

Tax & VAT Deduction and Collection at Source

The rates of Tax Deducted at Source (TDS) and VAT Deducted at Source (VDS) have been republished and updated pursuant to the following instruments:

- **TDS Rules, 2024**, as amended by **S.R.O. No. 157-Law/Income Tax-12/2025 dated 26 May 2025** and **S.R.O. No. 269-Law/Income Tax-14/2025 dated 24 June 2025**,
- **VDS Rules, 2025**, introduced through **S.R.O. No.-182-Act/2025/310-Mushak dated 27 May 2025**, and
- **The Finance Ordinance, 2025**.

For the fiscal year 2025–2026, certain rates have been revised through the Finance Ordinance, 2025, as well as the amendments to the TDS Rules, 2024 and VDS Rules, 2025. The updated rates are presented in the tables below, alongside the corresponding rates for the fiscal year 2024–2025, to facilitate comparative analysis.

Table-A: Applicable TDS Rates for FY 2025–2026
(Compared with previous rates of FY 2024–2025)

Section	Particulars	Current TDS Rates FY 2025-2026	Previous TDS Rates FY 2024-2025
86	Income from employment	Average Rate Based on estimated yearly taxable salary	
87	Remuneration paid to MP	Average Rate Based on estimated total remuneration as member of the Parliament	
88	Workers' Participation Fund, Welfare fund and Labor Welfare Foundation Fund [WPPF]	10%	10%
89	Payment to contractors & sub- contractors against Supply of goods/ Manufacture, process or conversion or printing, packaging or binding except the following cases.	5%	5%
	Deduction of tax at source from supply of cigarettes, bidi, tobacco leaf, gul and other tobacco products	10%	10%
	Payment to importer against supply of imported goods Where, A = AIT paid at import stage B = tax which is deductible section 89.	TDS = B - A	TDS = B - A

Section	Particulars	Current TDS Rates FY 2025-2026	Previous TDS Rates FY 2024-2025
	Payment to distributor against supply of goods If goods are supplied on which tax at source paid u/s 94 then: Formula is B-A Where, B=sales price x 5% x 10% A=dealer price x 5% x 5%	TDS = B-A	TDS = B-A
	Payment to contractors & sub-contractors for oil and gas supply 1. In case of oil supplied by oil marketing companies engaged in marketing of petroleum oil and lubricant:	0.60%	0.60%
	2. In case of oil supplied by dealer or agent (excluding petrol-pump station) of oil marketing companies:	1%	1%
	3. In case of supply of oil by any company engaged in oil refinery:	1.5%	2%
	4. In case of company engaged in gas transmission	3%	3%
	5. In case of company engaged in gas distribution	0.6%	2%
	6. Production of Extra High Voltage Power Cables ranging from 33 KV to 500 KV by local company that has its own Vertical Continuous Vulcanization line:	3%	3%
	7. In case of an industrial undertaking engaged in producing cement, iron or iron products, ferro alloy products except MS Billets:	2%	2%
	8. In case of an industrial undertaking engaged in production of MS Billets:	0.5%	0.5%
	9. In case of locally produced MS Scrap:	0.5%	0.5%

Section	Particulars	Current TDS Rates FY 2025-2026	Previous TDS Rates FY 2024-2025
	10. In case of supply of paddy, Paddy husk, livestock, seeds, jute sticks, mustard, sesame, raw tea leaves, rice, wheat, potato, onion, garlic, peas, chickpeas, lentils, ginger, turmeric, dried chillies, pulses, maize, coarse flour, flour, salt, edible oil, sugar, black pepper, cinnamon, cardamom, clove, date, cassia leaf, jute:	0.5%	1%
	11. In case of supply of books to a person other than the Government, or any authority, corporation or body of the Government:	3%	5%
	12. In case of supply of trading goods to a trader	5%	5%
	13. In case of supply of industrial raw materials to a manufacturer	3%	3%
	14. In case of supply of all kinds of fruits:	2%	2%
	15. In case of supply of cotton and yarn:	1%	1%
	16. In case of subcontracts provided by 100% export-oriented garment industries:	1%	5%
	17. In the case of supply of recycled lead:	3%	3%
	18. In the case of supply of raw materials used in the recycling industry:	1.5%	5%
	19. In the case of manufacturing, process or conversion, construction work, construction, engineering or any other similar work	5%	5%
90	Deduction from services		
	1. Advisory or consultancy fees a) For Individual b) Other than individual	15% 7.5%	10%
	2. Professional fees a) For Individual b) Other than individual	15% 7.5%	10%

