msi Global Alliance

Doing Business in Bangladesh

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MSI's guide on Doing Business in Bangladesh provides current information about the financial, regulatory and legal considerations that could affect business dealings within Bangladesh. For further assistance, please contact our MSI member firm in Bangladesh.

Country overview

Despite a challenging global economic environment, Bangladesh is gradually restoring macroeconomic stability following a period of elevated inflation, external sector pressures, and a significant political transition.

Following the interim administration that assumed office in August 2024, parliamentary elections were held in February 2026, resulting in the formation of a newly elected government.

The peaceful transition has reduced political uncertainty and shifted the government's focus towards economic reforms, investment promotion, and institutional strengthening.

Tight monetary and prudent fiscal policies have helped moderate inflation, while foreign exchange reserves and the external account have shown signs of improvement, supported by stronger remittance inflows and continued export resilience.

Nevertheless, inflation remains above the authorities' target, and structural reforms in areas such as the banking sector, revenue mobilisation, and private investment remain key priorities for sustaining long-term growth and enhancing investor confidence.

The Asian Development Bank (ADB) estimates that Bangladesh's economy grew by 3.7% in FY2026, reflecting subdued private investment, tight financial conditions, and a challenging global environment. Growth is projected to recover gradually in FY2027, supported by stronger exports, easing inflationary pressures, improved business confidence, and continued structural reforms.

Bangladesh's ready-made garments (RMG) sector continues to anchor the economy, contributing significantly to export earnings. Although exporters continue to face challenges from softer global demand, rising production costs, and increasing sustainability and compliance requirements, the sector has remained resilient through productivity improvements, market diversification, and stronger domestic backward linkages.

Public investment continues to support economic activity, with the government placing greater emphasis on completing and operationalising strategic infrastructure projects. The continued expansion of Dhaka's metro rail network, progress towards commissioning the Rooppur Nuclear Power Plant, and development of the Matarbari Deep Sea Port are expected to improve connectivity, logistics efficiency, and long-term energy security. At the same time, the government is prioritising reforms to strengthen the investment climate, improve public service delivery, and attract greater foreign direct investment.

Despite heightened geopolitical tensions and volatility in global energy markets, Bangladesh continues to benefit from a young workforce, a growing consumer market, and an expanding industrial base. The recent conflict in the Middle East has contributed to higher fuel prices, increased freight costs, and renewed inflationary pressures, highlighting the country's exposure to external supply shocks as a net energy importer. Nevertheless, sectors such as pharmaceuticals, information technology, renewable energy, and light engineering continue to create new investment opportunities. Ongoing reforms, supported by the IMF, World Bank, and ADB, are aimed at strengthening macroeconomic resilience, improving governance, and fostering sustainable private sector-led growth.

Population

Bangladesh remains the eighth most populous country in the world, with an estimated population of approximately 177.8 million in 2026. The country continues to be one of the most densely populated nations globally, with around 1,366 people per square kilometre. Urbanisation has continued steadily, with approximately 43.2% of the population now residing in urban areas, reflecting sustained migration towards cities in search of employment and improved living standards. Bangladesh retains a youthful demographic profile, with a median age of 26.3 years, while annual population growth has moderated to around 1.21%. Fertility has declined to approximately 2.09 children per woman, indicating continued demographic transition, and life expectancy remains above 73 years, supported by ongoing improvements in healthcare, education, and living standards.

Government

Bangladesh is a parliamentary republic with a non-executive President serving as the Head of State, while executive authority rests with the Prime Minister and the Council of Ministers. Members of Parliament are elected through nationwide elections held every five years, with additional seats reserved for women.

Following the political transition of 2024, Bangladesh held parliamentary elections in February 2026, resulting in the formation of a newly elected government and the conclusion of the interim administration. The peaceful transfer of power marked an important milestone in restoring constitutional governance and political stability. The government has since prioritised economic reforms, institutional strengthening, and measures to improve the investment climate and support sustainable economic growth.

Languages

The predominant language of Bangladesh is Bengali (Bangla). English is widely used in business, higher education, the legal system, and official communications, making it the principal language for international commerce and professional services.

Currency

The national currency of Bangladesh is Bangladeshi Taka (BDT).

