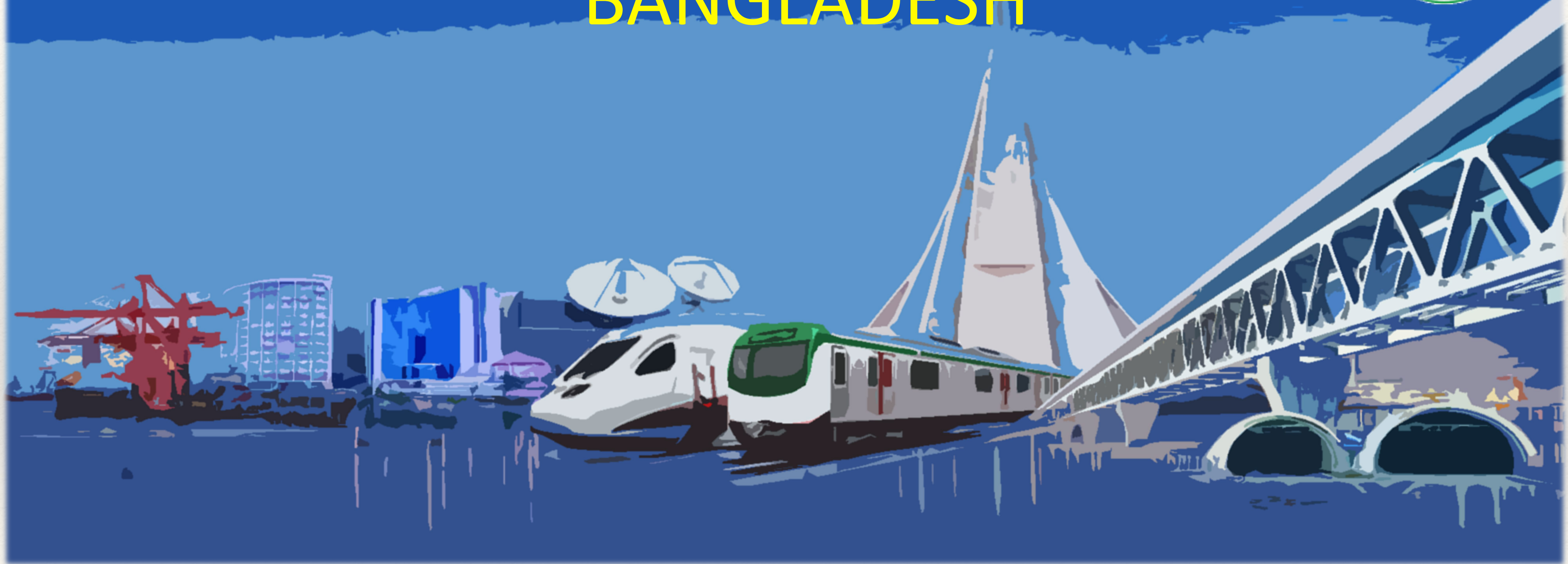




Grow together with BANGLADESH



Bangladesh Investment
Development Authority

Inbuilt Determination to Prosper



Bangladesh battled
for Independence in
1971

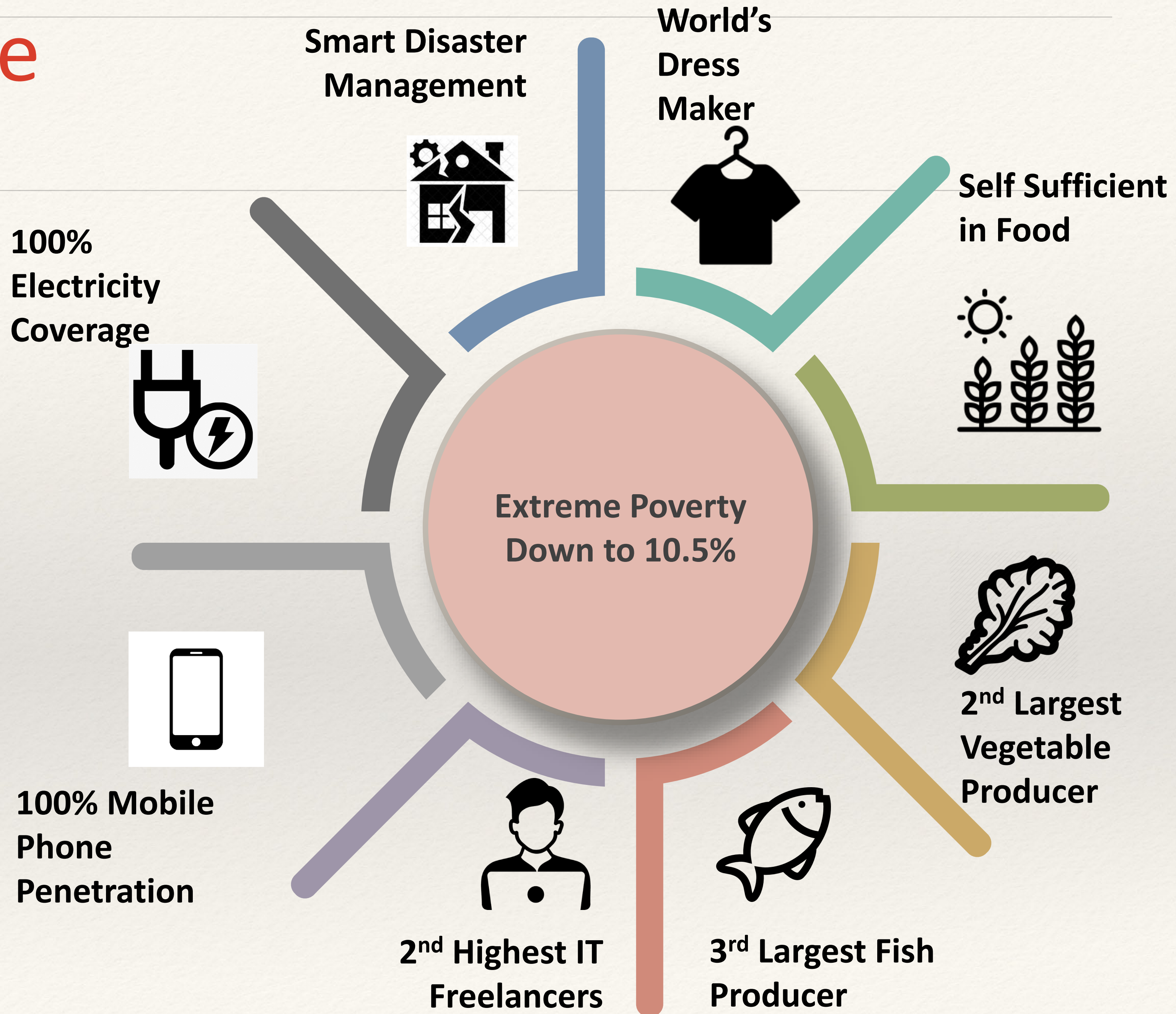


Emblem of Inclusive Progress



"We are committed to providing all policy support, including infrastructure, to create an investment friendly environment"

