


# FY'24 Bangladesh National Budget Review



**“Towards Smart  
Bangladesh Sustaining  
the Development  
Achievements in a  
Decade and a Half”**

# BUDGET IN A NUTSHELL

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- The government of Bangladesh has proposed BDT 7,617.9 Bn (US\$73.3 Bn) of budget for the FY24.
- The proposed size of the FY24 budget has been raised by 12.2%. Higher allotment to operating expenditure (+17.0% YoY) than development expenditure (+7.0% YoY).
- Significant rise in foreign interest payment (+72.0% YoY), subsidies and liability (+50.3% YoY) and Power and energy infrastructure (+33.6% YoY) contributed to the higher operating expenditure in the proposed budget of FY24.
- Fiscal deficit is projected at 5.2% of GDP which is 30- bps higher given higher GDP projection. Higher expenditure target will require higher government borrowings from the banking sector (17.4% of the total budget) while borrowing from National Savings Certificate reduced by 48.6% YoY.
- In order to increase tax base, the following measures has been proposed: Imposition of minimum BDT 2,000 tax on zero tax return filing taxpayers, removal of certain prevailing tax exemption facilities for individual taxpayers, increase in tax in land registration and travel, and levy of environment surcharge on vehicles and rise in VAT for various products and services. Besides, in order to discourage import, various import duties has also proposed to increase.
- Policy measures regarding minimum tax rate and corporate tax rates remain unchanged. Existing duty rates maintained on essential commodities, fertilizers, seeds, lifesaving drugs, and some other industrial raw materials.
- In order to accelerate digital economy, establishment of BDT 1.0 Bn SMART Bangladesh fund and imposition of customs duty and VAT on imported software to support local companies.
- No direct impact on the capital market but several changes in the import duty, VAT and other tax rates may impact earnings performance of some listed companies.

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# CORE PRIORITIES

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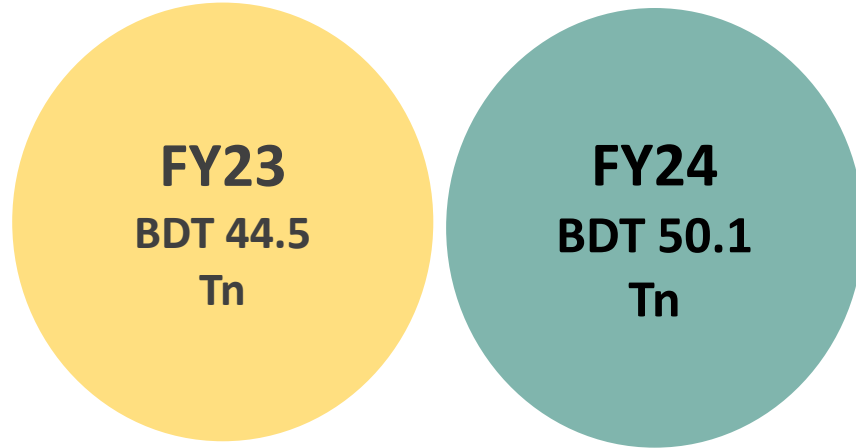
An expansionary budget towards the development of a 'Smart Bangladesh'

# BUDGET HIGHLIGHTS

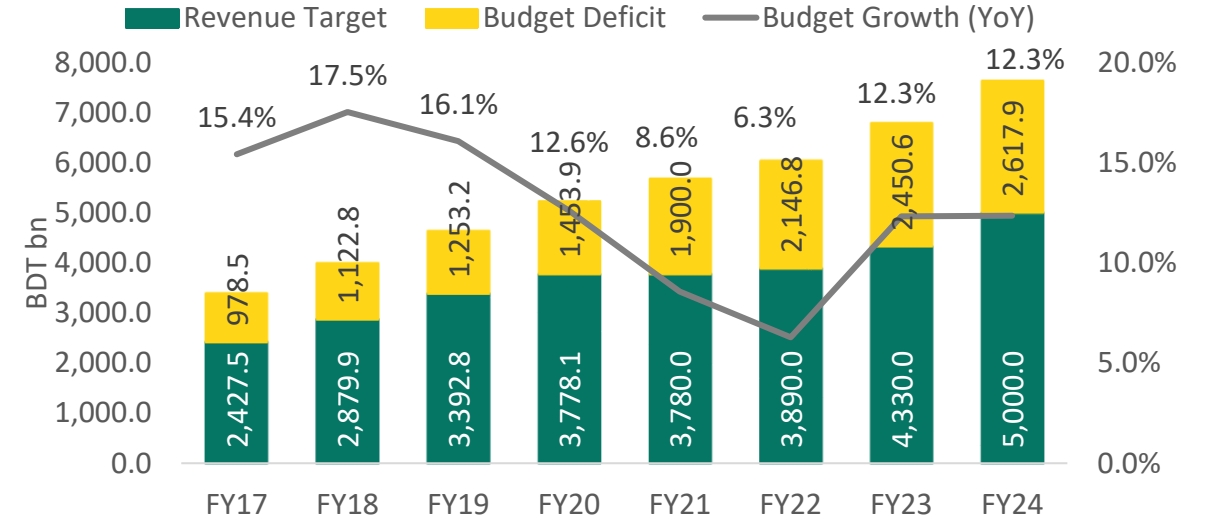
BUDGET SNAP	TOTAL BUDGET (Expenditures)	REVENUE (Receipts)	DEFICIT
Revised Budget FY23	6,605.1 Bn	4,330.0 Bn	2,275.1 Bn
Proposed Budget FY24	7,617.9 Bn	5,000.0 Bn	2,618.0 Bn

