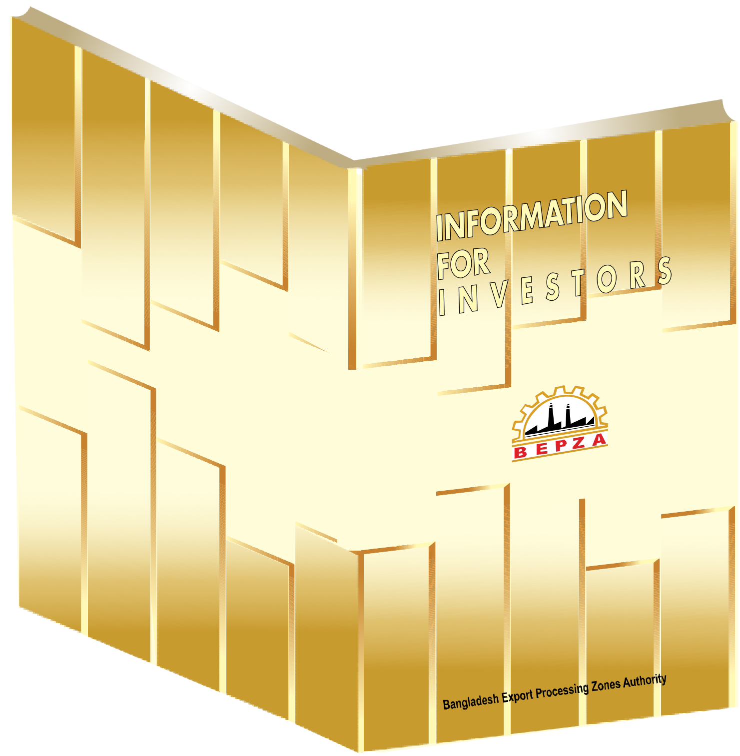
INFORMATION FOR INVESTORS

BEPZA

Bangladesh Export Processing Zones Authority

INFORMATION FOR INVESTORS



Bangladesh Export Processing Zones Authority
Prime Minister's Office
BEPZA Complex, House # 19/D, Road # 6, Dhanmondi, Dhaka-1205

Publisher's Note

"Information for Investors" ***is the unique manual on necessary acts, rules and regulations for the Investors of BEPZA. We are very much delighted to bring out this manual where we have accumulated the latest and updated rules, regulations, orders, policies of BEPZA, NBR and Bangladesh Bank. Investors can easily get the latest information through this publication to operate their business in EPZs.***

We have incorporated various SROs, acts, rules & principles in five chapters. This book contained with different new rules related to establishing and operating factories in EPZs along with previous policies.

We hope these compiled documents will facilitate the investors to protect and promote their investment in the factories inside EPZs as before. This publication will also assist local & international entrepreneurs immensely to set up and operate factories in the EPZs and BEPZA Economic Zone.

We are thankful to the Investment Promotion and Enterprise Services Departments for their spontaneous cooperation which made our work easy to assemble the updated rules and regulations. This book is the final outcome of supervision and combined efforts of Public Relations Department. Our endeavor would be successful if our valued Investors benefited through this informatory new edition.

Executive Director
Public Relations

EPZs of Bangladesh
The Best Investment Destination

Incentives

Fiscal

- 7 years tax holiday for Uttara, Ishwardi and Mongla EPZ
- 5 years tax holiday for Chattogram, Dhaka, Cumilla, Adamjee and Karnaphuli EPZ
- Duty free import of raw materials, machinery, equipment and construction materials
- Duty free export of finished goods
- Relief from double taxation
- Exemption from dividend tax for tax holiday period
- Full repatriation of profit, capital and establishment
- Cash incentives for export oriented sectors

Non-Fiscal

- No ceiling on foreign and local investment
- 100% foreign ownership permissible
- Enjoys GSP benefits in EU countries, UK, Japan, Australia, Canada
- Foreign currency loan from abroad under Off-Shore Banking Unit (OBU) facilities
- Medium/long term external borrowing facilities
- Non-Resident Foreign Currency Deposit (NFCD) allowed for 'A' type industries
- Operation of FC account by 'B' and 'C' type industries allowed
- 100% backward linkage, raw materials, accessories are allowed to sell for export oriented industries inside and outside EPZs
- 10% sale of finished products except garments; sale of defective finished goods and surplus raw materials to Domestic Tariff Area (DTA) is allowed
- Import and Export on CM / CMP / CMT basis allowed
- Intra / inter zone Sub-contracting and transfer of goods allowed
- Sub-contracting with export oriented industries of outside EPZ allowed
- No UD, IRC, ERC for EPZs enterprises

One Stop Facilities

- BEPZA offers One Window Same Day Service
- BEPZA has established OSS centre in Executive office & EPZs
- Simplified project approval procedure
- Work Permits issued by BEPZA
- Import and Export Permits issued by EPZ within the same day through automation system
- Customs clearance at the factory site
- Investors are required to deal only with BEPZA for investment and all other operational needs

The World

1 BOSNIA AND HERZEGOVINA
2 CROATIA
3 SERBIA AND MONTENEGRO
4 SLOVENIA
5 THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA
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Alaska (U.S.A.)
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ST. VINCENT AND THE GRENADINES
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HUNGARY
REP. OF MOLDOVA
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TAJIKISTAN
RUSSIAN FEDERATION
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DEM. PEOPLE'S REP. OF KOREA
REPUBLIC OF KOREA
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Jammu and Kashmir (*)
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TUVALU
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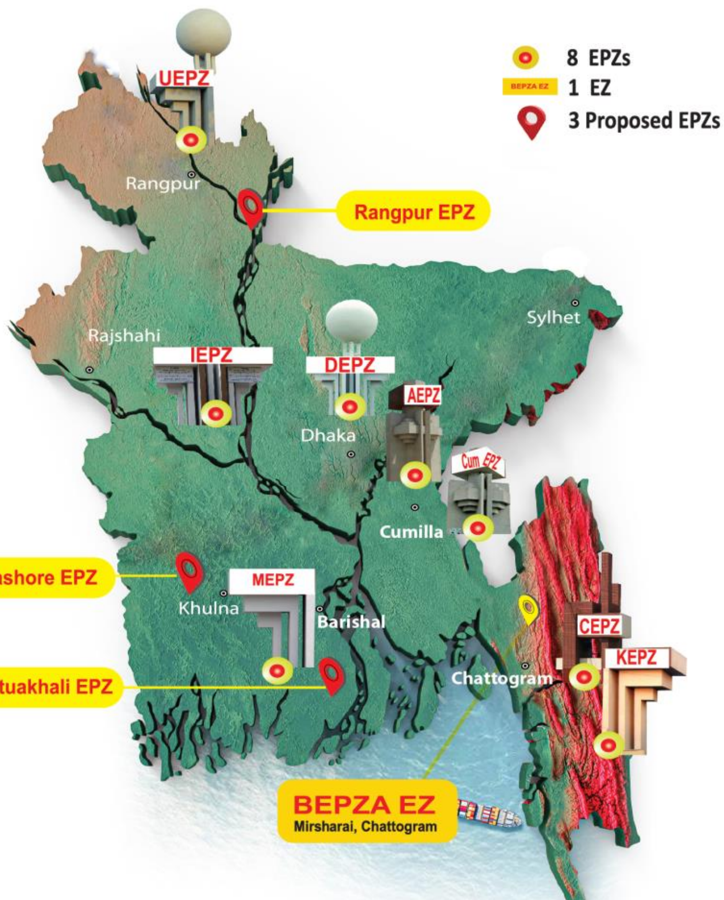
Wallis and Futune Islands (Fr.)
SAMOA
American Samoa (U.S.A.)
VANUATU
FIJI
Niue (N.Z.)
TONGA
New Caledonia (Fr.)
AUSTRALIA
NEW ZEALAND
Christmas (Austr.)
Cocos (Keeling) Islands (Austr.)
Chagos Archipelago/ Diego Garsia**
MOROCCO
ALGERIA
LIBYAN ARAB JAMAHIRIYA
EGYPT
Western Sahara
MAURITANIA
MALI
NIGER
CHAD
SUDAN
ERITREA
DJIBOUTI
CAPE VERDE
SENEGAL
GAMBIA
GUINEA-BISSAU
GUINEA
BURKINA FASO
BENIN
NIGERIA
SIERRA LEONE
LIBERIA
CÔTE D'IVOIRE
GHANA
TOGO
CAMEROON
CENTRAL AFRICAN REP.
ETHIOPIA
SOMALIA
EQUATORIAL GUINEA
SAO TOME AND PRINCIPE
GABON
CONGO
DEMOCRATIC REPUBLIC OF THE CONGO
UGANDA
KENYA
RWANDA
BURUNDI
UNITED REP. OF TANZANIA
SEYCHELLES
COMOROS
Agaleda Island
Tromelin Island
Cargados Carajos Shoals
Rodriges Island
ANGOLA (Cabinda)
ANGOLA
ZAMBIA
MALAWI
ZIMBABWE
MOZAMBIQUE
MADAGASCAR
MAURITIUS
Réunion (Fr.)
NAMIBIA
BOTSWANA
SWAZILAND
SOUTH AFRICA
LESOTHO
Ascencion (U.K.)
St. Helena (U.K.)
Tristan da Cunha (U. K.)
Gough (U.K.)
ANTARCTICA
The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations.
*Dotted line represents approximately the Line of Control in Jammu and Kashmir agreed upon by India and Pakistan. The final status of Jammu and Kashmir has not yet been agreed upon by the parties.
**Appears without prejudice to the question of sovereignty.
Department of Peacekeeping Operations Cartographic Section

South Asia

The EPZs of Bangladesh: Manufacturing hub of diversified products which enrich export basket

Garments, Terry Towel, Garments Accessories, Metal Products, Paper Products, Golf Shaft, Textile & Knitting, Leather Products and Footwear, Electrical Equipment and Components, Camera & Camera Lens, Mobile Parts, Electronic Products, Energy Saving Bulb, LED Lamp & Selection Button, Marble Column & Tiles, Crockery, Bi-cycle, Cosmetic & Hollywood Mask, Wig & Fashion Hair, Cap, Tent & Tent Accessories, Camping Items, Different Type of Coffin, Rope, Bag, Luggage, Thermal Bag, Agro-based products, Chemicals, Optical Goods, Engineering Products, Automobile Parts, Battery, Toys, Pharmaceutical Products, Diversified Jute Items, Carpet, Scientific Measuring Instruments, Laboratory Ware, Printing and Publishing, Furniture, Service Oriented Industries, Festive Carnival Products, Cigar & Cigarette, Zipper, Packing Materials, Dental Accessories, Car Seat Heater, Mannequin Heads, Paper cartoon, Industrial Gloves, Fishing Net, Lighter, Miscellaneous etc.

PROFILE OF EPZs IN BANGLADESH



Dhaka EPZ

Established: 1993

Location : Ganakbari, Savar
35 kms from Dhaka City Centre
25 kms from Hazrat Shahjalal International Airport, Dhaka
304 kms from Chittagong Sea Port

Profile of Zone

Area: 356.22 acres
Number of Industrial Plots : 451
Standard Factory Buildings: 1,13,422 Square Meters

Utility Services

Water : Own Supply System
Gas : Supply by Titas Gas Transmission & Distribution Company Ltd.
Power : Supply by Power plant and own Sub-station

Adamjee EPZ

Established: 2006

Location : Siddhirganj, Narayanganj
15 kms from Dhaka City Centre
40 kms from Hazrat Shahjalal International Airport, Dhaka
255 kms from Chittagong Sea Port

Profile of Zone

Area: 292.62 acres
Number of Industrial Plots : 273
Standard Factory Buildings: 83,805.13 Square Meters
SFB under construction: 9,474.00 Square Meters

Utility Services

Water : Own supply system through Treatment Plant
Gas : Supply by Titas Gas T&D Company Ltd.
Power : Supply by Own Sub-station

Chattogram EPZ

Established: 1983

Location : South Halishahar
3.10 kms from the Chittagong Sea Port
5.50 kms from the main Business Centre in Chattogram
8.2 kms from Shah Amanat International Airport, Chattogram
Profile of Zone
Area: 453 acres
Number of Industrial Plots : 501
Standard Factory Buildings: 1,50,50.92 Square Meters
Utility Services
Wate : Supply by Service Oriented Treatment Plant &Chattogram WASA
Gas : Supply by Karnaphuli Gas Distribution Company Ltd.
Power : Service Oriented Power Plant and PDB through own Sub-station

Cumilla EPZ

Established: 2000

Location : Old Airport area, Cumilla
167 kms from Chittagong Sea Port
97 kms from Dhaka City Centre
Profile of Zone
Area: 267.46 acres
Number of Industrial Plots : 243
Standard Factory Buildings: 92,599.59 Square Meters
Utility Services
Water : Own supply system through Treatment Plant
Gas : Supply by Bakhrabad Gas Distribution Co. Ltd.
Power : Sub-station by Cumilla Palli Bidyut Samity

