



GLOBAL
EMPLOYER
GUIDE

BANGLADESH





Basic Country Facts

Full name

- People's Republic of Bangladesh

Capital

- Dhaka

Main Languages

- Bengali
- English

Population

- 161.4 million

Monetary unit

- Bangladeshi taka

Internet domain

- .bd

International dialing code

- +880

Currency

- Bangladeshi taka



STATUTORY LABOR REQUIREMENTS

Probation Period

- Clerical workers are entitled to a probationary period of six months; other workers are entitled to a three-month probation period.

Annual Leave

- Employees who have worked for at least one year are generally entitled to annual leave as follows:
 - one day for every 18 days of work in a shop, commercial, industrial establishment, factory, or road transport establishment
 - one day for every 22 days of work on a tea plantation
 - one day for every 11 days of work for a newspaper worker

Public Holidays

- Language Movement Day (21st February)
- Sheikh Mujibur Rahman's Birth Anniversary (17th March)
- Independence Day of Bangladesh (26th March)
- Mid-Sha'ban
- Bengali New Year (Pôhela Boishakh) (14th April)
- Labor Day (1st May)
- Vesak (6th May)
- Laylat al-Qadr
- Jumu'atul-Wida
- Eid al-Fitr
- Eid al-Adha
- Krishna Janmashtami
- National Mourning Day (15th August)
- Ashura
- Vijayadashami
- Dussehra (26th October)
- Prophet's Birthday
- Laxmi Pooja
- Victory day of Bangladesh (16th December)
- Christmas Day (25th December)



Maternity Leave

- Female employees who have worked for at least 6 months are entitled to 8 weeks of paid maternity leave before the birth and 8 weeks of paid leave after the birth.
- Women who have worked less than 6 months or who already have two other surviving children are generally eligible for unpaid leave.
- Women are forbidden to work for 8 weeks after the birth of the child.

Paternity Leave

- There is no statutory paternity leave.

Sick Leave

- Employees, other than newspaper workers, are generally entitled to annual paid sick leave of 14 days.
- Newspaper workers are entitled to sick leave at half-pay for not less than 1/18th of the period of employment.
- The employee must present a medical certificate to receive sick leave.

Work Hours

- Bangladesh has a 40-hour week with Friday and Saturday off.

Overtime

- According to section 102 of the Labor Act, the working hours should not exceed 48 hours per week.
- Overtime is generally calculated by dividing the total salary (including medical and housing benefits) by 208.
- Employers then double this number and multiply the result by the number of overtime hours worked.

Notice Period

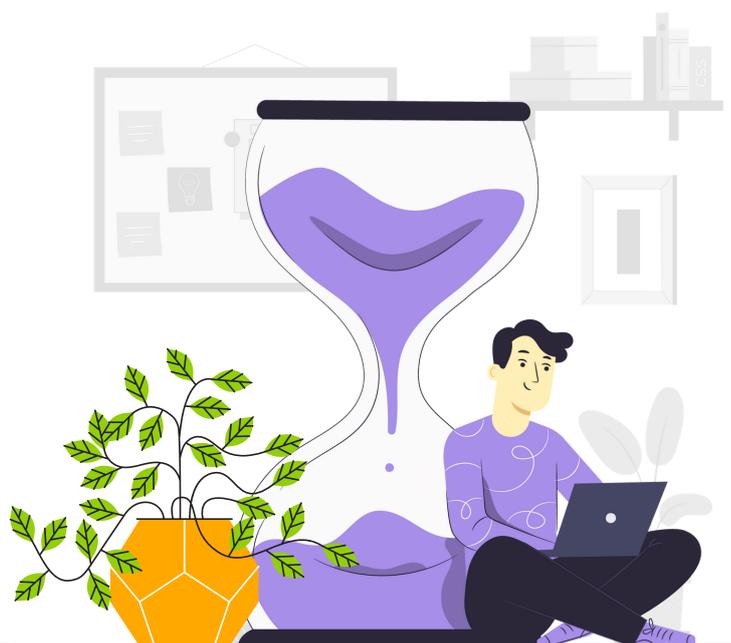
- Retrenched employees with at least one year of service are generally entitled to one month's notice or pay in lieu of notice, and 30 days of pay for every year served.
- Employees who have been convicted of a criminal offense or found guilty of misconduct are not owed notice or severance.
- Termination of employment in Bangladesh for other reasons generally requires the employer to provide written notice of 120 days for monthly rated workers or 60 days for other workers, or equivalent pay in lieu.

