



Bangladesh Investment  
Development Authority



# Investment Guide for Bangladesh

February 2023

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# Bangladesh – key facts



# Country Overview (1/2)

One of the fastest growing economies in the world

## ECONOMY SIZE



\$460.21 Billion

Source: Bangladesh Bureau of Statistics

## GDP GROWTH FOR 2021-22



Source: Bangladesh Bank

## March 2023 USD 1



= BDT 107.00

Source: Bangladesh Bank

## 2021-22 PER CAPITA GDP



\$2,824

Source: Bangladesh Bureau of Statistics

## 2021-22 EXPORT EARNINGS



USD 60.97 bn

Source: Export Promotion Bureau

- Classified as a **"Next Eleven"** emerging market and one of the **"Frontier Five"** emerging economies in the world by Goldman Sachs and JP Morgan respectively.
- Projected to become the **24th largest economy** by 2033.
- According to the HSBC, Bangladesh is expected to be the **9th largest consumer market** globally by 2030.
- **Credit ratings:** Ba3 (Moody's) and BB- (Fitch)
- **Foreign Direct Investment (FDI):** USD 3.4 billion in 2021-22
- **Export destinations (2022):** United States (20%), Germany (15%), United Kingdom (9%), Spain (6%), France (5%), Italy, Canada, Belgium, China, Japan and India.



# Country Overview (2/2)

## Geography and climate

- **Location:** Southern Asia, bordering the Bay of Bengal, between Myanmar and India
- **Climate:** Tropical; mild winter (October to March), hot, humid summer (March to June); humid, warm monsoon (June to October)
- **Regions:** 8 divisions
- **Capital:** Dhaka
- **Major cities:** Dhaka, Chattogram and Sylhet

## Political system and demographics

- **Type of government:** Parliamentary democracy
- **Population:** 166.7 million people
- **Official language:** Bengali Prominent
- **Young population:** Approx. 67% below the age of 35

## Financial sector

- **Central bank:** Bangladesh Bank
- **Local currency:** Bangladeshi taka (BDT)
- **Stock exchanges:** Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE)
- **Banks:** 61 scheduled banks, 5 non-scheduled banks and 35 non-banking financial institutions





# Economy and Infrastructure

## Key industry development



Consumer friendly economy



Sectors growing service and industry



Steady investment in digitisation

## Bangladesh Investment Development Authority (BIDA)



Supports foreign investors

Provides one-stop services

## Infrastructure



### Payra Port

Bangladesh is constructing its third sea port in addition to Mongla and Chattogram ports to expand its foreign trade



26,700

Installed power generation capacity of 26,700 MW

Source: Power Division



### Padma Bridge

Padma bridge construction has been completed



### Dhaka Metro Rail

Dhaka Metro Rail project, expressway project and expansion of highways will improve transportation facilities

69 + 29

69 Government-owned economic zones and 29 Private economic zones

- 2.4 GWe Ruppur Nuclear Power Plant,
- 1.3 GWe Rampal Power Plant,
- 1.2 GWe Matarbari Power Plant and more are being constructed
- Karnaphuli river tunnel construction

project has been undertaken to increase connectivity

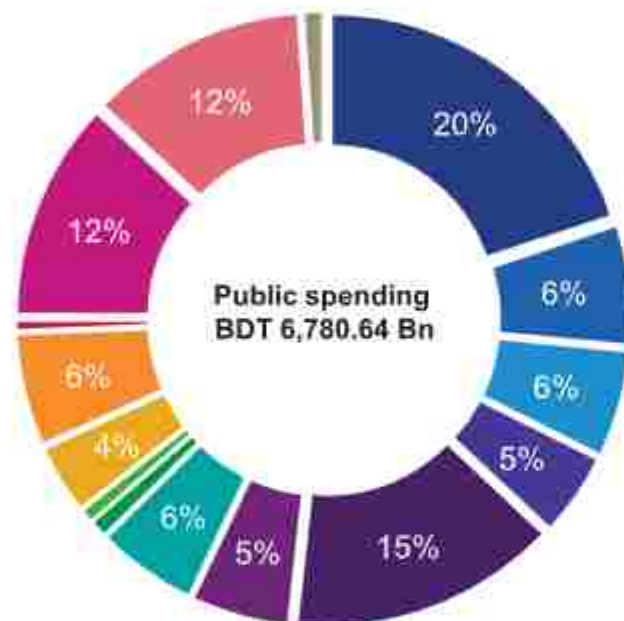
# BIDA's one-stop services for investors

Bangladesh Investment Development Authority is the primary regulator for foreign investors and it assists them with various services ranging from obtaining commercial licenses to operational registrations to commence their operations smoothly



# Public spending and GDP

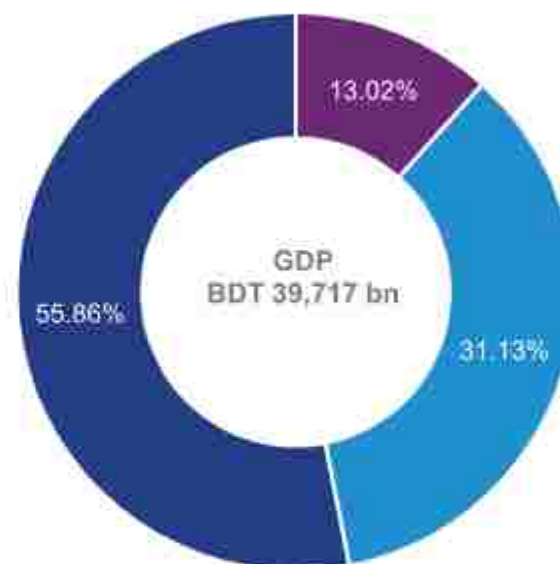
Public spending for FY2022-23 (planned)



