



**TAX
UPDATE**

Bangladesh

Updates on Amendments to the VAT Law**

Below is a list of changes to the value-added tax (VAT) and supplementary duty (SD) rates on various goods and services. These adjustments were introduced by a recent ordinance passed by the interim government of Bangladesh, along with subsequent amendments made through separate notifications.

Changes in the 2nd Schedule of VAT Law

Table -1: Supplementary duty on goods at the imported stage

Heading	HS Code	Description of Goods	SD Rate (Before)	SD Rate (Now)
08.02	0802.80.10 0802.80.90	Areca nut	30%	45%
	0802.91.10 0802.92.10	Pine nuts	30%	45%
	0802.99.11 0802.99.12 0802.99.19	Fresh or dried betel nuts, whether peeled or unpeeled	30%	45%
08.04	0804.50.31 0804.50.39	Fresh or dried mango	20%	30%
08.05	0805.10.10 0805.10.90	Fresh or dried mango orange	20%	30%
	0805.21.10 0805.21.90 0805.22.10 0805.22.90 0805.29.10 0805.29.90	Fresh or dried citrus fruits	20%	30%
	0805.40.10 0805.40.90	Fresh or dried grape	20%	30%
	0805.50.10 0805.50.90	Fresh or dried lemon	20%	30%
	0805.90.11 0805.90.19 0805.90.21 0805.90.29	Others citrus lemon fruits, fresh or dried	20%	30%
08.06	Related HS Codes	Others Fresh or dried Grape Fruits	20%	30%
08.07	Related HS Codes	Melons (including watermelons) and papayas, fresh	20%	30%

Heading	HS Code	Description of Goods	SD Rate (Before)	SD Rate (Now)
08.08	Related HS Codes (except 0808.40.10 & 0808.40.90)	Fresh apples, pear and quince	20%	30%
08.09	Related HS Codes (except 0809.40.11, 0809.40.19, 0809.40.91, 0809.40.99)	Fresh apricots, cherries, peaches (including nectarines), plums, and sloes	20%	30%
08.10	Related HS Codes	Other fresh fruits	20%	30%
20.09	Related HS Codes	Fruits juice (including grape) or vegetable juice, unfermented not containing added spirit, whether or not containing added sugar or other sweeteners	20%	30%
24.01	Related HS Codes	Unmanufactured tobacco, tobacco refuse	60%	100%
32.08	3208.10.10	Paints and varnishes imported by Bangladesh Biman, flying club, concerned Government Department and VAT registered manufacturer as raw material for their product	20%	30%
	3208.10.90	Polyester based other paints, varnish (including enamel lacquer)	20%	30%
	3208.20.10	Paints and varnishes imported by Bangladesh Biman, flying club, concerned Government Department and VAT registered manufacturer as raw material for their product	20%	30%
	3208.20.99	Other paints based on acrylic or vinyl polymers, in a non-aqueous medium	20%	30%
	3208.90.10	Paints and varnishes imported by Bangladesh Biman, flying club, concerned Government Department and VAT registered manufacturer as raw material for their product	20%	30%
	3208.90.90	Other paints, varnish and lacquer	20%	30%
32.09	3209.10.10	Paints and varnishes imported by Bangladesh Biman, flying club, concerned Government Department and VAT registered manufacturer as raw material for their product	20%	30%
	3209.10.90	Acrylic vinyl polymer-based others paint and varnish (including enamel & lacquer)	20%	30%
	3209.90.10	Paints and varnishes imported by Bangladesh Biman, flying club, concerned Government Department and VAT registered manufacturer as raw material for their product	20%	30%
	3209.90.90	Others paint, varnish and lacquer	20%	30%

Heading	HS Code	Description of Goods	SD Rate (Before)	SD Rate (Now)
32.10	3210.00.10	Paints and varnishes imported by Bangladesh Biman, flying club, concerned Government Department and VAT registered manufacturer as raw material for their product	20%	30%
	3210.00.20	Prepared water pigments of a kind used for finishing leather, for cleaning footwear in tablet form	20%	30%
	3210.00.90	Others paint, varnish (including enamel, lacquer and distempered)	20%	30%
34.01	Related HS Codes	Soaps and surface-active materials used as soap and similar products	45%	60%
34.02	3402.50.00	Preparations put up for retail sale	20%	30%
	3402.90.10	Detergent	20%	30%

