H A N D B O O K

o n

VAT Deduction at Source

(VDS)

& VAT Rates

Financial Year 2026–27

VDS Rules · Service VAT · Reduced Rates · VAT Exemptions

P R E P A R E D B Y
FMG Chartered Accountants

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CONTENTS

VAT Deduction at Source · VAT Rates

PART I

Practical Guidelines for VAT Deduction at Source

1. Legal basis and effective date

The Value Added Tax Deduction and Collection at Source Rules, 2025 were issued by S.R.O. No. 182-Law/2025/310-VAT dated 27 May 2025 under sections 49, 127B and 135 of the Value Added Tax and Supplementary Duty Act, 2012. The Rules were amended by S.R.O. No. 140-Law/2026/345-VAT dated 7 June 2026 and S.R.O. No. 258-Law/2026/358-VAT dated 30 June 2026. The amendments relevant to this publication apply from 1 July 2026.

2. Who is a withholding entity

For the purposes of the VDS Rules, a withholding entity (উৎসে কর্তনকারী সত্তা) includes the following persons and organisations:

- **Government** and any ministry, division or department;
- **A semi-government or autonomous body,** state-owned entity, local authority, council or similar body;
- **An NGO** approved by the NGO Affairs Bureau or the organisation approved by the Department of Social Services;
- **A bank, insurance company** or similar financial institution;
- **An educational institution** at the secondary or higher level;
- **A limited company;** and
- **Any person or organisation** whose annual turnover exceeds BDT 10 crore.

3. The core VDS decision rule

Two questions settle almost every case: what is being supplied, and who is supplying it. The two flowcharts below encode the full logic of the Rules, the first for services, the second for goods. Read them together with the mandatory-service list in Para 4.

