Finance Ordinance 2025

Income Tax Act 2023

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Today's Coverage

Macro-economic

Corporate

Individual

Macro-economic Insight

Macro-economic Insights

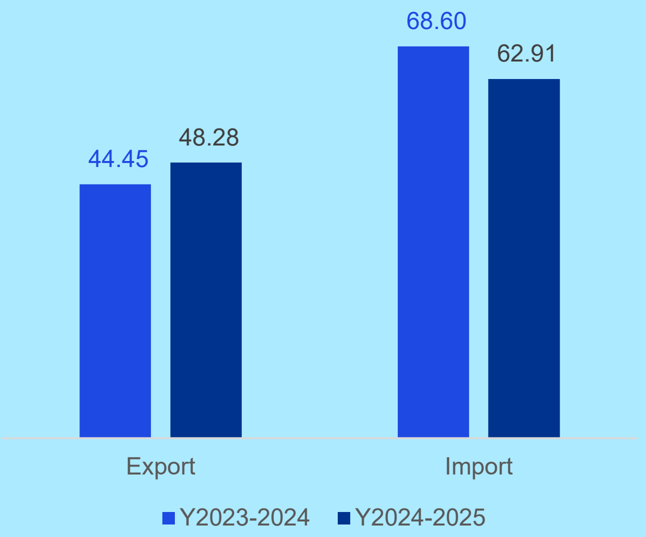
Expenditure	**BDT 7,900 Bn (12.7% of the GDP)** Development: BDT 2,300 Bn Non-Development: 5,600 Bn
Revenue	**BDT 5,640 Mn (9.0% of the GDP)** NBR Sources: BDT 4,800 Bn Other sources: BDT 840 Bn
Deficit	**BDT 2,260 Bn (3.6% of GDP)** Domestic financing: BDT 1,250 Bn Foreign financing: BDT 1,010 Bn
Budgeted GDP	**BDT 62,445 Bn**

Macro-economic Insights

$ 111.2Bn

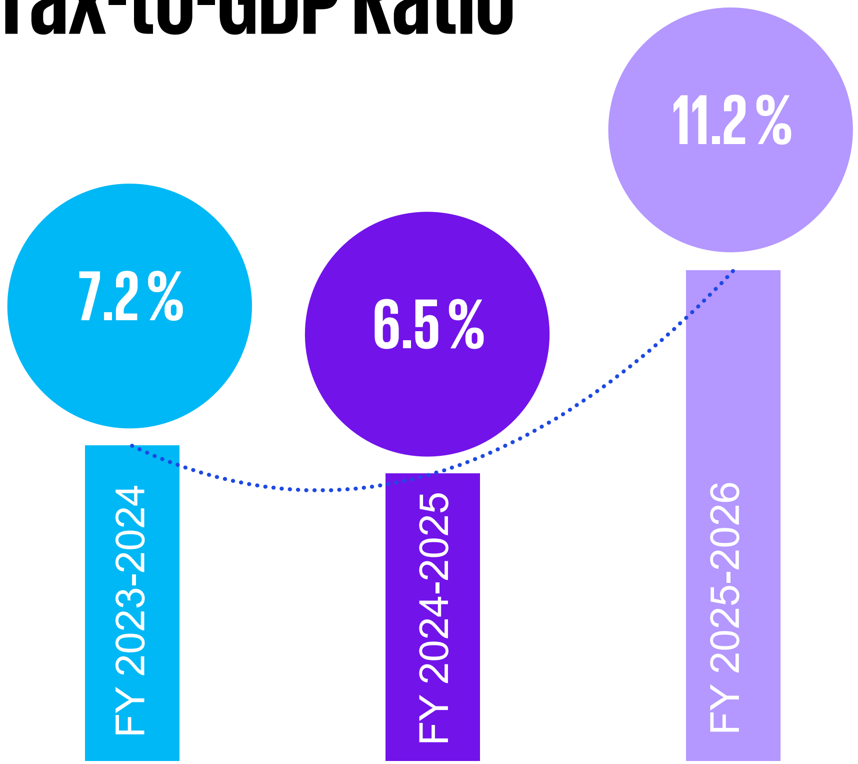
A resilient export sector and a moderated import trend, contributing to a significantly narrowed trade deficit compared to last year.