Table -2: Supplementary duty on goods at the local supply stage

Heading	HS Code	Description of Goods	SD Rate (Before)	SD Rate (Now)
20.09	All HS Codes	Fruit juices and fruit drinks	10%	15%
22.02	2202.10.00	Carbonated Beverage [As per Bangladesh Standard (BDS 1123:2013), beverages with a maximum caffeine content of 145 mg/liter]	25%	30%
	2202.99.00	[As per Bangladesh Standard (BDS 1123:2013), beverages containing ingredients at levels different from those prescribed for carbonated beverages]	35%	40%
	Related HS Codes	Artificial/flavored drinks and electrolyte drinks (carbonated)	-	30%
		Artificial/flavored drinks and electrolyte drinks (non-carbonated)	-	15%
24.02	2402.20.00	Cigarettes containing tobacco	66%	67%
32.08 to 32.10	Related HS Codes	Paints (including Primers)	5%	10%

Table -3: Supplementary duty on services at the local supply stage

Heading	Service Code	Description of Services	SD Rate (Before)	SD Rate (Now)
S001	S001.00	Hotel & Restaurant		
	S001.10	Hotel: on those bills if any drink is supplied of the nature of wine in the hotel while supplying food, drink and lodging or any type of "floor show" is organized (even if arranged only once a year)	20%	30%
	S001.20	Restaurant: On those bills if any drink is supplied of the nature of wine in the hotel while supplying food, drink and lodging or any type of "floor show" is organized (even if arranged only once a year)	20%	30%
S012	S012.10	Telephone: Services provided exclusively through SIM/RIM cards	20%	20%*
	S012.14	Internet Provider (ISP)	Nil	Nil **

* Reverted to 20% from 23% after concerns from relevant stakeholders were raised

** Reverted to Nil from 10% after concerns from relevant stakeholders were raised

Changes in the 3rd Schedule of the VAT law

Table 1 – Part A: VAT for goods

Heading	HS Code	Description of Goods	VAT Rate (Before)	VAT Rate (Now)
11.05	1105.20.00	Potato flakes	5%	15%
11.08	1108.12.00	Maize (corn) starch	5%	15%
19.05	Related HS Codes	Machine made biscuit	5%	15%
19.05	Related HS Codes	Handmade biscuit (priced more than BDT 200 per kg)	5%	15%
19.05	Related HS Codes	Cake (priced more than BDT 300 per kg)	5%	15%
20.01	Related HS Codes	Pickles (bottled and canned)	5%	15%
20.01	Related HS Codes	Chutney	5%	15%
20.02	Related HS Codes	Tomato paste/tomato ketchup/tomato sauce (bottled and packaged)	5%	15%
20.08	Related HS Codes	Mango, pineapple, guava and banana pulp, tamarind paste	5%	15%
27.10	Related HS Codes	Burnt/unusable transformer oil (in case of reprocessing)	5%	15%
27.10	Related HS Codes	Lubricating oil/rubber processing oil	5%	15%
27.11	Related HS Codes	LP gas	5%	15%
27.13	Related HS Codes	Bulk imported petroleum bitumen	5%	15%
39.20	Related HS Codes	Laminated driving license supplied to BRTA	5%	15%

Heading	HS Code	Description of Goods	VAT Rate (Before)	VAT Rate (Now)
68.02	Related HS Codes	Hard rock	5%	15%
72.02	Related HS Codes	a) Ferro manganese and ferro silico manganese alloy b) Ferro silicon alloy	5%	15%
72.09	Related HS Codes	HR Coil to CR coil	5%	15%
72.10 72.12	Related HS Codes	CR Coil to GP, Sheet/ Coil (Colored), CR Coil to CI Sheet/ CI Sheet (Colored) HR Coil to GP sheet/ Coil (Colored) HR Coil to CI sheet/CI sheet (Colored)	5%	15%
72.17	Related HS Codes	GI wire	5%	15%
85.04	Related HS Codes	Transformers, power handling capacity 5 KVa to 2000 kVa	5%	15%
90.03	9003.11.00 9003.19.00	Plastic metal (with or without springs) frames of spectacles	5%	15%
94.04	Related HS Code	Mattresses made from coconut coir	5%	15%

