

## BUSINESS PLANNING: TAXATION & COMPLIANCE

Time allowed- 3:30 hours  
Total marks- 100

**November-December 2025**

[N.B. - The figures in the margin indicate full marks. Questions must be answered in English. Examiner will take account of the quality of language and of the manner in which the answers are presented. Different parts, if any, of the same question must be answered in one place in order of sequence.]

Marks

1. a) GreenHarvest PLC, a publicly listed agribusiness conglomerate headquartered in Dhaka, operates across Bangladesh, Malaysia, and the UAE. Its core operations include agro-processing, seed research and development, and organic produce exports. For FY 2024–25, the company reported consolidated revenue of BDT 920 crore and received government subsidies under the AgriTech Innovation Scheme. However, the internal audit committee uncovered serious irregularities, which were allegedly suppressed by the Chair of the Board Audit Committee.

### Key Issues Identified:

- (i) **Digital Revenue Diversion:** GreenHarvest launched a mobile application for direct-to-consumer sales. Approximately 28% of the revenue was routed through an undisclosed payment gateway in the UAE, effectively bypassing local income tax obligations.
- (ii) **Fraudulent R&D Tax Credit Claim:** The company claimed BDT 15 crore in R&D tax credits for a seed development project that was never initiated. Internal communications revealed the project was fabricated solely to obtain tax deductions.

### Requirement:

Identify the violations under each case as per the Income Tax Act 2023 and the ethical issues involved. 4

- b) You are a Senior Tax Consultant at "Precision Advisory Services." Following the issuance of Special Order No. 01/2025 by the National Board of Revenue (NBR), online tax return filing has become mandatory for all natural persons for the Assessment Year 2025-2026, with limited exceptions. Your firm is currently in the process of migrating several High-Net-Worth Individuals (HNWIs) from manual filing to the e-Return portal.

During this transition, your team has encountered specific technical and regulatory complexities regarding registration, data synchronization and taxability of income, income reporting etc. They have escalated the following client-specific queries to you for technical guidance:

- (1) **NRB Registration without Biometric SIM:** Mr. Anisul Haque, a Non-Resident Bangladeshi (NRB) residing in Toronto, Canada, intends to file his return to maintain his active tax status. He possesses a valid TIN but does not maintain an active biometric Bangladeshi SIM card, which is standard for receiving the registration OTP. Determine his eligibility for e-Return registration and outline the alternative "Special Registration" protocol he must follow.
- (2) **Joint Investment Adjustment:** Mrs. Farhana holds a "Joint Sanchaypatra" with her husband. The e-Return system's "Sync from Income" feature pulls the aggregate interest income and total TDS associated with the investment ID from the government database. Explain the technical steps within the 'e-Return Ledger' to restrict her claim to her legal share (50%) and prevent an erroneous tax credit claim.
- (3) **Cash Gift Reporting:** Mr. Rahim, a businessman, received a gift of BDT 500,000 in cash from his sister, which she sourced from her "Cash in Hand" disclosed in her own return. Advise on the taxability of this receipt in Mr. Rahim's hands and describe the specific navigation path to report this fund inflow in the e-Return portal.
- (4) **Multiple Car Facilities:** The CEO of a local garment company is provided with two luxury cars (2000CC and 3000CC) by his employer for both official and personal use. Briefly explain the taxability of this benefit under the Income Tax Act, 2023, and describe how to report this "Non-Cash Benefit" in the 'Income from Employment' module of the portal.
- (5) **Profile Data Correction:** Dr. Samina has successfully registered, but her e-Return profile incorrectly displays her gender as "Male" due to a legacy data entry error in the ETIN database. As this field is non-editable in the profile, prescribe the technical workaround to rectify this error within the system.

### Requirement:

Draft a Professional Memorandum to your team addressing these five specific queries with actionable technical steps and legal justification.

