



Exit Options for foreign investors

**A Bangladesh tax and regulatory perspective for
divestment or exit options for foreign investors**

Contents

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Abbreviations

AGM	Annual General Meeting	IFRS	International Financial Reporting Standards
AD	Authorised Dealer	ITO 1984	Income Tax Ordinance 1984
AoA	Articles of Association	MOU	Memorandum of Understanding
BB	Bangladesh Bank	NBR	National Board of Revenue
BIDA	Bangladesh Investment Development Authority	NOC	No Objection Certificate
BO	Branch Office	RJSC	Registrar of Joint Stock Companies and Firms
DTAA	Double Taxation Avoidance Agreement	VAT	Value Added Tax
EGM	Extraordinary General Meeting		
EPZ	Export Processing Zone		
EZ	Economic Zone		
FEID	Foreign Exchange Investment Department		
FER Act 1947	Foreign Exchange Regulations Act 1947		
GFET 2018	Guidelines for Foreign Exchange Transactions 2018		
IAS	International Accounting Standards		





Investment in Bangladesh

Bangladesh is an investment friendly country and the Government highly encourages foreign investment by providing various incentives (e.g. tax holiday) across many industries and formulating policies that promote and protect such investments. Bangladesh also has Double Taxation Avoidance Agreements with 38 countries and preferential trade agreements and various bilateral agreements.

The foreign investment in Bangladesh is regulated and protected by The Foreign Private Investment (Promotion and Protection) Act, 1980. The act protects foreign investment from being expropriated or nationalised or be subject to any measures of similar nature except for a public purpose against adequate compensation. Furthermore, the legislation guarantees the transfer of capital and the returns from it and any proceeds from the liquidation of industrial undertaking having such investment.

Foreign investors can either invest in Bangladesh for a short period of time, such as a project for a short duration of time (e.g. project, branch offices, etc.), or for a longer time by forming a company under RJSC.

Foreign investors after completing their commercial objective can exit from Bangladesh by closure of their offices, transfer of their holding in Bangladesh company or by liquidating their investment as the case maybe. With respect to such exit strategy from Bangladesh, foreign investors need an easy and time efficient process.





Investment lifecycle



- Bangladesh is an investment friendly country
- The Government of Bangladesh highly encourages foreign investment by providing various incentives to the different industries.
- Foreign investment in recent years has increased gradually in industries such as infrastructure, manufacturing, service sectors and so on.



Equity investment

Equity investment is highly encouraged and protected by various legislation and are thus, the most common source of foreign investment in Bangladesh.



Debt financing

Debt financing is quite common and is usually preferred by investors to attain financial leverage and manage short-term capital needs



Asset contribution

Asset contribution is not very common as the regulatory processes are complex.



Returns during business operation

Investors earn returns in various forms from their investment in Bangladesh which commonly includes dividend, royalty, interest, technical and management fees.



Exit from Bangladesh

After completion of commercial objectives, foreign investors can exit or divest their investment in Bangladesh.

Possible exit options may include:

- Share transfer
- Business transfer
- Winding up or liquidation



Smooth wrap up of involvement in Bangladesh is achieved through compliance with following authorities as per applicable regulations:

- **BIDA**- With respect to office of closure, work permit cancellation, etc.
- **RJSC**- Share transfer authorisation, winding up of subsidiary, etc.
- **NBR**- Compliance with tax and VAT payables/dues
- **Bangladesh Bank**- Foreign exchange regulations for remittances from Bangladesh,

01

Closure of office

01 Tax and regulatory compliance

02 BIDA compliance

03 Banking formalities



In this option, the foreign investor will exit by closing its representative/liaison/branch office in Bangladesh

A cut-off date shall be selected to close the existing office. In this regard, a mass circulation regarding closure of office will have to be published at least three months before closure date.

1. Tax and regulatory compliance

1.1. Income tax compliance (approx. 8 weeks)

The branch will need to comply with all tax related compliances up to the cut-off date.

For discontinuance of operations, a notification is given to the tax authority along with the final tax returns after completion of audit report up to the cut-off date. The branch will need to obtain a tax clearance certificate from the tax authority to satisfy their tax liabilities in Bangladesh and as a prerequisite for closure of office with Bangladesh Investment Development Authority (BIDA).

After obtaining tax clearance certificates and approval from BIDA, tax registration will be cancelled.

1.2. VAT compliance

Similar to income tax, the office will need to comply with all indirect tax compliance and cancel relevant registrations, if obtained.

2. BIDA compliance (approx. 15 days)

Apply to BIDA in prescribed form for closure of operations in Bangladesh. For such application, a mass circulation regarding closure of office will have to be published at least three months before closure date. A board resolution of the head/parent office is required for closure of office in Bangladesh.

All required regulatory filings (quarterly reporting of receipts and payments accounts, tax returns, VAT returns, etc.) should be completed up to cut-off date for smooth exit from Bangladesh.

The office will be required to submit tax returns and tax clearance certificate up to cut-off date among other prescribed documents.



Tax and regulatory compliance

- Prepare and audit financial statements
- Comply with income tax and VAT, if any, compliance up to the date of closure
- Obtain tax clearance certificates up to the date of closure



BIDA compliance

- Apply to BIDA for closure of office
- Give notice for closure of office to the public at least 3 months before the cut off date
- Submit necessary documents e.g. tax returns, tax clearance certificates, NOCs from bank, suppliers, employees etc.
- Cancel work permits/visa of expatriates



Banking formalities

- Closing of operational bank accounts
- Remit surplus funds from Bangladesh

Closure of office (contd.)

Offices often employ foreign expatriates for their projects in Bangladesh. Work permits of these expatriate employees, if any, will also need to be cancelled. This will require the employees to fulfill their tax related compliances and obtain tax clearance certificates.

3. Banking formalities

After BIDA approval for closure of office, bank accounts of the office will need to be closed and remaining balances would need to be repatriated outside Bangladesh.

Bangladesh Bank has provided various circulars and guidance on remitting surplus fund of offices and savings of expatriate employees, if any. Complexity of remittance of such fund will depend on the office's compliance status of quarterly reporting, audited financial statements, amount of local profit, etc.