Economic summary

- GDP (Nominal): USD 501 billion (FY2025-26, provisional estimate)
- GDP per capita: USD 2,866 (FY2025-26, provisional estimate)
- GDP growth rate: 4.14% (FY2025-26, provisional estimate)
- Inflation: 8.48% (June 2026, point-to-point CPI)

Main sectors of the economy

Bangladesh has continued to strengthen its position as one of South Asia's fastest-growing economies, supported by a diversified economic base, a large domestic market, and an expanding industrial sector. According to the Bangladesh Bureau of Statistics (BBS), the economy is primarily driven by the services sector, which contributes approximately 51.4% of GDP, followed by industry at around 37.7%, while agriculture accounts for approximately 10.9%.

Dhaka and Chattogram remain the country's principal financial and commercial centres, hosting major banks, financial institutions, manufacturing industries, and logistics networks centred around Bangladesh's seaports. The ready-made garments (RMG) industry continues to be the country's largest export sector, accounting for over 80% of merchandise export earnings, while pharmaceuticals, leather and leather goods, information technology, shipbuilding, ceramics, agro-processing, and light engineering continue to expand their contribution to the economy.

Bangladesh's large and rapidly expanding consumer market remains a key attraction for investors. According to the Bangladesh Investment Development Authority (BIDA), citing HSBC and Boston Consulting Group (BCG), Bangladesh is projected to become the world's ninth-largest consumer market by 2030, supported by rising incomes, urbanisation, and a growing middle and affluent population.

The economy of Bangladesh has continued its trajectory of growth and transformation over recent years, cementing its position as one of the most dynamic economies in South Asia.

Exports

Bangladesh's external sector continues to demonstrate resilience despite geopolitical tensions, supply chain disruptions, and volatility in global energy prices. While ready-made garments (RMG) remain the country's largest merchandise export, manufacturers are increasingly investing in higher value-added products, automation, and compliance with international environmental and labour standards to strengthen competitiveness in global markets. The European Union and the United States continue to be Bangladesh's principal export destinations, while trade with Asia and the Middle East continues to expand.

The government is also placing greater emphasis on export diversification. Pharmaceuticals, leather and leather goods, agro-processing, information technology-enabled services (ITES), shipbuilding, ceramics, and light engineering have emerged as priority sectors with growing export potential. As Bangladesh prepares for graduation from Least Developed Country (LDC) status, businesses are increasingly focusing on productivity improvements, innovation, and market diversification to sustain export growth under a more competitive global trading regime.

In addition to merchandise exports, overseas employment remains a vital pillar of Bangladesh's economy. During FY2025-26, Bangladeshi workers abroad remitted a record USD 35.5 billion, making remittances one of the country's largest sources of foreign exchange after merchandise exports. The Gulf Cooperation Council (GCC) countries, together with Malaysia, Singapore, the United Kingdom, Italy, and the United States, remain major destinations for Bangladeshi migrant workers. These remittance inflows continue to support household incomes, strengthen foreign exchange reserves, improve the balance of payments, and contribute to the country's overall macroeconomic stability.

Focus on digitalisation and new tech

Bangladesh’s digital transformation is entering a more institution-focused phase, with greater emphasis on interoperable public services, data governance, cybersecurity, digital identity, connectivity, and skills development. ADB’s 2026 engagement with the government identifies artificial intelligence, cybersecurity, digital infrastructure, broadband connectivity, and digital identification as priority areas for future investment and technical support. The World Bank is also preparing a digital-service transformation programme focused on resilient infrastructure, digital public services, data exchange, privacy, and inclusion.

Digital public services continue to expand across taxation, social protection, identification, education, health, and citizen-service delivery. Platforms such as the national 333 helpline and a2i-supported service channels are intended to make government information and assistance accessible beyond major urban centres,

including to citizens with limited internet access or digital literacy. However, unequal connectivity, affordability, accessibility, and institutional capacity remain important constraints to inclusive digitalisation.

Artificial intelligence is emerging as a distinct policy priority. The government published a draft National AI Policy 2026–2030, while investments in AI-enabled education, automation, and local-language digital services are beginning to develop. Bangladesh's startup ecosystem has attracted more than USD 1 billion in investment over the past decade, with fintech, logistics, health technology, education technology, and e-commerce among its most active segments. Government-backed Startup Bangladesh continues to provide funding and ecosystem support to technology-based enterprises.

