

Highlights of Finance Bill 2024

Presented By

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Personal Income Tax

1. Rate of income tax for general Individual and Partnership Firm are proposed to be updated as follows:

Existing		Proposed	
Amount of Taxable Income	Rate	Amount of Taxable Income	Rate
First Tk. 350,000 or as applicable	Nil	First Tk. 350,000 or as applicable	Nil
Next Tk. 100,000	5%	Next Tk. 100,000	5%
Next Tk. 300,000	10%	Next Tk. 400,000	10%
Next Tk. 400,000	15%	Next Tk. 500,000	15%
Next Tk. 500,000	20%	Next Tk. 500,000	20%
On the balance	25%	Next Tk. 2,000,000	25%
		On the balance	30%

Exemption limit for other Individual Taxpayers:

Tax Payers Types	Existing	Proposed
Female taxpayers and taxpayers above the age of 65 years	Taka 400,000	Taka 400,000
Third gender and with disability	Taka 475,000	Taka 475,000
Physically challenged person	Taka 475,000	Taka 475,000
Gazetted freedom fighters	Taka 500,000	Taka 500,000

Parents or legal guardians of disabled individuals will enjoy a further exemption of BDT 50,000 in addition to their existing limit of tax exempted income. If both parents of a disabled individual are taxpayers then **one of them** will be eligible for this increased limit of exemption.

2. Minimum Tax Payable for Individual Taxpayers [Unchanged]

Minimum tax is payable depending on the location of Taxpayers as follows:

Details of Location	Minimum Tax Amount
Within Dhaka City Corporation (North and South) and Chittagong City Corporation	Taka 5,000
Any other City Corporation in Bangladesh	Taka 4,000
Other than City Corporation area	Taka 3,000

3. Surcharge [Unchanged]

Surcharge is payable by individual taxpayer whose total net worth as per their Personal Net Worth and Lifestyle Statement **exceeds the permissible limit** in the following manner:

Total Net Worth	Surcharge %
Up to Taka 4 Crore	Nil
Over Taka 4 Crore to Taka 10 Crore or Owner of more than 1 motor car or Owner of House property more than 8,000 sqf size in total within City corporation area	10%
Over Taka 10 Crore to Taka 20 Crore	20%
Over Taka 20 Crore to Taka 50 Crore	30%
Over Taka 50 Crore	35%

Individual Tax Payers having **Total Assets more than Taka 50 lacs (Previously Taka 40 lacs)** will now be required to furnish “Statement of Assets and Liabilities” at the time of Income Tax Return submission.

4. Non-Residents [Unchanged]

Non-Residents (other than Bangladeshi Non-Residents) shall have to pay tax @ 30% on their total income.

5. Special Arrangements for Demonstration of Undisclosed Assets

Notwithstanding anything contained in the Income Tax Act, 2023 or any other law, no statutory public authority, including the Income Tax Authority, shall raise any question as to the source of any wealth of a person, if such person has, between 1st July 2024 and 30th June 2025 (both days included) pay 15% tax on non-disclosed immovable property such as flats, apartments and land and 15% tax on other assets including cash before filing the return or revised return for the tax year 2024-2025.

6. Miscellaneous

- Capital gain up to Taka 50 Lacs from Sale of shares/securities of listed entities will be fully tax exempted.
- Income from hostel, hotel, motels, resorts and warehouse will not be considered as income from rent anymore.
- Any gift from husband to wife, father to mother/children and *vice versa* can be excluded from total income provided it is shown under both of their Tax returns.
- Any service charge, repair and maintenance or other charges collected from tenant will be considered as rental income.
- Any donation, gift or grant by individuals will be included in income from other sources.

Corporate Income Tax Rates

Description	Existing 2023-2024	Proposed 2024-2025	Applicable tax rate if fails to meet the condition
Publicly traded company that issues shares worth more than 10 percent of its paid-up capital through Initial Public Offering (IPO)	20%	Unchanged	22.5%
Publicly traded company that issues shares worth ten percent or less than 10% percent of its paid-up capital through IPO	22.5%	Unchanged	25%
Non-publicly traded company	27.5%	25%	27.5%
One Person Company (OPC)	22.5%	20%	22.5%
Publicly traded bank, insurance and financial institution (except merchant bank)	37.5%	Unchanged	N/A
Non-publicly traded bank, insurance and financial institution	40%	Unchanged	N/A
Merchant bank	37.5%	Unchanged	N/A
Company producing all sorts of tobacco items including cigarette, bidi, chewing tobacco and gul.	45%+2.5% surcharge	Unchanged	N/A

