completing the assessment for such a return to be two years from the end of the tax year.

- Opportunity to file amended return/lodging tax exemptions to be expanded in certain cases.
- Process for conducting audit of return of income to be revised.
- Spot assessments to be restricted to persons (other than companies) having taxable business income and who have not been assessed to tax earlier.
- Applicability of exercising the power to collect information as well as conduct inspection and investigation to be amended.
- Year of taxability on account of a reduction in the initial capital in case of a universal self-assessment return to be clarified.
- Insurance premium paid for employees to also be an allowable deduction.
- Lodging of a claim for a bad debt allowance by banking and financial institutions to be allowed even if treatment is aligned with the International Financial Reporting Standards or any rules and regulations relating to banking and financial institutions.
- The ambit of disallowances on account of nonfurnishing of PSR to be revised.
- Base value for determining tax collection at the time of transfer of share of an unlisted company to be the difference between the prescribed face value and fair value of such shares.
- Computation of advance tax in case of new taxpayers to be clarified.

d. Incentives and relaxations

- 'Dividend' to exclude after-tax profits distributed proportionally among partners (other than natural persons) from a joint venture formed for a specific purpose.
- Minimum tax based on gross receipts for mobile phone operators to be reduced to 1.5% from 2%.
- The specific provision prescribing the mechanism of calculating additional tax based on the variation in disclosure of imports, exports and investments to be withdrawn.
- Specific clarification to be provided on the overriding impact of the Double Taxation Avoidance Agreements signed by the Government of Bangladesh vis-a-vis provisions of the domestic law.
- Computation of penalty in case of concealment of income to be amended.
- Where the taxpayer is liable to tax at reduced rates, specified inadmissible expenses (other than for non-compliance with WHT provisions) to be taxed at the same reduced rate.
- Tax implications on special business income to be revised for income taxable at regular tax rates.
- Approval of the superannuation or pension fund, gratuity fund and provident fund to be granted for a period of minimum ten years.
- Power of approval or disapproval of gratuity fund, which the NBR is currently holding, to now be delegated to the Commissioner of Taxes.
- The mechanism and conditions for providing a tax incentive to microcredit entities to be revised.

- Tax exemption on agricultural income to be enhanced from BDT 0.2 million to BDT 0.5 million, provided the person has no income other than from agriculture and financial assets.
- A new exemption to be introduced for income of up to BDT 0.5 million from poultry, hatchery, animal produce, etc.
- Levy of 20% tax to be removed on the gross income of specific classes of taxpayers who are exempted to file return of income.
- Persons entitled to exemption from collection of tax at source on the registration or renewal of fitness of motor vehicles run commercially to be revised.
- Persons entitled to exemption from the collection of tax at source on the ownership of motor vehicle to be revised.
- WHT on export cash subsidy to be kept outside the ambit of minimum tax.
- Advance income tax on import of goods by an industrial undertaking engaged in the manufacture of perfumes and toilet water for own use as raw materials to be excluded from the ambit of minimum tax.
- Minimum tax paid in excess of regular tax for any concerned period to be allowed to be carried forward and adjusted against any subsequent period's excess of regular tax liability over minimum tax liability.
- The ambit of specified persons exempted from filing return of income to be revised.

- Certain tax exemptions to be considered in calculating additional tax liability in case of filing a return of income beyond the specified date.
- WHT return to be filed on a quarterly basis instead of monthly basis.
- Calculation methodology for computing the applicable business income or capital gains of exported assets used in the business of the taxpayer to be rationalised.
- The threshold limit for disallowance of excess perquisites to be increased from BDT 1 million to BDT 2 million.
- The threshold limit for disallowance of excess payment of royalties, licence fee, technical service fee, technical assistance fee or other fees of similar nature to be revised, being the lower of 6% of business turnover or 15% of net profits.
- Expenses on account of purchase of raw material through non-banking channels to be excluded from the ambit of inadmissibility.
- If more than 50% of expenses (except salary, rent and purchase of raw materials) are paid through non-banking channels, 25% of such expenses to be considered inadmissible.
- Disallowance on account of non-availability of PSR not to trigger if tax is withheld on such expenses at prescribed higher rates.
- The government to have the power to issue or cancel any exemption notification.
- Conditions for availing exemption to be relaxed.