- Public Services
- Local government and rural development
- Defence Services
- Public Order and Safety
- Education & Technology
- Health
- Social Security & Welfare
- Housing
- Recreation, culture, and religious affairs
- Energy and Power
- Agriculture

Source: Bangladesh Ministry of Finance (2022)

Shares of GDP (current prices) in FY2021-2022



- Agriculture
- Industry
- Service

Source: Bangladesh Bureau of Statistics (2022)



# Digital Economy

Over the months of COVID 19 pandemic and after, Bangladesh has seen a booming growth in digital economy. Online platforms have stepped into the space left vacant by traditional business structures during the persistent lockdowns and restrictions. From educational sectors going completely virtual to consulting health specialists on smartphones, technology utilisation has been at its peak.



## Healthcare

### Praava Health

Praava Health provides several types of medical services for all ages. It enabled an online platform for people to consult doctors using smartphones

## Mobile Financial Services (MFSs)

### bKash, Nagad, Upay

These are online platforms/apps through which money can be sent or received

## E-commerce

### Chaldal, Bikroy, Daraz

These are some of the most successful e-commerce platforms in Bangladesh which provide online facilities for buying and selling products & services

## Vehicle for hire

### Uber, Pathao, Shohoz

One of the fastest growing tech startups in Bangladesh, Pathao provides ride sharing, food delivery, courier services, etc. through its online platform

25%

Incentive on corporation tax if all income & receipts and expenses & investment above a certain limit are made through bank transfer

# Recent investments in digital economy

Recently there has been a huge injection of investment funds for manufacturing operations, both from local and foreign entities mainly due to widespread tax incentives and dynamic exemptions directed at industrial enterprises setting up in Bangladesh.



## Automobiles

- o Nitol Motors (Suvare Electric cars)
- o Fair Technology Ltd (Hyundai Cars)
- o PHP Automobiles (Proton Saga)
- o Bangladesh Auto Industries Ltd (Battery Electric Vehicles)



## FMCG

- o Coca Cola
- o Procter & Gamble (in collaboration with Pran)



## Home and Consumer Electronics

- o Walton
- o Joint Venture of Whirlpool Corporation and Transcom Group
- o Meghna Corporation
- o Fair Electronics Ltd (Samsung AC)



## Mobile phone companies

- o Samsung Electronics
- o Nokia
- o Walton Digitech Industries
- o Benli Electronic Enterprise (Oppo)

# Why invest in Bangladesh

- 01 Promising and established country
- 02 Continuous rapid economic growth
- 03 Young and skilled workforce
- 04 Openness to foreign investment
- 05 Fiscal incentives
- 06 Bilateral and regional agreements
- 07 Competitive labor costs
- 08 Strategic location
- 09 Growing service and digital sector

# Investment conditions (1/3)



FDI is a potent resource for developing economy of Bangladesh and can play an important role in achieving the country's socio-economic objectives, including poverty reduction goals.

Generally, foreign investors are free to make investments in Bangladesh except in a few restricted sectors.





# Investment conditions (2/3)



## Protected industries

Furthermore, investment in certain industries also require prior approval of the relevant ministry/authority.

Fishing in the deep sea

Bank, insurance and other financial institution

Generation, supply and distribution of power

Exploration, extraction and supply of natural resources

Large-scale infrastructure project

Crude oil refinery (recycling/refining of lube oil used as fuel)

Medium and large industry using natural mineral as raw materials

Telecommunication service (mobile/cellular and land phone)

Satellite channel

Cargo/passenger aviation

Sea-bound ship transport

Sea-port/Deep sea-port

VOIP/IP telephone

Industries using heavy minerals accumulated from sea beach

# Mode of entry



# Investment options



- Social development institutions and not-for-profit organisations working with foreign donations operate under specific regulations of NGO Affairs Bureau of Bangladesh.
- Although not common, a general partnership may be formed with local individual or other registered entities under the Partnership Act, 1932. Its formation is easier than both office or a company. It has no legal entity and registration is not mandatory. There is only an agreemental relationship among the partners detailing the share of capital, profit and liability. The minimum number of partners is 2 and the maximum number is 20 in ordinary cases and 10 in case of banking business. Member's liability is unlimited for such formation.

## Operate as a foreign company



- Open an office as a foreign company by registering with **Bangladesh Investment Development Authority (BIDA)**.
- Office structures include Representative Office, Liaison Office and Branch Office.
- The office has to comply with the requirements mentioned in BIDA permission letter along with other Bangladeshi legislations.
- Operations and locations of BO/ LO are limited to as stated in BIDA permission letter. For any new locations/customers and operations a new application will have to be submitted to BIDA.
- Operating lives of these offices are limited to 2-3 years which is renewable upon expiry.