02

Share transfer of Bangladesh entity

01 Tax and regulatory compliance

02 Bangladesh Bank compliance

03 Company secretarial
compliance

04 Other reporting



Share transfer of Bangladesh entity

In this option, the foreign investor will exit by selling its shares in Bangladesh subsidiary

1. Tax and regulatory compliance

1.1. Capital gain tax compliance (approx. 4 to 6 weeks after fair valuation certificate)

According to section 31 of the Income Tax Ordinance 1984 (ITO 1984), any profit arising from the sale of capital asset (e.g. selling of shares in the Bangladesh entity) is subject to capital gain tax at a rate of 15%.

Capital gains are computed by deducting cost of acquisition of shares and transfer costs from consideration or fair value, whichever is higher, of the shares.

Whereas resident shareholders can pay the capital gain tax along with their annual tax returns, non-resident selling shareholders will need to comply with capital gain tax compliance before effecting the transfer of shares.

Non-residents can avail capital gain tax exemption on the basis of tax treaty and certain provisions of ITO 1984. Several tax exemption on capital gain tax has been also prescribed for power generation companies, industries in special zones, etc. A tax exemption certificate in this regard will need to be obtained which may take at least 30 days.

1.2. Fair valuation report (approx. 4 weeks)

According to paragraph 3B of Chapter 9 of the Guidelines for Foreign Exchange Transactions 2018 (GFET 2018), Bangladesh Bank's foreign exchange regulation requires that when shares of a Bangladeshi company are transferred between a non-resident to a resident, a non-resident to a non-resident or a resident to a non-resident, a fair valuation report will need to be filed to the Bangladesh Bank.

Fair valuation of the shares need to be determined as on the date of MoU for share sale-purchase agreement based on the latest audited financial statements. The fair value of the shares shall be determined as a weighted average of three valuation approaches (viz. net asset value approach, market value approach and discounted cash flow approach) or on any of the suitable approaches depending on the nature of the company, having justified ground as described in Chapter 9 of GFET 2018.

Furthermore, capital gain is computed on higher of consideration or fair value. Hence, a fair valuation report will also be needed for tax compliance. The valuation report will need to be obtained from an independent eligible valuer.



Tax and regulatory compliance

- Comply with capital gain tax compliance (obtain fair valuation report, pay capital gain tax)
- Obtain tax exemption certificate, if applicable
- Pay stamp duty for authorising the transfer of shares



Bangladesh Bank compliance

- Prior approval of Bangladesh Bank is required if a foreign shareholder sells shares to a Bangladeshi resident buyer.
- Fair valuation reports for transferred shares from independent eligible valuer is submitted to the Bangladesh Bank.
- Bangladesh entity will need to report to Bangladesh Bank within 14 days of completion of transfer of shares



Company secretarial compliance

- Effect transfer of shares by signing Form 117: *Instrument of transfer*.
- The Bangladesh entity will remove the selling shareholders and include the new shareholders in its member's register and make appropriate changes in its constitutional documents



Other reporting

- Due to change in ownership reporting to relevant regulators and tax authorities will need to be made as per respective legislation.

Share transfer of Bangladesh entity (contd.)

1.3. Indirect tax compliance

Transfer of shares are not within the scope of VAT regulations and hence, will not be subject to VAT.

Transfer of shares are subject to stamp duty payment requirements at a rate of 1.5% on the share consideration.

1.4. Payment of tax liabilities (approx. 1 to 2 weeks)

Whereas resident sellers can deposit applicable tax liabilities to the corresponding bank accounts of the tax authorities, the same is not possible for non-resident sellers.

Although National Board of Revenue (NBR) is steadily digitalising its tax collection systems, foreign payments directly to its bank accounts is still not common and tax deposit documents are not readily made available.

Hence, non-resident sellers often faced difficulty in making payment to tax authorities for their tax liabilities. However, recently several banks in Bangladesh are facilitating opening of temporary escrow accounts to collect remittance from non-residents and make onward payment to the tax authority.

Therefore, foreign sellers can avail escrow account facilities to deposit tax in Bangladesh.

1.5. Notifying tax authorities (approx. 1 to 2 weeks)

Although it is not required legally, Bangladesh entity as a customary practice can notify its change in ownership to the income tax authority.

VAT legislation has a requirement to update its VAT registration related information for change in its ownership through prescribed forms.

There is no general requirement for reporting to customs authority. However, in case of bond license a notification to the respective customs authority will need to be given.

2. Bangladesh Bank compliance

2.1. Obtain approval from Bangladesh Bank (approx. 4 to 6 weeks subject to fair valuation certificate)

In case of transfer of shares from non-resident seller to resident buyer in public limited companies not listed with the stock exchanges and private limited companies, approval from Bangladesh Bank regarding determination of the fair value of shares is required to be obtained as per the provisions of paragraph 3B of Chapter 9 of the Guidelines

for Foreign Exchange Transactions 2018.

Due to the above prior approval requirement, it is also recommended that the MoU for share sale-purchase agreement between resident buyer and non-resident seller needs to be concluded on receipt of Bangladesh Bank approval.

2.2. Report to Bangladesh Bank (approx. 1 to 2 week)

In case of transfer of share between resident seller and non-resident buyer and non-resident seller and non-resident buyer, no prior approval is needed.

However, a notification will need to be given by filing the fair valuation report as per Bangladesh Bank's guidelines, MoU for share sale-purchase agreement and Form-C for encashment of inward remittances (applies for resident seller) through an Authorised Dealer bank as stated in the FEID Circular No.-1 dated 6 May 2018 of Bangladesh Bank.

2.3. Give intimation to Bangladesh Bank (approx. 1 to 2 week)

The Bangladesh company will need to report to Bangladesh Bank within 14 days of the completing the transfer of shares through its Authorised Dealer bank in Bangladesh as per Paragraph 2B of Chapter 9 of GFET 2018.



Share transfer of Bangladesh entity (contd.)

3. Company secretarial compliance

3.1. File board meeting resolution for transfer of shares (approx. 4 to 6 week)

As per section 38 of the Companies Act 1994, for any transfer of shares of a company registered in Bangladesh, the selling shareholder will need to file an application for the transfer of shares, to the Board of Directors of Bangladesh entity. The Board will come to a special resolution for the transfer of shares subject to any pre-emptive rights requirements.

3.2. Executing instrument for transfer of shares (approx. 1 to 2 week)

After foreign exchange and tax compliances are fulfilled, the transfer of shares will be effected through Form 117: *Instrument of transfer*. The buyer and seller of shares are required to sign Form 117 along with one witness for each party. It is also a customary practice to have a representative of RJSC to be present during the signing of Form 117 for large share transfer transactions.

