2026 Budget

Investment Related Outcomes

06th August 2026

Agenda for today

- **Key policy directives & investment-related changes**
- **BIDA proposals vs. Budget outcomes**
- **Open discussion**
- **Media Q&A**

Clear policy direction in the budget

- **Tax policy positioned as an enabler to promote "Investment–Production–Employment cycle".**
- **Target to increase Tax % to GDP, through a clearer, technology-enabled and predictable tax system.**
- **Deregulation institutionalized as a core budget priority**.
- **Priority growth areas identified -** *entrepreneurship, export diversification, local value chain development, renewable energy & technology adoption*.

An Investor-Friendly Budget

Deregulation	**Long Term Tax Stability**	**Sector Specific Incentives**

An Investor-Friendly Budget

Deregulation	**Long Term Tax Stability**	**Sector Specific Incentives**

DEREGULATION

Approvals & Licensing Simplification

14 days

Starting a business via Single-window
(automatic approval if SLA missed)

3 Years

- **Bond license validity increased**
- **Bond facility extended for 60 km within parent institution**

Upto 80%

- **AEO clearance limits doubled**
- **Up-to-date audit reports no longer required for AEO**

48h→24h

Utilization Permission deadline relaxed to 24 hours prior to shipment period expiry

Private labs

Chemical testing reports now accepted during customs clearance

DEREGULATION

Export Diversification

1

10 new sectors

Motorcycles, speedboats, fish processing, handicrafts, diversified jute products, diapers & sanitary napkins, crockery, tents, recycled cotton bags, and terry towels can now import raw materials duty free via bank guarantee — without a bond license

2

Value-addition requirement lifted

The mandatory minimum 30% value-addition requirement for exportable goods made from duty-free imports (via bank guarantee) has been removed — exports now qualify at any level of value addition

DEREGULATION

Clear timelines & lower cost of operations

	BEFORE	AFTER
Profit repatriation	Not defined	**within 30 days**
NITA account repatriation	Multi-day	**1 working day**
Central bank pre-approval, unlisted deals	Waived up to only Tk 10 cr.	**waived up to Tk 100 cr**
Foreign loan interest tax	20% withholding	**cut to 10%**
PSR Requirement	Required for any Director / sponsor shareholder	**Only for 'Resident' Director / sponsor shareholder**
Tax Deduction at Source	Treated as Minimum Tax Liability	**Treated as Advance Tax**

DEREGULATION

Reduced Manual & Arbitrary Procedures

1 Mandatory E-VAT filing

- **Filing online from anywhere**
- Automatic BIN issuance
- Quarterly filing vs monthly
- **Automatic VAT refund**

2 SLA based audit

Audit mandatory to be concluded within **1 year of document submission**

3 Reduced cost of appeal

Pre-deposit required to challenge NBR assessments dropped to **only 1% vs current 10%**

4 Digital record-keeping

Books of account and related records may now be preserved in **physical, digital, or both** formats

An Investor-Friendly Budget

Deregulation

Long Term Tax Stability

Sector Specific Incentives

LONG-TERM STABILITY

Policies locked for 5/10 years vs a budget cycle

Income Tax

Personal

- 5-year **personal income-tax plan** through 2030–31
- Tax-free thresholds and applicable tax slabs are specified in advance **(BDT 400,000 to BDT 500,000)**.

Corporate

- Existing corporate tax rate unchanged for next tax year

Sector specific long-term outlook

- **Until 2030:** Consumer electronics, computers and digital devices, shipbuilding, batteries, medical device inputs and selected local-manufacturing VAT benefits.
- **Until 2031:** Semiconductor inputs, EV manufacturing and most solar-power components.
- **Until 2035:** Zero income tax for solar-power generation and full VAT exemption for registered startups.
- **Up to 10 years:** Phased income-tax exemption for edible-oil production using locally grown oilseeds.

An Investor-Friendly Budget

Deregulation

Long Term Tax Stability

Sector Specific Incentives

ICT & Digital services

0%

Turnover Tax on Startup Sandbox

Services & rented premises

BDT 500Cr start-up fund

0%

Income Tax on freelancers and content creators

VAT-free on all services

1%

Duty on semiconductor

No duty on chip design, testing or packaging materials

0%

Duty on laptops, desktops, servers, printers & monitors

CD, RD, SD & VAT = 0%

Only 5% CD for SSDs

-50%

VAT on home electronics

15% to 7.5% for production of refrigerators, freezers, ACs.

