



# Taxation in Turbulent Times

**The Twelfth IMF-Japan High-Level Tax Conference**

National Board of Revenue

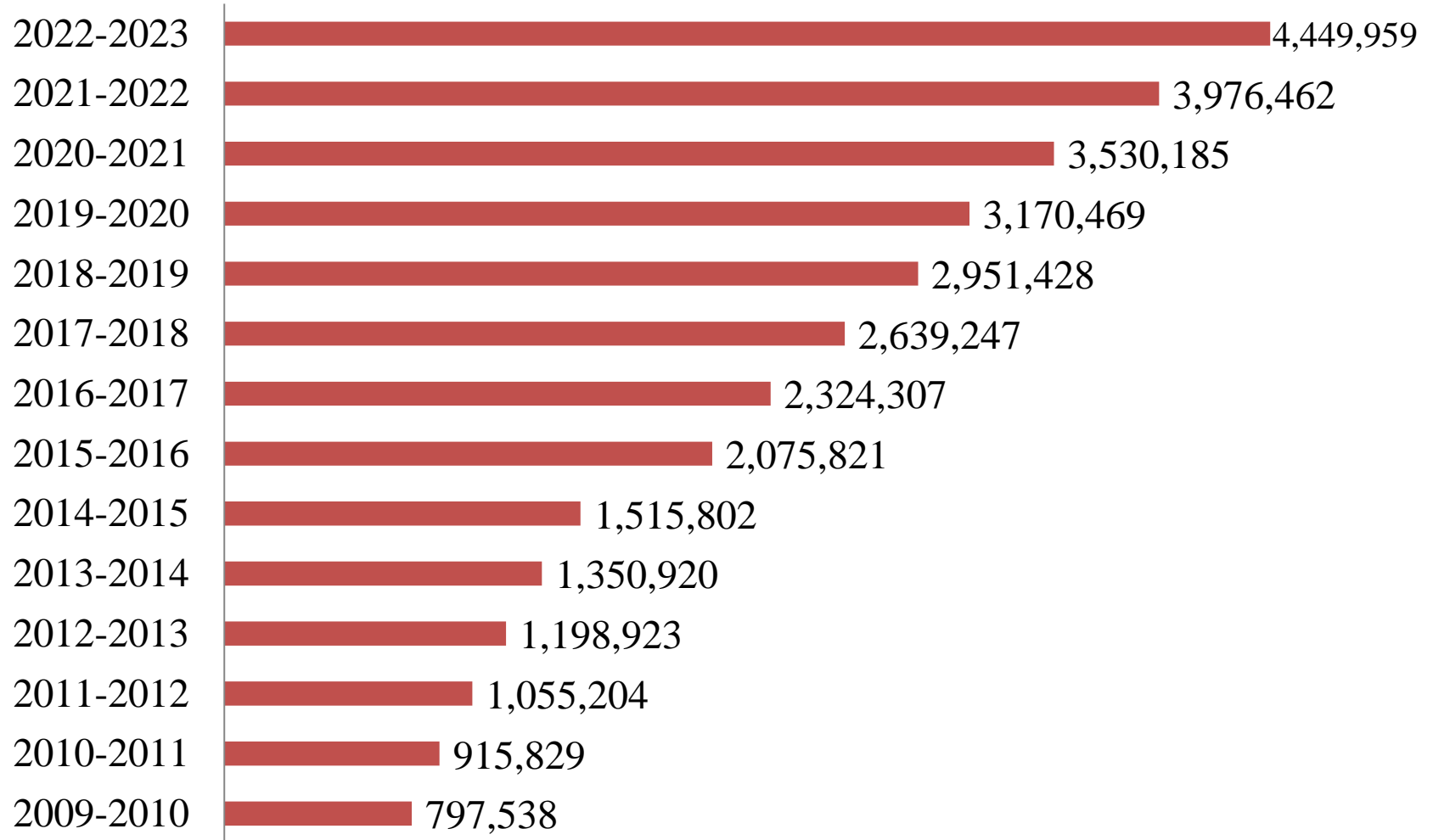
Ministry of Finance

Bangladesh

October 25, 2022

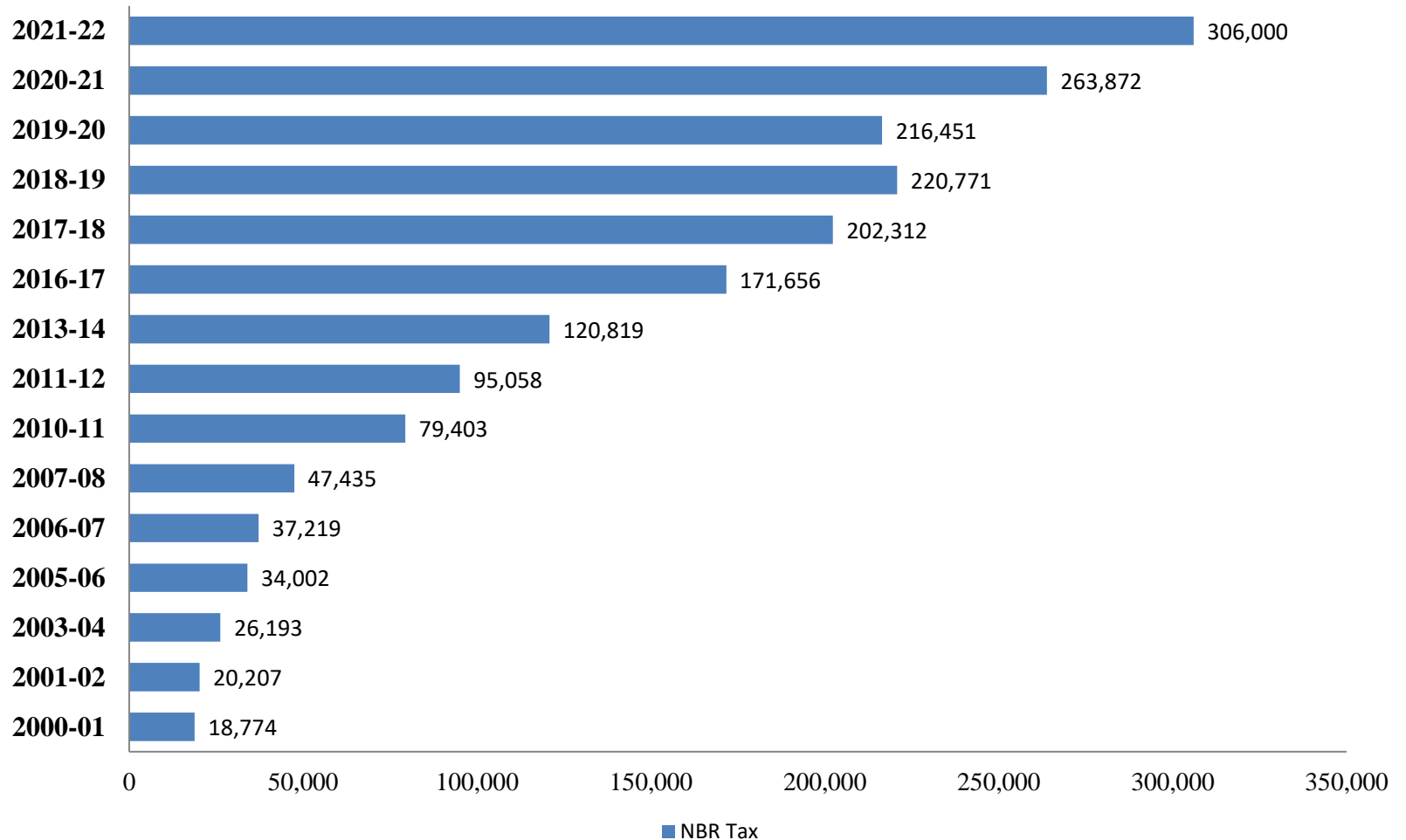


# Size of GDP of Bangladesh (2009-10 to 2022-2023) (in crores)



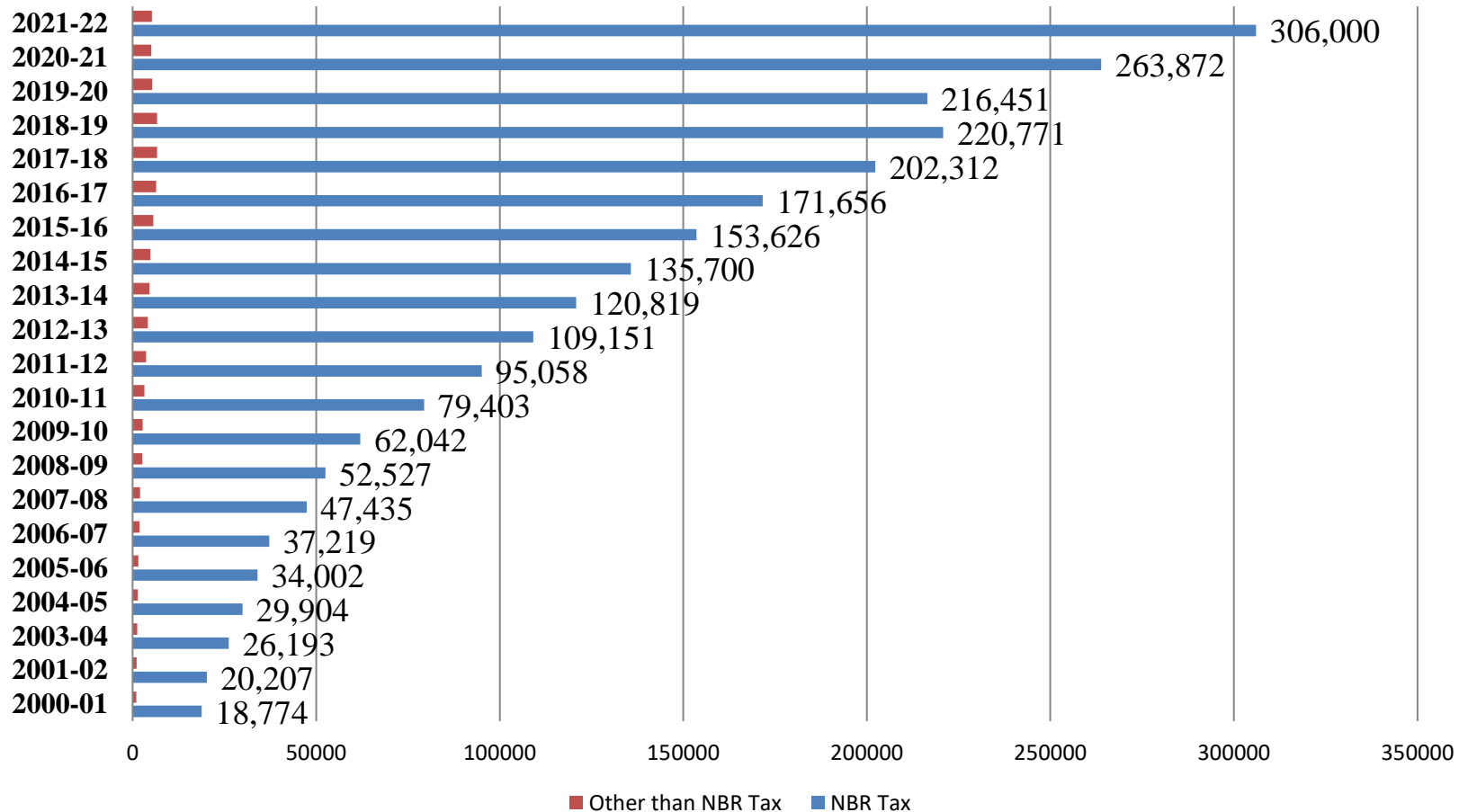


# Amount of Tax Collection (in crores)



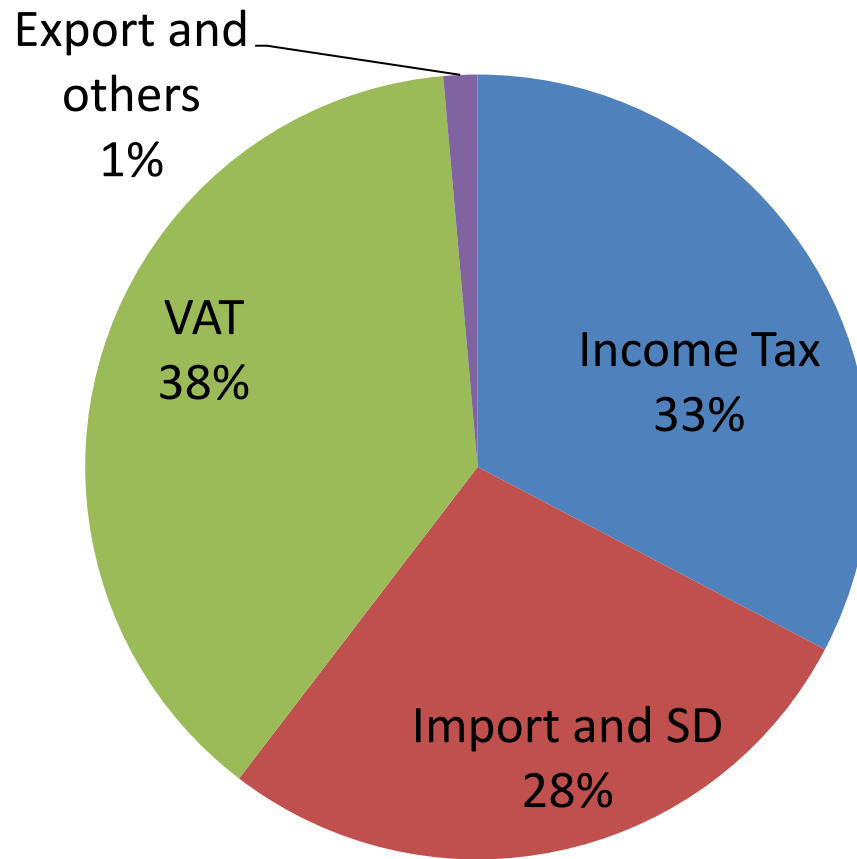


# NBR contribution in Domestic revenue





# Composition of NBR Tax





# Tax Policy and Tax Administration issues

# Offshore Tax amnesty

- **Tax Rate**

On remitted amount to Bangladesh **7%**

- **Timelimit**

- 2023 Financial Year



- **Amnesty**

- No question or prosecution by any authority

- **Tax payment and reporting**

- Tax payment before crediting in Bank account
- Reporting in Income Tax return

# Export Diversification and Export Tax

- **Bangladeshi flag bearer ships**

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  - Foreign currency income will be Tax free upto 2030