Figure 1 · VDS decision logic for a supply of services

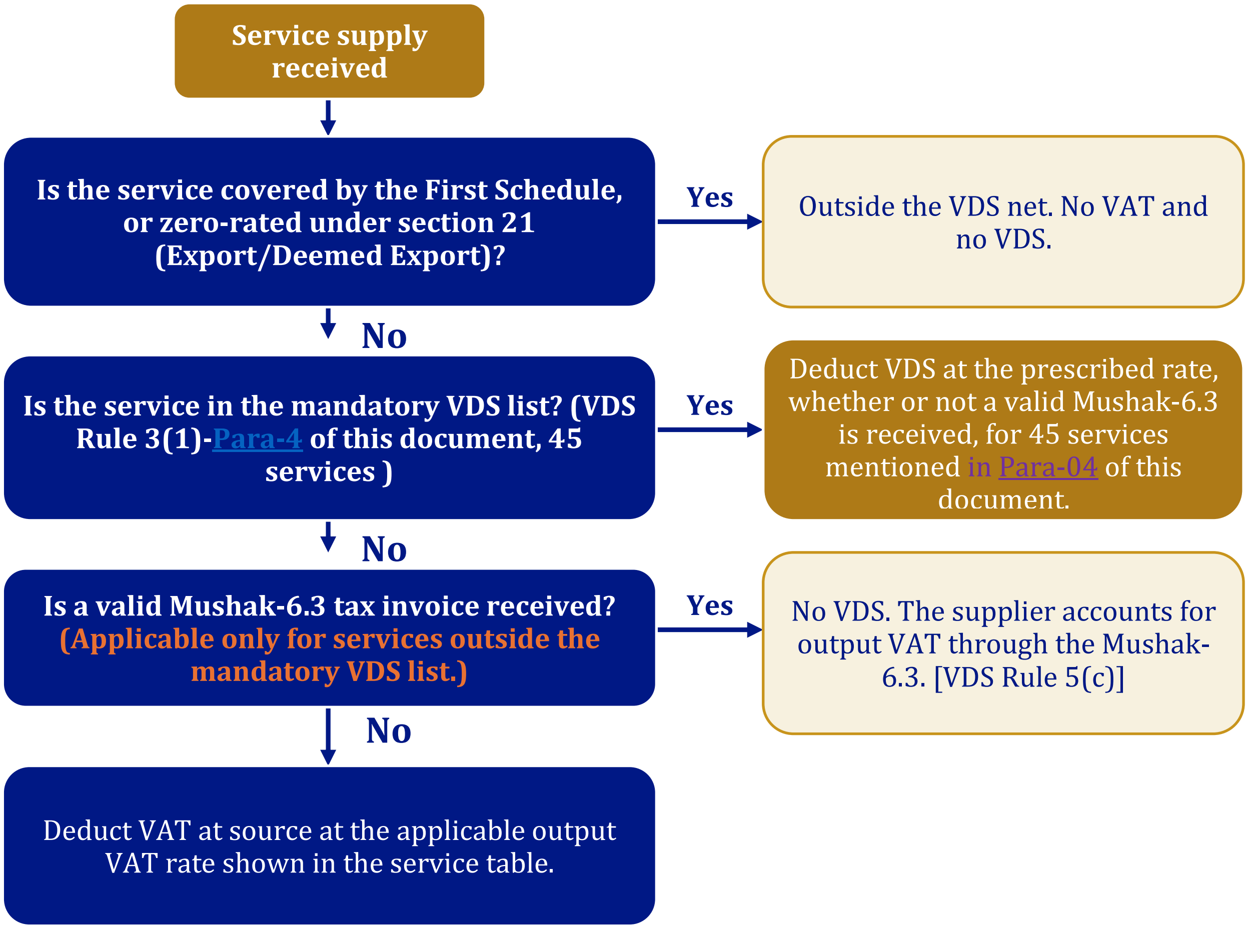

Figure 2 · VDS decision logic for a supply of goods

Supply of goods received

↓

Is it a First Schedule supply, or fuel oil, gas, WASA water, electricity, telephone or mobile bill?

Yes → No VDS. Outside the VDS net. [VDS Rule 5(d)]

↓ **No**

If NO, identify the supplier and apply:

Supplier	If the condition is met	Otherwise (Mushak 6.3) is not received and other condition is not met.
Manufacturer	Mushak-6.3 received with applicable VAT amount (15%, reduced, or specific VAT): **No VDS.** [VDS Rule 5(a)]	Deduct VAT at source at the applicable rate of the goods.
Trader at 15% VAT	Mushak-6.3 at 15% VAT plus certificate regarding submission of regular VAT return in eVAT system or VAT honour card: **No VDS**. [Rule 5(b), 4(2)]	VDS as a procurement provider at the applicable rate.
Procurement provider	Supply of goods mentioned in First Schedule: **Outside VDS**.	Otherwise: Deduct VAT at 10% whether Mushak 6.3 is received or not as it is included in the mandatory deduction list under Para-4.

Note: *A registered manufacturer is not regarded as a procurement provider in respect of procurements made for its own manufacturing activities. A trader supplying goods through Mushak- 6.3 at 15% is not treated as a procurement provider, subject to the documentary conditions [VDS Rule 4(2), as amended].*

Figure-03: VDS & VAT review — nine control points

VDS & VAT review — nine control points

Steps 1–6 assess the supply · Steps 7–9 carry out and evidence the deduction

1. Identify the supply Goods, service, imported service, rent, licence or permit, or a compound supply.	**2. Check the First Schedule** If the supply is covered under 1st schedule, there is no VAT and no VDS. Stop here.	**3. Check the S.R.O. exemption** Verify the exemption stage, H.S. code/ Service Code, description, person.
4. Check the Third Schedule Determine the output VAT rate or the specific VAT amount payable.	**5. Check VDS Rule 3(1)** Determine whether mandatory VDS applies for 45 services, and at what rate.	**6. Review the invoice** Check the Mushak-6.3, VAT rate, VAT base.
7. Deposit and report **VAT Registered entity:** VDS will report as increasing adjustment in VAT return. **VAT Unregistered entity:** treasury deposit within 15 days of payment.	**8. Issue Mushak-6.6** Issue Mushak 6.6 within 3 working days of submission of VAT return or deposit to government treasury.	**9. Supplier adjustment** Decreasing adjustment only after receiving Mushak-6.6, in that tax period or the following six tax period.

4. Mandatory VDS services, VDS Rule 3(1)

The ***services below Table-01*** are subject to mandatory VDS under Rule 3(1): the withholding entity must deduct at the ***prescribed rate whether or not a Mushak-6.3 is received.*** After the amendments made by S.R.O. 140/2026 and S.R.O. 258/2026, the table runs to 45 serial numbers covering 48 service codes (serial 01 and serial 06 each carry more than one code).

Table-01

Sl.	Service code	Name (English)	Name (বাংলা)	VDS rate	SRO 127/2026 & 255/2026 exemption note
	S001.00	Hotel — air-conditioned	এসি হোটেল	15%	
	S001.10	Hotel — non-air-conditioned	নন-এসি হোটেল	10%	

Sl.	Service code	Name (English)	Name (বাংলা)	VDS rate	SRO 127/2026 & 255/2026 exemption note
01	S001.20	Restaurant (Restaurants (excluding restaurants located in three-star or higher residential hotels listed by the Ministry of Civil Aviation and Tourism, restaurants located in hotels with a liquor bar, and restaurants with a liquor bar)	রেস্তোরাঁ	5%	Temporary hotels without an enclosure, without an electric fan and with no more than two electric lights are exempt.
02	S002.00	Decorators and caterers	ডেকোরেটরস ও ক্যাটারার্স	15%	
03	S003.10	Motor garage and workshop	মোটর গাড়ির গ্যারেজ ও ওয়ার্কশপ	10%	
04	S003.20	Dockyard	ডকইয়ার্ড	15%	
05	S004.00	Construction firm	নির্মাণ সংস্থা	10%	a) Construction under contracts signed on or before 30 June 1991; b) Tenders invited by 30 June 1991 with contracts signed by 30 June 1993 and; c)For contracts signed before 30 June 2025, VAT above 7.5% is exempt.
06	S007.00	Advertising firm	বিজ্ঞাপন সংস্থা	15%	Charges for publishing death notices in newspapers are exempt.
	S007.20	Online advertisement	অনলাইন বিজ্ঞাপন	5%	
07	S008.10	Printing press	ছাপাখানা	15%	Printing charges for books, periodicals and educational materials for students are exempt.
08	S009.00	Auctioning firm	নিলামকারী সংস্থা	15%	

