



Frequently Asked Questions (FAQ) from Investors to BIDA

April 2019



Categories of Frequently Asked Questions (FAQs) to BIDA

BIDA and Other Related Agencies

Sectors for Investment

Investment Registration

Trade License/ Company Incorporation

Opening Bank Account

Investment Incentives, Privileges and Facilities

Foreign Borrowing

Overseas Remittance/ Repatriation

VISA

Expatriate Work Permit

Labor Management

Import Registration Certificate (IRC)

Access to Land and Related Matters

Taxation

One-stop Service (OSS)

Investment & Trade Agreements

Others

BIDA and Other Related Agencies

What is BIDA?	BIDA is the apex investment promotion agency of Bangladesh, and was formed in 2016 in accordance to the BIDA Act 2016 to promote and facilitate private sector investment by both foreign and domestic investors.
What are the functions and services provided by BIDA?	<p>BIDA's functions are broadly categorized into:</p> <ul style="list-style-type: none"> - Investment promotion - Investment facilitation, covering investment registration, and pre- and post-establishment facilitation - Policy advocacy <p>BIDA provides the following services for investors:</p> <ul style="list-style-type: none"> - Guidance on doing business in Bangladesh - Response to investment-related queries - Guidance and advice on investment in specific sectors - Matching support between foreign investors and local industries - Arrangement of visit to and meeting with various government and private organizations - Address on the issues of investors on their smooth operation - Registration of industrial investment and commercial office establishment - Facilitation of utility service connection - Facilitation of machinery and raw material import - Approval for obtaining foreign borrowing - Approval of overseas remittance of royalty/ technical assistance-related fees - Approval of expatriate employment and facilitation of visa acquisition - Assistance for the government in framing policies for private sector development
What are the other Investment Promotion Agencies in Bangladesh?	<p>There are other five (5) investment promotion agencies in Bangladesh, namely:</p> <ol style="list-style-type: none"> 1) Bangladesh Economic Zones Authority (BEZA) for domestic and foreign industries/ services to be located in the Economic Zones (EZs), 2) Bangladesh Export Processing Zones Authority (BEPZA) for domestic and foreign export-oriented industries to be located in Export Processing Zones (EPZs), 3) Public Private Partnership Authority (PPPA) for domestic and foreign infrastructure investors, 4) Bangladesh High-tech Park Authority (BHTPA) for domestic and foreign IT industries/ services to be located in High-tech Park Zones (HTPZ), and

	5) Bangladesh Small & Cottage Industries Corporation (BSCIC) for domestic small & cottage industries.
How are the services offered by BIDA different from the others?	BIDA's services are available to both domestic and foreign investments to any locations outside the jurisdiction areas of other investment authorities (BEZA, BEPZA, PPPA, BHTPA, BSCIC), and engages in policy advocacy for the perspective of national investment development.