The Bangladeshi entity will also need to provide a Certificate of Transfer as a prima facie representation that the transfer of shares is approved by the Board. However, the title to the shares will pass after executing of Form 117 and registration with RJSC along with payment of capital gain tax, if any, and stamp duties.

3.3. Update members register, Schedule X, Form XII, etc. (approx. 4 to 6 days)

The Board of the Bangladesh entity will register the transfer of share by including the name of the transferee to the register of members after the Form 117 is provided to it. The Board will then approve the transfer of shares and issue Share Certificate to the transferee for its title to the shares and register the transferee as the member of the Board.

New board members will also need to be appointed in accordance with company regulations.

4. Other reporting

Certain regulators (e.g. EPZ/EZ regulator, employers of Government project) impose specific requirements on their registration, license and investment approvals with respect to ownership transfer. These include investments in EPZ/EZ, bond licenses, etc. Hence, as per the registration and license requirements there could be need for providing notification to the authority or obtain prior approval.

Certain industry specific regulations also impose levies on transfer of assets (e.g. telecommunication industry) which will need to be accounted for by the foreign investor.

Exit by sale of shares in Bangladesh entity would ultimately remove the selling shareholder's presence in Bangladesh

03

Share transfer of parent entity

01 Tax and regulatory compliance

02 Other reporting



Share transfer of parent entity

In this option, the foreign investor will exit by selling its shares of the parent entity of Bangladesh subsidiary

1. Tax and regulatory compliance

1.1. Capital gain tax compliance (approx. 1 to 2 weeks subject to fair valuation report)

According to section 18 of the ITO 1984, indirect transfer of shares are subject to capital gain tax in Bangladesh to the extent that the value of shares transferred of a non-resident entity is directly or indirectly attributable to the value of any assets in Bangladesh. Such indirect capital gain would be subject to tax at a rate of 15%.

Since no registration of transfer of shares are required, capital gain tax can be paid subsequent to the transfer.

Non-residents can avail capital gain tax exemption on the basis of tax treaty and certain provisions or orders of income tax legislation. A tax exemption certificate in this regard will need to be obtained which may take at least 30 days.

For computation of capital gain and payment of capital gain tax refer to our comments in page 8.

1.2. Fair Valuation Report (approx. 4 weeks)

Capital gain is computed on higher of consideration or fair value. Hence, a fair valuation report will also be needed for tax compliance.

The valuation report will need to be obtained from an independent eligible valuer.

2. Other reporting

Since the transfer of shares are of a non-resident entity, generally there are no Bangladesh Bank, RJSC or tax reporting requirements except for payment of capital gain tax, if any.



Tax and regulatory compliance

- Comply with capital gain tax compliance (obtain fair valuation report, pay capital gain tax)
- Obtain tax exemption certificate, if applicable

Exit by sale of shares of the parent entity would ultimately remove the selling shareholder's presence in Bangladesh

04

Business Transfer

01 Tax and regulatory compliance

02 Liquidation process

03 Other reporting



Business Transfer

In this option, the business undertaking will be transferred followed by winding up

1. Tax and regulatory compliance

1.1. Capital gain tax compliance (approx. 1 to 2 weeks subject to fair valuation report)

Investors can transfer the business undertaking of their Bangladesh entity and liquidate/wind up their Bangladesh entity.

Business unit/undertaking transfer results in all the assets (tangible and intangible), liabilities, contracts and employees to be transferred to the buyer. Such transfers are subject to a special capital gain tax provision in Bangladesh.

As per section 32A of ITO 1984, capital gains from the transfer of business or undertaking are computed by deducting the transfer costs and net book value of the business unit/undertaking from the higher of consideration or the fair market value. The applicable tax rate is 15%.

1.2. VAT implications (approx. 4 weeks)

Transfer of business unit/undertaking requires the transferor to pay all applicable VAT and other dues. Alternatively, the VAT authority can allow the transfer to occur without payment of VAT and other dues if the buyer provides a bank guarantee from a scheduled bank.

If business unit/undertaking is transferred not on going concern basis, VAT may be applicable on the transfers.

1.3. Fair Valuation Report (approx. 4 weeks)

Capital gain is computed on higher of consideration and fair market value. Hence, a fair valuation report will also be needed for tax compliance.

The valuation report will need to be obtained from an independent eligible valuer.

2. Liquidation process

Refer to our discussion given for Liquidation Option in the following pages

3. Other reporting

Transfer of assets will require changing legal title of assets, rights, trademarks, contracts, bank balances and employees. Fulfilling such legal compliances and documentation is a time consuming process.

Foreign investors will also need to consider industry specific regulations which may require approval from different regulators before transfer of business and liquidation of investment in Bangladesh.

Certain industry specific regulations also impose levies on transfer of assets which will need to be accounted for by the foreign investor.

05

Liquidation of
Bangladesh entity



Liquidation of Bangladesh entity

In this option, the foreign investor will liquidate or wind-up its Bangladesh entity

According to Section 234 of the Companies Act 1994, the winding up of a company may be either

