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CONSULTANCY

Changes in Budget 2026 — 27

Income Tax · VAT · Customs · Withholding Tax · Ease of Doing Business

National Budget FY 2026-27 | Presented: 11 June 2026



Bangladesh's largest-ever budget — BDT 9,38,000 Crore

**BDT 9.38L
Cr**

Total Budget
(19% higher than FY 2025-26
revised)

**BDT 5.64L
Cr**

NBR Tax Revenue Target
(Up 17.5% from last year)

**BDT 3.00L
Cr**

Annual Dev. Programme
(Up 50% — all-time record)

10% GDP

Tax-to-GDP Target
(Medium term goal; current ~7%)

Government's 3 Strategic Goals



Trillion-Dollar Economy by 2034

More investment, more employment, GDP growth
focus



Tax-to-GDP at 10% — Medium Term

Expanded NBR collection, digital compliance, wider
net



Tax-to-GDP at 15% by 2035

Full digital tax system — online returns mandatory
for all



Tax-free limit rises to BDT 3,75,000 — but slab rates have increased across the board

Income Tax Slabs — Before vs After

Income Slab	Old Rate	New Rate (26-27, 27-28)	Change
Up to BDT 3,75,000	Nil (prev BDT 3.5L)	NIL	Threshold ↑
Next BDT 3,00,000	5%	10%	Rate doubled
Next BDT 4,00,000	10%	15%	Rate up 5%
Next BDT 5,00,000	15%	20%	Rate up 5%
Next BDT 20,00,000	20%	25%	Rate up 5%
Above BDT 35,75,000	25%	30% (New top)	New top rate

Real Example — BDT 8,00,000 Income

First 3,75,000	→ NIL	= BDT 0
Next 3,00,000 @ 10%		= BDT 30,000
Next 1,25,000 @ 15%		= BDT 18,750
<hr/>		
Total Tax Payable		= BDT 48,750
Old Tax (FY 2025-26)		= BDT 35,000
Additional Burden		= BDT 13,750

Investment Rebate — Major Cut

BEFORE

15% Rebate
Max BDT 10L

Investment Rebate Rate



AFTER

10% Rebate
Max BDT 7.5L

⬇️ **BDT 2,500 less per**
BDT 1L invested

BEFORE

BDT 3,50,000
Tax-Free Limit

Basic Exemption
Threshold



AFTER

BDT 3,75,000
Tax-Free Limit

⬆️ **BDT 25,000 benefit**

Return Filing Incentive / Penalty

July-Sep: 5% incentive ✓

Oct-Dec: No penalty

Jan-Mar: 2% penalty X

Apr-Jun: 5% penalty X X

Tax-Free Threshold & Minimum Tax — 5-Year Roadmap



Government commits to increasing threshold every 2 years up to 2030-31



Special Category Thresholds (AY 2026-27)

Category	AY 2026-27 and 27-28	AY 2030-31
Women / Senior (65+)	BDT 4,25,000	BDT 5,00,000
Disabled / Third Gender	BDT 5,00,000	BDT 5,75,000
Freedom Fighter / July Warrior	BDT 5,25,000	BDT 6,00,000
Per Disabled Dependent Child	+ BDT 50,000	+ BDT 50,000

Minimum Tax — Now Uniform Nationwide

Old: Dhaka/Ctg Division: BDT 5,000

Old: Other City Corp.: BDT 4,000

Old: District/Other: BDT 3,000

► New: All Bangladesh: BDT 5,000 ✓

First-time TIN holder: BDT 1,000 only



Route all transactions through banking — save 2.5% tax. Section 56 reformed completely.

Corporate Tax Rates (AY 2026-27 to 2030-31)

Entity	Normal	Banking Compliant
Listed Company (>10% IPO)	22.5%	20% ↓
Non-Listed Company	27.5%	25% ↓
Private University / College	15%	10% ↓
Listed Bank / Insurance / NBFI	37.5%	37.5%
Non-Listed Bank / NBFI	40%	40%
Mobile Operators	45%	45%
Tobacco Companies	45% + 2.5% SC	45% + 2.5% SC

✅ Banking Compliance = Save 2.5% Tax

All income and expenditure must flow through official banking channels. A non-listed company earning BDT 1 Crore profit saves BDT 2,50,000 annually by switching to 25% rate.