Sectors for Investment

What are the leading sectors in Bangladesh that have the most potential investment opportunities?	Agri-business, Garments & textiles, ICT, Leather & leather goods, Electrical & electronic products, Plastic, Light engineering, Shipbuilding, Tourism, Frozen food, Renewable energy, Ceramic, Power, Medical equipment, Healthcare				
What are the priority or thrust sectors for investments in Bangladesh?	<p>The National Industry Policy (NIP) (2016) designates the priority industries as follow:</p> <table border="1"> <tr> <td>High priority sectors</td> <td>1) Agriculture, food processing and agricultural tool, 2) Ready-made garment, 3) ICT/ software, 4) Pharmaceuticals, 5) Leather and leather product, 6) Light engineering, 7) Jute and jute product</td> </tr> <tr> <td>Priority sectors</td> <td>1) Plastic, 2) Overseas employment (manpower export), 3) Shipbuilding, 4) Environment-friendly ship recycling, 5) Tourism, 6) Frozen fish, 7) Home textiles, 8) Renewable energy (solar power, windmill), 9) Active pharmaceutical ingredients (API) and radio pharmaceuticals, 10) Herbal medicine, 11) Radio-active (diffusion) application industry (e.g. developing quality/ decaying polymer, preservation of food, disinfecting medicinal equipment), 12) Polymer product, 13) Hospital and clinic, 14) Automobile manufacturing and servicing, 15) Handicraft and cottage industries, 16) Energy efficient appliances, electronic goods, electronic materials, 17) Tea, 18) Seeds, 19) Jewelry, 20) Toys, 21) Cosmetics and toiletries, 22) Agar, 23) Furniture, 24) Cement</td> </tr> </table> <p>It is noted that the list of “industrial undertakings” entitled for incentives of tax holiday and rebate is stipulated as below. To be entitled for incentives, investment projects need to be registered with BIDA:</p> <p><u>List of industrial undertakings entitled for tax holiday (up to June 2019)</u></p> <p>1) Active pharmaceutical ingredients (API) and radio-pharmaceuticals,, 2) Automobile manufacturing, 3) Barrier contraceptive and rubber latex, 4) Basic chemicals or dyes, and chemicals, 5) Basic ingredients of electronic industry, (e.g. resistance, capacitor, transistor, integrator circuit), 6) Bicycle manufacturing, 7) Bio-fertilizer, 8) Biotechnology, 9) Boilers, 10) Brick made of automatic hybrid Hoffmann kiln or tunnel kiln technology, 11) Compressors, 12) Computer hardware, 13) Energy efficient appliances, 14) Insecticide and pesticide, 15) Petro-chemicals, 16) Pharmaceuticals, 17) Processing of locally produced fruits and vegetables, 18) Radio-active (diffusion) application industry (e.g. developing</p>	High priority sectors	1) Agriculture, food processing and agricultural tool, 2) Ready-made garment, 3) ICT/ software, 4) Pharmaceuticals, 5) Leather and leather product, 6) Light engineering, 7) Jute and jute product	Priority sectors	1) Plastic, 2) Overseas employment (manpower export), 3) Shipbuilding, 4) Environment-friendly ship recycling, 5) Tourism, 6) Frozen fish, 7) Home textiles, 8) Renewable energy (solar power, windmill), 9) Active pharmaceutical ingredients (API) and radio pharmaceuticals, 10) Herbal medicine, 11) Radio-active (diffusion) application industry (e.g. developing quality/ decaying polymer, preservation of food, disinfecting medicinal equipment), 12) Polymer product, 13) Hospital and clinic, 14) Automobile manufacturing and servicing, 15) Handicraft and cottage industries, 16) Energy efficient appliances, electronic goods, electronic materials, 17) Tea, 18) Seeds, 19) Jewelry, 20) Toys, 21) Cosmetics and toiletries, 22) Agar, 23) Furniture, 24) Cement
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What are the restricted sectors to which investments are not allowed?	<p>The National Industry Policy (NIP) (2016) designates the controlled and reserved industries as follow: Regarding “controlled industries”, a proposed FDI requires approval (or no-objection certificate: NOC) of the relevant ministry before registering with investment authorities such as BIDA, BEPZA, BEZA and Hi-tech Park Authority. Regarding “reserved industries”, private investors are not allowed to enter due to national security reason.</p> <table border="1"> <tr> <td>Controlled industry</td> <td>1) Deep sea fishing, 2) Bank/ finance, 3) Insurance, 4) Generation, supply and distribution of power, 5) Exploration, extraction and supply of natural gas/ oil, 6) Exploration, extraction and supply of coal, 7) Exploration, extraction and supply of other mineral resources, 8) Large-scale infrastructure (e.g. flyover, expressway, monorail, economic zone), 9) Crude oil refinery (recycling/ refining of lube oil as fuel), 10) Medium and large industries using natural gas/ condensate and other minerals as raw material, 11) Telecommunication (mobile/ cellular and land phone), 12) Satellite channel, 13) Cargo/ passenger aviation, 14) Sea bound ship transport, 15) Sea-port/ deep sea-port, 16) VOIP/ IP telephony, 17) Industries using heavy minerals accumulated from sea beach, 18) Explosive production, 19) Acid production, 20) Chemicals, 21) All kinds of sludge and fertilizer made from sludge, 22) Stone crushing</td> </tr> <tr> <td>Reserved industry</td> <td>1) Arms, ammunitions and other military equipment/ machinery, 2) Nuclear power, 3) Security printing and minting, 4) Forestation and mechanized extraction within the reserved forest</td> </tr> </table>	Controlled industry	1) Deep sea fishing, 2) Bank/ finance, 3) Insurance, 4) Generation, supply and distribution of power, 5) Exploration, extraction and supply of natural gas/ oil, 6) Exploration, extraction and supply of coal, 7) Exploration, extraction and supply of other mineral resources, 8) Large-scale infrastructure (e.g. flyover, expressway, monorail, economic zone), 9) Crude oil refinery (recycling/ refining of lube oil as fuel), 10) Medium and large industries using natural gas/ condensate and other minerals as raw material, 11) Telecommunication (mobile/ cellular and land phone), 12) Satellite channel, 13) Cargo/ passenger aviation, 14) Sea bound ship transport, 15) Sea-port/ deep sea-port, 16) VOIP/ IP telephony, 17) Industries using heavy minerals accumulated from sea beach, 18) Explosive production, 19) Acid production, 20) Chemicals, 21) All kinds of sludge and fertilizer made from sludge, 22) Stone crushing	Reserved industry	1) Arms, ammunitions and other military equipment/ machinery, 2) Nuclear power, 3) Security printing and minting, 4) Forestation and mechanized extraction within the reserved forest
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Investment Registration

<p>Why should investors register their businesses with BIDA?</p> <p>Are BIDA-registered investors eligible for the facilities that are provided by BIDA?</p>	<p>BIDA Act (2016) requires all investors for industrial undertakings (those located outside the jurisdiction of BEZA, BEPZA, BHTPA, BSCIC) to register their investments with BIDA.</p> <p>Registration is necessary for the concerned investors to i) benefit from incentives of tax holiday and rebate, import duty and other tax exemptions, and ii) privileges and facilities prepared by the government, and iii) apply for investment-related licensing and permits such as expatriate work permit, foreign borrowings, import registration certificate for industrial use, and iv) access to any other facilitation services rendered by BIDA.</p>
Is it possible to register through BIDA’s Divisional Office?	Yes, possible. BIDA’s Divisional Offices are authorized to receive applications for registration regardless of the project status and register them. However, the establishment of commercial (branch, liaison/ representative) offices need to be approved only at BIDA’s Headquarter.