WHT rates

- WHT at the rate of 10% to be considered on payment to beneficiaries from the Participation Fund, Welfare Fund and Workers' Welfare Foundation Fund.
- WHT at a flat rate of 10% (in place of slab rates) to be applied on payment for intangible property.
- WHT on payment to travel agent in respect of commission or rebate or other benefit to exclude cargo aircraft transactions.
- WHT rate to be increased to 1.5% from 1% on amount paid to distributors by any bank or finance institution for a local LC.
- WHT at the rate of 0.5% to be applied by the bank or finance institution against a local LC for the purchase of certain specified goods.
- The ambit of deduction of tax at the rate of 20% on payment to a regulatory authority in respect of any revenue distribution, licence fee or any other fee or charge to be expanded to include a tower sharing company and others.
- The ambit of WHT to be extended to the **profit** on loan or borrowing.
- WHT rate to be increased to 10% from 5% on the interest, discount or profit from securities authorised by Government or the Bangladesh Securities and Exchange Commission.
- WHT rate to be increased to 10% from 5% on income from rent.
- WHT rate to be increased to 10% from 5% on payment to a convention hall, conference centre, etc. for rendering service.

- WHT rate to be reduced to 4% from 6% on the purchase of electricity.
- WHT rate to be reduced to 7.5% from 10% on the commission or remuneration paid to a foreign buyer's agent.
- The ambit of WHT on payment of dividend to be extended to unitholders.
- The ambit of WHT to be extended to include remittance received for income from rent of any property.
- WHT of BDT 1.2 million per decimal to be collected from the transfer of property, replacing the previous amount of BDT 2 million per katha.
- WHT to be paid by the lessor instead of lessee in case of registration of a document relating to the lease of any immovable property for a term of less than ten years.
- Collection of tax from the shipping business of a resident to be applied on rental value instead of the value of goods.
- WHT rate to be increased to 15% from 10% on the transfer of securities of a company or fund listed in a stock exchange. Transfer of securities between own brothers and sisters not to be considered as a transfer.
- The ambit of WHT to be extended to include any gain or profit upon the transfer of shares by a shareholder of a stock exchange established under the Exchanges Demutualization Act, 2013. WHT to be deducted at the time of transfer of shares, upon giving notice of the transfer or upon giving consent to such a transfer, whichever is earlier.

- WHT rate to be reduced to 0.03% from 0.05% on the transaction value of shares, debentures, mutual funds or securities paid by the member of the stock exchange.
- Rate of tax collection at source on the registration or renewal of fitness of motor vehicles run commercially to be increased.
- Rate of monthly advance income-tax to be paid by a cigarette manufacturing undertaking to be increased to 5% of the net sales from the existing rate of 3% of the net sales.



Tax Deducted at Source Rules, 2024 (amendment as per the SRO)

Payment to residents:

- WHT rate to be reduced to 0.5% from 1% on certain specified goods.
- WHT at the rate of 1% to be applied on subcontracts provided by 100% export-oriented garments industries.
- WHT rate to be enhanced to 2% from 1% on the supply of dates.
- WHT rate to be reduced to 1.5% from 2% on the supply of oil by a company engaged in oil refinery operations.
- WHT rate to be reduced to 0.6% from 2% for companies engaged in gas distribution.
- WHT at the rate of 1.5% to be applied on raw materials to be used in recycling industries.
- WHT rate to be reduced to 5% from 7% on manufacturing, process or conversion, work, construction, engineering or any similar work.
- WHT rate to be enhanced to 15% from 10% on payment to an individual for advisory or consultancy and professional services.