BEPZA Economic Zone

The Hon'ble Prime Minister Shikh Hasina unveiled the foundation stone plaque on January 2018

Location : Mirsharai, Chattogram
65 KM from Chittagong sea Port, Chattogram
77 KM from Shah Amanat International Airport, Chattogram,
70 KM from Chattogram EPZ

Profile of Zone

Area : 1138.55 Acres
Industrial Plots : 539 (Proposed)
Size of the Plot : 3600 Square Meters (Approximately)
Standard Factory Building : SFB will be built like EPZs with all modern facilities

Utility Services

Water, electricity, gas will be available after development

Uttara EPZ

Established: 2001

Location : Shangalshi, Nilphamari
16 kms from Saidpur Airport
409 kms from Dhaka Airport
682 kms from Chittagong Sea Port
568 kms from Mongla Sea Port

Profile of Zone

Area: 213.66 acres
Number of Industrial Plots : 190
Standard Factory Buildings: 72,878.00 Square Meters

Utility Services

Water : Own supply system
Power : Supply by Own Sub-station

Ishwardi EPZ

Established: 2001

Location : Paksey, Pabna
10.60 kms from Ishwardi Airport
130 kms from Bangabandhu (Jamuna) Bridge
220 kms from Dhaka, 280 kms from Mongla Port
484 kms from Chittagong Sea Port

Profile of Zone

Area: 308.97 acres
Number of Industrial Plots : 324
Standard Factory Buildings: 64,576.00 Square Meters

Utility Services

Water : Own supply system through Treatment Plant
Gas : Supply by Pashchimanchal Gas Company Ltd.
Power : Supply by Own Sub-station

Karnaphuli EPZ

Established: 2006

Location : North Patenga, Chattogram
6 kms from Chittagong Sea Port
10 kms from main City Centre of Chattogram
9 kms from Shah Amanat International Airport, Chattogram

Profile of Zone

Area: 209.06 acres
Number of Industrial Plots : 258
Standard Factory Buildings: 56,633.06 Square Meters

Utility Services

Water : Supply by Karnaphuli RO Water Ltd.
Gas : Supply by Karnaphuli Gas Distribution Co Ltd.
Power : Supply by Own Sub-station & PDB

Mongla EPZ

Established: 1998

Location : Mongla Port area, Bagerhat
105 kms from Jashore Airport
210 kms from Dhaka via Maowa
407 kms from Chittagong Sea Port via Maowa

Profile of Zone

Area: 302.97 acres
Number of Industrial Plots : 254
Standard Factory Buildings: 58,588.35 Square Meters

Utility Services

Water : Public Health Engineering Department and Own supply network through treatment plant
Power : Supply by Own Sub-station

CONTENTS

CHAPTER – 1
ACTS AND PRINCIPLES OF EPZ

- THE BANGLADESH EXPORT PROCESSING ZONES AUTHORITY ACT, 1980
- INCLISION OF NEW MEMBERS IN THE BOARD OF GOVERNORS OF BEPZA
- FOREIGN PRIVATE INVESTMENT (PROMOTION & PROTECTION) ACT, 1980
- PRINCIPLES & PROCEDURES GOVERNING SETTING UP OF INDUSTRIES IN EPZS
- THE CUSTOMS (EXPORT PROCESSING ZONES) RULES, 1984
- THE BANGLADESH EPZ LABOUR ACT, 2019

THE BANGLADESH EXPORT PROCESSING ZONES AUTHORITY ACT, 1980

(Act No. XXXVI of 1980, dated 26 December, 1980)
(As modified up to 13 December, 1994)

An Act for the establishment of the Bangladesh Export Processing Zones Authority; Whereas it is expedient to make provision for the establishment of the Bangladesh Export Processing Zones Authority for creation, development, operation, management and control of Export Processing Zones and for matters connected therewith.
It is hereby enacted as follows:

1. Short Title and Commencement:

1. This Act may be called the Bangladesh Export Processing Zones Authority Act, 1980
2. It shall come into force on such date[1] as the Government may, by notification in the official Gazette, appoint.

[2][2. Definitions:

In this Act, unless there is anything repugnant in the subject or context,-

(a) "Authority" means the Bangladesh Export Processing Zones Authority establishment under section 3;
(b) "Board" means the Board of Governors of the Authority;
(c) "Executive Board" means the Executive Board of the Authority;
(d) "Executive Chairman" means the Executive Chairman of the Board;
(e) "Prescribed" means prescribed by rules made under this Act; and
(f) "Zone" means a place or places to be specified by the Government under section 10 as an Export Processing Zone for the purposes of setting up export-oriented industries.]

3. Establishment of the Authority:

(1) As soon as may be after the commencement of this Act, the Government shall, by notification in the official Gazette, establish[3] an Authority to be called the Bangladesh Export Processing Zones Authority for carrying out the purposes of this Act.
(2) The authority shall be a body corporate having perpetual succession and a common seal, with power to acquire, held and dispose of property, both movable and immovable, and shall by the said name sue and be sued.

……………………………………………………………………………

[1]This Act has come in to force on the 14th April, 1981, vide notification no. SRO 113-L / 81, dated 13-4-1981, published in the Bangladesh Gazette, Extra, dated 13-4-1981, page 781.
[2]Subsituted by ordinance No. LII of 1996, s 2, for section 2.
[3]The Bangladesh Export Processing Zones Authority was established on the 15th April, 1981, vide Notification No. SRO 11-L / 81, dated 15-4-1981, published in the Bangladesh Gazette, Extra, dated 15-4-1981, page 783.

[1][3A. General Direction:

(1) The General direction and administration of the affairs of the Authority shall vest in the Executive Board which may, subject to sub-section (2), exercise all powers and do all acts and things as may be exercised or done by the Authority.

(2) The Executive Board, in discharging its functions, shall act in accordance with the guidance, order and instructions given by the Board of Governors of the Authority from time to time.]

4. Head Office, etc.:

(1) The Head Office of the Authority shall be located at Chittagong.

(2) The Authority may establish its offices and branches at such places as it may deem fit.

[2][4A. Objects of the Authority:

The objects of the Authority shall be -

(a) to foster and generate economic development of Bangladesh by encouraging and promoting foreign investments in a zone;

(b) to diversify the sources of foreign exchange earnings by increasing export of Bangladesh through a zone[3] [;]]

[3][(c) to encourage and foster the establishment and development of industries and commercial enterprises in a zone in order to widen and strengthen the economic base of Bangladesh;

(d) to generate productive employment opportunity and to upgrade labour and management skills through acquisition of advanced technology.]

[4][5. Board of Governors:

(1) There shall be a Board of Governors of the Authority which[6] [shall subject to provision of sub-section (3), consist] of the following members namely;

(a) Chairman;

(b) Minister-in-charge of the Ministries or Divisions dealing with Industries, Commerce, Finance, Planning, Foreign Affairs, Energy and Ports and Shipping, ex-officio;

(c) Governor, Bangladesh Bank, ex-officio;

(d) Secretaries of the Ministries or Divisions dealing with Industries, Commerce, Finance, Planning, Foreign Affairs, Energy, Ports and Shipping and Internal Resources, ex-officio;

(e) Chairman of the Executive Board, who shall also be the Secretary of the Board, ex-officio;

(2) The [5][Prime Minister], or a member, who is a Minister nominated by the [5][Prime Minister], shall be the Chairman of the Board.

[1]Section 3A was inserted by Ordinance No. LII of 1986, s.3.

[2]Section 4A was inserted by Ordinance No. XLIX of 1984, s.2

[3]The semi-colon was substituted for the full-stop at the end of clause (b) and thereafter New clauses (c) and (d) were added by Ordinance No. LII of 1986 s.4.

[4]Substituted, ibid,s.5, for sections 5 and 6.

[5]The words "Prime Minister" were substituted for the word "President" by Act. XXX of 1992, s.2.

[(3) The Government may, by notification in the official Gazette, include in the Board any person or exclude from the Board any member with approval of the Prime Minister.]

5A. Functions of the Board:

(1) The Board-

(a) shall formulate the policies for operation and management of the Authority and Zones;

(b) shall review, from time to time, the activities and performance of the Executive Board and the zones;

(c) may give orders or issue instructions which are deemed appropriate for the purpose of efficient management of the affairs of the authority and the zones.

(2) The policies formulated, orders given and instructions issued by the Board shall be deemed to be the policies formulated, orders given and instructions issued by the government and shall be followed accordingly; and they shall not require any formal approval of any Ministry or Division dealing with the matters for their implementation.

5B. Executive Board:

(1) There shall be an Executive Board of the Authority consisting of a Chairman and three other members.

(2) The Chairman of the Executive Board shall be called the Executive Chairman and he shall be the Chief Executive Officer of the Authority.

(3) The Executive Chairman and other members of the Executive Board shall be appointed by the Government and shall hold office on such terms and conditions as the Government may determine.

(4) If a vacancy occurs in the office of the Executive Chairman or if the Executive Chairman is unable to discharge the functions of his office on account of his absence, illness or any others cause, the Government shall make such arrangement for discharging the functions of the Executive Chairman as it may consider expedient.

(5) No act or proceeding of the Executive Board shall be invalid or be called in question merely on the ground of any vacancy in, or any defect in the constitution of the Executive Board.

6. Meetings:

(1) Same as provided in this section, the Board of Governors and the Executive Board shall regulate the procedure for their meetings.

(2) All meetings of the Board of Governors shall be convened by the Secretary of the Board in consultation with its Chairman and shall be held at such times and places as may be determined by him.

[6]The words comma number and bracket "shall subject to provisions of sub-section (3), consist" were substituted for the words "shall consist" by Act XXII of 1994, s.2.

[7]Sub-section (3) was inserted by Act XXII of 1994 s.2.

(3) All meetings of the Executive Board shall be convened by the Executive Chairman and shall be held at such times and places as may be determined by him.

(4) All meetings of the Board of Governors shall be presided over by its Chairman and, in his absence, by a member of the Board who is a Minister, authorized by the Chairman.

(5) All meetings of the Executive Board shall be presided over by its Chairman.]

[1][6A. Consultative Committee:

(1) [2][The Executive Board shall, in the discharge of its functions, be aided] and advised by a Consultative Committee which shall consist of the following members:

(a) One member to be nominated by the Internal Resources Division from among its Officers;

(b) One member to be nominated by the Ministry of Industries from among its Officers;

(c) One member to be nominated by the Ministry of Commerce from among its Officers;

(d) One member to be nominated by the Export Promotion Bureau from among its Officers;

(e) One member to be nominated by the Finance Division from among Senior Bankers;

(f) One member to be nominated by the Ministry of Industries from among Prominent Industrialists;

(g) One member to be nominated by the Government from among Industrialists of each zone;

(h) Director General, Department of Industries, or his nominee;

(i) Division Chief (Industries), Planning Commission;

(j) Commissioner of the Division in which a Zone is situated or his nominee;

(k) Chairman of the Water Supply and Sewerage Authority within the area of which a Zone is situated;

(l) Chairman of Chittagong Port Authority or Port of Chalna Authority to be nominated by the Government'

(m) Chairman of the body, by whatever name called, responsible for the development or improvement of the urban area within which a zone situated;

....

[1]Section 6A was inserted by ordinance No. XLIX of 1984. s.5.

[2]Substituted by Ordinance No. LII of 1986, s. 7(a), for "The Authority shall in the discharge of its functions, be aided'.

(n) Chairman, Bangladesh Small and Cottage Industries Corporation;

(o) One member to be nominated by the Federation of Bangladesh Chamber of Commerce and Industry;

(p) Four members to be nominated by the Federation of Bangladesh Chamber of Commerce and Industries, one from among Presidents of Chamber of Commerce and Industry of each Division;

(q) One member to be nominated by the Authority from among the Owners or Shareholders of the Enterprises set up in a Zone;

(r) One officer of the Authority to be nominated by it who shall also be the Secretary of the Consultative Committee; and

(s) Such other members as may be nominated by the Government.

(2) The [1][Executive Chairman] shall *ex-officio* be the Chairman of the Consultative Committee.

[2][(3) The meetings of the Consultative Committee shall be convened by its Chairman and shall be held at such times and places as may be determined by him.]

(4) All meetings of the Consultative Committee shall be presided over by [3][its Chairman] or, in his absence, by a member of the [4][Executive Board authorized by him.]

(5) To constitute a quorum at a meeting of the Consultative Committee no less than one-third of the total number of its members shall be present.]

[5][6B. Post Sanction Clearance Committee:

(1) There shall be a committee to be called the Post Sanction Clearance Committee.

(2) The Committee shall be consist of the following members, namely:

(a) Executive Chairman, ex-officio, who shall be its Chairman;

(b) Controller or Capital Issue, ex-officio;

(c) Registrar or Joint Stock Companies, ex-officio;

(d) General Manager, Exchange Control Department, Bangladesh Bank, ex-officio;

(e) An officer of the Authority to be nominated by it, who shall also be the Secretary of the Committee.