Trade



Amounts are USD in Billion

Tax-to-GDP Ratio



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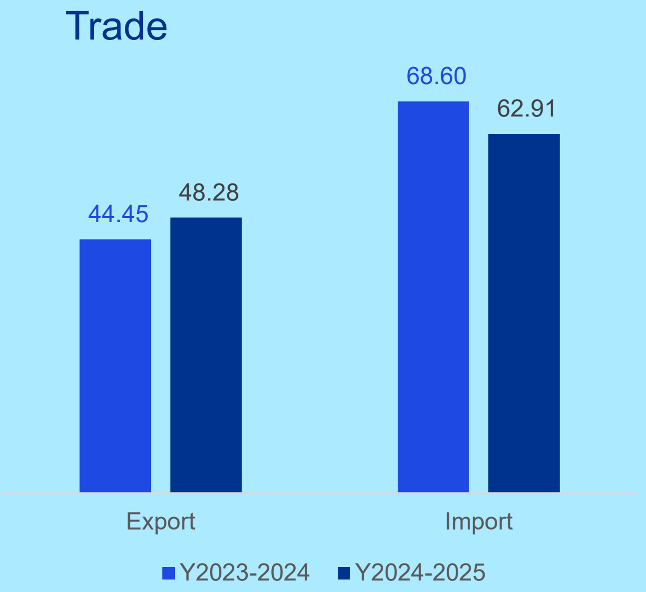

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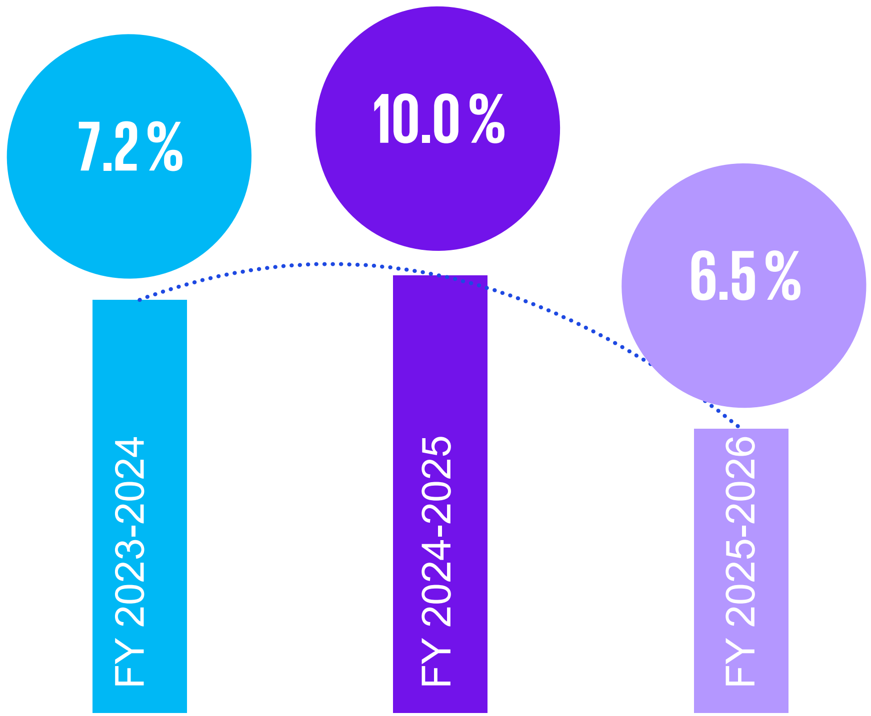
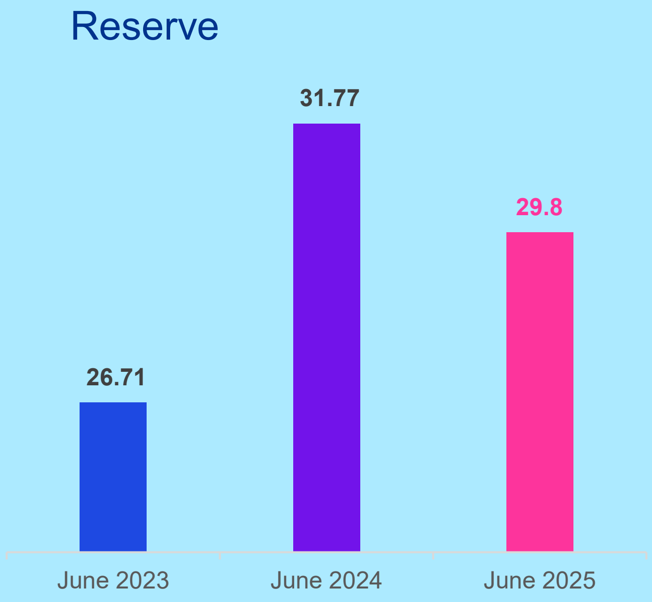
Inflation



Macro-economic Insights

$ 29.8Bn

Bangladesh's reserves rose in 2023–2024 on policy tightening and external support, then slightly dipped in 2024–2025 with net stability reflecting improved reserve composition



Amounts are USD in Billion

Bank Type	Regulatory Ceiling
Conventional Banks	87%
Islamic Banks	92%

- **3 Years FDR:** Average rate is 9.75% – 11.00% in July 2025 compared to 8.25% – 9.75% of last year.
- **Term Loan (corporate):** Average rate is 13.50% – 14.50% in July 2025 compared to 11.50% – 13.50% of last year.

