

# Bangladesh National Budget 2021-22



## Second National Budget during the Pandemic and Revisions in the Income Tax Laws

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### Abstract

The budget of 2021-22 is the second corona-affected one having a size Tk. 603,681 crore. It is targeted to be financed to the extent of 65 percent by revenues including foreign grants, where income tax will finance 17.39 percent. To fight the pandemic, Government has already introduced comprehensive recovery packages and this year's budgetary measures also include some significant new packages. Through the Finance Act 2021 and SROs (Statutory Rules and Order), a number of income tax measures have been taken, that include reduction of general corporate tax rates by 2.5 percent, ten-year corporate tax holiday in a number of cases, introduction of automated challan for tax payment, provision for digital financial services for allowable business expenses and so on. The paper summarizes these income tax related fiscal measures. These measures would, in most cases, facilitate industrialization, bring transparencies, and expectedly contribute to Bangladesh's successful transition from LDCs (least developed countries) to a developing country.

**Keywords:** Corona-affected Budget, Income-tax laws, Finance Act, Tax holiday.

*Disclaimer: Opinions expressed in this paper are the authors' personal and not linked to their institutional affiliations.*

### 1.0 Introduction

The Budget Session (13th Session) of 11th Parliament commenced on 2 June 2021 and prorogued on 3 July 2021 with only 12 working days over a 32-day period. However, the budget was tabled on 3 June 2021 (second working day of the Budget Session and first Thursday of June, in place of conventional second Thursday) through the budget speech and passed on 30 June 2021 with only 10 working days over a 28-day period. However, on 3 June 2021, the Finance Minister presented the Supplementary Budget of financial year (FY) 2020-21 and the Budget of FY2021-22, and then he placed the Finance Bill, 2021 after the budget speech.

The National Budget 2021-2022 placed by Honourable Finance Minister Mr. A. H. M. Mustafa Kamal, FCA, MP, is the country's 50th budget, the 22nd budget of the Awami League government and the present Finance Minister's third budget. The budget speech is titled Bangladesh Towards a Resilient Future Protecting Lives and Livelihoods: National Budget Speech 2021-2022 and consists of 188 pages in printed version in English language [6 initial pages, 146 pages on the body of the speech, and 36 pages on annexure]. Following the convention of the last year's budget speech (FY2020-21), Honourable Finance Minister personally spoke at the beginning and at the closing part of his budget presentation and in between, the budget summary was placed digitally through an audio-visual presentation with recorded voice of a professional announcer.

During the budget session of the Parliament, discussion on Supplementary Budget was held on 6 June 2021 (3rd working day of the budget session) and supplementary budget of BDT 139.87 billion was passed on 7 June (4th working day) through passing the Appropriation (Supplementary) Act, 2021. In the Supplementary Budget of FY2020-21, different ministries, divisions, and institutions sought increased amount under 19 demands for grant, and there were also as many as 190 cut-motions (including all the three types of cut motions: Disapproval of Policy Cut, Economy Cut, and Token Cut) moved by eleven members, which were rejected by voice votes. Finance Minister presented 46 Audit and Accounts Reports under Article 132 of the Constitution in the Parliament and general discussion on budget was held on 14 June (5th working day). General discussions on budget were also held on 15, 16, 17, 28 & 29 June 2021 (6th to 10th working days). The Finance Bill was passed on 29 June 2021 (10th working day) and after the Presidential assent on 30 June 2021 it was published in the official Gazette on the same day as the Finance Act, 2021 (Act No. 11 of 2021). On 30 June 2021 (11th working day), the Budget of BDT 603,681 crore was passed. Although there were 625 cut-motions (including all the three types of cut motions: Disapproval of Policy Cut, Economy Cut, and Token Cut) moved by twelve members, but those were rejected by voice votes. At the end, the Appropriation Bill, 2021 was placed by the Finance Minister and it was passed as the Appropriation Act, 2021 to complete the budget passing activities (Source: <http://www.parliament.gov.bd>).

As an incremental budget, the budget of 2021-22 is the biggest one in terms of the size of total expenditure (Tk. 603,681 crore in FY2021-22 against Tk. 538,983 crore in revised budget of FY2020-21, with an increase of 12.0%). For financing this big budget, the total revenue target (excluding foreign grants) for FY2021-22 is Tk. 389,000 crore, which was Tk. 351,532 crore in the revised budget of FY2020-21 (i.e., 10.7% increase). After inclusion of the foreign grants, this year (FY2021-22) 65.0% of the total expenditure will be financed by the targeted revenue sources, which was 66.0% in last year's revised budget. In terms of gross domestic product (GDP) also, this shows a slightly declining capability of the Government (total revenue including foreign grants is 11.4% of GDP in FY 2021-22, which was 11.5% of GDP in the revised budget of FY 2020-21. But the tax-GDP ratio is still far below than expected (8.68% actual in FY2017-18, 8.91% actual in FY2018-19, 7.94% actual in FY2019-20, 10.24% in revised budget of FY2020-21 and 10.01% in original budget of FY2021-22 against the corresponding planned rates of 12.3% in FY2017-18, 13.1% in FY2018-19 and 14.1% in FY2019-20 respectively in the 7th Five Year Plan and 9.02% in FY2020-21 and 9.80% in FY2021-22 respectively in the 8th Five Year Plan) (GOB, 2019; GOB, 2020; and GOB, 2021b). In this paper, the effect of coronavirus on the budget, overall taxes and non-taxes issues of the budget and the structure of the Finance Act 2021 have been briefly reviewed and the income tax aspects of the budget have been discussed with broader focus. A summary of the insertions, withdrawals, substitutions and other revisions in the income tax laws by the Finance Act 2021 and other relevant SROs (statutory rules and order) has also been presented in the paper.

## 2.0 Corona-Affected Second National Budget 2021-22

The national budget of 2021-22 is the second budget affected by COVID-19, which was placed on 454th day of Corona outbreak in Bangladesh, after being first identified on 08 March 2020. Several measures have been taken to curb the risk of Covid-19 infection during the budget session of the Parliament. Members of the Parliament (MPs) took part in the session wearing masks and gloves while maintaining social distance. Media personnel were not being allowed to

cover the session. Instead, they have been requested to cover the session through live telecast on Sangsad Television. As per the recommendation of the security agencies, most of the officers and employees working in the Parliament session and MPs were tested for Covid-19. Physically ill and elderly MPs were discouraged from attending the session.

In Bangladesh, on the budget placing day (3 June 2021), cumulative corona-affected cases were 805,980 (0.47% of global total) and these increased to 913,258 (0.50% of global total) on the budget passing day (30 June 2021). The percentage increase for affected cases over this period in Bangladesh was 13.31%, which was 5.82% increase in the world. The situation was worse in case of corona affected deaths in Bangladesh than the global situation. Deaths in Bangladesh for corona, on the budget placing day (3 June 2021) were 12,724 (0.34% of global total) and these increased to 14,503 (0.36% of global total) on the budget passing day (30 June 2021). The percentage increase for deaths over this period in Bangladesh was 13.98%, which was 6.15% increase in the world. The death as a percentage of affected cases was 1.58% on 3 June 2021 and it was 1.59% on 30 June 2021, thus a slight increase; although global situation was far worse than Bangladesh (global deaths were respectively 2.167% and 2.174% of affected cases). One year ago (on 30 June 2020), the corona situation of Bangladesh was far better than the global situation. On 30 June 2020, the cumulative death figure in Bangladesh due to corona was 1,847 and the affected case figure was 145,483, i.e., 1.27% of affected people died here, whereas up to that date, 5.24% people died globally (Source: <https://www.worldometers.info/>).

As the second corona affected budget, the budget speech of FY2021-22 has a separate chapter on corona measures (Chapter Four on “COVID-19 Pandemic and Economic Recovery”). After the identification of first corona affected case in Bangladesh on 8 March 2020, Government acted upon very promptly and created an emergency fund of Tk. 5,000 crore on March 31, 2020 to provide salary support to the workers of the export-oriented industries. Up to the placement of budget on 3 June 2021, Government has, so far, introduced 23 recovery packages with a combined value of Tk. 1,28,441 crore which is approximately 4.2 percent of GDP (Kamal, 2021: 21-22). There are also some significant new packages: (i) a credit guarantee scheme of Tk. 2,000 crore to encourage the banks

to extend loans to CMSMEs (cottage, micro, small, and medium enterprises); (ii) a new and permanent social protection scheme worth Tk. 1,500 crore for the destitute workers of the export-oriented readymade garment, leather and footwear industries with financial assistance from the European Union; (iii) a new package of Tk. 1,500 crore to revitalize the rural economy and job creation to be implemented by eight publicly owned specialized organizations; (iv) widened coverage of the Old Age Allowances and the Allowances for Destitute Women; and (v) cash provision to poor families, farmers, teachers and employees of non-MPO (not enlisted under the government ‘monthly pay order) general schools and independent ebtedai madrasas. These initiatives of the Government have directly benefited so far a total of 5,81,95,211 citizens and 1,04,996 institutions. Government has also received major supports from its bilateral and multilateral development partners to overcome the pandemic, such as budget support about USD 2.6 billion during FY2019-2020 and FY 2020-2021 and further USD 2 billion in FY2021-2022; and additional US\$ 1.5 billion as vaccine support to implement the COVID-19 vaccination programme (Kamal, 2021: 24-25).

### 3.0 Revenue Aspects of the National Budget 2021-22

The revenue target (including foreign grants) in the budget for FY2021-22 has been fixed at Tk. 392,490 crore, against Tk. 355,517 crore in revised budget of FY FY2020-21, with an increase of 10.4% (which was 8.7% in preceding year). However, the revenue target (excluding foreign grants) in the budget for FY2021-22 has been fixed at Tk. 389,000 crore, against Tk. 351,532 crore in revised budget of FY2020-21, with an increase of 10.7% (which was 8.6% in preceding year). The percentage growth in total revenue including foreign grants and that excluding foreign grants are almost similar (10.4% including foreign grants vs. 10.7% excluding foreign grants), although there is a lower target of foreign grants (Tk. 3,490 crore in FY2021-22 against Tk. 3,985 crore in revised budget of FY2020-21, with a rise by 16.2%). Out of total revenue target (excluding foreign grants) of Tk. 389,000, tax revenue consists of 88.9% and remaining 11.1% is non-tax revenue.