# BUDGET HIGHLIGHTS

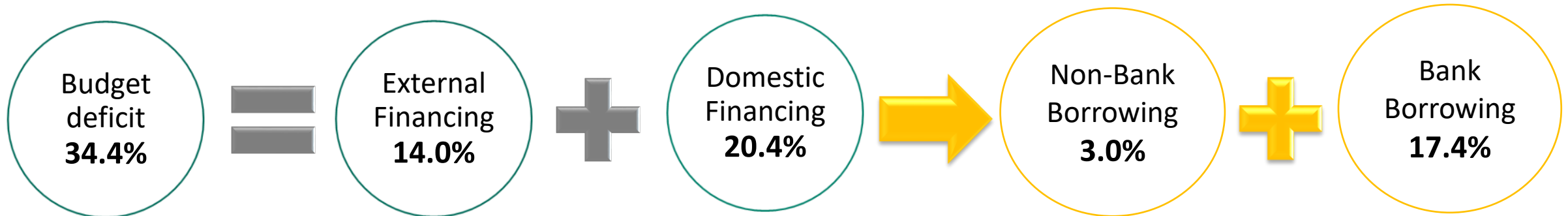
## Gross Domestic Production



## Past Fiscal Budget Review

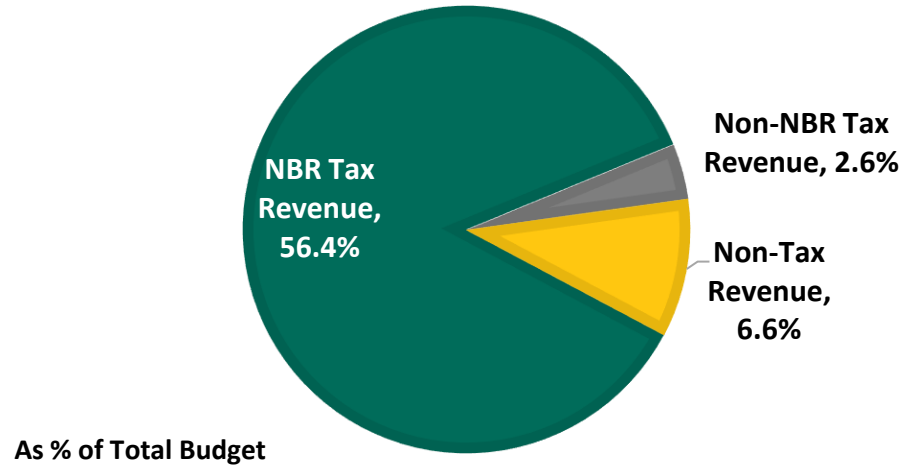


## Sources of Deficit Finance

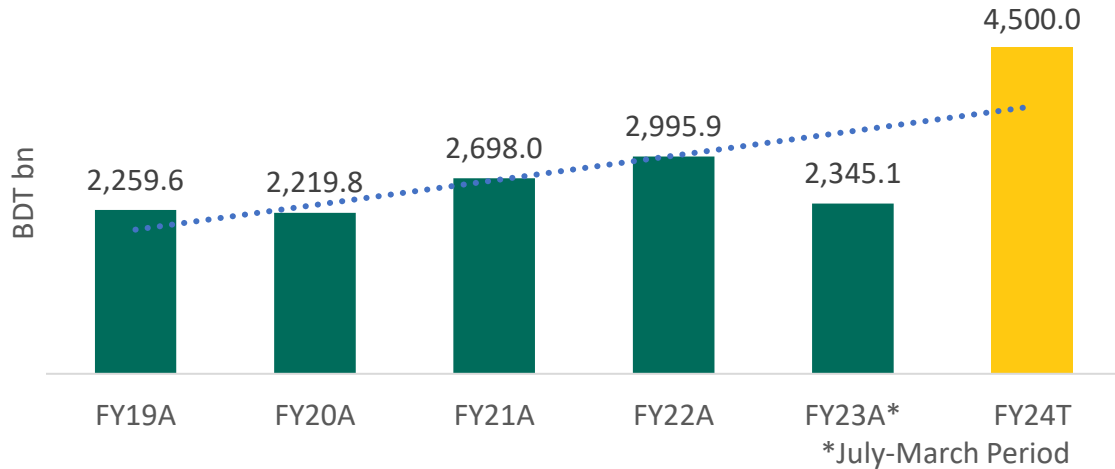


# SOURCES OF REVENUE

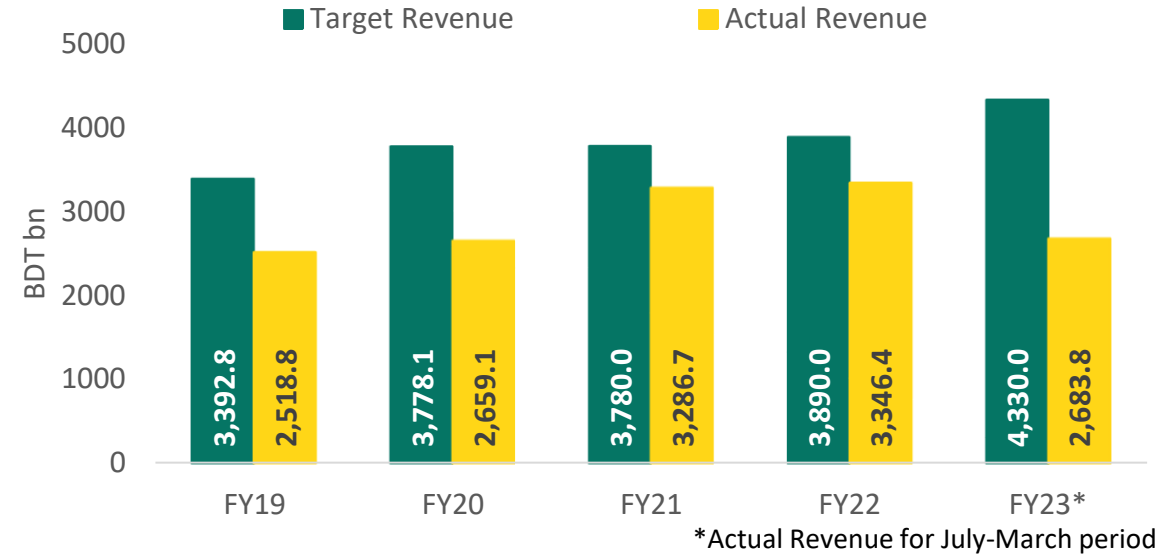
## Proposed Revenue Sources



## Tax Revenue



## Total Revenue (Actual Vs Target)

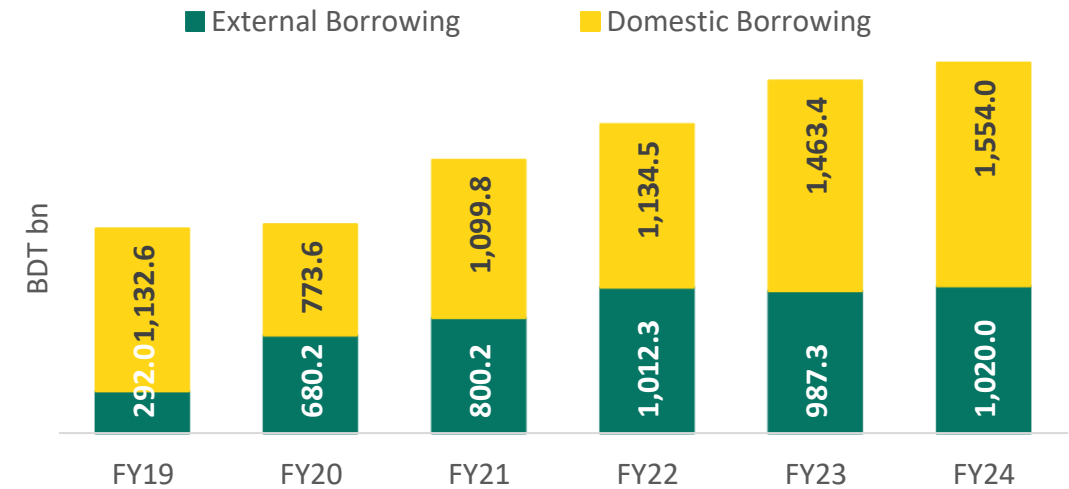


- The Government has set an ambitious revenue target of BDT 5,000.0bn for FY24.
- Revenues are budgeted to grow at a rate of 15.5% against 11.3% rise in FY23.
  - Tax revenue is estimated to increase by 16.0% mainly driven by higher tax revenue target by the NBR.
  - Non-Tax revenues growth remains same as FY23 at 11.1%.
- Focusing on tax collections through expansion of tax net.