Sl.	Service code	Name (English)	Name (বাংলা)	VDS rate	SRO 127/2026 & 255/2026 exemption note
09	S010.10	Land development agency	ভূমি উন্নয়ন সংস্থা	2%	
10	S010.20	Building construction firm a) 1 to 1600 Sq ft. b) Above 1601 Sq ft c) Any other size for reregistration	ভবন নির্মাণ সংস্থা	a) 2% b)4.5% c)2%	
11	S014.00	Indenting organisation	ইনডেন্টিং সংস্থা	15%	
12	S015.10	Freight forwarder	ফ্রেইট ফরোয়ার্ডার্স	15%	
13	S017.00	Community centre	কমিউনিটি সেন্টার	15%	
14	S020.00	Survey company	জরিপ সংস্থা	15%	
15	S021.00	Plant & capital machinery rental	প্ল্যান্ট বা মূলধনী যন্ত্রপাতি ভাড়া প্রদানকারী সংস্থা	15%	
16	S024.00	**(a)Furniture manufacturers** (VAT rate 15% if supplied directly from the manufacturer's factory to the consumer)	**(ক)আসবাবপত্রের উৎপাদক** (উৎপাদক কারখানা হইতে সরাসরি ভোক্তার নিকট সরবরাহ করিলে মূসক হার ১৫%)	7.5%	
		(b)Furniture sales centre (subject to 7.5% VAT payment invoice at the production stage, otherwise VAT rate 15%)	**(খ) আসবাবপত্রের বিপণন কেন্দ্র** (উৎপাদন পর্যায়ে ৭.৫% মূসক পরিশোধের চালান থাকা সাপেক্ষে অন্যথায় মূসক হার ১৫%)	7.5%	
17	S028.00	Courier & express mail service	কুরিয়ার ও এক্সপ্রেস মেইল সার্ভিস	15%	
18	S031.00	Repair & servicing centre	পণ্যের বিনিময়ে করযোগ্য পণ্য মেরামত বা সার্ভিসিং এর কাজে নিয়োজিত ব্যক্তি, প্রতিষ্ঠান বা সংস্থা	15%	
19	S032.00	Consultancy & supervisory firm	কনসালটেন্সি ও সুপারভাইজরি ফার্ম	15%	Personal services rendered by a computer expert are exempt.

Sl.	Service code	Name (English)	Name (বাংলা)	VDS rate	SRO 127/2026 & 255/2026 exemption note
20	S033.00	Lessor (Izaradar)	ইজারাদার	15%	
21	S034.00	Audit & accounting firm	অডিট ও অ্যাকাউন্টিং ফার্ম	15%	
22	S037.00	Procurement provider	যোগানদার	10%	Exempt procurement-provider supplies include a) school tiffin b) NCTB textbooks for primary, secondary and similar level against work orders; c) Cotton; d) Waste and scrap paper; e) glass cullet; f) plastic waste; g)Bones for gelatin capsules; h) Local scrap for steel mills and foundries; i) Jute goods; j) Used batteries; k) Local aluminium scrap to manufacturers; m) Supply of sorted or unsorted garment waste n) heart ring/stents; and o) Eye intraocular lenses. p) Supply of all kinds of fish
23	S040.00	Security service	নিরাপত্তা সেবা	15%	
24	S043.00	Television & online broadcasting programme supplier	টেলিভিশন ও অনলাইন সম্প্রচার মাধ্যমে অনুষ্ঠান সরবরাহকারী	15%	
25	S045.00	Lawyer / legal consultant	আইন পরামর্শক	15%	
26	S048.00	Transport contractor	পরিবহন ঠিকাদার	a) 5% petroleum b) 15% for others	Transport-contractor service relating only to the carriage of food grains is exempt.
27	S049.00	Rent-a-car (Excluding Taxicab)	যানবাহন ভাড়া প্রদানকারী	15%	