Severance

- If the employee has served at least one year, s/he is entitled to 30 days of wages for each year of service.

13th Month

- Employees who have completed at least one year of service are entitled to two festival bonuses each year.
- Each bonus should not be more than the basic salary.



Income Tax

- Residents are taxed on worldwide income; nonresidents are taxed only on Bangladesh source income
- An individual is resident for tax purposes if he/she is present in Bangladesh for more than 182 days in the income year, or if during the preceding four years he/she was present in Bangladesh for at least 365 days and during the income year he/she is present in Bangladesh for at least 90 days.
- Taxable income is divided into “heads” of income, which include income from employment, income from the exercise of a profession, income from property, agriculture income, interest on securities, capital gains, and other income
- Individual income tax rates for residents are progressive from 0% to 30%, and nonresidents are taxed at a flat rate of 30%
- Capital gains are one of the heads of income and generally are taxed at the applicable personal income tax rates

Taxable Income	Tax Rate (%)
Up to BDT 250,000	0%
BDT 250,001 to BDT 650,000	10%
BDT 650,000 to BDT 1,150,000	15%
BDT 1,150,001 to BDT 1,750,000	20%
BDT 1,750,001 to BDT 4,750,000	25%
Over BDT 4,750,000	30%

Social Security

- In Bangladesh social security encompasses old age pension, disability pension, survivor allowance, cash sickness and maternity benefits, medical benefits, death benefit, work injury and death compensation, and disability benefits
- Employers, employees and self-employed individuals are not required to make any contributions
- The government covers these expenses



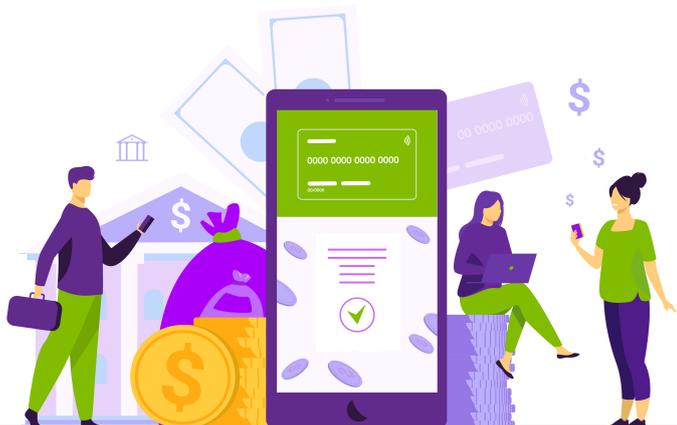
Deductible Expenses

- The basic exemption for women and individuals above 65 years of age is BDT 300,000
- The basic exemptions for individuals with disabilities and freedom fighters are BDT 400,000 and 425,000, respectively.
- Various personal allowances are granted
- Deductions are possible where expenses are incurred in deriving taxable income.
- An investment allowance is available, capped at:
 - The actual investment made
 - 25% of total income (less income that is exempt or subject to tax are a reduced rate)
 - VDT 15 million, whichever is the lowest
- Any sums paid by an assessee as donation to philanthropic or education institutions which are approved by the Government for this purpose and national level institution engaged in the approved by the Government for this purpose and national level institution engaged in R&D of agriculture, science, technology and industrial development are exempt from tax



