

Budget targets ex-citizens' laundered assets

Black money in real estate prevails

ZYMA ISLAM

One of the main targets of this government is the recovery of stolen assets, or assets that have been pilfered abroad through capital flight. Investigations by the Anti-Corruption Commission (ACC) into capital flight have uncovered the use of citizenships from other countries, often referred to as golden passports, to transfer and stash wealth abroad.

To this end, the finance adviser in his budget speech declared that Bangladeshi-origin taxpayers who have later renounced their Bangladeshi citizenship but have transferred income earned in Bangladesh abroad will be penalised.

"Persons who were originally Bangladeshi by birth but later renounced their Bangladeshi citizenship and have not properly paid taxes on income earned in Bangladesh, and have instead transferred such funds abroad by various means, will now be subject to applicable taxes and penalties on such laundered assets," Finance Adviser Salehuddin Ahmed said in his speech while delivering the proposed budget for FY26.

The speech also referred to the



existing high-level task force formed by the government to implement initiatives to recover stolen or laundered assets and added that millions of crores from bank deposits have been siphoned off.

"The question arises whether this step was taken to enforce penalties on money-launderers like Mohammed

Saiful Alam and others," mulled the chairperson of the ACC, Mohammad Abdul Momen.

The ACC has approved and filed multiple cases against Saiful Alam, chairperson of S Alam Group, and his wife, Farzana Parveen, accusing them of amassing approximately Tk 1,540

crore in undisclosed wealth, including properties and investments in countries such as Singapore, Cyprus, and the British Virgin Islands.

Alam acquired Singaporean citizenship in 2021 and subsequently renounced his Bangladeshi citizenship. He has threatened legal action against the state of Bangladesh because he is now legally a "foreign investor."

This move can also be perceived as a precautionary step geared towards others who have allegedly pilfered and stashed wealth abroad.

The UK's National Crime Agency has recently frozen nine properties worth £86 million belonging to Salman F Rahman's son Ahmed Shayan Fazlur Rahman and his nephew, Ahmed Shahryar Rahman, both of whom are British.

"One of the goals of this year's budget is to ensure equitable distribution of wealth and to build a discrimination-free Bangladesh," the adviser said during the budget speech, while also pledging to root out corruption.

Real estate amnesty draws criticism

Yet, despite these pledges, the newly unveiled Finance Bill 2025 still includes provisions for whitewashing black

SEE PAGE 7 COL 1

No clear roadmap for investment

Say business leaders

JAGARAN CHAKMA

The budget for FY26 has drawn strong criticism from business leaders who say it lacks a clear roadmap for improving the investment climate, bolstering industrial competitiveness, and implementing overdue reforms in the banking sector.

While the budget aims to stabilise the economy through increased revenue collection, industry leaders argue that this approach may backfire, especially as businesses continue to face high production and operational costs, elevated energy prices, rising interest rates, and the removal of export incentives.

"Revenue is being prioritised over recovery, and it's the private sector that will bear the cost," said Anwar Ul-Alam Chowdhury (Parvez), president of the Bangladesh Chamber of Industries (BCI).

Sharp increases in VAT and import duties on essential raw materials, including construction inputs such as cement and rods, along with a proposed 2.5 percentage point hike in corporate tax for unlisted firms, have raised concern across sectors.

The proposed tax measures, Parvez warned, would further dampen industrial activity and job creation.

"This IMF-influenced budget lacks an investment-friendly outlook and undermines industrial growth. It does not address the survival needs of domestic industries, which will be forced to take a defensive stance," he said.

He also criticised the budget for increasing turnover tax and imposing higher duties on sectors that are still emerging. Parvez warned that rising costs in energy,

SEE PAGE 7 COL 1

Few steps to cut inflation-induced poverty

AHSAN HABIB

High inflation has become the bane of low-income people's existence for the better part of the past two years as spiralling prices have dramatically eaten away at their purchasing power.