The regulatory framework is also being strengthened. New legislation introduced in 2026 addresses personal data protection, national data management, and cybersecurity, reflecting the growing importance of secure data use and trusted digital transactions. These developments, together with continued investment in mobile financial services, payment infrastructure, fibre networks, data centres, and digital skills, are creating opportunities for investors in fintech, cloud services, cybersecurity, business-process outsourcing, software, education technology, and digital healthcare. Bangladesh's ability to realise this potential will depend on effective implementation of the new laws, stronger technical capacity, reliable connectivity, and greater private-sector participation.

Strategic position of Bangladesh

Bangladesh occupies a strategically important position at the intersection of South Asia and Southeast Asia, providing access to a regional market of more than 3 billion people. Sharing borders with India and Myanmar and enjoying direct access to the Bay of Bengal, the country serves as a natural gateway between the economies of South Asia and the broader Indo-Pacific region. This geographic advantage continues to support Bangladesh's role as an increasingly important manufacturing, trading, and logistics hub.

Bangladesh maintains strong economic and development partnerships with a diverse range of international partners, including India, China, Japan, the United States, the European Union, and multilateral development institutions such as the World Bank, Asian Development Bank (ADB), and the Asian Infrastructure Investment Bank (AIIB). Continued investment in transport, energy, ports, and digital infrastructure is strengthening regional connectivity and improving the country's attractiveness as an investment destination.

Major infrastructure projects completed or nearing completion are transforming Bangladesh's economic landscape. The Padma Bridge, Dhaka Metro Rail, Padma Rail Link, Matarbari Deep Sea Port, and the Rooppur Nuclear Power Plant are expected to improve connectivity, logistics efficiency, energy security, and industrial competitiveness. The expansion of expressways, economic zones, and port infrastructure is further enhancing Bangladesh's integration into regional and global supply chains.

Government continues to pursue reforms aimed at improving the business environment, strengthening trade competitiveness, and attracting greater foreign direct investment. Combined with its strategic location, competitive labour force, expanding domestic market, and ongoing infrastructure development, Bangladesh is well positioned to play an increasingly significant role in regional trade, manufacturing, and investment.

Setting up a business

Foreign investors may establish a business presence in Bangladesh through either an incorporated entity (such as a private or public limited company) or an unincorporated entity (such as a branch office or liaison/representative office), subject to the applicable laws and regulatory approvals. With limited exceptions in a small number of regulated or reserved sectors, Bangladesh maintains a generally open foreign investment regime, permitting up to 100% foreign ownership in most industries. Foreign investors may also repatriate capital, profits, dividends, and disinvestment proceeds, subject to compliance with the regulations of the Bangladesh Bank.

For investors seeking a limited presence, foreign companies may establish a branch office or liaison (representative) office with the approval of the Bangladesh Investment Development Authority (BIDA). Branch offices may undertake only the activities approved by BIDA and, where authorised, may generate income from those approved activities. Liaison or representative offices, by contrast, are established solely to promote and coordinate the business of their parent company and are not permitted to undertake commercial activities or earn revenue within Bangladesh. Both structures are commonly used by multinational companies during the market entry, project implementation, or business development phases before establishing a locally incorporated subsidiary.

Business vehicles

- Branch/Liaison office
- Sole proprietorship
- Partnership
- One-person limited company
- Private limited liability company
- Public limited liability company
- Cooperative
- Foundation
- Association of persons

Incentives and Protection for foreign investment

Bangladesh maintains a liberal foreign investment regime designed to encourage both greenfield investments and the expansion of existing businesses. In most sectors, foreign investors are permitted to hold up to 100% equity ownership, while enjoying national treatment comparable to domestic investors. Subject to applicable regulations, foreign investors may freely repatriate capital, profits, dividends, royalties, technical assistance fees, and

proceeds from the sale or liquidation of investments through authorised banking channels.

The Government of Bangladesh offers a range of fiscal and non-fiscal incentives to promote investment, particularly in export-oriented industries, economic zones, high-tech parks, and priority sectors. These incentives include tax holidays, reduced customs duties on eligible capital machinery, bonded warehouse facilities for exporters, accelerated depreciation allowances, and streamlined administrative support through agencies such as the Bangladesh Investment Development Authority (BIDA), the Bangladesh Export Processing Zones Authority (BEPZA), and the Bangladesh Economic Zones Authority (BEZA).

Foreign investments are protected under the Foreign Private Investment (Promotion and Protection) Act, 1980, which provides safeguards against unlawful expropriation and guarantees fair and equitable treatment. Bangladesh has also entered into numerous bilateral investment treaties (BITs) and agreements for the avoidance of double taxation, providing an additional level of legal protection and certainty for international investors.