Section 56 Reform — WHT Non-Compliance

OLD RULE: Full expense disallowed if WHT not deducted

NEW RULE: Expense allowed — but pay WHT + 50% surcharge on WHT amount

Updated Expense Allowances

Expense Type	New Limit
Perquisite (per employee)	BDT 25 lakh ↑
Entertainment	4% of taxable profit
Promo / Foreign Travel	1% of turnover ↑
Tea/Coffee/Stationery	0.1% of turnover

Withholding Tax (TDS) — Major Rate Cuts



WHT is now an advance tax — excess deducted will be refunded directly to your bank within 60-120 days

 **WHT is no longer a FINAL tax — it is now an ADVANCE tax. Overpaid WHT = CASH REFUND to bank account within 120 days of filing.**

WHT Rate Changes — Key Categories

Category	Before	After	Impact
Essential goods (rice, wheat, fish, oil)	5% / 2% / 1%	0.5%	↓ Major relief
Gold & jewellery supply	5%	0.5%	↓ Sector formalised
Export cash assistance	10%	5%	↓ Exporter gain
Transport / vehicle hire	5%	2%	↓ Logistics cheaper
Electricity (power companies)	4%	3%	↓ Energy cost down
Non-resident machinery rental	15%	7.5%	↓ Cheaper equipment
Foreign loan interest	20%	10%	↓ Cheaper financing
BTRC revenue/licence fee	20%	0% EXEMPT	Full exemption
Recyclable goods / raw materials	3%	1%	↓ Green boost
Lottery / online gaming	20%	25%	↑ Increased





WHT Refund Timeline (New)

Return under Sec 180: **Within 120 days**

Other WHT refund: **Within 60 days**

Audit window: **Current + 2 years only**

New WHT Categories (FY 2026-27)

-  Club admission/renewal/transfer **10%**
-  Local LC (cement, iron, steel) **2% — New**
-  Supply to retailers (AIT) **0.20% — New**
-  Brick fields (by capacity) **BDT 1L–3L ↑**



Paper VAT returns are abolished. All returns mandatory online. BIN registration is now instant.



Mandatory Online

All VAT returns must be filed online from 1 July 2026



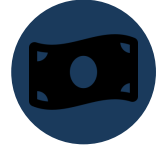
Quarterly Returns

Monthly 12 returns reduced to just 4 per year



Instant BIN

BIN registration is now instant on eVAT portal



Auto Refund

VAT refund direct to bank via iBAS++ — no office visit

Key VAT Compliance Changes

Item	Before	After
Return submission	Manual or optional online	Mandatory online — eVAT only
VAT returns per year	Monthly — 12/year	Quarterly — 4/year ✓
BIN areas (mandatory)	Bank accounts only	7 areas: bank, loan, trade licence, MFS, utility, BRTA
Transport input credit	80%	100% — full credit ✓
Imported services VAT	Varied by service	Flat 15% standard rate
VAT appeal pre-payment	10% all levels	1% → 1% → 2%



Old VAT Dispute Settlement

For VAT cases before 1 July 2022:

Interest is now capped at 24 months maximum. Excess interest waived.

This is a one-time opportunity to close old cases at minimum cost. Act before 31 December 2026.



Stents ~BDT 20,000 cheaper. Startups VAT-free to 2035. Freelancers fully exempt.