## Incorporate a subsidiary



- Investors can incorporate a fully-owned subsidiary subject to industry regulations or have a jointly owned company.
- Incorporated companies are governed by Registrar of Joint Stock Companies and Firms (RJSC).
- The most common types of company are Public Limited Company and Private Limited Company.
- Incorporated company can carry out any legally permissible business and expand their operations and location to any place in Bangladesh.
- Incorporated company has to comply with the regulations of the Companies Act 1994 and other legislations applicable in Bangladesh.

## Foreign commercial offices





# Incorporated companies

## Public limited company



- The number of members of a Public Limited Company is minimum 7 and the maximum number is limited according to share capital as described in Memorandum of Association. The liability of a member is limited by his/her share capital.
- The special significance of a Public Limited Company is that such a company is permitted to offer shares and securities to the public. The shares of this company can be transferred without any restriction.
- Public Limited Companies are regulated by the Bangladesh Securities and Exchange Commission (BSEC).

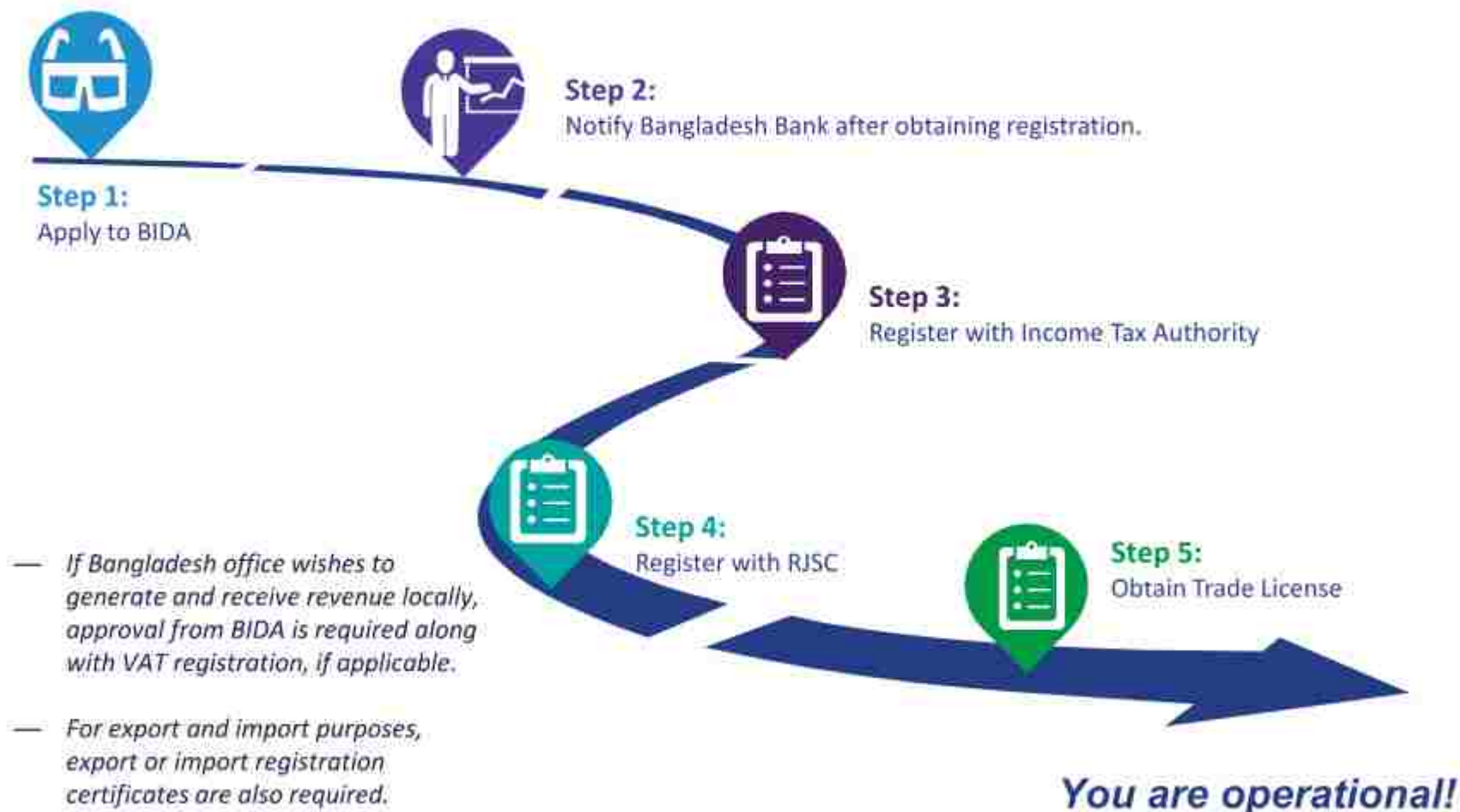
## Private limited company



- The number of members of a Private Limited Company is limited and this limit is minimum 2 and maximum 50. The liability of a member is limited by his/her share capital.
- It cannot invite the general public to subscribe to its shares or debentures.
- Private Limited Companies are not primarily regulated by the BSEC, but certain regulations of BSEC still apply.

Company legislation also allows **One Person Company** to be formed by having one natural person as a shareholder.

