INVESTMENT CLIMATE

Bangladesh offers an unparalleled investment climate compared to the other South Asian economies.

- Bangladesh is a largely homogenous society with no major internal or external tensions and a population with great resilience in the face of adversity (e.g. natural calamities). Bangladesh is a liberal democracy and mostly a one race and one religion country. The population of this country irrespective of race or religion have been living in total harmony and understanding for thousands of years.
- Broad non-partisan political support for market oriented reform and the most investor-friendly regulatory regime in south Asia.
- Trainable, enthusiastic, hardworking and low-cost (even by regional standards) labor force suitable for any laborintensive industry.
- Geographic location of the country is ideal for global trades with very convenient access to international sea and air route.
- Bangladesh is endowed with abundant supply of natural gas, water and its soil is very fertile.
- Although Bengali is the official language, but English is generally used as second language. Majority of even moderately educated population can read, write and speak in English.
- There exists a middle class with purchasing power. As economic growth picks up, the purchasing power is growing substantially. And in a country of more than 159 million people, even a small middle class may constitute a significant market. Furthermore, Bangladesh products enjoy duty free and quota free access to almost all the developed countries. This access to the global market is further helped by the fact that policy regime of Bangladesh for foreign direct investment by far the best in South Asia.
- Most Bangladeshi products enjoy complete duty and quota free access to EU, Japan, USA, Australia and most of the developed countries.

INVESTMENT INCENTIVES

The democratic government is highly keen to stimulate the economy and transform a poverty-stricken economy to NIE within short time. Government has liberalized the industrial and investment policies in recent years by reducing bureaucratic control over private investment and opening up many areas. Major incentives are as follows:

- Tax Exemptions : Generally 5 to 7 years. However, for power generation exemption is allowed for 15 years.
- Duty : No import duty for export oriented industry. For other industry it is @ 5% ad valorem..
- Tax Law : Double taxation can be avoided in case of foreign investors on the basis of bilateral agreements.ii. Exemption of income tax up to 3 years for the expatriate employees in industries specified in the relevant schedule of Income Tax ordinance.
- Remittance : Facilities for full repatriation of invested capital profit and divided.
- Exit : An investor can wind up on investment either through a decision of the AGM or EGM. Once a foreign investor completes the formalities to exit the country, he or she can repatriate the sales proceeds after securing proper authorization from the Central Bank.
- Ownership : Foreign investor can set up ventures either wholly owned on in joint collaboration with local partner.

Other Incentives

Tax exemption on royalties, technical know-how fees received by any foreign collaborator, firm, company and expert.

- Tax exemption on the interest on foreign loans under certain conditions.
- Avoidance of double taxation in case of foreign investors on the basis of bilateral agreements.
- Exemption of income tax up to 3 years for the foreign technicians employed in industries specified in the relevant schedule of income tax
ordinance.

- Tax exemption on income of the private sector power generation company for 15 years from the date of commercial production.

- Facilities for full repatriation of invested capital, profit & dividend.
- 6 months multiple entry visa for the prospective new investors.
- Re-investment of repatriable dividend treated as new investment.
- Citizenship by investing a minimum of US$ 5,00,000 or by transferring
- US$ 10,00,000 to any recognized financial institution (non-repatriable).
- Permanent residentship by investing a minimum of US$ 75,000 (nonrepatriable).
- Tax exemption on capital gains from the transfer of shares of public limited companies listed with a stock exchange.

- Special facilities and venture capital support will be provided to export-oriented industries under “Thrust sectors”
- There will be no discrimination in case of duties and taxes for the same type of industries set up by foreign and local investors and in the public and private sectors.

Chittagong Port

Incentives to Export-Oriented and Export-Linkage Industries

Export-oriented industrialization is one of the major objectives of the Industrial Policy. Export-oriented industries will be given priority and public policy support will be ensured in this respect. An industry exporting at least 80% of its manufactured goods or an industry contributing at least 80% of its products as an input to finished exportables, and similarly, a business entity exporting at least 80% of services including information technology related products will be considered as an export-oriented industry. To make investment in 100 percent export-oriented industries attractive, the following incentives and facilities will be provided

- Duty free import of capital machinery and spare parts up to 10 percent of the value of such capital machinery will continue.
- Existing facilities for Bonded Warehouse and back-to-back Letter of Credit will continue.
- The system for duty drawback will be further simplified and to this end, duty drawback will be fixed at a flat rate on exportable and potentially exportable goods. Exporter will receive duty drawback at a flat rate directly from the relevant commercial banks.
- The arrangement for providing loans up to 90 percent of the value against irrevocable and confirmed Letter of Credit/Sales Agreement will continue.
- To ensure backward linkage, incentives will be extended to the “deemed exporters” supplying indigenous raw materials to export-oriented industries. Export-oriented industries including export-oriented RMG industries, using indigenous raw materials will be given facilities and benefits at prescribed rates.
- The export-oriented industries, further to the provisions of Bangladesh Bank foreign exchange regulations, will be entitled to receive additional foreign exchange, on case to case basis, for publicity campaign, opening overseas offices and participating in international trade fairs.
- The entire export earning from handicrafts and cottage industries will be exempted from income tax. For all other industries, income tax rebate on export earning will be given at 50

percent.

- The facility for importing raw materials, which are included in the banned/restricted list, but required in the manufacture of exportable commodities, will continue.
- The import of specified quantities of duty-free samples for manufacturing exportable products will be allowed consistent with the prevailing relevant government policy.
- The local products supplied to local industries or projects against foreign exchange L/C will be treated as indirect exports and be entitled to all export facilities.
- The Export Credit Guarantee Scheme will be further expanded and strengthened.
- 10 percent products of the enterprises, located in both public and private EPZs will be allowed to be exported to domestic tariff area against foreign currency L/C on payment of applicable duties and taxes.
- 100% percent export-oriented industry outside EPZ will be allowed to sell 20% percent of their products in the domestic market on payment of applicable duties and taxes.