2%

AIT on Desktop and CPU for Desktop at import stage

Down from 5%

SRO 170-Law/2026/25/Customs; SRO 151-Law/2026/06/Customs,

Sector Specific Incentives

Electric Vehicles

64%

Import tax on **EVs (under $25,000) vs current 94%**

0%

All levies on **chargers / charging stations from 40%**

0%

RD and significant SD reduction **PHEV upto 1800 CC**

0%

Import stage duties except VAT on Electric bus and truck import

0%

RD, SD, VAT, and AT on raw materials and components for EV assembly

SRO 159-Law/2026/14/Customs; SRO 166-Law/2026/21/Customs

Sector Specific Incentives

Renewable Energy

0%

0% duty *(import + RD + SD)* **on solar components**

0%

Income tax for solar generation businesses

0%

Duty on Mounting Structures, Lithium Cells, Battery Packs, and BESS

5%

Rebate on consumer solar electricity

SRO 159-Law/2026/14/Customs, SRO 166-Law/2026/21/Customs

Sector Specific Incentives

Apparel, Textile & Leather

0%

Supplementary duty on synthetic woven fabric

0%

AIT on selective artificial & synthetic staple fibres
(previous 2% to 5%)

0%

CD for Spandex, Synthetic Filament Yarn of Polypropylene & Carbonized Wool imported as Raw Material

3%

Export incentives on all Knit, Woven garments SMEs

10%

Export incentives on leather products

0.5%

AIT on Cotton
Previously 5%

SRO 151-Law/2026/06/Customs

Sector Specific Incentives

Pharmaceuticals, Biotech & Medical Devices

0%

51 API raw material at zero customs duty

0%

VAT, RD and SD for bio-hygiene machinery manufacturing

0%

Import stage duties of the import of 9 raw materials for Anti-Cancer Medicine production

6%

Export incentives on pharma products

0%

Import Stage Duties on Dialysis Filters, Vascular Stents & Other Cardiac Devices

SRO 152-Law/2026/07/Customs; SRO 154-Law/2026/09/Customs; SRO 155-Law/2026/10/Customs

Sector Specific Incentives

Gold and Precious Metals

Bonded Warehouse facilities

100% duty-free gold bar imports for export

Flat VAT rates (5% VAT before)

Gold / Platinum / Diamond	**BDT 2,500**
Silver or silver jewellery	**BDT 100**

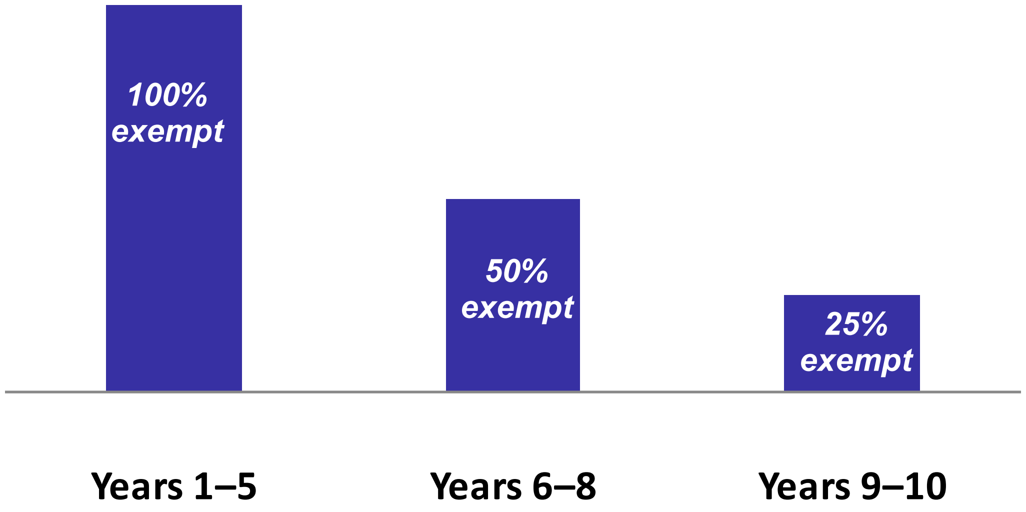
Lower tax at source

0.5% vs previous 5% for gold & gold ornaments

Sector Specific Incentives

Agro-Processing

Progressive 10-year tax exemption for edible oil



0%

VAT on 36 pesticide & insecticide raw materials

0%

CD on 5 poultry & dairy machine items

Zero duty for 3 new feed-industry raw materials

0%

CD, RD, SD and VAT for importing Aqua Feed, feed additivies, Probiotics, Vitamin & Mineral for Shrimp Hatcheries

SRO 151-Law/2026/06/Customs

Logistics

100% foreign ownership

- Allowed in ICDs and off-docs
- Previous 49% cap abolished

FTZ Allowance

Duty-free & tax-free import of goods for storage, grading, packing, production, and processing for re-export

