

BANGLADESH

Bangladesh - Mixed (Common and Sharia law)

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Incorporating a company in Bangladesh

Bangladesh taxes

Want to setup a company in Bangladesh? This article will educate you on the tax laws for a LLC which is the most common company structure in Bangladesh.

Bangladesh taxes corporate income on a worldwide basis. The predominant rate for offshore income, from our research, and these things do change, is 35%. The country does not have major incentives to bring in earned profits from outside the country. Taxes are very high in Bangladesh. The standard corporate tax rate is 35%. Publicly traded companies are taxed at a 25% flat rate. Financial services companies are taxed at 42.5%, or 40% if they are publicly traded. Mobile phone operators and cigarette manufacturers are taxed at a 45% rate. Companies employing non-residents without prior approval of the BOI are subject to an additional tax of 50% of the tax payable. This ranks Bangladesh as 168th when compared to corporate tax rate worldwide.

The value added tax rate in BD is 15.00%, which ranks Bangladesh as 80th overall in terms of VAT globally. Social Security contributions are not mandatory. However, companies of a certain size need to pay 5 percent of their profits into a Workers Profit Participation Fund. No contribution from employees is required. The overall complexity of the tax system is high. This is measured by average time to comply with a country's labor tax requirements is as it is 302 hours. Contributing to this is the number of yearly labor tax payments, which is 17 in BD.

Thin capitalization restrictions aren't in effect. This refers to any sort of laws on a business and the debt-to-asset ratios. Dividends received from a resident company are taxed at a 20%. Those received from a foreign entity are subject to Corporate Income Tax at the standard rate. Dividends are a distribution of a portion of company profits, passed by the board of directors, to a class of its shareholders. Dividends can be one of the following stock, cash, or property. Capital Gains are usually taxed at a flat rate of 15%. A capital gains tax is levied on the profits that a corporation or natural person realizes when he or she sells a capital asset for a price that is higher than the purchase price.

The interest withholding tax rate is estimated at 20%. Which means that the tax authorities expect relevant legal entities to withhold 20% of payments on interests remitted abroad. The dividends withholding tax rate is 20%. Which means that the taxman expects LLC's to automatically withhold 20% of money remitted abroad on dividend payments. The royalties withholding tax rate 20%. This should be interpreted usually that the taxman expects companies to pay tax on at least 20% of money remitted abroad on royalty payments. Withholding taxes may be reduced under a tax treaty.

There is a tax on net wealth in Bangladesh. There are no known inheritance taxes in BD. There is a stamp duty on transfers of real property. There are not many well known credits for innovation that include tax incentives in Bangladesh.

The above is not tax or legal advice for your individual circumstances. Incorporations.io can point you to an accountant in Bangladesh who can answer all your questions. Click incorporate now if you are in a hurry, or press the free consultation button above.

The vat rate in Bangladesh is 15% which ranks 78 in the world.

- ✗ **Patent box**
- ✗ **RND credit**
- ✗ **Wealth tax**
- ✓ **Estate tax**
- ✓ **Transfer taxes**
- ✗ **Asset taxes**
- ✗ **Capital duties**

- 27 Tax treaties**
- 35% Offshore Tax**
- 35% Corp rate**
- Loss carryback years**
- 140 Corporate time**
- 15% VAT rate**

Bangladesh Legalese

For starters, the law in Bangladesh is mixed (common and sharia law) law. You will want to get some local advice as to how to best structure a company in Bangladesh. E-signatures are allowed.

The country code BD is for Bangladesh and the most common company type in Bangladesh is a LLC.

You should expect a wait time of 5 weeks to incorporate a LLC in BD. The types of consideration you can use to setup your legal entity is often any legal tender.

Yes, one is allowed to re-domicile a LLC from BD. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least This means it is not possible for you to own a LLC in Bangladesh as a sole shareholder. You must have other shareholders, they can be nominees or de facto shareholders. Corporate Shareholders are encouraged, which means you can have a corporate shareholder. Foreign ownership is tolerated, up to 100% of the ownership of the legal entity.

There is a requirement to have at least 2 directors. Furthermore, corporate directors are permitted. Directors should not have an expectation of privacy, as they are not kept private in Bangladesh. There is a body of law which requires companies to hold an annual meetings of shareholders.

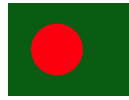
A registered office is a requirement, whom the company will pay yearly, for an agent which can receive any lawsuit papers on behalf of the registered legal entity. Furthermore, a corporate secretary is not always necessary, at least not by law.

There is a legal obligation to file accounts on a yearly basis. Furthermore, there is oftentimes a requirement to have these accounts audited.

Overall we think Bangladesh is a ok option and have given it a score of 44 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✓ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✓ **Corporate director permitted**
- ✗ **Local Secretary not required**
- ✓ **Local Director not required**
- ✓ **Electronic signature**

- 2 **Shareholders required**
- 2 **Directors required**
- 5 weeks **to form**



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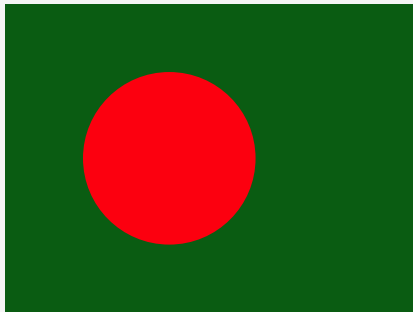
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Country Info



🚩 National Flag of



(ben)

\$ Currency

BDT

☎ Area Code

+880

🏙 Capital

Dhaka

📍 Region

Southern Asia

🗣 Native Languages

Bengali