Corporate Income Tax

Key Amendments

Tax rate for AY 2026-27 and AY 2027-28

- General tax rate is 27.5% without any condition.
- Only listed companies will be eligible for a reduced tax rate if all income is received through bank transfer – 20%/25%.
- There is no longer a separate corporate tax rate for one-person companies, merchant banks.

Relief for Funds

- SRO: 15% tax rate for approved funds is no longer valid.
- Funds are no longer required to submit income tax return, audited financial statements, of PSR.
- All income other than income from financial assets (dividend, bank interest) is exempted.
- 7th Schedule: Fund's capital market investment is subject to 15% capital gains tax!

Special business income

- Expenses disallowed under section 55 (except depreciation and finance expense on ROU assets and provision for impairment loss) are again considered as special business income, subject to separate tax at the regular rate.
- Income subject to a reduced tax rate, special business income (excluding disallowances for non-deduction of tax) is determined by applying the reduced tax rate.

Key Amendments

Carry forward of minimum tax

- Any amount of minimum tax paid exceeding the regular tax liability in an income year can be carried forward and adjusted in subsequent income years.
- Mother section 70: setoff & carry forward – minimum tax is only tax deducted or collected [i.e. section 163(2)]. However, section 163(8) suggests it includes gross receipts tax.

Tax audit mechanism

- The extensive audit methodology that involved both inspection and audit teams under an audit curator is now discontinued.
- Tax audits will be conducted under the DCT who has the authority to select returns for audit.
- Additionally, exemption criteria for audit selection have been removed [15%+income from prior year].

Proof of Submission of Return (PSR)

- Individuals who are not legally required to file an income tax return are exempt from submitting a PSR.
- In such cases, the 50% additional tax deduction for not providing a PSR does not apply.
- Where a PSR is generally required at the time of making certain payments, **expenses will not be disallowed** if the payer deducts an additional 50% tax at source.

Minimum tax – Gross Receipts Tax

Taxpayers	AY 2024-2025	AY 2025-2026)
Mobile phone operator	2%	1.5%
Any individual taxpayer, except manufacturers of cigarettes, bidi, chewing tobacco, gul or any other tobacco products	0.25%	1%
Other cases	0.6%	1%

VAT and SD is excluded from gross receipts

Minimum gross receipt threshold for individual – BDT 4 Crore from 3 Crore

Minimum tax – Final Tax

Interest from saving certificate for individuals

Capital gain on asset acquisition for individuals

Export cash subsidy for any person

Capital gain from transfer of property for individuals

WHT on income on any heads of income for which return submission is not mandatory.

Income receipts by a Company for which return submission was not mandatory – 20% tax - withdrawn

Capital gains tax

Capital gain tax at 15% is applicable on sale of land and buildings on the **difference between deed value and transfer value**

Penalty of undisclosed foreign assets would be applicable for Resident Bangladeshi taxpayers or Bangladeshi by birth.

Charge of tax at 50% on the difference of investment, import and export has been withdrawn.

Tax on concealed income has been reduced and only 10% of tax evaded amount for each year of default would be charged.

Expense Disallowances

Previously

Raw materials: Payment exceeding **BDT 500,000**

Other than salary, rent and raw materials: Payment exceeding BDT 50,000

Existing

Other than salary and rent:

Condition: Payments exceeding 50% of total expenses

Impact: 25% of the amount paid through non-banking channels will be disallowed

Allowable limit for Royalty/Technical Fee is Lower of 6% of turnover or 15% of net profit instead of 10% of net profit.

Returns

Timing of self assessment return is up to end of assessment year.

Any return that has been submitted in response to notice from DCT after audit completion, and suspicion of escaping income.

A revised return can be filed before the assessment without any reduction of tax liability.