- WHT rate to be reduced to 7.5% from 10% on payment to other than individual for advisory or consultancy and professional services.
- WHT rate to be reduced to 7.5% from 8% on payment for indenting commission.
- WHT rate to be reduced to 5% from 10% on internet service.
- WHT at the rate of 1.5% to be considered on the gross bill or gross bill including commission received by freight forwarding agents, replacing the current rate of 2.5%.
- For specified services where invoices separately indicate the commission or fees, WHT to be applied at the higher of the following:
 - WHT at applicable rate on the commission or fee amount; or
 - WHT at applicable rate on the gross invoice amount.

Payment to non-resident:

- WHT rate to be reduced to 10% from 20% on payment to other than an individual for advisory or consultancy and professional services.
- WHT not to apply on certain payments to a nonresident, subject to conditions, covering –
 - payment to any government authority of a foreign state;
 - payment of subscription fee to an internationally recognised professional body;
 - liaison office or branch office expenses;
 - international marketing and product development expenses;
 - tuition fees analysed by Authorised Dealer banker and as per Bangladesh Bank's guidelines for foreign exchange transactions; or
 - any kind of security deposit;
 - arbitration fee;
 - hajj payment; and
 - priority pass.

Other amendments:

- Rates to be modified in respect of the collection of tax from a transfer of property, etc.
- PSR to be furnished during the sale or transfer of property, irrespective of the property value.
- Rates to be modified in respect of the collection of tax from importers.

Rationalisation and administrative aspects

- Experienced income-tax officers may be authorised representatives for taxpayers subject to approval from the NBR and specified conditions.
- Requirement of PSR to be rationalised.
- Special arrangement for disclosure of undisclosed investments in real estate by paying the prescribed tax as per Part 1 of the First Schedule, to be revamped.
- Lower or nil WHT certificate will also to be required in respect of payment
 - against local LC;
 - of interest or profit on savings and fixed deposits;
 and
 - for registration of documents relating to the lease of any immovable property.



Indirect tax

1. Key amendments in the Customs Act

- The validity of advance ruling issued under the Customs Act, 2023, increased to 36 months from 18 months from the date of issuance.
- The Duty free limit for import of goods under a single invoice has been increased from BDT 2,000 to BDT 4,000.
- An interest in the delay in payment of any duty, tax or any other charge will be increased from 10% per annum to 1% per month, subject to a maximum time period of 24 months.
- Appeal before the Customs, Excise & VAT Appellate
 Tribunal is to be filed 'within 90 days' instead of
 'within 3 months' from the date of the order passed
 by the Commissioner of Customs. The Tribunal will
 have the choice extend such timeline to 60 days
 instead of 2 months.

2. Key amendments in the VAT & SD Act, and the corresponding VAT & SD Rules

- Definition of Electronic service to be amended, wherein, the term "event" and "sports" to be substituted to "programme" and "games" respectively.
- VAT exemption to be available to the first contractor appointed by the principal contractor and accordingly principal contractor to be relieved from its VDS liability while making payment to the first contractor.
- NBR is now relieved from issuance of Notification exempting VAT, SD and AT in respect of any import of goods or supply of goods or services.

- Intimation related to any change of business, bank account, opening or closure of branch office etc. is now required to be filed within 15 days from such changes.
- Two new defined taxable services namely 'Tower Sharing Service' and 'OTT Platform Service' to be introduced on which 15% VAT to be levied.