Can BIDA's Headquarter register investments that are located anywhere in Bangladesh?	Yes. BIDA can register the investment projects that are located anywhere in Bangladesh, except those located in the zones or areas managed by BEZA, BEPZA, BHTPA, BSCIC.
What are the categories of investment registration?	There are three types of investment registration are available, covering 1) local investment, 2) foreign investment, and 3) joint-venture investment between foreign and local investors. Aside from investment registration, foreign companies which would like to establish either branch or liaison/ representative office are able to apply for commercial office registration.
What is the registration procedure at BIDA? Are there any differences between registrations of local and foreign investors?	Any applicants for investment registration are required to file the prescribed application form (available from Download Forms in BIDA's website) with other documents to be submitted. Local and foreign (including joint-venture) investments follow the similar processing for registration. Establishment of commercial (branch, liaison/ representative) offices follows the different application procedure and document requirement from local and foreign investments.
What documents are required to be submitted by applicants for registering their investments with BIDA?	In addition to the application in prescribed form duly filled-in, <ul style="list-style-type: none"> - Forwarding letter to be submitted by the chairperson/ managing director of the company/ organization with the company letterhead, - Certificate of Incorporation, - Copy of Trade License issued by the concerned authority of the factory location mentioning specific sector, - Copy of Tax Identification Number (TIN) Certificate of the company, - List of local and imported machineries in official pad of the company (serial number, name of machineries, H.S code, quantity and value in million BDT/ USD), - Encashment certificate; - No-objection Certificate (NOC) from the concerned ministry/ directorate/ department in case that proposed investment falls under the controlled sector (according to the National Industrial Policy 2016), - Pay-order/ Bank draft applicable for registration fee in favor of "BANGLADESH INVESTMENT DEVELOPMENT AUTHORITY".
What is the maximum duration required for completing	Registration of local and foreign (including joint-venture) investments takes 5 days normally, once all the relevant documents are duly submitted.

registration, once all relevant documents are submitted?	Registration of commercial (branch, liaison/ representative) offices takes 15 days usually, requiring approval of an Inter-Ministerial Committee held twice a month.												
What are the expenses of registration (for each type of investment, i.e., local/ foreign/ JV, etc.)?	<p>Registration costs from BDT 5,000 to 100,000 depending on the amount of proposed investment (as indicated below).</p> <table border="1"> <thead> <tr> <th>Amount of the proposed investment</th> <th>Fee</th> </tr> </thead> <tbody> <tr> <td>Up to BTD 100 million</td> <td>BDT 5,000/-</td> </tr> <tr> <td>BDT 100 million - 250 million</td> <td>BDT 10,000/-</td> </tr> <tr> <td>BDT 250 million - 500 million</td> <td>BDT 25,000/-</td> </tr> <tr> <td>BDT 500 million - 1,000 million</td> <td>BDT 50,000/-</td> </tr> <tr> <td>Over BDT 1,000 million</td> <td>BDT 100,000/-</td> </tr> </tbody> </table>	Amount of the proposed investment	Fee	Up to BTD 100 million	BDT 5,000/-	BDT 100 million - 250 million	BDT 10,000/-	BDT 250 million - 500 million	BDT 25,000/-	BDT 500 million - 1,000 million	BDT 50,000/-	Over BDT 1,000 million	BDT 100,000/-
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What is the process of amendment of a registered investment (if there are changes in registered information)?	Investors need to amend their registered information (such as machinery to be used, board of director/ shareholder, office/ factory address, company name, or their amalgamation) and report to BIDA accordingly through submitting a letter signed by the chairperson/ managing director. Fee for amending registration information is fixed at BDT 1,000 regardless of the investment amount.												

Trade License/ Company Incorporation

Can investors obtain trade license and certificate of company incorporation from BIDA?	<p>No. Trade license is issued by the relevant local government offices such as City Corporation, Municipality or Union Parishad.</p> <p>Any form of company incorporation (and formulation of trade organization, society, partnership firm) needs to be registered by the Registrar of Joint Stock Companies and Firms (RJSC&F) according to the Companies Act 1994.</p> <p>However, these licensing and registration services are currently being facilitated through online-based One-stop Service (OSS) of BIDA.</p>
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Opening Bank Account

How can a foreign investor open a bank account in Bangladesh?	<p>Investor's company to be established starts with opening temporal account (Non-resident Taka Account: NRTA) in their name without prior approval of Bangladesh Bank, only to receive the capital remittance from abroad with Encashment Certificate. The investor's company, once officially established, can open the new account to receive the capital from temporal account (NRTA) following the usual procedure.</p> <p>Commercial (branch, representative/ liaison) offices can also open the bank account in order to receive initial suspense payment from the headquarter (not required to open temporal account).</p>
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Investment Incentives, Privileges and Facilities