# Steps to set up a foreign commercial office



# Steps for Incorporating a company



## Step 1:

Apply for name clearance to RISC



## Step 2:

Open temporary bank account for deposit of capital



## Step 3:

Prepare Articles and Memorandum of Association and apply for incorporation with RSJC



## Step 4:

Register with Income Tax Authority



## Step 5:

Register for Trade License



## Step 6:

Obtain VAT registration

— For export and import purposes, export or import registration are also required.

***You are operational!***

# Timeline

| SL | Set-up process                                                                                 | Timeline (weeks) |   |   |   |   |   |   |   |
|----|------------------------------------------------------------------------------------------------|------------------|---|---|---|---|---|---|---|
|    |                                                                                                | 1                | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|    | <b>Office registration procedures</b>                                                          |                  |   |   |   |   |   |   |   |
| 1  | Apply for permission from BIDA                                                                 |                  |   |   |   |   |   |   |   |
| 2  | Letter to Bangladesh Bank under section 18B of Foreign Exchange Regulation Act 1947            |                  |   |   |   |   |   |   |   |
| 3  | Registration with Income Tax Authority                                                         |                  |   |   |   |   |   |   |   |
| 4  | Registration with Registrar of Joint Stock Companies                                           |                  |   |   |   |   |   |   |   |
| 5  | Trade license                                                                                  |                  |   |   |   |   |   |   |   |
| 6  | Clause 7 waiver from the permission letter of BIDA if the branch office raises invoice locally |                  |   |   |   |   |   |   |   |
| 7  | Registration with VAT authority                                                                |                  |   |   |   |   |   |   |   |
|    | <b>Company incorporation procedures</b>                                                        |                  |   |   |   |   |   |   |   |
| 1  | Obtaining name clearance                                                                       |                  |   |   |   |   |   |   |   |
| 2  | Opening temporary bank account for deposit of capital                                          |                  |   |   |   |   |   |   |   |
| 3  | Obtaining registration from RJSC                                                               |                  |   |   |   |   |   |   |   |
| 4  | Registration with Income Tax Authority                                                         |                  |   |   |   |   |   |   |   |
| 5  | Obtaining Trade license                                                                        |                  |   |   |   |   |   |   |   |
| 6  | Obtaining online VAT registration                                                              |                  |   |   |   |   |   |   |   |

Import Registration Certificate (IRC) or Obtaining Export Registration Certificate (ERC) (if required) can be obtained within 2-3 weeks, however, chamber membership is required to be obtained beforehand which can take time depending on the relevant chamber.



# Startup Sandbox (1/2)



## What is a startup?

Startup means a company who works towards deployment or commercialisation of new products, process or service driven by innovation, development and technology or intellectual property.

### Conditions to be classified as a startup



Annual turnover not exceeding Taka 100 crore in any financial year



Incorporated under Companies Act, 1994 and registered with NBR



Not a resulting company of a scheme of amalgamation or demerger



Not a subsidiary of another company holding fifty percent or more of its shares

### Ineligibility conditions



Incorporated prior to first day of July 2017



Incorporated between first day of July 2017 and thirtieth day of June 2022 and fails to get registration by the thirtieth day of June 2023; or



Incorporated on or after first day of July 2022 and fails to get registration under this section by thirtieth June of every year following the year of its incorporation

# Startup Sandbox (2/2)

## Benefits

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This section will **override** all other provisions in ITO 1984

Sections **30** and **30B** (treatment of disallowances) will not be applicable for growth years for startups registered under this section.

Loss incurred in growth years can be carried forward to **9 successive years**.

**No reporting obligations** other than submission of return if permanent access to books is provided to the tax authority.

Minimum tax on gross receipts is reduced to **0.1%**



# Tax environment and incentives



# Foreign exchange regulations



# Major tax legislations



National Board of Revenue (NBR), the tax authority in Bangladesh.