Sheikh Hasina MP
Hon'ble Prime Minister



Investment Zones

Prime Minister's Office

BIDA



BEZA

Economic Zones



BANGLADESH
ECONOMIC ZONES
AUTHORITY

Public Private
Partnership
Office



PPP Authority

PPP Projects

BEPZA

Export
Processing
Zones



BEPZA



Bangladesh Hi-Tech Park Authority

Hi-tech Park Authority

ICT/ High-tech Industrial
Parks

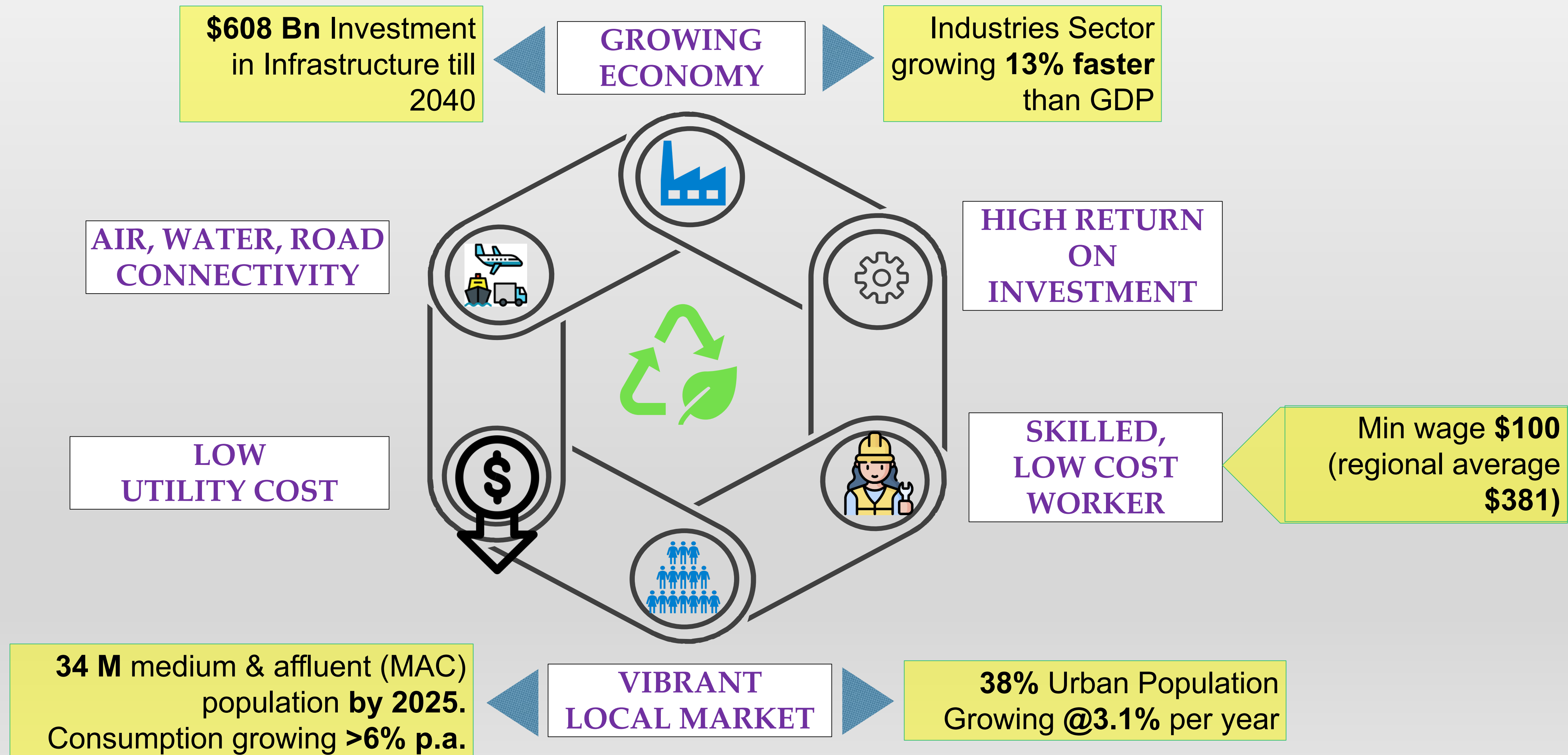
Our Functions at BIDA



Facilitate Foreign Direct Investment as well as Domestic Investment in Bangladesh

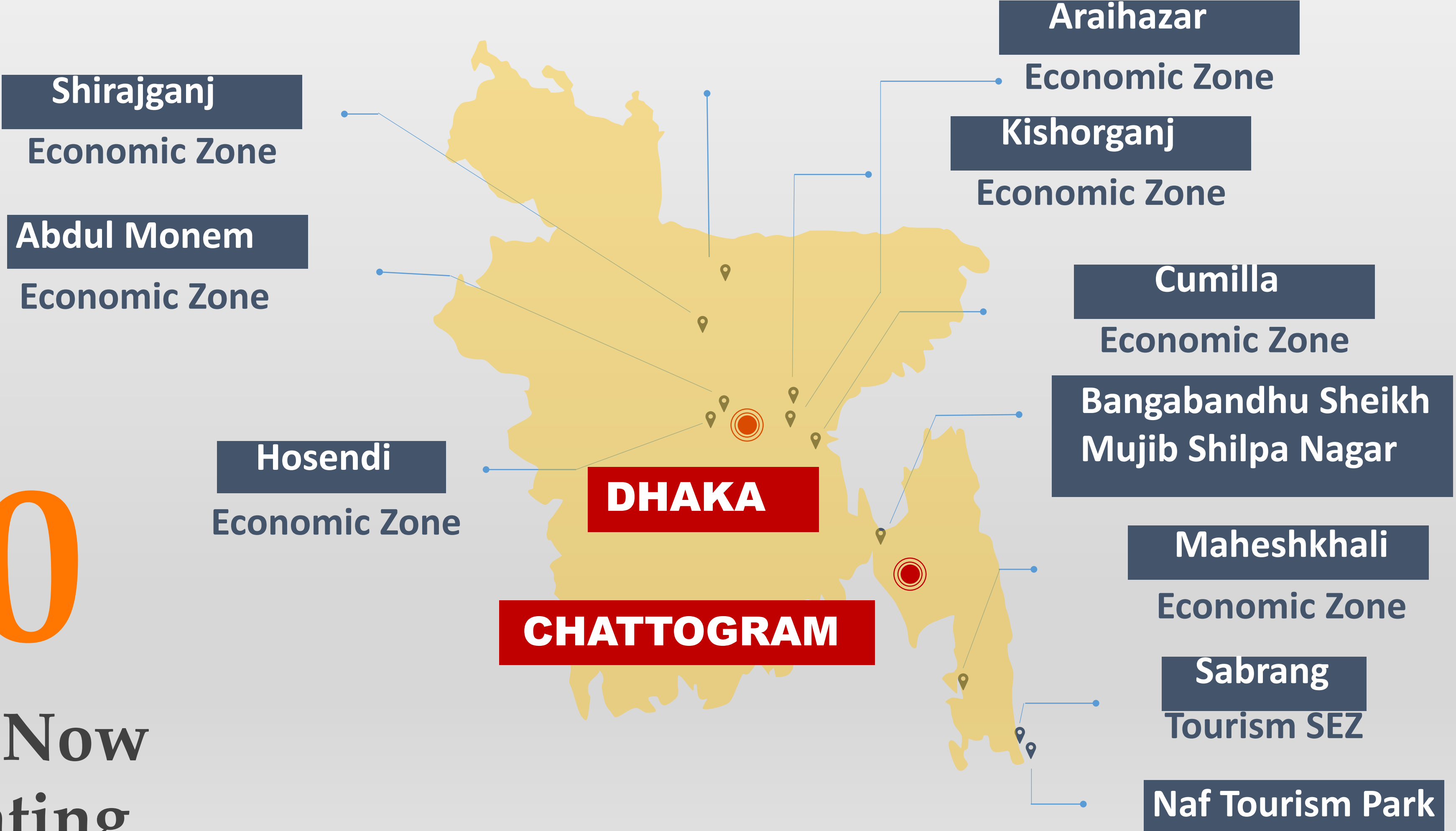
- **Investment Promotions**
- **Investment Facilitation**
 - *Pre-investment consultations*
 - *Registration of industrial projects*
 - *Permission for branch/liaison/rep office*
 - *Visa Recommendations and Work Permits*
 - *Import permits for capital machineries and raw materials*
 - *Approval of foreign loans and suppliers credits*
- **Investment Aftercare**
- **Policy Advocacy Activities**
- **Improvement of Investment Ecosystem**