<p>What are the incentives provided to BIDA’s registered investors?</p>	<p>General investment incentives include the following. Incentives are available to newly established investments, not for re-investments or extensions:</p> <ul style="list-style-type: none"> - Tax holiday - Tax rebate (i.e. reduced corporate income tax) - Import duty exemption on capital machinery/ spare parts - Accelerated depreciation allowance (for machinery/ plants) - Other tax exemptions <p>Among these incentives, tax holiday and import duty exemption require prior-registration with BIDA (or BEZA/ BEPZA in case of EZ/ EPZ tenant), and approval from the relevant authorities (e.g. National Board of Revenue on tax holiday, Chief Controller of Import & Export for import duty exemption). Incentives are stated in the National Industry Policy but subject to revision upon annually enacted Finance Act and individual Statutory Regulatory Orders (SROs).</p> <p>Companies located in EZs/ EPZs are entitled for different sets of incentive package of tax holiday and exemption.</p>
<p>Who are eligible for tax holiday facilities?</p>	<p>A tax holiday shall be granted to the following categories, i.e. newly established investment projects during FY2012~FY2019 in 21 sectors (industrial undertakings), private independent power producers (IPPs), Public Private Partnership (PPP) project, ICT/ software industries. Those investors to enjoy tax holiday shall i) register their investments with BIDA, ii) submit application to NBR and iii) receive a certificate from NBR (within 90 days of application).</p> <p>Companies located in EZs/ EPZs are entitled for different sets of incentive package of tax holiday and exemption.</p>
<p>What privileges and facilities are provided to the registered investors, apart from the incentives for investment?</p>	<p>Aside from the “incentives” to registered investors, investors in general can benefit from the following privileges and facilities among the major ones:</p> <ul style="list-style-type: none"> - Double taxation prevention, - Repatriation of invested capital, profit and dividend, - Remittance of royalty, franchise fee, technical license/ know-how/ assistance fees, - Reinvestment of remittable dividends (treated as new investment), etc. <p>In addition, export-oriented industries (exporting more than 80% of their goods and services) regardless their locations (i.e. within or outside EZ/ EPZ) can benefit from the following privileges and facilities:</p>

	<ul style="list-style-type: none"> - Accessible to bonded warehouse and duty drawback facilities, - Eligible to open back-to-back letter of credit (L/C), and receive loans up to 90% of the value against irrevocable or confirmed L/C sales contract, - Eligible to receive export retention quota (ERQ) which can be utilized for marketing, overseas office establishment, trade fair participation, etc., - Accessible for export credit guarantee scheme to facilitate access to foreign exchange finance for material and input procurement, - Eligible to claim advance income tax rebate on export earnings, and exempt taxes on a specified quantity of samples for manufacturing export goods, - Accessible to import of banned and restricted goods if they are deemed essential material and input for manufacturing export goods, - Eligible to sell up to 20% of their goods domestically, as far as such trading is settled by L/C in foreign currency and related taxes are duly paid, <p>Certain sectors of exporter enjoy additional benefits in the form of a subsidy or cash incentive upon various conditions.</p>
<p>Does BIDA provide any loans or grants or any type of finance to its registered investors? Is there any opportunity to obtain loans or similar through BIDA?</p>	<p>No. BIDA is not a financing institution or providing any type of grant to the registered investors. However, BIDA may introduce the policy-based financing scheme (including a loan scheme such as Export Development Fund).</p>
<p>How can BIDA help its registered investors in accessing loans from financial institutions (domestic and overseas)?</p>	<p>BIDA is not at the position to assist the access to commercial or policy-based loans (both domestic and overseas).</p>
<p>Which licensing the investors are not eligible to be serviced or facilitated, unless they are registered with BIDA?</p>	<p>Licenses/ permits that would not be serviced or facilitated by BIDA unless registered with BIDA include:</p> <ul style="list-style-type: none"> - VISA recommendation, expatriate work permit, - Remittance approval of royalty and technical assistance-related fees, - Foreign borrowing approval, - Import Registration Certificate (IRC) recommendation for importing capital machinery and material for industrial use, - Customs clearance certificate for imported machinery and equipment,

	- Utility connections, etc.
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Foreign Borrowing

