

Country Guide

Bangladesh

Prepared by

The Legal Circle



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1. Introduction

Bangladesh is often described as the land of untapped opportunities. Bangladesh is fast emerging as a highly lucrative location for investment in terms of its strategic location, competitive cost, abundant human resources with highly adaptive and competitive workforce, sizable domestic consumer market with high purchasing power, and growing middle class.

Bangladesh is bordered on the west, north and east by the Indian states of West Bengal, Assam, Meghalaya and Tripura; and Myanmar forms the southern part of the eastern frontier. Located on the world's largest delta, the Ganges Delta, Bangladesh has 310 rivers that flow south of the Bay of Bengal, making it one of the most fertile regions.

Over the last 50 years poverty and inequality has systematically dropped in Bangladesh coupled with accelerated GDP growth and rising per capita income as the economy underwent structural shifts. The results are accompanied by better job opportunities for men and women, access to finance and digital inclusion throughout the country. With more than half of its population being under the age of 35, the nation is working towards becoming an advanced economy by 2041. Bangladesh has reached the lower-middle-income status in 2015 and is on track to graduate from the UN's Least Developed Countries (LDC) list in 2026.

Bangladesh, growing rapidly for more than a decade, is called the next Asian Tiger.

2. General / Government and Legal System

i. Government

Bangladesh is governed by a unitary parliamentary form of government. The President is the head of the State while the Prime Minister is the head of the Government. The Prime Minister is assisted by a Cabinet of ministers in discharging her/his duties.

ii. Legislature

Jatiya Sangsad is the parliament house of Bangladesh in which the legislative power of the Republic is vested. It consists of 300 members directly elected by adult franchises. The Members of the House elect another 50 female members in reserved seats. Thus, the total number of members in the House of parliament is 350.

iii. Judiciary

The Supreme Court of Bangladesh, headed by the Chief Justice, is the highest judicial organ and comprises the Appellate Division and the High Court Division.

Bangladesh is divided in 8 administrative Divisions and 64 districts make up the Divisions. At the district level, the District Court is headed by a District Judge.

3. Incentives for Setting Up Business in Bangladesh

To facilitate and encourage investment, the Government of Bangladesh provides various fiscal and non-fiscal incentives, privileges and facilities comprising of exemptions/reduction of corporate income taxes, reduced import taxes on capital machineries and raw materials, reduced VAT, provision of export subsidies and various other banking facilities and privileges. These incentives are subject to revision upon annually enacted Finance Act and individual Statutory Regulatory Orders (SROs).

Companies located in EZs/EPZs are entitled for different sets of incentive packages of tax exemption.

4. Business Structures

The main business structures in Bangladesh are:

- a. Sole Proprietorship
- b. Partnership
- c. Company :
 - i. One Person Company (OPC)
 - ii. Private Company Limited by Shares
 - iii. Public Company Limited by Shares
- d. Branch of a Foreign Corporation/ Liaison Office

A. Sole Proprietorship

Sole proprietorship is the simplest business structure, suitable for very small single-owned businesses. Sole proprietors need to obtain a trade licence which is required for calculating tax payment to the government.

Since it is not a legal entity, it is not distinct from the owner. Therefore, the business owner is personally accountable for all liabilities incurred during the course of the business.

Characteristics of a Sole Proprietorship:

- Personal assets are not protected from business risks
- Renewed annually and it attracts government fees depending on the nature and type of business
- No corporate tax benefits or incentives
- Capital is limited to profits made from the business and owner's personal finances, making it hard to expand
- No perpetual succession like a company. However, after the death of the owner, a successor may continue the business in the same name as inheritance property

- Not the most appropriate form for serious business activities aiming to draw a large customer pool
- Sale/transfer of business can be done only by the sale of business assets
- In case of insolvency, the creditors may seize all the assets of the business along with any other business owned by the proprietor, including private home, possessions, etc. Exceptions are prescribed in the bankruptcy law.
- Foreigners cannot form a Sole proprietorship business.

B. Partnership

A Partnership is a business organisation between two and up to twenty people created through voluntary agreements with the intent of making and sharing. According to Section 4 of the Partnership Act 1932, there are 5 essential elements of a partnership:

- There must be a contract;
- It is between two or more persons;
- It is between two or more person who carry on a business;
- It is between two or more persons who carry on a business with a view to a profit; and
- There must exist mutual agency.

Characteristics of a Partnership

- All partners contribute capital and share equal responsibility for risks and business debts
- Registration not compulsory but registration enables a firm to enjoy some rights and responsibilities
- Both natural persons and companies can be partners
- No directors or shareholders needed
- Each partner is taxed individually so profits are treated as part of each partners' personal income therefore are taxed at personal income tax rates
- One partner can sue the firm or other partners for breach of Partnership contract or law (only if it is registered)

C. Company

i. One Person Company (the "OPC")

OPC means and includes a company whose shareholder is merely a natural person [as inserted in by proposed Section 2 (Kha) of sub-section 1 of section 2 of the Companies Act, 1994] that obliges that any natural person may incorporate an OPC for any lawful object by signing his/her name into the memorandum as the only shareholder. A natural person can only form a One Person Company (OPC). Even though the provisions in the Act do not incorporate any bar for a foreigner in forming an OPC, the particulars in the prescribed form of memorandum require NID of the shareholder, which will not be available for a foreigner, and thus a foreigner may not be able to form an OPC. The memorandum of an OPC must state the name of the nominee (with consent) who would become the shareholder of the company upon death or incapacity of the shareholder. While the Act is aiming to attract greater investment, OPC needs minimum paid-up capital of BDT

2.5 million, which may not be entirely consistent with the objective. In case the paid-up capital exceeds BDT 50 Million, the OPC has to be converted to other forms of companies.

Steps to form a One Person company:

1. Obtain Name Clearance
2. Submit Memorandum of Association (“MoA”), Articles of Association (“AoA”) and relevant Forms to RJSC for registration.
3. Upon registration the OPC will be required to obtain a Trade License, TIN and VAT certificate.

ii. Private Limited Company:

As per section 2 (1)(q) of the Companies Act, 1994, private company means a company which by its articles, (i) restricts the right to transfer its shares, (ii) prohibits any invitation to the public to subscribe for its shares, and (iii) limits the number of its members to minimum two and maximum fifty, not including persons who are in its employment. In Bangladesh, the CA, 1994, governs the formation and operation of companies. Companies must be registered with the companies’ registry, being the Registrar of Joint Stock Companies and Firms (“RJSC”).