(3) The Committee shall assist the Executive Board in matters of registration of companies, capital issues and foreign exchange transaction in respect of, and in all other matters connected with the operational needs of, sanctioned industries in a zone.

....

[1]Substitued by Ordinance No. LII of 1986, s. 7(b), for "*Chairman of the Authority*"

[2]Substitued , ibid., s. 7(c), for sub-section(3).

[3]Substitued, ibid., s. 7(d)(i), for "*the Chairman*"

[4]Substitued, ibid., s. 7(d)(ii), for "Authority Authorized by him this behalf".

[5]Section 6B was inserted, ibid., s.8.

(4) Same as provided in this section, the Committee shall regulate the procedure of its meetings; Provided that the Committee shall meet at least once in a month.

(5) The meetings of the Committee shall be convened by its Secretary and shall be presided over by its Chairman.]

7. The Functions of the Authority:

The Functions of the Authority shall be-

(a) to take possession of land to be acquired or requisitioned by the Government for the purpose of creation and development of a zone;

[1][(b) to allot land and building spaces in a zone to investors on sale, lease or on rent and to allow them to mortgage the allotted lands for raising loan from financial institutions or commercial banks;]

(c) to provide infrastructure facilities, including building, utilities and ware-houses;

[2][(d) to process application for setting up industries within a zone and accord sanctions in accordance with the guidelines given by the government from time to time.]

(e) to provide customs bonded facilities in accordance with customs regulations for importation into a zone of building materials for construction purposes and packaging materials, raw materials and intermediate goods for the purpose of processing for exports;

(f) to allow import of raw materials or semi-processed, processed or other goods to be specified by the [3][Board] in such manner as may be prescribed;

(g) to assist in transportation of imported raw-materials and intermediate goods in bonded conditions and export of finished products;

(h) to provide necessary banking facilities within the zone in consultation with the Bangladesh Bank;

(i) to establish liaison with the port, municipal and other authorities to make arrangement for transportation of imported raw materials and intermediate goods on bonded condition and for export of finished products;

(j) to sanction employment of foreign nationals in accordance with the guidelines given by the Government from time to time, to posts for which local expertise is not available for efficient running of the industries in a zone;

[4][(jj) subject to the approval of the Government, to enter into any contract or agreement of any kind for the purposes of this Ordinance;]

(k) to do such other acts and things as may be necessary to be done in connection with, or conductive to, the performance of the aforesaid function.

[1][7A. Establishment, etc., of warehouses:

Notwithstanding anything contained in this Act, the Authority may, if the Government so directs, set up, maintain and manage public warehouses at any place in Bangladesh to provide customs bonded facilities in accordance with customs regulations for importation into Bangladesh of raw materials, packaging materials, semi-processed goods and accessories required for export oriented industries.]

8. Fund:

(1)There shall be a fund of the Authority to which shall be credited-

(a) grants and loans from the Government;

(b) loans from such other sources as the Government may approve;

(c) proceeds from the land allotted for setting up of industries in the zone;

(d) rental of buildings leased out to the industries set up in the zone;

(e) fees and service charges, if any, received for services rendered;

(f) any other sums not specified accruing to or due to the Authority from other source.

(2) The fund of the authority shall be used to meet expenditure in connection with the functions of the authority under its Act.

9. Power to Borrow:

The Authority may[2] *** borrow money for carrying out of the purpose of this Act.

10. Power to Create Zone:

The government may, by notification in the official gazette, declare any place or places to be specified in the notification to be an Export Processing Zone for the purposes of this Act.

11. Acquisition of Land for a Zone:

Where any land or any interest in any land is required by the Authority for any of its purpose under this Act that land or the interest therein may be acquired by the Government under *Land Acquisition Act, 1894 (I of 1894), for the Authority and the land or interest therein so acquired shall be deemed to be required for a public purpose.

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[1] Substitued by Ordinance No. LII of 1986, s. 9(a), for clause (b)

[2] Substitued by Ordinance No. XLIX of 1984, s. 6(a), for clause (d)

[3] Substitued by Ordinance No. LII of 1986, s. 9(b), for "Government".

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[4] Clause (jj) was inserted by ordinance No. XLIX of 1984, s. 6(b)

[1]Section 7A was inserted by ordinance No. XIII 1985, s.2.

[2]The commas and words, "with the prior approval of the Government," were omitted by ordinance No. XLIX of 1984. s.7.

[3]Section 11A was inserted by ordinance No. XLIX 1984, s.8.

*Read the Acquisition and Requisition of Immovable Property Ordinance. 1982(Ord. No. II of 1982).

[2][11A. Power to Exempt Zones from Operation of Certain Laws:

The Government may, by notification in the official Gazette, exempt a Zone from the operation of all or any of the provisions of all or any of the following enactments or, direct that any such enactment or any provision thereof shall, in its application to a zone, be subject to such modifications or amendments as may be specified therein, namely:

(a) The Stamp Act, 1899 (II of 1899)

(b) The Companies Act, 1913 (VII of 1913);

(c) The Excises and Salt Act, 1944 (I of 1944);

(d) The Foreign Exchange Regulation Act, 1947 (VII of 1947);

(e) The Employment of Labour (Standing Orders) Act, 1965 (VIII of 1965);

(f) The Industrial Relations Ordinance, 1969 (XXIII of 1969);

(g) The Land Development Tax Ordinance, 1976 (XLII of 1976);

(h) The Income-Tax Ordinance, 1984 (XXXVI of 1984) [;]

[1][(i) The Municipality Taxation Act, 1881 (Ben. Act IX of 1881);

(j) The Explosives Act, 1884 (IV of 1884);

(k) The Electricity Act, 1910 (IX of 1910);

(l) The Boilers Act, 1923 (V of 1923);

(m) The Building Construction Act, 1952 (E.B. Act II of 1953);

(n) The Fire Service Ordinance, 1959 (E.P. Ordinance XVII of 1959);

(o) The Factories Act, 1965 (E.P. Act IV of 1965);

(p) The Chittagong Municipal Corporation Ordinance, 1982 (XXV of 1982).].

[3] [11B. Committees:

In addition to the committees constituted under this ordinance, the Board of Governors or the Executive Board may, from time to time, appoint such other Committee or Committees as may be necessary to assist them in the discharge of their functions.]

[4][11C. Inclusion in, or exclusion from committees:

Notwithstanding anything contained in this Act, the Government may, by order in writing, include in, or exclude from, the Consultative committee or the Post Sanction Clearance Committee under section 6A and 6B respectively or any other Committee appointed under section 11B with the approval of the Prime Minister.]

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[1] The semicolon was substituted for the full-stop at the end of entry (h) and thereafter the entries (i), (j), (k), (l), (m), (n), (o) and (p) were added by Ordinance No. LII of 1986. s. 10.

[2]Section 11B was inserted, ibid., s. 11.

[3]Substituted ibid., s. 12, for "Government".

[4]Section 11c was inserted by Act XXII of 1994. s. 3.

12. Permission for Setting up Industry in the Zone, etc.:

(1) A person desiring to set up an industry in a zone shall make an application to the Authority in the prescribed form for permission in that behalf.

(2) The Authority or any person authorized by in this behalf shall, on receipt of an application made under sub-section (1), process it in accordance with the principle to be laid down by the [Board] in this behalf and shall, if it is satisfied that the applicant fulfils the requirements for setting up an industry in the zone, grant him a permission in the prescribed form.

13. Allotment of Land, etc., in a Zone:

The Authority may, subject to such terms and conditions as it may determine, allot, or lease out on rental basis or otherwise; land and building spaces in a zone to a person who has been granted permission under section 12 to set up an industry in that zone.

[1][14. Permission to Banks to Operate in a Zone:

The Authority may, with the approval of the Bangladesh Bank, permit banks, foreign and local, to operate in a zone and to have as their constituents persons not resident in Bangladesh and to accept deposits on current account or otherwise from such persons.]

15. Bonded Facilities, etc.:

Notwithstanding anything contrary contained in any other law for the time being in force, there shall not, subject to such rules as may be prescribed, be leviable-

(a) On any goods, including raw-materials, imported into a zone any customs duty, sales tax, octroi or excise duty or import license or permit fee or any other charges;

(b) On any goods exported from a zone any duty or any other charges.

16. Types of Industries to be Set up in a Zone, etc.:

The authority may, with the previous approval in writing of the Government, determine, from time to time, the type or types of industries to be set up in a zone.

17. Budget:

The Authority shall, by such date in each year as may be fixed by the Government, submit to the Government for approval a budget, in such form as the Government may specify, for each financial year, showing the estimated receipt and expenditure during that financial year.

18. Audit and Accounts:

(1) The accounts of the Authority shall be maintained in such manner and form as may be prescribed by the Government.

(2) Without prejudice to the provision of the Comptroller and Auditor General (Additional Functions) Act, 1974 (XXIV of 1974), the accounts of the Authority shall be audited by an Auditor, being a Chartered Accountant within the meaning of the Bangladesh Chartered Accountants Order, 1973 (P.O. No. 2 of 1973), who shall be appointed by the Authority, with the prior approval of the Government, on such remuneration to be paid by the Authority as the Government may fix.

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[1] Substituted by Ordinance No. XLIX of 1984, s.9. for section 14.

(3) The Auditor appointed under sub-section (2) shall examine the annual balance sheet of the Authority together with the accounts and vouchers relating thereto and shall have a list delivered to him of all books kept by the Authority; and shall at all reasonable times have access to the books, accounts and other documents of the Authority, and may in relation to such accounts examine any member or officer of the Authority.

(4) The Auditor shall report to the Government on the accounts examined by him and in his report state whether, in his opinion, the books of accounts have been properly maintained and they exhibit the true picture of the Authority's affairs, and in case he has called for any explanation or information from the Authority, whether it has been given and whether it is satisfactory.

(5) The Government, may at any time, issue direction to the Auditors requiring them to report to it upon the adequacy of measures taken by the Authority for the protection of the interest of the Government and of the creditors of the Authority or upon the sufficiency of the procedure in auditing the accounts of the Authority, and may, at any time, enlarge or extend the scope of the audit or direct that a different procedure in audit be adopted or that any other examination be made by the Auditors if in its opinion the public interest so requires.

19. Submission of Reports, etc.:

(1) The Authority shall submit to the Government, as soon as possible after the end of every financial year, a report on the conduct of its affairs for that year.

(2) The Authority shall submit to the Government at such times and at such intervals as the Government may specify-

(a) Such returns, accounts, statements, estimates and statistics as may be required by the Government;

(b) Information and comments asked for by the Government on any specific subject;

(c) Copies of documents required by the Government for examination or for any other purpose.

20. Appointment of Officers, etc.:

The Authority may appoint such officers and other employees and engage such consultants, advisers, auditors, and contractors as it may consider necessary for the efficient performance of its functions of such terms and conditions as it may deem fit.

21. Government Directions etc.:

[Omitted by Ordinance No. LII of 1986,s.13.]

22. Power to Make Rules:

The Government may, by notification in the official gazette, make rules for carrying out the purpose of this Acts.

23. Power to Make Regulations:

The Authority may, with the approval of the Government, make regulations, not inconsistent with the provisions of this Act and the rules made there under, to provide for all matters not required to be provided for by rules and for which provision is necessary or expedient for carrying out the purpose of this Act.

[1] [24. Removal of Difficulties:

If any difficulty arises in giving effect to the provisions of this Ordinance, the Government may, by order, do anything which appears to it to be necessary for the purpose of removing the difficulty.]

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[1]Section 24 was added by Ordinance No. LII of 1986, s.14.

INCLUSION OF NEW MEMBERS IN THE BOARD OF GOVERNORS OF BEPZA

(Board of Governors' SRO No. 78-Law / 95, dated 25 May, 1995)

In exercise of the power conferred under sub-section (3) of section 5 of the Bangladesh Export Processing Zones Authority Act, 1980 (XXXVI of 1980) and after the approval of the Prime Minister, the government has included the Principal Secretary of the Prime Minister's Secretariat and the Executive Chairman of the Board of Investment as members of the Board of Governors of the Bangladesh Export Processing Zones Authority.

FOREIGN PRIVATE INVESTMENT (PROMOTION & PROTECTION) ACT, 1980

(Act No. XI of 1980)

An Act to provide for the promotion and protection of foreign private investment in Bangladesh;

WHEREAS, it is expedient to provide for the promotion and protection of foreign private investment in Bangladesh.

It is hereby enacted as follows:

1. Short Title:

This Act may be called the Foreign Private Investment (Promotion and Protection) Act, 1980.