<p>Does the investors require the registration with BIDA for accessing to foreign loan facilities?</p>	<p>Yes. Any investors require the prior investment registration with BIDA for obtaining BIDA's approval of foreign/ overseas loans. BIDA requests any registered investors to apply for approval of foreign/ overseas loans before loan disbursement.</p>
<p>What is the procedure for application of foreign loan utilization?</p>	<p>Borrowing from abroad in foreign currency (commercial loan, buyer's and supplier's credit, etc. for the purpose of investment such as import of capital goods for new project, replacement or expansion of the existing production facilities, not for working capital purpose), requires prior approval by BIDA.</p> <p>Applications shall be examined in terms of commercial viability, indebtedness and creditworthiness of the borrower, repayment period, debt-equity ratio, quality/ price/ economic life of procured capital machinery and equipment. BIDA shall attach priority mainly to the medium to longer term borrowing. Applications, after duly scrutinized, shall then be submitted to the Scrutiny Committee headed by Governor of Bangladesh Bank (BB) for final approval.</p> <p>Applications filled in prescribed form shall be submitted to BIDA with the following supporting documents:</p> <ul style="list-style-type: none"> - Certificate of Incorporation with and Certificate of Commencement from Registrar of Joint Stock Companies & Firms (RJSC), - Certified copy of the Memorandum & Articles of Association of the company, - Form-X, -XII and -XV from RJSC (as a proof of authorized capital, paid-up capital, share-holding structure), *Paid-up capital shall be at least 30% of authorized capital. - Copy of Registration Certificate with BIDA (full set), - Term-sheet, Loan MoU, or Loan Agreement between the lender and borrower, - Board's resolution related to the proposed borrowing, - Feasibility report of the investment project, - Financial analysis covering internal rate of return, break-even point, payback period, debt-equity ratio of the project, debt-service coverage ratio, for both base and sensitivity cases, - Audited balance sheet, *The existing debt-equity ratio in the balance sheet (including proposed amount of borrowing) shall be at least 70:30.

	<ul style="list-style-type: none"> - Utilization Certificate from the designated bank, which justifies estimated prices and quotation of the capital machineries, spare parts (by referring to the latest market prices), with submission of summary of the capital machineries (imported) and supporting document (such as <i>proforma</i> invoice, Bill of Lading, L/C copy), - CIB Certificate on indebtedness or creditworthiness of the company and its sponsors/ directors from the designated bank, which specifies the date of search via CIB online, - Credential of the sponsors/ directors, and - Environmental Clearance Certificate. <p>The below shall be added for the Power Sector:</p> <ul style="list-style-type: none"> - Letter of Intent, Implementation Agreement, and Power Purchase Agreement
What is the procedure for the registered investors in taking foreign loans from its parent company?	Same as the procedure for application of foreign borrowing in general.
Is there any regulation or criteria concerning the loan ratio, when foreign borrowing is to be approved?	The debt-equity ratio of the borrower shall reflect the sufficient equity stake with moderate leveraging at tolerable level. While the relatively higher debt level may be warranted considering the long gestation infrastructure projects, total debt including the borrowing shall not exceed the level of 70:30 in terms of the debt-equity ratio.

Overseas Remittance/ Repatriation

What is the procedure for fund repatriation (royalty and technical assistance-related fees, and profit, etc.)?	<p><u>Royalty and technical assistance-related fees</u>: Prior approval is required for remitting royalty, franchise fee, technical license/ know-how/ assistance fees, when the total fees and other expenses associated with technology transfer are within the following limits:</p> <ul style="list-style-type: none"> - For the new investment projects, such fees and related expenses shall not exceed an aggregate limit of 6% of C&F value of imported machinery, - Recurrent annual fees for royalty and other expenses including technical know-how/ assistance, operational service, marketing fees, etc. shall not exceed an aggregate limit of 6% of the previous year's sales of the firms as declared in the tax return. <p>Applications that exceed the above limits require the special approval on a case-by case basis by BIDA (Executive Committee).</p>
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	<p>Application for the overseas remittance of such royalty and fees shall be made in accordance to the prescribed form (available at BIDA or Download Forms in its website). Any applicants shall be registered with BIDA (except the tenants in BEZA, BEPZA, BHTPA).</p> <p><u>Dividend</u>: ADs are allowed to remit dividends (both final & interim) to the non-resident shareholders on receipt of the application in the prescribed form certified by the auditors.</p>
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VISA

Which visa will be applicable for business persons coming to Bangladesh for a short time?	Business persons, who would come to Bangladesh for business (not as employees) for a short period, may apply for 'B (business)' type VISA.
How does BIDA help the investors with VISA on Arrival (VoA)?	<p>Foreign investors and business persons who visit Bangladesh for a short time could avail VISA on Arrival (VoA) at the airport for a maximum 30 days.</p> <p>According to the Ministry of Home Affairs, the following countries are eligible for VoA (as of March 2019); namely, USA, Canada, Australia, New Zealand, Russia, China, Japan, Singapore, Malaysia, South Korea, UAE, Saudi Arab, Qatar, Kuwait, Oman, Bahrain, Egypt, Turkey, Brunei and EU countries. BIDA can issue the recommendation letter to citizens of the aforementioned countries and also those countries where there is no establishment of Bangladesh Embassy upon their interests of entering Bangladesh for the purpose of investment, technology transfer, business expansion and/or trading. The letter shall be presented at the Immigration after landing Bangladesh.</p>
What type of VISA is available for foreigners to make them eligible for working in Bangladesh?	Foreign investors and employees must arrive in Bangladesh with 'PI (private investor)' and 'E' (employment)' type VISA respectively. Recommendation letter from BIDA is required to obtain such VISAs. In addition, work permit is required for foreign nationals to engage in work in Bangladesh.