Table 1 – Part B: VAT rates for services

Heading	HS Code	Description	VAT rate (Before)	VAT rate (Now)
S001	S001.20	Restaurants (excluding restaurants located in residential hotels listed by the Ministry of Civil Aviation and Tourism of three stars or above, restaurants located in residential hotels with liquor bars and restaurants with liquor bars)	5%	5%*
S014	S014.00	Indenting agency	5%	15%

* Reverted to 5% from 15% after concerns from relevant stakeholders were raised

Table 2 – Part A: VAT rates for goods

Heading	HS Code	Description	VAT rate (Before)	VAT rate (Now)
48.18	Related HS Codes	1. Kitchen towel (24-26 GSM) 2. Toilet tissue (18-24 GSM) 3. Napkin tissue (20-24 GSM) 4. Facial tissue/ Pocket tissue (12-16 GSM) 5. Hand towel/Paper towel/Clinical bed sheet	7.5%	15%
90.04	Related HS Codes	Sun Glasses (Plastic frame) Sun Glasses (Metal Framed)	7.5%	15%

Table 2 – Part B: VAT rates for services

Heading	HS Code	Description	VAT rate (Before)	VAT rate (Now)
S001	S001.10	Non-AC Hotel	7.5%	10%*
S022	S022.00	Confectionary store	7.5%	10%**
S037	S037.00	Procurement provider	7.5%	10%
S078	S078.00	a) Marketing of own brand made Ready-made clothes b) Marketing of other than own brand made Ready-made clothes	7.5%	a) 10% b) 7.5%***

* Reduced to 10% from 15% after concerns from relevant stakeholders were raised

** Reduced to 10% from 15% after concerns from relevant stakeholders were raised

*** Reduced to 10% and 7.5% respectively after concerns from relevant stakeholders were raised

Table 3 – Part A: VAT rates for goods

Heading	HS Code	Description	VAT rate (Before)	VAT rate (Now)
68.10	Related HS Codes	Electric pole	10%	15%
73.08	Related HS Codes	Electric pole (Made from steel plate)	10%	15%

Table 3 – Part B: VAT rates for services

Heading	HS Code	Description	VAT rate (Before)	VAT rate (Now)
S003	S003.10	Motor Garage and Workshop	10%	10%*
	S003.20	Dockyard	10%	15%
S008	S008.10	Printing press	10%	15%
S018	S018.00	Film studio	10%	15%
S023	S023.10	Film Exhibitor (Theatre)	10%	15%
S023	S023.20	Film Distributor	10%	15%
S031	S031.00	Repair & Maintenance	10%	15%
S042	S042.00	Automatic or mechanized sawmills	10%	15%
S047	S047.00	Sports organizer	10%	15%
S048	S048.00	Transport contractors (Except petroleum products)	10%	15%
S053	S053.00	Board meeting attendee	10%	15%
S063	S063.00	Tailoring shop and tailors	10%	15%
S065	S065.00	Building, floor and grounds cleaning or maintenance enterprises	10%	15%
S076	S076.00	Social and Sports clubs	10%	15%

* Reverted to 10% from 15% after concerns from relevant stakeholders were raised

Changes in paragraph (3) of the Third Schedule of VAT law

Description	VAT rate (Before)	VAT rate (Now)
Local traders of goods	5%	7.5%
Medicine traders	2.4%	2.4%*
LP Gas traders	2%	0%

* Reverted to 2.4% from 3% after concerns from relevant stakeholders were raised

Please let us know if you have any questions with any of the contents of this alert. This alert is for informational purposes only and should not be construed as legal advice. Legal advice should be sought from qualified Bangladesh counsel.

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