1. Voluntary; or
2. By the court; or
3. Subject to the supervision of the court.

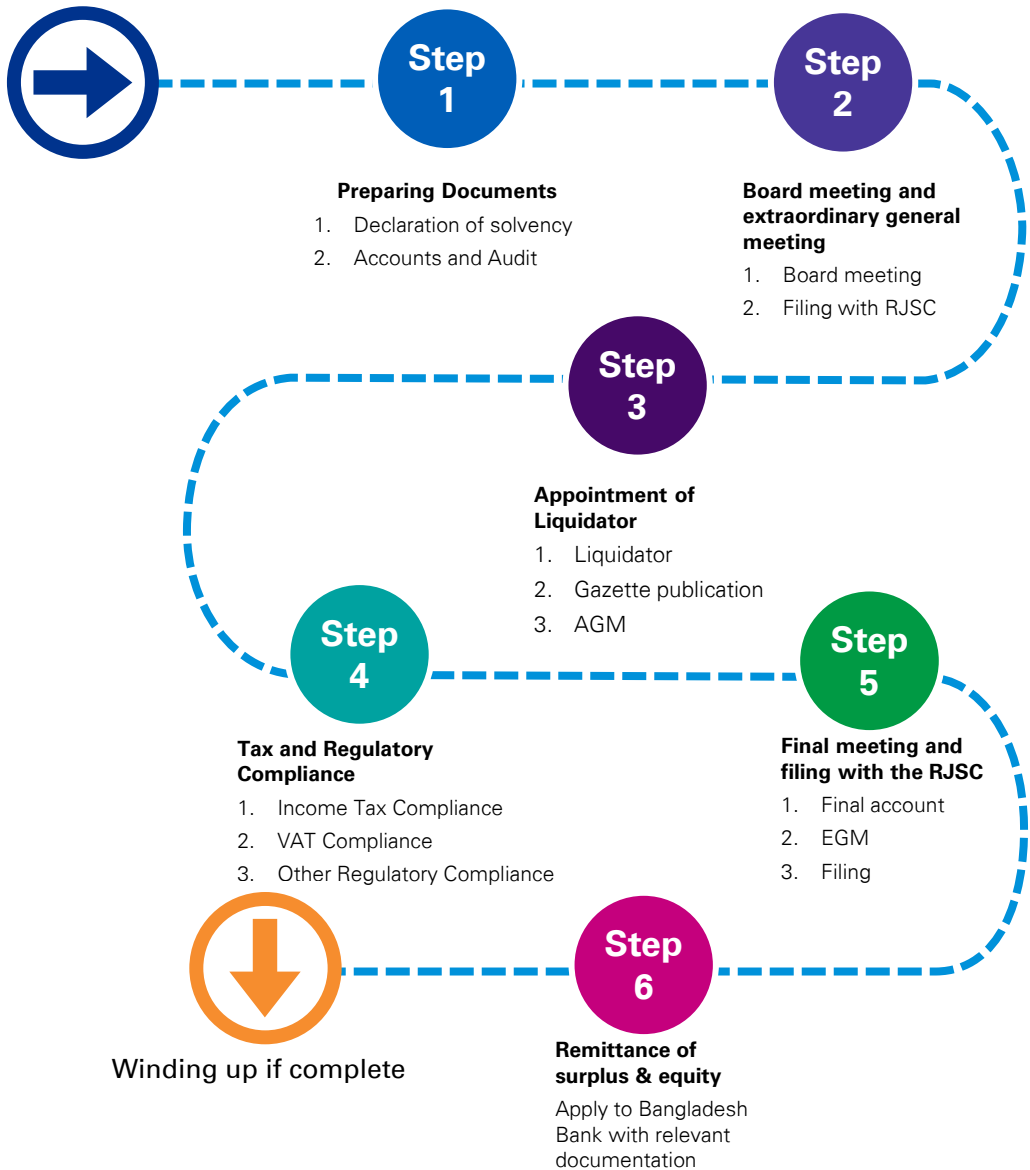
Voluntary winding up is usually undertaken by solvent companies, except in the case of creditor's voluntary winding up. Section 286 to 315 of the Companies Act 1994 further clarify the provisions regarding voluntary winding up of a company.

Voluntary	By the court	Subject to supervision of the court
— Duration of the company as per AoA is expired	— Company has taken a special resolution	— If the creditors, contributors and others apply to the court that the voluntary winding up should be done under the supervision of the court
— Special resolution for voluntary winding up	— Default made in filing the statutory report	
— Resolved by extraordinary resolution for voluntary winding up	— Company does not commence its business within a year of incorporation	
	— Unable to pay its debt	
	— Court gives opinion for winding up	

Winding up by Court or by supervision of Court is not very common in Bangladesh and is also not applicable for normal exit strategies.

Steps for voluntary winding up

Entity announces liquidation of company



Steps for voluntary winding up in details

1. First step: Preparing documents

1.1. Declaration of solvency

A declaration of solvency has to be prepared and signed by the directors as per section 290 of the Companies Act 1994. The declaration will contain statement of the company's assets and liabilities as at the latest predictable date and the declaration will also state the company has no debt or it will be able to pay its debt in full within a period not exceeding three years from the commencement of winding up.

The declaration must be verified by an affidavit.

1.2. Accounts and audit

Profit and Loss Account and audited Balance Sheet will be prepared up to the latest predictable date as mentioned above and audited. Auditor's report should be obtained.

2. Second step: Board meeting and extraordinary general meeting

2.1. Board meeting (approx. 3 to 4 weeks)

A Board meeting will be convened pursuant to the rules of Companies Act 1994 and Articles of the company. Majority of the directors should be present at the meeting. In the meeting, the directors will approve:

- a. Audited accounts;
- b. The declaration of the Directors;

The directors will also call an extraordinary general meeting for passing the special resolution to wind up the company. After the meeting, the declaration and the affidavit (prepared in the first step) should be notarized.

2.2. Filing of the declaration with the RJSC (approx. 5 to 6 weeks)

The declaration should be filed with the Registrar of Joint Stock Companies and Firms within 5 weeks from the date of the declaration.

2.3. Extraordinary general meeting (EGM)

The extraordinary general meeting will be held, and the special resolution will be passed. The special resolution will approve the –

- a. winding up;
- b. appointment of the liquidator and fix the liquidator's remuneration.

2.4. Filing with RJSC (approx. 1 to 2 weeks)

The content of the extraordinary general meeting (along with Form VIII) and the appointment of the liquidator will be filed with the RJSC.

3. Third step: Appointment of liquidator as per section 299 of the Companies Act 1994

3.1. Liquidator (approx. 3 to 4 weeks)

Immediately after the special resolution is passed, the liquidator will accept the appointment, assume office and ensure that RJSC is notified about his/her appointment.

Within thirty days after liquidator is appointed, the liquidator will give notice of his appointment as such to the Deputy Commissioner of Taxes having jurisdiction to assess the company.

3.2. Gazette publication (approx. 1 to 2 weeks)

Notice of any special resolution or extraordinary resolution for winding up a company voluntarily shall be given by the company within ten days of the passing such resolution as per section 289 of Companies Act 1994. The notice shall be given by advertisement in the official Gazette, and also in a newspaper, if any circulating in the district where the registered office of the company is situated. The appointment of the liquidator should also be mentioned in the advertisement.

3.3. AGM (if required)

In the event of the winding up continuing for more than one year, the liquidator shall arrange an Annual General Meeting of the company at the end of the first year from the commencement of the winding up and of each succeeding year, or as soon thereafter as may be convenient within ninety days, of the close of the year, and shall lay before the meeting an account of his acts and dealings and of the conduct of the winding up during the preceding year and a statement in the prescribed form containing the prescribed particulars with respect to the position of the liquidation.