Expatriate Work Permit

What is the procedure for application of work permit in Bangladesh?	<p>Aside from VISA, application for expatriate work permit must be submitted to BIDA (within 15 days from the arrival). Any industries and foreign commercial offices desiring to employ foreign nationals are required to be registered with BIDA and apply in the prescribed manner. Application form needs to be obtained from BIDA website (https://eservice.bida.gov.bd) and submitted via online application to BIDA with the necessary documents (stipulated</p>
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	<p>in BIDA's Guideline and online application site). Procedure of the application is as follow and also explained in BIDA's Guideline.</p> <ol style="list-style-type: none"> 1) Advertisement-posting of the position for application (at local media) 2) Application for issuance of VISA recommendation letter (to BIDA) 3) Application for PI or E type VISA (to the relevant authority/ Bangladesh embassies) 4) Application for work permit (to BIDA) after obtaining the VISA 5) Security clearance for obtaining No-objection Certificate (NOC) by the Ministry of Home Affairs (Special Branch of Bangladesh Police, National Security Intelligence)
What are the validity duration of work permit?	In any case, foreign national shall be given work permit for one year initially. Extension of the work permit is normally allowed for the maximum five years (1+2+2) in total after examining whether complying with the terms & conditions given in the work permit approval letter, and on the basis of security clearance.
Can foreign employees obtain the work permit and VISA from any other institutes than BIDA?	Except the investors registered with Economic Zones (EZ), Export Processing Zone (EPZ), High-tech Park and NGO Affairs Bureau, work permit is issued only by BIDA. Although VISA should always be issued by the Immigration Office, BIDA can issue the recommendation letter for VISA issuance by Immigration Office.
Is there any restricted ratio of local employees to a foreign employee for investment project and commercial office? Can these ratios be changed during the initial stage of investment?	<p>Employment of foreign national in an industrial undertaking (defined as in the National Industry Policy 2016) shall not exceed the ratio of 10:1 (local : foreign) during the initial stage of the investment project, and 20:1 during the operational stage of the project.</p> <p>On the other hand, foreign national in a commercial (branch, representative/ liaison) office and educational institute shall not exceed the ratio 5:1 (local : foreign including the top manager) during the initial stage, and 10:1 during the operational stage.</p> <p>These provisions can be relaxed on a case by case basis if justified by BIDA.</p>
What documents are required to be submitted for the application for work permit?	Stipulated in the Guideline for Granting Permission for Issuing Work Permit of Foreign National(s) (2011).
How long does it take to obtain the work permit, once all the required documents are submitted?	It takes approximately 3 days (for industrial projects) or 15 days (for commercial offices including branch, liaison/ representative offices) concerning the work permit, as far as all necessary documents are presented. The whole process to complete the work permit, that covers acquisition of the relevant VISA and completion of security clearance, may take relatively longer period.

Does foreign employees need to notify BIDA when they start working for new or other employer in Bangladesh?	Yes. If foreign employees move to different positions or change their employers in Bangladesh, they always have to cancel the previous work permit, leave Bangladesh, and visit back for the new positions or employer with new VISA.
Is it necessary to amend work permit upon any changes to the contract? What's the procedure to amend or cancel work permit?	<p>Yes. It is necessary to amend the existing work permit in case of changes or corrections. Amendment shall be processed with submission of the necessary documents and pay order of BDT 1,000 in favor of BIDA.</p> <p>Work permit may be cancelled automatically after the effective duration. The employing company needs to demonstrate the tax clearance of the expatriate employee and ensure his or her departure from Bangladesh after the expiry of the permit.</p> <p>If any investors want to cancel the work permit during the effective duration, they shall apply to BIDA for cancellation with submission of necessary documents. BIDA also reserves the right to cancel the permit if any of the terms and conditions in the permit is violated.</p>

Labor Management

What are the contents of the Labor Act of Bangladesh, e.g.;	The Labor Act (2006, revised in 2013) and the Labor Rule (2015) establish a regulatory framework on labor employment, with an exception for labor in EPZ (stipulated by the separate guidelines, instructions and the EPZ Workers Welfare Association and Industrial Relations Act).
Minimum/ maximum age of labor	The Labor Rules prohibits employment of children below the age of 14, and 18 for hazardous works. Retirement age in Bangladesh is set 59 years old as of 2018.
Working time	Standard working day is capped at eight hours, with a possibility to add two hours of overtime at most and at double the normal wage. In turn, the working week is capped at 48 hours, also subject to a possibility of overtime.
Appointment policy at recruitment	The Labor Rules requires employers to present employment contract which describes the working rules, wage and allowances, tasks, and maintain a "service book" for all employees. The service book consigns not only employment history of worker, but also wages, leave taken, etc. Wages are set freely on a contractual basis, but are subject to minimum wage requirements.
Redundancy/ termination policy	Regulatory framework provides a high degree of flexibility in firing. Employers are allowed to make workers redundant without prior approval of a third party and upon a notification to the labor inspector and trade union in the company. A notice period of the minimum one month is required, and redundant workers are entitled to the minimum one month