2. Definitions:

(1) In this Act, unless there is anything repugnant in the subject or context-

(a) "Foreign Capital" means capital invested in Bangladesh in any industrial undertaking by a citizen of any foreign country or by a company incorporated outside Bangladesh, in the form of foreign exchange, imported machinery and equipment, or in such other form as the Government may approve for the purpose of such investment;

(b) "Foreign private investment" means investment of foreign capital by a person not a citizen of Bangladesh or by a company incorporated outside Bangladesh, but does not include investment by a foreign Government or an agency of the foreign Government;

(c) "Industrial undertaking" means an industry, establishment or other undertaking engaged in the production or processing of any goods or in the development and extraction of such mineral resources or products, or in the providing of such mineral resources or products, or in the providing of such services, as may be specified in this behalf by the Government.

(2) Words and expressions used but not defined in this Act shall have the same meaning as in the Companies Act, 1913 (VII of 1913).

3. Foreign Private Investment:

(1) The Government may, for the promotion of foreign private investment, sanction establishment with foreign capital of any industrial undertaking-

(a) Which does not exist in Bangladesh and the establishment whereof, in the opinion of the Government is desirable; or

(b) Which is not being carried on in Bangladesh on a scale adequate to the economic and social needs of the country; or

(c) Which is likely to contribute to-

(i) the development of capital, technical and managerial resources of Bangladesh; or

(ii) the discovery, mobilization or better utilization of the natural resources; or

(iii) the strengthening of balance of payment of Bangladesh; or

(iv) increasing employment opportunities in Bangladesh; or

(v) the economic development of the country in any other manner.

(2) Sanction of the establishment with foreign capital of an industrial undertaking under sub-section (1) may be subject to such condition as the government may deem fit to impose.

4. Protection and Equitable Treatment:

The Government shall accord fair and equitable treatment to foreign private investment which shall enjoy full protection and security in Bangladesh.

5. Terms of Sanction, etc:

The terms of sanction, permission or license granted by the Government to an industrial undertaking having foreign private investment shall not be unilaterally changed so as to adversely alter the conditions under which the establishment of such undertaking was sanctioned; nor shall foreign private investment be accorded a less favorable treatment than what is accorded to similar private investment by the citizens of Bangladesh in the application of relevant rules and regulations.

6. Indemnification, etc:

In the event of losses of foreign investment owing to civil commotion, insurrection, riot, foreign private investment shall be accorded the same treatment with regard to indemnification, compensation, restitution, or other settlement as is accorded by investments by the citizens of Bangladesh.

7. Expropriation and Nationalization:

(1) Foreign Private investment shall not be expropriated or nationalized or be subject to any measures having effect of expropriation or nationalization except for a public purpose against adequate compensation which shall be paid expeditiously and be freely transferable.

(2) Adequate compensation for the purpose of sub-section (1) shall be an amount equivalent to the marker value of investment expropriated or nationalized immediately before the expropriation or nationalization.

8. Repatriation of Investment:

(1) In respect of foreign private investment, the transfer of capital and the returns from it and, in the event of liquidation of industrial undertaking having such investment, of the proceeds from such liquidation is guaranteed.

(2) The guarantee under sub-section (1) shall be subject to the right which in circumstances of exceptional financial and economic difficulties, the Government may exercise in accordance with the applicable laws and regulations in such circumstances.

9. Removal of Difficulty:

If any difficulty arises in giving effect to any provision of this Act, the Government may take such order, not inconsistent with the provisions of this Act, as may appear to it to be necessary for the purpose of removing the difficulty.

PRINCIPLES & PROCEDURES GOVERNING SETTING UP OF INDUSTRIES IN EPZS

(Approved by ECNEC in its meeting on 19 March, 1981)

Industries which may be set up in EPZs of Bangladesh may be classified as:

(a)Type-A: 100% foreign owned including investment by Bangladeshi nationals ordinarily resident abroad;

(b)Type-B: Joint Venture projects between Foreign and Bangladesh entrepreneurs resident in Bangladesh;

(c)Type-C: 100% Bangladeshi entrepreneurs resident in Bangladesh.

The following conditions shall be applicable to Type-A industries:

(a) Total investment cost of the project including cost of construction shall have to be financed by the entrepreneurs' own foreign exchange resources;

(b) The raw materials and the entire working capital requirement including payment of rental, rates and taxes, wages and salaries, transportation and local materials, repairs and maintenance shall have to be financed out remittances received in convertible foreign currencies or export proceeds of the enterprise;

(c) The entire products of the enterprise shall have to be exported outside Bangladesh. However, the government may allow under exceptional circumstances sales into Bangladesh of any product manufactured in a zone. Such sales will be paid for in foreign exchange and be subject to observance of other formalities including payment of duties and taxes, if any as applicable to imports;

(d) The industries shall declare to Bangladesh Bank the FOB (Free On Board) value of the goods exported out of Bangladesh immediately after the actual shipment of the goods has been effected; and the export proceeds, when realized, will be allowed to be retained on convertible foreign currency accounts;

(e) No import duty, sales tax, octroi or other taxes shall be leviable on the import of capital machinery, instruments and equipment including replacements thereof, spare parts, raw materials, packaging materials, construction equipment and materials for use in EPZs;

(f) Bangladesh goods or raw materials sold against foreign exchange for use or processing in EPZs will be treated as exports from Bangladesh and will be subject to usual export formalities including payment of export duty, if any, such exports will be eligible for export incentives as may be allowed from time to time;

(g) There shall be no excise duty on goods produced in EPZs and no export duty shall be leviable on the exports of such goods;

(h) The income, profits and gains of any industrial undertaking set up in a zone shall be exempted from the income tax payable under the Income Tax Act for a period of 10 years beginning with the month in which the commercial production of the undertaking is commenced without any condition of reinvestment. Rebate of 50% of the income tax attributable to export sales of the undertaking shall be allowed after the expiry of 10 years;

(i) The company's office of the undertaking shall be registered as a foreign company under the Companies Act;

(j) A foreign technician employed in a zone who is neither a citizen of taxable territories nor was a resident in taxable territories in any of the 4 years immediately preceding the year in which he arrived in taxable territories shall be exempted from the payment of income tax on salaries for a period not exceeding 3 years from the date of his arrival in the taxable territories provided that such salary is exempted from income tax in the country of domicile of the technician. This exemption shall be available only if all the conditions and requirements laid down under clause (XIII) of sub-section (3) of section 4 of the Income Tax Act are fulfilled and that the said law is in force at the relevant time;

(k) The enterprise shall submit its audited and certified annual statement of accounts to Bangladesh Bank and Register of Joint Stock Companies.

The following conditions shall be applicable to Type-B industries:

(a) The cost of capital machinery and spare parts imported from abroad shall have to be paid for by the foreign partners from their own resourced;

(b) The entire raw materials used for manufacturing or processing whether imported from abroad or locally procured shall have to be provided by the foreign partners from funds to be brought from abroad.

(c) Local currency cost of the investment including working capital not provided for by foreign partners except these mentioned in (a) and (b) above, may be contributed by the local partners;

(d) Local currency borrowing by Bangladesh entrepreneurs may be allowed subject to such restriction as may be imposed by the Bangladesh Bank;

(e) In case, the extent of investment to be made by the foreign partner as agreed upon and approved by the Authority, does not cover the import of raw materials,

the local partner may be allowed by Bangladesh Bank to open L.C. for imported raw materials, on case-to-case basis;

(f) While dividend payable to the foreign partners will be remittable in foreign exchange, the payment of dividend to the local partners will be made in local currency;

(g) The undertaking shall be registered in Bangladesh as a Bangladeshi company under the Companies Act.

The following conditions shall be applicable to Type-C industries:

(a) The machinery, spare parts, raw materials and other imported capital goods have to be financed under non-repatriable foreign exchange, supplier's credit, PAYE or other approved arrangements or such other arrangements as the Government may permit. Salaries and emoluments of foreign experts, if employed, shall have to be financed under any of these arrangements;

(b) The first consignment of raw materials may be imported by procuring foreign currency from the Secondary Exchange Market (SEM) subject to approval of the Bangladesh Bank. Such industries will be eligible for cash foreign exchange for subsequent import of raw materials and spares etc. to the extent of the net foreign exchange earned and surrendered to the Bangladesh Bank;

(c) The cost of any construction and working capital and goods not covered in (a) & (b) above may be financed out of the local resources of the entrepreneurs;

(d) The entire export proceeds shall have to be surrendered to the Bangladesh Bank;

(e) These enterprises shall be subject to usual foreign exchange regulations of the country. Incentives and facilities admissible under any rules or orders to export-oriented industries shall not be automatically admissible to an enterprise in a zone unless otherwise specifically made admissible to it by the Government.

THE CUSTOMS (EXPORT PROCESSING ZONES) RULES, 1984

(NBR SRO No. 545-L / 84 / 889 / Cus, dated 10 December, 1984)

In exercise of the powers conferred by section 219 of the Customs Act, 1969 (IV of 1969), read with item 23 of the third schedule thereof, the National Board of Revenue is pleased to make the following rules, namely:

THE CUSTOMS (EXPORT PROCESSING ZONES) RULES, 1984

1. Short Title and Extent:

(1) These rules may be called the Customs (Export Processing Zones) Rules, 1984.

(2) They shall apply to all zones specified by the government under section 10 of the Bangladesh Export Processing Zones Authority Act, 1980 (XXXVI of 1980).

2. Definitions:

In these rules, unless there is anything repugnant in the subject or context,-

(a) "Act" means the Customs Act, 1969 (IV of 1969);

(b) "Authority" means the Bangladesh Export Processing Zones Authority established under section 3 of the Bangladesh Export Processing Zones Authority Act, 1980 (XXXVI of 1980);

(c) "Collector of Customs" in relation to a zone means the Collector of Customs in whose jurisdiction such zone is situated;

(d) "Import" in relation to a zone means import from outside Bangladesh and includes goods brought into a zone from the tariff area or from another zone;

(e) "Tariff area" means any area in Bangladesh outside the limits of a zone; and

(f) "Zone" means such area as is specified by the Government to be a zone under section 10 of the Bangladesh Export Processing Zones Authority Act, 1980 (XXXVI of 1980).

3. Import of Goods into a Zone:

(1) Subject to sub-rules (6) and (7), any goods may be imported into a zone from outside Bangladesh or from the tariff area or from another zone.

(2) A separate bill of entry in respect of goods imported into a zone along with other documents showing details of other goods as required under the Act and the rules made there under shall be presented to the Collector of Customs for assessment and clearance.

(3) Goods imported into a zone shall be assessed in accordance with his procedure laid down in the Act and the rules made there under.

(4) Any goods for which exemption has been granted by the Government under the Act shall be used exclusively within the limits of a zone.

(5) All goods cleared shall be secured and forwarded to the zone under customs supervision, and a pass shall be sent with the goods specifying the name of the importer and the clearing agent, if any, number of conveyance, description and quantity of goods with the marks and numbers and contents thereof and on receipt of the goods in the zone, the officer of customs allowing the goods to enter the zone shall retain the pass.

(6) Admission of goods imported for a zone shall not be refused except when the goods are liable to restrictions or prohibitions imposed on the grounds of public morality or order, public security, public hygiene or health or for veterinary or phytopathological consideration or relating to the protections of patent, trademark or copy rights.

(7) Hazardous goods may be allowed to be admitted to a zone only when an area specially designed for its storage is made available within the zone.

(8) Goods admitted to a zone may remain there for such period as may be prescribed by the Authority.

4. Introduction of Goods into a Zone from Tariff Area:

(1) Goods from the tariff area required for further processing in a zone shall be admitted after completion of export formalities which are normally observed for export out of the country.

(2) Goods which are entitled to exemption or repayment of customs duties and sales tax on exportation shall qualify for such exemption or repayment immediately after these have been admitted into a zone in accordance with the provisions of the Act and the rules made there under.

5. Export of Goods from a Zone:

(1) Any person exporting goods from a zone shall follow the export procedure as laid down in the Act and the Rules made there under.

(2) Goods cleared for export shall be secured and forwarded to the customs station under customs supervision, and a pass shall be sent with the goods, specifying the name of the importer and the clearing agent, if any, number of conveyance, description and quantity of goods with the marks and number and contents thereof, and on receipt of the goods at the customs station, the officer of customs allowing the export of goods shall retain the pass.

(3) All customs formalities regarding removal of goods from the tariff area shall be completed at the customs stations or at any place within the zone approved for this purpose by the Collector of Customs.

6. Removal of Goods from a Zone of Tariff Area:

(1) Removal of goods from a zone for home consumption may be restricted to only such goods as may be authorized by the Authority.

(2) Any goods permitted by the Authority for entry into the tariff area under sub-rule (1) may be taken out of the zone after fulfilling all requirements prescribed under the Act and the rules made there under for import of goods from out of Bangladesh into the tariff area.

(3) For the purpose of determination of value and the rate of duties and other taxes applicable to goods removed for home consumption shall be determined in accordance with the provisions of the Act and the rules made there under.

7. Destruction:

Any goods brought into a zone having been rendered unfit for consumption may be allowed to be destroyed or rendered commercially valueless by an officer of customs not below the rank of a Deputy Collector of Customs in such manner as may be prescribed by the Collector of Customs.

