



Tax News Flash

Exemption for non-coal power generation companies

August 2024

Dear all,

NBR has previously issued SRO No. 208-Law/IncomeTax-03/2023 dated 26 June 2023 relating to tax exemptions for non-coal based private Power Generation companies operating in Bangladesh and thus, extends the benefit given under SRO 211-Act/IncomeTax/2013 dated 1 July 2013, SRO 212-Act/IncomeTax/2013 dated 1 July 2013 and SRO 05-Act/IncomeTax/2020 dated 9 January 2020.

Non-coal based private power generation companies starting their commercial operation from 1 January 2023 to 30 June 2024 will enjoy tax exemptions on:

- Income from power generation business till 30 June 2036.
- Income of foreign employees for three years from the date of their arrival.
- Payments of interest on foreign loan.
- Payments of royalties, technical know-how and technical assistance fees.
- Capital gain arising from transfer of shares in the company.

Non-coal based private power generation companies starting their commercial operation from 1 July 2023 to 30 June 2025 will enjoy tax exemptions on its power generation business income in the following manner:

Tax exemption period	Tax exemption rate
First five years	100%
The next three years	50%
The next two years	25%

Recently, SRO 247-Act/Income Tax-41/2024 dated 27 June 2024 was issued amending the SRO 208 and states that the companies enjoying exemption under the earlier repealed SROs 211, 212 and 05 will continue to enjoy the granted exemption as per terms mentioned in those respective SROs.

Furthermore, for companies which entered into contracts for combined cycle power generation using gas or RLNG within 30 June 2022, tax exemption is allowed for 10 years starting from the date of commercial operation for the following:

- Income from sale of electricity
- Payment of interest on foreign loan
- Payments of royalties, technical know-how and technical assistance fees

Needless to say, power generation companies will need to maintain books and records and abide by all relevant provisions of the tax legislation and the Private Sector Power Generation Policy of Bangladesh.

If you require any support, we will be happy to discuss further.

Best Regards

KPMG Bangladesh team

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