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2. Mr. Jamil, a 30 years' old young IT expert and working as a System Engineer at ABC Limited PLC, one of the leading telecommunication companies in Bangladesh. During the income year 2024–2025, he received a total remuneration of BDT 83,21,044 from his employer. A detailed breakdown of his remuneration is as follows:

| Particulars             | Amount in BDT    |
|-------------------------|------------------|
| Basic Salary            | 44,55,714        |
| Entertainment Allowance | 7,10,640         |
| House Rent Allowance    | 8,68,560         |
| Eid-ul-Fitre Bonus      | 3,87,299         |
| Eid-ul-Azha Bonus       | 3,87,299         |
| Incentive Bonus         | 10,65,960        |
| PF Contribution         | 4,45,572         |
| <b>Total</b>            | <b>83,21,044</b> |

ABC Limited PLC deducted BDT 13,48,560 as tax at source from his salary during the year. The company maintains a recognized Provident Fund, and Mr. Jamil has made an equal PF contribution from his own income.

As part of his long-term financial planning, Mr. Jamil invested in a five-year Savings Certificate in June 2023. With the government's new requirement mandating online tax return filing for all individual taxpayers from the current assessment year, he has decided to file his return electronically without assistance from his existing lawyer.

While reviewing his previous year's tax return, Mr. Jamil noticed a significant omission that his residential flat in Bashundhara, purchased in November 2019 for BDT 75,00,000 was never included in his statement of assets and liability. The flat was financed entirely from the sale proceeds of an inherited land property located in Savar, which had been shown in his tax return for many years at zero/unknown value due to the absence of historical cost information. His tax lawyer at the time had intentionally advised him not to show the value of the inherited property and now suggests simply changing the description of the asset from "land property" to "house property" while continuing to declare it at zero value.

Uncomfortable and doubtful about the correctness of this advice—especially considering NBR's increasing scrutiny on asset declarations, inheritance documentation, and unexplained wealth—Mr. Jamil is concerned about potential non-compliance, risk of audit, and future tax complications. He now seeks your professional guidance to properly prepare and file his Income Tax Return for Assessment Year 2025–2026.

**Requirements:**

- a) Based on the given remuneration details of Mr. Jamil, compute his taxable income from employment for the assessment year 2025–2026, and the tax liability. 5
  - b) Explain the correct tax treatment of the above inherited property with unknown value and subsequent acquisition of assets with inherited property sales proceeds. Discuss the implications of misstating or omitting asset values in the assets-liability statement under the Income Tax Act, 2023. 4
  - c) Considering that Mr. Jamil purchased a flat in Bashundhara in 2019 for BDT 75,00,000 using the sale proceeds of an inherited land property, explain the correct way forward to report this flat in his return and asset-liability statement, and compute the tax liability for Assessment Year 2025-2026. 5
3. Chemical Paradise (BD) Limited is a 100% subsidiary of Paradise Group PTE, a company incorporated in Singapore. The principal activity of Chemical Paradise (BD) Limited is the manufacture and export of industrial chemical products.

The company operates a single factory located in the Meghna Economic Zone, which was established and commenced commercial operations on July 1, 2023. As an entity operating in an economic zone, the company is eligible for income tax exemption on its business income in the following manner:

- 1st year of operation: 100% exemption of business income
- 2nd year of operation: 50% exemption of business income
- 3rd year of operation: 25% exemption of business income

The company is also subject to source tax under section 123 of the Income Tax Act, 2023, which requires collection of tax at 1% on export proceeds received through banking channels. Additionally, the company is eligible for export cash subsidy as it exports products to new markets. The regular corporate tax rate applicable to the company is 25%.

The following is the Statement of Profit or Loss and Other Comprehensive Income of Chemical Paradise (BD) Limited for the year ended June 30, 2025.

| <b>Descriptions</b>                          | <b>Amount in BDT</b> |
|--|----------------------|
| Revenue                                      | 70,95,00,000         |
| Cost of goods sold                           | (51,89,00,000)       |
| <b>Gross profit</b>                          | <b>19,06,00,000</b>  |
| Employee benefit expenses                    | (7,50,00,000)        |
| General and administration expenses          | (4,27,50,000)        |
| Sales and marketing expenses                 | (4,32,00,000)        |
| <b>Operating profit</b>                      | <b>2,96,50,000</b>   |
| Other income                                 | 22,00,000            |
| <b>Profit/(loss) before interest and tax</b> | <b>3,18,50,000</b>   |
| Finance expenses                             | (77,00,000)          |
| <b>Profit/(loss) before tax</b>              | <b>2,41,50,000</b>   |
| Income tax expenses                          | (70,95,000)          |
| <b>Profit/(loss) after tax</b>               | <b>1,70,55,000</b>   |

