DHAKA SUNDAY JUNE 14, 2026, JAISHTHA 31, 1433 BS • starbusiness@thedailystar.net

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NBR seeks to raise taxes on dividend income

Market analysts say this sends the wrong signal as the government tries to revive the capital market

BUDGET MEASURES FOR STOCK MARKET

Present	Budget proposal
Tax rate on dividend is 20% for corporates	Dividend tax rate is same as corporate tax
Tax rebate rate 15%	Tax rebate rate 10%
Tax rebate for investment up to Tk 10 lakh	Tax rebate for investment up to Tk 7.5 lakh

OTHER STEPS FOR CAPITAL MARKET

- Govt may reduce excessive dependence on bank financing
- Will introduce digital and time-bound IPO process
- Will bring municipal bonds
- Will bring down profit repatriation time for foreign investors
- Will gradually shorten trade settlement time

AHSAN HABIB

The finance minister said in his budget speech that the government wants to make the capital market vibrant. But a number of proposed tax changes could push institutional and retail investors away from shares and into safer investments such as government securities.

Under the proposed budget for fiscal year 2026-27, corporate investors would lose the preferential 20 percent tax rate on dividend income from shares and instead pay tax at their regular corporate rates.

For banks, that could mean paying 37.5 percent tax on dividend income instead of 20 percent.

The second proposed change affects individual investors. Retail investors currently receive a 15 percent tax rebate on stock market investments, but the budget proposes reducing that to 10 percent.

The maximum investment eligible for the rebate would also be lowered to Tk 7.5 lakh from the current Tk 10 lakh.

Moreover, income or discounts earned from zero-coupon bonds, a type of debt instrument purchased at a discount and redeemed at full value at maturity, are currently exempt from income tax for all investors. The FY27 budget proposes scrapping that exemption.

According to market analysts and asset managers, these proposed tax measures could send the wrong signal to investors at a time when the government is trying to revive the capital market.

"Both of the proposed tax measures for corporates and retail investors are negative for the capital market," said Ali Imam, managing director and chief executive officer of Edge Asset Management.

However, he said the proposed tax on corporate dividend income would have a greater impact because institutional investors are already limited in the market. The additional tax would further discourage them from investing.

CORPORATE TAX CHANGES ON DIVIDEND INCOME

At present, corporate investors pay a 20 percent tax on dividend income earned from stock market investments. If the provision is abolished, they will instead pay tax according to their respective corporate tax rates.

For example, if Bank A invests in a listed company, Company B, and receives Tk 100 in cash dividends, the bank currently pays Tk 20 in tax on that dividend income, even if its corporate tax rate is 37.5 percent.

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Capital gains tax on gold, digital currencies from next year

MD ASADUZ ZAMAN *and* SUKANTA HALDER

From the next fiscal year, a 15 percent capital gains tax may apply when selling gold, jewellery, digital currencies, or club memberships.

Finance Minister Amir Khosru Mahmud Chowdhury proposed the measure in the Finance Bill 2026 while presenting the national budget for the fiscal year 2026-27 in parliament on Thursday.

Under the proposal, profits from selling or transferring gold, silver, jewellery, precious stones, diamonds, coins, digital currencies, artworks, antiques, and club memberships declared in a taxpayer's return will be treated as capital gains and taxed at 15 percent.

Capital gains from securities will also be taxed at 15 percent, including treasury bills, bonds, savings instruments, debentures, sukuk and other shariah-based securities, as well as shares or stocks issued by companies and other entities.

The government has proposed the tax on gold and jewellery at a time when prices have risen sharply in recent years.

Gold was priced at Tk 1.72 lakh per bhori on June 5, 2025. It then rose steadily to Tk 2.24 lakh per bhori on June 13, 2026. Earlier, on January 29 this year, it had reached Tk 2.86 lakh per bhori, the highest level in Bangladesh's history.

After falling four times in a row, gold prices in the domestic market rose again yesterday, driven by higher international prices of pure gold, prompting the Bangladesh Jewellers Association to adjust local rates.

Yesterday, the price of 22-carat gold increased by Tk 6,590 per bhori, bringing it to Tk 224,940 per bhori.

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Govt targets creative economy to contribute 1.5% of GDP

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The government aims to raise the creative economy's contribution to the country's gross domestic product (GDP) to 1.5 percent, viewing the largely untapped sector as a potential source of growth, jobs and export earnings, according to Finance Minister Amir Khosru Mahmud Chowdhury.

Speaking at an economic diplomacy conference in Dhaka yesterday, he said Bangladesh should invest more in culture, arts, entertainment and design to diversify its economy.

Drawing a comparison with the United Kingdom's thriving creative industries, the minister said creative products and services generate significant economic value and serve as an important source of soft power.

According to UNCTAD estimates, the global creative economy accounts for about 3 percent of world GDP, or around $2.25 trillion. In India, the sector contributes around 1.5 percent of GDP.

"Bangladesh possesses strong creative talent but has yet to adequately protect, promote and commercialise it," said Khosru at the conference, titled "Roadmap for Trade, Growth and Economic Diplomacy", jointly organised by the foreign ministry and the Bangladesh Investment Development Authority (Bida) at Pan Pacific Sonargaon Dhaka.