## Direct Tax



Income Tax Ordinance 1984

## Indirect Tax



VAT and Supplementary Duty Act 2012



Customs Act 1969

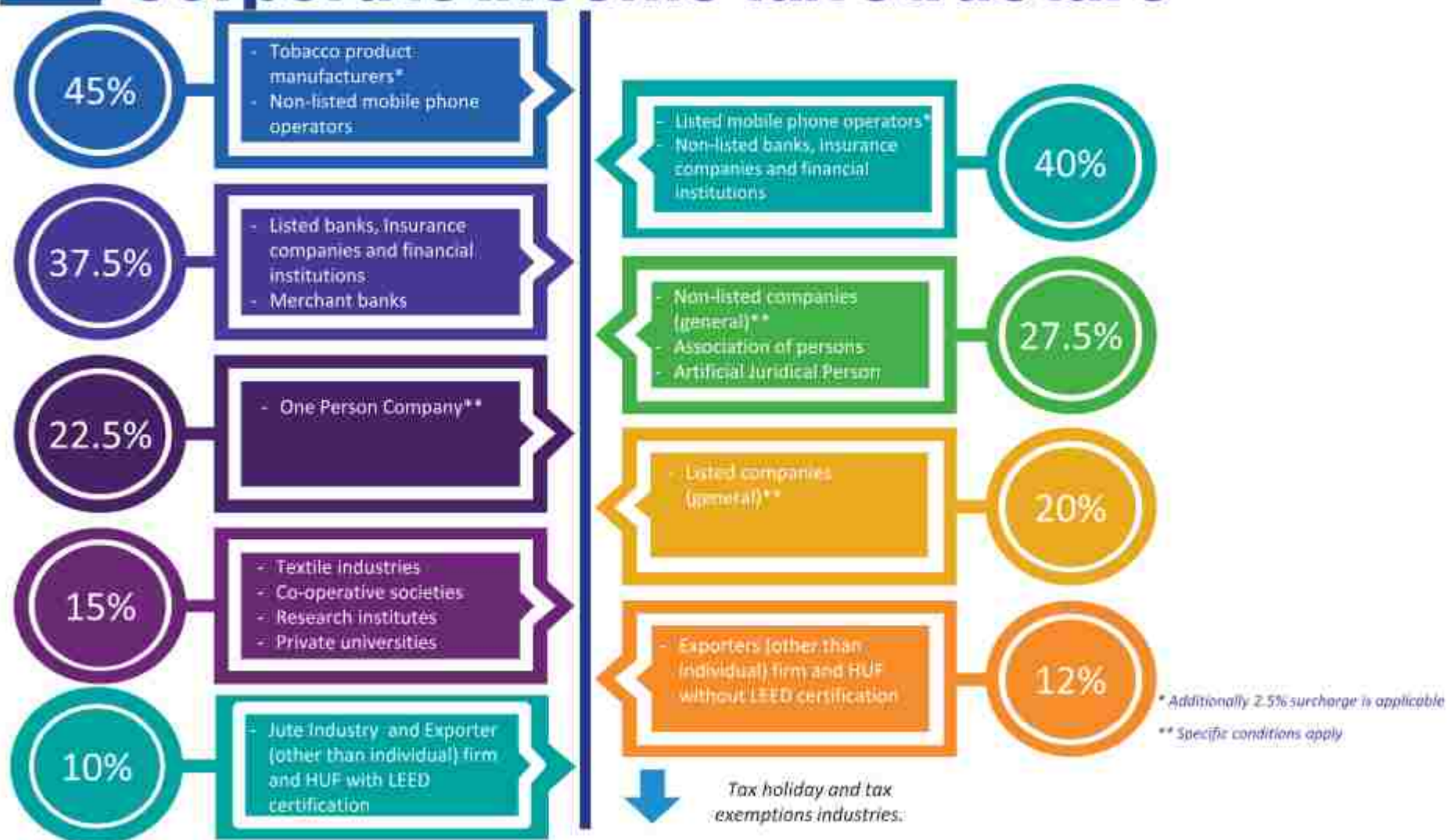


Stamp Act 1899

*SROs, Clarifications and Interpretations are issued to support the main legislations.*