Investment Climate in Bangladesh



Economic Zones of Bangladesh

10
Zones Now
Operating



Export Processing Zones of Bangladesh



- Plots available in Uttara EPZ, Mongla EPZ, Chittagong EPZ
- 3 upcoming EPZs in Rangpur, Jashore and Patuakhali

BEPZA is Currently Facilitating ...



452 Operational Companies
95 are Under Implementation

1 USD
investment
has created 16
USD of
Revenue



\$ 6.29 billion Investment (total)



Total Export: **\$101.23 billion**
Last Year Export= **\$ 8.65 billion**
Contributing **17.14%** of National Export

Hi-Tech Parks of Bangladesh



HIGH TECH Parks

- Ready land and space for setting up new industries
- Infrastructure and other facilities
- Mix of nature with technology

**Target
109 Parks**

**Reality
28 Parks**

**190
Companies**

**151
Startups**

SOFTWARE TECHNOLOGY PARKS

- Rentable ready office spaces for IT/ITES companies
- Co-working facilities for startups
- Software firms, e-commerce companies, BPO's are currently operating

Existing Major Investors



SINGER®



MARKS &
SPENCER

Existing Major Investors



Global players joining our journey



Incentives for Investing in Bangladesh

NON-FISCAL INCENTIVES

- 100% Foreign Ownership or Joint Venture Allowed
- No Minimum or Maximum limit on Investment
- Bonded Warehouse License
- Full Repatriation of Capital/ Profit/ Dividend
- Virtual Approval of Visa and Work Permits
- Prompt Immigration
- Permanent Residency/ Citizenship

Incentives for Investing in Bangladesh

FISCAL INCENTIVES

Tax Exemption/reduction on

- Corporate Income Tax
- Dividend Tax
- Tax on export income
- Tax on interest of foreign loans
- Remittance of Royalty and other fees

Non Tax Incentives

- Reduced or no Import Duty on Import of Capital Machinery
- Special duty rate for import of raw materials
- Duty Drawback Facilities
- Double Taxation Avoidance

Subsidies

- Cash Incentives on export oriented industries
- Financing from Export Development Funds (EDF)



Agribusiness



- Bangladesh is suitable for production of a variety of crops, fruits & vegetables, livestock and fisheries
- Agribusiness market valued at USD 6 billion, to reach USD 8 billion by 2023
- Agricultural export from Bangladesh has been growing at a CAGR of 18% for last five years
- Agro-processed export value has grown with CAGR of 34.65% in last five years
- 50% of income derived from export is exempted from tax
- 15-100% tax exemption depending on crops
- 5-20% export subsidies/ cash incentives

RMG & Textile: *Weave the Way Forward*

STRENGTH

- World's 3rd largest RMG exporter, exporting worth US\$ 31 billion to 167 countries
- Highest number of green factories, with 150 LEED-certified factories and another 500 in pipeline for certification
- Existing International Buyers

OPPORTUNITIES

- High-end products, design development, innovation and end-to-end digital manufacturing and recycling
- Synthetic/manmade fabric like lace, suit fabric
- Yarn for woven Denim industries

CIRCULAR FASHION

- 250 thousand tons of waste from RMG factories and fabric mills is 100% pure cotton waste, which can be recycled and re-introduced into the material flow.
- Value in recycling market could be 100 million USD.
- Could decrease cotton imports by around 15%, saving half a billion USD of imports.



IT & ITeS

Business Potentials

2500 million USD+ Ecommerce market size

71% growth in BPO services 2012-2018

\$5 billion from IT exports by 2025

Powered By

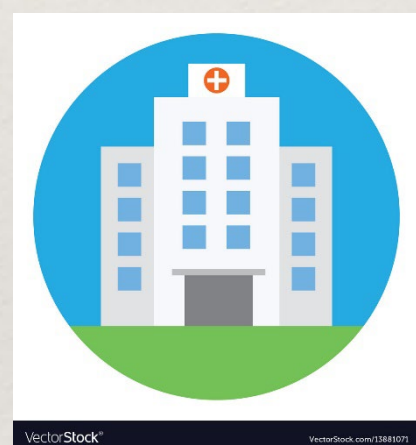
- **750000+** ICT professionals, **650000+** Registered freelancers
- **4500** IT /ITES firms
- **9th highest mobile phone subscribers** in the world
- **9th highest internet users** in the world
- **4th cheapest mobile data among South Asian countries** and 18th cheapest mobile data in the world
- **Highest level of 4G coverage by population (95%) in South Asia**
- **39 Hi-Tech parks** being established for IT/ITes Industries



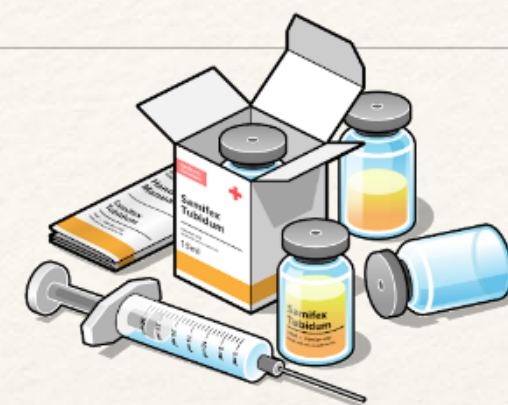
Healthcare, Medical Equipment and Devices



Bangladesh's healthcare market to grow to USD 14 billion by 2023



- **Currently 0.8 beds per 1,000 persons, Scopes of huge extension**
- **More than 100 Medical Colleges with enrolment capacity of more than 10,000**



- **Medical devices market currently valued at USD 442 million**
- **Expected to reach approximately USD 820 million in 2025, growing at a CAGR of 13%**

- **> 4,000 types of medical devices & equipment used**
- **85% are imported**
- **Import of medical equipment and devices increased with the CAGR of 10.2% during the last five years.**