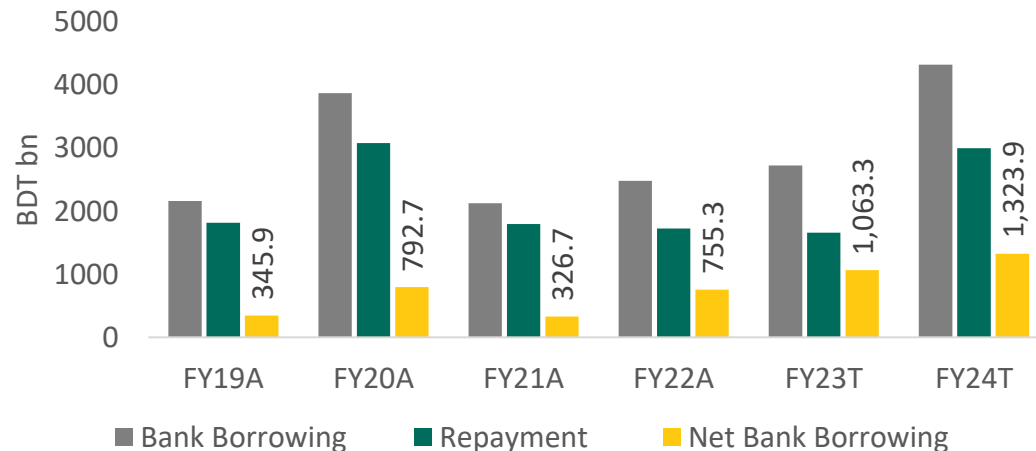
# DEFICIT FINANCING

- Government plans to finance 51.0% of the budget deficit from the banking sources (+25.0% YoY).
- In FY23, the government set the target of bank borrowing at BDT 1,063.3 Bn, while the actual bank borrowing stood around BDT 3,563.7 Bn.
- The government is planning to for lower net borrowing through NSC in FY24. 7.0% of the deficit is estimated to finance through the sales of NSCs (-48.6% YoY)

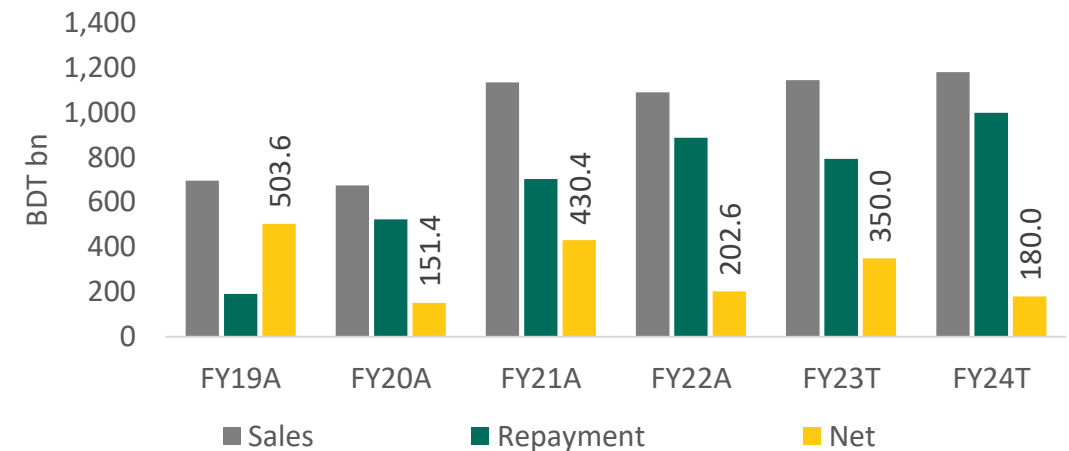
## Borrowings



## Domestic Bank Borrowing



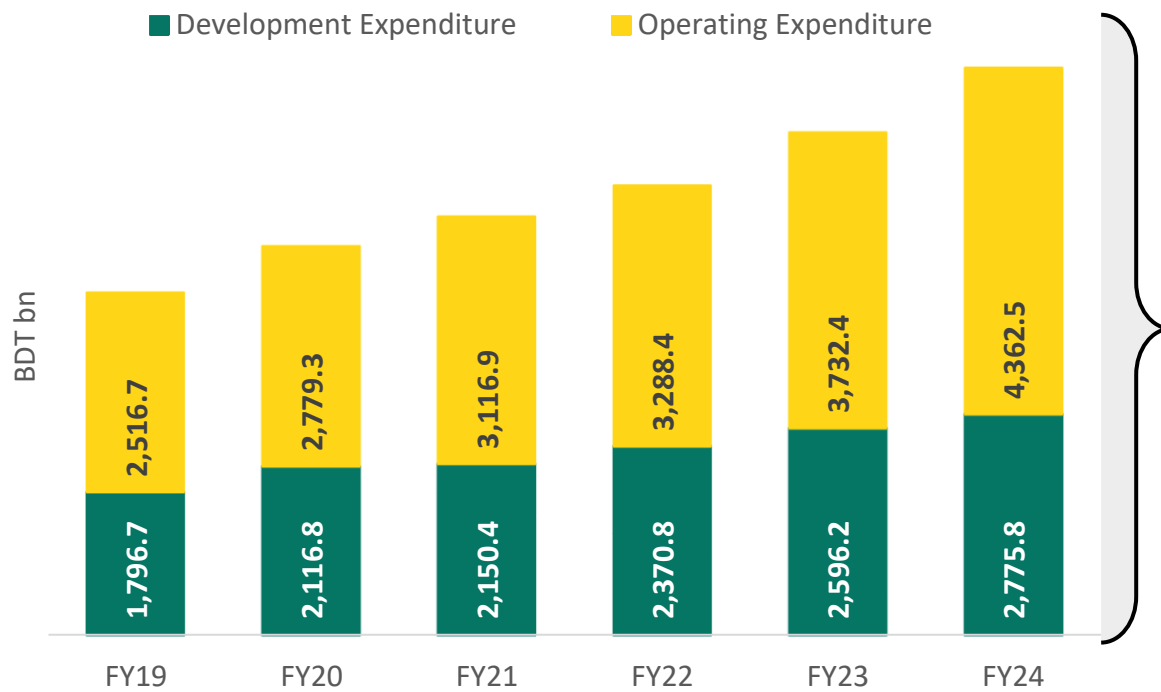
## Borrowing through National Savings Certificates