Bangladesh law permits both wholly and partially foreign owned companies, where the shareholders may be natural persons or body corporates. Private limited companies can have as low as one shareholder (if a natural person), otherwise a minimum of two shareholders and two directors. While wholly and partially foreign owned companies are permitted to be formed in general, sector specific restrictions exist on the equity participation by foreign shareholders in certain industries, such as limitation on foreign ownership in logistics, GSAs and TVAS companies in Bangladesh (to name some).

Steps to incorporate a private limited company

1. Obtaining Name Clearance for registering a Company in Bangladesh
2. Documentation | Company Registration in Bangladesh:
 - Requisite documents such as memorandum and articles of association (“Mem Arts”), necessary forms and schedules require registration with the RJSC when the company goes for incorporation.
 - Obtaining and executing the following forms for registering the company in Bangladesh with RJSC:
 - Filled in Form I: Declaration on registration of Company;
 - Filled in Form VI: Notice of situation of registered office;
 - Filled in Form IX: Consent of director to act;
 - Filled in Form X: List of persons consenting to be directors;
 - Filled in Form XII: Particulars of the directors, manager and managing agents.
 - The following shareholders particulars have to be provided at the time of incorporation of a company:
 - a. National ID or Passport.

- b. A private limited company in Bangladesh can have a minimum of 2 and maximum of 50 shareholders.
- c. A director and shareholder can be the same or a different person. Only a natural person may be appointed as the director.
- d. The shareholder can be a person or another legal entity such as another company.

- The following director particulars have to be provided at the time of incorporation of a company:
 - a. National ID or Passport.
 - b. Minimum two directors are mandatory.
 - c. Directors can be either local or foreign.
 - d. Directors must be at least 18 years of age and must not be bankrupt or convicted for any malpractice in the past.
 - e. The law requires that a director must own qualification shares stated in the Articles of Association.
 - f. A shareholder which is not a natural person (i.e. a company) can appoint a nominee director. Nominee directors are not required to hold qualification shares to incorporate a company.

3. Banking Formalities:

- Encashment Certificate from the bank. This is provided by a bank in Bangladesh where the initial FDI/pay-in amount of investment is sent by the promoters of the company. This needs to be submitted to RJSC for registration of such a company.
- In case of a joint venture or fully foreign owned company a bank account must be opened in the name of the proposed company with any scheduled bank in Bangladesh. After opening the account, money equal to the shares to be owned by the foreign shareholder must be remitted from outside Bangladesh into the account. The Bank will issue an Encashment Certificate which is required to be filed at the RJSC as a prerequisite for incorporation.

4. Registration | Company Incorporation in Bangladesh:

- In order to register the company with the RJSC, registration fee and stamp duty has to be paid in the prescribed bank of RJSC.
- Such government fee shall be determined based on the authorized share capital of the proposed company;
- Upon successful completion of all the formalities, a certificate of incorporation has to be obtained from the RJSC.

Validity

A private company will have perpetual existence unless wound up.

A company may be wound up either:

1. Voluntarily, or
2. By the Court, or
3. Subject to the supervision of the Court.

iii. Public Company Limited by Shares

As per Section 2(1) (r) of the Companies Act 1994, Public Limited Company is a company incorporated under this Act or under any law at any time in force before the commencement of this Act and which is not a private company.” In short, a public company is one where the AOA (articles of association) do not provide any restrictions on-

- the transfer of shares,
- maximum number of members and the invitation to the public seeking their subscription for its shares.

A public limited company must register its name as a stock exchange member in order to issue shares. A company must issue a certain number of public shares in order to begin operations.

D. Branch office or Liaison Office

Branch is defined as an extension of the principal company, which is set up at another location, to increase their coverage. Branch as opposed to a liaison office can generate income locally.

Generally, a branch office is not allowed to make any outward remittance and it must meet all office expenses, including salaries from receipt of remittance from the principal abroad. If the branch office earns profit locally and wants to meet the necessary expenditure of the office in Bangladesh with that profit, application can be submitted to the regulatory authority with proper justification and sufficient supporting documents for exemption from the general rule.

Please note that a branch office is not allowed to carry out manufacturing activities on its own, but it is permitted to subcontract these to Bangladeshi manufacturers. Bangladesh Investment Development Authority (“BIDA”), formerly known as Board of Investment (BOI) is the regulatory authority to set up a Branch or Liaison Office in Bangladesh.

Establishing a Branch Office or Liaison Office in Bangladesh

A foreign investor wishing to merely have a presence in Bangladesh, but not incorporate a company, may set up a Branch Office or Liaison Office. Prior approval from BIDA is required in order to set up a Branch Office or Liaison Office in Bangladesh. A Branch Office or Liaison Office does not have a separate legal entity and is considered to be an extension of its parent company. The parent company's Memorandum and Article of Association dictates the activities for the Branch Office or Liaison Office. Once approval from BIDA has been obtained, the Branch or Liaison Office (whichever is applicable), will have to report to Bangladesh Bank within 30 days of obtaining such approval.

After obtaining the approval for the branch office, a bank account must be opened in any bank in Bangladesh. An amount of foreign exchange equivalent to US\$ 50,000 or more must be brought in as inward remittance as estimated initial establishment cost and 6(six) months operational expenses of the Office in Bangladesh within two months from the date of issuance of the BIDA permission letter failing which the Company shall have to remit 5% additional amount for each month. This remitted amount must be used for establishment costs and operational expenses of the branch office.

The set-up and securing of all required approvals for establishing of a Branch Office or Liaison Office may take a minimum of one (1) months’.

5. Foreign Investment

Bangladesh offers a liberal foreign direct investment (“FDI”) regime in South Asia, and actively seeks foreign investment, particularly in the agribusiness, garments and textiles, leather and leather goods, light manufacturing, energy, information and communications technology (“ICT”) and infrastructure sectors. It benefits from a cost-effective industrial workforce, strategic geopolitical location having good regional connectivity and complete duty and quota free access to EU, Japan, Canada, Australia and most other developed countries with access to international sea and air routes. Moreover, no restriction on equity participation and repatriation of profits and income, allowance of tax holidays and accelerated depreciation in most sectors, cash incentives for selected products, equal treatment for local and foreign investors, protection of FDI from expropriation and nationalisation under the Foreign Private Investment (Promotion & Protection) Act,1980 (“FPIA,1980”) etc. are the key consideration to attract FDI in Bangladesh. It also guarantees non-discriminatory treatment between foreign and local investment, and repatriation of proceeds from sales of shares and profit.