**Other information:**

- (1) Employee benefits include payment of excess perquisites to five (5) employees totaling BDT 5,00,000. Employee benefits also include payments to an unrecognized provident fund totaling BDT 12,50,000 during the income year.
- (2) The company paid rent for its corporate headquarters located in a rented building in Narayanganj City Corporation amounting to BDT 3,00,000 per month. The company did not deduct tax at source from the rental payments for the months of January and February 2025.
- (3) Other income includes BDT 12,00,000 received as export cash subsidy from the government, from which tax was deducted at 10%. The remaining portion of other income arose from the sale of waste chemical materials to a local company.
- (4) General and administrative expenses include group expenses payments to its parent entity in Singapore amounting to BDT 27,00,000 for supports from the group. The entire amount was remitted during the year after deducting tax at source at 20%.
- (5) Sale and marketing expenses includes entertainment expenses for BDT 12,50,000 for the year.
- (6) A new machine was procured in December 2024 on three (3) months' credit for USD 2,00,000 and recorded in the books using an exchange rate of USD 1 = BDT 120. The company settled the foreign credit at an exchange rate of USD 1 = BDT 122. The exchange loss was accounted for under the finance expenses. Whole amount of exchange losses was realized during the income year.
- (7) The company applies the written down value (WDV) method for depreciation of its assets. At year-end, the written down value of capital machinery was BDT 5,00,00,000; furniture and fixtures BDT 1,50,00,000; and IT assets BDT 55,00,000. The applicable depreciation rates are 20% for capital machinery, 10% for furniture and fixtures, and 20% for IT assets, which align with the tax depreciation rates prescribed in the Third Schedule of the Income Tax Act.
- (8) All revenue has been realized during the income year.
- (9) The company is going to distribute dividends to its shareholders at the rate of 40% of the face value of each share. Out of the total 3,00,000 shares, 2,99,000 shares are owned by its parent entity domiciled and tax resident in Singapore, while the remaining 1,000 shares belong to Mr. Park, a Singaporean national. The face value of each share is BDT 100.

**Requirements:**

- a) Compute the taxable income of Chemical Paradise (BD) Limited for the income year ended June 30, 2025. 8
- b) Compute the tax liability and tax payable to be reported in the income tax return for the income year ended June 30, 2025. 4
- c) Chemical Paradise (BD) Limited deducted tax at source at the rate of 20% while remitting intra-group expenses of BDT 27,00,000 to its group entity. Since the group company does not have TIN and does not submit tax returns in Bangladesh, the accountant deposited the deducted tax in favour of Chemical Paradise (BD) Limited and claimed the deducted tax as a credit against the tax liability of Chemical Paradise (BD) Limited. Comment on the correctness of the accountant's actions. 3
- d) Compute the withholding tax on dividend and suggest application of the provision of Bangladesh–Singapore Double Taxation Agreement (DTA) to minimize tax exposure, including the procedures for obtaining treaty benefits. 3

4. Bengal Ceramics PLC is a reputed manufacturer of premium porcelain tableware in Bangladesh. During the Financial Year 2024-25, it exported a consignment of "Royal Grade Dinner Sets" to its parent company, Lyon Home Goods S.A., located in France.

The export price agreed upon between the related parties was USD 30 per dinner set. During the year, Bengal Ceramics exported 15,000 sets to the French parent company. The applicable exchange rate is USD 1 = BDT 120.