- **Bangladeshi flag bearer ships**

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  - The number of ships will increase from 80 to 1000 within 2030.



## • Tax on Exports

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- Export tax on any goods and services will be 12% upto 2028
  - Export tax from green products will be 10% upto 2028.
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# Start-up Sandbox: Stepping forward

- **Exemption of reporting upto 2026**

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  - Only has to submit Income Tax return. No need of any other reporting
- **Time extension of carry forward of losses**

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  - Other companies get 6 years, but start ups will get 9 years to carry forward and set off their losses



- **Exemption from penalty**

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  - For a chance to grow up, start ups are given independence on expenditure AIT deduction
- **Minimum Tax**

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  - Minimum Tax is 0.1% instead of 0.6% for start ups.



# Imposing high tax rate on certain luxurious products

- To maintain sufficient Foreign reserve, NBR has imposed certain supplementary duties, levies and RDs on luxurious products (**46 items**) to discourage consumption and sustain foreign currency reserve in Bangladesh.
- NBR is also planning to further imposing RDs on other luxurious items.



# Tax Net Expansion

- NBR has been suffering with low Tax-GDP ratio (8-10% on average for the last decade).
- To increase this ratio and increasing revenue requires more tax compliance from the taxpayers.
- NBR is planning to increase tax return submission to at least 5 million by the end of 2023 (compare to 10 million potential taxpayers). To ensure this, Compulsory provision to submit Proof of return submission to ensure certain citizen services will be implemented digitally.



# Attracting FDI inflows

- Government is planning to announce more high tech parks in Bangladesh to attract giant high tech industries.
- In line with that, NBR has taken policy initiatives to give tax exemption for the high tech parks with highest priority.
- There are **27** already established private-public economic zones in Bangladesh and Govt is planning to establish around **73** more economic zones with NBR Tax policy support.



# Future Digital NBR

- eTDS for online tracking of transaction (it happens with internal GoB fund)
- Within two years it has been implemented with in-house expertise without any support of any development organization
- eReturn has been introduced and will be further modified to cater the needs of taxpayers which will increase domestic resource and lessen dependency on foreign aid



# Digital taxation

- Taxation of digital platform has been introduced through Finance Act, 2022 to collect/deduct tax from digital platform like Facebook, youtube.
- NBR is considering GloBE rule taking domestic perspective into consideration to tackle the digital MNEs.



Thank You