Section	Particulars	Current TDS Rates FY 2025-2026	Previous TDS Rates FY 2024-2025
	3. Technical service fee, technical know-how or technical assistance fee	10%	10%
	4. (i) Catering service; (ii) Cleaning service (iii) Collection and recovery service; (iv) Private Security service; (v) Manpower supply service; (vi) Creative media service; (vii) Public relations service; (viii) Event management service; (ix) Training/workshop service; (x) Courier Service (xi) Packing and Shifting Service (xii) any other service of similar nature a) On commission b) On gross bill	10% 2%	10% 2%
	5. Print & Electronic Media buying agency service a) On commission b) On gross bill	10% 0.65%	10% 0.65%
	6. Indenting commission	7.5%	8%
	7. Meeting fees, training fees or honorarium	10%	10%
	8. Mobile network operator, technical support service provider	12%	12%
	9. Credit rating service	10%	10%
	10. Motor garage or workshop	8%	8%
	11. Private container port or dockyard service	8%	8%
	12. Shipping agency commission	8%	8%
	13. Stevedoring/ berth operation commission/ terminal operator/ship handle operator a) On commission b) On gross bill	10% 5%	10% 5%
	14. Transport service, carrying service, vehicle rental service, repair & maintenance service and any other service under any sharing economy platform including ride sharing service, co	5%	5%

Section	Particulars	Current TDS Rates FY 2025-2026	Previous TDS Rates FY 2024-2025
	working space providing service and accommodation providing service.		
	15. Wheeling charge for electricity transmission	3%	3%
	16. Internet Service	5%	10%
	17. Service delivery agents engaged in mobile financial services or channel partners of mobile financial services called by whatever name	10%	10%
	18. Freightforward bill including commission or not	1.5%	2.5% & 10%
	18. Any other service not mentioned on the above	10%	10%
91	Payment for royalties, franchise etc.	10%	10%-12%
92	Advertising bill of media broadcasting	5%	5%
93	Payment to actor, actress, producer, etc.	10%	10%
94	Commission, discount, fees etc.	10%, 5%, 3%	10%, 5%, 3%
95	Travel agent	0.30%	0.30%
96	LC commission	5%	5%
97	local LC (depending on the nature of LC)	0.50%, 1%, 1.5%, 2% or 3%	0.50%, 1%, 1.5%, 2% or 3%
98	Payments by cellular mobile phone operators or tower sharing company	10%	10%
99	Any payment in excess of premium paid on life insurance policy	5%	5%
100	Insurance commission	5%	5%
101	Surveyor fees of general insurance co.	15%	15%
102	Interest on saving deposit and fixed deposit etc. a) Trust, AOP & Company b) Other than company <ul style="list-style-type: none"> Public University, educational institution under MPO, ICAB, ICMAB & ICSB - 10% Any approved fund - 10% 	20% 10%	20% 10% 10%
104	Interest on informal loan	10%	10%
105	Interest of saving instruments	10%	10%
106	Interest on Govt. Securities	10%	5%
107	Discount on the real value of Bangladesh Bank bill	Applicable Maximum Rate	Applicable Maximum Rate
108	International phone cell	1.5%, 7.5%	1.5%, 7.5%

Section	Particulars	Current TDS Rates FY 2025-2026	Previous TDS Rates FY 2024-2025
109	Rent	10%	5%
110	Rent of convention hall,conference Centre etc.	10%	5%
111	Compensation against land acquisition a) Within city corporation, Pourasava or Cantonment area: b) Other areas:	6% 3%	6% 3%
112	Export cash incentive/subsidy	10%	10%
114	Purchase of electricity power	4%	6%
115	Singing money	15%	15%
116	Commission or remuneration paid to agent of foreign buyer	7.5%	10%
117	Dividend a) Company to company- b) Other than company: i. With TIN- ii. Without TIN-	20% 10% 15%	20% 10% 15%
118	Deduction from income from lottery	20%	20%
119	Deduction or collection of tax from income of non- residents		
	Advisory or consultancy service a) For Individual b) For other than individual	20% 10%	20%
	Pre-shipment inspection service	20%	20%
	Professional/technical services a) For Individual b) For other than individual	20% 10%	20%
	Architecture, interior design, landscape design, fashion design or process design	20%	20%
	Certification rating etc.	20%	20%
	Charge or rent for satellite, airtime or frequency, rent for channel broadcast	20%	20%
	Legal service	20%	20%
	Management service including event management	20%	20%
	Commission	20%	20%
	Royalty, license fee or payments related to intangibles	20%	20%
	Interest	20%	20%