3. Key impacts on the domestic industry



Positive

• VAT rate on supply of the following services have been decreased with effect from 2 June 2025:

SI. No.	Service category	Service code	Previous Rate	Amended Rate
1	Air-Craft lease rental	S099.20	15%	0%

• VAT rate on supply of the following goods have been decreased with effect from 2 June 2025:

SI. No.	Heading	HS code	Description of goods	Previous Rate	Amended Rate
1	87.07	All HSN codes	Bus Body & Truck Body	15%	5%
2	27.11	All HSN codes	L P Gas	15%	7.5%
3	96.19	9619.00.00	Sanitary napkin (at trading stage)	15%	0%

• SD rate on import of the following goods have been decreased with effect from 2 June 2025:

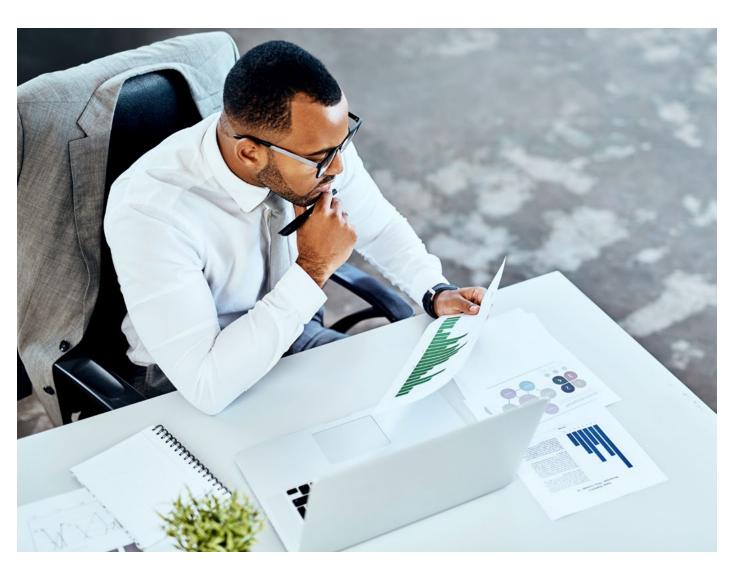
SI. No.	Heading	HS code	Description of goods	Previous Rate	Amended Rate
1	19.04	All HSN codes	Prepared foods – cereal, cornflakes, food grain wheat, assorted cereal	30%	20%
2	21.05	All HSN codes	Ice cream	10%	5%

 Import duties exemption granted to the specified manufacture/industries on import of raw material and spares –

SI. No.	Manufacturer/ Industry	Details of exemption granted
1	E-bike (Two-Wheeler)/ E-bike Accessories	CD in excess of 1% (on goods listed in Table 1 & Table 2), CD in excess of 5% (on goods listed in Table 3 & Table 4), RD, SD, VAT & AT
2	Lithium Battery and Graphene Battery	CD in excess of 1%, RD, SD & VAT
3	Cold Storage	CD in excess of 1%, RD, SD & VAT
4	Ink	CD in excess of 15%, RD, SD & VAT

• Minimum value on import of the following goods have been decreased with effect from 2 June 2025:

SI. No.	HS code	Description of goods	Previous minimum value (US\$)	Amended minimum value (US\$)
1	2710.19.21	Base oil imported by petroleum products manufacturing industry	1,200 per MT	Nil
2	2710.19.31	Lubricating oil	2,500 per MT	Nil
3	2710.19.39	Other lubricating oil	2,500 per MT	Nil
4	2710.19.91	Mineral Oil	920 per MT	Nil
5	3403.99.20	Semi Synthetic lubricating oil	3,200 per MT	Nil
6	3403.99.30	Synthetic lubricating oil	5,000 per MT	Nil





• VAT rate on supply of the following services have been increased with effect from 2 June 2025 (Except Construction Contract w.e.f. 1 July 2025):

SI. No.	Service category	Service code	Previous Rate	Amended Rate
1	Construction contractor	S004.00	7.5%	10%
2	Credit Agency	S099.50	7.5%	15%
3	Online Seller of goods	S099.60	5%	15%
4	Insurance premium payable by private sector power generation company	S027.00	0%	15%

• SD rate on supply of the following services have been increased with effect from 2 June 2025:

SI. No.	Service category	Service code	Previous Rate	Amended Rate
1	OTT Platform Service	S082.00	0%	10%

• VAT rate on supply of the following goods have been increased with effect from 2 June 2025:

SI. No.	Heading	HS code	Description of goods	Previous Rate	Amended Rate
1	73.18	All HSN codes	Various size and types of screws/ galvanized/ non-galvanized/ zinc coated/ nickel coated/ without coats	5%	7.5%
2	74.15	All HSN codes	Joints, connectors, nuts, bolts	5%	7.5%
3	76.16	All HSN codes	Electric Line hardware and poll fittings made of steel (excluding nuts and bolts)	5%	7.5%
4	82.12	All HSN codes	Blades made from stainless steels	5%	7.5%
5	39.24	All HSN codes	All types of tableware, kitchenware, household articles, hygienic and toilet articles made of plastics (excludes tiffin boxes and water bottle)	7.5%	15%
6	48.09	All HSN codes	Self-copy paper	7.5%	15%
7	48.10	All HSN codes	Duplex Board/ coated paper	7.5%	15%

• SD rate on import of the following goods have been increased with effect from 2 June 2025:

SI. No.	Heading	HS code	Description of goods	Previous Rate	Amended Rate
1	24.01	All HSN codes	Unmanufactured tobacco	60%	100%
2	25.16	2616.12.00	Granite	20%	45%
3	32.08	3208.90.90	Other paints, varnish & Laquear	20%	30%
4	34.02	3402.90.10	Detergent	20%	30%
5	48.13	4813.10.00 4813.20.00 4813.90.00	Cigarette paper imported by other than tobacco goods manufacturer	150%	300%

• Minimum value on import of the following goods have been increased with effect from 2 June 2025:

SI. No.	HS code	Description of goods	Previous minimum value (US\$)	Present minimum value (US\$)
1	1806.31.00	Chocolate & Other foods preparation – filled	4 per kg	10 per kg
2	1806.32.00	Chocolate & Other foods preparation – not filled	4 per kg	10 per kg
3	1806.90.00	Chocolate & Other foods preparation – other	4 per kg	10 per kg
4	3304.99.10	Face & / skin cream	8 per kg	20 per kg
5	3304.99.20	Moisture lotion	8 per kg	10 per kg
6	8516.60.00	Other oven cookers	6 per unit	12 per unit



4. Exemption of VAT & Import Duties on local manufacture of goods -

SI. No.	Name of Goods	Present	Proposed
1	Lift	 Exemption available for VAT on local manufacture & sale, Import VAT, AT & SD on raw materials and spares Exemption available till 30 June 2025. 	Gradual increase in output VAT rate – • 5% up to 30 June 2027 • 7.5% up to 30 June 2029 • 10% up to 30 June 2030 Import VAT, AT and SD will remain exempted till 30 June 2030.
2	LPG Cylinder	VAT on local manufacture & sale in excess of 7.5% is exempted till 30 June 2025	Output VAT in excess of 10% will be exempted till 30 June 2027
3	Washing Machine, Microwave Oven and Electric Oven	 Exemption available for VAT on local manufacture & sale VAT on local purchase of inputs and spares VAT, AT and SD on import of inputs and spare parts Exemption available till 30 June 2025. 	Gradual increase in output VAT rate – • 5% up to 30 June 2027 • 7.5% up to 30 June 2029 • 10% up to 30 June 2030 Exemption available till 30 June 2030 for – • On local purchase of inputs and spares • Import VAT, AT and SD
4	Blender, Juicer, Mixer, Grinder, Electric Ketli, Iron, Rice Cooker, Multi Cooker and Pressure Cooker	 Exemption available for VAT on local manufacture & sale VAT on local purchase of inputs and spares VAT, AT and SD on import of inputs and spare parts Exemption available till 30 June 2025. 	Gradual increase in output VAT rate – • 5% up to 30 June 2027 • 7.5% up to 30 June 2029 • 10% up to 30 June 2030 Exemption available till 30 June 2030 for – • On local purchase of inputs and spares • Import VAT, AT and SD