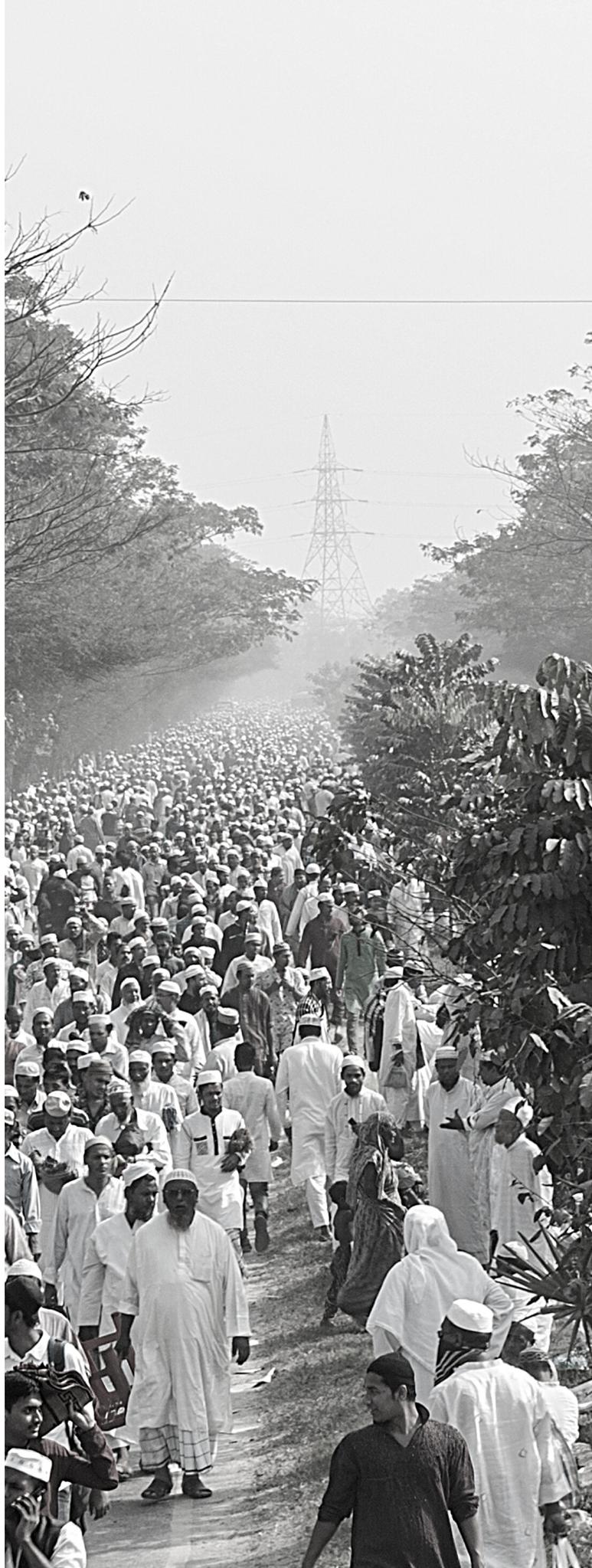
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Immigration

- Business visitors can enter the country with a Category "B" visa (Business Visa) or Category "T" visa (Tourist Visa), depending on the type of business activities they intend to perform.
- The Category "B" visa is suitable for business travelers and business representatives conducting trade or commerce activities, while the Category "T" visa is used by business travelers attending a seminar, symposium or a study tour.
- Both visas permit stays of 30 or 90 days.
- All foreign nationals require authorization to work in Bangladesh.
- For long-term assignments, the foreign national generally applies for an Employment ("E") Visa and files a Work Permit application within 15 days of arrival in Bangladesh.
- Once the work permit is granted, the E Visa can then be extended.
- A sub-category of the E Visa, the E1 Visa, is available to individuals visiting Bangladesh on short-term assignments that involve installation, maintenance or supervisory work.



Type of Visa/ Permits	Documentation	Validity	Eligibility
Category B Visa	<ul style="list-style-type: none"> • Invitation letter from Bangladesh • Letter from the company that is sending the applicant to Bangladesh • Filled-in application form • Photographs (Size: 37mmX37mm and recent one): 02 copies • Valid passport and • Payment receipt of visa fee 	30 to 90 days	<ul style="list-style-type: none"> • The Category “B” visa is suitable for business travelers and business representatives conducting trade or commerce activities
Category E (Employment) Visa	<ul style="list-style-type: none"> • Letter of appointment from the employer in Bangladesh • Recommendation letter from BEPZA/BOI • Filled-in application form • Photographs (Size: 37mmX37mm and recent one): 02 copies • Valid passport and • Payment receipt of visa fee 	Multiple entry visa	<ul style="list-style-type: none"> • For long-term assignments, the foreign national generally applies for an Employment (“E”) Visa and files a Work Permit application within 15 days of arrival in Bangladesh.