Out of total tax revenue target of Tk. 346,000 crore

(which is 9.5 percent higher from the revised target of Tk. 316,000 crore), value added tax (VAT) will contribute the highest 36.9 percent. Then income tax will contribute 30.3 percent, the second highest share of total tax target. Of the other taxes collected by the National Board of Revenue (NBR), supplementary duty (SD) will contribute 15.7 percent, customs duty (import duty and export duty) 11.0 percent, excise duty 1.1 percent, and other taxes and duties 0.3 percent. The non-NBR taxes in total including the Surcharges (Health Development, Environmental Safety and Information Technology Development) will contribute only 4.6 percent of total tax target.

As shown in Table I, total income tax revenue target for FY 2021-22 is at Taka 104,952 crore with 9.38 percent increase over that of revised budget for FY 2020-21 (although there is a decline of 7.69 percent from the original budget of FY 2020-21 in the revised budget). The amount of income tax target in FY2021-22 is 30.33 percent of the total tax target of Tk. 346,000 crore, 31.80 percent of the NBR's tax target of Tk. 330,000 crore and 26.98 percent of the total revenue (excluding foreign grants) target of Tk. 389,000 crore. In FY2021-22, income tax will finance 17.39 percent of total expenditure of Tk. 603,681 crore. The income tax-GDP ratio was 3.11 percent in revised budget of FY2020-21, and it is expected to be 3.04 percent in FY2021-22 (overall tax-GDP ratio expected to be 10.01 in FY2021-22 against 10.24 in revised budget of FY2020-21) (GOB, 2021b). Income tax is targeted to be increased slightly by 0.97 percent in terms of original budget-to-budget comparison (current year's Taka 104,952 crore versus last year's Taka 103,945 crore), but in terms of current year's budget versus last year's revised budget, there is an ambitious enhancement (9.38 percent).

**Table-I: Income Tax Revenue Target in the Budget**

Income Tax Parameters	Actual 2017-18	Actual 2018-19	Actual 2019-20	Budget 2020-21	Revised Budget 2020-21	Budget 2021-22	% Increase
Taxes on Income and Profit (crore taka)	59,031	67,293	75,421	103,945	95,950	104,952	9.38
(% of original budgeted target)	(69.30)	(66.81)	(66.21)	(100.00)	(92.31)	(100.00)	---
(% of revised budgeted target)	(75.94)	(70.71)	(73.30)	---	(100.00)	---	---
Taxes on Income and Profit as a % of:							
Total NBR Tax Revenue	31.55	27.00	34.91	31.18	31.88	31.18	-0.23
Total Tax Revenue	30.38	26.12	33.98	29.82	30.36	29.82	-0.10
Total Revenue (excluding foreign grants)	27.26	23.44	28.36	27.22	27.29	27.22	-1.15
Total Expenditure	18.34	15.07	17.95	18.12	17.80	18.12	-2.34
Gross Domestic Product (GDP)	2.64	2.33	2.70	3.24	3.11	3.24	-2.29
Overall Tax-GDP Ratio	8.68	8.91	7.94	10.88	10.24	10.88	---
Tax-GDP Ratio in 7th Five Year Plan	12.3	13.1	14.1	---	---	---	---
Tax-GDP Ratio in 8th Five Year Plan	---	---	---	9.02	9.02	9.80	---

Note: “% increase” means increase in Budget 2021-22 over Revised Budget 2020-21. 7th Five Year Plan (FYP) was from FY2015-16 to FY2019-20; and 8th FYP was from FY2020-21 to FY2024-25.

Sources: Compiled from GOB (2019), GOB (2020) and GOB (2021b).

## 4.0 Structure of the Finance Act 2021

The Finance Bill, 2021 was placed in the Parliament by the Finance Minister on 03 June 2021 after his budget speech to effect the tax measures proposed in the national budget 2021-22. The Finance Bill was passed on 29 June 2021 and Presidential assent was given to it on 30 June 2021 and published in the official Gazette on the same day as the Finance Act 2021 (Act No. 11 of 2020). The structures of the Finance Bill 2021 (FB 21) and the Finance Act 2021 (FA 2021) are as follows:

Chapter	Coverage of the Tax Laws	Finance Bill 2021 (placed on 03.6.2021)		Finance Act 2021 (passed on 29.6.2021)	
First	Preliminary	Section 1	01 section	Section 1	01 section
Second	Customs Act, 1969 (Act No. IV of 1969)	Sections 2-7	06 sections	Sections 2-7	06 sections
	Income-tax Ordinance, 1984	--	--	Sections 8-9	02 sections
Third	Income-tax Ordinance, 1984 (Ord. No. XXXVI of 1984)	Sections 8-32	25 sections	Sections 10-34	25 sections
Fourth	Value Added Tax and Supplementary Duty Act 2012 (Act No. 47 of 2012)	Sections 33-57	25 sections	Sections 35-60	26 sections
Fifth	Schedules	--	--	--	--
Sixth	Declaration	--	--	--	--
	Statement regarding Object and Reason	--	--	--	--
	Total	Sections 1-57	57 sections	Sections 1-60	60 sections

Note: Sections 8 and 9 of the Finance Act, 2021 (which were not in the Finance Bill, 2021) have been wrongly printed in Second Chapter (which is on the Customs Act) in place of Third Chapter (which is on the Income-tax Ordinance). Under section 8 of the Finance Act, 2021, section 19AAAA and section 19AAAAA of the Ordinance No. XXXVI of 1984 have been substituted; and under section 9 of the Finance Act, 2021, new section 19AAAAA has been inserted after section 19AAAAA of the Ordinance No. XXXVI of 1984.

Sources: GOB (2021a), The Finance Bill 2021; GOB (2021c), The Finance Act 2021.

The significant changes have been made in the Income-tax Ordinance 1984 (45%) and in the Value Added Tax and Supplementary Duty Act 2012 (43%) in terms of number of sections of the Finance Act 2021. A review of these changes is presented below.

## 5.0 Amendments in the Income Tax Ordinance

The salient structural and other changes in the income tax rates and other changes made in income tax laws have been delineated below.

**Overall structural change in the Income Tax Ordinance (ITO):** On 01.07.2020 for assessment year (AY) 2020-21, there were 24 Chapters, 323 sections and 7 Schedules. Following are the changes done in the Income-tax Ordinance, 1984 by the Finance Act, 2021:

- New sections inserted: 1 sections (section 19AAAAA);
- Existing section deleted: no section deleted;
- Existing sections substituted: 7 sections (sections 19AAAA, 19AAAAA, 52DD, 52N, 53, 53B, and 80);
- Existing sections amended: 16 sections (sections 30, 37, 44, 52, 52AA, 52Q, 53C, 53E, 53F, 53H, 68B, 82C, 113, 117A, 152O, and 184A); and
- Existing Schedule amended: 2 Schedules (Third Schedule and Sixth Schedule).

Thus, from 01.07.2021 for AY 2021-22, there are 24 Chapters, 324 sections and 7 Schedules.

Overall structural change in the Income Tax Rules: For AY 2020-21 (after last amendment made by S.R.O. No. 165-Ain/Aykar/2020, dated 22.06.2020), there were 110 rules (Rule 1 to Rule 75A). Then from 01.07.2020 to 30.06.2021, the Income-tax Rules, 1984 have been changed by S.R.O. No. 173-Ain/Aykar/2021, dated 03.06.2021 (published in the Gazette on 03.06.2021), w.e.f. 01.07.2021 as follows:

- New rules inserted: No rule inserted;
- Rules deleted: 2 rules deleted (rules 17C and 17D); and
- Existing rules substituted: 3 rules (rules 16, 17A, and 26A);

Thus, for AY 2021-22, there are 108 rules (Rule 1 to Rule 75A) in the Income Tax Rules, 1984.

### ❖ Changes in Income Tax Rates:

Tax rates for AY 2021-22 have been mentioned below according to various taxpayers and for different classes of income.

### ❖ Tax Rate for Non-Corporate Taxpayers:

Resident individual assessee, non-resident Bangladeshi, firm, and Hindu undivided family (HUF): There are

two changes here: (i) initial exemption limit for third gender taxpayers has been introduced at Tk. 350,000 like female taxpayers; and (ii) rate of minimum tax u/s 82C(4) for individual other than mobile phone operator or tobacco products manufacturer, having annual gross receipts of at least Tk. 3 crore, has been reduced from 0.50% of gross receipts to 0.25% of gross receipts.