Automobile manufacturing, assembly, spare parts



Domestic market size: \$14 billion

Average growth of 21% in last 5 years



Commercial vehicle market size \$7.2 billion



Share of hybrid vehicles rose from 15% to 30% between 2017 and 2019

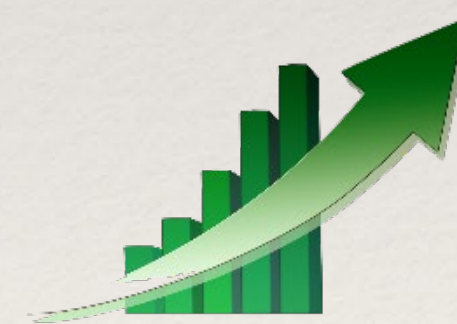


SUV sales growing at 28% per annum



Low penetration ratio:

2.5 passenger cars for every 1,000 people



53,000 four-wheelers registered in 2021

32,942 passenger vehicles sold in 2017



Blue Economy



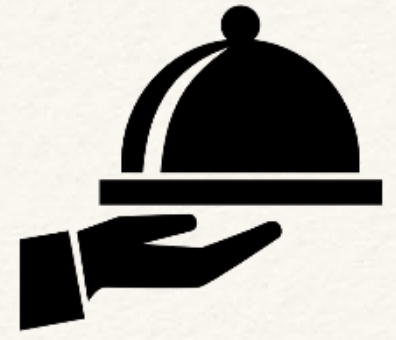
Shipbuilding

- Upto 10,000 DWT sea going ships are exported. Average annual growth rate of 5.39%
- Current share 0.84% of global US\$400 Bn market
- Existing buyers from Germany, Netherlands, USA, New Zealand, Turkey, Thailand, Taiwan.
- 10% export subsidy on export of ships
- 7,500 trained workers



Deep-sea fishing

- 664 kilometers of sea area. Bangladesh fishes within 60-70 kilometers with trawlers and small boats.
- Currently no trawling or long-line fishing
- Currently no aquaculture at sea or coastal waters
- Tuna Fishing, bio-technology, fish oil, sea weed, nutraceuticals



Hospitality & tourism



- World's longest beach in Cox's Bazar, largest mangrove forest the Sundarbans, forests and swamp forests, hills and island, archaeological sites, religious landmarks etc.
- In 2019, domestic tourists spent around \$8 billion travelling within the country.
- International hotel chains expanding business in Bangladesh: *Hotel Sheraton, Holiday Inn, JW Marriott, Swissotel, Hyatt Regency, Element Hotel, Saint Regis Hotel and Dusit Hotels.*
- Exclusive tourism park, eco-tourism parks bear potentials



Leather & Leather Products



Growing domestic market of USD 2 Billion.

Footwear is the major product segment. Per capita consumption is 3 pairs, up from 1.7 pairs 5 years back.

Country boasts 220 tanneries, 3500 SMEs, 105 Big Enterprises

12th highest cattle population in the world.

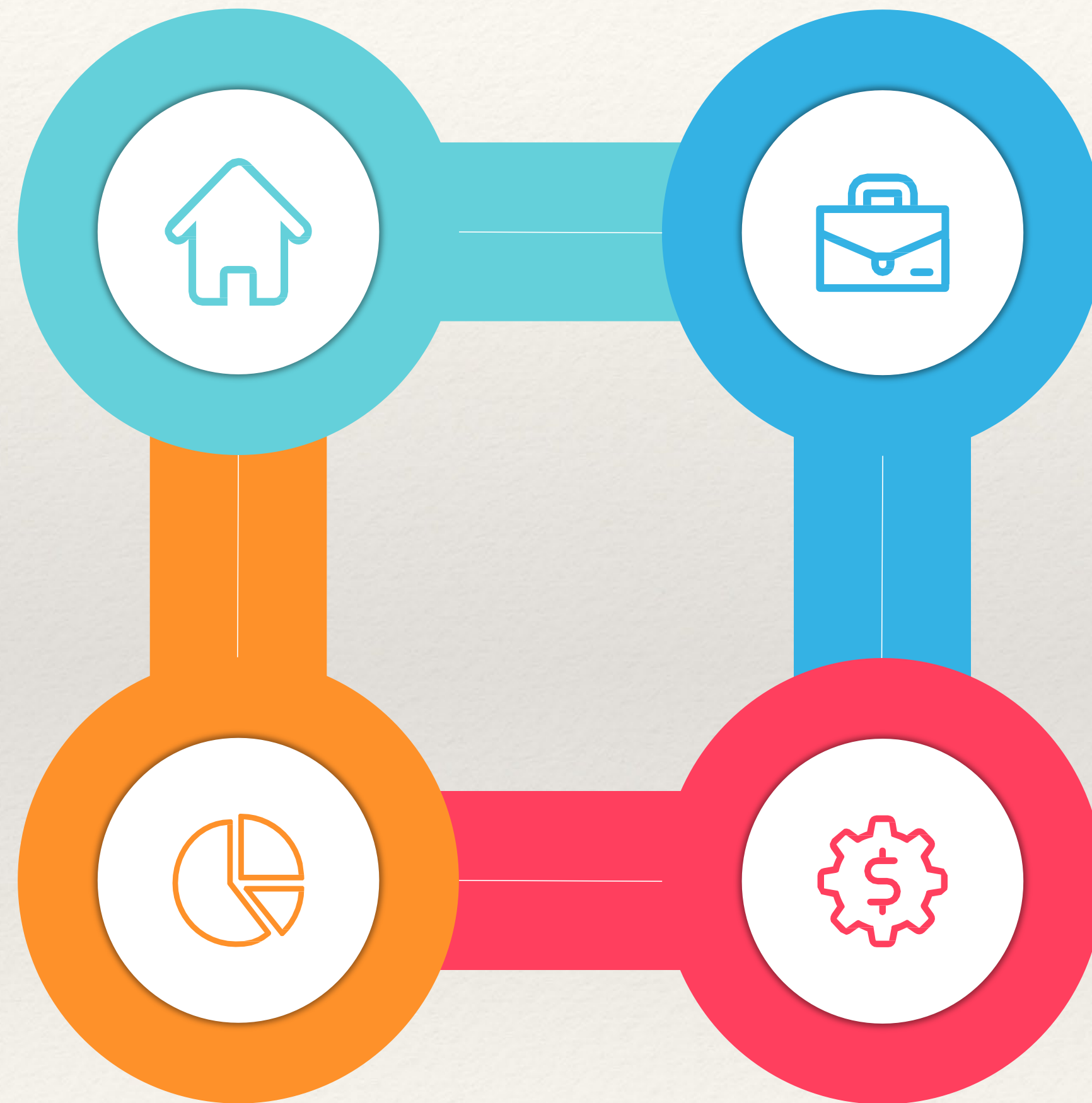
Bangladesh produces 310 million sq. feet of raw hides annually.

Scope of producing and exporting wet blue leather by establishing appropriate industries.