Sl.	Service code	Name (English)	Name (বাংলা)	VDS rate	SRO 127/2026 & 255/2026 exemption note
28	S050.10	Architect, interior designer / decorator	স্থপতি, ইন্টেরিয়র ডিজাইনার বা ডেকোরেটর	15%	
29	S050.20	Graphic designer	গ্রাফিক ডিজাইনার	15%	
30	S051.00	Engineering firm	ইঞ্জিনিয়ারিং ফার্ম	15%	
31	S052.00	Sound & lighting equipment rental	শব্দ ও আলোক সরঞ্জাম ভাড়া প্রদানকারী	15%	
32	S053.00	Participant in a company board meeting	বোর্ড সভায় যোগদানকারী	15%	
33	S054.00	Advertisement via satellite channel	উপগ্রহ চ্যানেলের মাধ্যমে বিজ্ঞাপন প্রচারকারী	15%	
34	S058.00	Chartered aircraft / helicopter rental	চার্টার্ড বিমান বা হেলিকপ্টার ভাড়া প্রদানকারী	15%	
35	S060.00	Purchaser of auctioned goods	নিলামকৃত পণ্যের ক্রেতা	15%	
36	S065.00	Building / floor / premises cleaning & maintenance	ভবন, মেঝে ও অঙ্গান পরিষ্কার বা রক্ষণাবেক্ষণকারী সংস্থা	15%	
37	S066.00	Lottery ticket seller	লটারির টিকিট বিক্রয়কারী	15%	
38	S067.00	Immigration adviser	ইমিগ্রেশন উপদেষ্টা	15%	
39	S071.00	Programme / event organiser	অনুষ্ঠান আয়োজক	15%	
40	S072.00	Manpower supply or management agency	মানব সম্পদ সরবরাহ বা ব্যবস্থাপনা প্রতিষ্ঠান	15%	
41	S083.00	Semiconductor assembly, testing & packaging	সেমিকন্ডাক্টর অ্যাসেম্বলি, টেস্টিং ও প্যাকেজিং সেবা	15%	
42	S099.10	Information Technology Enabled Services (ITES)	তথ্য-প্রযুক্তি নির্ভর সেবা	5%	

Sl.	Service code	Name (English)	Name (বাংলা)	VDS rate	SRO 127/2026 & 255/2026 exemption note
43	S099.20	Other miscellaneous services	অন্যান্য বিবিধ সেবা	15%	a) Exemptions cover dyeing, printing, finishing and calendaring of grey fabric; b) Lease rent of passenger aircraft; c)Content-creator and freelancer services up to 30 June 2029.
44	S099.30	Sponsorship services	স্পন্সরশিপ সেবা	15%	
45	S099.50	Credit rating agency	ক্রেডিট রেটিং এজেন্সি	15%	

5. Imported services, VDS Rule 3(2) to (3A)

- **VAT registered or unregistered importer.** Where a person imports a service from a non-resident supplier, the authorized dealer (AD) bank processing the foreign remittance shall collect or deduct VAT at the standard rate of **15%** at the time of remittance. The bank shall deposit the VAT into the Government Treasury using the importer's respective VAT Circle and the prescribed economic code. [VDS Rule 3(a)].
- **Reporting.** The registered importer reports the imported service as output tax and may report input tax only where credit is permitted under section 46. The treasury payment is reported in the prescribed treasury-deposit field of the return, Part-9, Note 58 of VAT return [VDS Rule 3(3A)].

6. Licences, permits, registration and revenue-sharing, VDS Rule 3(4)

Government, semi-government and autonomous bodies, local authorities and any licensing, permit or registration authority must collect VAT at 15% on fees and on amounts received as revenue share, royalty, commission, charge or similar consideration in connection with a licence, registration or permit [VDS Rule 3(4)].

7. Space and structure rent, VDS Rule 3(5)

The tenant must pay VAT at 15% through A-Chalan or e-payment and report the payment evidence in the prescribed treasury-deposit field of the return [VDS Rule 3(5)]. Before paying, the tenant must check whether a specific exemption under S.R.O. No. 127/2026 applies — the principal rent exemptions are set out against S074.00 in Table-02.

8. Procurement provider, VDS Rule 2(1)(f) and VDS Rule 4

- **Definition.** A procurement provider (যোগানদার) is broadly a person, other than a registered manufacturer, who supplies taxable goods, services or both to a withholding entity through a quotation, tender, work order, or similar arrangement [Rule 2(1)(f)].
- **First Schedule supply.** A First Schedule supply is outside the definition and outside VAT and VDS.

- **SRO-exempt supply.** An SRO-exempt supply made by a procurement provider remains subject to procurement-provider VDS unless the SRO expressly exempts that supply when made by a procurement provider [VDS Rule 4(1)].
- **Manufacturer.** A registered manufacturer is not treated as a procurement provider for its own manufacturing supply.
- **Trader at 15%.** A trader supplying goods through Mushak-6.3 at 15% is not treated as a procurement provider, subject to providing the prescribed certificate from eVAT system regarding regular-return submission or VAT-honour card. [VDS Rule 4(2), as amended].