Type of Income		Tax Rates for AY		
		2020-21	2021-22	
(1) Capital gain on transfer of listed securities or mutual fund of: <ul style="list-style-type: none"> <li>- shareholders of stock exchange [Source tax u/s 53N from AYs 2014-15 to 2015-16 with settled tax u/s 82C and from AY 2016-17 with minimum tax u/s 82C]</li> <li>- a partnership firm [SRO No. 196-Ain/Aykar/2015, dated 30.6.2015, from AY 2015-16]</li> <li>- a sponsor shareholder or director or placement-holder of a listed company [source tax u/s 53M and settled tax u/s 82C up to AY 2015-16 and minimum tax u/s 82C from AY 2016-17]</li> <li>- a sponsor shareholder or director of bank, financial institution, merchant bank, insurance company, leasing company, portfolio management company and stock dealer company [SRO No. 196-Ain/Aykar/2015, dated 30.6.2015 from AY 2015-16]</li> <li>- other shareholder or director of a listed company having more than 10% of share capital of a company at any time in income year [SRO No. 196-Ain/Aykar/2015, dated 30.6.2015 from AY 2015-16]</li> </ul>		15%	15%	
(2) Other capital gain (long-term)	15% or Average Tax Rate (ATR) on total income including capital gain, lower one		Same	
(3) Income from lottery, crossword puzzle, etc. u/s 19(13)	As per Second Schedule, 20% or ATR on total income including such accidental income, lower one; but 20% TDS is applicable u/s 55, which is treated as minimum tax		20% <sup>a</sup>	
(4) Other income				
<b>Total Income-Slab</b>	<b>AY2020-21<sup>d</sup></b>	<b>AY2021-22<sup>d</sup></b>	<b>AY2020-21</b>	<b>AY2021-22</b>
On first Tk.	300,000 <sup>b</sup>	300,000 <sup>c</sup>	Nil	Nil
On next Tk.	100,000	100,000	5%	5%
On next Tk.	300,000	300,000	10%	10%
On next Tk.	400,000	400,000	15%	15%
On next Tk.	500,000	500,000	20%	20%
On balance Tk.	Balance	Balance	25%	25%
Additional credit (Tk.) <sup>e</sup>	for online submission of return by a first-time income tax return filer	2,000	----	
Minimum tax (Tk.)	City Corporation area: Dhaka North, Dhaka South and Chittagong City Corporations	5,000	5,000	
	City Corporation area: Other than Dhaka North, Dhaka South and Chittagong City Corporations	4,000	4,000	
	Other area	3,000	3,000	
<p>a As per paragraph 3 of the Second Schedule, tax rate on "Income from lottery, crossword puzzle, etc. u/s 19(13)" is straight 20% from AY2019-20 [paragraph 3 of the Second Schedule amended by section 49 of the FA 2019]; and TDS on this income at 20% u/s 55, which is treated as minimum tax u/s 82C(2).</p> <p>b Initial exemption limit for AY 2020-21: women taxpayers and taxpayers having age of 65 years or more–Taka 300,000; taxpayers with disability–Taka 400,000; Gazetted war-wounded freedom fighters–Taka 425,000; and initial exemption limit will be Taka 50,000 more for parents or legal guardian of a retarded taxpayers and in case of both father and mother of the retarded person are assessees, either of them shall get this benefit.</p> <p>c Initial exemption limit for AY 2021-22: third gender taxpayers, women taxpayers and taxpayers having age of 65 years or more–Taka 350,000; taxpayers with disability–Taka 450,000; Gazetted war-wounded freedom fighters–Taka 475,000; and initial exemption limit will be Taka 50,000 more for parents or legal guardian of a retarded taxpayers and in case of both father and mother of the retarded person are assessees, either of them shall get this benefit.</p> <p>d For AYs 2020-21 and 2021-22, if an assessee is the owner of a small or cottage industry situated in Less Developed Area or Least Developed Area and engaged in producing cottage industry goods, he will obtain income tax rebate at 5% of payable income tax (if income year's production is higher by more than 15% but not more than 25%) or 10% of payable income tax (if income year's production is higher by more than 25%).</p> <p>e For AY 2020-21, if a first-time income tax return filer submitted his/her income tax return online, then from the tax payable after investment credit, an additional rebate of Tk. 2,000 was allowed.</p> <p>f Gross receipts-based minimum tax for firms and individuals: From AY2016-17, u/s 82C(4), minimum tax for every partnership firm having gross receipts of more than Tk. 50 lakh: (1) for manufacturer of cigarette, bidi, chewing tobacco, smokeless tobacco or any other tobacco products @ 1% of gross receipt; and (2) for others @ 0.60% of gross receipt. However, the reduced minimum tax rate of 0.10% of gross receipts has been maintained for an industrial undertaking engaged in manufacturing of goods for the first 3 income years since the commencement of its commercial production. Starting from AY 2020-21, for AY2020-21, individual other than individual engaged in mobile phone operation or in the manufacturing of cigarette, bidi, chewing tobacco, smokeless tobacco or any other tobacco products, having gross receipts taka 3 crore or more @ 0.50% of gross receipts; for AY2021-22, the rate is 0.25% of gross receipts [amendment of sec. 82C(4)]. Previously, a partnership firm having gross receipts of more than taka fifty lakh; or a company was subject to this gross receipts-based minimum tax.</p>				

• **Tax Rate for Corporate Taxpayers:**

Corporate tax rate structure is reduced for AY 2021-22 for one person company (OPC) from 32.5% to 25%, and for general industrial company (publicly traded or not) by 2.5%.

Types of Company	Type of Income		Tax Rates for AY	
			2020-21	2021-22
Any company	(1) Capital gain arising out of	- Transfer of securities of listed company [SRO No. 196-Ain/Aykar/2015, dated 30.6.2015 from AY 2015-16]	10%	10%
		- Transfer of other capital assets [Second Schedule]	15%	15%
	(2) Dividend income [from AY2018-19 (for a company being resident in Bangladesh) and from AY2019-20 (for any company), subject to sec. 2(62B), Proviso to clause (b) of sec. 54 and paragraph 60 of Part A of Sixth Schedule]		20%	20%
Bank, insurance, financial institutions (except merchant bank)	Other income (except capital gain and dividend income)	- Company being a publicly traded company	37.5%	37.5%
		- For other company	40%	40%
Merchant bank	Other income (except capital gain and dividend income)		37.5%	37.5%
Cigarette manufacturing companies	Other income (except capital gain and dividend income)		45% + 2.5% surcharge (SC)	45% + 2.5% SC
Mobile phone operator companies	Other income (except capital gain and dividend income)	- Company being converted into a publicly traded one by transferring at least 10% shares [of which maximum 5% may be through Pre-Initial Public Offering Placement (IPO)] through stock exchanges	40%	40% <sup>a</sup>
		- For other company	45%	45%
One person company (OPC)	Other income (except capital gain and dividend income)	Not being publicly traded	32.5%	25%
Other company	Other income (except capital gain and dividend income)	- For publicly traded company	25%	22.5%
		- For other company <sup>b</sup>	32.5%	30%
All companies	Minimum tax as a % of 'gross receipts' u/s 16BBB and 82C(4) from AY 2016-17		See below	
	<p><b>Minimum tax for every partnership firm having gross receipts of more than taka fifty lakh and every company [section 16BBB and section 82C]:</b> From AY2016-17, section 16BBB has been inserted as a charging section for minimum tax (by repealing previous section 16CCC which was for rate of minimum tax) and the provision of imposing minimum tax for companies and applicable partnership firms has been shifted to section 82C(4) at following rate of minimum tax:</p> <p>(1) For manufacturer of cigarette, bidi, chewing tobacco, smokeless tobacco or any other tobacco products @ 1% of gross receipt;</p> <p>(2) For mobile phone operator @ 2% of gross receipt*; and</p> <p>(3) For other @ 0.60% of gross receipt.</p> <p>However, the reduced minimum tax rate of zero point one zero percent (0.10%) of gross receipts has been maintained for an industrial undertaking engaged in manufacturing of goods for the first three income years since commencement of its commercial production. Additionally, where the assessee has an income from any source that is exempted from tax or is subject to a reduced tax rate, the gross receipts from such source or sources shall be shown separately, and the minimum tax shall be calculated by allowing proportional benefit of this exemption or reduced rate.</p> <p>*From AY2019-20, under section 40(c) of the FA 2019, for mobile phone operator the minimum tax rate has been increased from 0.75% to 2% of gross receipt by amending section 82C(4).</p>			
<p>a Applicable for a mobile operator company: For both AYs 2020-21 and 2021-22, if a mobile phone operator company transfers at least 20% shares through Initial Public Offering (IPO), it will obtain income tax rebate at 10% on applicable income tax in the concerned year of such transfer.</p> <p>b Applicable for a company which is not publicly traded (other than a banking or insurance company, or merchant bank, or tobacco products manufacturing company or mobile phone operator company): For both AYs 2020-21 and 2021-22, if such company transfers at least 20% shares through Initial Public Offering (IPO), it will obtain income tax rebate at 10% on applicable income tax in the concerned year of such transfer.</p>				

- ❖ **Tax rate for income derived from hatchery of poultry, shrimp and fish, and from fishery:** The tax rates for income from hatchery of poultry, shrimp and fish, and from fishery have been changed [S.R.O. 255-Ain/Aykar/2015, dated 16.08.2015, amended by S.R.O. 171-Ain/Aykar/2021, dated 03.06.2021], as follows:

Amount of income	Rates for AY	
	2015-16 to 2020-21	2021-22 and onwards
On first Tk. 10 lakh of income	nil	nil [no change]
On next Tk. 10 lakh of income	nil	5% [increased]
On next Tk. 10 lakh of income	5%	10% [increased]
On balance of income	10%	15% [increased]