Investment Policy Framework

- 1. Vision Documents**
- 8TH FIVE YEAR PLAN
 - PERSPECIVE PLAN

- 2. SECTORAL POLICIES**
- INDUSTRIAL POLICY
 - AGRI POLICY
 - AUTOMOBILE POLICY
 - DRUG POLICY
 - GOLD POLICY



3. ACTS, LAWS & RULES

- FDI ACT
- COMPANY LAW
- FOREGIN EXCHANGE ACT
- INCOME TAX LAW
- OSS ACT & RULES

4. GUIDELINES & ORDERS

- FEES REPATRIATION
 - FOREIGN LOAN
 - IMPORT POLICY ORDER

Acts/ Laws in Place to Support Investment

Foreign Private Investment Act of 1980

- Assures protection against nationalization and expropriation
- Allows repatriation of capital and dividend for foreign investors.

The Companies Act 1994

- Registers companies with 100% or Joint Venture ownership.
 - Single person company is also allowed.

The Income Tax Ordinance 1984

- Similar status as a law
- National Board of Revenue collects Tax, VAT and Customs Duties.
 - Bonded warehouse licensing and Duty Drawback Facilities



Scopes and rates of tax exemptions determined in the Bangladesh National Parliament

Japanese Companies in Bangladesh

115 Companies registered in BIDA with \$ 850 Mill Investment Proposal

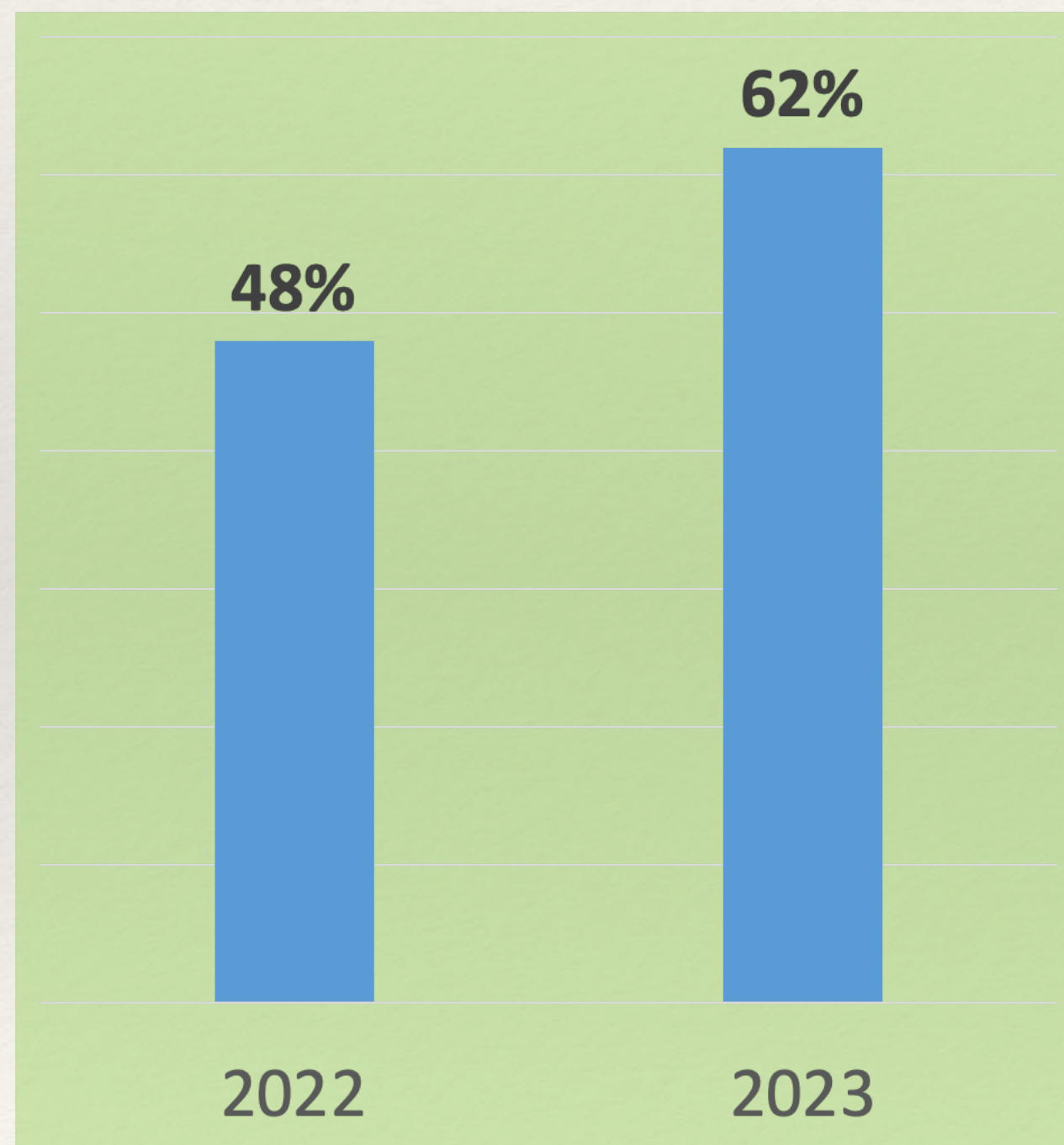


Monstarlab ::