4. Fourth Step: Tax and regulatory compliance

4.1. Income tax compliance

Section 89 of ITO 1984 sets out the tax implications for discontinued business. As per this section, if a business is discontinued in any financial year, a tax return will need to be filed and assessment will need to be made on the basis of the total income for the period up to the date of discontinuance.

4.2. VAT compliance

The business entity will need to satisfy all VAT obligations and cancel its VAT registration.

4.3. Other regulatory compliance

Notify respective regulators and cancel licenses and registration as applicable.

5. Fifth Step: Final meeting and filing with the RJSC

5.1. Final account

The liquidator will prepare a final account of the winding up showing how the winding up has been conducted and the assets of the company has been disposed of. Then s/he will call an extraordinary general meeting.

5.2. Extraordinary general meeting (approx. 3 to 4 weeks)

Notice of the meeting will be given by advertisement specifying the time, place and object of the meeting not less than one month before the meeting in the official gazette and also in a newspaper circulating in the district where the registered office of the company is situated.

In the extraordinary general meeting, a special resolution will be passed relating to the disposal of the books and papers of the company.

5.3. Filing (approx. 1 to 2 weeks)

A return of the winding up meeting will be filed with the Registrar of Joint Stock Companies and Firms within one week of the meeting.

After holding of the final meeting and the submission of the documents to the Registrar, the legal entity of the company will be dissolved.

5. Sixth Step: Remittance of surplus & equity

An application will need to be filed to Bangladesh Bank for approval of surplus & equity remaining after completion of winding up formalities.

The application will be accompanied by the order of the honorable Court evidencing endorsement of the amount determined to be distributed to the shareholders after paying up all the liabilities and payments as per law and a certificate issued by liquidator/official receiver/or such other person confirming that all liabilities in Bangladesh including tax claims and other statutory payment obligations have been fully paid. In this regard, there is detailed procedural notifications from Bangladesh Bank to assist investors exiting Bangladesh.

** For some steps approximate timeline can be estimated. However, the tentative time for other steps will depend on the complexity of the business and regulators and creditors involvement.*

The winding up process is significantly driven by the honorable Court which can take approximately 1 year to complete or more depending on the complexity of the business

06

Practical matters

Share transfer - a preferred approach

Share transfer is an easy and less time consuming exit strategy for foreign investors

Transfer of shares is an easy exit option from Bangladesh. Compliance of capital gain tax, Bangladesh Bank requirements and company secretarial activities are more structured compared to business transfer and winding up.

Although the buyer will assume the legacy of tax and other risks from the company in a share transfer, these risks can be mitigated through due diligence and indemnification provisions during share transfer transaction.

If buyer is unwilling to assume the legacy of Bangladesh entity, buyer can go for a business transfer/asset sale.

Business transfer/asset sale will require the seller to change the legal title of assets, rights, trademarks, contracts, bank balances and employees. Reporting and approval of banks, tax authorities and regulators may also be necessary. Fulfilling such legal compliances and documentation in such exit strategy is a time consuming process.

Winding up is not usually considered for operational companies. Hence, companies which have no commercial operation can apply for winding up which in itself is also a lengthy process.

07

Bangladesh Bank Regulations

01 Share Valuation

02 Winding Up

03 Branch office



Bangladesh Bank Regulations

Share valuation, winding up of company and repatriation of profits/ residual balance arising from Branch Office will have to comply with some regulations from Bangladesh Bank.

1. Share valuation

As per FEID circular No 1 dated 6 May 2018 prescribes regulations of transfer shares of an unlisted company. BB allows remittances up to an amount certified by a fair valuation analysis from an independent eligible valuer with respect to consideration payable by resident purchasers to non-resident sellers. For transfer of shares between non-residents parties or a non-resident buyer and resident seller there is no approval requirement. However, the fair valuation report will need to be submitted.

Such fair valuation analysis will need to be conducted on the basis of three methods recommended by BB. A weighted average of the approaches is to be used or any of the individual approaches may be chosen based on the nature of company.

The methods are as follows:

a) Asset based approach

Assuming the IAS and IFRS principles regarding fair valuation are complied with, in this approach the valuation is done by calculating net asset (total asset - total liabilities). Companies with a going concern do not generally use it due to the difficulty of valuing intangible assets and special purpose assets.

b) Market value approach

In this method, multiples like Price to Earnings (P/E), Price to Sales (P/S), etc. of comparable or similar companies (based on nature and product) are analysed to value the target company.

c) Discounted cash flow/ Income approach

This is a subjective method which is quite sensitive to future cash flows. It mainly uses Free Cash flow, terminal value and discount rate for the calculation purpose.

2. Winding up of company

As per FEID Circular No. 01, dated 5 February 2020, in case of winding up of a company by Court or by supervision of Court, the Authorised Dealers (ADs) are required to submit an application along with the Court order (which will evidence the endorsement of the amount to be distributed to the shareholders) and a certificate confirming all the liabilities (e.g. tax and other statutory claims) have been paid in Bangladesh to the FEID, BB Head Office.

For voluntary winding up, ADs will apply to FEID, BB Head Office along with all relevant documents to remit the money payable to foreign shareholders. Please refer to Appendix 2 for a list of the documents required.

3. Closure of office (BO)

Once a representative office, liaison office or branch office is closed, an application is to be made through the AD banks to BB along with relevant documents like head office Board Resolution for closure of office, audited financial statements, etc. for outward remittance of residual balances. Please refer to Appendix 3 for a list of the documents required.

As per FEID Circular 2 dated 19 September 2019, profit center branch offices which are compliant with reporting formalities under FER Act 1947 can remit profits earned and accumulated in Bangladesh to their head office through their AD banks without prior approval from BB. ADs are required to submit application (with associated documents) to FEID, BB Head Office for post facto checking within 30 days of such remittance.