Process of how to set up a business

Bangladesh offers several legal structures through which local and foreign investors may establish a business, including private limited companies, public limited companies, one-person companies (OPCs), branch offices, and liaison (representative) offices. The private limited company remains the most widely used vehicle for both domestic and foreign investment due to its flexibility, limited liability, and relatively straightforward incorporation process.

Business establishment is regulated by several government agencies, depending on the nature of the proposed activities. The Registrar of Joint Stock Companies and Firms (RJSC) is responsible for company incorporation, while the Bangladesh Investment Development Authority (BIDA) facilitates foreign investment and approves branch and liaison offices. Other key regulatory bodies include the Bangladesh Securities and Exchange Commission (BSEC), Bangladesh Bank, the National Board of Revenue (NBR), the Bangladesh Export Processing Zones Authority (BEPZA), and the Bangladesh Economic Zones Authority (BEZA).

The primary regulatory bodies overseeing business activities in Bangladesh include the Registrar of Joint Stock Companies and Firms, the Bangladesh Securities and Exchange Commission (BSEC), the Bangladesh Investment Development Authority (BIDA), the Bangladesh Export Processing Zone Authority (BEPZA), the Bangladesh Economic Zone Authority (BEZA), the National Bureau of Revenue (NBR), and the central bank, Bangladesh Bank.

Following incorporation, businesses are generally required to obtain the registrations and licences applicable to their operations. These may include:

- Trade Licence
- Business Identification Number (BIN)
- Electronic Tax Identification Number (e-TIN)
- VAT Registration
- Import Registration Certificate (IRC)
- Export Registration Certificate (ERC)
- Membership of the relevant trade association or chamber, where applicable
- Fire Safety Licence or Clearance
- Environmental Clearance Certificate

Depending on the industry, additional approvals or licences may be required from sector-specific regulators. In recent years, the government has continued to expand digital company registration, online tax administration, and electronic licensing systems, reducing processing times and improving the ease of doing business for investors.

Financial year of taxes and financial accounts

The standard financial year in Bangladesh runs from 1 July to 30 June, and most companies prepare their financial statements and tax returns on this basis. However, banks, non-bank financial institutions, insurance companies, and certain other regulated entities generally follow the calendar year (1 January to 31 December) in accordance with sector-specific regulatory requirements.

Subject to approval from the relevant authorities, subsidiaries and branches of foreign companies may adopt a financial year that aligns with the reporting period of their overseas parent company where this facilitates group financial reporting and regulatory compliance. Companies are required to prepare financial statements in accordance with the applicable financial reporting framework and comply with the filing requirements of the Registrar of Joint Stock Companies and Firms (RJSC), the National Board of Revenue (NBR), and other sector regulators, as applicable.

Accounting and auditing

Companies incorporated in Bangladesh are generally required to prepare annual financial statements and have them audited in accordance with the Companies Act, 1994 and other applicable laws and regulations. Statutory audits must be conducted by practising Chartered Accountants holding a valid Certificate of Practice issued by the Institute of Chartered Accountants of Bangladesh (ICAB).

Bangladesh has substantially adopted the International Financial Reporting Standards (IFRS) and the International Standards on Auditing (ISA), as adopted by The Financial Reporting Council (FRC). These standards provide the framework for the preparation of financial statements and the conduct of statutory audits, promoting consistency, transparency, and comparability of financial reporting.

FRC serves as the independent regulator responsible for promoting high-quality financial reporting, auditing, and corporate governance. In addition, ICAB's Document Verification System (DVS) has become an integral part of the audit reporting process. Audit reports issued by practising Chartered Accountants are assigned a unique Document Verification Code (DVC),

enabling regulators, financial institutions, and other stakeholders to verify the authenticity of audit reports electronically and strengthening confidence in the financial reporting process.

Corporate governance

Corporate governance in Bangladesh is principally regulated by the Bangladesh Securities and Exchange Commission (BSEC) through the Corporate Governance Code, 2018, which applies to companies listed on the country's stock exchanges. The Code establishes minimum governance standards relating to the composition and independence of the board of directors, audit and nomination committees, internal control, risk management, financial reporting, and disclosures, with the objective of enhancing transparency, accountability, and investor confidence.