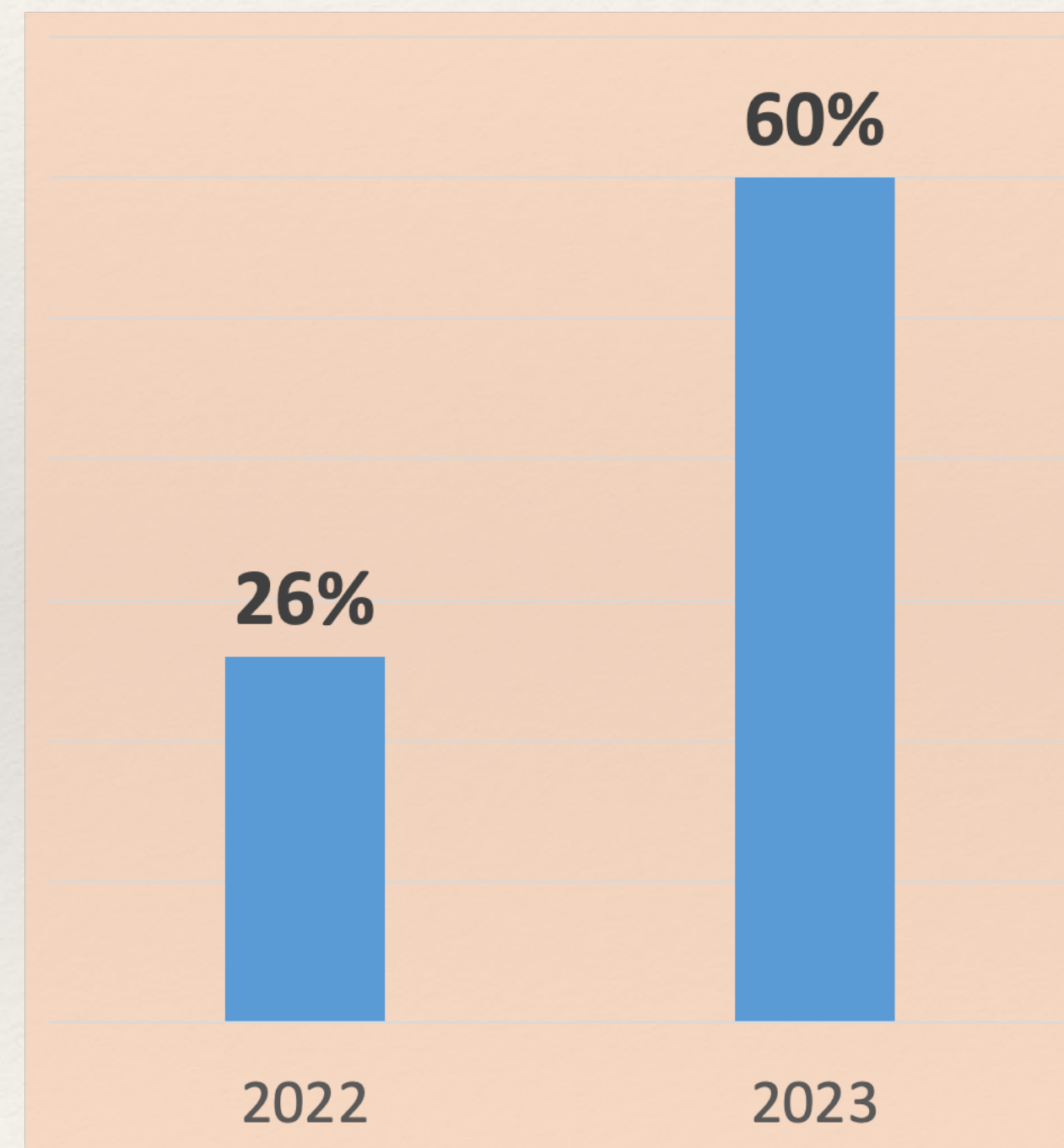


JETRO Survey finds a potential Bangladesh

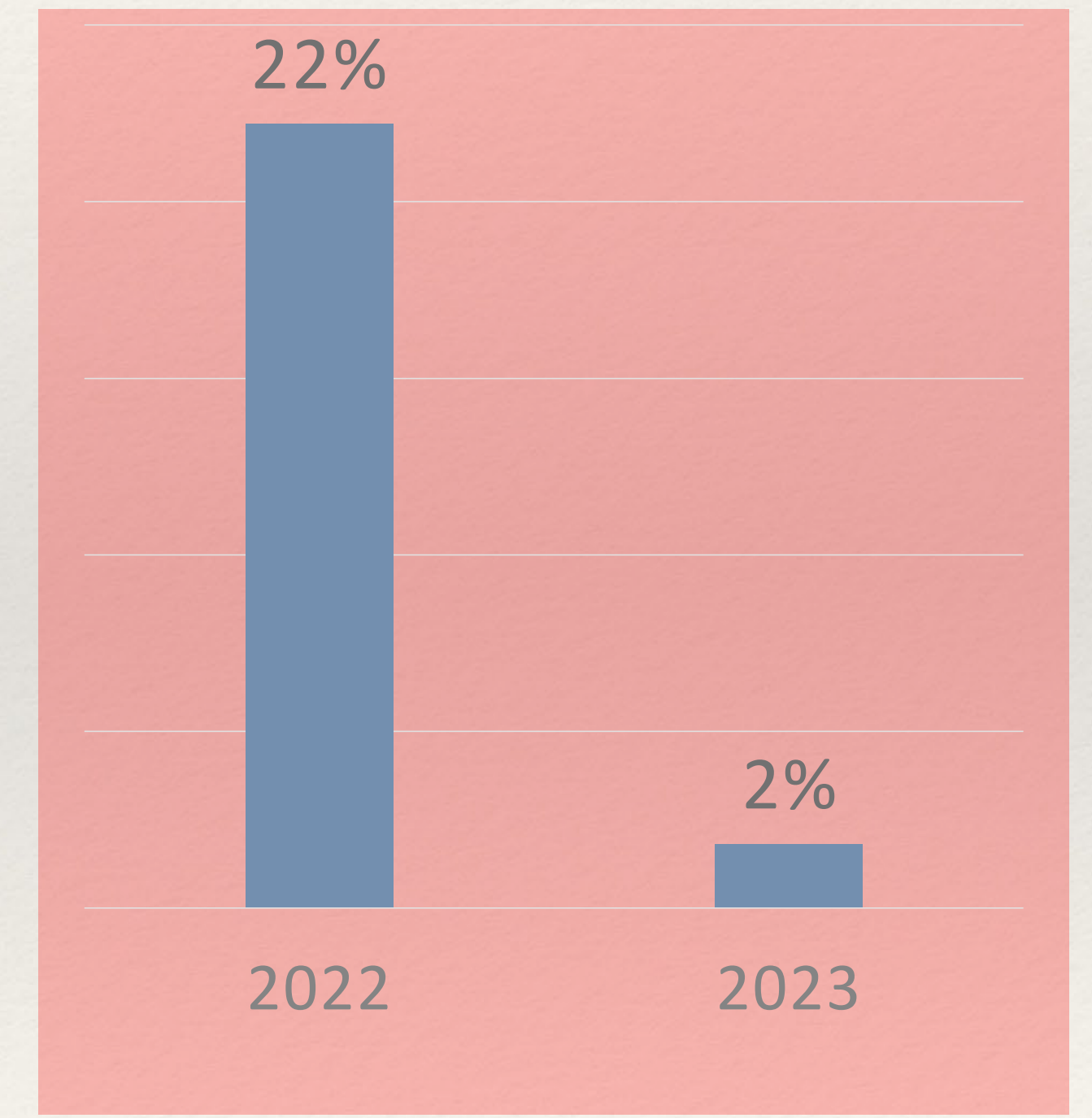
JETRO Survey on Business Conditions of Japanese Companies Operating Overseas (Asia and Oceania) 2022



Profitability Forecast



Business Confidence Forecast



Loss Making Forecast

The Mode of entry in Bangladesh

The Companies Act, 1994 allows foreign investors to be incorporated.

Available models are as follows:

1. Private Limited Company
2. Public Limited Company
3. Branch Offices
4. Liaison Offices/Representative Offices
5. Project Office

STEPS IN INCORPORATING A PRIVATE LIMITED COMPANY

1. Obtaining a 'Name Clearance' from the Registrar of Joint Stock Companies & Firms (RJSC&F);
2. Drafting of following documents and submit to RJSC&F;
 - Memorandum and Articles of Association (MOA &AOA) of the company
 - Promoters' resolution to open a Company in Bangladesh;

STEPS IN INCORPORATING A PRIVATE LIMITED COMPANY...

Submission of the following forms duly filled to RJSC&F;

- Form I: Declaration on registration of Company;
- Form VI: Notice of situation of registered office
- Form IX: Consent of director to act;
- Form X: List of persons consenting to be directors
- Form XII: Particulars of the directors, manager and managing agents.

STEPS IN INCORPORATING A PRIVATE LIMITED COMPANY...

3. Formalities with the Commercial Bank:

- Open a temporary bank account in the name of the proposed Company with any scheduled bank;
- Equity Capital send from abroad in the name of investor to the bank account; (100% foreign equity ownership is allowed)
- Collect the bank certificate (encashment) from the bank to RJSC&F to prove capital subscription.