Section	Particulars	Current TDS Rates FY 2025-2026	Previous TDS Rates FY 2024-2025
	Advertisement broadcasting	20%	20%
	Advertisement making or digital marketing	15%	15%
	Air transport or water transport [not being the carrying services mentioned in section 102 or 103A]	7.5%	7.5%
	Contract or sub- contract	7.5%	7.5%
	Supplier	7.5%	7.5%
	Capital gain	15%	15%
	Insurance premium	10%	10%
	Rental of machinery,equipment etc.	15%	15%
	Dividend		
	(a) company, fund and trust	20%	20%
	(b) any other person, not being a company, fund and trust	30%	30%
	Artist, singer or player	30%	30%
	Salary or remuneration	30%	30%
	Exploration/drilling in petroleum operations	5.25%	5.25%
	Survey for Coal, oil or gas exploration	20%	20%
	Surveyors fees of general insurance co.	5.25%	5.25%
	Any service for making connectivitybetween oil or gas field and its export point	5.25%	5.25%
	Bandwidth payment	10.0%	10.0%
	Courier Services	15%	15%
	Any other payment	20%	20%
120	Import • As per TDS Rule-08, Multiple Rate not exceeding 20%	Multiple Rate	Multiple Rate
121	Manpower export	10%	10%
122	Clearing & Forwarding agent	10%	10%
123	Export	1% [leather export 0.50%]	1% [leather export 0.50%]
124	Any income remitted from aboard in connection with any service, revenue, sharing etc.	1.5%, 7.5%, 10%	7.5% 10%
125	Sale of land or land & building [Sub-Registrar is the tax collecting authority] • Different rate as per location of the land or land and building. Rate also varies depending on commercial or residential. Details chart is	As per TDS Rule-06	As per TDS Rule-06

Section	Particulars	Current TDS Rates FY 2025-2026	Previous TDS Rates FY 2024-2025
	available at TDS Rules, 2024 amended through Finance Ordinance, 2025		
126	Collection of tax from real estate or land developer [Sub-Registrar is the tax collecting authority] <ul style="list-style-type: none"> Different rate as per location of the building/apartment. Rate also varies depending on commercial or residential. Details chart is available at TDS Rules, 2024 	As per TDS Rule-07	As per TDS Rule-07
127	Commission on govt. stamp, court fees and cartridge paper	10%	10%
128	Registration of leasehold property	4%	4%
129	Collection of tax from handmade cigarette manufacturers	10%	10%
130	Collection of tax from brick manufacturers <ul style="list-style-type: none"> a) For one section brick field b) For one and half c) For two section brick field and d) For automatic brick field 	Tk. 45,000 Tk. 70,000 Tk. 90,000 Tk. 150,000	Tk. 45,000 Tk. 70,000 Tk. 90,000 Tk. 150,000
131	Renewal of trade license <ul style="list-style-type: none"> a) Dhaka & Chattogram City Corporation area- b) Other city corporation- c) Pourashava at district H/Q- d) Other Pourashava - 	Tk. 3,000 Tk. 2,000 Tk. 1,000 Tk. 500	Tk. 3,000 Tk. 2,000 Tk. 1,000 Tk. 500
132	Shipping business of a resident	5% or 3%	5% or 3%
133	Public auction	10% 1% for tea auction.	10% 1% for tea auction.
134	Transfer of share of private limited company [TDS on difference between Face Value and Fair Value of transfer]	15%	15%
135	Interest on Securities	15%	10%
136	Transfer of share of shareholder of stock exchanges	15%	15%
137	Share transection of the security house	0.03%	0.05%
138	Collection of tax from motor vehicles plying commercially		
	Bus having seats exceeding 52	25,000/-	25,000/-
	Bus having seats not exceeding 52	20,000/-	20,000/-