08

Appendix

01 Appendix 1: Prescribed Forms

02 Appendix 2: Winding up of company

03 Appendix 1: Branch office

Appendix 1: Prescribed Forms

- 1.1** Form 117
- 1.2** Form-C
- 1.3** Form VIII
- 1.4** Form XII
- 1.5** Court Order for Winding Up
- 1.6** Filing of Court Order and Appointment of Official Liquidators
- 1.7** Filing of Court Order of Dissolution
- 1.8** Resolution for Voluntary Winding Up
- 1.9** Schedule-X
- 1.10** Re-registration of VAT for transfer of shares (Mushak-2.5)



Appendix 2: Documents required for voluntary winding up of a company

- 1 Application of repatriation of profits;
- 2 Court Order;
- 3 Certificate confirming all the liabilities have been paid;
- 4 Certificate of Incorporation;
- 5 Memorandum & Articles of Association;
- 6 Return of Allotment (Form – XV);
- 7 Latest annual summary of share capital and list of shareholders directors (Schedule-X);
- 8 Instrument of Transfer of Shares (Form –117);
- 9 Encashment Certificate in support of shares issued or transferred shares against freely convertible foreign exchange;
- 10 Authenticated copies of import permit, invoice, bill of lading/air way bill and bill of entry for issue of share against capital machinery. Payment against such import must be made from abroad;
- 11 Intimation regarding issuance/transfer of share as per Paragraph-2(A)(c) & 2(B), Chapter-9, Volume-I of Guidelines for Foreign Exchange Transactions-2018 or similar guidelines in force at the time of issuance/transfer of shares;
- 12 Latest audited financial statements;
- 13 Certified copy(ies) of Form VIII evidencing special resolution passed for voluntary liquidation and the return of final meeting from the Registrar of Joint Stock Companies and Firms (RJSC);
- 14 Liquidator’s certificate to the effect that the winding up is in accordance with the provisions of the Companies Act in force;
- 15 Liquidator’s certificate confirming that all liabilities in Bangladesh including tax claims and other statutory payment obligations, have been fully paid;
- 16 In case of winding up otherwise than by a Court, or subject to supervision of the Court a Liquidator’s certificate to the effect that there is no legal proceedings pending in any Court in Bangladesh against the company under liquidation and there is no legal impediment to permitting the remittance;
- 17 Winding up documents in accordance with the Companies Act in force;
- 18 Liquidation proceeds/distributable realized value of asset supported by latest audited financial statements of the target company;
- 19 Certification regarding overdue export proceeds and unmatched bill of entry, in case the target company is involved in export-import business;
- 20 Tax clearance certificate;
- 21 CIB report;
- 22 List of non-resident shareholder(s) to whom liquidation proceed is payable;
- 23 Undertaking by the liquidator to the effect that in case of remittance of any ineligible amount, the amount so remitted will be repatriated to Bangladesh on demand by Bangladesh Bank/the ADs;



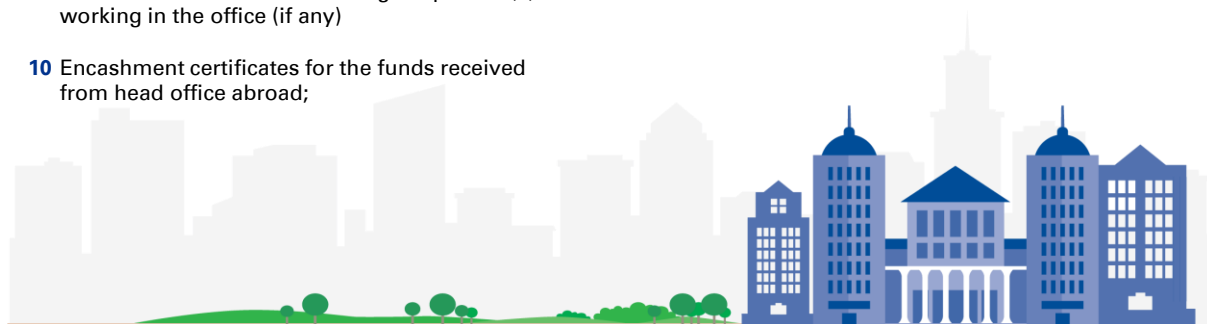
Appendix 3: Documents required for cancellation of employment visa / work permit

- 1 Resignation letter/transfer order
- 2 Release Letter
- 3 Board resolution, acceptance letter/release letter
- 4 Last Extension of work permit
- 5 Memorandum & Articles of Association
- 6 Up-to date income tax clearance certificate by mentioning last working day
- 7 First work permit letter and the last work permit
- 8 Up-to-date income tax clearance certificate for the company
- 9 Income tax certificate of the expatriate for previous three years (if applicable)
- 10 Copy of Passport (used part with the latest departure seal from Bangladesh)
- 11 Updated List of local Employees who have been trained up by the Expatriate
- 12 Copy of Air ticket



Appendix 3: Documents required to close offices and repatriate profits (applies for BOs)

- 1 Application of repatriation
- 2 Approval letter from competent authorities for closing office in Bangladesh
- 3 Approval of competent authorities waiving restrictions (if any) on outward remittance by local operation of foreign companies
- 4 Board resolution of the head office regarding the decision to close office in Bangladesh
- 5 Audited Financial Statements for the last 03 (three) years
- 6 Auditor's certificate
 - i) indicating the calculation procedure through which the remittable amount has been arrived at supported by audited financial statements of the applicant, and indicating the manner of disposal of assets;
 - ii) confirming that all liabilities in Bangladesh including arrears of gratuity and other benefits to employees etc., of the office have been either fully met or adequately provided for; and
 - iii) confirming that no income accruing from sources outside Bangladesh (including proceeds of exports) has remained un-repatriated to Bangladesh
- 7 Income tax clearance certificate of the office
- 8 Confirmation from the applicant/Head Office that no legal proceedings in any Court in Bangladesh are pending and there is no legal impediment to the remittance
- 9 Work permit cancellation and income tax clearance certificate of the foreign expatriate(s) working in the office (if any)
- 10 Encashment certificates for the funds received from head office abroad;
- 11 Public notice for office closing
- 12 Document in support of final office rent settlement
- 13 Bank statement of the office (last one year)
- 14 If the branch/liaison /representative offices availed any local loan, then CIB certificate
- 15 For project work, Award/Bills from work order given
- 16 Approval letter from competent authorities for borrowing from Head Office abroad
- 17 Any other document(s), specified by Bangladesh Bank while granting approval.
- 18 All dues settlement certificate and NOC from house owner



09

KPMG profile

About KPMG

KPMG in Bangladesh

KPMG maintains its presence in Bangladesh through Rahman Rahman Huq and KPMG Advisory Services Limited. Having been in the profession of audit, tax and advisory services for more than 50 years, we are positioned as the most trusted professional firm in Bangladesh.

KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. We operate in 147 countries and have 219,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Limited, a private English company limited by guarantee. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

KPMG Bangladesh operates through Rahman Rahman Huq, Chartered Accountants and KPMG Advisory Services Limited from offices in Dhaka and Chattogram, we are a team of over 440 people.