Listed companies are required to include a Corporate Governance Compliance Report in their annual report, together with a certificate issued by an independent professional confirming compliance with the provisions of the Code. This certification may be performed by a practising Chartered Accountant, Chartered Cost and Management Accountant, or Chartered Secretary, in accordance with the requirements prescribed by the BSEC.

The Corporate Governance Code complements other applicable laws and regulations, including the Companies Act, 1994, accounting and auditing standards, and the oversight of the FRC, collectively strengthening Bangladesh's corporate governance and financial reporting framework.

Economic and fiscal incentives

Bangladeshi government offers export subsidy in the form of cash assistance aimed towards specific export-oriented industries. These industries include textile, agro products, Information Technology Enabled Serviced (ITES), leather, jute products, consumer electronics, electronic home and kitchen appliances, ship, frozen shrimp, furniture, halal meat, charcoal etc.

Export-oriented industries may benefit from a combination of cash assistance, bonded warehouse facilities, reduced customs duties on eligible capital machinery, duty-free import of raw materials, and sector-specific tax and VAT incentives. Bangladesh Bank periodically reviews and revises the cash assistance programme, with incentives currently available for selected export sectors, including textiles and apparel, jute and jute products, leather and leather goods, agricultural products, information technology-enabled services (ITES), pharmaceuticals, shipbuilding, frozen foods, light engineering, and other priority industries.

Businesses established in Export Processing Zones (EPZs), Economic Zones (EZs) and Hi-Tech Parks may qualify for preferential tax treatment, customs and VAT concessions, simplified administrative procedures, and infrastructure support, subject to the applicable legislation and incentive schemes in force at the time of investment. Qualifying information technology and IT-enabled service businesses operating in approved Hi-Tech Parks may also benefit from corporate income tax exemptions and other fiscal incentives intended to encourage innovation and digital investment.

There are currently government sponsored 28 high tech parks spread all across Bangladesh and more are in development. The business parks have been earmarked for investment into the following export oriented sectors: information technology, software technology, bio-technology renewables, green technology, hardware, IT Enabled Services (ITES), and R&D related industry. Businesses setup in one of these parks attract tax exemptions ranging from 100% to 20% over a specific period of time.

ITES that enjoy full tax exemption up to June 2027 are:

- Software development
- Software or application customisation
- AI-based solution development
- Blockchain based solution development
- Data science
- Digital animation development;
- Website development;
- Web site services;
- Web listing;
- Digital graphics design;
- Digital data entry and processing;
- Digital data analytics;
- Geographic information services;
- IT support and software maintenance service;
- Software test lab services;
- Call centre service;
- Document conversion, imaging and digital archiving;
- Robotics process outsourcing; and
- Cyber security services;
- e-learning platform and e-book publications;
- Mobile application development services; and
- IT Freelancing.

Partial tax exemption is offered to qualifying physical infrastructure facilities. These facilities include deep sea port; elevated expressway; export processing zone; flyover; gas pipe line; Hi-tech park; Information and communication technology village or software technology zone; information technology park; large water treatment plant and supply through pipe line; Liquefied Natural Gas terminal and transmission line; mobile phone tower or tower sharing infrastructure; mono-rail; rapid transit; renewable energy (e.g. solar energy plant, windmill); sea or river port; toll road or bridge; underground rail and waste treatment plant. The income exceptions range from 90% in the first and second years to 10% in the tenth year of operation.

A 10-year tax exemption on business income is available to eligible enterprises engaged in the manufacture of technology products, including motherboards, casings, UPS, speakers, sound systems, power supplies, USB cables, CCTV equipment, pen drives, and specified home appliances such as washing machines, blenders, microwave ovens, electric sewing machines, induction cookers, kitchen hoods, and kitchen knives.

The exemption also applies to enterprises engaged in the processing of agricultural products, including fruits, vegetables, dairy and dairy products, baby food, and the manufacture of agricultural machinery and light engineering products. In addition, providers of career-oriented education and specialized training in designated sectors for human resource development are eligible for the same exemption.

For exporters, 50% of export income is exempt from tax in the case of individuals and partnership firms. For other exporters, export income is subject to tax at a concessional rate of 12%.

Export income from jute and jute goods is taxed at 10%. The 10% tax rate also applies to other exporters holding a valid LEED certification.

Income from solar power projects financed and managed domestically is exempt from tax on the supply of electricity during the period from 1 July 2026 to 30 June 2036.