- ❖ **Corporate tax holiday for IT Hardware Producers [S.R.O. 163-Ain/Aykar/2021, dated 03.06.2021]:** Tax exemption, subject to certain conditions, for ten years on production of some selective IT (information technology) hardware [motherboard, casing, UPS (Uninterruptible Power Supply), speaker, sound system, power supply, USB (Universal Serial Bus) cable, CCTV (Closed-Circuit Television) and pen drive] if manufactured in Bangladesh. Conditions include registered with BIDA (Bangladesh Investment Development Authority), at least 30 percent value addition in own factory, and commencement of commercial production within 30 June 2030.
- ❖ **Corporate tax holiday for agro based industries [S.R.O. 164-Ain/Aykar/2021, dated 03.06.2021]:** Tax exemption, subject to certain conditions, for ten years to industries engaged in processing locally grown fruits and vegetables, producing milk and dairy products, producing baby food entirely from locally grown agricultural products, and manufacturing of agricultural machineries. Conditions include investment of at least Tk. 1 crore; registered with BIDA (Bangladesh Investment Development Authority); at least 30 percent value addition in own factory for manufacturing of agricultural machineries; and commencement of commercial production within a period from 1 July 2021 to 30 June 2030.
- ❖ **Corporate tax holiday for producer of light engineering products [S.R.O. 166-Ain/Aykar/2021, dated 03.06.2021]:** Tax exemption, subject to certain conditions, for ten years to the companies engaged in production of certain light engineering products. Conditions include registered with BIDA (Bangladesh Investment Development Authority); and commencement of commercial production within a period from 1 July 2021 to 30 June 2030.
- ❖ **Corporate tax holiday for producer of certain home and kitchen appliances [S.R.O. 167-Ain/Aykar/2021, dated 03.06.2021]:** Tax exemption, subject to certain conditions, for ten years to the companies engaged in production of certain home and kitchen appliances [washing machine, blender, microwave oven, electric sewing machine, induction cooker, kitchen-hood, and kitchen knives]. Conditions include registered with BIDA (Bangladesh Investment Development Authority); at least 30 percent value addition in own factory for manufacturing of the home and kitchen appliances; and commencement of commercial production within a period from 1 July 2021 to 30 June 2030.
- ❖ **Corporate tax holiday for training institutions [S.R.O. 168-Ain/Aykar/2021, dated 03.06.2021]:** Tax exemption, subject to certain conditions, for ten years from the date of approval to institutions established to impart all sorts of diploma and vocational education on agriculture, fisheries, science and IT, and also to institutions engaged in delivering professional training on automobile, aircraft maintenance, food, footwear, glass, mechanical, shipbuilding, leather, refrigeration, ceramics, mechanist, garments design and pattern making, pharmacy, nursing, integrated medical, radiology and imaging, ultrasound, dental, animal health and production service, clothing and garment finishing and poultry farming. Conditions include investment of at least Tk. 5 crore; registered with BIDA (Bangladesh Investment Development Authority); and approved from relevant Board/Council.
- ❖ **Corporate tax holiday for private hospitals [S.R.O. 169-Ain/Aykar/2021, dated 03.06.2021]:** Tax exemption, subject to certain conditions, for ten years to general hospitals with a minimum of 250 bed capacity and having child and infant care, women and mother care, oncology, wellbeing and preventive medicine units, and also to specialized hospitals with a minimum of 200 bed capacity. These hospitals are to be established in districts other than Dhaka, Narayanganj, Gazipur and Chittagong. Conditions include: registered with BIDA (Bangladesh Investment Development Authority); approval of DGHS (Directorate



General of Health Services) as hospital; and commencement of commercial production within a period from 1 July 2021 to 30 June 2030.

- ❖ **Corporate tax holiday for producer of automobiles [S.R.O. 170-Ain/Aykar/2021, dated 03.06.2021]:** Tax exemption, subject to certain conditions, to the companies engaged in production of three and four wheelers in Bangladesh for ten years which may be extended to further ten years on the fulfillment of certain other conditions. Conditions include: investment of at least Tk. 100 crore; registered with BIDA (Bangladesh Investment Development Authority); at least 30 percent value addition in own factory over full tax exemption period; at least 40 percent value addition in own factory for tax rate of 10% over next 10 years, otherwise ordinary corporate tax rate is applicable; commencement of commercial production within 30 June 2030.
- ❖ **Conditions added to the presumptive tax rate for owners of road vehicles [SRO 171-Ain/Aykar/2009; dated 30/06/2009, amended by SRO 160-Ain/Aykar/2014; dated 26/06/2014, and repealed by SRO 215-Ain/Aykar/2019; dated 23/06/2019; SRO 215-Ain/Aykar/2019; dated 23/06/2019 amended by S.R.O. 165-Ain/Aykar/2021, dated 03.06.2021]:** Under SRO 215-Ain/Aykar/2019; dated 23/06/2019, the tax rates for the owner of bus, minibus, coaster, taxicab, prime mover, truck, tank lorry, pick-up, human hauler, maxi and auto-rickshaw are as follows:

Particulars	Rate from 01.07.2014 to 30.06.2019		Rate from 01.07.2019 (Tk.)
	Up to 10 years old (Tk.)	Above 10 years old (Tk.)	
Bus (capacity more than 52 seats)	12,500	6,500	16,000
Bus (capacity 52 seats or less)	9,000	4,500	11,500
A/C luxury bus	30,000	15,000	37,500
Bus (double Decker)	12,500	6,500	16,000
A/C Mini Bus/Coaster	12,500	9,000	16,000
Other Mini Bus/Coaster	5,000	2,500	6,500
Prime mover (container carrying)	19,000	10,000	24,000
Truck and tank lorry (capacity more than 5 ton)	12,500	7,500	16,000
Truck and tank lorry (capacity more than 1.5 ton to 5 ton)	7,500	4,500	9,500
Truck / pick-up (capacity 1.5 ton or less) and all type of human hauler, maxi and auto-rickshaw	3,000	2,500	4,000
A/C taxi cab	9,000	4,500	11,500
Non A/C taxi cab	3,000	1,500	4,000

By the S.R.O. 165-Ain/Aykar/2021, dated 03.06.2021, following two provisos have been added to clause (d) of the SRO 215-Ain/Aykar/2019, dated 23/06/2019:

- ❑ First proviso to clause (d): In case of registration or fitness renewal of the vehicle for more than one year, tax under clause (a) shall be collected on or before 30th June in every subsequent year or years following the year in which registration or fitness renewal of the vehicle has been done.
- ❑ Second proviso to clause (d): Where any person fails to pay tax in accordance with the above proviso, the amount of income tax payable shall be calculated as the sum total of “the amount of advance tax not paid in the previous year or years” and “the amount of income tax payable for the year of renewal”
- **Presumptive tax rates of water transports enhanced [SRO 224-Ain/Aykar/2012; dated 27/06/2012, amended by SRO 162-Ain/Aykar/2014; dated 26/06/2014, repealed by SRO 214-Ain/Aykar/2019, dated 23/06/2019; Table under SRO 214-Ain/Aykar/2019, dated 23/06/2019 amended by SRO 172-Ain/Aykar/2021, dated 03/06/2021]:** Under SRO 172-Ain/Aykar/2021, dated 03/06/2021, the tax rates for the owner of inland water vessel, cargo or coaster and dump burge have been revised as follows:

Particulars	Rate from 01.07.2019 to 30.06.2021 (Tk.)	Rate from 01.07.2021	
		Up to 10 years old (Tk.)	Above 10 years old (Tk.)
Inland water vessel (per passenger on the basis of day-time passenger capacity)	125	125	100 [reduced]
Cargo or coaster engaged in carrying goods through inland water-way (per gross tonnage on the basis of capacity of carrying goods)	170	170	170
Dump Burge engaged in carrying goods through inland water-way (per gross tonnage on the basis of capacity of carrying goods)	125	125	125

- **Expanded Exemption for NGOs for their income from microcredit operation [Paragraph 1A of Sixth Schedule amended]:** Presently, any service charge derived from operation of micro credit by a non-government organization (NGO) registered with NGO Affairs Bureau is tax exempted. Due to amendment by FA2021, now an NGO registered with Microcredit Regulatory Authority (MRA) will enjoy same tax incentive.
- **Special Tax Treatment in respect of investment in Securities [substituted section 19AAAA]:** Tax rate for this purpose was 10% of investment made in FY2020-21 and under the new provision, tax rate is 25% of investment made in FY2021-22 plus 5% of the tax, i.e., effective tax rate is 26.25% of investment. The new provisions are as follows

- (1) Notwithstanding anything contained in this Ordinance or any other law for the time being in force, no question as to the source of any sum invested in securities by an individual assessee during the period between the first day of July, 2021 and the thirtieth day of June, 2022 (both days inclusive) shall be raised by any authority if the assessee pays tax at the rate of twenty five percent (25%) on such investment within thirty days from the date of such investment.
- (2) Along with the tax paid under sub-section (1), an amount of penalty of five percent (5%) shall be payable on the computed tax under sub-section (1).
- (3) In respect of such investment, a declaration in the prescribed form and manner shall be made and submitted to the respective Deputy Commissioner of Taxes.
- (4) Where any such sum invested is withdrawn from the capital market within one year from the day of such investment, such sum shall be deemed to be income of the assessee for that income year classifiable under the head "Income from other sources."
- (5) The provisions of this section shall not apply to cases where any proceeding under any provision of this Ordinance or any other law has been drawn on or before the day of making such investment.

Explanation.—For the purpose of this section 'securities' mean stocks, shares, mutual fund units, bonds, debentures and other securities of the companies listed in and approved by the Bangladesh Securities and Exchange Commission and all other government securities and bonds tradable in the capital market.

- **Special Tax Treatment in respect of undisclosed property, cash, etc. in FY2021-22 [substituted section 19AAAAA]:** There shall be no question regarding the source of any undisclosed property (land, building or apartment, or cash or deposits or savings vehicles) if tax is paid at prescribed rate plus a penalty of 5% of the computed tax through pay order or by automated challan. The provisions are as follows:
  - (1) Notwithstanding anything contained in this Ordinance or any other law for the time being in force, no question as to the source of any undisclosed movable property and immovable property shall be raised by any authority if an individual assessee pays, before the submission of return or revised return of income during the period between the first day of July, 2021 and the thirtieth day of June, 2022 (both days inclusive), tax at the rate specified in the following tables:

**Table-1**

<b>Sl. No.</b>	<b>Description of the Property</b>	<b>Rate of tax</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
1.	Land situated in the area of Gulshan Model Town, Banani, Baridhara, Motijheel Commercial Area and Dilkusha Commercial Area of Dhaka.	Taka 20,000 per 'square meter' (sqm)
2.	Land situated in the area of Dhanmandi Residential Area, Defence Officers Housing Society (DOHS), Mahakhali, Lalmatia Housing Society, Uttara Model Town, Bashundhara Residential Area, Dhaka Cantonment, Sidheshwary, Kawran Bazar, Bijaynagar, Wari, Segunbagicha, Nikunja of Dhaka, and Panchlaish, Khulshi, Agrabad and Nasirabad Area of Chittagong.	Taka 15,500/sqm
3.	Land situated in the area of any City Corporation other than areas mentioned in serial nos. 1 and 2.	Taka 5,000/sqm
4.	Land situated in the area of a Paurasabha or any district headquarters	Taka 1,500/sqm
5.	Land situated in the area other than the areas mentioned in serial nos. 1, 2, 3 and 4.	Taka 500/sqm