Additionally, the low cost of energy, good supply of natural gas, established export and economic zones, fertile and favorable land and climate, macroeconomic stability, open and diversified economy and other competitive incentives by the government provide foreign investors an economical and business friendly environment. It is also to be noted, according to the International Monetary Fund, the Bangladesh economy is projected to grow from US\$180 billion to US\$322 billion by 2021.

Several agencies facilitate FDI. The Bangladesh Investment Development Authority (“BIDA”) is the principal authority tasked with promoting, supervising private investment, while the Bangladesh Export Processing Zone Authority (“BEPZA”) is the investment supervisory authority in the Export Processing Zones (“EPZs”). Bangladesh is a signatory to Multilateral Investment Guarantee Agency (“MIGA”) of the World Bank Group, Overseas Private Investment Corporation (“OPIC”) of USA and International Centre for Settlement of Investment Disputes, Bangladesh is also a member of World Association of Investment Promotion Agencies, which facilitates foreign investment in Bangladesh.

The most relevant laws, regulations and guidelines that govern FDI in Bangladesh are as follows:

- a) The Foreign Exchange Regulation (Amendment) Act, 2015 (“FERA”)- This Act provides the legal basis for regulating certain payments, dealings in foreign exchange and securities in Bangladesh;
- b) The Guidelines for Foreign Exchange Transactions, Vol 1 & 2 (2018) and updated by circulars of Bangladesh Bank (“BB”) issued from time to time (collectively, the “FX Guidelines” issued under FERA). FX Guidelines are a compilation of instructions and directives issued by BB regulating foreign exchange transactions. It also deals with specific instructions to be followed by the authorized dealers (banks authorized by BB to deal in foreign exchange under FERA and their constituents) (“AD”).

c) The Foreign Private Investment (Promotion & Protection) Act, 1980 (“FPIA, 1980”)– This Act deals with the promotion and protection of foreign investment in Bangladesh. The Act ensures equal treatment for local and foreign investors and legal protection to foreign investment in Bangladesh against nationalization and expropriation. It also guarantees repatriation of dividend and capital at the exit of business.

d) The Bangladesh Export Processing Zone Authority Act, 1980 (“BEPZAA”)– This Act regulates the economic development of Bangladesh by encouraging and promoting foreign investments in certain areas (EPZs) designated by the Government of Bangladesh (“GOB”).

e) Double Taxation Avoidance Agreement (“DTAA”) - Bangladesh has concluded double taxation treaties with 36 (thirty-six) countries, which reduces tax impediments of cross-border trade and investment and assists tax administration.

Other relevant laws and regulations applicable or indirectly related to foreign direct investment:

(a) The Companies Act, 1994 (“CA, 1994”)– This Act regulates the formation and incorporation of companies. It sets the framework for the management, operation and administration of companies. It also sets out the functions of the Registrar of Joint Stock Companies and Firm (“RJSC”) which is the authority designated for registration and compliance filings required by such companies. This Act also specifically governs the requirements for establishing foreign companies in Bangladesh.

(b) Bangladesh Economic Zones Act, 2010 (“BEZA, 2010”)– This Act makes provisions for the establishment of private economic zones jointly or individually by local, non-resident Bangladeshis or foreign investors.

(c) Bangladesh Investment Development Authority Act, 2016 (“BIDA, 2016”)– This law has established BIDA for the purpose of promoting industrial investment and offering facilities and assistance necessary for the establishment of industries in the non-governmental sectors and to promote and facilitate investment both from domestic and overseas sources.

Depending on the sector of trade, restrictions may be placed by the GOB on FDI. Foreign and domestic private entities can establish and own, operate, and dispose of interests in most types of business enterprises, other than in reserved and controlled sectors. Only four sectors are reserved for Government investment and are referred to as the ‘Restricted Sectors’ for FDI:

- i) Arms and ammunition and other defense equipment and machinery;
- ii) Forest plantation and mechanized extraction within the bounds of reserved forests;
- iii) Nuclear power; and
- iv) Security printing and minting

At a local level, a foreign investor is required to be registered with BIDA, which is responsible for screening, reviewing and approving FDI in Bangladesh. The BIDA registration is mandatory for obtaining industrial plots in the special economic zone. It may take around 15-30 days to obtain a “Registration Certificate” from BIDA if all the required documents are submitted properly.

Foreign investors, depending on the type of sector, may also be required to obtain many licenses and permits such as an Import Registration Certificate, Export Registration Certificate, Bond License, etc. to run their business in Bangladesh.

The most common incorporation options for foreign investors include the following:

- a) Establishing a Liaison Office;
- b) Establishing a Branch Office;
- c) Establishing/becoming a member of a company, either through: (i) incorporating a 100% foreign owned (depending on industry specific restrictions, if any) company, or by incorporating a joint venture company (private or public); or (ii) by purchasing/acquiring shares in an already existing company.

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- i) Arms and ammunition and other defense equipment and machinery;
- ii) Forest plantation and mechanized extraction within the bounds of reserved forests;
- iii) Nuclear power; and
- iv) Security printing and minting.

The Industrial Policy of 2016 establishes a list of "Controlled" industries in which the Government sets a maximum threshold for foreign share ownership and for which approval from the line ministry is required before registration with the BIDA. This includes important sectors of the economy.

The "Controlled Sectors" which require prior permission from the respective line ministerial authorities before allowing FDI are listed below:

- i. Fishing in the deep sea;
- ii. Bank/financial institutions;
- iii. Exploration, extraction and supply of natural gas/oil;
- ix. Crude oil refinery;
- x. Medium and large industries using natural gas/condensed and other minerals as raw material;
- xi. Telecommunication services;
- xii. Satellite channels;
- xiii. Cargo/passenger aviation;
- ix. Sea bound ship transport;
- x. Sea-port/deep sea port;
- xi. Industries using heavy minerals accumulated from sea bed;
- xii. Explosive or any type of industry producing explosives;
- xiii. Acid production industry;
- xiv. Chemical fertilizer manufacturing industry;
- xv. Every type of Industrial Sludge;
- xvi. Stone Crusher Industry

On the other hand, some of unrestricted and encouraged sectors of industries include the following amongst others:

- i. Agro based;
- ii. Chemical;
- iii. Engineering;
- ix. Food and Allied;
- x. Glass and Ceramics;
- xi. Printing, Publishing and Packaging;
- xii. Tannery and Rubber products
- xiii. Textile;
- ix. Energy and Infrastructure;
- x. Services etc.