9. Cases where VDS is not applicable, VDS Rule 5

No VDS is applicable in the following cases:

- **A manufacturer** supplies goods through Mushak-6.3 showing 15% VAT, a valid reduced rate or a valid VAT specific amount.
- **A trader** supplies goods through Mushak-6.3 at 15% and provides the prescribed certificate from eVAT system regarding regular-return submission or VAT-honour card; where that cannot reasonably be produced, the divisional officer's certificate must be provided.
- **Service out of list mentioned in Table-01 (Excluding mandatory VAT deduction list)** that ***means service mentioned in Table-02*** is supplied through a valid Mushak-6.3.
- **Utility bills** — payment for fuel oil, gas, WASA water, electricity, telephone or mobile-phone service.
- **A First Schedule supply** or a supply zero-rated under section 21 (Export/Deemed export).
- **An advertising agency or TV/online programme supplier** issues a Mushak-6.3 certified by the supplier's relevant revenue officer.
- **A furniture manufacturer** supplies with a Mushak-6.3 certified by the supplier's relevant revenue officer after paying VAT at 15%.
- **A device-generated invoice** — issued through Electric Fiscal Device (EFD), Sales Data Controller (SDC), Public Key Infrastructure (PKI) or Point of Sales (POS) — states the recipient's name and BIN.
- **A trader** supplies locally manufactured medicine.
- **A registered start-up enterprise** makes any supply.
- **A contract manufacturer** supplies with a Mushak-6.3 showing 15% VAT.

10. Duties of a registered withholding entity, VDS Rule 6(1) to (2)

- **No supply without Mushak-6.3.** Do not receive or pay for a taxable supply, other than a First Schedule supply, without a Mushak-6.3 [VDS Rule 6(1)].
- **Increasing adjustment.** Report the deducted or collected VAT as an increasing adjustment in the return for the relevant tax period [VDS Rule 6(2)(a)].
- **Issue Mushak-6.6.** Within three working days after filing the return, issue Mushak-6.6 in three copies: the original to the VAT circle, one copy to the supplier and one retained for five years [VDS Rule 6(2)(b)].

11. Duties of an unregistered withholding entity, VDS Rule 6(3)

- **Deposit within 15 days.** Deposit the deducted VAT into the Government Treasury within 15 days of payment to the supplier [VDS Rule 6(3)].
- **Issue Mushak-6.6.** Issue Mushak-6.6 within three working days after the deposit; submit the original Mushak-6.6 and the original treasury challan to the VAT circle, give one copy to the supplier and retain one for five years.

12. Duties of the supplier, VDS Rule 7

- **Issue Mushak-6.3** at the time of supply [VDS Rule 7(1)].
- **Report** the value of the supply and the VAT or specific VAT in Part-3 of Mushak-9.1 [VDS Rule 7(2)].
- **Decreasing adjustment.** After receiving Mushak-6.6, claim a decreasing adjustment for the deducted VAT [VDS Rule 7(3)].
- **Time limit.** Claim credit of VAT deducted by customer in the tax period in which the Mushak 6.6 is issued and payment made by the supplier or within the following six tax periods [VDS Rule 7(4)].

13. Liability, penalties and composite supplies, VDS Rules 8 to 9

- **Joint and several liability.** The withholding entity and the supplier are jointly and severally responsible for deduction and deposit [VDS Rule 8(1)].
- **Penalties.** Failure may trigger action under sections 85(1A) and 127 against the deductor, the person responsible for deposit and the executive officer [VDS Rule 8(2)].
- **Compound supply.** State each component and its value separately in the tender, quotation or invoice, and apply VDS to each component at its own rate [VDS Rule 9(2)].
- **Pre-VAT & SD Act 2012 contracts.** For a contract executed before the VAT & SD Act 2012 came into force, where payment remains outstanding, VAT is determined under the law in force at the time of payment [VDS Rule 9(3)].

P A R T I I

Service VAT Rates

The VAT treatment of services outside the mandatory withholding list, with exemptions

14. Service VAT rate and VDS treatment

This table states the effective VAT treatment for FY 2026-27 of the services that are not in the mandatory withholding list in Para-04, Table-01. ***For the service mentioned in Table-02, No VDS is applicable if supply received with valid Mushak-6.3 mentioning the applicable VAT rate for that service.***

Table-02

Code	Service (English)	Service (বাংলা)	VAT rate	Exemption reference (S.R.O. 127-Law/2026/332-VAT & 127 Law/2026/335-VAT)
S005.10	Godown / warehousing	গুদাম	15%	
S005.20	Port	বন্দর	15%	
S006.00	Cold storage	হিমাগার	Exempt	Cold-storage service is exempt.
S008.20	Binding firm	বাঁধাই প্রতিষ্ঠান	Exempt	All binding charges are exempt.
S011.10	Video cassette shop	ভিডিও ক্যাসেট দোকান	15%	
S011.20	Video game shop	ভিডিও গেম শপ	15%	
S011.30	Video/audio recording shop	ভিডিও ও অডিও রেকর্ডিং শপ	15%	
S011.40	Video/audio/CD rental shop	ভিডিও, অডিও ও সিডি ভাড়া প্রদানকারী	15%	
S012.10	Telephone	টেলিফোন	15%	
S012.11	Teleprinter	টেলিপ্রিন্টার	15%	
S012.12	Telex	টেলেক্স	15%	
S012.13	Fax	ফ্যাক্স	15%	