✔ VAT Exemptions — Who Benefits

Startups (services, premises, imported services)	10-year exemption	To 2035
Freelancers & content creators (YouTube, Blog, FB)	Full 15% VAT saved	Now
Agricultural fertiliser (trading level)	7.5% → 0%	Now
Cardiac stents (supplier level)	~BDT 20,000 cheaper	Now
Intraocular lens (eye surgery)	~BDT 5,000 cheaper	Now
Metro rail services	Commuter benefit	To 2028
Mobile SIM card special levy (BDT 300)	Levy withdrawn	Now
Local refrigerator / AC production	15% → 7.5%	To 2030

⬆ New VAT Levies — Who Pays More

Locally produced liquor	BDT 500/litre
High-value frozen fish imports	15% VAT — new
Plant/fragrance extract imports	15% VAT — new
Steel / MS products	Rate revised up
Jewellery services	BDT 2,500/bhori



Regulatory Duty tiers simplified: 9 → 6. Duties cut on 69 products. Solar & EV: fully duty-free.

Regulatory Duty (RD) — Structure Reform

BEFORE: 9 tiers — 0%, 3%, 5%, 10%, 15%, 20%, 25%, 30%, 35%

AFTER: 6 tiers — 0%, 5%, 10%, 15%, 20%, 25% ✓

113 products: RD fully withdrawn

Sector-wise Duty Changes



Solar Equipment

0% all duties
until June 2031



EV Chargers

0% — Full exemption
from 39.75%



Laptops / PCs

0% all duties
ID+RD+SD+VAT



All Spices

RD fully withdrawn
Daily goods cheaper



Washing Machines

20% SD added
Local protection



ICE Cars (1200-1600cc)

132% → 155%
Fossil fuel discouraged



All freelancing income 100% tax-free. SMEs below BDT 50L: zero income tax. Startups: VAT-free until 2035.

100%

Tax-Free
All Freelancing Income

0%

Income Tax for SMEs
Turnover up to BDT 50 Lakh

10 Yrs

VAT Exemption
Startups until 2035

0%

Women Entrepreneurs
Turnover up to BDT 70 Lakh

Full Benefit Summary

Category	Old Position	New Benefit (FY 2026-27)
All freelancing income	Only IT exempt	All categories — 100% tax-free
YouTube / FB / Blog content	Taxable as business income	100% tax-free
Startup VAT (services, premises)	15% VAT	0% — until June 2035
SME income tax (up to BDT 50L)	Normal tax rates	Fully exempt from income tax
Women / disabled (up to BDT 70L)	Normal tax rates	Fully exempt from income tax
Accel. depreciation (outside Dhaka/Ctg)	Normal rates	Year-1: 60% + Year-2: 40%
Edible oil from domestic oilseeds	Normal tax	5-yr 100% exempt, then 50%, then 25%

⚠️ Condition: Freelancers must bring income through formal banking channels to claim the exemption. Always file return — even if tax = zero.



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Ease of Doing Business — 17 Reforms



Company registration: 48 hours. Tax appeal: 1% pre-payment. Foreign expert permit: 7 working days.



Company in 48 Hours

Online registration — RJSC portal, online



Appeal: 1% Pre-Payment

Tribunal: 1% | HC: 3% (was 10%–25%)



Auto Tax Audit

Software-based risk selection — no human discretion



Online Corporate Return

One-click filing from ERP system



Auto WHT Refund

Direct to bank — no office visit needed



7-Day Work Permit

Foreign expert permits within 7 working days



30-Day Profit Repatriation

Fixed deadline for foreign investors



Share Transfer Simplified

No valuation report for transfers ≤ BDT 1 crore



Bond: 3-Year Tenure

Leather/shoes/textile bond extended from 1 to 3 years



EV Loan: BDT 80 Lakh

Up from BDT 60L | 80:20 ratio (was 60:40)



Personal Loan: BDT 10L

Unsecured limit doubled from BDT 5 lakh



5-Year Investor Visa

Multi-entry investor visa now available

Real Estate Sector — JDA Framework & IFRS 15 Mandatory



Developer-Landowner JDA now has clear legal framework in the Fifth Schedule of the Income Tax Act 2023.

