



As per Customs Act, 1969 and Value Added Tax Act, 1991 with very few exceptions, almost all exports are tax free. They also get tax free benefit of import or local purchase for the raw materials to be used in manufacturing of exporting goods. But imports of raw materials are taxable in regular tax regime.

The exporting industries have to pay tax during import of raw materials if they work in normal tax regime. After exporting their finish goods, they have to claim Duty Drawback from DEDO or respective VAT Commissionerate. But under the special tax regime like Bond system, they do not need to pay tax during their imports of raw materials.

Under Bond system, Government has huge tax expenditure. Under bond facility, the licensees were gotten the tax benefit of Tk. 15,223.72 crore in FY2008-09, Tk. 20,277.40 crore in FY2009-10 and Tk. 25,071.95 crore in FY2010-11 (upto April). Without the operation of Customs Bond Commissionerate, the exporters have to pay this amount of taxes during import of their raw materials. Moreover, local tax free procurement under bond facility should also be taxable in the normal tax regime.

Bonded Warehouse Facilities

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Financial Year

Assessable Value

(in Crore Tk.)

Tax Expenditure

(in Crore Tk.)

1

2010-2011

36,901.81

31,000.00 (Provisional)

2

2009-2010

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32,147.61

20,277.40

3

2008-2009

26,901.61

15,223.72

4

2007-2008

28,662.45

16,235.40

5

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2006-2007

24,431.94

11,243.55

6

2005-2006

26,146.25

14,405.58

(Source: ASYCUDA++, NBR)

Note 1: The tax expenditure includes imports under Garments Bond (SBW) and EPZ Bond which are identified in the ASYCUDA++ by Extended Procedure Code (EPC) 7200 and 7300 respectively.

Tax expenditure data are extracted from ASYCUDA++ using the EPC.

Note 2: The tax expenditure data mentioned above does not include the tax free local purchase under Back to Back LC or similar instruments.

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