**Table-2**

<b>Sl. No.</b>	<b>Description of the Property</b>	<b>Rate of tax</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
1.	Building or apartment situated in the area of Gulshan Model Town, Banani, Baridhara, Motijheel Commercial Area and Dilkusha Commercial Area of Dhaka:	
	(a) the plinth area of which does not exceed 200 sqm	Taka 4,000/sqm
	(b) the plinth area of which exceeds 200 sqm	Taka 6,000/sqm
2.	Building or apartment situated in the area of Dhanmandi Residential Area, DOHS, Mahakhali, Lalmatia Housing Society, Uttara Model Town, Bashundhara Residential Area, Dhaka Cantonment, Sidheshwary, Kawran Bazar, Banasree, Bijaynagar, Wari, Segunbagicha, Nikunja of Dhaka, and Panchlaish, Khulshi, Agrabad and Nasirabad Area of Chittagong:	
	(a) the plinth area of which does not exceed 200 sqm	Taka 3,000/sqm
	(b) the plinth area of which exceeds 200 sqm	Taka 3,500/sqm
3.	Building or apartment situated in the area of any City Corporation other than areas mentioned in serial nos. 1 and 2:	
	the plinth area of which does not exceed 120 sqm	Taka 700/sqm
	(b) the plinth area of which exceeds 120 sqm but does not exceed 200 sqm	Taka 850/sqm
	(c) the plinth area of which exceeds 200 ssm	Taka 1,300/sqm
4.	Building or apartment situated in the area of a Paurasabha of any district headquarters:	
	(a) the plinth area of which does not exceed 120 ssm	Taka 300/sqm
	(b) the plinth area of which exceeds 120 sqm but does not exceed 200 sqm	Taka 450/sqm
	(c) the plinth area of which exceeds 200 sqm	Taka 600/sqm
5.	Building or apartment situated in the area other than the areas mentioned in serial nos. 1, 2, 3, and 4:	
	(a) the plinth area of which does not exceed 120 sqm	Taka 200/sqm
	(b) the plinth area of which exceeds 120 sqm but does not exceed 200 sqm	Taka 300/sqm
	(c) the plinth area of which exceeds 200 sqm	Taka 500/sqm

**Table-3**

Sl. No.	Description of the Property	Rate of tax
(1)	(2)	(3)
1.	Cash, bank deposits, financial schemes and instruments, all kinds of deposits or saving deposits, savings instruments or certificates	25% of the total amount [10% in last year]

(2) Along with the tax paid under sub-section (1), an amount of penalty of 5% shall be payable on the computed tax under sub- section (1) [new].

(3) The provisions of this section shall not apply to cases where any proceeding under any provision of the Income-tax Ordinance or any other law has been drawn on or before the day of submission of return or revised return.

(4) Tax under this section shall only be payable by pay order or by automated challan, as the case may be [new].

- **Special Tax Treatment in respect of investment in new industrial undertaking in FY2021-22 [new section 19A(AAAAAA)]:** There shall be no question regarding the source of any sum invested in industrial undertaking, if tax is paid at 10% through pay order or by automated challan. The provisions are as follows:

1. Notwithstanding anything contained in the Income-tax Ordinance or any other law for the time being in force, no question as to the source of any sum, if invested in between first day of July, 2021 and thirtieth day of June, 2022 (both days inclusive), in new industrial undertaking shall be raised by any authority if an individual pays on or before the thirtieth day of June, 2022, tax at the rate of 10% on the sum so invested.

2. Tax under this section shall only be payable by pay order or by automated challan, as the case may be.

### Withholding Tax (WHT) or Tax Deducted at Source (TDS)

In Chapter VII of the ITO, on 30 June 2021, there are 53 sections (section 50 to section 56) for which specific “tax deducted at source” (TDS) or withholding tax is applicable. Under the Finance Act, 2021, four (4) sections (sections 52DD, 52N, 53, and 53B) have been substituted and another seven (7) sections (sections 52, 52AA, 52Q, 53C, 53E, 53F, and 53H) have been amended. The details of these changes in withholding tax system and rates are summarized below:

Sl.	Head of TDS	Section/ Rule	Earlier rate of TDS/provision	New rate of deduction/provision
1.	Payment to contractors, etc.	Sec. 52	Sec. 52(1): Proviso	New clause (bb) inserted in to proviso: (bb) the rate of tax shall be 50% (fifty percent) higher if the payee does not receive payment by bank transfer or by mobile financial services or any other digital means approved by the Bangladesh Bank.
			<b>Sec. 52(2)(a):</b> Definition of “specified person” includes 16 items	One new item added in definition of “specified person”: (xv) any e-commerce platform, not being any other specified persons, called by whatever name having annual turnover exceeding Taka one crore; Item (xv) renumbered as (xvi)

Sl.	Head of TDS	Section/ Rule	Earlier rate of TDS/provision	New rate of deduction/provision
		Rule 16 u/s 52	<ul style="list-style-type: none"> <li>Previous general rates of TDS under rule (u/r) 16(a), i.e., 2% to 5% [2% if the amount of payment up to Tk. 15 lakh, @ 3% if amount of payment more than Tk. 15 lakh but up to Tk. 50 lakh, @ 4% if amount of payment more than Tk. 50 lakh but up to Tk. 1 crore, and @ 5% if amount of payment more than Tk. 1 crore], were applicable if there is no specific TDS rate as shown in Table-2 u/r 16(b).</li> <li>TDS rates in Table-2 u/r 16(b): In case of oil supplied by oil marketing companies TDS rate was "nil", where the payment does not exceed Tk. 2 lakh</li> </ul>	<p>Rule 16 has been substituted under S.R.O. No. 173-Ain/Aykar/2021, dated 03.06.2021 with following changes:</p> <ul style="list-style-type: none"> <li>General rates of TDS u/r 16(a) in Table-I increased, i.e., 3% to 7% [3% if the amount of payment up to Tk. 50 lakh, @ 5% if amount of payment more than Tk. 50 lakh but up to Tk. 2 crore, and @ 7% if amount of payment more than Tk. 2 crore]; thus, TDS rate increased from 2% to 3% for payment up to Tk. 15 lakh; from 4% to 5% for payment exceeding Tk. 50 lakh and up to Tk. 1 crore; and from 5% to 7% for payment exceeding Tk. 2 crore.</li> <li>TDS rates in Table-2 u/r 16(b): In case of oil supplied by oil marketing companies TDS exemption has been withdrawn, so TDS rate is "0.60%", where the payment does not exceed Tk. 2 lakh; and</li> <li>New condition added with higher TDS rate [new sub-rule (3)]: TDS rate under sub-rule (1) shall be 50% higher if the payee does not receive payment by bank transfer or by mobile financial services (MFS) or any other digital means approved by Bangladesh Bank.</li> </ul>
		Rule 16 u/s 52	<ul style="list-style-type: none"> <li></li> </ul>	<p>Previous general rates of TDS under rule (u/r) 16(a), i.e., 2% to 5% [2% if the amount of payment up to Tk. 15 lakh, @ 3% if amount of payment more than Tk. 15 lakh but up to Tk. 50 lakh, @ 4% if amount of payment more than Tk. 50 lakh but up to Tk. 1 crore, and @ 5% if amount of payment more than Tk. 1 crore], were applicable if there is no specific TDS rate as shown in Table-2 u/r 16(b).</p>
2.	Payment of certain services	Sec. 52AA	<p><i>Under SI No. 12 of Table u/s 52AA(1):</i> Stevedoring/berth operation on commission or fee: TDS @10% (where the base amount does not exceed Tk. 25 lakh) or 12% (where the base amount exceeds Tk. 25 lakh).</p>	<p><i>Under SI No. 12 of Table u/s 52AA(1):</i> a. on commission or fee: TDS @10% (where the base amount does not exceed Tk. 25 lakh) or 12% (where the base amount exceeds Tk. 25 lakh). b. on gross bill amount: TDS @1.5% (where the base amount does not exceed Tk. 25 lakh) or 2% (where the base amount exceeds Tk. 25 lakh).</p>
3.	Payment to a beneficiary of workers' participation fund	Sec. 52DD	<ul style="list-style-type: none"> <li>TDS @ 5% on whole amount</li> </ul>	<ul style="list-style-type: none"> <li>TDS @ 5% if applicable</li> <li>No TDS, where (i) the beneficiary does not have taxable income; and (ii) amount of fund does not exceed Taka 25,000.</li> </ul>
4.	Purchase of power	Sec. 52N	<ul style="list-style-type: none"> <li>TDS by Bangladesh Power Development Board (BPDB) @ 6% on payment to any rental power company for purchase of rental power</li> </ul>	<ul style="list-style-type: none"> <li>TDS by BPDB or any other person engaged in power distribution @ 6% on payment for purchase of power</li> <li>Where a person is exempted from tax or is subject to a reduced tax rate in an income year, the NBR may, on an application made in this behalf, give a certificate in writing that the payment for that income year shall be made without any deduction or with deduction at a proportionately reduced rate, as the case may be [new sub-sec. (2)].</li> </ul>