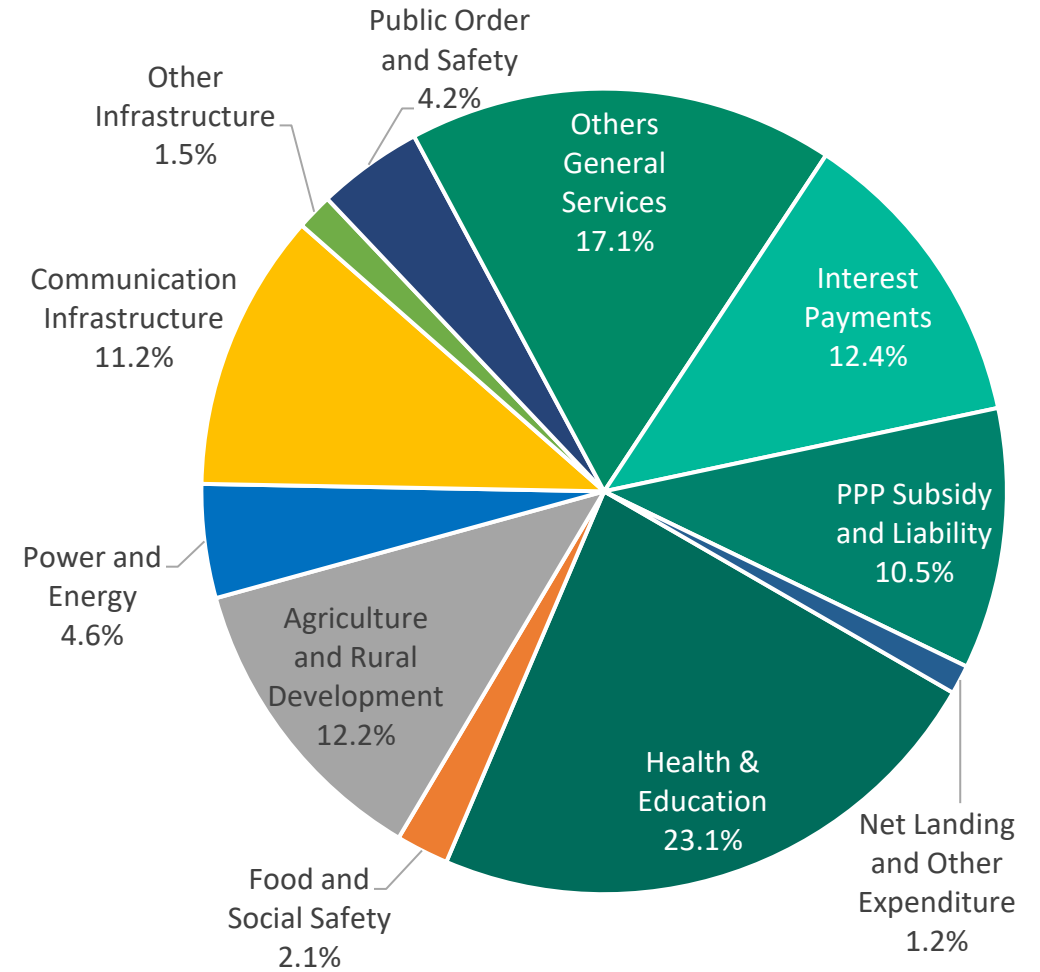
A= Actual, T= Target



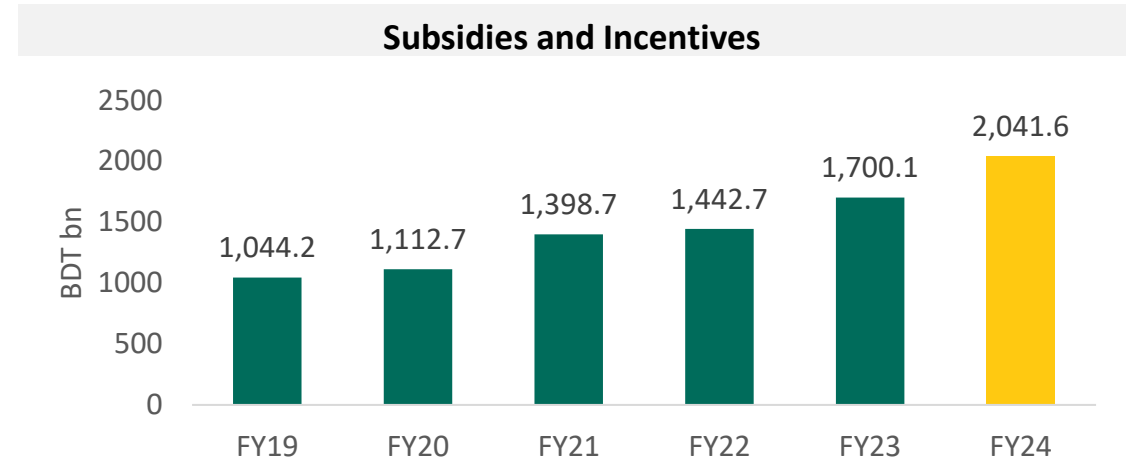
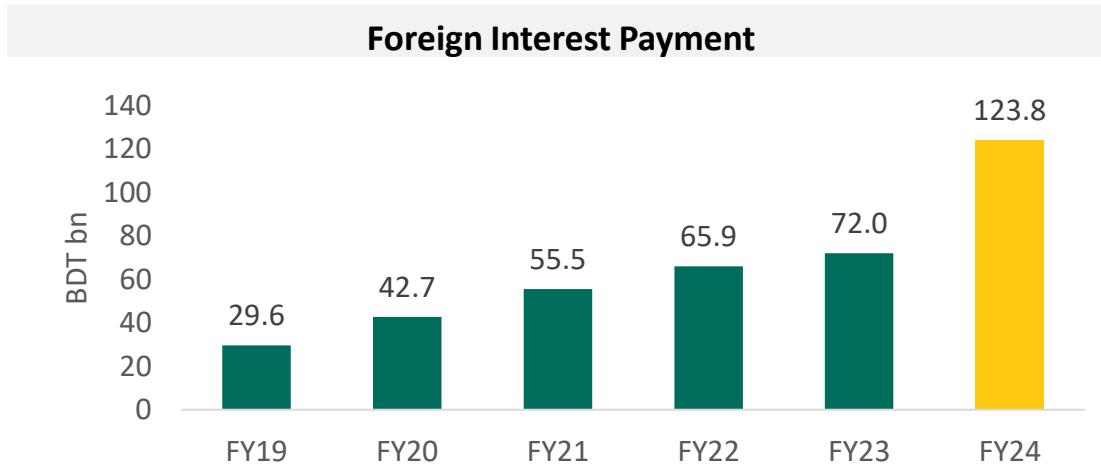
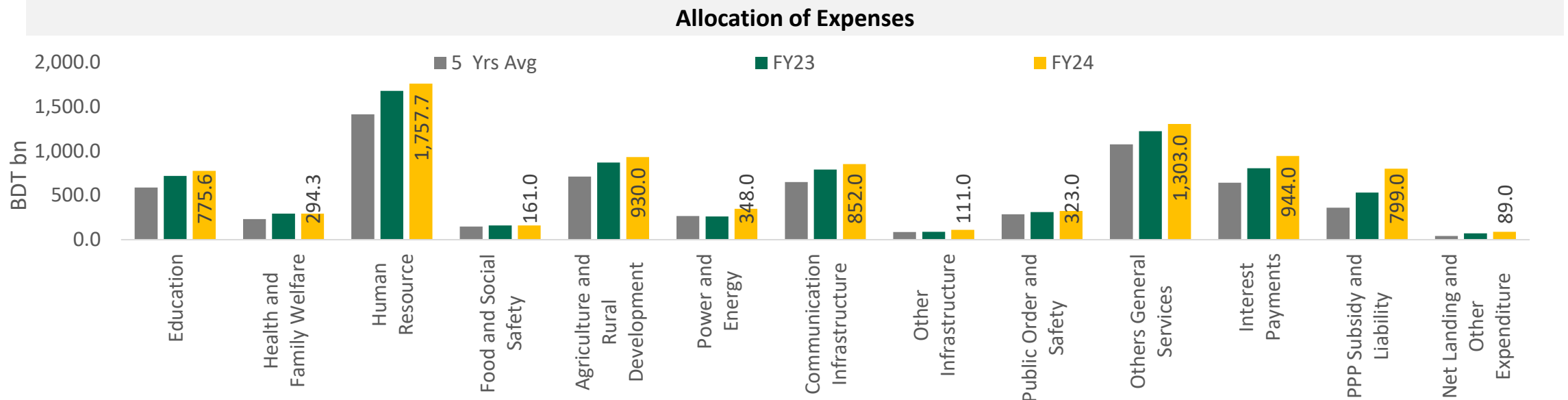
# FISCAL EXPENDITURE