There are various incentives provided by the GOB to encourage foreign investors. These include the following:

Tax Holiday

Foreign investors enjoy tax holidays ranging between 3 to 10 years for selected industries subject to the relevant rules and procedures set by NBR. Currently, tax breaks are allowed on business derived from agriculture, food, and home appliance products, light engineering, ICT, women-led SMEs, and private hospitals. The location of the establishment also plays a role in determining such periods of tax holiday.

Tax Exemption

Tax exemptions are permitted in the following cases:

- (a) Tax exemption on royalties, technical know-how fees received by any foreign collaborator, firm, company and expert.
- (b) Exemption of income tax up to 3 years for foreign technicians employed in industries specified in the relevant schedule of the Income Tax Ordinance.
- (c) Tax exemption on income of the private sector power generation company for 15 years from the date of commercial production.
- (d) Tax exemption on capital gains from the transfer of shares of public limited companies listed with a stock exchange.

Investment and Repatriation

Bangladesh does not have any ceiling on the amount that can be brought in as foreign investment by foreign investors. There is also no restriction or the requirement of any prior approval from the GOB in remitting profits by the foreign companies operating in Bangladesh to their head offices. Hence, full repatriation of invested capital, profits and dividends are allowed. Reinvested repatriable dividends or retained earnings are treated as new investment. Employed foreigners in Bangladesh are allowed to remit up to 50% of their salaries and are also allowed to repatriate their savings and retirement benefits on their return.

Exit policy

Prior approval of the Central Bank is required for the repatriation of sales proceeds of foreign shareholders from the sale of their shares in companies not listed in the stock market. BB usually approves such repatriation of proceeds by accepting a fair valuation of the shares as on the date of the sale based on an appropriate combination of three valuation approaches (namely: net asset value approach, market value approach and discounted cash flow approach). Upon approval, the investor can repatriate the net proceeds.

Foreign employees

There is no restriction on issuance of work permits to foreign employees. A foreign national can become a permanent resident by investing a minimum of US\$ 75,000 (non-repatriable).

Avoidance of double taxation

Bangladesh has various international agreements in place, including bi-lateral agreements and investment treaties for avoiding double taxation and for promotion and protection of foreign investments. Bangladesh is also a signatory to MIGA, OPIC, ICSID and a member of the World Intellectual Property Organization (“WIPO”) permanent committee on development co-operation related to industrial property.

6. Acquisition of Shares

Private limited companies are a prevalent form of business organization in Bangladesh. They provide a structured framework for entrepreneurs to operate and expand their businesses. An essential aspect of private limited companies is the acquisition of shares. Whether you're a potential investor looking to buy shares or a company owner considering selling a portion of your stake, understanding the legal and procedural aspects of share acquisition is crucial.

Methods of Share Acquisition:

In Bangladesh, there are two primary methods to acquire shares in private limited companies:

1. Issuance of Shares:

Issuance of shares refers to the process of raising paid-up capital for growth and expansion. It involves the creation and offer of new shares of ownership (equity) to investors. When a company decides to issue new shares, it makes a portion of the company available for purchase by external parties, typically investors, in exchange for funds or other considerations.

2. Transfer of Shares:

The transfer of shares is the process of changing ownership from one person or entity (the transferor or seller) to another (the transferee or buyer). In Bangladesh, shares in a registered company are considered movable property and are transferable as specified in the registered Articles of Association of the company. Share transfers can occur for various reasons, including investment, inheritance, mergers, acquisitions, or changes in ownership structure.

Types of Shares:

Before delving into the share acquisition process, it's crucial to understand the types of shares that a private limited company in Bangladesh may issue:

Ordinary Shares: These are the most common shares, typically carrying voting rights and entitlement to dividends.

Preference Shares: Preference shares may offer a fixed dividend rate but often do not carry voting rights. They receive preference over ordinary shareholders in profit distribution.

Regulatory Framework:

Share acquisition in Bangladesh is governed by various laws and regulations, including the Companies Act 1994 and the Securities and Exchange Commission (SEC) Rules and Regulations.

Due Diligence:

Before acquiring shares in a private limited company, potential investors must conduct thorough due diligence. This involves reviewing the company's financial statements, corporate documents, and legal contracts to assess its financial health and the legitimacy of the shares being offered for sale.

Share Purchase Agreement:

Once due diligence is complete and both parties are satisfied with the terms, a share purchase agreement should be drafted. This legally binding document outlines the terms and conditions of the share acquisition, including the price, payment terms, and any warranties or representations made by the seller.

Approval Process for Issuance of Shares:

The approval process for the issuance of shares typically involves:

- i) Serving a notice for a board meeting to discuss and approve the issuance of shares.
- ii) Minutes of the board of directors' meeting approving the issuance of shares in the name of the allottee.
- iii) Obtaining No Objection Certificates (NOC) from existing shareholders if the allottee is a new shareholder.
- iv) Completing remittance procedures if the allottee is a foreign national.
- v) Issuing an auditor certificate reflecting the new share allotment.
- vi) Issuing share certificates and a share register book for the new allottee.

After completing all necessary documents and processes, they can be submitted to the Registrar of Joint Stock Companies and Firms (RJSC) for approval.

Approval Process for Transfer of Shares:

The approval process for the transfer of shares typically involves:

- i) Serving a notice for board meetings to discuss the share transfer.
- ii) Minutes of the board of directors' meeting approving the share transfer.
- iii) Obtaining No Objection Certificates (NOC) from existing shareholders.
- iv) Executing Form 117s and affidavits by the transferor (seller).
- v) In cases of transfers between residents and non-residents, ensuring the consideration amount is sent to the transferor's bank account.

After obtaining signed copies of all documents, they should be submitted to the RJSC for approval.

Tax Implications:

Share acquisition may have tax implications for both the buyer and the seller. Consultation with tax experts or legal advisors is advisable to understand and plan for any tax obligations arising from the transaction.

Stamp Duty:

Stamp duty is applicable to share transfer documents in Bangladesh, and both the buyer and seller are responsible for paying the required stamp duty on the share transfer deeds.

Conclusion:

Share acquisition (both issuance and transfer of shares) in private limited companies in Bangladesh is a regulated process that involves due diligence, legal documentation, and compliance with relevant laws and regulations. To ensure a smooth and legally sound transaction, it is essential for investors, buyers, and sellers to engage legal and financial experts. Understanding the intricacies of share acquisition can help businesses and investors navigate this process effectively in Bangladesh's business landscape.