Income from the production of edible oil using locally grown oil seeds qualifies for a tax exemption of 100% for the first five years, 50% for the next three years, and 25% for the final two years. The exemption is available for the period from 1 July 2026 to 30 June 2036.

Manufacturers of freezers (including spare parts), refrigerators, motorcycles, air conditioners, and compressors are eligible for a reduced tax rate of 20% until 30 June 2032, commencing from Assessment Year 2025–2026, subject to prescribed conditions.

Promoting start-ups

The Start-up Sandbox allows eligible start-ups to register with the National Board of Revenue and enjoy various tax and regulatory benefits for up to nine years from the date of incorporation.

The scheme is open to Deep Tech Start-ups and Standard Start-ups.

A Deep Tech Start-up is an entity engaged in artificial intelligence, fintech, scientific research, engineering-based innovation, or other activities involving significant intellectual property.

A Standard Start-up is an enterprise focused on the innovation, development, or improvement of products, services, processes, business models, or technology, with the potential to create employment or generate wealth.

To qualify for the Start-up Sandbox, an entity must be a Bangladeshi company with an annual turnover not exceeding BDT 1 billion, must not have been formed through an amalgamation or demerger, and must be registered with the National Board of Revenue under the Start-up Sandbox framework.

During the nine-year growth period, eligible start-ups enjoy several tax benefits. These include exemption from turnover tax on gross receipts, no disallowance of business expenses, and no additional 50% tax for non-compliance with withholding tax obligations. Tax losses may be carried forward for up to nine years, even where there is a change in shareholding or new investments are received.

In addition, eligible start-ups are exempt from tax reporting requirements other than filing income tax and withholding tax returns, provided they grant NBR read-only digital access to their information system or books of accounts.

Taxation

Income taxes in Bangladesh are administered under the Income Tax Act 2023 and the Income Tax Rules 2023, as well as notifications made under the Act. The Finance Ministry administers and executes tax laws and regulation through the National Bureau of Revenue.

All registered companies both local and foreign are treated as residents in Bangladesh for taxation purposes, which means tax is levied on the entity's worldwide income after allowing for deductions.

All documented business expenses including amortization, limited amount of entertainment expenses, and distribution of samples are treated as allowable deductions.

Double Taxation Avoidance Agreements (DTTA)

Bangladesh has penned DTTAs with the following countries: Belgium, Canada, China, Denmark, France, Germany, India, Indonesia, Italy, Japan, Kingdom of Bahrain, Kingdom of Saudi Arabia, Malaysia, Mauritius, Myanmar, Norway, Oman (income from airline business only), Pakistan, Philippines, Poland, Republic of Belarus, Republic of Korea, Romania, Singapore, Sri Lanka, Sweden, Switzerland, Thailand, The Netherlands, Turkey, United Arab Emirates, United Kingdom, United States of America and Vietnam.

Corporate income tax

General corporate tax rates:
Publicly traded companies with 10% shares listed through IPOs: 22.5%.
Publicly traded companies with less than 10% shares listed through IPOs: 25%.
Non-publicly traded companies: 27.5%
One-person limited company: 27.7%

2.5% reduction in tax rates if all transactions are made through banking channels.

Bank, insurance and financing companies (not merchant bank):
Publicly traded: 37.5%
Non-publicly traded: 40%

Merchant bank: 37.5%

Mobile phone operators:
Publicly traded companies: 40%
Non-publicly traded companies: 45%

10% corporate tax rebate in the year of listing if 20% paid-up capital is offloaded through IPO.

Trust, fund, association of persons and other taxable entities: 27.5%

Tobacco product manufacturers: 45%

Additional surcharge: 2.5%

Turnover tax:
Turnover tax applies when the tax calculated under the normal method is lower than the prescribed turnover tax. It is levied on gross receipts, irrespective of the nature of income or the entity's profitability, except for selected taxpayers.
Rates on gross receipts:
Tobacco: 3%
Carbonated beverage: 2.5%
Mobile phone operators: 1.5%
Others: 1%

For industrial undertakings engaged in manufacturing, the turnover tax rate is 0.2% of gross receipts for the first three income years from the commencement of commercial production.

Reduced rates:
Private universities, medical, engineering and IT based colleges: 5%

Capital gain tax rates:
Companies, fund or trust: 15%
Others:
From sale of shares traded in stock exchanges: 15%
Other assets:
- Holding for more than 5 years: 15%
- Less than 5 years: Slab rate

Losses
Losses can be carried forward for a maximum of six years. Capital losses can be set offset against capital gains for a maximum period of six years. Unrealised tax depreciation can be carried forward indefinitely.