Section	Particulars	Current TDS Rates FY 2025-2026	Previous TDS Rates FY 2024-2025
	Air-conditioned Bus	50,000/-	50,000/-
	Double decker Bus	25,000/-	25,000/-
	Air conditioned (AC) Minibus/Coaster	25,000/-	25,000/-
	Non-AC Minibus/Coaster	12,500/-	12,500/-
	Prime mover	35,000/-	35,000/-
	Truck, Lorry or Tank Lorry having payload capacity exceeding five tons	30,000/-	30,000/-
	Truck, Lorry or Tank Lorry having pay-load capacity exceeding one and half tons but not exceeding five tons	15,000/-	15,000/-
	Truck, Lorry or Tank Lorry having payload capacity not exceeding one and half tons	7,500/-	7,500/-
	Pickup van, human hauler, maxi or auto rickshaw	7,500/-	7,500/-
	Air-conditioned Taxicab	15,000/-	15,000/-
	Non-AC Taxicab	7,500/-	7,500/-
138	Collection of tax from operations of marine vessels	25,000/-	25,000/-
	Inland ships engaged in carrying passengers in inland water	Tk. 125 per passenger	Tk. 125 per passenger
	Cargo, Container (multipurpose) and Coaster engaged in carrying goods in inland water	Tk. 170 per gross tonnage	Tk. 170 per gross tonnage
	Dump barge engaged in carrying goods in inland water	Tk. 125 per gross tonnage.	Tk. 125 per gross tonnage.

❖ **Specified person responsible to deduct tax at the time of making payment:**

- a) any company, firm, association, trust or fund;
- b) public-private partnership (PPP);
- c) any foreign contractor, foreign enterprise or any association or organization established outside Bangladesh;
- d) any hospital, clinic or diagnostic centre;
- e) any e-commerce platform, other than any specified person, by whatever name called, having an annual turnover of more than one crore Taka;
- f) hotels, community centers, transport agencies with annual turnover exceeding 1 (one) crore Taka;
- g) any person other than a farmer engaged in the production and supply of tobacco leaves.

❖ **Grossing up in case of payment made without deduction or collection of tax (section 141 of the Act)**

Where the paying authority pays an amount without deducting any tax, in that case tax will be determined through gross-up applying the following formula:

$$\text{Amount of tax to be paid (c)} = \frac{100 \times a}{100 - b}$$

Where,

a= exact amount to be paid

b= rate of deduction

Note: The rate of deduction will be 50% higher in absence of proof of submission of return (PSR).

❖ **General provisions for deduction or collection of tax at source (Section 142 of the Act)**

- (1) In case of failure to submit the PSR by the person from whom the tax is to be deducted or collected. the rate of tax to be deducted or collected at source would be 50% higher than the applicable rate.
- (2) Subject to any provision to the contrary, the rate of tax to be deducted or collected at source would be 50% higher than the applicable rate if the amount is not received by bank transfer.

❖ **Deadline for depositing withholding tax**

SI No	Time of deduction or collection	Dead line for deposit
A	In respect of any deduction or collection from July to May of the financial year	Within 02 (two) weeks following the end of the month of deduction/ collection
B	In case of deduction or collection on any day from 1st to 20th day of June	Within 07 (seven) days from the day of deduction or collection
C	In case of deduction or collection from 21 st June to 28 th June	Next day of deduction or collection
D	On 29 th and 30 th June	Same day

Table-B: Applicable VDS Rates for FY 2025–2026*(Compared with previous rates of FY 2024–2025)*

Sl. No	Service Code	Particulars		Current VDS Rates FY 2025-2026	Previous VDS Rates FY 2024-2025
01	S001.10	AC Hotel		15%	15%
	S001.10	Non-AC Hotel		10%	7.5%
	S001.10	Restaurant		5%	5%
02	S002.00	Decorators and Caterers		15%	15%
03	S003.10	Motor Vehicles Garage and Workshop		10%	10%
04	S003.20	Dockyard		15%	10%
05	S004.00	Construction Firm		10%	7.5%
06	S007.00	Advertising Firm		15%	15%
07	S008.10	Printing Press		15%	10%
08	S009.00	Auctioneers		15%	15%
09	S010.10	Land Development Organization		2%	2%
10	S010.20	Building Organization Construction	a. Up to 1- 1600 sq. feet	2%	2%
			b. More than 1600 sq. feet	4.5%	4.5%
			c. Re-registration irrespective of size	2%	2%
11	S014.00	Indenting Organization		15%	5%
12	S015.10	Freight Forwarders		15%	15%
13	S017.00	Community Center		15%	N/A
14	S020.00	Survey Firm		15%	15%
15	S021.00	Plant and Capital Equipment Rent		15%	15%
16	S024.00	Furniture Distributors	Furniture Manufacturer (In case of supply directly from factory to consumer, 15%) 7.5%	7.5%	7.5%
			Furniture Sales center (if challan having VAT paid at 7.5% on manufacturing stage, otherwise 15%)	7.5%	7.5%
17	S028.00	Courier and Express Mail Service		15%	15%
18	S031.00	Repairing or servicing of taxable goods in exchange of money by a person, organization or agency		15%	10%
19	S032.00	Consultancy and supervisory firm		15%	15%
20	S033.00	Lessor		15%	15%
21	S034.00	Audit and accounting firm		15%	15%