JDA Capital Gains Formula — Landowner

Capital Gain (A) = Total Value Received (B) - Cost of Land (C)

Where B = Cash received + Fair value of flat/unit + Any other benefit from developer

Where C = Cost of land as stated in JDA / IPOA agreement

Illustrative Example

Landowner's land cost = BDT 50,00,000

Cash received from developer = BDT 30,00,000

Flat value received = BDT 80,00,000

Total consideration (B) = BDT 1,10,00,000

Capital Gain (A = B - C) = BDT 60,00,000 ← TAXABLE

Key Sector Changes

Item	Impact
Non-listed developer tax	27.5% → 25%
Listed developer tax	22.5% → 20%
WHT on transport	5% → 2%
Steel/MS VAT	Rate up ↑
PVC/PET import duty	5% → 10%

IFRS 15 — Now Mandatory

All real estate developers must adopt IFRS 15 revenue recognition from FY 2026-27. Revenue is recognised when performance obligation is satisfied — not on cash receipt. Update your accounting system immediately.

Solar Power & EVs — Bangladesh's Green Economy Package



Solar: 0% duties until 2031. Solar income: 0% tax until 2035. BRTA levy for EVs down 87.5%.

☀️ Solar Power Package

Solar Benefit	New Status	Until
Solar equipment — all import duties	0% — ZERO	June 2031
Solar sector income tax	0% tax holiday	2035
Solar bill payment rebate (taxpayers)	5% tax rebate	Ongoing
Li-ion battery packs import duty	Exemption ends 2028	June 2028

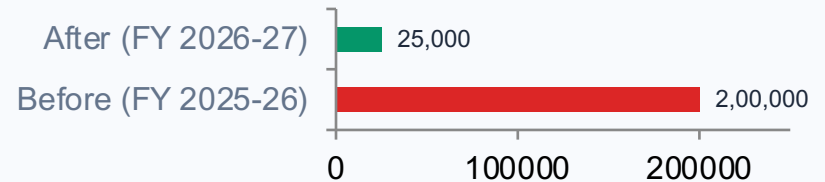
Best Time to Invest in Solar is RIGHT NOW

0% duty + 0% income tax + tenants get 5% rebate = triple benefit package valid until 2031–2035.

⚡ Electric Vehicle Package

EV Category	Before	After
Imported EV (≤ USD 25,000)	93% total tax	64% — down 29pts
Imported EV (USD 25–50K)	93% total tax	80% — down 13pts
EV chargers & stations	39.75%	0% — Full exemption
BRTA levy EV (up to 200KW)	BDT 2,00,000	BDT 25,000 ↓ 87.5%!
EV auto loan limit	BDT 60 lakh / 60:40	BDT 80 lakh / 80:20
ICE petrol/diesel cars	132.36%	155.88% — up!

BRTA Registration Levy — EV (up to 200KW):



Action Checklist — Do This Before 1 July 2026



Prepare now. Most changes take effect from the start of FY 2026-27 — 1 July 2026.

Individuals



Recompute tax using new BDT 3.75L threshold



Minimum tax now uniform BDT 5,000 — prepare



First TIN? Pay only BDT 1,000 minimum



Invest in DPS before 30 June 2026 — 15% rebate still applies for FY 2025-26



File return July–Sep for 5% incentive

Companies



Route all transactions through banking — save 2.5% tax



Register for online corporate tax return



WHT is advance tax — claim refund if overpaid



Switch WHT returns to quarterly from 1 July



Update perquisite & entertainment expense limits

VAT Businesses



Register on eVAT portal — BIN issued instantly



Online VAT return mandatory from 1 July



Switch to quarterly accounting period



Link bank account with BIN — legal requirement



Check if pre-2022 VAT dispute can be settled now

Startups / SMEs



All freelancers: bring income via formal banking



Apply for VAT exemption on eVAT — valid to 2035



SME <BDT 50L: show exempt income in return



Women <BDT 70L: claim zero tax in annual return




Solar/EV: 0% duty effective NOW — invest in 2026



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**For a personalised impact analysis of this Budget
on your business — contact us today.**

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