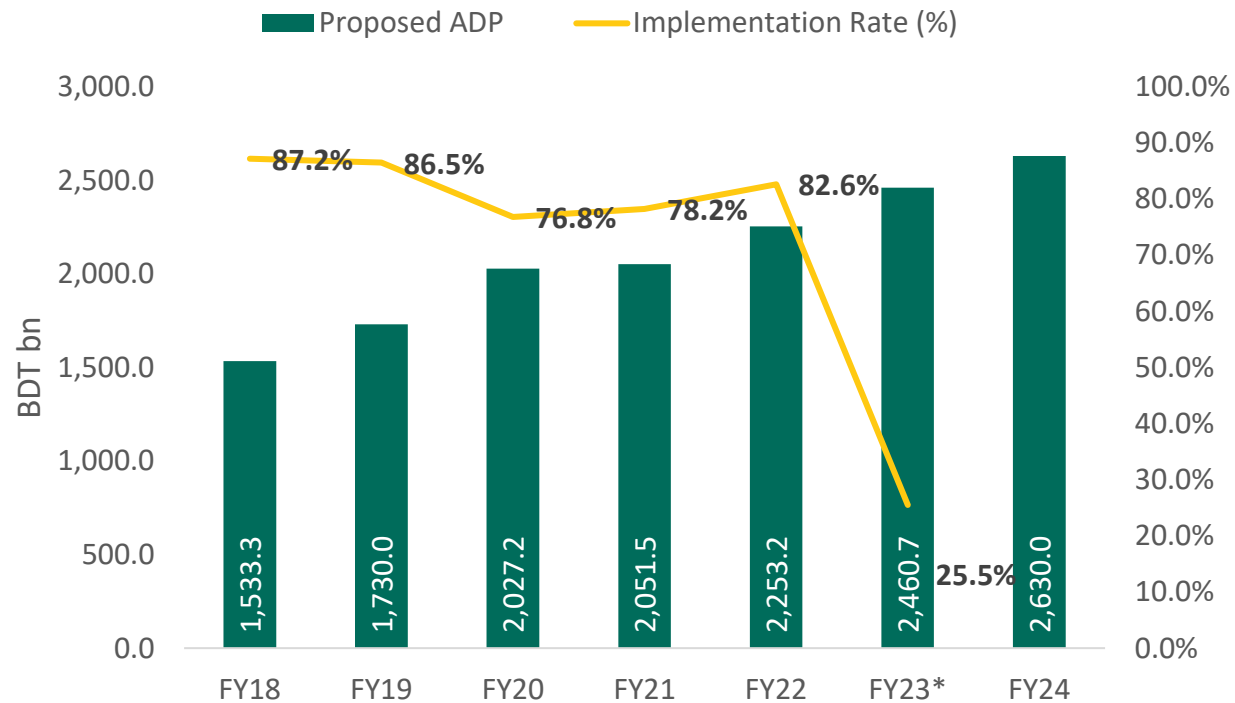
*Higher subsidy, allowance and interest payment raise the allotment towards operating expenditure*



# OPERATING EXPENDITURE



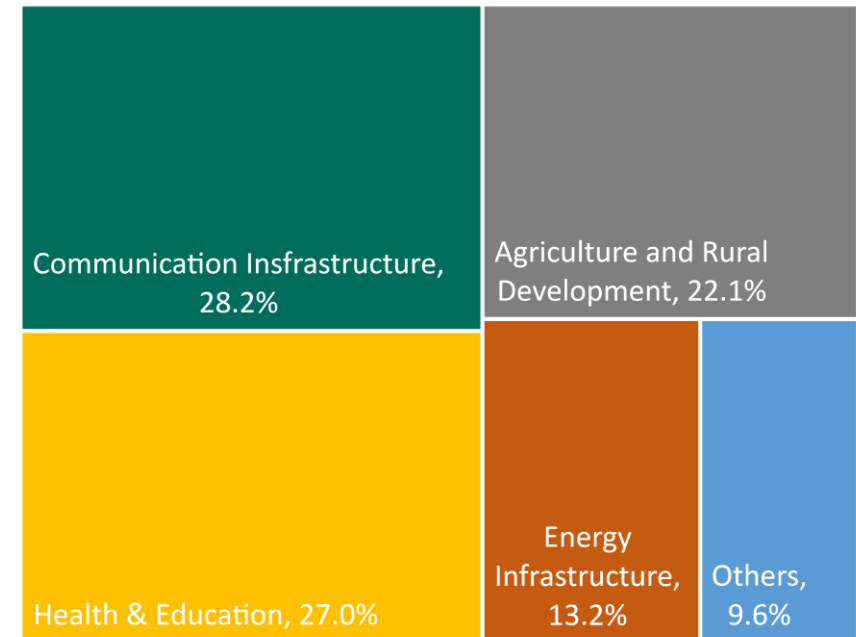
# ADP ALLOCATION (SECTOR WISE)



\*Implementation rate for July-March period

Allocation for the annual development programme increased by 7.3% (YoY) while implementation of ADP remained historically low in the current fiscal year.

**Proposed for FY24**  
Annual Development Programme  
**BDT 2630.0 Bn**



# INDIVIDUAL INCOME TAX BASE

Threshold	Existing	Proposed
General Taxpayer	300,000	3,50,000
Women and Senior Citizens (65+)	350,000	400,000
Third Gender	350,000	475,000
Physically Challenged	450,000	475,000
Gazette Freedom Fighter	475,000	500,000

Threshold	Existing	Proposed	Rate
First	300,000	3,50,000	NIL
Next	100,000	100,000	5.0%
Next	300,000	300,000	10.0%
Next	400,000	400,000	15.0%
Next	500,000	500,000	20.0%
Above	500,000	500,000	25.0%

## Tax Rebate & Universal Pension Fund:

- Tax rebate limit on allowable investments remains unchanged.
- Contributions to the Universal Pension Fund will be treated as investment and tax rebate can be availed against it.
- The amount received as monthly pension under Universal Pension Scheme will be exempted from income tax.

**Minimum tax of BDT 2,000 must be paid for every TIN holder**

To bring probable changes in New Income Tax Act 2023, certain previous tax exemptions on *Individual Salary Income* under the rules 33- (Valuation of perquisites, allowances benefits) has been lifted in accordance with followings:

- 33A: House rent allowances receivable in cash;
- 33B: Rent free accommodation
- 33C: Conveyance allowance receivable in cash with no conveyance facility;
- 33D: Conveyance provided for personal or private use;
- 33E: Additional conveyance allowance,
- 33G: Free or concessional passage for travel abroad or within Bangladesh;
- 33H: Entertainment allowance;
- 33I: Medical expenses and
- 33J: Other benefits

As per the draft Income Tax Act 2022 (to be passed by the Jatiyo Sangshod soon) taxable income for a salaried individual shall be *lowest of* two-third of the basic salary or BDT 450,000 and for the contractual employees, taxable income shall be *lowest of* one-third of gross salary or BDT 450,000

# CHANGES IN INDIVIDUAL LEVEL TAXES

## ✈️ Change in Travel Tax



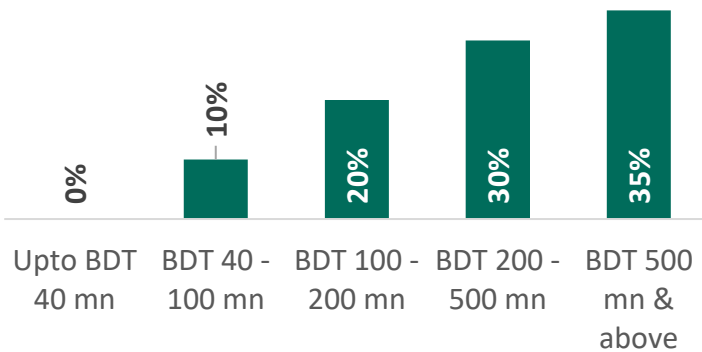
## Environmental Surcharge on additional vehicle

< 1,500 CC / 75 KW	25,000
1,500 CC / 75 KW – 2,000 CC / 100 KW	50,000
2,000 CC / 100 KW – 2,500 CC / 125 KW	75,000
2,500 CC / 125 KW – 3,000 CC / 150 KW	150,000
3,000 CC / 150 KW – 3,500 CC / 175 KW	200,000
> 3,500 CC / 175 KW	350,000