6. Closing Down of Business

A. Private Company Limited by Shares

Winding up of a Private Company Limited by Shares is referred to as the legal mechanism of permanently closing down a company. It is a procedure by which the Company ends its existence as a separate legal entity after filing for dissolution under the supervision of a liquidator.

According to *Section 245 of the Companies Act of 1994 ("Companies Act")*, a petition for winding up may be submitted by a creditor, the company, or contributory, either together or separately. Each current and former member of the company shall be obligated to contribute to an amount adequate to cover the company's debts, liabilities, charges, and liquidation expenditures in the case of the company's winding up, according to Section 235 of the Companies Act.

Under Section 234 of the Companies Act, there are three modes of winding up a company in Bangladesh which may be either:

i. voluntarily, or

ii. by the court, or

iii. subject to the supervision of the court.

I. Winding up of a Company voluntarily:

1. When the period, if any, specified in the articles of incorporation for the duration of the company expires or an event occurs for which the articles provide that the company is to be dissolved, and the company in general meeting has passed a resolution for winding up voluntarily;
2. if the company resolves by special resolution that the company be wound up voluntarily;
3. if the company resolves by extraordinary resolution that it cannot continue due to its liabilities;

It should be emphasised that when the resolution for voluntary winding up is passed, the voluntary winding up process is assumed to have started.

II. Winding Up of a Company by the Court:

Winding Up of a company by the court may be done in certain circumstances which are:

1. if the company through the special resolution decided that it must be winded up by the court; or
2. if the default is made in filling the statutory report or in holding the statutory meeting; or
3. if the number of members is reduced below the required number as per the Company Law; or
4. the company is incapable of paying its debts; or
5. if the court is of opinion that it is just and equitable to wind up the company.

III. Winding up subject to supervision of court in Bangladesh

When a company has decided to dissolve voluntarily through a special or extraordinary resolution, the court may order that the voluntary liquidation proceed but under its supervision and on the terms it deems appropriate.

It is important to note that when an order of winding up is made at the discretion of the court, no suit or legal proceeding shall be pursued without the court's permission as per Section 250 of the Company Act.

Section 242 of the Companies Act considers whether a company is determined to be unable to pay its debts. This will be the case if the company owes a debt to a creditor and fails to pay the debt for three weeks, if an execution or other proceeding issued in accordance with a court order or decree in favour of a company creditor is returned unsatisfied in whole or in part, or if it is convincingly shown to the court that the company is unable to pay its debts and the court is required to take account of them.

Section 316-321 of the Companies Act deals with judicial supervision. The court may issue an order requiring the voluntary winding up to take place but be subject to scrutiny from the court and any conditions the court deems necessary in cases when a company has agreed to dissolve voluntarily through unique or exceptional measures. The liquidator may exercise all the powers, subject to any restrictions given by the court, as if the company were being wound up voluntarily entirely when an order for winding up is made subject to supervision.

B. Branch/Liaison/Representative Office

The closure or dissolution of a branch/liaison/representative office in Bangladesh requires proper legal procedures. The parent company must notify BIDA and follow the necessary steps to wind up the office's operations. Debts, liabilities, and legal obligations must be settled before the closure is finalised.

Notice by advertisement in a national daily published at least 3 (three) months before closure of Branch/Liaison/Representative office in Bangladesh. In the interim period of the 3 months' notice publication by advertisement, the following documents need to be organised:

- (a) Parent company notice and board resolution for closing of the office;
- (b) No objection certificate from lessor in relation to leased office space;
- (c) Up to date Bank Statements;
- (d) Income tax clearance certificate;
- (e) Cancellation letter of work permit of all expatriate staff, if any;

- (f) Up to date Audit Report;
- (g) All dues settlement certificate;
- (h) Auditor's report on any third party liabilities.

Upon expiry of the 3 months of the notice by advertisement the documents mentioned under step 2 has to submitted to BIDA along with the following documents for processing the closure of the Branch/Liaison/Representative Office:

- (a) Forwarding Letter;
- (b) Copy of the office permission letter;
- (c) Copy of Notice by advertisement.

Finally, cancellation of registration of the office needs to be completed at the Registrar of Joint Stock Companies & Firms (RJSC).

7. Competition Law

The Bangladesh Parliament on the 21st June 2012, passed the Competition Act, 2012 repealing the previous Monopolies and Restrictive Trade Practices (Control and Prevention) Ordinance, 1970 (the "MRTP,1970"). The MRTP, 1970 although aimed at regulating monopolistic, restrictive and unfair trade practices within Bangladesh, was never fully implemented. Like other competition laws, the Competition Act, 2012, covers (a) anticompetitive agreements in both vertical and horizontal aspects, (b) abuse of a dominant position and (c) control of mergers. The objective of the Act is "to make provisions to promote, ensure and sustain congenial atmosphere for the competition in trade, and to prevent, control and eradicate collusion, monopoly and oligopoly, combination or abuse of dominant position or activities adverse to the competition". It is applicable to all enterprises involved in the purchase and sale, production, supply, distribution or storage of goods and services for commercial purposes and does not distinguish between regulated and non-regulated sectors, except for goods or services which are not open for the private sector and controlled by the Government for national security purposes.

Although the Competition Act, 2012 was enacted in 2012, implementation of the legislation began only from 2016 after the Competition Commission (who is the competition regulator in Bangladesh) was finally established, as was required by the Act. It may also be noted that although the Act contains an enabling provision to enact subordinate legislation, the Commission or the Government are yet to publish or enact rules or regulations to fulfil the purpose of the Act, specifically to expand on the existing provisions of the Act in order to provide more clarity. The Commission is currently working on drafting Competition Complaints & Judicial Procedure Regulations and Mergers and Acquisitions Regulations.

Under the Competition Act, any agreements, explicit or implicit, related to production, supply, distribution, or acquisition that harm competition or create market monopolies are prohibited.

This includes various anticompetitive practices such as fixing abnormal prices, limiting production or markets, and dividing markets or sources of goods or services.

Specific agreements like tie-ins, exclusive supply, exclusive distribution, refusal to deal, and resale price maintenance are considered anti-competitive if they negatively impact competition. Currently, the law lacks flexibility in enforcement due to the exclusive and exhaustive nature of these provisions, according to the Bangladesh Competition Commission. There are exemptions for protecting intellectual property rights and agreements solely for exporting goods from Bangladesh.

