



Legal Counsel
BARRISTERS-ADVOCATES-LEGAL CONSULTANTS

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NEWS BULLETIN



ISSUE 16 | DATE: JUNE 27, 2023

EDITORIAL

As a part of our continuing effort to disseminate important legal information, we are pleased to publish the sixteenth issue of the quarterly 'The Legal Counsel News Bulletin' with some important updates.

ON A SERIOUS NOTE:

A secretary, a paralegal and a partner in a city law firm are walking through a park on their way to lunch when they find an antique oil lamp. They rub it and a Genie comes out in a puff of smoke. The Genie says, "I usually only grant three wishes, so I'll give each of you just one."
"Me first! Me first!" says the secretary, "I want to be in the Bahamas, driving a speedboat, without a care in the world." Poof! She's gone.
"Me next! Me next!" says the paralegal, "I want to be in Hawaii, relaxing on the beach with my personal masseuse, an endless supply of pina colodas and the love of my life." Poof! He's gone.
"You're next," the Genie says to the partner. The partner says, "I want those two back in the office before lunch."



INTRODUCING THE INCOME TAX ACT 2023: A BREAKDOWN OF BANGLADESH'S LATEST TAX LEGISLATION.

As Bangladesh ushers in a new era of taxation, the Income Tax Act 2023 brings significant changes to the country's fiscal landscape. In this article, we delve into the key provisions and implications of this freshly passed legislation, offering insights for individuals and businesses alike.

✔ Simplicity & Transparency

The Income Tax Act 2023 adopts a Simple and Transparent approach. To simplify, the act is laid out in plain Bangla and excessive proviso is eliminated. The sources of Income & expenses are consolidated chapter-wise with an aim to enable any user to find out all relevant income from a source and deduction from that chapter (Figure. 1.). It further introduces rules stating mathematical formulas. These simple formulas are aimed to facilitate everyone to be able to understand and make their own calculation of tax.

To enhance transparency, the act imposes mandatory audits for Partnership Firms, Association of Persons, or funds having turnover over BDT 20 Million. It also implements the e-TIN De-registration of persons leaving Bangladesh, deceased individuals, companies that have wound up their operations, and closed branch/liaison offices. These measures aim to establish and strengthen the actual tax payments within the system.



Income & Expenses included in each separate chapter. (Figure.1)

Automation

Among other significant features, the Income Tax Act 2023 includes the implementation of an automation system. It includes several important features such as enabling online facilities to return and submit documents, issue communication orders, acknowledge receipts, issue demand letters, and provide certificates. Additionally, the act aims to facilitate digitized proceedings, allowing virtual attendance or hearing before income tax authorities or Appellate tribunals. The introduction of a fully electronic tax system will enhance administrative efficiency, save time and effort for the taxpayers, result in more accurate calculations, and promote transparency within the tax system.

Withholding Tax

The Act implements for entities that withhold tax to collect and maintain a Withholding Identification Number. Furthermore, the contribution to Workers Profit Participation Fund (WPPF) is to be on the list of admissible expenses. Companies are also required to deduct tax at source, and deposit to the government exchequer within stipulated time. They will be needed to submit withholding tax returns on a monthly basis.

Corporate Tax

The Act implements an enactment of a minimum tax requirement for carbonated beverage industries and tobacco industries. A minimum tax of 5 percent on Gross Receipt is required. The minimum tax on tobacco increase to 3 percent.

As per the act, incentive bonus is categorized as perquisites, leading to increased tax liabilities for companies. If the value of perquisites, including incentive bonuses, exceeds BDT 1.0 Million, the company will be required to pay tax on the excess amount. Including incentive bonuses as perquisites will raise the overall perquisite expense, resulting in tax payment obligations for the company once it surpasses the specified limit. An Environmental Surcharge is implemented on taxpayers having more than one motor car. (Figure. 2).

Details of Motor Car	Rate of Carbon Tax
up to 1500cc	25,000
1501cc to 2000 cc	50,000
2001 cc to 2500 cc	75,000
2501 cc to 3000 cc	150,000
3001 cc to 3500 cc	200,000
More than 3500 cc	350,000

The Environmental Surcharge. (Figure.2)

Personal Tax

Individual



Female & assessee aged more than 65 years



Third Gender



Disabled Person



Gazetted wounded Freedom Fighter



Increase of Tax-free Income. (Figure.3).

The threshold of Tax-free Income for individuals is increased. [Figure. 3.] No surcharge for individuals having net wealth to BDT 40 Million implemented. However, no alteration suggested for individuals who have net wealth more than BDT 40 Million The Act mandates submission of a statement of lifestyle expenses of an individual if his/her annual income exceeds BDT 500,000. In cases where the annual income of an individual surpasses BDT 4 Million or if the taxpayer travels abroad the submission of an asset statement is to be obligatory.

Salary Structure	BDT	Exemption as per ITO 1984	Exemptions as per ITA 2023	Increased
Basic Salary	1,200,000		2/3 of total income or 450,000 [whichever is lesser]	1,750,000
HR (lower of 25k/m or 50% of basic)	500,000	300,000		
Medical (10% of basic or 120,000)	200,000	120,000		
Conveyance (30,000)	100,000	30,000		
Festival Bonus	200,000			
Total	2,200,000	450,000	450,000	1,750,000

Simplification for Exemption. (Figure.4)

The Act also implements rebates on 3% taxable income on a maximum amount of BDT 1 Million as opposed to the current law where the maximum amount for rebate is 1.5 Million. This will cause the high-income people to have less rebate. Tax on transfer of property increased to 8 percent from 4 percent. Further, the Act requires to exempt income allowances up to two-thirds of the total income or BDT 450,000 whichever is less rather than having exemption on different heads of income (Figure.4). This will lead to an increase in the tax burden for higher salaried employees. Travel Tax increased to range from BDT 200 to BDT 6000 per passenger depending upon the mode of travel and destination.