Air cargo operator station

New policy introduced to enable private sector to handle air cargo outside the airport

Customs Act 2023, Sections 134b & 134f

Automobile Manufacturing (EV Manufacturers and Vendors)

Local Value addition based duty reduction

3%

Customs Duty if production facility established with body and paint shop within **30 June 2031**

0%

VAT at supply stage for manufacturers

15%

Customs Duty if production facility established with only paint shop within **30 June 2031**

5%

VAT at supply stage for assemblers

SRO 159-Law/2026/14/Customs, SRO 166-Law/2026/21/Customs

An Investor-Friendly Budget

Deregulation

- Streamlined regulations
- SLA & time-bound
- Digitally enabled

Long Term Tax Stability

- Outlook provided for 5/10 years

Sector Specific Incentives

- Promote local manufacture
- Focus on priority sectors

Other Key Changes

Capital Market

Tax Benefits for Listed Companies

- Non-listed companies 27.5%
- sted with <10% public float : 25%
- Listed with ≥ 10% public float : 22.5%

IPO incentive for telcom

- Non-listed operators : 45%
- 10% paid up capital listed : 40%
- 20% paid up capital listed : 35%

Mutual fund benefit expanded

- BDT 500,000 investment ceiling for receiving tax-rebate benefits removed

Dividend tax simplification

- Dividend income tax subject to maximum 15% tax

Other Key Changes

DECENTRALIZATION INCENTIVES

Accelerated depreciation for Industrial, tourism, and sports projects outside Dhaka & Chittagong City Corporations

60%
Year 1

40%
Year 2

BIDA’s Report Card

Activities leading to 2026 budget

04 inter-agency consultation with NBR & IPAs since Q4’25 to Q2’26

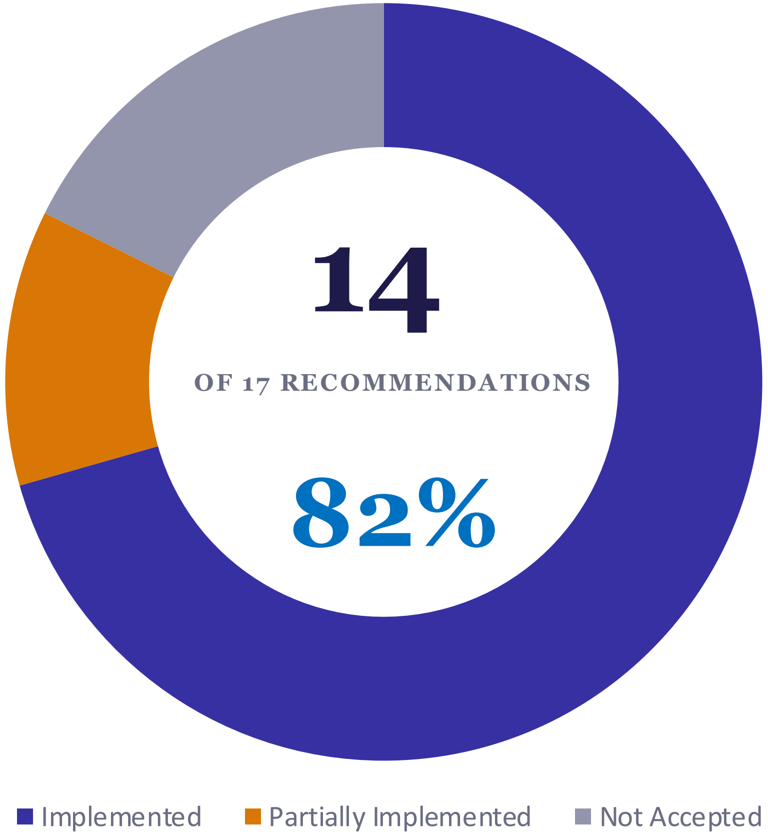
17 budget related proposals & 19 deregulation proposals from BIDA