The interim government tried to appease them through the budget for fiscal year 2025-26 by proposing to increase the food subsidy allocation by about 20 percent to Tk 9,663 crore. Alongside this, the allocation for social safety net schemes has been proposed to be increased by 0.9 percent to Tk 91,297 crore.

Additionally, as many as 55 lakh poor to low-income families will get food aid, up from 50 lakh this fiscal year.

Moreover, each family will receive 30 kilogrammes of rice per month at Tk 15 per kg for six months, up from five months at present, according to the budget proposal.

"But this is not enough," said Selim Jahan, former director of the Human Development Report Office and Poverty Division at the United Nations Development Programme.

The government has aimed to bring down inflation to 6.5 percent in the upcoming fiscal year.

"The government's entire premise is based on the assumption that it will be able to bring down the inflation rate to that level. I do not think that is a realisable target," he said.

Inflation has stayed above 9 percent since March 2023, the longest streak in 40 years, according to data from the Bangladesh Bureau of Statistics.

Inflation has stayed above 9 percent since March 2023, the longest streak in 40 years, according to BBS data

But the problem is that if the actual inflation rate remains higher than 6.5 percent, the suggested quantities of food subsidy measures will not be enough to provide the intended relief to the targeted people, Jahan said.

The World Bank recently warned that the national poverty rate is projected to rise to 22.9 percent in 2025, up from 18.7 percent in 2022. Extreme poverty is expected to rise to 9.3 percent from 7.7 percent mainly due to high inflation.

The data indicates an additional 3 million people in Bangladesh are likely to fall into extreme poverty this year.

SEE PAGE 7 COL 1

EC outlay lower than last election year

AHMED DEEPTO

Although the national parliamentary election is slated to be held within June next year, the allocation for the Election Commission (EC) in the proposed budget for fiscal year 2025-26 has been set at Tk 2,956 crore — significantly lower than what was spent in the previous election year.

In the 2023-24 fiscal year, when the 12th parliamentary election was held, actual expenditure stood at Tk 4,190 crore — Tk 1,234 crore more than the newly proposed budget.

The original allocation for the EC that fiscal year was Tk 2,406 crore, but it was later revised upwards to accommodate poll-related expenses.

EC officials said the interim government may need to revise its budget again if it goes ahead with plans to hold a national parliamentary election by June.

SEE PAGE 7 COL 1

BUDGET SNIPPETS



COST OF FLATS TO GO UP

Home and commercial space buyers are expected to face higher costs as the government seeks to hike value-added tax on the services provided by construction firms. The VAT rate will be 10 percent in FY26, up from 7.5 percent during this outgoing fiscal year. Besides, an increase in specific VAT on rods is expected to fuel construction costs.



ONLINE SHOPPING GETS COSTLIER

From the next fiscal year, shoppers who want to buy from online platforms may face higher prices. Because the National Board of Revenue seeks to increase VAT on the commissions from product sales through e-platforms to 15 percent from 5 percent this fiscal year.



OTT SERVICES FACE 10% SD

The interim government has imposed a 10 percent supplementary duty (SD) on over-the-top (OTT) platform services for the fiscal year 2025-26 — a move that is expected to increase costs at the users' end. The move comes as the popularity of OTT platforms is growing, driven by increased smartphone penetration, availability of internet, and rising demand for localised content.



PRICES OF PLASTIC TABLEWARE TO RISE

Prices of most plastic items used in households are likely to go up next fiscal year. Because the government has doubled the rate of value-added tax on plastic tableware, kitchenware, household items, hygiene products and toiletries to 15 percent from 7.5 percent.



SOURCE TAX ON ESSENTIALS HALVED

In an effort to ease the burden on marginal farmers and suppliers, the interim government has proposed reducing the source tax on income from the supply of essential commodities — including paddy, rice, wheat, potato, jute, and tea leaf — to 0.5 percent from the next fiscal year. Previously, the source tax on these items was 1 percent.



DUTY-FREE BANK DEPOSIT THRESHOLD GOES UP

The duty-free threshold for bank deposits was hiked to Tk 3 lakh, offering relief to small savers. Currently, deposits more than Tk 1 lakh are subject to a Tk 150 duty on amounts up to Tk 5 lakh.