Under the Competition Act, 2012, there is a general prohibition on abuse of dominance. Abuse of dominance is presumed if an enterprise imposes unfair conditions, limits production or market access, or uses its dominant position to protect other markets. The Act defines "dominant position" as a position that allows an enterprise to operate independently of competitive forces or influence competitors, consumers, or the market in its favor. Unlike some other laws, the Act does not specify a market share threshold for dominance.

The Competition Act, 2012, also prohibits combinations that harm competition and grants the Bangladesh Competition Commission the authority to approve or forbid these operations upon application. Currently, regulations detailing the notification and review process, including criteria, thresholds, and deadlines, are being developed. The Act does not specify if notifications are mandatory or voluntary, pre- or post-merger. The Commission is considering implementing binding notification requirements, specific deadlines, thresholds excluding small companies, potential exemptions for market-neutral transactions, fixed time frames for merger assessments, and consequences for failure to notify mergers, including the power to unwind or divest unnotified mergers.

8. Intellectual Property

In Bangladesh, the primary intellectual property laws are: (i) the Trademarks Act, 2009, (ii) the Copyrights Act, 2000, and (iii) the Patents and Designs Act, 1911. Registration of trademarks and patents are sought from the Bangladesh Department of Patents, Designs and Trademarks, and registration of copyrights are sought from the Bangladesh Copyright Office.

Copyright Registration

1. Section 17 of Copyrights Act, 2000 provides that the author of a work shall be the first owner of copyright, subject to the below provisions:

“Section 17(c)- in the case of a work made in the course of the author’s employment under a contract of service or apprenticeship... the employer shall, in the absence of any agreement to the contrary, be the first owner of the copyright therein;”

“Section 17(h)- in the case of a computer programme, the person or persons or institution appointed for creating the programme, shall be the first owner of copyright, if there is no other agreement;” (unofficial translation from Bangla to English)

As such, the ownership of the copyrights would be determined as per the employment agreement or contract between the author and employer/beneficiary and any such contract should address the matter of ownership of work product specifically.

2. Moreover, according to Section 18 of Copyrights Act, 2000, the owner of the copyright in an existing work or the prospective owner of the copyright in a future work may assign to any person the copyright:

- either wholly or partially, and
- either generally or subject to limitation, and
- either for the whole term of the copyright or any part thereof.

However, in the case of the assignment of copyright in any future work, the assignment shall take effect only when the work comes into existence and the assignment must be recorded at the copyright office. An assignment agreement between the parties must be submitted as supporting documents for the assignment of any copyright.

Trademarks

3. The Bangladesh Trade Marks Act, 2009 does not define a creator of a trademark but instead includes provisions on ‘proprietors’ of trademarks. The term “registered proprietor” is defined in Section 2(17) of the Trademarks Act, 2009 and means the person whose name is recorded in the trademarks register as the proprietor of the trademark. Section 2(17) of the said Act states as follows:

““registered proprietor” means the person whose name is recorded in the Register as proprietor of the trademark;”

As such the owner of a trademark is considered to be the applicant of the trademark rather than the creator of it. Albeit, it is still advisable that the proprietor should put a contract in place with the creator of the trademark for creating the trademark on behalf of the proprietor.

4. Per Section 33 of Trademarks Act, 2009, it is possible to assign rights on a trademark. Section 33 of Trademarks Act, 2009 states as follows:

“33. Power of registered proprietor to assign and give receipts—The person for the time being entered in the Register as proprietor of a trademark shall, subject to the provisions of this Act and to any rights appearing from the Register to be vested in any other person, have power to assign the trademark, and to give effectual receipts for any consideration for such assignment.”

The assignment must be recorded at the trademarks office. An assignment agreement between the parties must be submitted as supporting document to record the assignment of a trademark.

Patents

5. The Bangladesh Patents and Designs Act, 1911 defines invention in Section 2(8) as any manner of new manufacture and includes an improvement and an alleged invention. A person who invents is referred to as an ‘inventor’. A patent application for registration can be filed by both the inventor or his/her employer or a person to whom the right is assigned. If the application is filed by any person other than the inventor, the applicant should have a contract with the inventor for creating the invention on behalf of the applicant.

6. It is possible to assign right on a patent under Section 63 of Patents and Designs Act, 1911, which states as follows:

“63. (1)Where a person becomes entitled by assignment, transmission or other operation of law to a patent or to the copyright in a registered design, he may make application to the Registrar to register his title, and the Registrar shall, on receipt of such application and on proof of title to his satisfaction, register him as the proprietor of such patent or design, and shall cause an entry to be made in the prescribed manner in the register of the assignment, transmission or other instrument affecting the title”.

The assignment must be recorded at the patent office and the assignment agreement between the parties should be submitted as supporting documentation for the assignment of patent.

9. Work Permit

Any Bangladeshi entity intending to hire foreign staff must secure work permit from BIDA for such staff. Securing the work permit involves the payment of a fee and submission of BIDA's required set of documents, after the concerned staff arrives in Bangladesh on an (employee) "E-Visa". The ratio for employment of foreign nationals to Bangladeshi nationals must not generally exceed 1:5 as per BIDA at the hiring entity, and 1:20 in case of BIDA registration as an industry, although exemption applications may be made to the BIDA to seek waiver/relaxation from this ratio requirement under appropriate circumstances.

Foreign nationals (expatriate personnel) leaving Bangladesh permanently after expiry of their period of service as per their respective employment contracts, are permitted to transfer/repatriate their "genuine savings" derived from their salaries/benefits under their employment contracts duly approved by the BIDA. Such expatriate personnel are eligible to transfer their retirement benefits (such as provident fund, pension and gratuity) abroad too as per the employment contracts approved by BIDA.

The aforesaid "genuine savings" can be repatriated through the Authorised Dealer (i.e. respective scheduled bank) without requiring approval from the Bangladesh Bank. If, however, the expatriate personnel wishes to repatriate proceeds from the sale of real assets, household articles, real-estate etc., such a request must be forwarded to the Bangladesh Bank for approval (with a separate set of supporting documentation as stipulated in the FX Guidelines).

In order to repatriate the genuine savings of the expatriate as aforesaid, an application must be made (by the employer and the employee) with supporting documentation to the concerned Authorised Dealer in prescribed format.