Code	Service (English)	Service (বাংলা)	VAT rate	Exemption reference (S.R.O. 127-Law/2026/332-VAT & 127 Law/2026/335-VAT)
S012.14	Internet agency	ইন্টারনেট সংস্থা	5%	Internet service supplied only to educational institutions is exempt.
S012.20	SIM/e-SIM card supplier	সিম কার্ড বা ই-সিম সরবরাহকারী	15%	
S013.00	Mechanical laundry	মেকানিক্যাল লন্ড্রি	15%	
S015.20	Clearing and forwarding agent	ক্লিয়ারিং ও ফরোয়ার্ডিং এজেন্ট	15%	
S016.00	Travel agency	ভ্রমণ সংস্থা	Exempt	Travel-agency service is exempt.
S018.00	Cinema studio	সিনেমা স্টুডিও	15%	
S019.00	Photo maker	ফটো মেকার	Exempt	Photo-making service is exempt.
S022.00	Sweetmeat	মিষ্টান্ন ভান্ডার	10%	VAT is 10% by SRO-39/2025
S023.10	Cinema hall	সিনেমা হল	15%	
S023.20	Cinema distributor	সিনেমা পরিবেশক	15%	
S025.00	WASA	ওয়াসা	15%	
S026.00	Jewellery / gold and silver articles	স্বর্ণকার, রৌপ্যকার, প্লাটিনাম ও ডায়মন্ডের অলংকার প্রস্তুতকারক ও বিক্রেতা	a) Specific VAT: gold Tk 2,500/bhori; b) silver Tk 100/bhori; c) platinum Tk 2,500/bhori; d) diamond Tk 2,500/gram	

Code	Service (English)	Service (বাংলা)	VAT rate	Exemption reference (S.R.O. 127-Law/2026/332-VAT & 127 Law/2026/335-VAT)
S027.00	Insurance company	বীমা কোম্পানি	15%	a) Exemptions cover hull-insurance premiums for Bangladeshi ocean-going vessels, b) Aviation reinsurance premiums paid in foreign currency, and c) insurance-agent commission.
S029.00	Astrologer	জ্যোতিষী	15%	
S030.00	Beauty parlour	বিউটি পার্লার	15%	
S035.00	Shipping agent	শিপিং এজেন্ট	15%	
S036.10	Air-conditioned bus	শীতাতপ নিয়ন্ত্রিত বাস	15%	
S036.20	Air-conditioned/air-cooled launch	শীতাতপ নিয়ন্ত্রিত বা শীতলীকৃত লঞ্চ	10%	
S036.30	Air-conditioned train	শীতাতপ নিয়ন্ত্রিত ট্রেন	15%	
S038.00	Cultural programme with foreign artist	বিদেশি শিল্পীর সহযোগে সাংস্কৃতিক অনুষ্ঠান	15%	
S039.10	Satellite cable operator and channel distributor	স্যাটেলাইট কেবল অপারেটর	15%	
S039.20	Satellite channel distributor	স্যাটেলাইট চ্যানেল পরিবেশক	15%	
S041.00	Marriage media	বিবাহ মাধ্যম	15%	
S042.00	Auto/mechanical sawmill	স্বয়ংক্রিয় বা যান্ত্রিক করাতকল	15%	
S044.00	BRTA service	বিআরটিএ সেবা	15%	
S046.00	Health club and fitness club	স্বাস্থ্য ক্লাব ও ফিটনেস ক্লাব	15%	
S047.00	Sports arranger	ক্রীড়া আয়োজক	15%	

Code	Service (English)	Service (বাংলা)	VAT rate	Exemption reference (S.R.O. 127-Law/2026/332-VAT & 127 Law/2026/335-VAT)
S055.00	Land seller	ভূমি বিক্রেতা	Exempt	Land-seller is exempt.
S056.00	Banking and non-banking service provider	ব্যাংক ও নন-ব্যাংকিং সেবা প্রদানকারী	15%	
S057.00	Electricity distributor	বিদ্যুৎ বিতরণকারী সংস্থা	5%	Electricity used for irrigation and cold-storage services is exempt.
S059.00	Glass-sheet laminating organization	গ্লাস শিট লেমিনেটিং প্রতিষ্ঠান	15%	
S061.00	Credit-card provider	ক্রেডিট কার্ড প্রদানকারী	15%	
S062.00	Money changer	মানি চেঞ্জার	15%	
S063.00	Tailoring shop (AC)	শীতাতপ নিয়ন্ত্রিত টেইলারিং শপ	15%	Tailoring shops and tailors other than air-conditioned tailoring shops are exempt.
S064.10	Amusement and theme park	বিনোদন ও থিম পার্ক	15%	
S064.20	Tourist place/structure including historical place	পর্যটন স্থান বা স্থাপনা, ঐতিহাসিক স্থানসহ	Exempt	Tourist places and structures, including historical sites, are exempt.
S068.00	Coaching centre	কোচিং সেন্টার	15%	
S069.00	English-medium school	ইংরেজি মাধ্যম স্কুল	5%	
S070.10	Private university	বেসরকারি বিশ্ববিদ্যালয়	Exempt	Private-university service is exempt.
S070.20	Private medical and engineering college	বেসরকারি মেডিকেল ও ইঞ্জিনিয়ারিং কলেজ	Exempt	Private medical and engineering college service is exempt.
S073.00	Manpower export agency	জনশক্তি রপ্তানিকারক প্রতিষ্ঠান	Exempt	Manpower-export-agency service is exempt.