To determine the arm's length price, the company has provided the cost data for a similar dinner set sold in the local Bangladesh market to unrelated third-party retailers:

| Particulars                                 | Figures in BDT (Per Set) |
|---|--------------------------|
| Direct Materials (Clay & Glaze)             | 1,800                    |
| Direct Labor                                | 600                      |
| Factory Overhead                            | 500                      |
| Share of Administrative Overhead            | 400                      |
| Share of Local Marketing & Showroom Expense | 500                      |
| Total Cost per Unit                         | 3,800                    |
| Selling Price (Local)                       | 4,560                    |

**Additional Information regarding the Export to France:**

- (i) **Marketing Expense:** Since the parent company (Lyon Home Goods) handles its own branding in Europe, the "Local Marketing & Showroom Expense" of BDT 500 incurred for local sales is not applicable to the export units.
- (ii) **Special Packaging:** To prevent breakage during sea transit, the export units require reinforced 5-ply packaging, which costs an additional BDT 300 per set.
- (iii) **Freight & Insurance:** The terms of the export are CIF (Marseille Port). Bengal Ceramics incurred freight and insurance costs of BDT 600 per set (this cost is not applicable to local sales).
- (iv) **Design Royalty:** For the export production, a specific design mold was used, for which a third-party royalty of BDT 100 per set was paid (this is not applicable to local sales).

**Requirements:**

Considering the Transactional Net Margin Method (TNMM):

- a) Determine the appropriate Arm's Length Price (ALP) per set in BDT for the export to France. 5
- b) Calculate the total Transfer Pricing Adjustment (if any) for the Assessment Year 2025-26. 2
- c) Calculate the additional tax exposure assuming the applicable corporate tax rate is 27.5%. 1

5. Robotics Scanner (China) Limited, a China-based technology company specializing in advanced security equipment, was awarded a project contract in 2020 by the Civil Aviation Authority of Bangladesh (CAAB). The project involves the supply and installation of state-of-the-art scanners at the Third Terminal of Dhaka Airport, designed to detect smuggled goods, particularly gold carried internally by individuals or in converted forms. Under the terms of the contract:

- (i) **Supply of Scanners:** The scanners were manufactured in China and supplied under letters of credit issued by the CAAB. All import duties and taxes associated with the scanners are borne by the CAAB, which is recognized as the owner of the imported equipment.
- (ii) **Branch Office and Infrastructure Works:** Robotics Scanner (China) Limited established a branch office in Bangladesh to oversee the construction and infrastructure required for installing the scanners. This included civil and electrical works necessary for setting up the equipment.
- (iii) **Project Value and Payment Structure:** USD 12,00,000 payable directly to Robotics Scanner (China) Limited's bank account in China for the supply of scanners, and BDT 9,00,00,000 payable to the branch office in Bangladesh for building infrastructure to install three scanners. Payment for each completed infrastructure is due 90 days after invoicing. VAT at reduced rate and income tax will be deducted at source by CAAB.

On July 30, 2025, the company completed one infrastructure project and issued an invoice of BDT 3,00,00,000 (plus VAT). A Mushok 6.3 was submitted along with the invoice. Despite this, Robotics Scanner (China) Limited intends not to pay VAT, intending to report VAT after receiving payment from CAAB. The branch office has been filing VAT returns regularly since registration but has not paid VAT on supplies.

**Requirements:**

- a) Robotics Scanner (China) Limited issued an invoice of BDT 3,00,00,000 for infrastructure works completed at Dhaka Airport and submitted Mushok 6.3. Discuss whether VAT is payable on the infrastructure supply by the branch office in Bangladesh, what would be the rate of VAT and process of paying off VAT by the branch, if it is payable. 5
- b) Under the contract, the scanners were imported from China, with all import duties and taxes borne by CAAB, which owns the scanners. Examine whether the imported scanners attract VAT for Robotics Scanner (China) Limited in Bangladesh. If yes, would Robotics Scanner (China) Limited Bangladesh branch office can obtain input tax credit. 4
- c) Robotics Scanner (China) Limited has been filing VAT returns without paying any VAT on its supplies. Critically analyse the position taken by Robotics Scanner (China) Limited, compliance risks and potential penalties under Bangladesh VAT law. 4

6. a) ABC Bangladesh Ltd., a wholly owned subsidiary of GlobalTech IP Holdings PLC (registered in Italy), commenced commercial operations in Bangladesh during FY 2024. GlobalTech IP Holdings PLC, as the brand and IP owner, charges a royalty fee of 5% on the turnover of its Bangladesh subsidiary for use of proprietary trademarks, patents, and trade secrets.