STEPS IN INCORPORATING A PRIVATE LIMITED COMPANY...

4. Submit an application to RJSC&F with the previous documents:
 - collection of certificate of incorporation (which brings the company into existence) upon approval from RJSC&F ;
 - RJSC acknowledged copy of Memorandum of Association (MoA) and Articles of Association (AoA);
 - RJSC acknowledged copy of Form XII: Particulars of the Directors, Manager and Managing Agents.

OPENING A LIAISON OFFICE

- A Liaison/ Representative Office is an extension of a foreign company to :
- maintain liaison/coordination between principal and local agents, distributors'/exporters' institutions through correspondences, personal contract and other electronic media;
- can also collect, compile, analyze and disseminate business information related to its field of activities as mentioned in the permission letter issued by BIDA;
- formed permission from Bangladesh Investment Development Authority (BIDA)
- The whole process is online in the portal : <https://bidaquickserv.org/>

The screenshot shows the BIDA One Stop Service (OSS) Portal. The header includes the BIDA logo and the text 'Bangladesh Investment Development Authority'. Below the header, there is a red banner with the text 'Welcome to BIDA One Stop Service (OSS) Portal'. The main content area features a large banner for the '100th Anniversary' of BIDA, with the text 'বিনিয়োগ অস্বাধিকার মুক্তিবর্ষে বিডা'র অঙ্গীকার' and '100th Anniversary'. Below the banner, there are three main service categories: 'Ease of Doing Business', 'Start New Business', and 'Business Sector'. A 'Notice' section is visible, dated 27-Apr-2023, with the title 'Notice for Scheduled Maintenance'. The notice text reads: 'Dear valued Investors, Please note that the One Stop Service (OSS) will be unavailable on 02 May 2023, 04.00 PM to 06.00 PM for scheduled maintenance work. During the maintenance hour, would like to request not to submit any kind of application or payment through OSS. We apologize in advance for any inconvenience that may arise. Your kind cooperation is highly appreciated in this regard.' The page also includes a 'What's new?' section and a 'Powered by OSSP' logo.

OPENING A LIAISON OFFICE

- all operational costs and salary of the expatriates and local employees will have to be met on receipt of remittances from the head office abroad;
- No outward remittances will be allowed except the amount brought in from abroad (the unspent part).
- A liaison office is mainly a cost center.

OPENING A BRANCH OFFICE

- A branch office have to confine the commercial business activities as defined in its letter of approval;
- It may have local source of income from the approved field of business activities in Bangladesh;
- With the prior approval of the inter-ministerial committee and with proper justification and sufficient supporting documents in compliance with the foreign exchange regulations and the guidelines issued by the central bank (i.e. Bangladesh Bank), a branch office can remit outward fund (including profit) from Bangladesh;
- A Branch office of a foreign company may be formed having permission from BIDA;

DIFFERENCE LIAISON/BRANCH OFFICE WITH COMPANY...

- a Liaison/branch office is not a separate legal entity. It acts as a part of the original company;
- within 02 (two) months of obtaining permission from BIDA, USD 50,000 need to be brought as estimated initial establishment cost and 6 (six) months operational expenses as inward remittance in Bangladesh;

PROJECT OFFICE

PROJECT OFFICE' shall include the offices of selected foreign companies implementing public and private funded development projects. These includes the foreign contractor appointed by the appropriate agency and its sub-contractor for a specific period.

To open Branch/Liaison/Project Office

Apply in the BIDA OSS with the following documents:

1. Copy of board resolution of foreign parent company/entity regarding establishment of office in Bangladesh;
2. copy of the part of the project document containing the information regarding the establishment of the project office and the appointment of foreign workers in the said office and payment of their salaries and allowances;
3. Copy of the Engineering, Procurement and Construction (EPC) Agreement executed between the concerned parties in case of contracting entity;
4. Copy of sub-contractor agreement attested from the office of the Project Director in case of sub-contractors;
5. Up-to-date audited statement of accounts of the parent company/entity;

To open Branch/Liaison/Project Office...

Apply in the BIDA OSS with the following documents:

6. Organizational structure of the proposed office with reference to the posts of local staff and foreign staff;
7. Description of activities carried out by the parent company/organization;
8. Details of activities to be carried out in Bangladesh through the proposed office;
9. Names and nationality of directors/entrepreneurs of the parent company/entity;
10. Copy of Memorandum of Association and Articles of Association of parent company;
11. Copy of Incorporation Certificate;
12. Power of attorney issued by the managing director of the parent company/organization for filing the application;
13. In case of branch office, a copy of the time-bound action plan certified by the board of the foreign parent company/entity regarding the transformation of the said office into an investment institution in the future industry;
14. In case of Joint/Consortium/Association (JVCA) seeking permission as Project Office, the following documents are to be submitted:(a) Copy of Joint/Consortium/Association (JVCA) Agreement;(b) copy of the work order issued by the procuring entity;(c) Copy of approval received as Branch/Branch Office of the institutions included in the Joint/Consortium/Association (JVCA) (if any);(c) Copy of Memorandum of Association and Articles of Association of the entities included in the joint/consortium/association (JVCA).

COMPLIANCES OF LIAISON/BRANCH OFFICE...

- ✓ submit quarterly statements of expenses to Bangladesh Bank.
- ✓ to continue its office after the approval period, apply at least 2 (two) months before the expiry.
- ✓ Need to prepare annual financial statements and submit annual income tax return.

BEGIN OPERATION OF BRANCH OFFICES/LIAISON OFFICES...

After permission from BIDA, following license, registration and certificate is needed:-

1. Open bank account; the bank will inform Central Bank
2. Trade License for branch office
3. Obtain *e-TIN* certificate
4. Membership from a Chamber/Association
5. VAT Registration Certificate
6. Import Registration Certificate,
7. Export Registration Certificate,

Law and policies related with investment

Laws

1. The Companies Act, 1994
2. The Bangladesh Labour Act, 2006
3. The Income Tax Ordinance, 1984
4. The VAT & SD Act, 2012
5. The Customs Act, 1969
6. The Foreign Exchange Regulation Act, 1947
7. The Foreign Private Investment (Promotion and Protection) Act, 1980

