

Economic Zones in Bangladesh

Bangladesh Economic Zones Authority (BEZA), an attached agency of the Prime Minister's Office (PMO), is mandated to establish, license, operate, manage, and control economic zones in Bangladesh. BEZA's objective is to establish one hundred EZs in the next fifteen years with the target of generating 10 million employment and receiving USD 40 billion export earnings. However, some privately owned economic zone sites are being constructed in different part of Bangladesh. The detail list is mentioned below:

Government-owned Economic Zone Site:

BEZA is constructing five economic zones in the following areas:

1. Maulovibazar Economic Zone, Sylhet
2. Anowara (Gohira) Economic Zone, Chittagong
3. Mirsarai Economic Zone, Chittagong
4. Sirajgong Economic Zone, Rajshahi
5. Mongla Economic Zone, Bagerhat

Planned New Economic Zones

BEZA has planned to establish new Economic Zone in the following areas:

1. Anowara-2 Economic Zone, Chittagong
2. Jamalpur Economic Zone Jamalpur
3. Narayanganj Economic Zone, Narayanganj
4. Bhola Economic Zone, Bhola
5. Ashuganj Economic Zone, Brahmanbaria
6. Dhaka IT Special Economic Zone, Dhaka
7. Panchghar Economic Zone, Panchghar
8. Narsingdi Economic Zone, Narsingdi
9. Manikgoni Economic Zone, Manikgoni
10. Kustia Economic Zone, Kustia
11. Agailjhara Economic Zone, Barisal
12. Nilphamari Economic Zone, Nilphamari
13. Shariatpur Economic Zone, Goshairhat
14. Shariatpur Economic Zone, Jagira
15. Dhaka Economic Zone, Dhaka
16. Habiganj Economic Zone, Habiganj
17. Jahardiwp Economic Zone, Cox's Bazar
18. Cox's Bazar Free Trade Zone, Cox's Bazar
19. Moheshkhali Economic Zone, Moheshkhali
20. Moheshkhali Economic Zone -2, Moheshkhali
21. Moheshkhali Economic Zone -3, Moheshkhali
22. Narayanganj Economic Zone -2, Narayanganj
23. Natore Economic Zone, Natore

Private sector economic zones (proposed and operational) are listed below:

1. AK Khan Private Economic Zone, Narsingdi
2. Abdul Monem Private Economic Zone, Munshiganj
3. Meghna Private Economic Zone, Narayanganj
4. Comilla Private Economic Zone, Comilla
5. Garments Industrial Park, Munshiganj
6. Meghna Industrial Zone, Narayanganj
7. Famkam Private Economic Zone, Bagerhat

Incentive Package

BEZA offers multiple incentives to the developer of the Economic Zone as well as to a particular manufacturing unit. The incentive structure for Zone Developer and Investor Unit are ranging from fiscal incentives such as exemption of taxes, custom/excise duties to non-fiscal incentives such as no FDI ceiling, work permits related and recommendation for Resident ship/ Citizenship.

Incentives & Benefits for Developers

1. Tax Holiday

Income tax exemption on income derived from the business development of EZ for 10 years. After expiry of 10th year, tax exemption will be 70% in 11th year and 30% in 12th year. But the tax exemption will not be applicable from 13th year.

2. VAT Exemption on local purchase

- All local purchase excluding petroleum product from Domestic Tariff Area (DTA) shall be exempted from VAT, sales tax etc.
- VAT Exemption on electricity or taxes on sale (for 10 years)

3. Exemption from custom/excise duties

4. Exemption from stamp duty and registration fees for land registration for the first time

5. Exemption from stamp duty and registration fees for land registration of loan/credit document

6. Exemption from dividend tax

7. Exemption from Tax on Income from service charges

Incentives & Benefits for Investors/EZ users

1. Tax Holiday up to 100%

(1st and 2nd year 100%, 3rd year 80%, 4th year 70%, 5th year 60%, 6th year 50%, 7th year 40%, 8th year 30%, 9th year 20%, and 10th year 10%.)

2. Duty free import of raw materials, construction materials, capital machineries and finished goods.

3. Full repatriation of capital and dividend JV.

4. Exemption from dividend tax (after tax venture industry holiday period is elapsed).
5. 50% exemption of stamp duty and registration fees for registration of leasehold land/factory space.
6. 50% Rebate of income tax on salary income of expatriates for 5 years.
7. Exemption of double taxation subject to double taxation agreement.
8. Tax exemption on capital gains from transfer of share.
9. Sub-contracting with DTA is allowed.
10. Provision of transfer of shares by foreign stakeholders to local shareholder and investors
11. 50% exemption of stamp duty and registration fees investors.
12. 80% exemption of VAT on all utility services consumed inside the zone.
13. Consider Export Processing Area of Economic Zone as custom bonded area.
14. Re-investment of remittable dividend to be treated as new foreign investment.
15. Foreign loan is allowed in compliance with existing laws.
16. No restrictions on issuance of work permits on project related foreign nationals and employees but limited up to 5% of total employees.
17. Royalty, technical fees will be exempted from income tax.
18. Resident visa for investment of US\$ 75000 or more.
19. Citizenship for investment of US\$ 500000 or more.

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