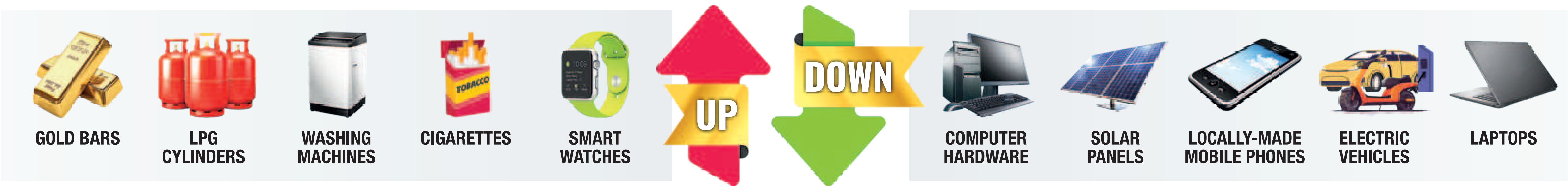

From 'shital pati' to OTT

Creative economy gets Tk 800cr push

WASIM BIN HABIB

In a small house in Sylhet's Balaganj upazila, Alta Begum weaves shital pati as generations before her have done for centuries. Known for its natural cooling properties, the handcrafted mats sell locally for a fraction of the prices that similar products fetch abroad.

Now in her mid-60s, she never imagined her craft could become part of the country's economic strategy. But that may be about to change.

Finance Minister Amir Khosru Mahmud Chowdhury, while delivering the fiscal year 2026–27 budget speech yesterday, announced a dedicated allocation for the creative economy -- an unusual step in Bangladesh's budget history.

The government has set aside Tk 300 crore directly, with an additional Tk 500 crore expected from Bangladesh Bank's corporate social responsibility funds. Together, this signals a wider commitment to a sector spanning handloom and pottery to filmmaking, OTT platforms and fashion design.

As defined by the United Nations Conference on Trade and Development (UNCTAD) in its Creative Economy Outlook 2024, the creative economy includes activities that generate and distribute goods and services rooted in creativity and intellectual capital, such as advertising, architecture, arts, design, music and film production, publishing and video games.

In Bangladesh, the sector has largely grown informally, driven by small craft entrepreneurs, independent filmmakers and boutique fashion brands, often with limited state support. The new allocation aims to bring this grassroots growth into the formal economic mainstream.

The government's ambition goes beyond funding. It has set a target of raising the creative industry's share of GDP to 1.5 percent through coordinated initiatives, a goal drawn from the BNP's election manifesto.

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Tk 44,000cr set aside for new pay scale

REJAUL KARIM BYRON

The proposed budget for FY2026-27 has earmarked Tk 44,000 crore for partial implementation of the new pay structure for government employees, although the government has yet to specify how it will be rolled out.

Finance Minister Amir Khosru Mahmud Chowdhury announced in his budget speech yesterday that the new pay scale would take effect from July 1, but did not outline the implementation mechanism.

Unlike previous pay revisions, no separate increase has been shown under the salary and allowances head in the budget document.

Finance ministry officials said the allocation has instead been kept under the Net Public Service head, where spending has increased by Tk 54,572 crore from the revised allocation for the current fiscal year to Tk 1,41,444 crore in FY2026–27.

According to officials, the Tk 44,000 crore allocation will finance salary adjustments for government officials and employees, pensioners, and MPO-listed teachers and staff, depending on the pace of implementation.

They said a government committee working on the Pay Commission recommendations is still finalising the implementation formula, and decisions will be taken after its report is submitted.

Officials indicated that the current plan under consideration is to implement 50 percent of the revised basic salary in the upcoming fiscal year, the remaining 50 percent in the following year, and allowances in the third year.

In his speech, the finance minister said government employees had been receiving salaries and allowances under the same pay structure for the past 11 years while living costs had risen significantly due to inflation.

"We are announcing the phased implementation of a new pay structure for government employees from July 1, 2026," he said.

In a press release yesterday, Secretariat employees welcomed the announcement of the first phase of the Ninth Pay Scale in the coming fiscal year.

Nazrul Islam, coordinator of the Inter-Ministry Employees Association, conveyed the reaction and thanked Prime Minister

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PERSONAL INCOME TAX

BUDGET FY27

Your taxes are changing. Here's what it means for you.

The FY27 budget raises the tax-free threshold in steps through AY 2030 to 31 and adds a new top rate for the very wealthy. Middle brackets stay unchanged.

Will I pay more tax? Bangladesh taxes income in slabs — each rate applies only to earnings within that band, not your total. The more you earn, the higher the rate on that portion alone.

The FY27 budget fixes slabs for assessment year (AY) 2027 to 28, AY2029 to 30, and AY2030 to 31. **The tax-free floor rises** at each step. A **new 35% bracket** applies from AY2029 to 30 — but only on income above Tk 3 crore.