Sl.	Head of TDS	Section/ Rule	Earlier rate of TDS/provision	New rate of deduction/provision
5.	Income remitted from abroad in connection with any service, revenue sharing, etc.	Sec. 52Q	<p>Any person, responsible for paying or crediting to the account of a person any sum remitted from abroad by way of a fee, service charges, commission or remuneration, called by whatever name, or by way of revenue sharing of any name and nature, for—</p> <p>(a) providing any service rendered in Bangladesh; or</p> <p>(b) rendering any service or performing any task by a resident person in favour of a foreign person; or</p> <p>(c) allowing the use of any online platform for advertisement or any other purposes, shall deduct tax at the rate of 10% at the time of making payment of the sum or crediting the sum to the account of the payee:</p> <p>Provided that no deduction under this section shall be made against the remittance from abroad which is—</p> <p>(i) excluded from total income by paragraph 48 of Part A of the Sixth Schedule, or</p> <p>(ii) the proceeds of sales of software or services of a resident if the income from such sales or services is exempted from tax under paragraph 33 of Part A of the Sixth Schedule.</p>	<p>TDS provisions are same, with a new first proviso and previous proviso made as second proviso.</p> <p>New first proviso:</p> <p>Provided that the rate of deduction under this section shall be 7.5% (seven point five percent) where the remittance has been received as consideration for contracts on manufacturing, process or conversion, civil work, construction, engineering or works of similar nature:</p> <p>Existing proviso:</p> <p>Provided further that no deduction under this section shall be made against the remittance from abroad which is—</p> <p>(i) excluded from total income by paragraph 48 of Part A of the Sixth Schedule, or</p> <p>(ii) the proceeds of sales of software or services of a resident if the income from such sales or services is exempted from tax under paragraph 33 of Part A of the Sixth Schedule.</p>
6.	Import of goods	Sec. 53, Rule 17A	<p>Sec. 53: TDS as prescribed by NBR</p> <p>Rule 17A: TDS rates</p> <ul style="list-style-type: none"> <li>2% on imported good specified in Table-1 u/r 17A(b)</li> <li>Tk. 800 per ton on imported good specified in Table-2 u/r 17A(c)</li> <li>TDS not applicable on imported good specified in Table-3 under first proviso to rule 17A(c)</li> <li>TDS not applicable on good imported from Bhutan specified in Table-4 under second proviso to rule 17A(c)</li> <li>3% on imported good specified in Table-5 u/r 17A(d)</li> <li>5% on other imported good not specified above u/r 17A(a)</li> </ul>	<p>Sec. 53: TDS at such rate not exceeding 20%</p> <p>Rule 17A: TDS rates changed</p> <ul style="list-style-type: none"> <li>1% on imported good specified in Table-1 u/r 17A(1)(b)</li> <li>2% on imported good specified in Table-2 u/r 17A(1)(c)</li> <li>Tk. 500 per ton on imported good specified in Table-3 u/r 17A(1)(d)</li> <li>zero percent (0%) on imported good specified in Table-4 u/r 17A(1)(e)</li> <li>zero percent (0%) on good imported from Bhutan specified in Table-5 u/r 17A(1)(f)</li> <li>3% on imported good specified in Table-6 u/r 17A(1)(g)</li> <li>20% on imported good specified in Table-7 u/r 17A(h)</li> <li>5% on other imported good not specified above u/r 17A(1)(a)</li> </ul>
7.	Recruiting agents	Sec. 53B [Rule 17C deleted]	<p>Sec. 53B: TDS at prescribed rate</p>	<p>Sec. 53B: TDS as “advance tax” paid through challan by recruiting agencies:</p> <p>(i) 10% of service charge or fees [copy of challan to be attached with the application made for granting clearance for export of manpower]; and</p> <p>(ii) Tk. 50,000 [copy of challan to be attached with the application made for issuing or renewing license under section 9 of the Overseas Employment and Migrants Act 2013].</p>
			<p>Rule 17C: TDS @ 10% of service charge or fee</p>	<p>Rule 17C deleted and rates in section 53B.</p>

Sl.	Head of TDS	Section/ Rule	Earlier rate of TDS/provision	New rate of deduction/provision
8.	Sale price of goods or property sold by public auction	Sec. 53C [Rule 17D deleted]	Sec. 53C: <ul style="list-style-type: none"> <li>TDS at such rate, not exceeding 7.5% of sale price</li> <li>TDS before allowing the possession of the goods or the property</li> </ul>	Sec. 53C: <ul style="list-style-type: none"> <li>TDS @ 10% of sale price</li> <li>TDS @ 1% in case of sale of tea by public auction</li> <li>TDS before allowing the possession of the goods or the property or allowing to exercise the rights</li> </ul>
			Rule 17D: TDS @ 10% of sale price	Rule 17D deleted and rates in section 53C.
9.	Commission, discount or fees	Sec. 53E	Sec. 53E(4): Definition: No definition of "company"	Sec. 53E(4)(c): Insertion of a new definition: "company" includes a firm.
10.	Interest on saving deposits and fixed deposits, etc.	Sec. 53F [Rule 17H]	Sec. 53F(1): <ul style="list-style-type: none"> <li>TDS @ 10% if 12-digit TIN (Taxpayer's Identification Number) furnished</li> <li>TDS @ 15% if 12-digit TIN not furnished</li> <li>TDS @ 10% in case of savings deposit if balance does not exceed Tk. 1 lakh at any time in the year</li> <li>TDS @ 10% in case of public university or MPO (Monthly Pay Order) enlisted educational institutions or professional institutes of Chartered Accountants/ Secretaries or Cost and Management Accountants</li> </ul>	Sec. 53F(1): <ul style="list-style-type: none"> <li>TDS @ 10% if 12-digit TIN (Taxpayer's Identification Number) furnished</li> <li>TDS @ 15% if 12-digit TIN not furnished</li> <li>TDS @ 10% in case of savings deposit if balance does not exceed Tk. 1 lakh at any time in the year</li> <li>TDS @ 10% in case of a minor if 12-digit TIN of parent is furnished [new]</li> <li>TDS @ 10% in case of public university or MPO (Monthly Pay Order) enlisted educational institutions or professional institutes of Chartered Accountants/ Secretaries or Cost and Management Accountants</li> </ul>
11.	Transfer, etc. of property	Sec. 53H [Rule 17II]	Sec. 53H: <ul style="list-style-type: none"> <li>TDS shall not exceed Tk. 10,80,000 per khata (1.65 decimal) for land, Tk. 600 per square meter for any structure, building, flat, apartment or floor space on the land, if any, or 4% of the deed value, whichever is higher</li> <li>No TDS applicable to any document relating to: (a) sale by a bank or financial institution as a mortgagee empowered to sell; (b) mortgage of any property to any bank or financial institution against any loan.</li> </ul>	Sec. 53H: <ul style="list-style-type: none"> <li>TDS shall not exceed Tk. 10,80,000 per khata (1.65 decimal) for land, Tk. 600 per square meter for any structure, building, flat, apartment or floor space on the land, if any, or 4% of the deed value, whichever is higher</li> <li>No TDS applicable to any document relating to: (a) sale by a bank or financial institution as a mortgagee empowered to sell; (b) mortgage of any property to any bank or financial institution against any loan; (c) transfer of property to a trust or special purpose vehicle (SPV) established only for the purpose of issuing sukuk approved by government or Bangladesh Securities and Exchange Commission (BSEC) and vice versa. [Note: Clause (c) is new to facilitate the development of asset-based or asset-backed sukuk Bond Market; but "Bangladesh Securities and Exchange Commission" has been mentioned as "Securities Exchange Commission"]</li> </ul>
			Rule 17II: TDS rates prescribed	Rule 17II not amended.

## Advance Income Tax (AIT) or Advance Payment Tax: Sec. 68B

- Advance Tax for the Owners of Private Motor Car u/s 68B:** A person owning a private motor car shall have to pay advance tax on deemed income at the rate prescribed in a table u/s 68B(2), which have been revised to incorporate a new engine capacity [kw (kilowatt) as a measure of horsepower representing the engine power] in addition to existing capacity [cc (cubic centimeter) as a measure of cylinder capacity signifying the engine volume] as follows:

Sl. No.	Type and engine capacity of motor car in AY 2020-21	Type and engine capacity of motor car from AY 2020-21	Amount of tax (Tk.) from AY 2020-21
1.	A car or a jeep, not exceeding 1500cc	A car or a jeep, not exceeding 1500cc or 75kw	25,000
2.	A car or a jeep, exceeding 1500cc but not exceeding 2000cc	A car or a jeep, exceeding 1500cc or 75kw but not exceeding 2000cc or 100kw	50,000
3.	A car or a jeep, exceeding 2000cc but not exceeding 2500cc	A car or a jeep, exceeding 2000cc or 100kw but not exceeding 2500cc or 125kw	75,000
4.	A car or a jeep, exceeding 2500cc but not exceeding 3000cc	A car or a jeep, exceeding 2500cc or 125kw but not exceeding 3000cc or 150kw	125,000
5.	A car or a jeep, exceeding 3000cc but not exceeding 3500cc	A car or a jeep, exceeding 3000cc or 150kw but not exceeding 3500cc or 175kw	150,000
6.	A car or a jeep, exceeding 3500cc	A car or a jeep, exceeding 3500cc or 175kw	200,000
7.	A microbus	A microbus	30,000

Following further provisions [new sub-sections (2A) and (2B)] have also been added as follows:

- *Sub-section (2A)*: In case of registration or fitness renewal of motor car for more than one year, advance tax under sub-section (2) shall be collected on or before 30th June in every subsequent year or years following the year in which registration or fitness renewal of motor car has been done.
- *Sub-section (2B)*: Where any person fails to pay advance tax in accordance with sub-section (2A), the amount of advance tax payable shall be calculated following A+B formula, where—  
A = the amount of advance tax not paid in the previous year or years; and  
B = the amount of advance tax payable under sub-section (2) for the year in which an assessee is making the payment.