Code	Service (English)	Service (বাংলা)	VAT rate	Exemption reference (S.R.O. 127-Law/2026/332-VAT & 127 Law/2026/335-VAT)
S074.00	Space and structure rent / house rent	স্থান ও স্থাপনা ভাড়া	15%	a) Rent exemptions cover factory premises rented by a registered manufacturer; b) wholly residential premises; commercial premises not exceeding 150 sq ft; c) Premises rented by an IT-enabled service provider under S099.10; and d) qualifying beauty parlours or showrooms of women entrepreneurs.
S075.00	Stock and security broker	স্টক ও সিকিউরিটি ব্রোকার	Exempt	Stock and securities broker service is exempt.
S076.00	Social and sports club	সামাজিক ও ক্রীড়া ক্লাব	15%	
S077.00	Tour operator	ট্যুর অপারেটর	15%	
S078.00	Own branded ready-made garment showroom	নিজস্ব ব্রান্ড সম্বলিত নিজস্ব বিপণন কেন্দ্র	10%	
	Without own branded ready-made garment showroom	নিজস্ব ব্রান্ড ব্যতিত নিজস্ব বিপণন কেন্দ্র	7.5%	
S080.00	Ride sharing	রাইড শেয়ারিং	5%	
S081.00	Tower sharing service	টাওয়ার শেয়ারিং সেবা প্রদানকারী	15%	
S082.00	OTT platform	ওটিটি প্ল্যাটফর্ম	15%	
S099.40	Meditation service	মেডিটেশন	5%	VAT is 5% by SRO-230/2022
S099.60	Online goods selling	অনলাইনে পণ্য বিক্রয়	15%	

PART III

Goods — Reduced and Specific VAT Rates

The Third Schedule rates, placed before the exemption lists for quick rate-finding

15. Reduced VAT rates for goods, Third Schedule

The standard VAT rate is 15% under section 15. The Third Schedule prescribes the reduced rates below for the designated goods. The exact H.S. code and full description must be matched before a reduced rate is applied.

Heading	H.S. code	Description	Rate
04.02	Concerned H.S. codes	Liquid milk converted into powdered milk	5%
09.04 / 09.09 / 09.10	Concerned H.S. codes	Crushed/ground pepper, coriander, ginger, turmeric and prescribed spice mixtures	5%
15.14	Concerned H.S. codes	Rapeseed oil, colza seeds oil or canola oil	5%
19.05	Concerned H.S. codes	Handmade biscuits having value of Tk. 200/kg or above and cakes having value of Tk.300/Kg or above.	5%
44.03-44.09	Concerned H.S. codes	Specified wood treatment, seasoning and processing	5%
48.02	Concerned H.S. codes	Specified paper products manufactured by paper mills	5%
48.04	Concerned H.S. codes	Liner, white liner and kraft liner	5%
48.05	Concerned H.S. codes	Medium paper	5%
48.20	Concerned H.S. codes	Exercise books/spiral notebooks of prescribed GSM	5%
48.22	Concerned H.S. codes	Paper cone	5%
52.02-52.07	Concerned H.S. codes	Cotton hard waste and prescribed cotton-stage products	5%
52.08-52.12	Concerned H.S. codes	Waste grey denim	5%
54.02-54.10 / 55.12-55.16	Concerned H.S. codes	Specified man-made-fibre fabrics	5%

Heading	H.S. code	Description	Rate
84.08	Concerned H.S. codes	Specified diesel engines manufactured by Bangladesh Diesel Plant Ltd.	5%
85.17	8517.62.30	Router	5%
85.42 / 39.20	Concerned H.S. codes	Retro-reflective vehicle number plates and vehicle ownership cards produced by Bangladesh Machine Tools Factory Limited	5%
87.02	Concerned H.S. codes	Specified buses and minibuses	5%
87.04	Concerned H.S. codes	Specified trucks, truck vans and pickups	5%
87.07	Concerned H.S. codes	Bus bodies and truck bodies	5%
89.01-89.07	Concerned H.S. codes	Specified landing craft, patrol/survey/support vessels, boats and mechanical river craft	5%
27.11	Concerned H.S. codes	LP gas	7.5%
48.23	All H.S. codes	Simplex paper, packing paper and coloured paper	7.5%
73.18,74.15, and 76.16	Concerned H.S. codes	Barbed wire; screws, connectors, nuts and bolts; electric-line hardware and pole fittings	7.5%
76.15	Concerned H.S. codes	Aluminium kitchen/household articles, sanitary ware and parts	7.5%
82.12	Concerned H.S. codes	Blades made from stainless-steel or carbon-steel strips	7.5%

16. Specific VAT on goods, Third Schedule

For the goods below, VAT is charged as a specific amount rather than as a percentage of value.