8. Annual Stock Taking:

The Collector of Customs shall carry out annual stock taking of each industrial unit set up in a zone in such manner as he deems fit.

9. Unaccounted Goods:

If any importer fails to give proper account of the imported goods to the satisfaction of an officer of customs not below the rank of an Assistant Collector of Customs, the importer shall pay demand an amount equal to the duties and taxes leviable thereon and shall also be liable to pay penalties imposed for such violation under the Act and the rules made there under.

10. Restriction on Removal of Goods from Zones:

No goods shall be taken out of zone except as provided in rules 5 and 6 or for transfer to another zone, or for being used in the production, manufacture, processing, repair, or refitting in the tariff area with the prior permission of the Collector of Customs on such conditions, restrictions and limitations as he may prescribed.

11. Security of a Zone:

(1) Each zone shall be bounded with secured boundary fencing and suitable check posts may be established after approval of the Collector of Customs.

(2) The construction of the check posts shall be carried out by the Authority in accordance with the layout plan approved by the Collector of Customs.

(3) The Collector of Customs may impose restrictions on means of access to a zone and regulate the hours of business; and may keep the means of access to a zone under supervision and make spot checks on the goods brought into or taken out of the zone to ensure that these have complied with the provisions of the Act and the rules made there under.

THE BANGLADESH EPZ LABOUR ACT, 2019

(Act no. II of 2019)

An Act to make provisions relating to employment of workers in the industries under the EPZ or zones, relations between workers and employers, fixation of minimum rates of wages, payment of wages, compensation for injuries to workers caused by accident during working hours, health, safety, etc. of the workers, and for the formation of Workers' Welfare Association and to repeal and re-enact the existing laws relating to EPZ Workers' Welfare Association and industrial relations.

Short Title and Commencement:

(i) This Act may be called the Bangladesh EPZ Labour Act, 2019.
(ii) This Act shall be applicable to the workers and employers of all industries in EPZs or Zones under Bangladesh Export Processing Zones Authority.
(iii) It shall come into force at once.[1]

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[1]This Act, published in the Bangladesh Gazette, Extra, dated 28 February, 2019

* Printed copy of the Act may be collected from the Authority

CHAPTER-2

EXCHANGE CONTROL REGULATIONS FOR INDUSTRIES IN EPZs

EXPORT FROM THE EXPORT PROCESSING ZONES

(Chapter 8, Section II of Bangladesh Bank Guidelines for Foreign Exchange Transactions (GFET), 2018 Vol 1)

1. Principles and Procedures

Export Processing Zones (EPZs) have been established by the Act namely, Bangladesh Export Processing Zone Authority Act, 1980. The following types of industrial units operate in the EPZs:

(a) Type-A: 100 percent foreign owned including those owned by Bangladeshi nationals ordinarily resident abroad;

(b) Type-B: Joint venture projects between foreign and Bangladesh entrepreneurs resident in Bangladesh;

(c) Type-C: 100 percent Bangladeshi entrepreneurs resident in Bangladesh.

Developers and different service providing companies (water supply/treatment, cleaning, dust management, effluent treatment plant, etc.) operating in EPZs, exclusively formed and registered to serve a particular EPZ will be treated as industrial units of EPZ for foreign exchange regulation purposes.

The broad guidelines relating to the operation of industrial enterprises in the EPZs are contained in the "Principles and Procedures governing setting up of industries in EPZ" issued by the BEPZA.

2. Repatriation of export proceeds from the EPZs

Exports from EPZs are subject to the usual requirement of declaration of exports in EXP Form and repatriation of export proceeds. For identification, EXP forms for these exports should be rubber stamped or over printed with words "EXPORT FROM EPZ" in bold letters.

3. Disposal of export proceeds

Procedures to release of foreign exchange to the enterprises against exports made from the EPZs are described in Chapter 13 (Section-V).

4. Sale of Bangladeshi goods to EPZ enterprises

Sales of Bangladeshi goods or raw materials to the enterprises in EPZ against payment in foreign currency shall be treated as exports from Bangladesh and normal foreign exchange regulations concerning declaration of exports on EXP forms and repatriation of proceeds is applicable to these exports to the EPZ enterprises.

Exports to EPZ areas shall be considered as imports by EPZ enterprises. In such cases, ADs of EPZ enterprises may report such import transactions to Bangladesh Bank in monthly schedule E-2 under Statement-10 or Statement-11 (as the case may be) mentioning the number of concerned EXP forms to which the payment in foreign currency relate. This procedure of mentioning EXP numbers will also be applicable for transactions between EPZ enterprises and intra EPZ enterprises. The above procedure will be applicable for reporting in online web portal. Usual IMP Form reporting procedures will, however, be applicable for imports by EPZ enterprises from abroad.

5. Exports from EZs and private EPZs

The above instructions of Section-II will be applicable for (i) enterprises of economic zones (EZs) established under the Bangladesh Economic Zones Authority Act 2010 and (ii) private EPZs including KEPZ established under Private Export Processing Zone Act, 1996.

FOREIGN INVESTMENT IN BANGLADESH

(Chapter 9, Section I of Bangladesh Bank Guidelines for Foreign Exchange Transactions (GFET), 2018 Vol 1)

1. General

Foreign investors are free to make investment in Bangladesh in the industrial enterprises excepting a few reserved sectors as mentioned in the 'Industrial Policy' of the government in force. An industrial venture may be set up in collaboration with local investors or may even be wholly owned by the foreign investors. No permission of the Bangladesh Bank is needed to set up such ventures if the entrepreneurs use their own funds. However, to avail of the facilities and institutional support provided by the Government, entrepreneurs/sponsors may secure registration with Bangladesh Investment Development Authority (BIDA). For investment in Export Processing Zones (EPZs) and Economic Zones (EZs), such registration shall be done with the Bangladesh Export Processing Zones Authority (BEPZA) and Bangladesh Economic Zones Authority (BEZA) respectively.

2. Issue of shares in favour of non-residents

A. Prior permission of the Bangladesh Bank is not required for issue of shares in favour of non-residents against foreign investment in Bangladesh; general permission is accorded in this behalf subject to the following conditions:

(a) The industrial venture will have permission from the Registrar of the Joint Stock Companies and Firms (RJSCF)/The Bangladesh Securities and Exchange Commission (BSEC) about its capital issue.

(b) Shares may be issued either against freely convertible foreign exchange brought in from abroad through the banking channel or against import of capital machinery. Payment against such import must be made from abroad. However, foreign exchange thus brought in must be encashed in taka before issuance of shares except in the cases of Type-A & Type-B units of EPZs & EZs wherein equity in FC brought from abroad may be retained in FC accounts of the units concerned. In the case of issuance of shares against capital machinery, the machinery has to be cleared from the Bangladesh Customs first.

Beside, shares may be issued in favour of non-residents by debit to non-resident Taka accounts maintained by ADs in the names of their overseas branches and correspondents against inward remittance in convertible currencies. Hence ADs may issue certificate in support of payment from such account for purchase of shares in Bangladeshi companies. In the context of certificate issuance to the beneficiary, ADs shall follow the format in Appendix 5/39 in case of payment from non-resident Taka account and the format in Appendix 5/40 in case of payment against inward remittance in foreign currency.

(c) Foreign Exchange Investment Department, Bangladesh Bank, Head Office must be informed through the concerned AD about the issue of shares to non-residents pursuant to (a) & (b) above with mentioning 'Reporting Transaction ID' to the 'Online Foreign Exchange Transaction Monitoring System' of Bangladesh Bank, within 14 (fourteen) days of such issue, along with the following documents/papers:

(i) attested copy of the permission for the capital issue accorded by the RJSCF/BSEC;

(ii) attested copy of the registration, if any, of the foreign investment in the industrial ventures accorded by the BIDA/BEPZA/BEZA;

(iii) copy of encashment certificate of foreign exchange in Taka authenticated by the AD in case of issue of shares against foreign exchange received from abroad through the banking channel or from non-resident Taka accounts (Appendix 5/39 or 5/40 as the case may be); and

(iv) for issue of shares against foreign investment in the form of capital machinery, the authenticated copy of bill of entry evidencing clearance of the capital machinery from the Custom Authorities, copies of the related import permit, invoice, bill of lading/air way bill, etc.

B. Transfer of Bangladeshi shares/securities

Transfer of Bangladeshi shares and securities from one shareholder to another irrespective of their nationality/residency would not require Bangladesh Bank approval. No intimation to Bangladesh Bank is required in case the transfer is affected between residents. However, for the transfer of shares of private/public limited companies not listed in the stock exchanges, from resident to non-resident, non-resident to resident and non-resident to non-resident, FEID, Bangladesh Bank, Head Office should be informed, through the concerned AD within 14 (fourteen) days, of such transfer along with the following documents:

a) Copy of encashment certificate, authenticated by the concerned AD, of foreign exchange in Taka credited to the account of transferor in case of transfer of shares from resident to non-resident;

b) attested copy of the permission for the transfer accorded by the RJSCF/BSEC;

c) attested copy of up-to-date Schedule-X.

C. Temporary Non-resident Taka Account (NRTA) for Foreign Investors

ADs may open NRTA in the name of the proposed company/enterprise of foreign investors contemplating to invest in Bangladesh without prior approval of Bangladesh Bank. Such accounts may be credited with inward remittances received from abroad only. Upon registration/commencement of the business, a new account in the name of the company may be opened following usual procedure. However account opened previously should be closed immediately and balances lying therein shall be transferred to the new account. If, for any reason, the proposed investment/incorporation does not take place, the balance of the account, after meeting the required expenses, may be allowed to be repatriated without prior approval from Bangladesh Bank. However, ADs shall report opening and closure of such accounts to FEID and FEOD, Head office/concerned office of Bangladesh Bank immediately along with attested copy of form 'C'/TM form (as the cases may be) with particulars of transactions.

3. Remittance of sales proceeds of non-residents' investment (direct/portfolio) in Bangladesh

Guidelines for effecting remittance of sales proceeds of non-residents' investments in Bangladesh are as under:

(A) Shares of the public limited companies listed with stock exchange(s)

Prior approval of Bangladesh Bank is not necessary for remitting the sales proceeds of securities held by non-residents. In such cases, repatriable amount must not exceed the market price of securities prevailing in the stock exchange on the date of sales.

(B) Shares of the public limited companies not listed with stock exchange and private limited companies

Prior approval of Bangladesh bank is required for repatriation of sales proceeds of non-residents equity investment in the: (1) public limited companies that are not listed with the stock exchange companies; and (2) private limited companies. There being no established market price for such investment, Bangladesh Bank will accept fair value of the shares as on the date of sale based on appropriate combination of three valuation approaches (viz. net asset value approach, market value approach and discounted cash flow approach) depending on the nature of the company. Application for repatriation of sale proceeds of shares shall be submitted to FEID at head office of Bangladesh Bank with a Valuation Certificate of shares issued by a Merchant banker licenced by BSEC or a Chartered Accountant experienced in company valuation. Appendix-6/3 of these Guidelines provides indicative guidelines for arriving at fair value. The valuation certificates by eligible valuers will have to be supported by full explanation justifying the fair value arrived at. Full set of audited financial statements of the company will have to be submitted to Bangladesh Bank along with application for remittance approval. If not fully satisfied about appropriateness of the valuation arrived at, Bangladesh Bank reserves the right to obtain second opinion from another qualified valuer of its choice.

If calculated fair value (accepted by Bangladesh Bank) exceeds the face value of the share of the company concerned, capital gain derived there from may also be repatriated. However, only accepted fair value shall be considered as repatriable/or for re-investment in Bangladesh. Prior permission of Bangladesh Bank is not required for sales/transfer of shares of public limited companies not listed with the stock exchange companies by one non-resident to another non-resident.

4. Portfolio investment by non-residents

Non-resident persons/institutions including non-resident Bangladesh nationals may buy Bangladeshi shares and securities in Bangladesh against freely convertible foreign currency remitted from abroad through the banking channel. Transactions relating to such investments including repatriation of dividend/interest earnings and sale proceeds shall be made through a Non-resident Investor's Taka Account (NITA) according to the procedure described in Section-IV, Para 24, Chapter 14.

5. For the purpose of investment through Stock Exchange or in new public issue by non-residents, securities will have the same meaning as defined in section 2(k) of the FER Act, 1947.

6. After the shares/securities have been purchased by the non-resident investor, the related certificates/scripts can be deposited/kept with any person/organization nominated by the investor. The investor can as well take them outside the country, if he/she so desires.

PRIVATE REMITTANCES

(Chapter 11 of Bangladesh Bank Guidelines for
Foreign Exchange Transactions (GFET), 2018 Vol 1)

1. Transfer of assets of foreign nationals retiring from Bangladesh

Foreign nationals leaving Bangladesh permanently after expiry of period of service in terms of relevant employment contracts may transfer abroad their genuine savings out of salaries/benefits clearly stated in the employment contracts duly approved by the BIDA/BEPZA/BEZA or other competent government authorities. They shall also be eligible to transfer abroad the retirement benefits such as provident fund, pension, gratuity due as per employment contracts approved by the BIDA/BEPZA/BEZA, etc.