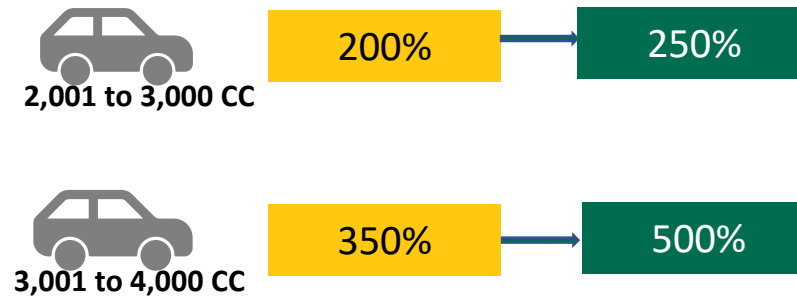
\*in BDT



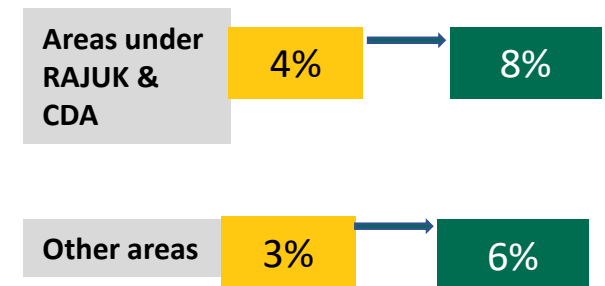
## Wealth Surcharge



## Change in Vehicle Supplementary Duty



## Change in Land, Flat Gains Tax



# CORPORATE TAX

		Existing	Proposed
Listed Companies (except for other entities)	Companies with less than 10% publicly issued (IPO) shares	22.5% tax rate	Unchanged
	Companies with at least 10% publicly issued (IPO) shares	20% tax rate	
Non-Listed Companies (except for other entities)	General Companies & Juridical person	27.5% tax rate	Unchanged
	Sole Proprietor	22.5% tax rate	

To avail 2.5% less tax rates as above:

- All income & receipts must be made through bank transfer
- Expenses & investments over BDT 1.2 mn are made through bank transfer

Types of Companies	Existing	Proposed
Publicly traded banks & NBFI	37.5%	Unchanged
Non-publicly traded banks & NBFI	40.0%	
Merchant banks	37.5%	
Other non-listed companies, other than companies, Trust, Fund, Association etc.	27.5%	
Listed Telcom operator	40%	
Non-listed Telecom operator	45%	
Private Universities, Colleges & Cooperative Societies	15.0%	
Cigarettes & other tobacco manufacturers	45.0% + 2.5% surcharge	

# IMPACT ON COMMODITY PRICES

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## Items to be Cheaper

Sweets, Medicines including Cancer, Malaria and TB medicines, Air-craft engine, Optical fiber cable, Cake, Handmade biscuits and cakes, Hygiene products, Agriculture machineries, Home Appliances, Agriculture equipment.

Cement, Refrigerator, Pen, Kitchenware, Dates, Basmati rice, Processed nuts, Sunglass, Tissue, Mobile Phone, Gas cylinder, Cigarette, Electronic cigarettes, Software, Electric panel, Local bicycle, Lift and Escalators, Cement, Panel, Gold Bar.

## Items to be Dearer



# CONSTRUCTION

## Proposal

- Increase of specific duty on clinker import by BDT 200.0 per ton.
- Imposition of tax incidence of 43.0% on calcium carbonate
- VAT on the import of ethylene glycol, and hot rolled stainless steel sheet in coil is reduced from 15.0% to 5.0%.
- Increase in import duties for lifts & skip hoist from 5.0% to 15.0%
- Increase in import duties for escalators from 1.0% to 15.0%.
- Withdrawal of concession rate on tiles and consumable products.
- Imposition of customs duty on electric panel from 1.0% to 10.0%.
- Introduction of 2 new HS codes for the import of machinery, spare parts at reduced rate.

## Impact

- Cement manufacturing companies that import clinkers will see higher cost of production.
- Cost of the integrated cement manufacturers and local clinker producers will not be impacted.
- If the price of cement rises further in the local market, integrated cement manufacturers will be benefitted with higher margins.
- Calcium carbonate is used to produce limestone, hence, limestone producers to incur high cost.
- Construction materials prices will be higher due to new impositions of import duties.
- Lift and escalators producers will incur higher duties.

### Affected Listed Companies:

POSITIVE: LHBL

NEGATIVE: ARAMITCEM, CONFIDCEM, CROWNCEMNT, EHL, HEIDELBCEM, MEGHNACEM, PREMIERCEM

NEUTRAL:



### Proposal

- Withdrawal of advanced tax on import of agricultural machineries including paddy transplanters, dryers, sprayer machines, potato planters and all kinds of containers.
- Custom duty on electronic panels is increased from 1.0% to 10.0% and from 1.0% to 5.0% for sandwich panels.
- Withdrawal of advance tax from import of aircraft engines, turbo engines, aircraft parts, and solar-powered water distillation plants.
- VAT exemption for production of optical fibers.
- Import duties on freewheel & sprocket is increased from 10.0% to 15.0%.
- Impose VAT on locally manufactured/assembled handsets from 0-5.0% to 2.0-7.5%.
- Extension of VAT exemption period up to FY25 for production home appliances and up to FY24 for production of refrigeration.

### Impact

- Agri machinery importers will enjoy lower cost.
- Government wants to boost the agricultural industry; hence, this withdrawal will positively impact companies manufacturing and selling agricultural machineries and products.
- Prices of locally produced/assembled mobile phones will rise.
- Cost of assembling aircrafts will fall.
- Renewable energy producing machineries will get cheaper.
- Home appliances and electronic goods producers will enjoy VAT exemptions and gain higher profits.
- Cheaper optical fiber cables to benefit internet service providers.
- Two and three wheelers will suffer from increased sprocket prices.

#### Affected Listed Companies:

POSITIVE: ACI, WALTONHL, SINGERBD, BBSCABLES

NEGATIVE: RUNNERAUTO, IFADAUTOS

NEUTRAL:

# FOOD & ALLIED

## Proposal

- The VAT-free threshold for the production of handmade biscuits is raised from BDT 150.0 to BDT 200.0
- The VAT-free threshold for the production of handmade cakes is increased to BDT 300 from BDT 250.0
- Animal feed made from copra waste is exempted from VAT.
- Tax incidence on import on cashew nuts increased from 15.2% to 43.0%.
- Imposition of 15.0% VAT on non-fortified basmati rice at import.
- Imposition of supplementary duty of 20.0% on import of processed nuts and fruits and 15.0% VAT and 25.0% custom duty on import of fresh and dried dates.
- Reduction of tax on sweetmeat shop from 15.0% to 7.5%.

## Impact

- Cost of bakery and confectionary items production will see slight rise due to the increase in price of cashew nuts, dates, processed nuts and fruits.
- Sweet manufacturers will pay lower taxes.
- Hair oil producers need to be more cautious about their waste management.

Affected Listed Companies:

POSITIVE:

NEGATIVE: OLYMPIC, RDFOOD, FUWANGFOOD,

NEUTRAL:

# HEALTH & PHARMA

## Proposal

- VAT exemption on anti-malaria and anti-tuberculosis drugs at production stage.
- Including 100 more cancer related medicines under the existing concession banner.
- Import silicon tube, raw material for IV canula, to be under the existing concession banner.
- Including 3 more raw material for diabetes medicine under the existing concession banner.
- Extension on period for exemption on imported raw materials for sanitary napkins & diapers to FY24.

## Impact

- Cancer, diabetics, malaria, and tuberculosis medicine producers will continue to enjoy lower cost of production.
- Medical equipment manufacturers will enjoy concession benefits on silicon import.
- Prices of hygiene products such as sanitary napkins and diaper will remain unchanged.

Affected Listed Companies:

POSITIVE: ACMELAB, RENATA, SQURPHARMA, BXPHARMA, ACI, BPML, JHRML, JMISMDL, ORIONINFU, ACI

NEGATIVE:

NEUTRAL:

# TEXTILE

## Proposal

## Impact

- Withdrawal of VAT on textile waste from existing 7.5%.
- Imposition of tax incidence of 43% on titanium dioxide.
- Imposition of VAT of 5% at manufacturing stage of propylene staple fibre.
- VAT on the import of terephthalic acid is reduced from 15.0% to 5.0%.