Heading	H.S. code	Description	Specific VAT
22.08	Concerned H.S. codes	Foreign liquor produced in Bangladesh	Tk 500 per litre
24.01	Concerned H.S. codes	Unprocessed tobacco, subject to the statutory own-processing exception	Tk 50 per kg
48.01	Concerned H.S. codes	Newsprint	Tk 1,600 per metric ton
52.05-52.07	All H.S. codes	Cotton yarn	Tk 5 per kg

Heading	H.S. code	Description	Specific VAT
54.02-54.10 / 55.12-55.16	All H.S. codes	Yarn where man-made fibre is predominant	Tk 5 per kg
69.04	Concerned H.S. codes	Non-machine brick; machine-made brick; prescribed first/second grade hollow bricks; brick chips; mecad batts	a) Tk 500/600/800 per thousand; b) chips Tk 800/100 cft; c) batts Tk 600/100 cft
72.04	All H.S. codes	Scrap/ship scrap	Tk 1,200 per metric ton
72.13-72.16	Concerned H.S. codes	MS products from re-rollable scrap	Tk 2,100 per metric ton
72.13-72.16	Concerned H.S. codes	Billet/ingot from meltable scrap	Tk 1,900 per metric ton
72.13-72.16	Concerned H.S. codes	MS products from billet/ingot	Tk 2,000 per metric ton
72.13-72.16	Concerned H.S. codes	MS products involving meltable scrap plus billet/ingot	Tk 3,400 per metric ton

PART IV

VAT Exemptions

First Schedule exemptions and the stage-wise exemptions under S.R.O. 127/2026

17. First Schedule exempt services

The First Schedule Part-02 exempts the service from VAT. For details, please read the 1st Schedule Part-02.

18. First Schedule exempt goods

Section 26 and the First Schedule Part-01 exempt the goods from VAT. A First Schedule supply is also outside VDS under VDS Rule 5. The exact H.S. code and full statutory description must be matched before the exemption is applied.

Import-stage exemptions — S.R.O. 127/2026 (Table 1)

The goods are exempt from VAT at the import stage under Table 1 of S.R.O. No. 127-Law/2026/332-VAT. Heading and H.S. Code follow the First Schedule of the Customs Act 2023.

Import and manufacturing-stage exemptions — S.R.O. 127/2026 (Table 2)

Goods mentioned in Table-2 of the SRO are exempt from VAT at both the import and the manufacturing (production) stage under Table 2 of S.R.O. No. 127-Law/2026/332-VAT. Exemptions marked as conditional apply only where the stated condition is met.

19. Manufacturing-stage exemptions, S.R.O. 127/2026

S.R.O. No. 127-Law/2026/332-VAT grants full VAT exemption at the manufacturing stage to the goods listed in Table-3 of the SRO.

20. Trading-stage exemptions, S.R.O. 127/2026

The goods in Table -4 of the SRO are exempt at the trading stage under S.R.O. 127/2026, subject to the precise heading, H.S. code, description and conditions stated in the SRO.

PART V

Legal References and Professional Contact

The instruments behind this handbook, and where to go for implementation support

21. Principal legal references

#	Reference
1.	Value Added Tax and Supplementary Duty Act, 2012: sections 15, 20, 21, 26, 46, 49, 85, 127, 127B and 135; First and Third Schedules.
2.	Value Added Tax and Supplementary Duty Rules, 2016; forms Mushak-6.3, Mushak-6.6 and Mushak-9.1.
3.	Finance Act, 2026: amendments affecting the First and Third Schedules.
4.	S.R.O. No. 182-Law/2025/310-VAT dated 27 May 2025.
5.	S.R.O. No. 140-Law/2026/345-VAT dated 7 June 2026.
6.	S.R.O. No. 258-Law/2026/358-VAT dated 30 June 2026.
7.	S.R.O. No. 127-Law/2026/332-VAT dated 7 June 2026.
8.	S.R.O. No. 39-Law/2025/275-VAT dated 22 January 2025.
9.	S.R.O. No. 230-Law/2022/202-VAT dated 28 June 2022.

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We would be glad to discuss how FMG Chartered Accountants can support your audit, tax, advisory and compliance needs. Reach us through any of the channels below.

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