In his proposed budget for fiscal year 2026-27, the finance minister outlined the 1.5 percent target, alongside a 10-year investment strategy and time-bound action plans aimed at creating 5 lakh new jobs in the creative economy.

Currently, there is little data available on how many activities such as performing arts, design, stand-up comedy and other creative pursuits contribute to the economy.

The finance minister said there are plans to establish a dedicated "theatre district" on 150 acres of land. Such a hub would create new opportunities for spending and economic activity while strengthening the country's cultural influence.

He highlighted the budget's focus on developing the creative economy by supporting artisans, designers,

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What are the govt's key deregulation measures?

JAGARAN CHAKMA

The government has announced a wide-ranging deregulation programme aimed at cutting red tape, lowering compliance costs and improving Bangladesh's business climate as the country prepares for graduation from least-developed country (LDC) status.

The reform package, unveiled in the budget speech of Finance Minister Amir Khosru Mahmud Chowdhury on Thursday, covers investment approvals, company registration, taxation, customs, banking, capital markets and construction permits.

Businesses have long complained about lengthy approval processes, overlapping regulations and cumbersome compliance requirements that delay investment decisions and raise operating costs.

SEVEN-DAY DEADLINE FOR APPROVALS

A key feature of the reform package is the introduction of strict timelines for government approvals and licences.

The government plans to make the online Single Window platform mandatory for business approvals and licensing. From application submission to licence issuance, all procedures will have to be completed within seven days.

If a government agency fails to provide a required opinion, clearance or no-objection certificate within the stipulated period, the application may be processed on the assumption that consent has been granted, where applicable.

Authorities also plan to introduce "plug-and-play" facilities in selected industrial and economic zones, allowing investors to set up factories and begin production more quickly.

FASTER BUSINESS START-UP SERVICES

The government intends to simplify company registration by moving name clearance, application submission, fee payments and certificate issuance online. Company registration is expected to be completed within 48 hours.

Small and new businesses may be allowed to start operations with provisional approvals and complete remaining compliance requirements within six to 12 months.

Work permits for foreign experts and skilled professionals are set to be issued within seven days, while investor visas will be processed within 10 days. The government is also considering five-year multiple-entry visas for eligible investors and project personnel.

To facilitate large investments, agencies such as Bida, Beza, Bepza and BSCIC will assign dedicated support teams and case managers. A grievance redress mechanism and a 24-hour investor help desk are also planned.

TAX ADMINISTRATION GOES DIGITAL

The deregulation drive includes measures to simplify tax and VAT compliance. From the next fiscal year, corporate taxpayers will be able to file returns online, while excess tax deducted at source will be refunded directly to bank accounts through an automated system.

Tax and VAT audit selection will be automated using risk-based software, while tax residency certificates for foreign investors will be issued online through the National Single Window.

For VAT, online filing will become mandatory, simplified returns will be introduced for small businesses, and the government is considering quarterly instead of monthly VAT submissions.

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How fast will business services be?

SERVICE	PROCESSING TIME
Business approvals through Single Window	7 days
Company registration	48 hours
Work permits for foreign experts	7 days
Investor visas	10 days
Profit repatriation decisions	30 days
NITA* repatriation/reinvestment	1 day
Bond validity for selected export sectors	3 years
Small business provisional approval	6-12 months

Goal: Reduce delays, uncertainty and compliance costs for businesses and investors.

*Non-Resident Investors' Taka Account (NITA)

AI-assisted infographic

BGMEA says budget to improve business climate

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Garment exporters have welcomed the proposed national budget for the fiscal year 2026-27, describing it as a balanced and reform-oriented roadmap aimed at strengthening macroeconomic stability, improving the business climate and supporting long-term economic transformation.

In its reaction to the proposed budgetary measures, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) praised the finance minister for pursuing policy continuity and maintaining economic discipline amid persistent global uncertainties and domestic challenges.

BGMEA, the main trade body representing the country's largest export earning sector, said proposed budget reflects a shift from a purely growth-driven strategy toward a broader development agenda that places greater emphasis on education, healthcare and social protection.

It said the government sets economic growth target of 6.5 percent for the next year and has outlined 10 strategic priorities, including investment-led employment generation, promotion of a production-oriented economy, deregulation, financial sector stability and energy security.

These priorities are expected to play an important role in supporting industrial expansion, export growth and Bangladesh's smooth transition from least developed country status, said the BGMEA.

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Budget to restore stability, boost private sector: FBCCI

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Welcoming the proposed budget, the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) said it will help restore economic stability and boost investment and the private sector, as the government has prioritised improving the business environment and strengthening energy security.

In its reaction to the Tk 9.38 lakh crore budget, the FBCCI said the targets of 6.5 percent GDP growth and reducing inflation to 7.5 percent can be achieved if sustainable discipline is maintained in the economy.

However, it said achieving the revenue target of Tk 6.95 lakh crore, including Tk 6.04 lakh crore assigned to the National Board of Revenue (NBR), will be challenging due to current domestic and global economic conditions.

The apex trade body said reforms in the NBR are necessary to meet the revenue target while ensuring economic stability, better revenue management and a more investment-friendly environment that supports growth.

It also warned that heavy borrowing from the banking sector could reduce the flow of loans to the private sector, potentially affecting job creation.

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