- Textile manufactures who use polyester fibres are about to enjoy lower cost.
- Companies that maintains green manufacturing will enjoy VAT exemptions.

Affected Listed Companies:

POSITIVE:

NEGATIVE:

NEUTRAL:

# FUEL AND POWER

## Proposal

- Withdrawal of subsidized rate on the import of PHC/SPC/PC Pile and SPC Pole products by power distribution companies
- Specific duties on petroleum oil, jet fuels and diesel is changed from 10.0% to BDT 13.75/litre.
- Withdrawal of VAT on import of petroleum oil, jet fuels, motor spirits, diesel and furnace oil which is currently between 5% to 15.0%
- VAT on LPG cylinder manufacturers is raised from 5.0% to 7.5% at production stage.

## Impact

- Local companies producing SPC poles will enjoy higher demand.
- Oil importer BPC will see a rise in direct cost.
- LPG Cylinder manufacturers will enjoy a rise in retail price.

Affected Listed Companies:  
POSITIVE: SPCL, CONFIDCEM, MJLBD, INTRACO  
NEGATIVE:  
NEUTRAL:

# TOBACCO

## Proposal

- Increase of the prices of the low slab 10-stick/pack cigarettes to BDT 45, medium slab to BDT 67, high slab to BDT 113 and higher & premium slab to BDT 150
- Supplementary duty (SD) on the low slab cigarettes increased to 58.0%, while the medium, high and premium slab will remain at 65.0%
- Impose supplementary duty on liquid nicotine, transdermal nicotine of 150.0%
- The duty on electronic cigarettes increased by 212.0%
- Supplementary duty increase from 100.0% to 150.0% on cigarette paper

## Impact

- The government intends to raise a BDT 50.0 bn additional revenue from tobacco sector.
- To curb consumption of cigarettes and nicotine-based products.
- Net revenue and profitability of Cigarette manufacturing companies may be negatively affected due to higher SD on low segment cigarettes.

Affected Listed Companies:

POSITIVE:  
 NEGATIVE: BATBC  
 NEUTRAL:

Disclaimer: Consumption of cigarettes & other tobacco products are harmful for health and cultivation of tobacco products reduce land fertility. Being an ESG compliant company, Green Delta Dragon, in no way, encourages an consumption of tobacco products or investment in any such companies.

# IT & SERVICE

Extending Support: Government created a fund of BDT 1.0 bn for research and innovation under “Smart Bangladesh”

## Proposal

- Supplementary duty increased from 5.0% to 25.0% on software import.
- 15.0% VAT is imposed on software import.
- Imposition of VAT of 5.0% on software production and customization services.
- VAT exemption for production of optical fibers.
- Government created a fund of BDT 1.0 bn for research and innovation under “Smart Bangladesh”.
- Extension of VAT exemption period up to FY 2026 for IT equipment.
- Withdraw of duty tax exemption from hotel industry.
- Set up initiative of 109 Hi-Tech Parks/Software Technology Parks/IT Training and 72 Incubation Centre by Hi-Tech Park Authority.

## Impact

- Internet service providers will enjoy the reduced cost of service.
- Increase charge on IT services.
- Increase cost of construction of hotels and resorts.

Affected Listed Companies:

POSITIVE: GENEXIL, ITC, BSCCL, AAMRANET, BDCOM

NEGATIVE: ISNLTD, EGEN, UNIQUEHRL, BDSERVICE, SEAPEARL

NEUTRAL: AAMRANET, ADNTEL, AGNISYL

# OTHERS

## Proposal

- VAT increase from 5.0% to 7.5% on all types of plastic tableware, kitchenware, household articles, hygiene and toilet articles (except tiffin box & water bottles).
- VAT increase from 5.0% to 7.5% on kitchen towel, toilet tissue, napkin tissue facial tissue hand towel/paper towel/clinical bed.
- VAT increase from 5.0% to 7.5% on aluminium and kitchen or other household articles, sanitary ware and aluminium parts.
- VAT increase from 5.0% to 7.5% on sunglasses plastic and metal framed.
- Impose of 15.0% VAT on ball point pens at manufacturing stage.

## Impact

- Price of hygiene products will increase.
- Prices aluminium products will rise.
- Prices of plastics and kitchen appliances will rise.

### Affected Listed Companies:

POSITIVE:

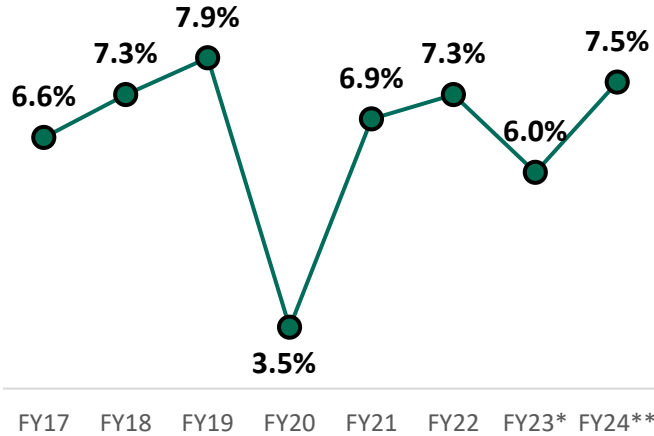
NEGATIVE: NAHEEACP, BDTHAI, RAKCERAMIK, RANFOUNDRY, GQBALLPEN

NEUTRAL:

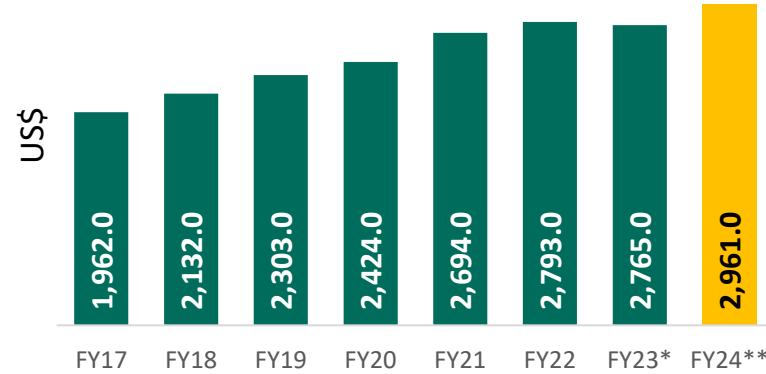


# MACROECONOMIC SCENARIO

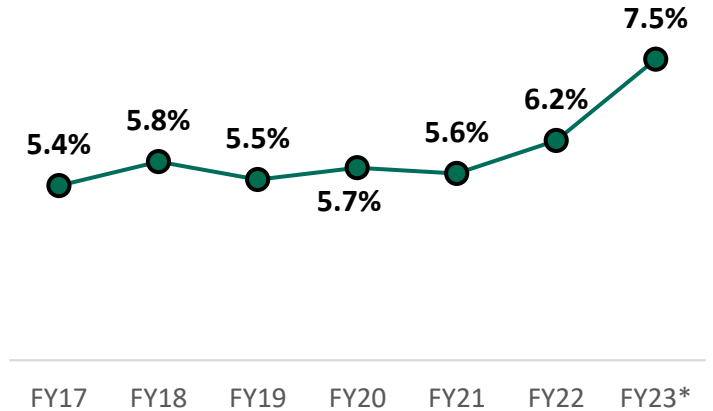
GDP Growth Rate



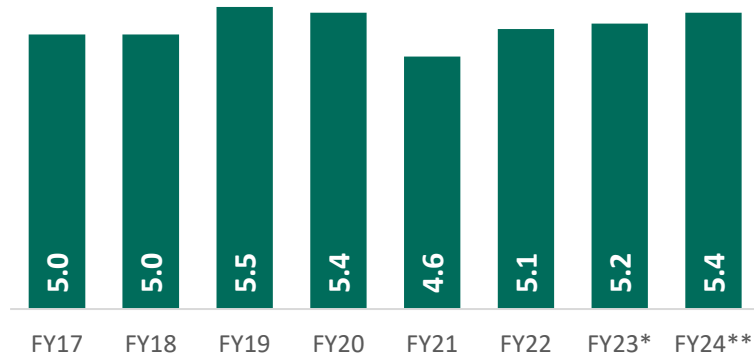
Per Capita Income



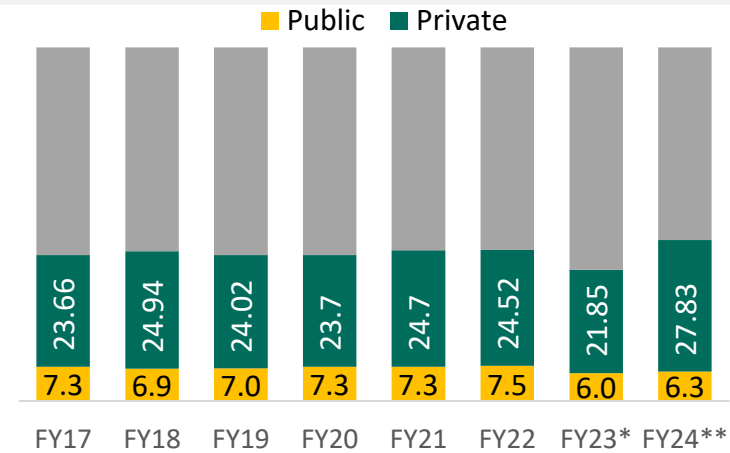
Average Yearly Inflation



Fiscal Deficit as % of GDP



Private & Public Investment as % of GDP

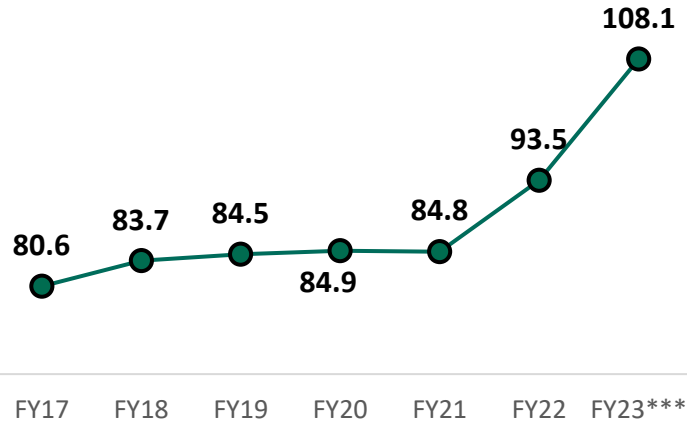


\*Provisional  
 \*\* Estimate  
 \*\*\* Till May 2023

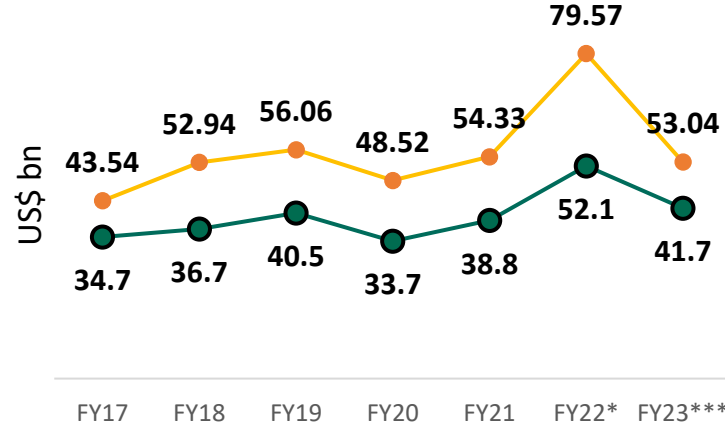
Source: Budget Speech

# MACROECONOMIC SCENARIO

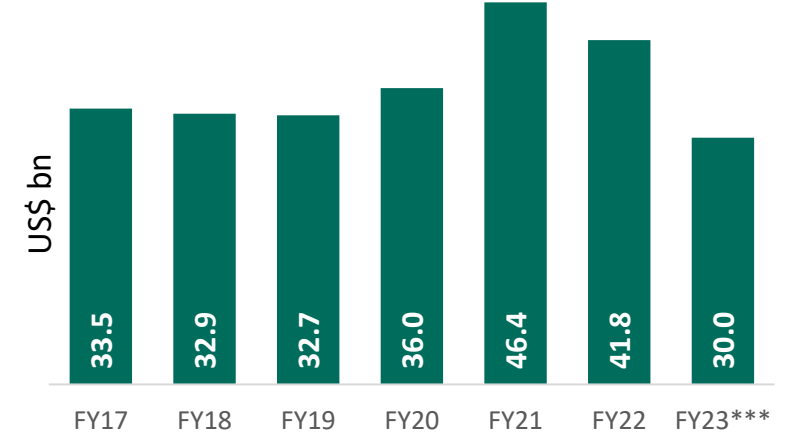
BDT-USD Exchange Rate at year end



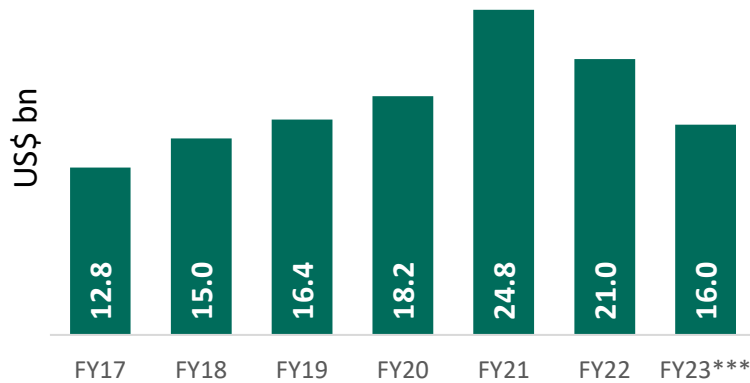
Exports & Imports



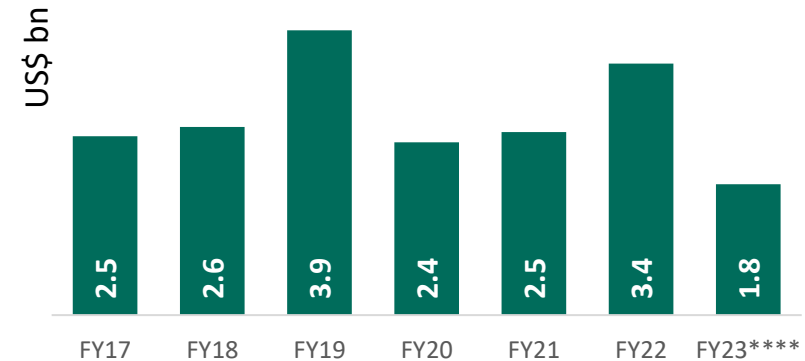
Foreign Exchange Reserve



Remittance



FDI Inflows



\*Provisional  
 \*\* Estimated  
 \*\*\* Till March 2023  
 \*\*\*\* Till December 2023

Source: Bangladesh Bank Monthly Economic Trend

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