TAX-FREE LIMIT	NEW TOP BRACKET	MIDDLE BRACKETS	WHO BENEFITS MOST
Tk 3.75L → Tk 4.5L	35% added	Unchanged	Lower earners
Rises in two steps by AY2030 to 31, easing burden on low earners.	From AY2029 to 30, on income above Tk 3 crore. Did not exist before.	10%–25% slabs stay the same across all three years.	Anyone earning near the threshold gets meaningful relief.

TAX SLABS AT A GLANCE

AY2027 TO 28
NBR — set in FY26 budget

Up to Tk 3.75L	0%
Next Tk 3L	10%
Next Tk 4L	15%
Next Tk 5L	20%
Next Tk 20L	25%
Remaining	30%

AY2029 TO 30
Proposed — FY27 budget

Up to Tk 4L	0%
Next Tk 3L	10%
Next Tk 4L	15%
Next Tk 5L	20%
Next Tk 20L	25%
Next Tk 2.64C	30%
Remaining	35% New

AY2030 TO 31
Proposed — FY27 budget

Up to 4.5L	0%
Next Tk 3L	10%
Next Tk 4L	15%
Next Tk 5L	20%
Next Tk 20L	25%
Next Tk 2.64Cr	30%
Remaining	35% top rate

SOURCE: NBR AY = ASSESSMENT YEAR L = LAKH | CR = CRORE AI-assisted infographic

Relief for low-income groups, businesses

Govt seeks to bring small traders under tax net; middle class to face greater fiscal strain

MD ASADUZ ZAMAN

The proposed budget offers modest relief to low-income groups, while businesses and domestic industries can breathe easier as they have been spared major tax hikes.

Although high-income individuals are not facing any immediate rise in personal income tax, the middle-income segment is likely to bear a greater share of the fiscal burden.

Meanwhile, holders of black money have been given an opportunity to legalise undisclosed income through property transactions without scrutiny of the funds' origin.

The tax-free income threshold has been raised to Tk 3.75 lakh in line with the previous interim administration's prospective tax regime.

At the same time, the tax rate on the first taxable slab has been doubled to 10 percent from 5 percent. However, the minimum tax of Tk 3,000-5,000 remains unchanged.

In effect, the higher threshold offers relief to lower-income taxpayers, but the steeper entry-level rate shifts part of the burden onto middle-income earners, particularly those whose incomes are marginally above the exemption threshold.

WIDENING THE TAX NET

The government has announced several compulsory compliance measures to widen the tax net, with a particular focus on salaried individuals and small traders.

From the next fiscal year, a Taxpayer Identification Number (TIN) certificate will be mandatory for opening a bank account, while VAT registration and possession of a Business Identification Number will be mandatory for opening a business account at any bank.

The NBR's database will be linked with the National Identity Card database, banks, utility service providers, and sub-registry offices. A new Withholder's Identification Number has been introduced to strengthen the withholding tax system (tax deducted at source). TIN will also be mandatory for registering motorcycles with engine capacities of 150cc and above.

To bring small retailers under the formal tax net, the budget proposes Advance Income Tax at 0.20 percent on goods supplied to retailers, equivalent to Tk 2 per Tk 1,000 of goods.

Economists and business leaders warn that many small retailers may be unable or unwilling

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Tax breaks aim to revive investment

Experts say measures need consistent implementation

JAGARAN CHAKMA

The proposed budget for FY2026-27 lays out an ambitious package of tax incentives, duty concessions and policy reforms aimed at attracting investment, diversifying industry and lowering the cost of doing business.

Analysts and business leaders, however, warn that the measures will matter only if they are implemented effectively, and the underlying factors suppressing private investment are addressed.

Presenting the budget in parliament yesterday, Finance Minister Amir Khosru Mahmud Chowdhury said revenue policies would support industrialisation, employment generation and foreign investment while maintaining fiscal discipline.

The measures come against the backdrop of a slowing economy marked by weak private investment, high inflation, uncertain demand and tight credit. Private-sector credit growth fell to 4.72 percent in March, the lowest since Bangladesh Bank began keeping records in 2003, down from 6.03 percent in February.

WHAT THE BUDGET PROPOSES

Among the headline measures are the establishment of Free Trade Zones with duty-free import facilities for export-oriented manufacturers and the removal of the 49 percent cap on foreign ownership in private off-docks and inland container depots, a move aimed at attracting foreign capital into logistics infrastructure.

The finance minister said the government would amend the Customs Act to create a legal framework for Free Trade Zones, allowing duty-free imports for export-oriented industries.

The plan comes as the government prepares to establish the first such zone in Anwara, Chattogram.

New frameworks for air cargo stations and private port operators are also planned, Khosru said.

Corporate tax rates remain unchanged at 22.5 percent for listed companies and 27.5 percent for non-listed firms. However, companies routing all income through banking channels will qualify for reduced rates of 20 percent and 25 percent respectively, an incentive designed to encourage greater financial transparency.

Khosru said maintaining a stable corporate tax structure would provide greater certainty for investors.

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