**FY 2024 Financials (ABC Bangladesh Ltd.):**

- Turnover: BDT 200 million
- Royalty Payable: BDT 10 million (5% of turnover)
- Payment Details: Royalty remitted in 2025, post-income-tax-return filing and following BIDA approval. Under Section 2(58) and Section 15 of the VAT & SD Act, 2012, royalty payments to non-residents for IP usage are categorized as imported services, attracting VAT at 15%. Accordingly, ABC Bangladesh Ltd. withheld and remitted BDT 1.5 million as VAT (15% on BDT 10 million).

**In its VAT return, the company treated the payment as follows:**

- Output VAT: BDT 1.5 million
- Input VAT: BDT 1.5 million
- Treasury Deposit: BDT 1.5 million

Subsequently, the VAT Authority issued a show cause notice, contending that ABC Bangladesh Ltd. effectively claimed double VAT credit, once via input VAT and again via treasury deposit and directed the company to (a) respond within 7 working days, or (b) refund the purported excess credit.

**Requirement:**

Assess the case and develop a strategic response to defend ABC Bangladesh Ltd in compliance with the VAT and Supplementary Duty Act, 2012.

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- b) "Star Limited" is a prominent manufacturing company engaged solely in the production of MS Products, specifically Rods and Bars (HS code 72.13), for which a specific tax rate is prescribed. The company is registered under the Value Added Tax and Supplementary Duty Act, 2012.

For the month of October 2025, Star Limited provides you with the following operational data:

**Purchases/Inputs (All amounts exclude VAT unless specified, and proper Mushak-6.3 documents are available where required):**

- (1) **Rollable Scrap Iron (Main Raw Material):** Imported 5,000 metric tons at BDT 50,000 per metric ton. VAT paid was BDT 7,500 per metric ton, and Advance Tax paid was BDT 1,000 per metric ton.
- (2) **Electricity Charges: BDT 1,000,000 (excluding VAT).** The electricity provider, "PowerGrid Company," is VAT registered and charged VAT @ 5%. A valid Mushak 6.3 invoice was issued.
- (3) **Furnace Oil:** 20,000 liters at BDT 100 per liter (excluding VAT). The supplier, "Energy Fuels Ltd.," is VAT registered and charged VAT @ 10% as a "procurement provider". A valid Mushak 6.3 invoice was issued.
- (4) **Machinery Spare Parts:** BDT 300,000 (excluding VAT). The supplier, "Industrial Spares Co.," is VAT registered and charged standard-rated VAT @ 15%. A valid Mushak 6.3 invoice was issued.
- (5) **Audit & Advisory Services:** BDT 150,000 (excluding VAT). Paid to "ABC Bangladesh" for compliance advisory. ABC Bangladesh is VAT registered and charged standard-rated VAT @ 15%. A valid Mushak 6.3 invoice was issued.
- (6) **VAT on Head Office Rent:** Paid BDT 2,00,000 for its head office premises (separate from factory premises). BDT 30,000 was paid as VAT on this office rent, for which a treasury challan is available with the company.

**Production & Sales (All output is MS Rods and Bars):**

1. **Total Production for October 2025:** 5,000 metric tons.
2. **Sales during October 2025:**
  - **Local Sales to Distributors:** 4,000 metric tons at a gross price (including all taxes) of BDT 70,000 per metric ton. Star Limited is currently applying the specific tax of BDT 1,700 per metric ton on these sales, as per the Third Schedule.
  - **Export Sales:** 500 metric tons to "Global Traders Inc." (an overseas buyer). The agreed export price was BDT 65,000 per metric ton. Proper export documentation is maintained.

**Strategic Dilemma:**

The management of Star Limited is aware that while the specific tax of BDT 1,700 per metric ton keeps their product price competitive, it might affect their ability to claim input tax credit. They are considering exercising the option under Section 15(3) of the VAT and SD Act, 2012, to charge standard-rated VAT @ 15% on their output instead of the specific tax.