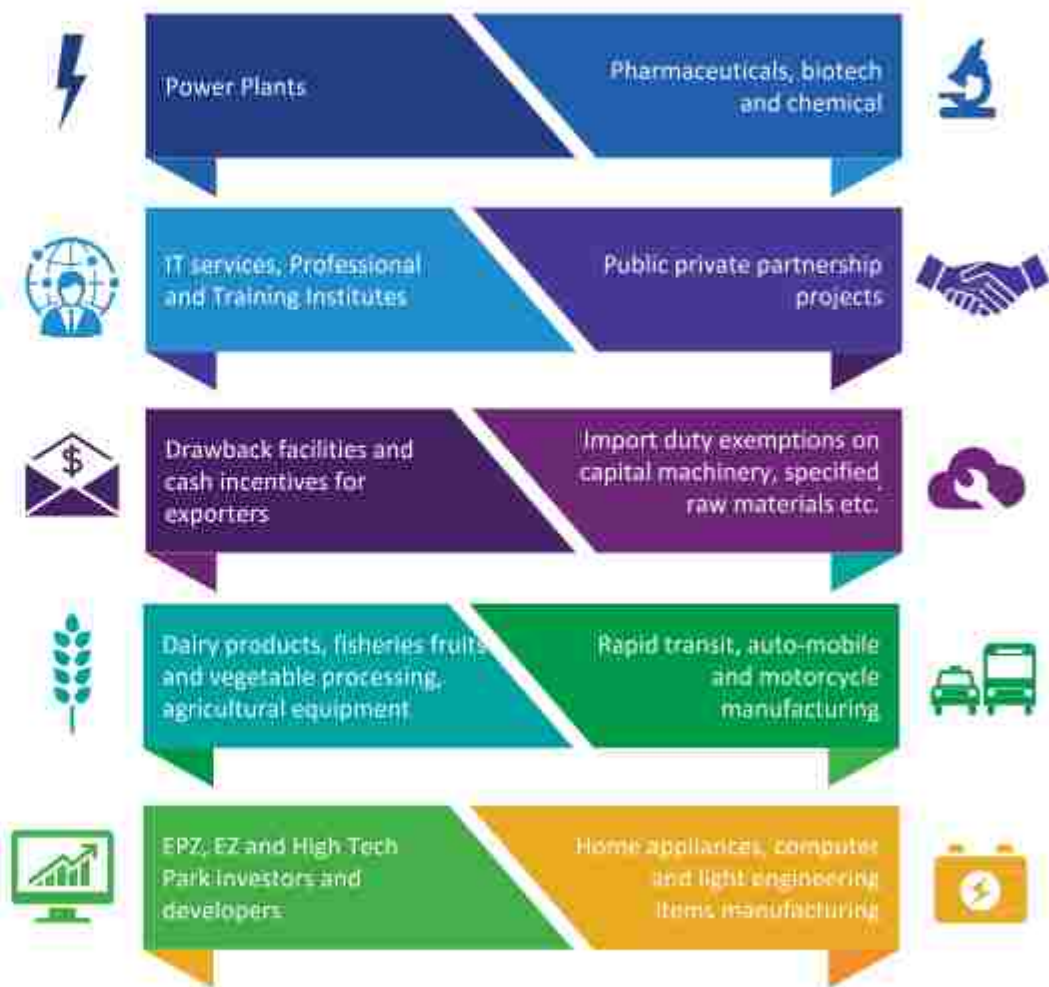


# Corporate income tax structure



# Tax incentives (1/2)

Several tax incentives have been issued for industrial enterprises, physical infrastructures, thrust sector industries and specialised sectors.



# Tax incentives (2/2)

|                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p>Oil and gas sector</p>                                 | <ul style="list-style-type: none"> <li>— Special tax provisions for exploration and extraction of mineral operations</li> <li>— Simplified deemed income basis tax provisions for subcontractors in petroleum operations</li> </ul>                                                                                                                                                                       |
|  <p>Power generation entities</p>                          | <ul style="list-style-type: none"> <li>— Subject to commencement of operation up to 15 years income tax exemption if given.</li> <li>— Royalty, technical fees, capital gains on transfer of shares are also exempted.</li> <li>— Expatriates working in power plants also enjoy 3 year tax exemption</li> </ul>                                                                                          |
|  <p>Industrial enterprises<br/>Physical infrastructure</p> | <ul style="list-style-type: none"> <li>— 10 year regressive tax exemption is given for physical infrastructures</li> <li>— Subject to location of establishment, 5 or 10 year regressive tax exemption is given to industrial enterprises</li> <li>— Includes renewable energy, IT parks, highway, ports, rapid transit, expressway, pharmaceuticals, biotech, auto-mobile and motorcycle etc.</li> </ul> |
|  <p>EZ and EPZ investors</p>                              | <ul style="list-style-type: none"> <li>— Subject to location of establishment, 5 or 7 year regressive tax exemption is given for companies setup in Export Processing Zones.</li> <li>— 10 year regressive tax exemption is given for companies setup in Economic Zones.</li> </ul>                                                                                                                       |



# Personal income tax structure



| Total Income(BDT)                                                                | Tax Rate |
|----------------------------------------------------------------------------------|----------|
| First 300,000 (for women, senior citizens 65+ & persons of Third Gender 350,000) | 0%       |
| Next 100,000                                                                     | 5%       |
| Next 300,000                                                                     | 10%      |
| Next 400,000                                                                     | 15%      |
| Next 500,000                                                                     | 20%      |
| On balance                                                                       | 25%      |

**Resident:** (i) Presence in Bangladesh for 182 days or more in the related fiscal year or

(ii) Presence for 90 days or more in the related fiscal year + 365 days or more in preceding 4 years.

- Surcharge is applicable based on the amount of wealth of the individual
- Employers are required to deduct withholding tax at the time of payment to their employees.
- Return filing deadline is 30 November.
- For individual assesses submitting return for the first time; the date of submission is 30 June of the year.



# Capital gain tax

## General CAPITAL GAINS TAX RATE

 15%

Capital gains tax other than sale of shares of listed companies:

- Company - 15%
- Others – 15% or marginal tax rate based on the holding period of the asset

Transfer of capital assets are subject to capital gains tax in Bangladesh

Transfer of shares of a non-resident company might be subject to capital gain tax in Bangladesh under certain circumstances.

## CAPITAL GAIN TAX RATES FOR LISTED SECURITY TRANSFERS

|                           |                               |                                                                          |                                                                                                      |                     |
|---------------------------|-------------------------------|--------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|---------------------|
| 15%                       | 10%                           | 5%                                                                       | 5%                                                                                                   | 0%                  |
| Non-resident shareholders | Resident firms, and companies | Sponsor shareholders and shareholder directors of financial institutions | Shareholders with at least 10% shareholding excluding sponsor shareholders and shareholder directors | General individuals |

\* Tax rates may vary due to specific conditions

## EXEMPTION FOR NON-RESIDENTS



Non-resident shareholders are exempted from capital gain tax on their transfer of listed securities of Bangladesh companies if they enjoy similar tax exemption in their resident countries.

Recently, NBR published SRO No.- 156- ACT/Income Tax/2022, dated 1 June 2022, for the tax implications on offshore indirect transfer of shares which provides exemptions on certain transactions, given it fulfils certain outlined conditions.