Rahman Rahman Huq (hereinafter referred to as "RRH/KPMG in Bangladesh" or "the Firm") is a Member Firm of KPMG International. RRH takes pride in being the first Member Firm in Bangladesh (2006) of any of the "Big 4" global audit firms. Member Firm status is the highest level of affiliation offered by such global firms. This formally establishes RRH as the premier accounting firm in Bangladesh. This status is positioned on top of our reputation built over the last half a century by providing services to our clients with sound technical knowledge, combined with uncompromising integrity, objectivity and independence.

In 1962, when Price Waterhouse Peat & Co. left Pakistan, Mr. Rezaur Rahman joined forces with two other Chartered Accountants Mr. M. Saifur Rahman and Mr. Tashfin I. Huq to form Rahman Rahman Huq.

The practice is headed by Mr. Adeeb H. Khan. All partners and directors are the members of the Institute of Chartered Accountants in England & Wales (ICAEW) and the Institute of Chartered Accountants of Bangladesh (ICAB).

KPMG Bangladesh's Advisory Services include IT Advisory, Deal Advisory and Risk & Management Consulting Services, which are manned by professionals with the qualification and experience necessary to meet the diverse needs of clients.

Our ambition is to continue to recruit the best talent, train them in an environment of technical and ethical excellence to meet the highest expectations of clients in this age of continually evolving multi-dimensional challenges.



This is KPMG and this is our story

When we unify behind our story we perform at our best.

Our Purpose, Values, Vision, Strategy and Promise combine powerfully, helping us articulate what we stand for, where we are today and where we are going in the future

This is why we're here

Inspire Confidence.
Empower Change.

This is our Purpose.

This is what we believe in

- **Integrity** | we do what is right
- **Excellence** | We never stop learning and improving.
- **Courage** | We think and act boldly.
- **Together** | We respect each other and draw strength from our differences.
- **For Better** | We do what matters.

These are our Values.

This is what we want to be

The Clear Choice:

- Our people are extraordinary
- Our clients see a difference in us
- The public trusts us

This is our Vision.

This is how we'll get there

A bold ambition to be the most trusted and trustworthy professional services firm.

Driving consistency by investing together in the same priorities:

- **Quality & integrity** | upholding the highest standards
- **Motivated people** | building a firm of extraordinary talent
- **Digital platform** | embedding technology in everything we do
- **Capabilities** | creating market-leading capabilities
- **Coverage** | building teams and solutions around clients and markets of the future
- **Delivery & distribution** | optimising how we go to market

Driving accountability by enhancing our governance and structure to deliver our Collective Strategy with confidence and conviction.

This is our Collective Strategy.

This is how we want the world to see us

With passion and purpose, we work shoulder-to-shoulder with you, integrating innovative approaches and deep expertise to deliver real results.

This is our Promise.



Contact us

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Partner

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Appendix 1.1

FORM-117

INSTRUMENT OF TRANSFER OF SHARES

Stamp
s

Name of Company _____

Transfer No _____

I/We _____ of _____

in consideration of the sum of Taka _____ paid to me/us by _____

of _____

(hereinafter called “the said Transfer”) _____ do hereby

bargain/assign and transfer the said Transferee _____

Shares of Tk. _____ each Tk. _____ paid up number from

_____ to _____ inclusive in the _____ Limited to

hold upto the said transferee his/her executors administrator and assign subject to the several

conditions on which I hold the same at the time/execution hereof and I the said transferee do

hereby agree to accept and take the said shares subjects to the conditions aforesaid.

As witness out hands this _____ day of _____ 2003

Signed by the above named

In the presence of :

Signature of Transferor

(i) Witness to :

Sign, here :

Occupation :

Address :

Signed by the above named

in the presence of :

Signature of Transferee

(ii) Witness of :

Sign, here :

Occupation :

Address :

Approved –vide resolution of the board of Director in the meeting held on _____

Chairman/Mg. Director/Director

Appendix 1.2

FORM-C

DECLARATION FOR REMITTANCE RECEIVED FROM FOREIGN COUNTRY OF AMOUNT EXCEEDING USD 10,000 OR EQUIVALENT

I/We do hereby declare that I/we have received remittance of

(Amount and Currency in figures and in words)

_____ remitted or

to be remitted by _____ on account of _____
(name and address of remitting bank)

_____ for the purpose of _____
name and address of remitter) (purpose of remittance)

(Name of Applicant)

Nationality _____

Date

Address _____

Signature and Stamp of the applicant

From-C : Inward Remittance exceeding USD 10,000 (Ten thousand) or equivalent.

Month	Country of Ordering Customers				Purpose			Amount in (State Currency)						

_____ Coded by

_____ Checked by

Purpose of remittance _____

We hereby certify that we are satisfied as to the identity of the applicant and that we have seen documentary evidence which satisfies us as to the bonafides of the declaration made on this form.

Date

Signature and Stamp of the
Authorised Dealer

Contd, P/2

(Space for use by the Bangladesh Bank)

BANGLADESH BANK
Foreign Exchange Policy Department

Date

Assistant Director

Note: Full details must be given for all remittances which are of capital nature. In the case of amounts for investment in Bangladesh in shares or business, the reasons why the investment is required must be clearly indicated. In the case of the remittance of the sale proceeds of securities the name of the true owner of the securities must be given and also the approximate date of purchase.

Inward ID		
AD Code	Ref.	Year

Outward Reference		
AD Code	Ref.	Year

Appendix 1.3

Form-VIII

Special Resolution / Extraordinary Resolution
of the

_____ Company
Limited

Regd. Office _____

Regd. No _____

THE COMPANIES ACT, 1994
See Section 88 (1)

Date of dispatch of notice specifying the
intention to propose the resolution as a special
Resolution / Extraordinary Resolution.

Passes _____ 19 _____

Name of Company _____

Presented for filing by _____

To the Registrar of Joint Stock Companies _____.

At a general meeting of the members of the said Company duly conveyed
held at _____ in the town of _____ on the _____
day of _____ 19_____ the following special resolution / extraordinary resolution
_____ was duly passed.

Resolved _____ that

Signature

Designation

(State whether Director, Manager, Secretary or other Officer of the Company)

Dated this _____ day of _____ 20_____

Appendix 1.4

FORM XII

PARTICULARS OF THE DIRECTORS, MANAGER AND MANAGING AGENTS AND OF ANY THEREIN

Name of the Company _____
 Presented for Filing by _____.