Tax returns
Companies have to file their tax return by the 15th day of the ninth month following the end of the income year.

Exempt from submission of audited financial statements:
- Individuals
- Hindu Undivided Families
- Funds
- Primary schools
- Entities (firms, trusts, etc.) with turnover ≤ BDT 50 million

Withholding income tax returns must be filed quarterly, by the 25th of the month following each quarter's end.

Value Added Tax (VAT)
VAT is applicable on goods and services at import, manufacturing, supply, and trading stages.

Options of unit registration and central registration are available – depending on nature of operations of businesses.

The standard VAT rate is 15%. Businesses are entitled to claim input VAT credit. To qualify for input VAT credit standard rate of VAT must be followed.

VAT deducted at source is applicable for certain services as determined by the tax authority. Major part of supplies attracts VDS at 5% named as "Procurement Providers". Other truncated rates range from 2% to 10% for specific goods and services.

VAT at 0% is applicable for specific activities such as export, deemed export, temporarily imported goods etc.

VAT Return is to be submitted by 15 day of the following month for each calendar year. Further limited companies are required to submit annual financial statements to Commissioner within 6 months from the end of the financial year.

Supplementary duty
Supplementary duty is a single tier tariff is imposed on luxury and non-essential goods and services. Imported goods meant for export, and zero-rated goods or services does not attract supplementary duty.

Personal Income tax
Total taxable income is the total income earned from all sources except exempted income. The sources are employment income, rental income, investment income, income from agricultural sources, business income, capital gain and other sources. Deductions are available for each of the category of income. Calculation of personal income tax is dependent on a person's residency status. Bangladesh-resident individuals are taxed on their worldwide income, whereas non-residents are taxed on income generated in Bangladesh.

Individuals achieve resident status if they reside in Bangladesh for a period of 182 days or above in the relevant year or 90 days or more in the relevant tax year and a period of 365 days or more during the preceding four years.

Personal tax returns are to be filed by 30th November each year. Individuals who haven't filed returns before must submit them by 30 June after the income year ends.

Transfer pricing
Bangladesh adopted Transfer Pricing Rules for the determination of arm's length price which is monitored by the National Board of Revenue. Every person who has entered into any international transaction exceeding BDT 30 million is required to furnish an additional report from a Chartered Accountant with the annual return.

Registration procedures
Individuals and companies are electronically registered with the tax authorities. Separate unique Tax Identification Number (TIN) and Business Identification numbers (BIN) are issued.

Withholding taxes
In order to ensure smooth tax collection certain entities have been empowered to withhold tax and VAT at source on behalf of the tax authorities.

Customs Duty
Bangladesh levies customs duty on imports using the Harmonised Tariff System for tariff classification.

HR/ Labour Law

Employment law
Employment and contractual relationship between employer and employee is primarily governed by Bangladesh Labour Act 2006 and Bangladesh Labour Rules 2015. These laws cover areas such as employment terms, welfare and benefits, minimum

age, working hours, leave, remuneration, welfare, compensation for injury, trade union, dispute resolution, legal procedures, penalties and so on. The EPZ Workers Association and Industrial Relations Act 2010 applies to the companies situated within the EPZs. The International Labour Organisation Conventions are also applicable in the country.

Visa and work permits

For any non-resident to work in Bangladesh work permit is a prerequisite. The number of expatriate employees cannot exceed 1:20 ratio for industrial enterprises and 1:5 for commercial enterprises. Moreover, foreign investors must bring in a minimum of USD 50,000/- as inward remittance in order to recruit foreign nationals.

Social Security

Bangladesh has continued to strengthen its social security framework through the introduction of the Universal Pension Scheme (UPS), which became operational in 2023. Aimed at covering all citizens aged 18 and above, the scheme includes four different plans: Progoti for private sector employees, Surokkha for self-employed individuals, Somota for low-income population, and Probash for expatriate Bangladeshis. Pensioners will receive benefits for life. In the event of a depositor's death before the age of 75, the nominee will receive the monthly pension until the original depositor would have turned 75.

Provident Fund (PF) is widely favoured as an investment option in Bangladesh, involving contributions from both employers and employees into a shared fund. This fund is then invested for the welfare of the employees.