Multiple consultation meetings with working teams pre-budget in May’26

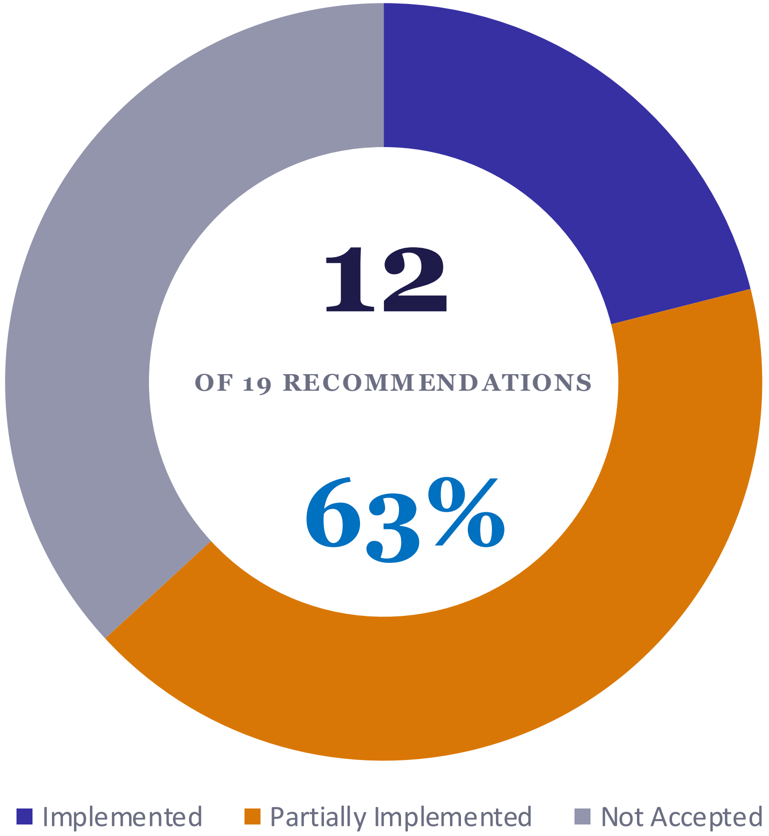
Report Card

Proposals vs outcome

Sectoral / Policy



Deregulation



Example : Budget proposal vs actuals

IMPLEMENTED *S.R.O. 170-Law/2026*

BIDA ASKED

Set import tax on design software, EDA tools, chip-verification equipment and networking materials at close to zero for VAT-registered semiconductor firms.

→

NBR DELIVERED

New customs S.R.O. 170 issued; a matching VAT notification adds a dedicated "Semiconductor" service code for assembly, testing and packaging.

PARTIALLY IMPLEMENTED

BIDA ASKED

Simplify the VAT appeal structure and reduce delays.

- Abolish the Commissioner (Appeal) stage
- Increase the number of VAT Appellate Tribunal benches
- Mix of technical and judicial members

→

NBR DELIVERED

Did not remove the commissioner appeal fully but significantly reduced the financial barriers :

- Appeal Commissionerate: pre-deposit **10%** → **1%**
- Appellate Tribunal: **10%** → **1%**
- High Court: **10%** → **2%**

Deregulation change summary (from BIDA proposal)

#	BIDA Recommendation	FY2026–27 Outcome
2	Simplify VAT return and digitise filing	Mandatory e-VAT filing, simplified filing processes, quarterly filing for eligible taxpayers and greater automation
3	Introduce risk-based VAT audits	Manual VAT and income-tax audit selection replaced by a fully automated, software-based risk-selection system
6	Automate VAT refunds	Refund processing moving toward automation and direct payment to taxpayers' bank accounts
7	Simplify VAT appeals by removing an appeal layer and increasing Tribunal capacity	Pre-deposit reduced from 10% to 1% at Appeal Commissionerate, 1% at Tribunal and 2% at High Court
8	Use international databases and system-based Customs valuation	Assessable Value Order 2026 introduces international benchmark sources including Platts, ICIS, LME, SMM and Bloomberg (https://shorturl.at/dxAUf)
9	Simplify and unify bond/VAT compliance	Bond procedures substantially simplified through longer validity, reduced audit/compliance requirements and expanded facilities
11	Simplify DTAA/TRC verification and remove repetitive certification	TRC certification moving to automated online issuance through National Single Window
13	Corporate e-return and automatic integration of tax-payment/TDS	Corporate e-return introduced and tax systems increasingly integrated, including ASYCUDA–eReturn integration
16	Improve port/off-dock clearance, 24/7 operation and digital interoperability	New private port/terminal framework, foreign-ownership liberalisation in ICD/CFS
17	Relax mandatory LC requirement and expand alternative payment methods	Government to gradually relax LC for reliable importers/low-risk goods and wider use of D/P and TT
18	Simplify capital repatriation through higher thresholds and licensed valuation	BB pre-approval waived up to Tk 100 crore, valuation requirement eased and licensed valuers introduced for larger transactions
19	Remove separate prior BB approval for every OBU loan	Budget states that the requirement for separate approval for each OBU loan will be reviewed

Next steps & actions

- **Communicate changes to investors & businesses – Meeting participants**
- **Revive bi-monthly consultation dialogue with NBR and Investment promotion agencies – BIDA & NBR**
- **Continue engagements with NBR to review the remaining budget & de-regulaton proposals - BIDA**
- **Focus on execution of changes (specially deregulation) at the field level - NBR**

Open discussion

Media Q&A