

## **Salient Features of Finance Bill 2024**



**NS Consulting & Associates**

**[www.nscona.com](http://www.nscona.com)**

## Personal Income Tax:

### ❖ Rates of Income Tax

Rate of personal income tax is proposed to be updated as follows:

Amount of Taxable Income			
Existing	Rate	Proposed	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%	<b>Next Tk. 400,000</b>	<b>10%</b>
Next Tk. 400,000	15%	<b>Next Tk. 500,000</b>	<b>15%</b>
Next Tk. 500,000	20%	<b>Next Tk. 500,000</b>	<b>20%</b>
Balance amount	25%	<b>Next Tk. 2,000,000</b>	<b>25%</b>
		<b>Balance amount</b>	<b>30%</b>

Exemption limit for specific cases remains unchanged from last year as follows:

- Female taxpayers and taxpayers at the age of 65 years or above will enjoy tax exemption upto **Tk. 400,000**.
- Taxpayers of third gender and with disability will enjoy tax exemption up to **Tk. 475,000**.
- Gazetted freedom fighters will enjoy tax exemption up to **Tk. 500,000**.
- Parents or legal **guardians of disabled individuals** will enjoy a further exemption of BDT50,000 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.

- ❖ Individual having assets more than **Tk. 50 lacs** (previously Tk. 40 lacs) will now be required to furnish “Statement of Assets and Liabilities” at the time of tax return filing.

## ❖ Surcharge

Any individual taxpayer whose total net worth as per their Personal Balance Sheet and Lifestyle **Statement** exceeds the permissible limit will be subject to surcharge on income tax in the following manner:

Net Worth		
Particular	Existing	Proposed to be updated
Up to Tk. 40,000,000	Nil	Unchanged
Tk. 40,000,001 to Tk. 100,000,000 or Owns more than one motor car in his/her name, or Owns property of more than 8,000 square feet in any city corporation area	10%	
Tk. 100,000,001 to Tk. 200,000,000	20%	
Tk. 200,000,001 to Tk. 500,000,000	30%	
Above Tk. 500,000,000	35%	

## ❖ Definition of Income

- Income from **hostel, hotel, motels, resorts** and **warehouse** will not be considered as income from rent anymore.
- 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 source.
- ❖ Capital gain up to **Tk. 50 lacs** from sale of **shares/securities of listed companies** will be fully exempted.
- ❖ 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 returns.

# Corporate Income Tax

## ❖ Rates of Corporate Tax

Description	Existing	Proposed to be updated	Applicable tax rate if fail 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 ten percent of its paid-up capital through IPO	22.5%	Unchanged	25%
Non-publicly traded company	27.5%	<b>25%</b>	<b>27.5%</b>
One Person Company (OPC)	22.5%	<b>20%</b>	<b>22.5%</b>
Publicly traded bank, insurance and financial institution (except merchant bank)	37.5%	Unchanged	Condition not applicable
Non-publicly traded bank, insurance and financial institution (except merchant bank)	40%	Unchanged	Condition not applicable
Merchant bank	37.5%	Unchanged	Condition not applicable
Company and entities other than company producing all sorts of tobacco items including cigarette, bidi, chewing tobacco and gul	45% + 2.5% (surcharge)	Unchanged	Condition not applicable

Description	Existing	Proposed to be updated	Applicable tax rate if fail to meet the condition
Publicly traded mobile operator company	40%	<b>45%</b>	<b>Condition not applicable</b>
Non-publicly traded mobile operator company	45%	Unchanged	Condition not applicable
Recognized Provident Fund, Approved Gratuity, Superannuation and Pension Fund	15%	Unchanged	Condition not applicable
Trusts, funds (other than above), association of persons and other taxable entities	27.5%	Unchanged	Condition not applicable
Co-operative societies registered under Co-operative Societies Act, 2001	15%	<b>20%</b>	<b>Condition not applicable</b>
Private university, private medical college, private dental college, private engineering college or private college solely dedicated to imparting education on ICT	15%	Unchanged	Condition not applicable
<i>*Condition: All receipts and income must be transacted through bank transfer and every single transaction above Tk. 5 lacs and annual investment over Tk. 36 lacs of expense and investment must be made through bank transfer.</i>			



Following disallowed expenses will not be treated as special business income anymore:

- Expenditures above Tk. 1,000,000 as perquisites to an employee;
- Payment of royalty, license fee, technical service fee, technical know-how fee, technical assistance fee which exceed 10% of net profit disclosed in the financial statements;
- Head office or intra-group expenses of a company not incorporated in Bangladesh which exceed 10% of net profit disclosed;
- Overseas travelling expenditure exceeding 0.5% of disclosed business turnover;

- Expenditures on account of entertainment allowance;
- Expenditure exceeding the prescribed limits on distribution of free samples;
- Payment of any promotional expense except advertisement exceeding 0.5% of the disclosed business turnover;
- Any deduction or deduction against any liability which is not expressly set forth;
- Amortization and interest on Right of Use assets except lease of land and space for business purposes;
- Impairment loss on conceptual assets.

As a result, loss making companies will not be liable to pay additional tax on disallowed expenses.

- ❖ To obtain approval as tax exempted entity, the application can be submitted within 6 months of starting the operation.
- ❖ Deadline for monthly withholding tax return is now till **25<sup>th</sup>** of each month instead of 15<sup>th</sup> and no more time extension will be applicable.
- ❖ All returns must now be submitted under **universal self-assessment (Section 180)**. Returns can no longer be submitted under normal assessment.
- ❖ Interest on balance tax payable for failure to file tax return within stipulated deadline has now been reduced to **2%** from 4%.
- ❖ Timespan for reopening submitted tax returns for audit has now been limited to **2 years** from the respective year of assessment.
- ❖ Simple interest of **5%** for submission of amended returns **will not be charged** anymore.
- ❖ In addition to the existing list, proof of submission of return (PSR) will now be required for the following services/activities:
  - Obtaining and renewal of trade license for hotel, restaurant, motel, hospital, clinic, diagnostic centers;
  - Receiving services from community center, convention hall or other similar services.