Regulations/Policies

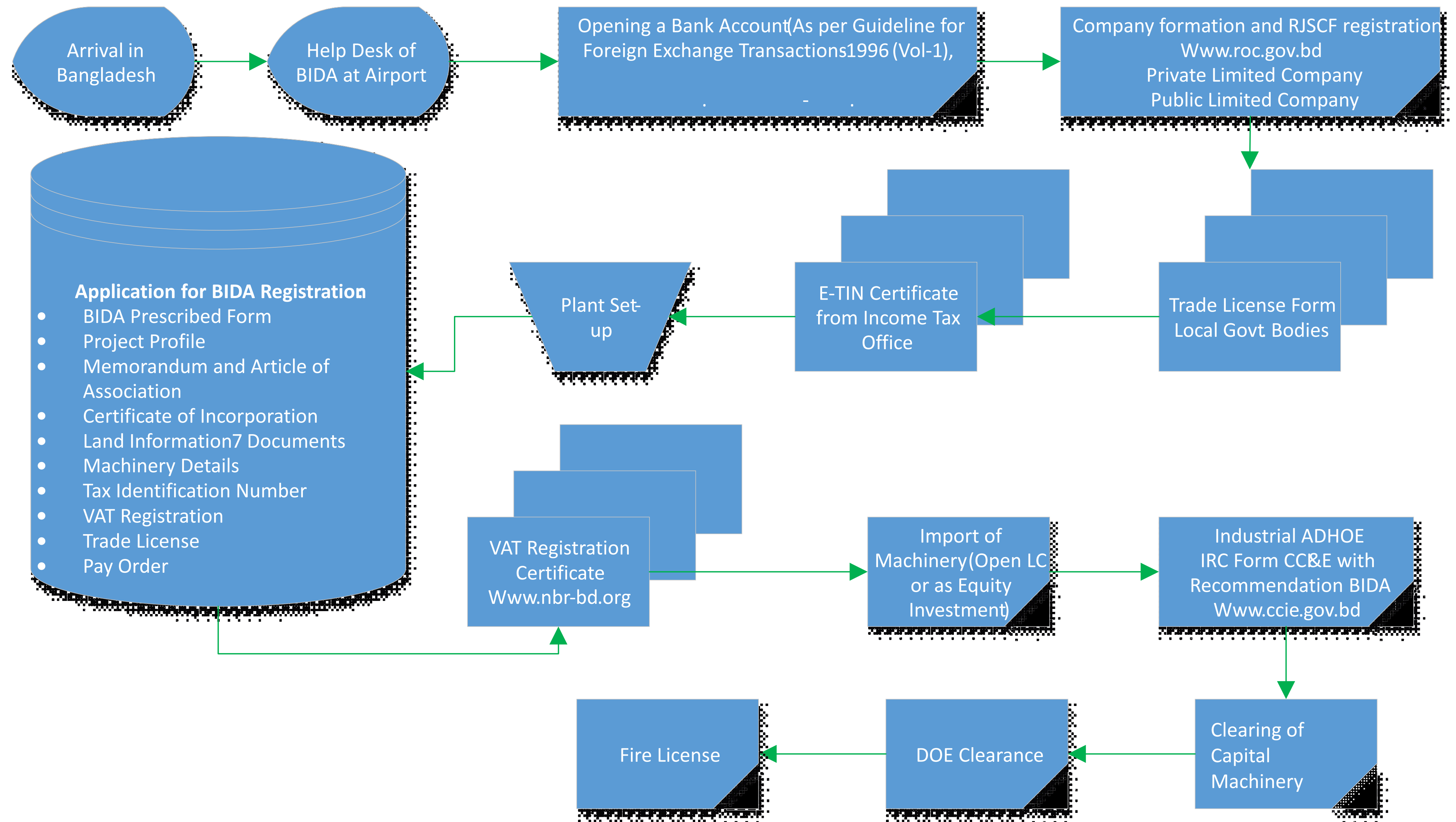
1. The Bangladesh Labour Rules, 2015
2. The Income Tax Rules, 1984
3. The VAT & SD Rules, 2015
4. Statutory Regulatory Orders (SROs)
: Income tax and VAT
5. General Orders (VAT)
6. The BIDA Guidelines
7. National Industrial Policy, 2016
8. Import Policy Order 2015-2018
9. Export Policy Order 2018-2021

Protection of foreign investment in Bangladesh

1. Protection of foreign investment from expropriation is fully ensured in Foreign Private Investment (Promotion and Protection) Act, 1980;
2. Full repatriation of capital invested from abroad is allowed;
3. Repatriation of post-tax profit and dividend is allowed;
4. Remittance of post-tax royalty, technical know-how fee, technical assistance fee is allowed subject to permission from BIDA; and
5. Foreign employees are allowed to remit up to 75% of their net income.

THE MODEL FOR BUSINESS INCORPORATION

Road map to investment in Bangladesh (Company)



Taxation: Issues

- **Tax residency: Individual**

- Resident taxpayers are taxed on worldwide income in a year.
- Non-resident taxpayers are taxed only on Bangladesh source income in a year.

- **Tax residency: Company**

- Resident in Bangladesh if it is registered in Bangladesh or Management & control of the company is situated wholly in Bangladesh.
- A branch of a foreign company or liaison office is treated as a non-resident company.

- **Income to be taxed:**

- Income from salary, interest on securities, house property, agricultural income, business or profession, capital gain & other sources.
- Tax is imposed on sum of total income from all sources in a year.

CORPORATE TAX RATE:

Particulars:	Tax Rate
Publicly traded companies*	22.5%
Non-listed companies including branch companies	27.5%
One Person Company (OPC)	22.5%
Information and communication technology (ICT) (Start-up Business)	0.00%
Banks, insurance and other financial institutions (except merchant banks) if not publicly listed	40%
Banks, insurance and other financial institutions (except merchant banks) if publicly listed	37.5%
Merchant Banks	37.5%
Tobacco product manufacturing companies irrespective of listing status	45%
Surcharge in the Tobacco product in addition to above tax	+ 2.5%
Mobile phone operator companies if not publicly listed**	40%
Mobile phone operator companies that convert themselves into a publicly traded company***	45%
Income from export (tax exempted)	50%
Inter-corporate dividend	20%

Incentive for newly established companies:

Reduced corporate income tax from 5 to 10 years rate from 90% to 10%)

Eligible sectors:

Active pharmaceuticals ingredient and radio pharmaceuticals
Agriculture machineries
Aircraft heavy maintenance services including parts manufacturing.
Artificial fiber/manmade fiber manufacturing
Automatic bricks
Automobile
Automobile parts & components manufacturing
Automation and robotic design manufacturing including parts & components
Barrier contraceptive and rubber latex
Basic components of electronics (e.g. resistor, capacitor, transistor, integrated circuit, multilayer PCB etc.)
Bi-cycle including parts
Bio-fertilizer
Biotechnology based agro products
Boiler including parts and equipment
Compressor including parts
xvi. Computer hardware

Electrical Transformer
Furniture
Home appliances (blender, rice cooker, microwave oven, electric oven, washing machine, induction cooker, water filter etc.)
Insecticides or pesticides
Leather and leather goods
LED TV
Locally produced fruits and vegetables processing.
Mobile phone
Nanotechnology based product manufacturing.
Petro-chemicals
Pharmaceuticals
Plastic recycling
Textile machinery
Tissue grafting
Toy manufacturing
Tyre manufacturing

CORPORATE TAX ISSUES:

- **Period of income for taxation:**
- Banks, insurance companies or financial institutions: January – December
- Other companies: July - June
- Tax authority may allow different accounting period for a subsidiary, holding company, branch or liaison office of a foreign parent

Tax rate for non-resident non-Bangladeshi individuals

- Non-residents shall pay tax on the total income at 30%.

Admissible deduction of expenditure against revenue

- All expenses relating to the business operations of a company and incurred during the relevant income year
- Tax depreciation on fixed assets of the company (except on cost of land) is allowed
- The cost of free samples and entertainment expenses
- Provision for bad debts is not allowed.

Thank You



BANGLADESH INVESTMENT HANDBOOK A GUIDE FOR INVESTORS

