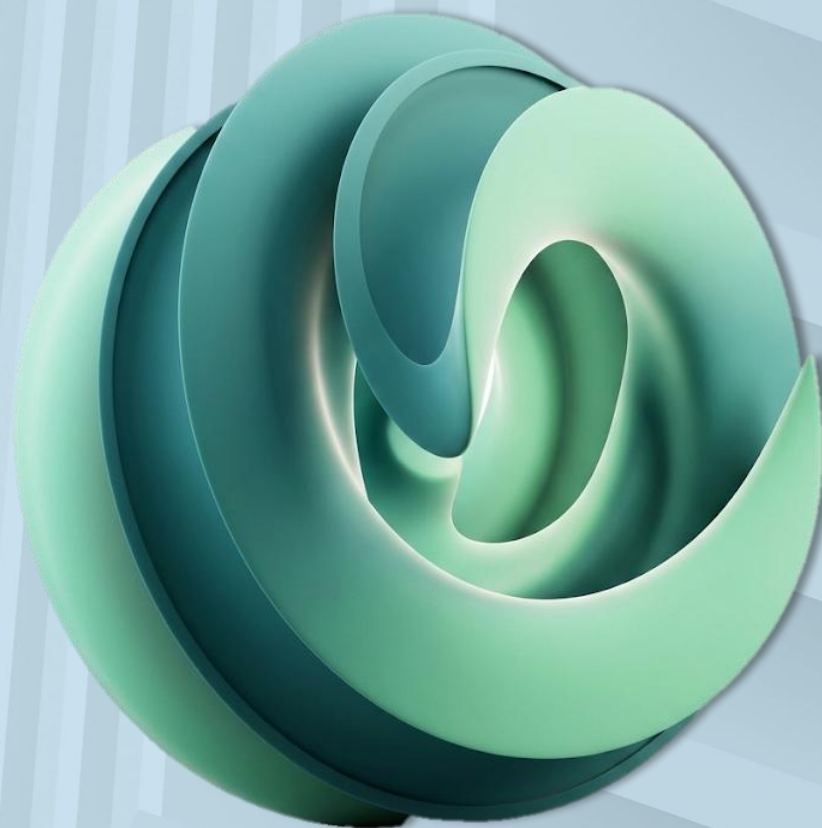




Quarterly Tax Updates

September 2026

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Foreword

Our Quarterly Tax Update publication provides timely updates and practical insights into developments in Bangladesh's tax landscape. As tax legislation, regulatory interpretations and administrative practices evolve, understanding their implications is increasingly important for businesses seeking to meet compliance obligations, manage tax risk and make informed commercial decisions.

This edition highlights key developments in direct and indirect taxation, compliance requirements and emerging areas of tax policy, with a focus on their practical relevance to businesses operating in Bangladesh. Keeping pace with tax developments extends beyond statutory compliance and supports effective tax governance, risk management and sound decision-making. This publication aims to help business leaders, finance professionals and tax practitioners anticipate developments and assess implications for your organisations.

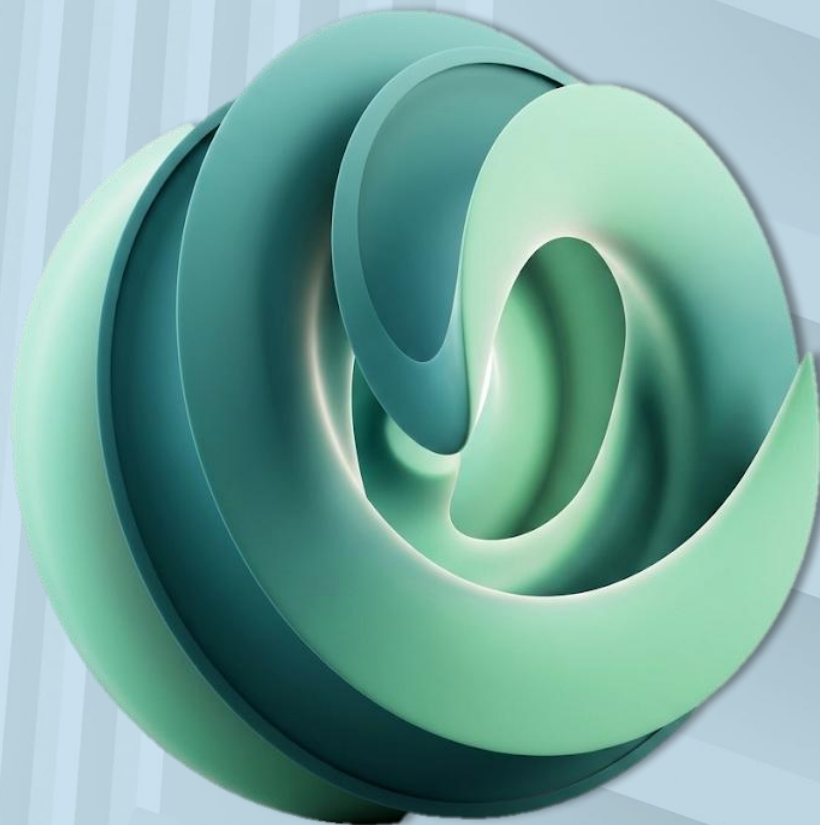
As a trusted and leading tax advisor, with a history spanning more than 60 years, and former first Big 4/KPMG member firm, Rahman Rahman Huq (RRH) has supported businesses in navigating changes in Bangladesh tax environment. Drawing on our experience in tax advisory, tax due diligence, deal and Merger and Acquisition (M&A) advisory, tax audit, appeal and dispute management, we help clients interpret emerging tax requirements and identify practical and commercially informed actions. To discuss how RRH can support your organisation, please contact any of the tax consultants listed in this publication.