# Value added tax (VAT) (1/2)

New VAT legislation has been implemented from 1 July 2019 with a view to modernising the VAT system, ease VAT compliance and reduce VAT complexities

| Nature of Activities                                                                                                                                                 | VAT Rate    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Standard VAT rate                                                                                                                                                    | 15%         |
| — Businesses having turnover between BDT 5m to BDT 30m will be subject to turnover VAT                                                                               | 4%          |
| Supply of goods                                                                                                                                                      |             |
| — Supply of any goods from inside to outside Bangladesh;                                                                                                             |             |
| — Temporarily imported goods;                                                                                                                                        |             |
| — Deemed export;                                                                                                                                                     |             |
| — Supply of goods for repair, maintenance or modification and supply of stores or spare parts for ocean-going ship and aircraft engaged in international transport;  |             |
|                                                                                                                                                                      | Zero rated  |
| Supply of services                                                                                                                                                   |             |
| — Services given outside of Bangladesh;                                                                                                                              |             |
| — Services given physically on goods situated outside Bangladesh at the time of supply of the service;                                                               |             |
| — Services given relating to temporarily imported goods under the Customs Act;                                                                                       |             |
| — Supply of telecommunication services by a telco supplier to a non-resident telco supplier;                                                                         |             |
| Trade VAT                                                                                                                                                            | 5%          |
| Specifically for                                                                                                                                                     |             |
| — Manufacturers (on imports)                                                                                                                                         | 3%          |
| — Medicine                                                                                                                                                           | 2.4%        |
| — Petroleum products                                                                                                                                                 | 2%          |
| Certain prescribed goods and services                                                                                                                                | Lesser Rate |
| Business entities whose supplies are subject to Truncated VAT can choose to exercise the standard VAT rate of 15% and claim input VAT credit against their purchase. | (2-10%)     |

# Value added tax (VAT) (2/2)

Goods and services subject to lower VAT rates and trade VAT rates will not be eligible for input VAT credit.

*However, they can choose to exercise standard VAT rate of 15% and claim input VAT credit against their purchase.*

**VAT on specific goods and services procurement can be taken as credit**

**VAT cannot be taken as credit for the following cases:**



- Rent and expenditures for construction and maintenance of building,
- Infrastructure,
- Office equipment and fixtures,
- Immovable properties



- Entertainment expenses,
- Transportation services.

# ■ Import duties

Import duties are paid by the importer as per the rates specified by regulations.

Following import duties are recoverable or adjustable:

- VAT
- Advance income tax (*subject to minimum tax regulations and taxable profit*)
- Advance Tax

*Bangladesh has a well developed Cost and Freight (CnF) sector which provides comprehensive support to importers.*

| Duty Type               | Duty rate  |
|-------------------------|------------|
| Customs Duty (CD)       | 0% to 25%  |
| Regulatory Duty (RD)    | 0% to 3%   |
| Supplementary Duty (SD) | 0% to 500% |
| Value Added Tax         | 0% to 15%  |
| Advance Income Tax      | 0% to 20%  |
| Advance Tax (VAT)       | 0% to 5%   |





# Stamp duties

Stamp duties are paid by the executors of legal documents

Stamp duty is levied on legal documents, but the rates vary depending on the nature of documents. Major stamp duties include:

- For the transfer of shares of unlisted companies, stamp duty is imposed at the rate of 1.5% on the transfer price.
- The duty on transfer of immovable property is lower of 1.5% of the value of consideration or BDT. 20 million .
- Stamp duty for contracts and agreement is BDT 300.
- Stamp duty for incorporation of a company is up to BDT 20,000.
- For all other documents, the stamp duty varies.



# Double taxation avoidance treaty

| Sl. | Country        | Sl. | Country                  |
|-----|----------------|-----|--------------------------|
| 1   | Bahrain        | 21  | Oman ( air traffic only) |
| 2   | Belgium        | 22  | Pakistan                 |
| 3   | Bhutan         | 23  | Philippines              |
| 4   | Canada         | 24  | Poland                   |
| 5   | China          | 25  | Republic of Belarus      |
| 6   | Czech Republic | 26  | Republic of Korea        |
| 7   | Denmark        | 27  | Romania                  |
| 8   | Germany        | 28  | Saudi Arabia             |
| 9   | France         | 29  | Singapore                |
| 10  | India          | 30  | Sri Lanka                |
| 11  | Indonesia      | 31  | Sweden                   |
| 12  | Italy          | 32  | Switzerland              |
| 13  | Japan          | 33  | Thailand                 |
| 14  | Kuwait         | 34  | Turkey                   |
| 15  | Malaysia       | 35  | United Arab Emirates     |
| 16  | Mauritius      | 36  | United Kingdom           |
| 17  | Myanmar        | 37  | United States of America |
| 18  | Nepal          | 38  | Vietnam                  |
| 19  | Netherlands    | 39  | Maldives                 |
| 20  | Norway         | 40  | Morocco                  |



# Export processing zones (EPZ)

EPZs have been established by the Bangladesh Export Processing Zones Authority (BEPZA) under the Bangladesh Export Processing Zones Act of 1980 in order to invigorate industrialization and boost employment through promotion of trade and investment.

BEPZA is responsible for attracting foreign investment, facilitating fiscal and operational benefits and thus, providing a special customs bonded areas for investors to set up their infrastructure in Bangladesh in a congenial investment climate.