	of wage as severance payment (as far as they work one year at least). The period may follow the contract between the employer and employee if such a contract is made.
Insurance policy	All employers of the establishment, where the certain number of labor are employed, shall initiate group insurance policy for each worker. Group insurance policy shall be applicable in case of the death of labors and their permanent disabilities. The employer can have agreement with the insurance companies approved by the government to launch the insurance policy.
Hygiene and safety for working place	The Labor Rules stipulates the provisions concerning occupational health and hygiene from the section 51 to 60. These provisions address the regulations on cleanliness, ventilation and temperature, dust and fume, disposal of wastes and effluents, overcrowding, lighting, drinking water, latrines and urinals, and dustbin and spittoon. Safety related provisions are also stipulated from the section 61 to 78, addressing fire safety, fencing of machinery, work on or near machinery in motion, handling of cranes and lifting machinery, hoist and lifts, etc.
How does the Labor Act regulate the formation of labor union?	The Constitution guarantees the right to form associations or trade unions. In turn, the Labor Act (and EPZ Workers Welfare Association and Industrial Relations Act in case of EPZs) defines a framework under which trade unions may be formed. Trade unions are mostly formed at company level and required to have a membership of at least 30% of total workers. Labor disputes are regulated in a strict manner. A number of steps must be followed from the time a dispute is raised, through initial attempt for reaching an agreement between parties, to conciliation or conclusion either in arbitration or court (if conciliation fails). Strikes or lock-outs can be legally called only within a period of 15 days after a certificate of failure in conciliation. Fully or partially foreign-owned industrial establishments are legally sheltered against strikes for a period of three years from the commencement of production. The Labor Rules also includes progressive provisions that require companies to offer participation in profits to their employees. The companies with fixed asset value of over BDT 20 million must make a tax-deductible contribution of 4% of net profits to the participation/ worker's fund with an additional 1% contribution to a welfare fund (partly to the Labor Welfare Foundation Fund operated by the Ministry of Labor and Employment).

Import Registration Certificate (IRC)

How can investors obtain ad-hoc IRC from BIDA? Can BIDA	BIDA is able to recommend the Chief Controller of Imports & Exports (CCI&F) to issue ad-hoc IRC (import entitlement) for industrial establishments (which import material, capital machinery and such for their usage).
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play a part in the IRC regularization?	<p>After receiving the application with necessary documents, BIDA arranges site inspection of the applicant's factory or plant (to confirm whether the applicant is ready to properly consume or use material and machinery to be imported), and sends a recommendation letter to CCI&F for issuance of ad-hoc IRC.</p> <p>Ad-hoc IRC shall be regularized as per the recommendation by the sponsoring authority such as BIDA. BIDA can facilitate ad-hoc industrial importers to regularize their IRC through a recommendation letter to CCI&F, when 70% of the entitled import value by ad-hoc IRC is utilized.</p>
How long does it take to process the application of IRC once approved by BIDA?	Normally it takes 15 days, if all documents are ready. It is also taken into account that application of IRC involves the site inspection of the applicant's factory or plant before issuance of recommendation to the issuing authority of IRC.

Access to Lands and Related Matters

Can BIDA help the registered investors with sourcing and ensuring the lands for industrial use?	Yes. BIDA can help the registered investors with sourcing industrial plots and facilitating access to the plots. Most of the industrial plots are owned and operated by city development authorities such as RAJUK in Dhaka, CDA in Chittagong, KDA in Khulna, RDA in Rajshahi, etc. Outside these city development authorities, BIDA can recommend a deputy commissioner of the concerned district to facilitate acquisition and allocation of the plot suitable for the industrial use.
How does BIDA assist the application of procurement of new industrial plot?	BIDA introduces the registered candidate plot for industrial use (other than those operated by BEZA/ BEPZA/ BHTPA/ BSCIC) suitable to the investors' needs, and issues the letter of recommendation for the plot allotment (to the authority of the industrial area). Interested investors need to apply for this facilitation support via a letter to the director of OSS together with copy of Investment Registration Certificate, proposed (factory) layout plan along with the desired locations and size.
Can BIDA assist the transfer of industrial plot?	BIDA's assistance to the transfer of industrial plot is available for the case of industries established in the plot leased out through the city development authorities (such as RAJUK, CDA, KDA). When industries established in such leased plots are transferred from one owner to another, BIDA can issue No-objection Certificate (NOC) concerning the transfer of the deed of lease.
Land procurement for industrial plot sometimes requires additional permit (concerned with environmental protection)	All lands fallen under the protected areas designated by the Ministry of Environment & Forest (MOEF), that are located in one km radius from these protected areas, require No-objection Certificate (NOC) from the authority. NOC may be issued depending on the nature and possible hazards of the industries which intend to establish investment there. Such lands are found in, for example, Bhawal National Park, Tangail Reserve Forests, Chittagong Hill Tracts, Kaptai National Park, etc. (see the list at http://www.bangladesh.com/national-parks).

from the government. Which lands are fallen into this type?	
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Taxation