TK 100CR STARTUP FUND LAUNCHING

A Tk 100 crore startup fund was proposed in the national budget to support emerging entrepreneurs. The fund will focus on tapping into the potential of the information technology sector and encouraging fresh talent to venture into the field.

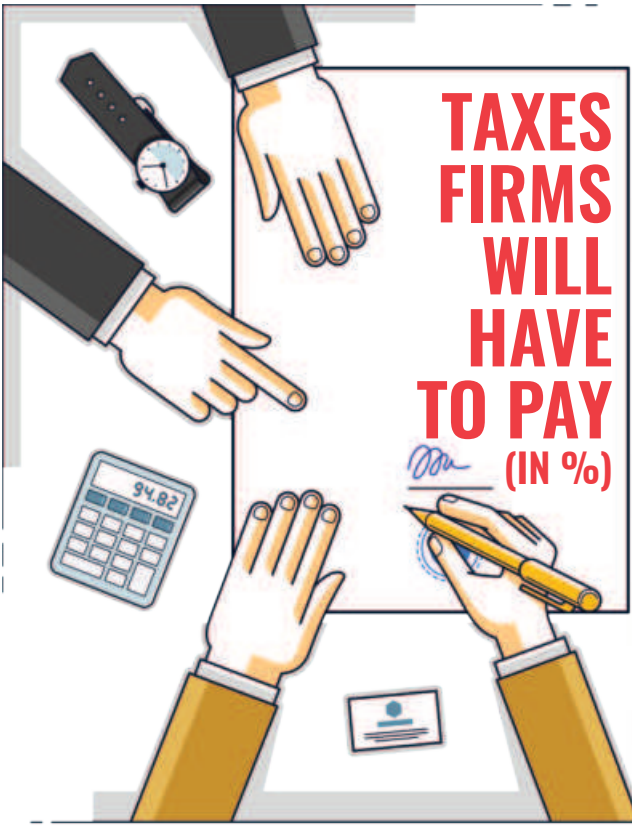


SOURCE TAX ON BROADBAND MAY BE HALVED

The source tax on broadband services has been recommended to be reduced to 5 percent from the existing 10 percent in the proposed national budget.

ANNUAL INCOME AND TAX RATE FOR FY27 & FY28 (IN%)

Up to Tk 3.75 lakh	0
Tk 3.75 lakh plus to Tk 6.75 lakh	10
Tk 6.75 lakh plus to Tk 10.75 lakh	15
Tk 10.75 lakh plus to Tk 15.75 lakh	20
Tk 15.75 lakh plus to Tk 35.75 lakh	25
Tk 35.75 lakh plus	30



	FY26		FY27 & FY28	
	Reduced rate *	Normal rate	Reduced rate	Normal rate
Listed companies that issue shares over 10% of paid-up capital	20	22.5	20	22.5
Non-listed companies	25	27.5	NA	27.5
Listed banks and financial institutions	NA	37.5	NA	37.5
Non-listed banks, financial institutions	NA	40	NA	40
Mobile phone operators	40*	45	40*	45
Cigarette and tobacco firms	NA	45**	NA	45**
Non-resident and other taxpayers	NA	30	NA	30
Trusts and associations of persons	NA	27.5	NA	27.5
Cooperatives	NA	20	NA	20
Private universities & colleges	NA	15	NA	15

*Subject to fulfilment of certain conditions ** 2.5% surcharge

WHAT IS THE TAX YOU WILL HAVE TO PAY IN FY26?

Your income	Up to Tk 3.5 lakh	Tk 3.5 lakh plus to Tk 4.5 lakh	Tk 4.5 lakh plus to Tk 8.5 lakh	Tk 8.5 lakh plus to Tk 13.5 lakh	Tk 13.5 lakh plus to Tk 18.5 lakh	Tk 18.5 lakh plus to Tk 38.5 lakh	Tk 38.5 lakh plus
FY26 tax rates (In %)	0	5	10	15	20	25	30