SI.	Name of	Present	Proposed
No.	Goods		
5	Three- Wheeler	 Exemption available for VAT on local manufacture & sale in excess of 5% VAT on local purchase of input & spares VAT, AT and SD on import of inputs and spare parts Exemption available till 30 June 2025. 	 Gradual increase in output VAT rate – 7.5% up to 30 June 2028 10% up to 30 June 2030 Exemption available till 30 June 2030 for – On local purchase of inputs and spares Import VAT, AT and SD
6	Medical Bed	No Exemption	 Exemption of output VAT till 30 June 2030 Exemption available till 30 June 2030 for – On local purchase of inputs and spares Import VAT, AT and SD
7	Lithium Battery and Graphene Battery	No Exemption	Gradual increase in output VAT rate – • Nil up to 30 June 2027 • 5% up to 30 June 2030 Exemption available till 30 June 2030 for – • On local purchase of inputs and spares • Import VAT, AT and SD
8	E-Bike	No Exemption	Gradual increase in output VAT rate – • 5% up to 30 June 2030 Exemption available till 30 June 2030 for – • On local purchase of inputs and spares • Import VAT, AT and SD
9	Refrigerator, Freezer and Air Conditioner	 Exemption available for VAT in excess of 7.5% on local manufacture & sales VAT on local purchase of input & spares VAT, AT and SD on import of inputs and spare parts Exemption is available till 30 June 2025 	Exemption of SD on import of goods specified in table 1 and table 2 of the respective SRO till 30 June 2028

5. Amendments in respect of excise duty

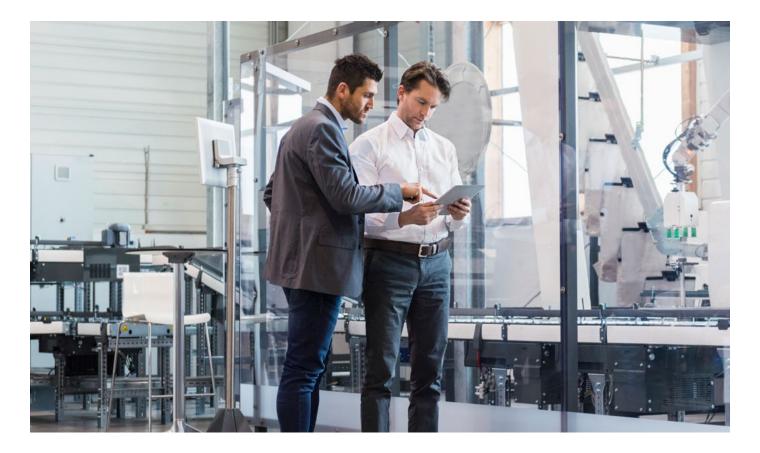
• Excise duty on the bank account balance is amended as represented in the below table with effect from 1 July 2025.

SI. No.	Present range of balance (BDT)	Present excise duty	Proposed range of balance (BDT)	Proposed excise duty	Impact
1	Up to 100,000	Nil	Up to 300,000	Nil	Decreased
2	100,001 to 500,000	150	300,001 to 500,000	150	Unchanged
3	500,001 to 1,000,000	500	500,001 to 1,000,000	500	Unchanged
4	1,000,001 to 5,000,000	3000	1,000,001 to 5,000,000	3000	Unchanged
	5,000,001 to 10,000,000	5,000	5,000,001 to 10,000,000	5,000	Unchanged
5	10,000,001 to 20,000,000	10,000	10,000,001 to 20,000,000	10,000	Unchanged
	20,000,001 to 50,000,000	20,000	20,000,001 to 50,000,000	20,000	Unchanged
6	Exceeding 50m	50,000	Exceeding 50m	50,000	Unchanged

6. Ease of doing business

- VDS Rules to be amended allowing a VAT withholding entity to utilise accumulated ITC instead of depositing in cash in the Government treasury.
- Eligibility to claim ITC to be extended from four month to six months.
- Eligibility to claim decreasing adjustment of VDS based on certificate in Form Mushak 6.6 to be extended from three month to six months.
- Exporter claiming decreasing adjustment of SD are not required to obtain approval from the Commissioner, Customs and will be eligible to claim such a rebate within six months from the date of export.