Withholding Tax

Sr.	Section	Earlier	Existing
1	Payments to resident contractors	max 7%	max 5%
2	Payments for WPPF	Deduct against funds	Deduct against beneficiaries
3	Interest on securities	5%	10%
4	Rent	5%	10%
5	Resident advisory, consultancy and professional services fees	10%	Individual 15% Other 7.5%
6	Non-resident advisory, consultancy and professional services fees	20%	Individual 20% Other 10%

Withholding tax to be filed quarterly with returns due on the 25th day of October, January, April and July.

Individual Income Tax

Income Tax Rate

	AY 2025-26 (Effective)		AY 2026-27 & AY 2027-28	
	Total Income (BDT)	Tax rate	Total Income	Tax rate
Tax Free	First 350,000	0%	First 375,000	0%
Slab 1	Next 100,000	5%		
Slab 2	Next 400,000	10%	Next 300,000	10%
Slab 3	Next 500,000	15%	Next 400,000	15%
Slab 4	Next 500,000	20%	Same	20%
Slab 5	Next 2,000,000	25%	Next 2,000,000	25%
Slab 6	Remaining	30%	Remaining	30%

Tax Free Limit

	AY 2025/26	AY 2026/27 & 2027/28
General taxpayers	BDT 350,000	BDT 375,000
Women & senior citizens (65+)	BDT 400,000	BDT 425,000
Physically challenged persons & People of third gender	BDT 475,000	BDT 500,000
War-wounded gazetted freedom fighters	BDT 500,000	BDT 525,000

For parents or legal guardians of physically challenged persons, the tax-free limit would be increased by BDT 50,000.

Wounded gazetted July Uprising fighters will enjoy tax fee limit up to BDT 525,000 for AY 2026/27 and 2027/28

Minimum Tax

AY 2025/26

Description of Area of Taxpayer's Residence	Minimum Tax (BDT)
Dhaka North City Corporation, Dhaka South City Corporation and Chattogram City Corporation	**5,000**
Any other City Corporation	**4,000**
Any area other than City Corporation	**3,000**

AY 2026/27 & 2027/28

Minimum Tax (BDT)
5,000 **(1,000 for new taxpayers)**

Deemed Income

Capacity	AY 2025/26 Monthly Car perquisite (BDT)	AY 2026/27 & 2027/28 Monthly Car perquisite (BDT)
Up to 1500 cc		15,000
Exceeding 1500 cc up to 2000 cc		20,000
Exceeding 2000 cc up to 2500 cc	10,000	30,000
Exceeding 2500 cc	25,000	50,000

Exclusions

01 **Medical allowances for brain related operations and artificial organ transplantation**

02 **Group insurance premium paid by '*Company*' for employee**

Group insurance premium is treated as Income from Other Sources

Maximum limit of exemption increased to BDT 500,000 from BDT 400,000

Rebate

Lower of

- 3% of total taxable income
- Eligible investments
- BDT 1 million

Online Return

All individual taxpayers are required to submit income tax return through online for the assessment year 2025-2026. A special order has been issued by NBR effective from 4 August 2025.

The following categories of taxpayers are exempt from this requirement:

- Individuals aged 65 and above
- Persons with physical disabilities and special needs
- Bangladeshi taxpayers residing abroad
- Legal representatives of deceased persons
- **Foreign citizens working in Bangladesh**

Facing challenges using the e-return system may submit a paper-based return, subject to approval within 31 October 2025.

90 days time extension for **individual taxpayers** subject to tax commissioner approval

Splitting into Policy and Management function

Existing

MoF

↓

IRD

↓

NBR

Proposed

MoF

Advisory Committee

RPD

RMD

The Ordinance will be come into force upon gazette notification.

- Dissolution of Internal Resource Division (IRD) and National Board of Revenue (NBR)
- Separation of duties and responsibilities
- Aimed to enhance transparency, efficiency and governance

Revenue Policy Division (RPD)

Framework of taxation

RPD will be responsible for framework of tax base, rational tax rates, and tax exemption policies.

Law

Taxes reduction or exemption evaluation and issuer. Revisiting previous laws and initiating for new laws.

Structure

Experience in taxation, business, administration, audit and legal affairs.

HR

Experienced employees on revenue collection and recommended resources as per Rule.

Tribunals

Tribunals would be under the Revenue Policy Division.

Tax treaties & International Agreements

Coordination, initiation and execution.

Revenue Management Division (RMD)

Enhancement of tax services

Strengthening tax services and motivational programs to expand the tax net.

Law

Enforcement of compliances.

Structure

Experienced Government Officials of the taxation and administration.

HR

Existing NBR resources.

RMD will be responsible for training and management to develop skilled manpower.

Appeals

Appeals would be under the Revenue Management Division

Tax treaties & International Agreements

Implementation of tax treaties and international agreements.


Thank you