Failure to show PSR in the business premises will be subject to fine for **Tk. 20,000-50,000**.

- ❖ Tax collected at source on imported goods under section 120 will now be considered as

**minimum tax** for manufacturers of powdered milk, aluminum and ceramic products.

- ❖ Timeline for availing exemption from **ITES** businesses has been extended till **30 June 2027** and the list of eligible businesses has been updated as follows:

#### Addition to existing list:

- AI based solution development
- Blockchain based solution development
- Software as a service
- Geographic information system

#### Exclusion from 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

- ❖ Capital gain of **Trusts** and **Funds** will now be subject to tax at **15%** as well as companies.

## ❖ Rates of Withholding Tax

Section	Particulars	Existing Rate	Proposed Rate to be updated
89 (Rule 3)	Supply of services against contracts executed for manufacturing, process or conversion, works, construction, engineering or any other similar work	Slab wise 3% to 7%	7% (flat)
	Supply of any other goods		5%
	Printing, packaging or binding		
	Supply of oil by the oil refinery	3%	2%
	Supply of rice, wheat, potato, fish, meat, onion, garlic, peas, chickpeas, lentils, ginger, turmeric, dried chillies, pulses, maize, coarse flour, flour, salt, edible oil, sugar, black pepper, cinnamon, cardamom, clove, date, cassia leaf, jute, cotton, yarn and all kinds of fruits	2%	1%
	In case of supply of recycled lead	-	3%
	In case of supply of industrial raw materials to a manufacturer	4%	3%



Section	Particulars	Existing Rate	Proposed Rate to be updated
90 (Rule 4)	Freight forward agency service - On commission - On gross amount	- -	10% 2.5%
97	Local LC — for procurement of rice, wheat, potato, onion, garlic, peas, chickpeas, lentils, ginger, turmeric, dried chillies, pulses, maize, coarse flour, flour, salt, edible oil, sugar, black pepper, cinnamon, cardamom, clove, cassia leaf, jute, cotton, yarn	2%	1%
98	Payment by mobile phone operator of fees to regulatory authority	10%	20%
102	Interest on savings deposit, fixed deposit, term deposit:  <ul style="list-style-type: none"> <li>■ Trust, association of persons and company</li> <li>■ Primary educational institutions, Chartered Accountant/Cost and Management Accountant/Chartered Secretaries Institute</li> <li>• Any other individual</li> <li>■</li> </ul>	20%  10%  10%	20%  10%  10%
119 (Rule 5)	In case of supply of services against the contract executed by the contractor, sub-contractor and sub-sub-contractor for manufacturing, process or conversion, completion, construction, engineering or any other similar work	7.5%	7.5%

Section	Particulars	Existing Rate	Proposed Rate to be updated
124	<p>Payments received/revenue shared for services provided to foreign person by a resident or allowing the use of any online platform for advertisement or anyother purposes. This excludes:</p> <ul style="list-style-type: none"> <li>■ ITES Services</li> <li>■ Income derived from ocean going ship for the period 1st of July 2022 to 30th June 2030</li> <li>■ Remittance towards Bangladeshi resident for providing services to abroad</li> </ul>	10%	7.5%
	<p>Freight forward agency service</p> <ul style="list-style-type: none"> <li>■ On commission</li> <li>■ On gross amount</li> </ul>	- -	10% 2.5%
135	Transfer of securities or mutual fund units by sponsor shareholder, director, or placement holder of listed companies	5%	10%

## VAT & Supplementary Duty

- ❖ Any entity (regardless of the legal form) having turnover more than **Tk. 10 crores** will now be considered as **Withholding Entity**.
- ❖ The deposit amount of claim by VAT authority, for appeal at Commissioner and Tribunal stage, has been proposed to be reduced to **10%** from 20%.
- ❖ “Cost And Management Accountant” have been proposed to be considered as VAT Advisor/VAT representative.
- ❖ Value Added Tax (VAT) has been increased for the following items:

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

H.S. Code/Service Code	Description of Goods/Service	VAT Rate	
		Existing	Proposed to be updated
S013.00	Automated laundry	10%	15%
S040.00	Security service	10%	15%
S066.00	Lottery ticket seller	10%	15%
S012.20	SIM card or e-SIM supplier	Tk. 200 (Per SIM)	Tk. 300 (Per SIM)
All H.S. Code (Under 69.04)	a. Ordinary bricks made without machinery	Tk. 450 (Per thousand)	Tk. 500 (Per thousand)
	b. Ordinary bricks made with machinery	Tk. 500 (Per thousand)	Tk. 600 (Per thousand)
	c. (i) Automated machine-made bricks (first grade)	Tk. 700 (Per thousand)	Tk. 800 (Per thousand)
	c. (ii) Automated machine-made bricks (second grade)		
	d. Brick chips	Tk. 700 (Per 100 CFT)	Tk. 800 (Per 100 CFT)
	e. Micad bats	Tk. 500 (Per 100 CFT)	Tk. 600 (Per 100 CFT)

- ❖ The exemption for tour operators under Service Code S077.00 has been withdrawn and from now onwards VAT will be applicable at 15%.

❖ Supplementary Duty (SD) has been increased at supply stage for the following items:

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

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

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

❖ **Excise duty** on **offshore banking** has been removed for individuals and companies