- Construction Service Provider, Procurement
 Provider & C&F Agent not falling under the
 definition of VAT withholding entity to be
 allowed to file half-yearly VAT return instead of
 monthly return.
- Export of service was zero rated subject to the condition that, the service is exported to outside Bangladesh. Amendment made in the relevant provision of the VAT and SD Act to clarify the scope of export of service.
- AT payable on import of goods by a manufacturer to be reduced from 3% to 2%, while AT rate for import made by a commercial importer to be increased from 5% to 7.5%.



- Commercial importer discharging AT @ 7.5% and adding value up to 50% on resale to be exempted from payment of VAT. Such commercial importer will not be eligible to claim rebate of VAT & AT payable on import.
- AT paid on import of goods to be eligible for decreasing adjustment in the month of import and subsequent six months.
- Permissible value of free sample provided by a VAT registered supplier to be increased from BDT 20,000 to BDT 50,000.
- Service providers not to require to file input-output coefficient in Form Mushak 4.3.
- Government, semi government, autonomous, bank, insurance and NIL return filing entities to be eligible to file VAT return within 20 days from the end of the month.

- Penalty for late filing of VAT return to be reduced from BDT 5,000 to BDT 2,000.
- The range of penalty for irregular availment of ITC to be reduced from 50% 100% to 30% 50% of availed irregular credit.
- Penalty for non-maintenance of statutory record and register in respect of exempted supply to be reduced from BDT 100,000 to BDT 25,000.
- Maximum time limit for payment of arrear VAT in instalments to be increased from 12 months to 18 months.
- Note 2 of input-output co-efficient in Form Mushak
 4.3 to be amended to provide exemption from filing of revised Mushak
 4.3 in respect of any change in sale price of goods.

7. Other specific amendments

- The term BoE as defined in the VAT & SD Act to be replaced by the term 'Goods Declaration' where the content of the document remains same. ITC is now available on the basis of such document.
- Definition of 'decreasing adjustment' to be expanded to include 'Decreasing adjustment after obtaining VAT registration'. Such inclusion may facilitate an enlisted entity to avail decreasing adjustment of any excess payment of VAT after obtaining VAT registration.
- Registered person not to be required to issue VDS
 Certificates in Form Mushak 6.6 to unregistered
 entities or registered entities who have failed to
 issue tax invoices in Form Mushak 6.3.

- Time limit for issuance of VDS certificate in Form Mushak 6.6 has been amended from within three days from the date of deposit of VDS to the Government treasury to within three days after submission of the VAT Return.
- Note 5 of input-output co-efficient in Form Mushak 4.3 to be amended which requires Customs assessable value to be considered as purchase value instead of declaring actual purchase price paid by the importer.



05

Abbreviations

AT	Advance tax
AY	Assessment Year
BDT	Bangladeshi Taka
ВоЕ	Bill of Entry
Customs Act	Customs Act, 2023
CD	Customs duty
C&F Agent	Clearing & Forwarding Agent
DCT	Deputy Commissioner of Taxes
FMV	Fair market value
FY	Financial Year
HS	Harmonised System
HUF	Hindu Undivided Family
ITC	Input Tax Credit
LC	Letter of Credit
LDC	Least Developed Country
MT	Metric Tonne
NBR	National Board of Revenue
PSR	Proof of Submission of Return
RD	Regulatory Duty
SD	Supplementary Duty
SRO	Statutory Regulatory Order
VAT & SD Act	Value Added Tax & Supplementary Duty Act, 2012
VAT & SD Rules	Value Added Tax & Supplementary Duty Rules, 2016
VDS	Value Deduction at Source
WHT	Withholding tax

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Data Classification: DC0 (Public)

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HS/June 2025 - M&C 46213