## Changes in the Provisions on Different Heads of Income:

### ◆ **Changes in “Income from Business or Profession”: Sec. 28, 29, 30, 30A and 30B**

- (a) *Changes in provisions on inadmissible expense [sec. 30 amended]*: In section 30, a new clause [clause (ii)] has been inserted and in three clauses payment by “crossed cheque or bank transfer” [clauses (i), (m) and (n)], has been replaced by “bank transfer” only and then “bank transfer” has been broadly defined in “Explanation-2” to include payment by “crossed cheque” plus mobile financial services or any other central bank approved digital means. Changes are as follows:

Clause u/s 30	Previous provision	Changed provision
(i)	any payment by way of salary or remuneration made otherwise than by crossed cheque or bank transfer by a person to any employee having gross monthly salary of taka fifteen thousand or more	any payment by way of salary or remuneration made otherwise than by bank transfer by a person to any employee having gross monthly salary of taka twenty thousand or more
(ii)	----	any payment exceeding Tk. 5 lakhs paid by a person on account of purchase of raw materials otherwise than by bank transfer
(k)	any expenditure by way of overseas traveling exceeding zero point five zero percent (0.50%) of the disclosed turnover:	any expenditure by way of overseas traveling exceeding zero point five zero percent (0.50%) of the disclosed business turnover:
(m)	any payment by a person exceeding taka fifty thousand or more, otherwise than by a crossed cheque or bank transfer excluding— (i) payment for the purchase of raw materials; (ii) salary or remuneration made to any employee, without prejudice to an obligation referred to in clause (i) ; (iii) any payment for government obligation.	any payment by a person exceeding taka fifty thousand or more, otherwise than by bank transfer excluding— (i) salary or remuneration made to any employee, without prejudice to an obligation referred to in clause (i) ; (ii) any payment for government obligation; (iii) any payment on account of purchase of raw materials.  [serial changed]



Clause u/s 30	Previous provision	Changed provision
(n)	any payment by way of any rent of any property, whether used for commercial or residential purposes, otherwise than by a crossed cheque or bank transfer	any payment by way of any rent of any property, whether used for commercial or residential purposes, otherwise than by bank transfer
(p)	any promotional expense exceeding zero point five zero percent (0.50%) of the disclosed business turnover.	No change, but “promotional expense” is defined in “Explanation-1”.
Explanation	Explanation: For the purpose of this clause, promotional expense means any expense incurred by way of giving any benefit in kind or cash or in any other form to any person for the promotion of business or profession.	Explanation-1.–For the purpose of the clause (p), ‘promotional expense’ means any expense incurred by way of giving any benefit in kind or cash or in any other form to any person for the promotion of business or profession. Explanation-2. –For the purpose of this section, ‘bank transfer’ includes transfer of money by crossed cheque, mobile financial services or any other digital means approved by the Bangladesh Bank.

- (b) *Depreciation rate for business building reduced [Paragraph 3 of Third Schedule amended]:* Under Serial No. 1 of the table under paragraph 3, which is applicable for normal depreciation allowance under the ‘written down value’ (WDV) method on fixed assets used in business or profession), depreciation rate has been reduced by fifty percent as follows:

Class of Asset	Existing rate/ percentage of WDV	New rate/percentage of WDV	Remark
(1) Buildings (general)	10	5	Decreased
(2) Factory buildings	20	10	Decreased

- (c) *Exemption of Income from Business in relation to ITES (Information Technology Enabled Service) further expanded [Paragraph 33 of Sixth Schedule amended]:* Under existing provision of paragraph 33 of Sixth Schedule, income derived from 22 items of ITES related business of a person being a resident or non-resident Bangladeshi, for the period from 1 July 2008 to 30 June 2024 is exempted on the conditions that the person shall file income tax return u/s 75. Now six more new items have been added by the Finance Act 2021 as follows:

- Cloud service [item (xxiii)];
- e-learning platform [item (xxv)];
- Mobile application development service [item (xxvii)]; and
- IT Freelancing [item (xxviii)].
- System Integration [item (xxiv)];
- e-book publications [item (xxvi)];

- (d) *Conditions for Exemption of Income from Small and Medium Enterprise (SME) changed [Paragraph 39 of Sixth Schedule substituted]:* Under paragraph 39 of Sixth Schedule, existing provision of exempting income derived from any Small and Medium Enterprise (SME) has been changed as follows:

Previous Provision	New Provision	Remarks
Income derived from any Small and Medium Enterprise (SME), engaged in production of any goods and having an annual turnover of not more than Taka fifty lakhs:	Income derived from any Small and Medium Enterprise (SME), engaged in production of any goods, having— (a) an annual turnover of not more than Taka fifty lakhs; or (b) an annual turnover of not more than Taka 70 lakhs where the SME is owned by women:	For SME owned by women, threshold of annual turnover for exemption increased by Tk. 20 lakh.
Provided that the person shall file income tax return in accordance with the provisions of section 75 of the Ordinance.	Provided that exemption under this paragraph shall not be applicable to the assessee who fails to comply with any provision of this Ordinance.	“Compliance of filing return” has been broadened by “compliance of any provision”.

## Set-off of Loss, and Investment Allowance: Sec. 37 and 44

### ◆ Changes in “Set off of losses”: Sec. 37

First proviso to section 37 has been changed for simplification as follows:

Previous Provision	New Provision	Remarks
Provided that any loss in respect of any speculation business or any loss under the head “Capital gains” or any loss from any other source, income of which is exempted from tax shall not be so set off, but shall, excluding any loss from any other source, income of which is exempted from tax, in accordance with the provisions of this Ordinance, be set off, or be carried forward to succeeding assessment year or years for set off, against any income in respect of speculation business or any income under the head “Capital gains”:	Provided that any loss in respect of any speculation business or any loss under the head “Capital gains” shall be set off only against any income in respect of speculation business or any income under the head “Capital gains”:	Issue of “carry forward” is deleted.
	Provided further that any loss from any source, income of which is exempted from tax or income of which is taxed at a reduced rate, shall not be set off against any income from any source:	Loss from any source subject to reduced tax rate is added.

### ◆ Changes in Maximum Limit of “Investment Allowance”: Sec. 44

Under existing provision of section 44(2)(b), an assessee, being a resident or a non-resident Bangladeshi, is entitled to a credit from the amount of tax payable on his total income of the following amount: (i) 15% of the “eligible amount” if the total income does not exceed Tk. 15 lakh; or (ii) 10% of the eligible amount if the total income exceeds Tk. 15 lakh. Under section 44(2)(c), the “eligible amount” is the lesser of –

- (i) the sums specified in all paragraphs excluding paragraphs 15 and 16 of Part B of the Sixth Schedule; or
- (ii) 25% of the total income excluding any income for which a tax exemption or a reduced rate is applicable u/s 44(4) or any income from any source(s) mentioned in sec. 82C(2)(a); or
- (iii) Tk. 1.5 crore.

By the Finance Act 2021, the third maximum limit of Tk. 1.5 crore has been reduced to Tk. 1 crore [sub-clause (iii) of clause (c) of sub-section (2) of sec. 44 amended].

## Mode of Tax Payment, Statements of Assets, Liabilities and Life Style, TIN (Taxpayer’s Identification Number), and Minimum Tax (MT):

### • Change in the mode of tax payment u/r 26A:

Rule 26A has been substituted to introduce tax payment by “automated challan (A-challan)” and condition imposed for payment by account payee cheque for quick encashment as follows:

Previous Provision	New Provision	Remarks
(1) All payments of tax under sections 64, 70, 73, 74, 82D, 83(2), 84, 89(3), 107(2) (a), 120, 121(4)(a), 123, 124, 125, 126, 127, 128, 129, 135(2), 137(1), 154(1), 158(5), 160(1) and any other payments relating to the proceedings under this Ordinance shall be made by– (a) pay order or demand draft or account payee cheque of a scheduled bank issued in favour of the Deputy Commissioner of Taxes of the concerned taxes circle; or (b) electronic payment (e-payment).	(1) Payment of taxes under any provision of the Ordinance and any other payments relating to any proceeding under the Ordinance shall be made by– (a) automated challan (A-challan), pay order or demand draft or account payee cheque of a scheduled bank issued in favour of the Deputy Commissioner of Taxes of the concerned taxes circle; or (b) electronic payment (e-payment).	Reference to specific sections is withdrawn.  Introduction of “automated challan (A-challan)”

Previous Provision	New Provision	Remarks
----	(2) Where the amount of payment under sub-rule (1) does not exceed Taka 5 lakhs, it shall be made by automated challan or electronic payment (e-payment).	Mandatory new payment by A-challan or e-payment
----	(3) Where the payment is made by account payee cheque, it is to be paid in a manner by which it can be encashed within the same clearing house where the office of the concerned Deputy Commissioner of Taxes is situated.	Conditional payment by account payee cheque
(2) Payments under sub-rule (1) shall be made as follows– (a) where any payment is made under section 64, on or before the dates specified in section 66; (b) where any payment is made under section 74, on or before the date on which the return of income is filed;	(4) Payments under sub-rule (1) shall be made as follows– (a) where any payment is made under section 64, on or before the dates specified in section 66; (b) where any payment is made under section 74, on or before the date on which the return of income is filed;	----
(c) where any payment is made under any other section mentioned in sub-rule (1), on or before the date specified in the demand notice.	(c) where any payment is made under any other provisions of the Ordinance, on or before the date specified in the demand notice.	To some extent open-ended

• **Changes in Filing of Statements of Assets, Liabilities and Life Style u/s 80:**

A fundamental change is made in the “Statements of Assets, Liabilities and Life Style” for non-resident Bangladeshi (NRB) and non-Bangladeshi assessee, who are now required to report “assets located in Bangladesh” and thus, their assets outside Bangladesh are not to be mentioned. See the provisions below:

Existing Provisions	Existing Provisions	Remarks
(1) Every person, being an individual assessee, shall furnish statements in the forms and manners as prescribed in respect of the total assets, liabilities and expenses of the person or the spouse, minor children and dependents of the person as on the last date of the income year if the person– (a) has, in the last date of the income year, a gross wealth exceeding taka forty lakh; or (b) owns a motor car; or (c) has made an investment in a house property or an apartment in the city corporation area:	(1) Every individual assessee, being resident Bangladeshi, shall furnish in the forms and manners as prescribed, a statement in respect of all assets and liabilities of the person or the spouse, minor children and dependents of the person as on the last date of the income year if the person – (a) has, in the last date of the income year, a gross wealth exceeding taka forty lakh; or (b) owns a motor car; or (c) has made an investment in a house property or an apartment in the city corporation area.	No Change
Provided that any person, being an individual assessee, who is not required to submit the statement mentioned in this sub-section may voluntarily submit such statement.	(2) Every individual assessee who, under sub-section (1) is not required to submit the statement may voluntarily submit such statement.	No Change
----	(3) Every individual assessee, being a non-resident Bangladeshi (NRB), shall submit the statement referred in sub-section (1) only in respect of assets located in Bangladesh.	New provision for NRB