Value Added Tax (VAT)

- VAT is levied on the supply of goods and the provision of services, and on the import of goods or services
- The standard VAT rate is 15%, with certain exceptions for specified services
- Exports are zero rated
- Reduced rates of 5%, 7.5%, and 10% apply to certain goods and services.
- Local traders, including commercial importers, are liable to pay VAT at 5%.

VAT Rates	
Standard Rates	15%
Reduced Rate	10%
Reduced Rate	7.5%
Reduced Rate	5%
Zero Rate	0%



Withholding Tax

Dividends

- Dividends paid to a resident or nonresident company are subject to a 20% withholding tax
- Dividends paid to resident and nonresident individuals are subject to withholding tax of 10% and 30% respectively

Interest

- Interest paid to a nonresident company or individual is subject to a 20% withholding tax
- There is no withholding tax on interest paid to residents

Royalties

- Royalties paid to a nonresident company or individual are subject to a 20% withholding tax
- Royalties paid to residents are subject to a 10% withholding tax where the payment does not exceed BDT 2.5 million; otherwise, the rate is 12%

Fees for Technical Services

- Fees for management services, technical services, technical know-how, or technical assistance paid to a nonresident company or individual are subject to a 20% withholding tax
- Such payments to residents not exceeding BDT 2.5 million are subject to a 10% withholding tax; otherwise, the rate is 12%

Type of Payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
Dividends	20%	10%	20%	30%
Interest	0%	0%	20%	20%
Royalties	10%/12%	10%/12%	20%	20%
Technical Service Fee	10%/12%	10%/12%	20%	20%



Termination

- Employees may be terminated for reasons of physical or mental incapacity or continued ill-health as certified by a medical practitioner.
- If the employee has served at least one year, s/he is entitled to 30 days of wages for each year of service.
- Retrenched employees with at least one year of service are generally entitled to one month's notice or pay in lieu of notice, and 30 days of pay for every year served.
- Employees who have been convicted of a criminal offense or found guilty of misconduct are not owed notice or severance.
- Termination of employment in Bangladesh for other reasons generally requires the employer to provide written notice of 120 days for monthly rated workers or 60 days for other workers, or equivalent pay in lieu.

Statutory Benefits

- These are mandatory benefits as postulated by law
- These include probationary period, annual leave, public holidays, sick leave, maternity leave, overtime pay, notice period, 13th month pay and severance pay
- Statutory benefits also include social security benefits

Statutory Benefits

Probationary Period

Annual Leave

Public Holidays

Maternity Leave

Sick Leave

Overtime Pay

Notice Period

Severance Pay

13th Month Pay

Social Security Benefits



Payments and Invoicing

- The assessment year is a period of 12 months commencing on 1st July of each year
- Joint returns are not permitted; each individual must file a separate return
- Individuals must file a tax return on or before the “tax day”, i.e. by 30th November following the financial year, unless an extension is obtained
- A nonresident individual without a fixed base in Bangladesh is not required to file a tax return
- Advance tax is required to be paid quarterly, and any remaining tax due must be paid before the income tax return is filed
- An individual that has gross wealth exceeding BDT 2.5 million that owns an automobile or that has invested in a house or an apartment in a city corporation area is required to submit a “statement of assets, liabilities and life style” along with the tax return
- Penalties are imposed for late filing, failure to file a return, or failure to pay tax; concealment of income; failure to maintain proper records; and failure to provide documents or data

Ease of Doing Business

- The ease of doing business index is an index created by Simeon Djankov, an economist at the Central and Eastern Europe sector of the World Bank Group.
- Higher rankings (a low numerical value) indicate better, usually simpler, regulations for businesses and stronger protections of property rights.
- According to the World Bank Bangladesh ranked 135th in the World in 2019 in terms of ease of doing business.



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