10. Employment Law

In Bangladesh, the benefits of workers and responsibilities of an employer are acknowledged and regulated by the Bangladesh Labour Act, 2006 (“**Labour Act, 2006**”) supplemented by the Bangladesh Labour Rules, 2015 (“**Labour Rules, 2015**”). The Labour Act was promulgated on 11th October 2006 consolidating and repealing 25 (twenty five) previous laws including the Employment of Labour (Standing Orders) Act, 1965 and the Workmen’s Compensation Act, 1923, the Minimum Wages Ordinance, 1961, etc.

The provisions of both the Labour Act, 2006 and the Labour Rules, 2006 are applicable to all employees who come within the ambit of the definition of “worker” as defined by the Labour Act. The Labour Act provides a broad definition of “worker” opting out individuals working in a managerial or administrative capacity. In relation to the definitions of workers, disputes have arisen over the years and addressed by various judicial decisions setting out criterias which helps in ascertaining whether an individual should be considered as “worker” or not.

Government agencies empowered with enforcement of the Labour Act, 2006 and the Labour Rules, 2015 include the Department of Inspection for Factories and Establishments, Director of Labour, Additional Directors of Labour, Joint Directors of Labour, Deputy Directors of Labour, Assistant Directors of Labour, Labour Officers Chief Inspector, Deputy Chief Inspectors, Assistant Chief Inspectors, Inspectors or Assistant Inspectors, who are appointed by the Government by gazette notification.

As per the Labour Act, e 7 (seven) classes of workers are recognized including amongst others, temporary, probationer, and permanent. Definitions of such categories are laid down by the law.

At the outset, it is pertinent to mention that the Labour Act, 2006 expressly states that every employer is obliged to provide the employees with benefits the minimum standards of which are set by the law. Under the Labour Act, 2006 the benefits offered under an employment contract cannot be less favourable than that provided by the Labour Act. However, employers are allowed to provide benefits more than stipulated in the law. In the event where employers choose to have their own service rules, such rules must be approved by the concerned regulatory body in order for the same to have effect. The Labour Act, 2006 mandates equal pay for equal work regardless of gender, ensuring fair compensation for employees.

The Labour Act, 2006 sets out the conditions of employment through which an employee is to be appointed by an employer. Such conditions include the issuance of an appointment letter in favor of the employee followed by furnishing of ID cards and maintenance of service books, the details of which are given in the law. The Labour Rules, 2015 further stipulates the information that need to be included in the said appointment letter which include amongst others, the name of employee, designation, date of appointment, existing service rules etc. Further, the Labour Rules, 2015 stipulates that appointment letters and identity cards (ID Cards) must be preserved in the specific form as designated by the rules.

The working hours of employees depending on their classification of employment along with the leaves to which they are entitled and any other monetary benefits must be given in compliance with the Labour Act, 2006 and Labour Rules, 2015.

In the event where employers are in violation of the labour laws, such employers are subject to penalty including both fine and imprisonment depending on the violation that has taken place.

Employers in Bangladesh are legally obligated to pay the minimum wage specified for their industry and region, as mandated by the Labor Act, 2006. Failure to comply with minimum wage regulations is a violation of the labour law and can lead to legal consequences.

On the part of employees, they are legally obliged to maintain the confidentiality of sensitive and confidential information disclosed during their term of employment with any establishment, failure of which shall result in a penalty which includes both imprisonment and fine. Additionally, the employees are under legal obligation to perform their roles and responsibilities with diligence.

There is no binding force to form any work councils or other representative bodies. However, workers have the right to form trade unions under the provisions of Chapter XIII of the Labour Act primarily for the purpose of regulating the relations between workers and employers.

Severance of employment of an individual may occur through resignation, termination, dismissal, retrenchment, retirement, death, etc. The Labour Act, 2006 lays down the period of notice that must be provided either by employer to employee or by the employee to the employer and the conditions that must be fulfilled by either party for such severance.

Post severance of employment, employees are entitled to receive employment benefits in the form of pending annual leave, termination benefits, accrued wages, etc. The calculations of such benefits are duly provided by the law.

In the event of disputes arising between employers and employees, such disputes can be resolved through conciliation, arbitration, or litigation. A dispute between an employer and worker, is initiated in the Bangladesh Labour Court ('Labour Court') to resolve the matter. Any party not satisfied with the decision of the Labour Court may appeal to the Labour Appellate Tribunal ('Tribunal'). The Tribunal may confirm, vary, modify or set aside any judgement, decision, award or sentence of a Labour Court or return the case to the Labour Court for rehearing. The Tribunal shall have authority to punish for contempt of it or of any Labour Court. If the Tribunal sentences any person to imprisonment or imposes a fine exceeding Tk. 200, the convicted person may prefer an appeal to the High Court Division of the Supreme Court.

11. Taxes

a. Income Tax

General

Income tax is imposed on total income from all sources after making deductions for allowable expenses. The term 'total income' includes income from sales revenue, fees, commissions, realised exchange gains, rents, dividends and interest, provisions and trading liabilities not paid within three years, as well as inadmissible expenses. Foreign sourced income of Bangladesh resident companies is included in taxable income, but credit is given for tax paid outside Bangladesh.

The rates of tax applicable to certain (and most common) types of business are as follows:

	Type of company	Rate of Taxation
1.	One-person company	22.5%
2.	Private limited company ¹	27.5%
3.	Public limited company (non-listed) ²	
4.	Publicly traded companies ³ which have listed more than 10% of their paid-up capital through IPO in stock exchanges in Bangladesh	20%
5.	Publicly traded companies ⁴ which have listed less than 10% of their paid-up capital through IPO in stock exchanges in Bangladesh	22.5%
6.	Listed banks, insurance companies and other financial institutions (except merchant banks)	37.5%
7.	Banks, insurance companies and other financial institutions (except merchant banks) which are not listed	40%
8.	Merchant banks	37.5%

Preferential Industries.

However, preferential/reduced rates of corporate tax are applicable to certain industries subject to conditions. Some such industries are listed below:

¹ Other than banks, insurance companies, merchant banks and other financial institutions, jute, textile, mobile phone perators, cigarette and other tobacco manufacturing companies.

² As above.

³ Excluding banks, insurance companies, merchant banks and other financial institutions, jute, textile, mobile phone perators, cigarette and other tobacco manufacturing companies.

⁴ Excluding banks, insurance companies, merchant banks and other financial institutions, jute, textile, mobile phone perators, cigarette and other tobacco manufacturing companies.