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Withholding Tax Rules, 2026 Issued



The National Board of Revenue (NBR) has issued the Withholding Tax Rules, 2026, repealing the rules issued on 8 June 2026. It has also revised import advance income tax schedules, expanding zero-rated items to include essential agricultural inputs, raw fibres and seeds, and adding liquid crystal modules and personal desktop computers to concessionary categories.

For invoices showing both a service fee and a total bill, tax must be calculated on each amount as prescribed, and the higher tax amount to be deducted. This applies to cleaning, security, manpower, media agency, shipping agency, stevedoring and freight forwarding services.

SRO No. 273-Act/Income Tax-5/2026 dated 5 July 2026

Gift Tax on Property Registration



Under section 125 of the Income Tax Act, 2023 and the Tax at Source Rules, 2026, tax is normally collected at prescribed rates on property transfers. For the financial year (FY) 2026–2027, new subsection (2A) requires the registering officer to collect gift tax from the donor via e-challan under the Gift Tax Act, 1990 for gift or heba transfers, which are exempt from standard tax at source. Regular sale deeds remain subject to tax at source, with no gift tax applicable.

Nothi No. 08.01.0000.030.011.003.12-89 dated 7 July 2026

Revised Turnover Tax Bands



Under Statutory Regulatory Order (SRO) No. 324 (issued on 31 August 2026), the NBR restructured the minimum turnover tax under section 163(6) into tiers for the residual category: gross receipts up to Bangladeshi taka (BDT) 2 crore are exempt (0%), receipts between BDT 2 crore and BDT 4 crore are taxed at 0.50%, and amounts exceeding BDT 4 crore are subject to 1%.

SRO No. 324-Ain/Income Tax-5/2026 dated 31 August 2026

Expanded Scope of Specified Persons



The NBR has designated government institutions and offices, statutory government authorities, local authorities, autonomous bodies and educational and private institutions as “specified persons”, in addition to the entities referred to in section 140(3) of the Income Tax Act, 2023, for the purpose of deducting tax at source and depositing the deducted amount into the government treasury.

Order No. 02/2026 dated 2 September 2026

Being one of the leading tax advisors in corporate tax, vat and customs matter in Bangladesh, our dedicated tax team is ready to respond to your queries as and when needed.

VAT Exemption for Local Supply of Medical Devices



Under SRO No. 287-Law/2026/369-VAT, the government amended the Value Added Tax (VAT) and Supplementary Duty (SD) Act, 2012 to exempt critical cardiovascular and medical devices, including peripheral vascular stents, radiofrequency ablation fibres, oxygenators, pacemakers and heart valves, from VAT at both the service supply and trader stages.

SRO No. 287-Act/2026/369/VAT dated 2 August 2026

Minimum MRP for Low-Tier Cigarettes



The NBR has increased the minimum threshold for the maximum retail price (MRP) of low-tier cigarettes from BDT 62 to BDT 65 per ten cigarettes. Thresholds for other tiers remain unchanged. Flavour-capsule cigarettes are excluded from the low tier and permitted only in the medium and higher tiers.

Manufacturers must declare and reconcile existing inventories using a prescribed statement, subject to physical verification by VAT officials.

Manufacturers must pay the additional VAT and SD arising from the increased prices of existing finished stocks and packets already bearing stamps before clearing and supplying this inventory to the market.

SRO No. 340 & 341-Act/2026/372-VAT dated 15 September 2026

Mandatory Online VAT Return Filing



The NBR has made online VAT return filing mandatory for 11 specified categories of goods and services across eight manufacturing and three service sectors: cigarettes, mobile phones, medicines, beverages, cement, mild steel products, tiles, paints and varnishes, insurance, banking and non-bank financial institutions (NBFIs), and mobile financial services.