Existing Provisions	Existing Provisions	Remarks
-----	(4) Every individual assessee, being a non-Bangladeshi, shall submit the statement referred in sub-section (1) only in respect of assets located in Bangladesh.	New provision for non-Bangladeshi
(2) Every person, being an individual assessee, shall furnish in the forms and manners as prescribed, a statement of expenses relating to the life style of such person:  Provided that an individual, not being a shareholder director of a company, having income from salary or from business or profession may opt not to submit such statement if his total income does not exceed four lakh taka in the income year.	(5) Every individual assessee, whose total income does exceed Taka four lakh as on the last date of the income year shall furnish, in the forms and manners as prescribed, a statement of expenses relating to the life style of the person.	No Change
	(6) Every individual assessee, being a shareholder director of a company, shall furnish, irrespective of the total income, in the forms and manners as prescribed, a statement of expenses relating to the life style of the person.	No Change
(3) Where any statement as mentioned in sub-section (1) is not submitted by a person being an individual, the Deputy Commissioner of Taxes may require, by notice in writing, to submit the same by person within the time as mentioned in the notice.	(7) Where any statement as mentioned in sub-section (1) or in sub-section (5) is not submitted by a person being an individual, the Deputy Commissioner of Taxes may require, by notice in writing, to submit the same by person within the time as mentioned in the notice.	No Change

- **Change in the Requirement of twelve-digit TIN u/s 184A:**

Under exiting provisions of section 184A(3), the proof of holding twelve-digit TIN (Taxpayer's Identification Number) is mandatory for submission in 34 cases. By the Finance Act, 2021, there is a change in item (xv) as follows:

Item (xv): Presently TIN is to be furnished for "submitting a plan for construction of building for the purpose of obtaining approval from Rajdhani Unnayan Kartripakkha (Rajuk), Chittagong Development Authority (CDA), Khulna Development Authority (KDA) and Rajshahi Development Authority (RDA) or other concerned authority". After amendment by FA2021, "other concerned authority" is substituted by "other concerned authority in any city corporation or paurasava".

New three items: Three more cases have been added in section 184A(3) as follows:

- ❖ purchasing savings instruments (Sanchayapatra) of Taka exceeding 2 lakhs [item (xxxv)];
- ❖ opening postal savings accounts of Taka exceeding 2 lakhs [item (xxxvi)]; and
- ❖ obtaining registration of co-operative society [item (xxxvii)].

- **Changes in minimum tax (MT) u/s 82C(4)(a):**

Following are the changes regarding 'minimum tax' (MT) under sub-sections (2) and (4) of section 82C:

Section	Previous provision	New provision
Sub-clause (ii) of proviso to sec. 82C(2)(b)	<b>TDS not to be treated as minimum tax:</b> TDS u/s 53 from import of goods by an industrial undertaking, except an industrial undertaking engaged in producing cement, iron or iron products, ferro alloy products, as raw materials for its own consumption;	<b>TDS not to be treated as minimum tax:</b> TDS u/s 53 from import of goods by an industrial undertaking, except an industrial undertaking engaged in producing cement, iron or iron products, ferro alloy products, <b>perfumes and toilet waters</b> , as raw materials for its own consumption; <i>[Import-stage TDS for producer of perfumes and toilet waters shall be MT.]</i>

Section	Previous provision	New provision
Sec. 82C(4)(a)	In Table u/s 82C(4)(a), under Serial No. 3, for individual assessee [i.e., individual other than individual engaged in mobile phone operation or in the manufacturing of cigarette, bidi, chewing tobacco, smokeless tobacco or any other tobacco products, having gross receipts taka 3 crore or more], rate of minimum tax is <b>0.50%</b> of the gross receipts.	In Table u/s 82C(4)(a), under Serial No. 3, for the same individual assessee, rate of minimum tax is <i>reduced to</i> <b>0.25%</b> of the gross receipts.

## Tax Administration:

- **Change in “Power to call for information” u/s 113:**

The tax authority who may, for the purposes of this Ordinance, by notice in writing, require statement/ information will include “Directors-General of Inspection (Taxes)” in addition to the existing authorities.

- **Change in “Power to verify deduction or collection of tax” u/s 117A:**

Under existing provision, “the Board or any other authority empowered by the Board in this behalf” may enter the premises of a deducting or collecting authority to examine, monitor or verify books of accounts and relevant records in relation to TDS or deposit thereof. Now “an authority empowered by the Commissioner of Taxes, Directors-General of Inspection (Taxes) or Director General, Central Intelligence Cell” will be this verifying authority.

- **Change in provision on “Decision of the ADR (Alternative Dispute Resolution)” u/s 152O(8):**

Existing provision under sub-section (8) of section 152O is: “No agreement shall be deemed have been reached if the Facilitator fails to make an agreement within two months from the end of the month in which the application is filed.” By the FA2021, time to make an agreement has been extended from 2 months to 3 months.

## 6.0 Conclusion


As discussed above, within the ongoing corona pandemic, there is a significant government attempt to continue the overall economic activities keeping its usual pace. National budget of 2021-22 shows those endeavors with hopes and aspirations. Through the Finance Act and SROs, in case of income taxation, there are a good number of positive measures including treatment of third gender taxpayers as equivalent to women taxpayers for initial extended exemption threshold, reduction of minimum tax rate on gross receipts for applicable individuals from 0.50% to 0.25%, reduction of general corporate tax rates by 2.5 percent, and ten-year corporate tax holiday for a number of areas (information technology hardware producers, agro based industries, producers of light engineering products, producers of certain home and kitchen appliances, specialized training institutions, private hospitals in districts other than Dhaka, Narayanganj, Gazipur and Chittagong, and producers of three and four wheelers automobiles). Similarly, the measures also include: (i) rationalizing the special tax treatment in respect of investment in securities by imposing tax @ 25% plus 5% penalty of tax (in place of earlier 10% tax), and for showing undisclosed property (land, building or apartment, cash or deposits or savings vehicles) by imposing tax at previous rate for land, building or apartment, and at 25% (in place of earlier 10%) for cash or deposits or savings vehicles plus a penalty of 5% of the computed tax; (ii) introduction of a special tax treatment in respect of investment in new industrial undertaking by imposing tax at 10%; (iii) exemption of capital gain to facilitate the development of asset-based or asset-backed sukuk Bond Market; (iv) broadening the definition of “bank transfer” to include payment by mobile financial services or any other central bank approved digital means; (v) six more ITES (Information Technology Enabled Service) for tax exemption up to 30 June 2024; (vi) for Small and Medium Enterprise (SME) owned by women, increase of threshold of annual turnover for exemption from Tk. 50 lakh to Tk. 70 lakh; (vii) introduce tax payment by automated challan (A-challan); (viii) submission of the wealth statement only in respect of assets located in Bangladesh by individual assessee, being a non-resident

Bangladeshi (NRB) or non-Bangladeshi; and (viii) mandatory TIN for three more cases. However, there is a higher rate of import-stage withholding tax of 20% for some specified imported goods.

As per the Budget Speech of 2021, GDP growth rate was 5.2 percent in FY2019-20 (provisional) and 6.2 percent in FY2020-21 (provisional), and it has been projected at 8.2 percent in FY2021-22 (Kamal, 2021: 151). GDP growth rate was projected at 8.2 percent in original budget of FY2019-20 (Kamal, 2019: 102) and also at 8.2 percent in original budget of FY2020-21 (Kamal, 2020: 113). In the same way, per capita income was BDT 2,064 in FY2019-20 (provisional) and BDT 2,227 in FY2020-21 (provisional), and it has been projected at BDT 2,462 in FY2021-22 (Kamal, 2021: 151). Per capita income was projected at BDT 2,173 in original budget of FY2019-20 (Kamal, 2019: 102) and also at BDT 2,326 in original budget of FY2020-21 (Kamal, 2020: 113). Keeping these projections in mind Finance Minister has ended his Budget Speech with the following positive note:

... Bangladesh has changed in many ways in the last five decades. However, there has been no change in Bangabandhu's everlasting ideals and his lively presence is felt in all spheres of our national life. Bangladesh is moving forward on the path shown by him. This year marks the golden

jubilee of independence and the birth centenary of the Father of the Nation. Added to these two strong streams is Bangladesh's successful transition from LDCs to a developing country. Bangladesh has reached a new height in the world stage with this transition (Kamal, 2021: 144).

Effective implementation of the budget is essential to materialize these aspirations. 

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**IN 2025, GOVERNMENTS IN 50% OF JURISDICTIONS WILL REPORT ON AN ACCRUAL BASIS, ACCORDING TO A REPORT RELEASED ON 16 JUNE 2021 BY THE INTERNATIONAL FEDERATION OF ACCOUNTANTS (IFAC) AND THE CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA). THE REPORT WAS DRAWN FROM THE INTERNATIONAL PUBLIC SECTOR FINANCIAL ACCOUNTABILITY INDEX, WHICH CAPTURES CURRENT AND FUTURE USE OF PUBLIC FINANCIAL REPORTING BASES AND FRAMEWORKS BY GOVERNMENTS AROUND THE WORLD.**

**“THIS CONTINUING SHIFT FROM CASH TO ACCRUAL REPORTING IN THE PUBLIC SECTOR, AND INCREASED USAGE OF IPSAS IN PARTICULAR, WILL BE CRUCIAL TO GOVERNMENTS GLOBALLY IN MAKING THE TOUGH CHOICES THEY FACE FOLLOWING THE PANDEMIC. PROFESSIONAL ACCOUNTANTS HAVE A CRITICAL ROLE TO PLAY IN DELIVERING THE FULL POTENTIAL BENEFITS FOR CITIZENS WORLDWIDE IN TERMS OF DECISION MAKING, TRANSPARENCY, AND ACCOUNTABILITY,” SAID KEVIN DANCEY, IFAC CEO. SOURCE: [HTTPS://WWW.IFAC.ORG/](https://www.ifac.org/)**