Which country's investors may face double taxation in Bangladesh?	As of July 2018, Bangladesh enters the double taxation treaties (DTI) with 34 countries. To avail the DTI, investors need to register their investments with BIDA and then apply to National Board of Revenue (NBR) for double taxation relief.
What is the policy for income tax for foreign investor operating in Bangladesh?	Income tax regime is governed by the Income Tax Ordinance 1984 (amended annually through the Finance Act), and a number of the Statutory Regulatory Orders (SROs). The government has progressively lowered general Corporate Income Tax (CIT) rate (currently, 35% for unlisted company and 25% for listed companies except some specific sectors) over the past decades. Capital gains are taxed separately at a general rate of 15%. CIT regime is regarded as standard based on usual determination of taxable income and deductible expenses, but shows differences from other countries in the application of: i) differentiated tax rates (whether limited liability company or proprietorship business, publicly-listed or not, and depending on sector) and ii) fiscal incentives related to income taxation.
What kind of tax and duties are applicable for imported capital machinery and raw materials?	Customs Duty (CD) presents tariff rates of 2 to 5% for basic raw materials and capital goods, 10% for intermediate goods, and the top rate of 25% for final goods (mostly on products that are produced domestically) in general. Apart from CD, other duties and taxes including Regulatory Duty (RD), Supplementary Duty (SD), Value Added Tax (VAT), Advance Income Tax (AIT), Advance Trade VAT (ATV) may be imposed depending on the nature of goods for importation to Bangladesh.
Personal income tax policies	Bangladesh adopts a progressive taxation rate on personal income, which ranges from 0% to 30% (surcharge is payable by the very high net worth individuals). Personal income tax rate is to be determined by the Finance Act every fiscal year. Following is an example of personal income tax rate applicable for 2018-19 fiscal year, subject to the minimum tax depending on residing areas: Up to BDT 250,000 = Nil Up to BDT 400,000 = 10% Up to BDT 500,000 = 15% Up to BDT 600,000 = 20% Up to BDT 3,000,000 = 25% More than BDT 3,000,000 = 30%

	<p>Minimum tax (set for any individuals depending on their residing areas):</p> <p>BDT 5,000 for Dhaka and Chittagong City Corporation areas</p> <p>BDT 4,000 for other City Corporations area</p> <p>BDT 3,000 for any other areas</p> <p>Individuals can be entitled to investment tax rebates if they make eligible investments. Foreign nationals can also take benefits of double taxation avoidance treaties.</p>
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One-stop Service (OSS)

<p>What licensing services are provided to the investors by BIDA's OSS (the existing one)?</p>	<p>BIDA's OSS is to deal with several licenses/ permits and utility connections that are handled by other authorities. Currently, an online-based OSS facility is currently being developed and run on pilot basis for some following licensing:</p> <p>For start-up:</p> <ul style="list-style-type: none"> - Name clearance - Company registration - Trade license - e-TIN (Tax Identification Number) Registration - Bank account opening - Industrial project (investment) registration - Branch, liaison and representative office establishment <p>For others:</p> <ul style="list-style-type: none"> - Issuance of recommendation letter for VISA - Expatriate work permit <p>BIDA also provides facilitation support on the following licensing by placing the representative officials from the concerned authorities at BIDA's premises:</p> <ul style="list-style-type: none"> - Environmental clearance - Electricity/ gas/ water/ telephone/ internet connections - Approval for obtaining foreign borrowing
<p>Does the investors need to be registered with BIDA to access to the OSS facility?</p>	<p>The investors do not have to be registered with BIDA before accessing to the online OSS for the start-up licensing service. On the other hand, they need to be registered with BIDA to receive other licensing services than start-up one and facilitation support.</p>

Investment & Trade Agreements

Which country have entered the Investment Agreement with Bangladesh?	<p>Bangladesh has concluded Bilateral Investment Treaties (BITs) with 31 countries (Austria, Belarus, Belgium, Canada, China, Denmark, France, Germany, India, Indonesia, Iran, Italy, Japan, Korea, Malaysia, Netherland, North Korea, Pakistan, Philippines, Poland, Romania, Singapore, Sri-Lanka, Sweden, Switzerland, Thailand, Turkey, UAE, UK, USA, Uzbekistan, Vietnam).</p> <p>All BITs signed by the Bangladeshi government offer protection against expropriation and typically include non-discrimination, prompt, adequate and effective compensation. The principles of most-favored nation (MFN) and national treatment (for post-establishment, not for entry) are also granted.</p>
Is Bangladesh entering any Trade Agreement with other countries?	<p>Aside from preferential market (duty-free) access to many developed economies such as “Everything but Arms” program with EU, the generalized system of preference (GSP) with Japan and USA (but USA suspended GSP since June 2013), Bangladesh is a party to a few regional trade and economic cooperation agreements. The Bay of Bengal Initiative for Multi-Sectoral and Economic Cooperation (BIMSTEC) was established in 1997 but has made little progress in integrating the markets of its seven member countries. Further, trade integration as a result of the South Asian Free Trade Area (SAFTA) and Asian-Pacific Trade Agreement (APTA) initiatives remains limited as well.</p>

Others:

Does BIDA help with match-making between investors?	<p>BIDA on-demand basis helps (potential) foreign investors to identify and connect to potential joint-venture partners and technical collaborators, and match with local industries interested in forming collaboration in the form of joint-venture, technical assistance, technology transfer, etc.</p>
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