✓ Commodities

The recent implementation of the Act has brought significant changes in the prices of commodities. As the government aims to streamline the taxation system and generate revenue, consumers can expect both increases and decreases in the prices of specific goods. For instance, various commodities such as software, dry dates, cashew nuts, tobacco, optical fiber, plastic tableware, aluminum kitchenware, tissue paper, sunglasses, and mobile phones will be increase. While the consumers can anticipate, a decrease in the prices of sweets will decrease.

The newly passed Income Tax Act 2023 in Bangladesh marks a pivotal moment in the country's tax regime. With its comprehensive provisions and far-reaching implications, individuals and businesses will need to adapt to the changes and navigate the intricacies of this updated legislation.

CURRENT AFFAIRS



Japan-Bangladesh Relations: The bilateral partnership of Bangladesh and Japan has been recently upgraded to a strategic level after the visit of Bangladesh Prime Minister Sheikh Hasina to Japan. Eight agreements and cooperation memorandums on agriculture, metro rail, industrial upgrade, ship recycling, custom matters, intellectual properties, defense cooperation, ICT and cyber security were signed between Bangladesh and Japan. These will help in the development of Bangladesh, and enable the national interest of Bangladesh, and will help the nation to increase communication with Japan's friendly countries.



The Income Tax Act 2023 defined educational institutions, samity, trade and commerce associations, foundations, and non-government organizations as companies. Apart from individuals, all other entities would be considered as companies irrespective of their registration under Companies or Societies or Partnership Act.



Microfinance institutions will have to pay taxes equal to the tax rate of companies if they do not keep the income from service charges of micro-credit operations in a revolving fund, according to the changes in the Income Tax Act 2023.

DID YOU KNOW

To address grievances regarding fraudulent purchases, consumers have the option to register complaints online. The National Consumer Complaint Centre's official website offers a convenient platform for consumers to lodge their complaints. Alternatively, complaints can also be submitted via fax, email, or telephone. The contact numbers for assistance are 0255013218 and 01777753668, while the email address is ncc@dncrp.gov.bd.

NEW IMPORTANT LEGISLATIONS (APRIL 2023- JUNE 2023):

- ✓ Income Tax Act 2023.

LEGAL COUNSEL NEWS



Legal Counsel organized a delightful Iftar followed by dinner on 6th April 2023. The event served as a perfect prelude to the Eid Break. Former colleagues also graced the occasion, further enhancing the festive atmosphere. The evening was a resounding success, blending both professional networking and an enjoyable dining experience.

PRO-BONO WORKS: PUBLICATIONS AND TV SHOWS (APRIL 2023 – JUNE 2023)

PUBLICATIONS AND INTERVIEWS

- ✓ Blackmail | Barrister Miti Sanjana, Partner of Legal Counsel | Prothom Alo | April 05, 2023; <https://legalcounselbd.com/lover-suicide-threat/>
- ✓ Cyber- bullying | Barrister Omar H Khan, Managing Partner of Legal Counsel | The Daily Star | April 12, 2023; <https://legalcounselbd.com/cyber-harassment/>
- ✓ Divorce Law | Barrister Miti Sanjana, Partner of Legal Counsel | Prothom Alo | June 07, 2023; <https://legalcounselbd.com/divorce-discussion-questions/>
- ✓ Fraud by Spouse. | Barrister Miti Sanjana, Partner of Legal Counsel | Prothom Alo | May 24, 2023; <https://legalcounselbd.com/trouble-with-my-wife/>
- ✓ Legal action against boyfriend | Barrister Miti Sanjana, Partner of Legal Counsel | Prothom Alo | April 26, 2023; <https://legalcounselbd.com/legal-action-against-boyfriend/>
- ✓ Steps to take if someone has objectionable images of you. | Barrister Miti Sanjana, Partner of Legal Counsel | Prothom Alo | May 3, 2023; <https://legalcounselbd.com/personal-photo-in-online/>

TV SHOWS AND INTERVIEWS

- ▶ Budget and Development for Women. | Barrister Miti Sanjana, Partner of Legal Counsel | Ekattor.Tv | May 25, 2023; <https://youtu.be/9-L6vvqDmr8>
- ▶ Child Marriage | Barrister Miti Sanjana, Partner of Legal Counsel | Ekattor.Tv | May 7, 2023; <https://youtu.be/UzuvPaP00cg>
- ▶ Implementation of Housekeeper's Protection Policy. | Barrister Miti Sanjana, Partner of Legal Counsel | Ekattor Tv | May 1, 2023; <https://youtu.be/WRbwU2JfIdE>
- ▶ Ragging and Bullying | Barrister Miti Sanjana, Partner of Legal Counsel | Ekattor.Tv | May 3, 2023; <https://cutt.ly/04Z9dOV>
- ▶ Sexual Harassment at Workplace | Barrister Miti Sanjana, Partner of Legal Counsel | Prothom Alo | April 9, 2023; <https://youtu.be/g7cEnJQfHQ0>
- ▶ What is the punishment for a false case? | Barrister Miti Sanjana, Partner of Legal Counsel | Prothom Alo | June 5, 2023; <https://youtu.be/vOoT8GhAMcE>

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