- BEPZA provides various one stop services to expedite and ease setup and operational requirements,
- Dedicated branches of banks, courier, post office, shipping agent, customs office, police station etc. are setup in EPZ areas to provide access or essential services,



## Fiscal benefits

- ✓ Tax exemption up to 7 and 5 years depending upon location of EPZ,
- ✓ Import tariff exemptions and duty draw back-back facilities on import of raw materials, machinery, equipment and construction materials,
- ✓ 100% foreign investment is permissible,
- ✓ Medium/long term foreign borrowing facilities,
- ✓ Operation of foreign currency accounts,
- ✓ Bonded warehousing facilities.

8

EPZs are currently operational across Bangladesh



# Economic zones (EZ)



EZs have been established by the Bangladesh Economic Zones Authority (BEZA) under the Bangladesh Economic Zones Authority Act of 2010 in order to encourage rapid economic development through increase and diversification of industry, employment, production and export.

BEZA provided multiple incentives, to the developers of the Economic Zones as well as to the manufacturing unit investors. Similar to EPZs, BEPZA also provide one-stop services and established dedicated branches of banks, courier, post office, shipping agent, customs office, police station etc. for the investors.



## Fiscal benefits

- ✓ Tax exemption up to 10 years,
- ✓ Tax exemption on dividend during tax exemption period,
- ✓ Tax exemption on capital gains from transfer of shares for 10 years,
- ✓ Tax exemption on royalties, technical know-how and technical assistance fees, etc. for 10 years,
- ✓ Tax exemption on salary of expatriate employees for 3 years,
- ✓ Exemption of VAT on all utility services
- ✓ Duty free import of goods to be used for the development of Zones
- ✓ 100% foreign investment is permissible,
- ✓ Medium/long term foreign borrowing facilities,
- ✓ Operation of foreign currency accounts,
- ✓ Bonded warehousing facilities.



# High-tech Park



Bangladesh Hi-Tech Park Authority (BHTPA) is the regulator for establishing Hi-Tech Park, Software Technology Park and IT Training & Incubation Centre throughout Bangladesh to incentivize local as well as foreign investors for the development of Hi-Tech/ Information Technology/Information Technology Enable Service industries.

Similar to EPZs, BEPZA also provide one-stop services and established dedicated branches of banks, courier, post office, shipping agent, customs office, police station etc. for the investors

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High Tech Parks declared across Bangladesh

## Fiscal benefits

- ✓ 12 years exemption of Income Tax for park developers.
- ✓ 10 years exemption of Income Tax for investors.
- ✓ Exemption of Duties on importing Capital Equipment and Construction Materials by the Investors and Goods/Materials to be used for the development of Hi-Tech Parks by the Park Developers;
- ✓ Exemption of Income Tax on Dividend, Share Transfer, Royalty, Technical Fees for investors;
- ✓ Exemptions of Income Tax for Foreign Employees;
- ✓ Exemption of Income Tax on declared Dividend by Park Developers;
- ✓ Exemption of VAT on goods produced by Investors;
- ✓ Exemption of stamp duty on the deed registration/ mortgage deed registration;
- ✓ Bonded Warehousing Station;

# Foreign exchange regulations (1/2)

**Bangladesh Bank is the central bank and regulator of the financial market**

Foreigners can invest in Bangladesh through equity contribution or loans.

**Equity funding by the foreign investors is always encouraged in Bangladesh for the following reasons:**

- The Government shall accord fair and equitable treatment to foreign private investment which shall enjoy full protection and security in Bangladesh.
- Government ensures foreign private investment shall not be expropriated, nationalised or be subject to any similar effect except for a public purpose against adequate compensation which shall be paid expeditiously and be freely transferable.
- Full repatriation of capital is ensured.

**Injection of equity does not require prior approval but certain formalities need to be maintained.**

**Any foreign loan is subject to prior approval of BIDA and Bangladesh Bank.**



**Bangladesh Bank**

# Foreign exchange regulations (2/2)

Bangladesh is a highly regulated country with respect to foreign exchange controls

Outward remittances have been made easier. Many (profit, dividends etc.) outward remittances can be made without prior approval of Bangladesh Bank, e.g.



Dividend



Import payments under L/C mechanism



Training and consultancy fees



Repayment of approved foreign loans

For few outward remittances, specific guidance and conditions have been prescribed or practiced e.g.



Transfer of shares and securities



Royalty and technical fees

Specific foreign exchange regulations are present for shipping agents, freight forwarding agents, courier companies and airline companies

For remittances which are not given specific guidance, special permission from Bangladesh Bank is required

A recent circular from Bangladesh Investment Development Authority (BIDA) simplified the process of Royalty and Technical fees repatriation, wherein registered private entities can remit permissible amounts without additional approval from BIDA, subject to certain conditions.



Bangladesh Investment  
Development Authority

**Bangladesh Investment Development Authority**  
**Prime Minister's Office**



ONE PLACE  
for all our INVESTOR SERVICES:  
Doing Business in Bangladesh is easy!  
<https://bidaonline.gov.bd>

Scan this code to visit BIDA's One Stop Service portal.



Scan this code to see BIDA's publications.



Find us on:



BIDA Head Office  
Siniyog Bhaban  
E-6/B, Agargaon  
Sector-6, Bangla Nagar  
Dhaka-1207

Help Desk at Shahjalal Int. Airport  
Phone: 02-8901499  
Mobile: 01716483466

BIDA Office Help Desk  
Phone: 02-44826795, 99  
Fax: 02-44826792  
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