The requirement also applies to other relevant businesses or services of VAT-registered businesses or companies covered by the order.

General Order No. 12/VAT/2026 dated 20 September 2026

Duty and Tax Exemptions on Medical Device Imports



The government has granted full exemption from customs duty, regulatory duty, SD, VAT, advance tax and advance income tax (AIT) on imports of peripheral vascular stents, radiofrequency ablation fibres, oxygenators, pacemakers, heart valves, or occluders and devices.

Order No. 02/2026 dated 2 September 2026

Import Duty and Tax Relief on Servers



The government has exempted imported servers from customs duty, regulatory duty, SD and VAT, while capping AIT at 2% by waiving any amount above that rate. The exemption is effective immediately.

SRO No. 296-Act/2026/85/Customs dated 17 August 2026

Solar Equipment Imports and Customs Clearance



The NBR has clarified customs clearance and duty and tax concessions for solar power equipment. Importers may claim concessions under SRO No. 191 for solar panels and SRO No. 159 for other solar equipment, subject to prescribed conditions. The concession also covers solar inverters despite an incorrect Harmonised System (HS) code in SRO No. 159, as the product description prevails.

Manufacturing companies may import eligible equipment at 1% customs duty. Commercial importers are subject to 1% customs duty, 7.5% advance tax and 5% AIT, adjustable against subsequent tax liabilities.

Nothi No. 08.01.0000.53.03.051.23/368 dated 17 August 2026

Concessions for Imported Raw Materials



The government has revised concessional import arrangements for industrial raw materials. Detergent manufacturers may import linear alkylbenzene (LAB). Liquid crystal display (LCD)/light-emitting diode (LED) panel manufacturers may import open cells at 5% customs duty and 0% SD. The concession for transformers with a power-handling capacity of up to 1 kVA has shifted from washing machine to microwave oven manufacturers. Bicycle manufacturers may also import free-wheel/sprocket wheels at 15% customs duty and 0% SD.

SRO No. 297-Act/2026/86/Customs dated 19 August 2026

Permission for Dyed Fibre Supply to Melange Yarn Manufacturers



The NBR has allowed non-bonded 100% deemed-export melange yarn mills to source dyed fibre from bonded dyeing units under Utilisation Permission (UP). Mills must maintain back-to-back letters of credit linked to the master export contract and supply finished yarn only to bonded garment exporters. They must also fulfil Customs Bond Management System (CBMS) registration, industrial import registration certificate (IRC) and VAT compliance requirements.

General Order No. 49/2026/Customs/503 dated 30 August 2026

Withdrawal of Bond Facility for Cotton Yarn Imports



The NBR has withdrawn the bond facility for importing 10–30 count cotton yarn under HS headings 5205, 5206 and 5207. Eligible warehouse-licensed exporters may import the yarn against an unconditional and continuous bank guarantee covering applicable import-stage duties and taxes, subject to certification by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) or Bangladesh Textile Mills Association (BTMA). The guarantee will be released upon confirmation that all products manufactured from the imported yarn have been exported. The order excludes consignments shipped before its issuance.

Order No. 51/2026/Customs/519 dated 7 September 2026

Renewal of Freight Forwarding Licences



The NBR has clarified that freight forwarding licences validly issued to 100% foreign-owned companies before 1 July 2015 may be renewed, subject to applicable requirements. Renewal cannot be refused solely on the grounds of 100% foreign ownership, provided all other renewal conditions are met.

Nothi No. 08.01.0000.059.05.002.26/153
dated 7 September 2026

Import of Reusable Goods Declared as Scrap



The NBR has instructed importers not to import reusable goods by declaring them as scrap under HS heading 72.04. The Import Policy Order permits eligible actual users to import waste and scrap under this heading. However, some importers reportedly declared reusable products as scrap, resulting in customs seizures and court proceedings. Following the High Court Division's directions, the NBR has clarified that such imports violate the Import Policy Order and may result in legal action.

Paripatra (Nothi No. 08.01.0000.53.03.061.23/405) dated 9 September 2026

Revised Import Tax Exemption for Solar Power Equipment



The NBR has amended the import tax exemption for eligible VAT-compliant manufacturing companies and renewable energy service companies (RESCOs) importing specified solar power equipment. Effective immediately for 180 days, the amendment introduces 1% customs duty while fully exempting regulatory duty, VAT, SD, advance tax and AIT.

SRO No. 338 and 339-Act/2026/88-Customs
dated 15 September 2026

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