2. The ADs may, without prior approval of Bangladesh Bank, effect remittance of retirement benefits and savings including sale proceeds of investments in government securities made in accordance with Para 5 below (but not including sale proceeds of real assets such as household articles, real estates and other real assets, requests if any for remittance of such sale proceeds should be forwarded to Bangladesh Bank); as per instructions in the following paragraphs.

3. (A) Application and supporting documentation.

(a) Application as per proforma at Appendix 5/80 duly filled in by the applicant and his employer should be accompanied by:

(I) Form TM duly filled in and signed by the applicant;

(II) (a) A certificate from the employer showing:

(i) net salary and allowances for each year;

(ii) provident fund and leave salary paid on retirement;

(iii) bonus and other gratuitous payments for each year;

(iv) whether the cost of passage for self and family is being paid by the employer.

A certified true copy of the employment contract approved by BIDA or competent authority of the Govt. of Bangladesh should be produced in support of the above.

Where any of the above payments are not covered by the original service contract, a certified copy of the resolution of the board of directors of the employer company allowing the payment and approval thereof from the Govt. Department which originally approved the employment of the foreign national should be submitted.

In case of persons employed in the private sector, certified true copies of the relative permission letters for employment issued by the appropriate Govt. Department should be attached,

(b) Bank's encashment certificate in support of receipt of funds, if any, from abroad.

(c) AD's certificate in regard to the applicant's investment in Govt. securities made for availing of the income tax relief showing also the amount realised from the sale proceeds and income accrued on the investments,

(d) Bank's certificate showing:

(i) total amount of remittances made on account of family maintenance.

(ii) total amount of remittances made on account of leave salary.

In case where the period of stay exceeds 10(ten) years, the bank's certificate should cover the period of last 10(ten) years.

(e) Statements of transactions in bank account for the last one year prior to the date of the application with explanation of sources of credit entries of Tk. 500(five hundred) or more other than those relating to receipt of salaries and allowances.

(f) Application for transfer of actuarial reserve and relative insurance record in respect of insurance policy, if any, is required to be submitted through the insurance company concerned.

The statements/certificates mentioned in the sub-para (b), (c), (d), (e) and (f) above are to be prepared by the ADs themselves on the basis of their own records.

(g) Clearance certificate in respect of income tax and other taxes payable.

(h) For remittance of pension/provident fund/gratuity on account of an employee retiring from a foreign-owned/foreign controlled organisation, a certificate signed jointly by the employer organisation and its nominated AD that the relevant pension fund/retirement fund out of which the retirement benefits are payable are maintained in Bangladesh and that no remittance towards contribution to any retirement fund maintained abroad has been made in respect of the applicant employee.

(B) Examination and processing of applications

(I) Before effecting remittance of retirement benefits the ADs should verify with reference to the terms of employment contract approved by the competent government department (currently BIDA/BEPZA/BEZA, etc.) that the benefits applied for remittance are indeed due as per terms of the employment contract. In case of applicants retiring from foreign owned/foreign controlled companies, the ADs shall satisfy themselves, with reference to the certificate mentioned at para 3(A)(II)(h) that the relative pension/retirement funds are maintained locally.

(II) Before effecting remittance of funds representing savings, the ADs shall carefully examine the applications and supporting documents to satisfy themselves that the amount applied for remittance are the genuine savings out of the applicant's own legitimate earnings in Bangladesh. For this purpose they will look into the information on earnings of the applicant such as approved salary, allowance, bonus etc., debits for the applicant's local expenses out of such earnings, outward remittances already made or to be made; and inward remittances received from abroad, if any.

Details of credits to bank account of the applicant during the preceding one year at least should be scrutinised to ascertain that only the items of the applicant's own legitimate earnings have been included in arriving at the amount of savings applied for remittance.

If on the basis of the above examination there emerges sufficient grounds to believe that the amount applied for remittance is in excess of the applicant's possible genuine savings, the AD shall effect remittance only to the extent of its own estimate of the applicant's genuine savings and thereafter refer the case to Foreign Exchange Operation Department, Bangladesh Bank for further consideration regarding the excess amount, with such additional explanation /representation as the applicant may wish to furnish.

(III) Pension payments: In cases where pension is payable at regular intervals after the initial lump sum payment of retirement benefits, the ADs shall effect remittances of regular pension payments provided that life certificate in respect of the pensioner issued by the paying banker abroad is produced and the AD is satisfied on the basis of documentary evidence that the relative pension fund is maintained locally.

4. Remittances affected in accordance with the above instructions will be reported by the ADs to the concerned area office of Bangladesh Bank in the usual monthly returns. The ADs shall maintain full records of cases of remittance of retirement benefits and savings of foreign nationals disposed of by them, for eventual examination by the inspecting officials of Bangladesh Bank.

5. Investments by foreign nationals in certificates/securities etc.

All requests for investment by foreign nationals in Bangladesh Govt. securities such as defense savings certificate etc., for the purpose of claiming income tax relief against investment allowance should be submitted through the applicant's bank to the Bangladesh Bank for prior approval. While forwarding the application to the Bangladesh Bank, the bank will furnish a certificate to the following effect on the application form:

(i) The investment is proposed to be made out of the applicant's genuine savings in Bangladesh.

(ii) The applicant does not have local borrowings and overdrafts.

(iii) The proposed investment is for qualifying for tax relief against the investment allowance allowed by income tax authorities.

If, however, the applicant has local borrowings and overdrafts, full details thereof should be furnished viz.-

(i) the date on which the loan /overdraft was obtained;

(ii) the purpose for which the loan /overdraft was obtained; and

(iii) the amount of loan/overdraft outstanding as on the date of application for investment in Govt. securities.

6. Remittance of sales proceeds of real assets

Application for remittance of sale proceeds of real assets such as household articles and real estates should be forwarded to the Bangladesh Bank with the following documents /certificates:

(i) Statement of sale proceeds realised in respect of locally purchased articles of value Tk. 500 (five hundred) or more mentioning:

a) description;

(b) purchase price;

(c) date of purchase;

(d) date of sale; and

(e) sale proceeds realised.

Relative sale receipts or their certified true copies should be produced.

(ii) A statement of sale proceeds realised in respect of articles imported/brought from abroad of value Tk. 500 or more mentioning (a) description (b) landed cost in Bangladesh (c) date of import (d) date of sale (e) sale proceeds realised. Relative import documents and relative sale receipts or their certified true copies should be produced.

7. Legacies and other distribution of assets from the estates of deceased persons

Application for remittance of legacies and other distributions from estates of deceased persons due to beneficiary's resident outside Bangladesh should be forwarded to the Bangladesh Bank. Such applications should contain the following information and supporting documents:

(i) name, nationality and place of residence of the deceased at the time of his death. If the deceased person was resident of Bangladesh the period of such residence should be stated;

(ii) a copy of the relative clauses in the Will after probate has been granted or if the deceased died intestate, in the Letters of Administration; in both cases authenticated by a Notary Public, any Court, Judge or Magistrate in Bangladesh or in the country of residence of the deceased if he died abroad.

When making applications a full statement of the assets of the deceased in Bangladesh should be given including a statement of bank account and all other assets. The balance in the bank accounts representing income earned during the year should be stated separately in cases where the deceased was a person resident outside Bangladesh. The amounts which are not allowed to be remitted to the beneficiaries will be permitted by the Bangladesh Bank to be credited to a blocked account in the name of the executor or administrator with a bank in Bangladesh. If any security, shares and real estate which have been specifically bequeathed to person's resident outside Bangladesh are to be transferred to such beneficiaries, the application should also contain full particulars of such securities, shares and real estate.

8. Family remittance facility

(a) Foreign nationals who are resident in Bangladesh and who have an income in Bangladesh are permitted to make monthly remittances to the country of their domicile out of their current savings up to 75(seventy five) percent of their net income to cover their commitments abroad. Such monthly remittances may be sent to other countries where family members of them live in as declared by them in prescribed application form (Appendix 5/81).

(b) This remittance facility is not available to foreign born wives of Bangladesh nationals.

(c) The AD bank branch that receives the pay checks from the employer for credit of the personal account of the foreign national shall process and approve such remittance applications submitted as per Appendix 5/81 along with Form TM and attested copy of the employment contract duly approved by the BIDA or other relevant Govt. authority (renewed/revalidated up to date, where needed).

(d) Salary on which remittance entitlement is calculated would exclude monetary value of various facilities, such as, free house, transport, servants, boarding etc., as also cash payments towards conveyance, entertainment, house rent etc. The term 'net income' would in this context signify gross income of the applicant less all compulsory deductions such as, income tax, provident fund and pension fund, house rent and other deductions which are of a fixed nature. Bonus or commission receivable by foreign nationals cannot be added for calculating monthly entitlement in anticipation of the grant of bonus or commission, the inclusion will be made only after the net amount of bonus or commission has been actually paid by the employers and will be spread over the subsequent twelve months.

(e) Remittance of leave salaries of foreign nationals: Net salary (as calculated in terms of the preceding para) of the foreign nationals payable for the period of leave admissible to them as per their service contract duly approved by the Govt. will be remittable. In Such cases a declaration from the employer to be obtained to the effect that leave for which remittance is claimed has been earned exclusively on service tendered in Bangladesh. Such remittance should be affected on approach by the employer. The employer should also be advised that the remittance for the remaining period will not be admissible should the employee return to Bangladesh earlier than the period for which it was intended for. Family remittance facility will not be admissible for the period for which leave salary will be availed of.

(f) Foreign exchange issuance against family remittance facility/leave salary for travel abroad: Foreign exchange may be released for short travels abroad during approved employment period of the foreign national and his/her spouse and other family members; amounts so released should be adjusted from the monthly remittance entitlement, or from the leave salary remittable as per sub-para (e) above. Such release of foreign exchange would be against tickets evidencing confirmed date of travel within two weeks from the date of issuance of foreign exchange in TCs.

(g) Remittances affected in accordance with the above instructions will be reported to the Bangladesh Bank in the usual monthly returns of the ADs. The ADs shall maintain full records of such remittances, for eventual examination by inspection officials of Bangladesh Bank as also for reference while processing applications for remittance of savings on retirement from Bangladesh

FOREIGN CURRENCY ACCOUNTS FOR THE EPZ COMPANIES

(Chapter 13, Section V of Bangladesh Bank Guidelines for Foreign Exchange Transactions (GFET), 2018 Vol 1)

Disposal of proceeds

The following procedures shall apply to release of foreign exchange to the enterprises against exports made from the EPZs:

(i) 100 (hundred) percent of repatriated export proceeds of a Type-A industrial unit in EPZ may be retained in FC account in the name of the unit with an AD or OBU in Bangladesh. Balances in the FC account may freely be used to meet all foreign payment obligations including import payment obligations of the unit and payment obligations in foreign exchange to BEPZA. Balances from the FC account will also be freely encashable for local disbursements or for crediting Taka account maintained with an AD for meeting Taka payment obligations like wages, rents, rates, taxes etc. Taka account maintained with ADs by Type-A units in EPZ may be credited only with encashment of funds from FC accounts or of other inward remittances from abroad. However, receipts from Taka sales of factory refuses and of unusable portion of raw materials of Type-A industries may be credited to the Taka accounts provided the permission letter of BEPZA for the sale and evidence of payment of duties/taxes on sale proceeds are produced to the AD. Balances in these Taka accounts cannot be converted to foreign exchange and may only be used for meeting local expenses.

(ii) Up to 80 (eighty) percent of the repatriated export proceeds of Type-B and Type-C units other than those in the garments sector may be retained in FC Accounts maintained in the names of the units with their ADs; for a Type-B or Type-C unit in the garments sector, upto 75 (seventy five) percent of the repatriated export proceeds may be credited to FC account maintained in the name of the unit with an AD. The remainder of the export proceeds should be encashed to taka at the prevailing exchange rate. Besides, Taka accounts of Type-B & Type-C industrial units may also be credited with authorized payment received in Taka in accordance with same instructions as stipulated in Para 30(i) above. All foreign payment obligations of Type-B and Type-C units including import payment and repayments of foreign loans may be met out of the balances in their FC accounts; payment obligations in foreign exchange of a Type-B unit to the BEPZA may also be settled from balances in its FC account. Balances in the FC accounts of the Type-B and Type-C units are freely encashable to Taka for local disbursements.

(iii) Equity from foreign shareholders of Type-A & B enterprises and authorized loan received in foreign currency by Type-A, B & C enterprises may be credited in FC accounts of enterprises of EPZs. ADs may issue a certificate in support of inward equity amount credited in FC account as per Format (Appendix 5/39 or 5/40, as the case may be). Foreign investment in EPZs (in 'Type-A' and 'Type-B' enterprises) is subject to report to Bangladesh Bank within 14 (fourteen) days of issuance of shares

favoring non-resident investors as per instructions stipulated in Para 2, Chapter 9 of this Guidelines.