PF is mandatory for business employing a minimum of 100 permanent workers.

Gratuity payments to departing employees is obligatory, with a minimum of 30 days' salary (based on the last received salary) for each completed year of service. If an employee has served for more than 10 years, the gratuity amount increases to 45 days' salary (based on the last received salary).

Companies that meet any of the following conditions are required to implement the Workers Profit Participation Fund (WPPF):

- If the paid-up capital on the last day of the accounting year is equal to or exceeds BDT 10 million, or
- If the value of the company's permanent assets on the last day of the accounting year is equal to or exceeds BDT 20 million.

These companies must allocate 5% of their profits to a trust fund. The fund is established for the benefit of all employees who have been employed by the company for a minimum of nine months. However, owners, partners, or directors are not eligible to participate in the WPPF.

Group insurance is mandatory for entities employing a minimum of 100 permanent workers. However, there are exceptions for certain sectors where alternative welfare funds have been created.

Maternity benefits

The Bangladesh Labour Act, 2006 (as amended), provides eligible female employees with 120 days of paid maternity leave. The leave may be taken before or after childbirth, or partly before and partly after delivery, depending on medical needs and the employee's circumstances. If childbirth occurs later than the expected date, the leave period is adjusted accordingly to ensure the employee receives the full statutory entitlement.

In the event of a miscarriage, an eligible employee is entitled to four weeks' paid leave, subject to the conditions and certification requirements prescribed under the Labour Act.

Minimum Wage

Bangladesh does not prescribe a single national minimum wage applicable to all industries. Instead, minimum wages are determined on a sector-specific basis. Different industries are therefore subject to different minimum wage structures. The ready-made garments (RMG) sector, Bangladesh's largest export industry, currently has a minimum monthly wage of BDT 12,500, effective from December 2023, while minimum wages for other sectors are determined through separate Wage Board notifications and are revised from time to time. In recent years, the Minimum Wages Board has reviewed and issued wage determinations for a number of industries, including pharmaceuticals, poultry, shipbreaking, engineering workshops, bakeries, paints and chemicals, and tea packaging.

Employers are required to comply with the minimum wage applicable to their respective industry, while many businesses offer remuneration and employee benefits above the statutory minimum to attract and retain skilled workers in an increasingly competitive labour market.

Working hours and leave

An adult can work for eight hours a day for forty-eight hours a week maximum. A worker can work for a maximum of ten hours a day, subject to receiving overtime for the additional hours. Overtime is twice the hourly rate. Total working hours of a worker cannot exceed 60 hours a week, and on average 56 hours per week in a year.

Special provisions have been kept for female workers. Without prior consent a female worker cannot be made to work between 10:00 PM (22:00 hours) to 06:00 AM (06:00 hours).

Weekly holidays are stipulated as follows:
Shop, commercial establishment or industrial establishment: 1.5 days per week
Factory: 1 day per week
Road transport service: 24 consecutive hours each working week.

Workers working in shops, commercial establishments or industrial establishments are entitled to one day for every 18 days of work. Workers are entitled to 10 days of casual leave and 14

days of sick leave with full wages in a calendar year. 11 days are reserved as festival holidays.

Intellectual Property Rights

Trade Mark

Intellectual property in Bangladesh is protected through several key laws designed to encourage creativity and innovation across industries. The Trademarks Act 2009 defines a trademark as any word, letter, symbol, numeral, figurative element, device, brand, heading, label, ticket, name, signature, colour combination, or any blend of these elements used to distinguish goods or services in the market.

Copyright

The Copyright Act 2023 safeguards the rights of creators and owners over original works, including literary, artistic, dramatic, musical, and digital creations-ensuring they maintain control over how these works are reproduced, distributed, or adapted.

Patent

Meanwhile, the Patents and Designs Act 2023 provides protection for both industrial designs and inventions: a 'design' is recognised as the unique shape, configuration, pattern, or ornamentation applied to an article through industrial processes, while a patent grants inventors exclusive rights over their innovations, offering legal protection for new and useful inventions. Together, these laws form the foundation for Bangladesh's growing intellectual property landscape, supporting economic development and creative industries alike.

Contact us

The information provided in this guide cannot be exhaustive and we recommend anyone considering doing business in Bangladesh should seek professional advice from our member firms before making any business or investment decision.

Contact our member firm in Bangladesh to discuss your requirements:

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