The present Names or Names and Surnames (a)	Any former Name or Names or Surnames	Nationality	Nationality of Origin (Other than the present Nationality)	Usual Residential Address	Other business, occupation and Directorship, in any, if none, state so (b)	Date of Appointment or Change	Changes (c)

Dated of the _____ day of _____
 (Signature)
 Designation
 (State whether Director, Managing or Managing Agents)

(a) in the ----- of a Corporation its corporate name and registered or principal office should be shown. (b) In the case of an individual who has no business occupation but any other Directorship or Directorships ----- of the directorship or some of these Directorship must be entered, A complete list of the Directors, Manager, Managing Agents shown as existing in the last particulars delivered should always be given. (c) A note of the change the last list should be made in this column by placing against a new Director's name the words in place of -----by writing against a new Director, name the words "deed"----- to be as the case may be, (d) In case of a firm the full name address and nationality of each partner and the date o

Appendix 1.5

Court Order for Winding Up

A. General Information

1. Name of the Entity :
2. Entity Type :
3. Registration No :
4. Type of Winding Up :

B. Court Order

1. Date of Filing to the Registrar :

2. Name of the Petitioner(s) to the Court

SI	Name	Address	Description or Occupation

3. Name of the Court :
4. Date of Petition to the Court :
5. Date of Winding Up Order By :
6. Name of Official Liquidator(s)

SI	Name	Address	Description or Occupation
		<%=l_tbc2.address%>	<%=l_tbc2.description%>

--	--	--	--

C. Presented for Filing by

1. Name :
2. Position :
3. Organization :
4. Address :
5. District :

Appendix 1.6

Office of the Registrar of Joint Stock Companies and Firms

Filing of Court Order and Appointment of Official Liquidators

A. General Information

1. Name of the Entity :
2. Entity Type :
3. Registration No :
4. RJSC Office :
5. Mode of Winding Up :

B. Court Order and Official Liquidator (s)

1. Name of the Petitioner (s) to the Court*

SI	Name	Address	Description of Occupation

2. Name of the Court* :

3. Date of Petition to the Court* :

4. Date of Winding Up Order By Court* :

5. Name of Official Liquidator (s)

SI	Name	Address	Description of Occupation	Added or Removed

6. Date of Filing* (To the Registrar) :
(Within 30 Days of the Order)

C. Presented for Filing by

- 1. Name* :
 - 2. Position* :
 - 3. Organization :
 - 4. Address :
- District :

* Required information for complete submission

Appendix 1.7

Office of the Registrar of Joint Stock Companies and Firms

Filing of Court Order of Dissolution

A. General Information

1. Name of the Entity :
2. Entity Type :
3. Registration No :
4. RJSC Office :
5. Mode of Winding Up :

B. Court Order of Dissolution

1. Dissolution Order Date* :
(Effective Date of Dissolution)
2. Date of Filing* :
(within 15 days of the Dissolution Order)

C. Presented for Filing by

1. Name* :
 2. Position* :
 3. Organization :
 4. Address :
- District :

* Required information for complete submission

Appendix 1.8

Resolution for Voluntary Winding Up

A. General Information

1. Name of the Entity :
2. Entity Type :
3. Registration No :
4. Type of Winding Up :

B. Resolution for Members Voluntary Winding Up, Notices, Declaration and Appointment of Liquidator

1. Filing Date (to the Register) :
2. Dispatch Date of notice of Winding Up Meeting :
3. Resolution Date (date of Commencement of Winding Up) :
4. Venue of the Winding Up Meeting :
District :
5. Name of Liquidator(s)

SI	Name	Address	Description or Occupation

6. Liquidator Appointment Date :

C. Presented for Filing by

1. Name :
2. Position :
3. Organization :

4. Address

:

20. Names and Addresses of the persons who are the Directors of the **Limited** on the day of19.....

Name	Address

21. Names and Addresses of the persons who are the Managing Director, Managing Agents or Managers and Auditors of the **Limited** on the day of19.....

Name	Address

- I do hereby certify that --
- a) The above list and Summary truly and correctly states the facts as they stood on the day of19.....
 - b) The Company has not since the date of its incorporation last Return issued any invitation to the public to subscribe for any shares or debentures of the Company (in case of private company); and
 - c) The excess of the number of its members beyond fifty shown in the list are the persons who are in the employment for the Company, (in case of private company).

Signature

Appendix 1.10

বাংলাদেশের নতুন ভ্যাট অধ্যায় ৫: মূসক ও এসডি বিধিমালা, ২০১৬

৩০১



গণপ্রজাতন্ত্রী বাংলাদেশ সরকার
জাতীয় রাজস্ব বোর্ড

মূসক-২.৫।

নিবন্ধন/তালিকাভুক্তি পরবর্তী তথ্যের পরিবর্তন বা নতুন তথ্য সংযোজন [*] অবহিতকরণ
[বিধি ১২ এর উপ-বিধি (২) দ্রষ্টব্য]

ব্যবসায় সনাক্তকরণ সংখ্যা	:
আবেদনকারীর নাম	:
তথ্য পরিবর্তনের তারিখ	:
আবেদন দাখিলের তারিখ	:

(১) তথ্য পরিবর্তনের ক্ষেত্রে ব্যবহার্য

তথ্যের শিরোনাম	বর্তমান তথ্য	পরিবর্তিত তথ্য

(২) নতুন তথ্য সংযোজনের ক্ষেত্রে ব্যবহার্য

তথ্যের শিরোনাম	নতুন সংযোজিত তথ্য

(৩) তথ্য বিয়োজনের ক্ষেত্রে ব্যবহার্য

তথ্যের শিরোনাম	বিয়োজিত তথ্য

ঘোষণা

আমি ঘোষণা করিতেছি যে, এই আবেদনে প্রদত্ত তথ্য সর্বোত্তমভাবে সম্পূর্ণ, সত্য ও নির্ভুল।

নাম :

পদবি :

স্বাক্ষর ও সীল

[*]

^১ মূসক এসআরও নং-০২, তারিখ: ০১/০৬/২০১৭ [মূল “মূসক-২.৫” বিলুপ্ত এবং “মূসক-২.৬” নতুন করে “মূসক-২.৫” হিসেবে সংখ্যায়িত]

^২ মূসক এসআরও নং-১৬০, তারিখ: ২৯/০৬/২০২১

^৩ মূসক এসআরও নং-০২, তারিখ: ০১/০৬/২০১৭ [মূসক-২.৭ বিলুপ্ত]