(iv) To facilitate business travel abroad by the officials of enterprises located in EPZs, balances of such accounts may be used through international debit/pre-paid cards also as mentioned in Para 2(b), Chapter 19.

The above instructions shall be applicable for the units of EZs and units of Private Export Processing Zones also.

BORROWING ABROAD BY RESIDENTS

(Chapter 15 of Bangladesh Bank Guidelines for
Foreign Exchange Transactions (GFET), 2018 Vol 1)

1. Borrowing abroad by private sector industrial enterprises

All proposals for borrowing from abroad by private sector industrial enterprises in Bangladesh (including supplier's credits, financial loans from institutions or individuals and debt issues in capital markets abroad) shall require prior authorization of the Bangladesh Investment Development Authority (BIDA). Procedures in details for obtaining such credit facilities have been embodied in the Notification No. BOI/R&IM1/4(39)/81(Part)/1209 of Board of Investment (BOI, now BIDA) issued on 10th December, 1998 (Appendix 6/1).

Applications as per proforma at the Annexure-A of Appendix 6/1 for approval of proposals for borrowing from abroad should be submitted to the BIDA with the analyses and supporting documents.

In each case of supplier's credit/loan from abroad approved by BIDA, a copy of the loan agreement should be forwarded by the concerned AD to FEPD, FEID & Statistics Department, Bangladesh Bank, Head Office, Dhaka.

However, short term credit accommodations of up to one year duration from suppliers/buyers abroad are, however, subject to the guidelines/instructions issued by Bangladesh Bank in regard to settlements for current commercial transactions.

2. Remittance towards repayment

Repayment installments of interest and principal against the supplier's credits/loans from abroad availed of in terms of general/ specific authorization of the BIDA as mentioned in the foregoing para may be remitted abroad by the ADs without prior reference to Bangladesh Bank provided that:

(i) the amounts of interest and installments of principal repayment are remitted only by the AD through whom the foreign credit was originally received;

(ii) in case of loan received in convertible foreign exchange, the AD while reporting to Bangladesh Bank the remittance of interest/principal repayment installment in the usual monthly return must furnish a certificate stating the date(s) and amount(s) of receipt of loan funds and mentioning the monthly returns/schedules in which those receipts were originally reported to Bangladesh Bank. A copy of the relevant credit agreement and a copy of the repayment schedule should also be forwarded;

(iii) in case of foreign loan availed of in the form of supplier's credit the borrower must submit to the AD the attested copy/copies of bill(s) of entry evidencing actual arrival of the relative capital goods in Bangladesh before any installment of interest/principal can be remitted. Attested copy/copies of the bill(s) of entry alongwith copy of the relative credit agreement and repayment schedule should be forwarded to the Bangladesh Bank by the AD while reporting remittance of installment of principal/interest in the usual monthly returns/schedules.

3. Borrowing abroad by public sector entities

Borrowing abroad by public sector entities requires approval of the Government. All such borrowings on commercial (non- concessional) terms also require specific approval of the Standing Committee on Non-Concessional Loan.

4. Guarantee towards repayments of foreign suppliers' credit

Issuance of repayment guarantees against foreign suppliers' credits shall be subject to the instructions at Para 9, Chapter 16.

5. Short term suppliers' credit from abroad

Availing of short term suppliers' credits from abroad in the form of imports under deferred payment LCs will be subject to compliance with the instructions at Para-33, Chapter 7 (Import).

6. Remittances towards repayment of interest and principal installments against past foreign loans/suppliers' credits

Remittances towards repayment of interest and principal installments against past foreign loans/suppliers' credits availed in terms of specific approvals other than those covered in the preceding paragraphs (such as past marine vessel procurements under the erstwhile Pay as You Earn Scheme) will be subject to such prior permission requirement as prescribed in the original approvals, until and unless decided otherwise by Bangladesh Bank on approach in each case.

7. Medium/long term external borrowing by industrial enterprises in Export Processing Zones/Economic Zones

The procedure outlined below will be followed in processing medium/long term external borrowing approval requests of industrial units in the EPZs/EZs.

(i) Industrial units in the EPZs/EZs will submit borrowing approval applications and related documents as per proforma at Annexure-A, Appendix-6/1 through their nominated Authorized Dealer banks for onward referral via BEPZA/BEZA to Bangladesh Bank, Head Office. Besides documentation requirements indicated at Annexure-A, Appendix-6/1, approval application must also be supported by analyses and papers in regard to: (a) commercial viability of the project (b) the project's capacity to service the proposed debt from its earnings (c) cost competitiveness of the project's outputs in domestic and external markets (d) existing domestic output capacity in the sector to which the borrowing proposal relates, and the potential domestic and external demand given the estimated output cost structure (e)existing indebtedness structure of the project sponsors, duly supported by reports of their bankers and of the CIB at Bangladesh Bank.

(ii) AD banks will forward the applications to BEPZA/BEZA, after satisfying themselves about completeness of the applications and accompanying documents, as also about prima facie correctness of data/information provided in the applications. While forwarding the applications onward, the Authorized Dealer banks may add such observations/remarks of their own as they may deem necessary to make.

(iii) The BEPZA/BEZA, after perusal of borrowing approval applications forwarded by ADs, will in turn forward these onward to General Manager, FEID, Bangladesh Bank Head Office, Dhaka; with such observations/remarks as deemed necessary.

(iv) The borrowing proposals forwarded to Bangladesh Bank by the BEPZA/BEZA will be scrutinized at the FEID. The decisions taken by Bangladesh Bank in this regard will be communicated simultaneously to the BEPZA/BEZA, the applicant EPZ/EZ units, and their ADs concerned.

8. Reporting of Foreign Loans approved by BIDA/Bangladesh Bank

The Concerned AD bank through their respective head office will have to submit a consolidated quarterly statement of all foreign loans (with providing specific information and comment on utilization of each loan separately) received by their client under the title of 'The Quarterly Statement of Foreign Loan approved by BIDA/Bangladesh Bank to the General Manager, FEID, Bangladesh Bank through e-mail (gm.feid@bb.org.bd) in the prescribed format (Appendix 5/93) within 15 days of the end of the each quarter of a year.

9. Working capital loans from abroad by foreign owned/controlled companies

Foreign owned/controlled industrial enterprises in Bangladesh (as defined in Para 4A, Chapter 16) having urgent occasional necessity of short term borrowing for business needs other than inputs procurements, for which working capital financing from the local market has not yet been lined up, may access interest free loans from parent companies/shareholders abroad for up to one year without any prior approval, subject to post facto reporting through their AD banks to FEPD, Bangladesh Bank Head Office within one week of availing each such loan. Repayments of these loans will likewise require no prior approval, but will have to be reported to FEPD, Bangladesh Bank, Head Office through AD banks besides usual monthly report to Bangladesh Bank.

CREDIT FACILITIES TO INDUSTRIES IN EXPORT PROCESSING ZONES

(Chapter 16, Section II of Bangladesh Bank Guidelines for Foreign Exchange Transactions (GFET), 2018 Vol 1)

1. (A) 100 (hundred) percent foreign owned enterprises in the EPZs known as Type-A industries may obtain short term foreign currency loans from overseas banks and financial institutions subject to the following conditions:

(i) the loan shall be received through an AD in Bangladesh; and the loan proceeds will be credited to the FC account maintained by the AD in the name of the Type-A unit, to be used for financing import of capital machinery and raw materials, payment of interest/service charges, repayment of loans and for crediting Taka account for meeting local expenses;

(ii) only assets fully owned by the Type-A industry may be lodged as collaterals for such loans;

(iii) repayment of principal and interest on the loan shall be remitted out of the balances available in the FC account without prior Bangladesh Bank approval. No fund may be provided from the AD’s own resources for such repayment except with prior approval of Bangladesh Bank;

(iv) in case the loan is called up by the creditor, the assets charged to foreign lender will be allowed to be sold only in foreign exchange and proceeds, after paying off all local liabilities in Bangladesh, may be remitted abroad with Bangladesh Bank's approval;

(v) no Taka loan against repatriable short term foreign currency loan will be allowed to a Type-A industry.

(B) Type-A industries in EPZs may access short term foreign currency loans from parent companies/shareholders abroad and other Type-A subsidiaries/associates operating in EPZs of Bangladesh. In the context of such short term loans within subsidiaries/associates operating in EPZs, ADs shall, before transferring the fund, satisfy themselves that the fund is unencumbered.

(C) Type-B industries (joint venture projects) may also obtain such loans subject to conditions applicable to Type-A industries as indicated above, except that Type-B industries will not be permitted to mortgage/hypothecate their fixed assets, raw materials in favour of any non-resident. The ADs may, however, issue guarantee to overseas banks/ financial institutions for short term foreign currency loans brought into Bangladesh by Type-B industries, subject to prior approval of the Bangladesh Bank.

2. Taka loans to Type-B units

Taka loan may be granted to a joint venture (Type-B) industrial unit in EPZ up to 100 (hundred) percent of short term foreign currency loan brought in and encashed to Taka.

Loan in Taka for procurement of capital machinery for setting up a Type-B industry, not exceeding the local partners' share of ownership of the unit, may be extended on normal banker-customer relationship. Repayments of the Taka loans along with interests should be received out of the foreign exchange earnings of the unit.

3. In the case of joint venture (Type-B) projects in the EPZs, the foreign partners will have to arrange their contributions in foreign exchange from own or borrowed sources outside Bangladesh and the local partners shall contribute their shares in local currency. In the event, however, the contributions as per joint venture project agreements made by the foreign partners and authorized foreign loan are not sufficient to cover the cost of machinery and equipment, the shortfall may be made up by conversion of Taka into foreign currency up to an amount not exceeding the local partners' shares/contributions and authorized local loan for procurement of capital machinery as mentioned in Para 18 of this Chapter.

4. Taka loans to Type-C units:

ADs may extend credit facilities to Type-C industries [100 (hundred) percent locally owned] as admissible to such industries outside EPZ. Authorized loan received in local currency and equity may be converted into foreign exchange to settle obligations for importing capital machinery.

5. Opening of import LCs on account of EPZ units

In establishing import LCs on account of Type-A, B and C units in the EPZs ADs shall bear in mind the position that the import payments may be made only out of the foreign exchange earnings of the concerned units or out of their borrowings abroad credited in their FC accounts, and that no funds from the AD's own foreign exchange resources can be used for this purpose except in the cases as mentioned in Paras 19 and 20 of this chapter.

Before opening inputs import LC against an export LC or export order received by an EPZ unit the AD should satisfy itself completely about the clarity of the conditions in the export order/LC, the standing and credit of the foreign buyer and the ability of the exporting unit for timely execution of the export order. In opening inputs import LCs on account of Type-B and Type-C units, domestic value addition requirements prescribed for the respective items by the Ministry of Commerce should also be abided by.

Import payments against the LCs should be scheduled in a manner that payment obligations do not fall due before receipt of export proceeds. In all cases of opening inputs import LCs on accounts of units in the EPZ, ADs should satisfy themselves that necessary arrangements have been made by the opener that in case of shortfall or delay in export receipts, foreign exchange would be made available from external sources.

6. Discounting of accepted usance bills of EPZ units (Type-A and B)

Balances in NFCD accounts may be utilized for discounting usance bills drawn by Type-A and Type-B units of EPZs for supplying raw materials under back to back (BTB) arrangement and accepted by ADs operating outside EPZs. However, utilization of NFCD fund for the above purpose including payment for BTB sight LCs (as mentioned in

Chapter 7) will not exceed 50 (fifty) percent of total NFCD balance of the concerned bank.

7. Working capital loan to B and C Type units

For working capital, in addition to pre-shipment non-funded facility through BTB LC and post shipment finance through bill discounting as mentioned in Para 22 of this chapter, an AD may grant working capital loan from its own source on banker customer relationship considering repayment capacity of the B and C type units up to the extent of value of inputs required for four months production. However, loans so advanced should be adjusted from export receivables within shortest possible time. The amount of importable is to be determined on the basis of export performance of the concerned unit during the previous year while for the new concern the AD should refer to the production capacity as determined by BEPZA.

For Type-C units, this facility will include discounting of direct/deemed export as mentioned in Para 25, Chapter 8 of this Guideline.

8. Discounting of direct/deemed export bills

Discounting of direct/deemed export bills as mentioned in Para 25, Chapter 8 shall be applicable for the Type-C units of EPZs also under the stipulations mentioned in Para 23 above.

9. Credit facilities to the enterprises of EZs and industries of private export processing zones.

The above instructions of Section -II shall be applicable for the enterprises of EZs and units of the private EPZs including KEPZ established under Private Export Processing Zone Act, 1996 also.

10. Medium/long term external borrowing by industrial units in EPZs/EZs

Procedures for obtaining medium/long term external borrowing by industrial units in EPZs/EZs are described in Para 7, Chapter 15 of this Guidelines.