Description	Existing 2023-2024	Proposed 2024-2025	Applicable tax rate if fails to meet the Condition
Publicly traded mobile operator company that issues shares worth more than 10 percent of its paid-up capital through pre-Initial Public Offering Placement not more than 5%	40%	Unchanged	N/A
Non-Publicly traded mobile operator company	45%	Unchanged	N/A
Co-operative societies registered under Co-operative Societies Act, 2001	15%	20%	N/A
Other than companies and individuals, non-residents of Bangladesh (other than non-resident Bangladeshis of such income) tax on income applicable to all such other taxpayers-	30%	Unchanged	N/A
Other than companies, trusts, funds, associations and other taxable persons; Tax applicable on income in case of entity	27.5%	Unchanged	N/A
Private university, private medical college, private dental college, private engineering college or private college engaged in teaching only information technology; Tax applicable on income	15%	Unchanged	N/A
<i>Condition: In this case, all types of income and receipts and all types of expenses and investments above Taka 5 lacs in each single transaction and above Taka 36 Lacs annually must be done through bank transfer. It is proposed to remain the existing structure of other tax rates.</i>			

Changes in rate of Withholding Tax

Description	Existing Rate 2023-2024	Proposed Rate 2024-2025	Section Ref
Supply of services against contracts executed for manufacturing, process or conversion, works, construction, engineering or any other similar works	Base amount (Taka): - 0-50 Lac 3% -50 Lac-2 Crore 5% -2 Crore to above 7%	7%	89 [SRD: 161-Act/Income Tax/36/2024]
Supply of any other goods		5%	
Tax deduction at source of daily essentials like- paddy, rice, wheat, potato, fish, meat, onion, garlic, peas, gram, lentil, ginger, turmeric, dry chilies, dal, maize, flour, flour, salt, the existing rate of deduction of tax at source on supply of edible oil, sugar etc.	2%	1%	
Supply of Oil by the Oil refinery organization	3%	2%	
Supply of recycled lead	-	3%	
Supply industrial raw materials to manufacturer	4%	3%	
Tax at source against supply of gas and petroleum oil and rationalization of rate of collection of tax at source on powdered milk, aluminum products, ceramic products	0.6%	Unchanged	

Description	Existing Rate 2023-2024	Proposed Rate 2024-2025	Section Ref
Revenue or any license fees paid by any cellular mobile phone operator	10%	20%	98
Tax deduction on Interest Income of savings deposit and fixed deposit etc. <ul style="list-style-type: none"> Trust, association of persons and company Primary educational institutions, Chartered Accountant/Cost and Management Accountant/Chartered Secretaries Institute Any other individual 	20% 10% 10%	Unchanged Unchanged Unchanged	102
Tax at source from the income of freight forward agencies <ul style="list-style-type: none"> On commission On gross amount 	- -	10% 2.5%	124 [SRO: 161-Act/Income Tax/36/2024]
Payment received/revenue shared for services provided to any foreign person by a resident or allowing the use of any online platform for advertisement or any other purposes. <i>[Excluding ITES Services, Income derived from ocean going ship, Remittance towards Bangladeshi resident for providing services to abroad]</i>	10%	7.5%	124(1)

Minimum Corporate Income Tax

Type of Tax Payer	Existing Rate 2023-2024	Proposed Rate 2024-2025
Manufacturer of Cigarettes, Biris, chewing tobacco, Or smokeless tobacco or any other tobacco products	3%	Unchanged
Manufacturer of carbonated beverages, sweetened beverages	5%	3%
Mobile Phone operator	2%	Unchanged
A natural person taxpayer other than a manufacturer of cigarettes, bidis, chewing tobacco, smokeless tobacco or any other tobacco product	0.25%	Unchanged
In any other case	0.60%	Unchanged

Obligation to file proof of return filing (PSR)

Add two new clauses as follows:

- Hotels, Restaurants, Motels, Hospitals, Clinics etc. during obtaining and renewing of licenses.
- Community center, Convention hall or Homogeneous reception.

Penalty for not showing proof of return filing

Description	Existing Penalty 2023-2024	Proposed Penalty 2024-2025
If a taxpayer whose income is driven from business under the obligation to file a return under this act fails to display the proof of filing of the return in a place easily visible at his place of business	Not less than 5,000 and not more than 20,000.	Not less than 20,000 and not more than 50,000.