	Type of Industry	Rate of Taxation
1.	Textile	15%
2.	Income from exports	12%
3.	Poultry	Between 3-15% (based on a sliding scale)
4.	Fishery	Between 0-15% (based on a sliding scale)

Capital Gains.

Capital gains tax was introduced in Bangladesh in the year 2010.

Transfer of a capital asset generally requires payment of capital gains tax. However, if any asset is revalued at fair market value as per the International Accounting Standard (IAS) and International Financial Reporting Standard (IFRS), the asset will not be considered as a transfer and the deemed income (i.e. the unrealized gain) shall not be considered as capital gain.

Capital gains for transfer of stocks and shares of public listed companies vary from between 5-15%, with sponsor shareholders and shareholder-directors being charged capital gains at 5%, resident companies being charged capital gains at 10% and non-residents being charged at 15%.

For companies, income from capital gains is separated from the total income and tax is payable at the rate of 15% on such capital gains.

Where the assessee is not a company, if the asset is transferred before/within 5 (five) years of the date of acquisition of the asset, capital gains will be taxed as the usual rate applicable to the assessee's total income. However, if the asset is transferred after 5 (five) years of the date of acquisition, capital gains will be taxed at 15% on the amount of capital gains made.

Transfer of capital assets in a scheme of amalgamation (requiring consent from the Company Court of the High Court of the Supreme Court of Bangladesh) is exempted from tax. But whether consideration in the amalgamation proceedings is paid other than through an exchange in shares, is subject to capital gains tax.

Tax on Dividend.

A company paying dividend is required to withhold tax on dividend at the time of payment. The rates of withholding are as follows:

	Assessee	Rate of Taxation
1.	Resident company, non-resident company, fund or trust	20%
2.	Non-resident company, other than a trust or fund	30%
3.	Bangladeshi resident, other than a company	10% or 15% (depending on whether a taxpayer's identification number (TIN) certificate has been furnished)
4.	Branch office [when remitting profit to its head office]	20%

However, where a tax treaty (DTT/DTA) exists between Bangladesh and the assessee's resident jurisdiction, the rate of taxation shall be at the rate mentioned in the treaty. Bangladesh currently has double taxation treaties (DTTs) with 40 countries, these countries being: Bahrain, Belarus, Belgium, Bhutan, Canada, China, Czech Republic, Denmark, France, Germany, Hong Kong, India, Indonesia, Iran, Italy, Japan, Kuwait, Malaysia, Maldives, Mauritius, Morocco, Myanmar, Nepal, The Netherlands, Norway, Oman, Pakistan, Philippines, Poland, Republic of Korea, Romania, Saudi Arabia, Singapore, Sri Lanka, Sweden, Switzerland, Thailand, Turkey, United Arab Emirates, United Kingdom, United States of America, Vietnam. To avail the DTTs, assesses must first register their investments with the Bangladesh Investment Development Authority (BIDA) and then apply to the National Board of Revenue (NBR) for double taxation relief.

Indirect Taxation in Offshore Transactions involving Assets in Bangladesh.

By the Offshore Indirect Transfer Rules, 2022 [SRO No.156 issued under the Income Tax Ordinance, 1984], the Bangladesh National Board of Revenue has prescribed detailed guidance on tax computation, compliance and payment for income deemed to have accrued or arise in Bangladesh due to transfer of any assets situated in Bangladesh. A formula methodology has been set out in the said SRO No.156 and it mandates the filing of the "Form No.OIT-1 " within 90 (ninety) days of a transfer taking place, duly signed and verified by an accountant for establishing apportionment.

The new Income Tax Act, 2023 in section 27 has further stated that the transfer of shares in a company that is not a resident of Bangladesh shall be deemed to be a transfer of asset in Bangladesh to the extent that the value of the shares so transferred is directly or indirectly attributable to the value of any assets in Bangladesh.

Minimum Tax.

It may be noted that there is a requirement of payment of minimum tax in Bangladesh, which is the higher of : withholding tax on certain sources of income, or minimum tax calculated on the bases of overall gross receipts.

VAT (Value Added Tax)

Subject to certain exceptions, business entities which have a turnover of BDT 5,000,000 (Five Million Bangladesh Taka) plus in a period of 12 months must enlist for Turnover Tax, and business entities which have a turnover of BDT 30,000,000 (Thirty Million Bangladesh Taka) plus must register for VAT. The relevant law in this regard is the Value Added Tax and Supplementary Duty Act, 2012 ("VAT & SD Act, 2012"), which came into effect in July 2019.

The standard rate of VAT under the VAT & SD Act, 2012 in Bangladesh is 15%. Although VAT is imposed on goods/services at each stage of import, manufacturing, delivery or trading, Bangladesh makes an extensive use of truncated base tax assessment, where the businesses with annual sales over BDT 8 million shall pay a turnover tax of 15% in lieu of VAT.

Trade VAT.

Trading businesses are subject to VAT at a rate of 5% on supply, except for traders of medicine and petroleum products (applicable VAT rate in these case being 2.4% and 2% respectively). Certain wholesale businesses such as clothing and paper have a lower VAT rate of 1.5%.

Goods and services which are subject to truncated VAT are not eligible for input VAT credit.

Suppliers of goods and services can choose to exercise the standard VAT rate of 15% with full input tax credit against their purchase, if they consider that advantageous for business.

Advance Tax.

Importers are required to pay Advance Tax at the rate of 5% on taxable imports. Such Advance Tax can be shown as decreasing adjustment during the concerned VAT period or for 4 (four) succeeding VAT periods.

Advance Tax for import of materials which are to be further used in production or manufacturing of goods is lower and to be charged at the rate of 3%, subject to fulfilment of certain conditions.

Truncated VAT.

The VAT & SD Act, 2012 prescribes VAT rates lower than the standard 15% in its Third Schedule. However, goods and services subject to Truncated VAT rates will not be eligible for input VAT credit.

Persons registered under the VAT & SD Act, 2012 (and holding BIN certificates) are required to pay their net VAT payables (i.e. output VAT less input VAT and other adjustments) at the time of submission of VAT return, which is within 15 days following the month end.

VAT Agent

Non-residents (non-registered entities) can now appoint VAT Agents in Bangladesh. The VAT Agent can conduct and carry out any VAT related responsibilities arising out of the activities performed by the non-resident in the country. Such VAT Agent must hold VAT registration in the name of the principal (non-resident). Note however that the principal shall be liable for payments related to taxes, fines, penalties and interest.

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