

Economic Zone (EZ): Income Tax Exemption

Presented by

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Economic Zone (EZ)

**SRO 244-Aain/Aikor-38/2024
dated 27 June 2024**

(Exemption from Income Tax)



- **Income**
- **Period**
- **Percentage**

- **Effective date**
- **Repealed SROs**

Exemption	Income from Business operated in EZ
Period of Exemption	For 10 years from the date of commencement of business operation
% of Exemption	• 100% for the 1st, 2nd, and 3rd year • 80% for the 4th year • 70% for the 5th year • 60% for the 6th year • 50% for the 7th year • 40% for the 8th year • 30% for the 9th year • 20% for the 10th year
Effective date of SRO	01 July 2024
Repealed SROs	• SRO 104-Aain/Aikor/2020 dated 25 March 2020 • SRO 159-Aain/Aikor-34/2024 dated 29 May 2024

Applicability

- SRO No. 244 dated 27 June 2024 is mainly **applicable to companies** started business operation or entered into agreement with EZ **after 30 June 2024**
- **Exemption applicable to income earned from business operated in EZ** by entity operating in EZ for **manufacturing goods or rendering services**
- **Exemption not applicable to** income earned from **manufacturing daily necessary products including edible oil, sugar, flour and production of cement, iron and ferrous products** by entities in EZ;
- **Waiving certain conditions** (detailed in separate slide), SRO No. 244 dated 27 June 2024, is also applicable for:
 - the industry or its units established in EZ which **started business by 30 June 2024**
 - entities entered into **agreement with EZ by 30 June 2024 to establish industry or industrial unit in EZ**

Certain Conditions

Certain Conditions	Not applicable to
- Entity is to be approved by NBR satisfying all the conditions stated in SRO No. 244 dated 27 June 2024; Newly incorporated company (not a unit of an existing company); - Company born/created not as a result of restructure, merger, demerger of existing business; Plant & machinery already used in Bangladesh shall not be used for establishing industrial unit in EZ; Operation of any industrial unit outside EZ is not allowed and must be located entirely in the said area; Commercial enterprise/trading company not allowed; - Worth considering suitable for exemption by NBR	- the industry or its units established in EZ which started business by 30 June 2024 - entities entered into agreement with EZ by 30 June 2024 to establish industry or industrial unit in EZ

Common Conditions

- **No exemption for** manufacturing daily necessary products including edible oil, sugar, flour and production of cement, iron and ferrous products by entities in EZ;
- **Reduced rates allowed for 10 years** from the year of commencement of business operation;
- Cancellation of exemption by NBR due to non-compliance of any condition;
- Compliance with **section 76 (5) & (6) and other provisions** of the ITA, 2023;
- If penalized by government in an IY due to **violation of environmental laws**, exemption won't be allowed for relevant AY;
- **Deadline for commencement of business operation is 30 June 2035** for availing exemption facilities.

*** Explanation:

“Commencement of business operation” means the day on which the entity receives or starts earning income from business.

Other SROs related to EZ

SROs	Beneficiary	Exemption	Summary of Provisions
SRO 227-Aain/Aikor/2015 dated 08 July 2015	EZ Developer Company	All kinds of income arising from business activities carried out in EZ	Exemption: • 1st 10 years: 100% • 11th year: 70% • 12th year: 30% Conditions: • Company status • Obtaining TIN • Maintenance of accounts u/s 35 of the ITO, 1984 • Submission of return u/s 75 of the ITO, 1984

Repealed by:

SRO # 157-Aain/Aikor-32/2024 dated 29 May 2024.

Revived by:

SRO # 254-Aain/Aikor-44/2024 dated 27 June 2024.

Other SROs related to EZ

SROs	Beneficiary	Exemption	Summary of Provisions
SRO 298-Aain/Aikor/2015 dated 08 October 2015	Foreign Expatriates having Technical Knowledge appointed by a company operating for manufacturing goods or rendering services in EZ	Income of such Foreign Expatriates	Exemption: 50% for 3 years from appointment Conditions: - Exemption allowed for 5 years from commencement of commercial operation - Obtaining TIN - Submission of return u/s 75 of the ITO, 1984

Repealed by:

SRO # 157-Aain/Aikor-32/2024 dated 29 May 2024.

Revived by:

SRO # 254-Aain/Aikor-44/2024 dated 27 June 2024.

Other SROs related to EZ

SROs	Beneficiary	Exemption	Summary of Provisions
SRO 299-Aain/Aikor/2015 dated 08 October 2015	Shareholders of a Company operating for Manufacturing goods and rendering Services in EZ and renderer of certain services to the said company	- Dividend declared by such Company - Capital gain from transfer of share of such Company - Royalties/TKH/ Technical Assistance Fee	Exemption: Exemption for 10 years from commencement of commercial operation. Conditions: - Obtaining TIN - Submission of return u/s 75 of the ITO, 1984

Repealed by:

SRO 157-Aain/Aikor-32/2024 dated 29 May 2024.

Revived by:

SRO 254-Aain/Aikor-44/2024 dated 27 June 2024.

Thank you



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