**Requirements:**

- i) Calculate the **Output VAT/Specific Tax payable** by Star Limited for October 2025, strictly based on their current practice of applying the specific tax as per the Third Schedule for local sales and considering export rules.

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- ii) Based on **Section 46(1)(f) and other relevant provisions** of the VAT Act, state whether Star Limited can claim Input Tax Credit for October 2025 under its current practice. Justify your answer with clear reasoning. 2
- iii) If Star Limited decides to exercise the option under Section 15(3) and charge standard-rated VAT @ 15% on its local sales instead of the specific tax, recalculate their Net VAT Payable/Refundable for October 2025. Assume the local sales value (including VAT) remains BDT 70,000 per metric ton for this calculation. *For all calculations in this requirement, ignore any VAT deduction at source (VDS) liability on payments made by Star Limited, as there was no payment during the month other than the Head Office rent.* 6
7. a) Provide your responses to the following cases in accordance with the Customs Laws applicable in Bangladesh:
- i) A company imports solar panels under an SRO that exempts CD (25%) and SD (20%) but not VAT or AIT.
- CIF value: Tk.1,000,000
  - RD:3%, VAT: 15%, AIT: 5%,
- Requirement:**  
Calculate total duties & taxes payable amount based on the information provided, and how much cost is saved due to the SRO? 2
- ii) An importer declared goods at Tk.800,000. Customs revalue it at Tk.1,000,000.
- CD: 25%, RD: 3% SD: 30%, VAT: 15%, AIT: 5%
  - Penalty: 50% of the difference in duties and taxes due to undervaluation
- Requirement:**  
Based on the information provided, calculate the total penalty and revised duties & taxes payable. 2
- iii) A bonded warehouse imports raw materials worth Tk.5,000,000 duty free. Upon audit, 20% of the goods are found diverted to the local market.
- Applicable duties: CD 15%, SD 10%, VAT 15%, AIT: 5%.
  - Penalty: 100% of evaded duties & taxes
- Requirement:**  
Based on the information provided, calculate the total duties & taxes and penalty payable. 2
- iv) Under HS Code heading for non-alcoholic beverage, the following duties & taxes apply:
- CD: 25%, RD: 3%, SD: 100%, VAT: 15%, AIT: 5%, AT: 5%
  - CIF value: Tk.2,000,000
- Requirement:**  
Calculate the total duties & tax payable and effective duty rate excluding recoverable VAT and AIT considering the organization will follow credit method under VAT laws. 2
- b) According to Clause (Ka) of Rule 3 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2000, the value of imported goods shall be the Transaction Value. Further, under Clause (Kha) of the same Rule, if value cannot be determined under Clause (Ka), then value must be determined using the methods described in Rules 5, 6, 7, 8, or 9 sequentially.

Following table depicts details of an import made by "ABC Engineering Ltd." during the month of November 2025.

| Sl. | Particulars  | Amount (USD) |
|-----|--|--------------|
| 1.  | Price of the machine (FOB Value)                               | \$ 20,000    |
| 2.  | Freight charges to Chittagong Port                             | \$ 2,500     |
| 3.  | Insurance premium  | \$ 250       |
| 4.  | Landing Charge   | 1% of CIF    |
| 5.  | Buying Commission paid to an agent in Germany                  | \$ 500       |
| 6.  | Cost of packing and containers (incurred by buyer)             | \$ 400       |
| 7.  | Engineering and Design work undertaken in Bangladesh           | \$ 1,000     |
| 8.  | Royalty fees related to the imported goods (condition of sale) | \$ 1,500     |
| 9.  | Post-importation installation charges in Dhaka                 | \$ 800       |

**Requirements:**

- i) Briefly list these methods of valuation in their correct order of application. Under what condition can this order be reversed? 3
- ii) "ABC Engineering Ltd." imported a specialized machine from USA. Based on the provided data, calculate the Assessable Value (Customs Value) for the purpose of levying duty. You must provide reasons for the inclusion or exclusion of each cost element based on Rule 4 and Rule 10 of the Valuation Rules, 2000. 5

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