Tax exemptions, concessions and credits

The income of any resident person or non-resident Bangladeshi natural person arising from any of the following businesses, namely from 01st July, 2024-30th June, 2027 will enjoy Tax exemption [Schedule-6, Table-21]:

New Eligible Business list:

- AI based solution development
- Block chain-based solution development
- Robotics process outsourcing
- Software as a service
- Cyber security service
- Digital data analytics and data science
- Mobile application development service
- Software development and customization
- Software test lab service
- Web listing, website development and service
- IT assistance and software maintenance service
- Geographic information service
- Digital animation development
- Digital graphics design
- Digital data entry and processing
- E-learning platform and e-publication
- IT freelancing
- Call center service
- Document conversion, imaging, and digital archiving.

Exclusion from the existing list:

- IT process outsourcing
- Website hosting
- Graphic information service
- Overseas medical transcription
- Search engine optimization service
- Cloud service
- System integration
- Nationwide telecommunication transmission network

Value Added Tax (VAT) and Other Duties

Value Added Tax (VAT) Rates:

Description of Goods and Services	VAT Rate		Service Code/ H.S. Code
	Existing	Proposed	
Mango bar	5%	15 %	All H.S. Code (Under 20.08)
Mango juice, pineapple juice, guava juice and tamarind juice	5%	15 %	All H.S. Code (Under 20.09)
All kind of energy saving bulbs and tube lights (18 Watt and 36 Watt)	5%	15 %	All H.S. Code (Under 85.39)
Cigarette / bidi paper (26 ± 2 gm / 2m)	7.5%	15 %	All H.S. Code (Under 48.13)
Buyer of auction products	7.5%	15 %	S060.00
Amusement park and theme park	7.5%	15 %	S064.00
Auction house	10%	15 %	S009.00
Automated laundry	10%	15 %	S013.00
Security service	10%	15 %	S040.00
Lottery ticket seller	10%	15 %	S066.00

Description of Goods and Services	VAT Rate		Service Code/ H.S. Code
	Existing	Proposed	
SIM card or e-SIM supplier	Taka 200 (Per SIM)	Taka. 300 (Per SIM)	SO12.20
a. Ordinary bricks made without machinery	Taka 450 (Per thousand)	Taka 500 (Per thousand)	All H.S. Code (Under 69.04)
b. Ordinary bricks made with machinery	Taka 500 (Per thousand)	Taka 600 (Per thousand)	
c. (i) Automated machine-made bricks (first grade) (ii) Automated machine-made bricks (second grade)	Taka 700 (Per thousand)	Taka 800 (Per thousand)	
d. Brick chips	Taka 700 (Per 100 CFT)	Taka 800 (Per 100 CFT)	
e. Micad bats	Taka 500 (Per 100 CFT)	Taka 600 (Per 100 CFT)	

- *Regardless of the legal form any business entity having turnover more than Taka 10 Crore will now be considered as Withholding Entity.*
- *The exemption for tour operators (Service Code SO77.00) has been withdrawn and from now onwards VAT will be applicable at 15%.*
- *The deposit amount of claim by VAT authority, for appeal at Commissioner and Tribunal stage, has been proposed to be reduced from 20% to 10%.*

Supplementary Duty (SD) Rates:

Description of Goods and Services	SD Rate		Service Code/ H.S. Code
	Existing	Proposed	
All kinds of ice-cream	5%	10 %	All H.S. Code (Under 21.05)
Carbonated beverage (Caffeine level up to 145 mg/L as per [BDS 1123:2013])	25%	30 %	2202.10.00
Carbonated beverage (Caffeine level above 145 mg/L as per [BDS 1123:2013])	35%	40 %	2202.99.00
Cigarette containing tobacco	65%	66 %	2402.20.00
Telephone (all services offered by sim/rim cards)	15%	20 %	S012.10

Changes in Advance Tax (AT) on Import stage:

Advance Tax (AT) on import stage has been exempted for the following items:

Description of Goods and Services	Service Code/ H.S. Code
Ethylene glycol (ethanediol) imported by Industrial IRC holder VAT compliant PET chips manufacturing industry	2905.31.10
Terephthalic acid imported by Industrial IRC holder VAT compliant PET chips manufacturing industry	2917.36.10
Chiller (Capacity 50 tons or above)	8418.69.97

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