Sl. No	Service Code	Particulars	Current VDS Rates FY 2025-2026	Previous VDS Rates FY 2024-2025
22	S037.00	Procurement provider	10%	7.5%
23	S040.00	Security Services	15%	15%
24	S043.00	Television and online broadcast program provider	15%	15%
25	S045.00	Legal Advisors	15%	15%
26	S048.00	Transport Contractor a. In the case of petroleum transportation.	5%	5%
		b. In any other cases	15%	10%
27	S049.00	Rent-A-Car service provider	15%	15%
28	S050.10	Architect, Interior Designers or Interior decorators	15%	15%
29	S050.20	Graphic Designer	15%	15%
30	S051.00	Engineering firm	15%	15%
31	S052.00	Sound and Lighting instrument renter	15%	15%
32	S053.00	Participants in board meetings	15%	10%
33	S054.00	Advertisement Broadcasting agency through Satellite Channel	15%	15%
34	S058.00	Rental of chartered planes or helicopters 15%	15%	15%
35	S060.00	34 S060.00 Purchaser of auctioned goods 15%	15%	15%
36	S065.00	Clearing and maintaining agencies of Building, Floor and Premises	15%	10%
37	S066.00	Lottery Ticket Seller	15%	15%
38	S067.00	Immigration advisor	15%	15%
39	S070.00	Event management	15%	15%
40	S071.00	Human resource supplier or management organization	15%	15%
41	S099.10	Information Technology Enabled Services	5%	5%
42	S099.20	Other Miscellaneous services	15%	15%
43	S099.30	Sponsorship services	15%	15%
44	S099.50	Credit Rating Agency	15%	7.5%

❖ **Goods/services that are exempted from VDS:**

- Goods supplied by manufacturers at any VAT rate accompanied with Tax Invoice (Mushak-6.3)
- Provision of services that are subject to VAT @ any rate and are not mentioned in the Mandatory VDS list (as above) as per SRO No. 182-Ain/2025/310-Mushak dated 27 May 2025.
- Supply of utilities such as fuel, gas, water (WASA), electricity, telephone, mobile bill
- Supply of goods and services which are exempted under the 1st Schedule of the VAT & SD Act, 2012
- Supplies that are considered zero rated within the purview of section 21 of the VAT & SD Act, 2012
- If furniture manufacturer, Advertisement agency and Advertisement Broadcasting agency through Satellite channel issues an invoice duly attested by RO with the rate of 15%.
- Invoice issued from EFD and SDC wherein name and BIN number of purchasers are incorporated.

❖ **VDS Against Import of Service from Outside the Geographical Area of Bangladesh**

- **For unregistered person** – the bank is responsible for collecting VAT @ 15% on the imported price from the unregistered person at the time of remitting the fund abroad and deposit to the Government Treasury
- **For registered person** – Bank shall not collect VAT @ 15% on import of service, provided that the registered person submits a copy of the treasury challan for the payment of corresponding amount of VAT on imported service.

❖ **Deposit of Withheld VAT by the VAT Registered Withholding Entity**

Any person responsible for deducting VAT at source shall be liable to deposit deductible VAT against concerned Commissionerate code on or before filing the return of the tax period. Simple interest at the rate of 2% per 6 months shall be recoverable, if the person failed to collect, deduct and deposit the same.

❖ **Issuing Withholding VAT certificate (Mushak-6.6) to the supplier**

Certificate to the supplier shall be issued in three copies:

- i. Main copy to the respective VAT Circle Office (along-with Original TR Challan)
- ii. 2nd copy to the Supplier
- iii. 3rd copy for preservation of 5 years

❖ **Timeline for Issuing Certificate to the Supplier-**

According to SRO No. 182-Ain/2025/310-Mushak dated 27 May 2025:

- For a **registered withholding entity**, Mushak-6.6 must be issued to the supplier **within 3 working days from the date of filing the VAT return**.
- For a **non-registered withholding entity**, Mushak-6.6 must be issued to the supplier **within 3 working days from the date of depositing the VDS amount to the Government Treasury**.