MEDIUM/LONG TERM EXTERNAL BORROWING BY INDUSTRIAL ENTERPRISES IN EPZs: APPROVAL PROCEDURE

(FEID Circular no 03/2014 Date: 06 May 2014)

Paragraph 1, Chapter-15 of the Guidelines for Foreign Exchange Transactions (GFET, 2009 edition) lays down the approval procedure for medium and long term external borrowing proposals of private sector industrial enterprises in Bangladesh. Approvals are accorded by the Board of Investment (BOI) based on decisions of its Scrutiny Committee chaired by Governor, Bangladesh Bank.

2. Enterprises in Export Processing Zones under the purview of Bangladesh Export Processing Zones Authority Act 1980 not being under jurisdiction of the BOI, the modified procedure outlined below will be followed in processing medium/long term external borrowing approval requests of industrial units in the EPZs.

(i) Industrial units in the EPZs will submit borrowing approval applications and related documents as per proforma at Annexure-A, Appendix-6/1 of GFET 2009 edition, through their nominated Authorized Dealer banks for onward referral via BEPZA to Bangladesh Bank, Head Office. Besides documentation requirements indicated at Annexure-A, Appendix-6/1 of GFET, approval application must also be supported by analyses and papers in regard to: (a) commercial viability of the project, (b) the project's capacity to service the proposed debt from its earnings, (c) cost competitiveness of the project's outputs in domestic and external markets, (d) existing domestic output capacity in the sector to which the borrowing proposal relates, and the potential domestic and external demand given the estimated output cost structure, (e) existing indebtedness structure of the project sponsors, duly supported by reports of their bankers and of the CIB at Bangladesh Bank.

(ii) Authorized Dealer banks will forward the applications to BEPZA, after satisfying themselves about completeness of the applications and accompanying documents, as also about prima facie correctness of data/information provided in the applications. While forwarding the applications onward, the Authorized Dealer banks may add such observations/remarks of their own as they may deem necessary to make.

(iii) The BEPZA, after perusal of borrowing approval applications forwarded by Authorized Dealers, will in turn forward these onward to General Manager, Foreign Exchange Investment Department (FEID), Bangladesh Bank Head Office, Dhaka; with such observations/remarks as deemed necessary.

(iv) The borrowing proposals forwarded to Bangladesh Bank by the BEPZA will be scrutinized at the FEID and disposed of with decisions at Governor's level. The decisions will be communicated simultaneously to the BEPZA, the applicant EPZ units, and their Authorized Dealers concerned.

3. Please bring the above instructions, coming into immediate effect, to the notice of all concerned.

PAYMENT OF BILLS IN FOREIGN CURRENCY BY TYPE-A & TYPE-B ENTERPRISES IN EPZs

(Bangladesh Bank FE circular No. 13, dated 3 March, 1987)

Attention of the authorized dealers is invited to FE Circulars No. 37 of 1983 and 66 of 1984.

It has since been decided that Type-A industries in EPZs shall have to pay the bills of BEPZA in foreign currency out of 95% of their export proceed which are being credited to their FC A / Cs in terms of FE Circular No. 37 of 1983.

Type-B industry shall have to pay the bills of BEPZA both in foreign and local currencies in proportion to the equity participation between locals and foreigners. Authorized dealers may credit the FC A / Cs of Type-B industries other than garments industries in EPZs with the amount representing the bills payable by them in foreign currency to BEPZA out of their export proceeds without obtaining the Bangladesh Bank's permission required in terms of FE Circular No. 37 of 1983. In case of Type-B garments industries, bills payable in foreign currency to EPZs be credited to their FC A / Cs in excess of 75% of export earning now being allowed to be credited in terms of FE Circular No. 66 of 1984.

ISSUANCE AND ENDORSEMENT OF BILL OF LADING / AIRWAY BILL / OTHER TITLE DOCUMENTS OF EXPORT CONSIGNMENT OF TYPE-A ENTERPRISES OF EXPORT PROCESSING ZONES

(Bangladesh Bank FE Circular No. SPA 1, dated 26 April, 1992)

Attention is hereby drawn to instructions at para 8 and 9 in chapter 21 of the Exchange Control Manual (1986 edition) regarding issuance and endorsement of bill of lading / airway bill / other title documents in respect of export consignments from Bangladesh.

In this regard it is hereby informed that bill of lading / airway bill / other title documents drawn to the order of authorized dealers shall not be compulsory in respect of export consignments of Type-A (i.e. 100% foreign ownership) enterprises operating in the Export Processing Zones. Documents drawn to the order of the LC opening bank / consignee, as per conditions of export letter of credit / export agreement shall also be treated as valid documents. In such case, authorized dealers shall certify the exporter of the consignments, as a Type-A industry of EPZs.

Endorsement in favour of the consignee or bank endorsement by authorized dealers as per conditions of the letter of credit / export agreement for bill of lading / airway bill / other title documents of export consignments, if drawn to the order of authorized dealers, shall also be treated as valid.

Other instructions in this regard remain unaltered.

ESTABLISHMENT OF BANKING UNITS IN EPZs

(MF SRO No. 474-4 / 85, dated 12 November, 1985)

In exercise of the powers conferred by section 93 of the Banking Companies Ordinance, 1962 (LVI of 1962), the Government, on the recommendation of the Bangladesh Bank, is pleased to declare that the provisions of the said ordinance except those of sections 27, 28, 32(2), 33, 40, 41, 42, 83(1), 83(3), 83(5), 85, 93 and 94 shall not apply to a bank permitted to operate in a zone under section 14 of the Bangladesh Export Processing Zones Authority Act, 1980 (XXXVI of 1980), until further orders.

POLICY FOR OFFSHORE BANKING OPERATION OF THE BANKS IN BAGLADESH

(Bangladesh Bank BPRD Circular No. 02, dated 25 February, 2019

Please refer to the letter no. BCD(P)744(27)/1416 dated-17 December 1985, S.R.O. no. 474-4/85 dated-12 November 1985, other relevant instructions in various circulars and circular letters thereafter and official gazette no. BRPD (P3)/744(27)/2019-1682 dated- 25 February 2019 issued by Bangladesh Bank on the captioned subject.

2. Offshore banking (OB) has undergone a long developmental transition in Bangladesh due to the global and internal business dynamics. Since the initiation in 1985 in Bangladesh, concurrent global and internal business dynamics necessitate the revision and up gradation of the policy on offshore banking to streamline the operations. For this purpose, official gazette no. BRPD(P-3)/744(27)/2019-1682 dated- 25 February 2019 and BRPD Circular Letter no-03 dated- 25 February 2019 have been issued by Bangladesh Bank repealing the S.R.O. no. 474-4/85 dated-12 November 1985. In this situation being the said S.R.O. has been repealed, in exercise of the powers conferred by the Bank-Company Act, 1991 (amended up to 2018) and the Foreign Exchange Regulation Act, 1947, Bangladesh Bank makes the following set of instructions that shall have to be followed for conducting offshore banking in Bangladesh by the scheduled banks.

3. Definitions

As used in this circular, the following terms shall have the meanings indicated below unless the context clearly indicates otherwise:

3.1. "Domestic Banking Unit (DBU)" shall refer to a business unit of a bank that carries out banking operations other than offshore banking;

3.2. “Economic Zone (EZ)” shall refer to any economic zone declared by the Government under section 5 of the Bangladesh Economic Zones Act, 2010;

3.3. “Export Processing Zone (EPZ)” shall refer to a place or places to be specified by the Government under section 10 of the Bangladesh Export Processing Zones Authority Act, 1980 as an export processing zone for the purposes of setting up export oriented industries;

3.4. “Hi-tech Park” shall refer to a place specified by the Government under Section 2(6) of the Bangladesh Hi-Tech Park Authority Act, 2010 (Act No. VIII of 2010) as a categorically definitive zone to promote IT Industry in Bangladesh;

3.5. “Juristic Person” shall refer to an entity (other than a natural person) created by law as a legal entity having distinct identity, legal personality, duties and rights.

3.6. “Non-resident" shall refer to a person who is not a "Person resident in Bangladesh".

3.7. "Person" shall refer to an individual and others as defined in the Section 2(hh) of the 'Foreign Exchange Regulation Act, 1947 (Act no VII of 1947)'.

3.8. "Person Resident in Bangladesh" shall refer to a person as defined in the Section 2(hhh) of the 'Foreign Exchange Regulation Act, 1947 (Act no VII of 1947)'.

3.9. “Private Export Processing Zone (PEPZ)” shall refer to a private export processing zone declared by the Government under section 11 of Bangladesh Private Export Processing Zones Authority Act, 1996 for setting up export oriented industries;

3.10. "Offshore Banking" shall refer to the particular conduct of banking operations in foreign currencies conditionally approved by Bangladesh Bank;

3.11. “Offshore Banking Division” shall refer to the business management unit of a bank that controls and supervises the offshore banking operations; and

3.12. "Offshore Banking Unit (OBU)" shall refer to a specific business unit in the form of distinct branch, booth or desk of a branch of a bank that is duly approved by Bangladesh Bank to carry out the offshore banking.

4. Approval for conducting offshore banking in Bangladesh

Any scheduled bank willing to operate offshore banking in Bangladesh shall have to obtain approval from Bangladesh Bank. Offshore banking activities shall be carried out through Offshore Banking Unit/Units under the control and supervision of Offshore Banking Division of the bank.

4.1. A bank willing to operate offshore banking in Bangladesh shall have to apply to the Banking Regulation and Policy Department (BRPD) of Bangladesh Bank along with the information and documents as stated in ‘Annexure: A’. Bangladesh Bank will assess the bank’s overall performance as well as specific performance, evaluate the bank's capacity to operate offshore banking and do due diligence before giving the approval.

4.2. Along with the application for the approval of offshore banking or after getting the approval of offshore banking, a bank shall apply for permission of each OBU. There is no restriction on the physical location of the OBUs. They may be located either in the Export Processing Zones/Private Export Processing Zone/Economic Zones, or any other convenient location in Bangladesh. With prior approval from Bangladesh Bank, existing branches of banks may also be allowed to operate offshore banking through separate desk. Authorization of Bangladesh Export Processing Zones Authority (BEPZA)/ Bangladesh Private Export Processing Zones Authority (PEPZA)/ Bangladesh Economic Zones Authority (BEZA)/other similar designated authority, if intended to locate the OBU therein, is a prerequisite before approaching to Bangladesh Bank.

4.3. Banks that are currently operating offshore banking unit under the approval of Bangladesh Bank shall also apply for approval for offshore banking operation and for updating the approvals of OBUs along with the information and documents as stated in 'Annexure: A' within 3 (three) months of the issuance of this circular.

4.4. The bank applying for the approval of offshore banking operation must have well-established correspondent relationship with reputed banks/financial institutions abroad and links with important international financial centers.

4.5. Closure of a bank's offshore banking operation as well as closure/shifting/merging of any OBU requires prior permission from Bangladesh Bank.

5. Commencement of Operation

5.1. The bank shall commence their offshore banking operation within 6 (six) months or the time period subsequently extended by Bangladesh Bank from the issuing date of approval. Non-compliance regarding commencement of operation within the stipulated time period will automatically lead to cancellation of the permission for offshore banking.

5.2. Date of commencement of the offshore banking operation of a bank or of an OBU shall be notified in writing to Banking Regulation & Policy Department, Department

of Off-site Supervision, Foreign Exchange Policy Department, Foreign Exchange Operation Department, Foreign Exchange Investment Department, Department of Foreign Exchange Inspection, Forex Reserve and Treasury Management Department, Monetary Policy Department, Department of Currency Management, Payment Systems Department, concerned Department of Banking Inspection, Motijheel Office, and the concerned office of Bangladesh Bank within 7(seven) days of such commencement.

6. Operation/Transactions of offshore banking

6.1. With enterprises in EPZs, PEPZs, EZs and Hi-tech Parks

6.1.1. With fully foreign-owned enterprises

Offshore banking operation/transactions with fully foreign-owned enterprises in EPZs, PEPZs, EZs and Hi-tech Parks shall include nothing other than accepting deposits, making short term loans/advances and investments, discounting bills, negotiating bills, issuing letter of credit and guarantee. However, prior permission from the Foreign Exchange Investment Department of Bangladesh Bank is required in accordance with the instructions/circulars issued from time to time before making any medium and long term financing facility to the said enterprises.

6.1.2. With enterprises other than fully foreign-owned

With prior permission from the Foreign Exchange Investment Department of Bangladesh Bank, banks, as part of their offshore banking, may make loans/advances to the enterprises other than fully foreign-owned in EPZs, PEPZs, EZs and Hi-tech Parks.

6.2. With Juristic persons not resident in Bangladesh

Offshore banking transactions with the juristic persons not resident in Bangladesh shall include nothing other than accepting deposits and borrowings. However, with prior permission from the Foreign Exchange Investment Department of Bangladesh Bank, banks, as part of their offshore banking, may also make loans/advances to the juristic persons not resident in Bangladesh provided that the full amount of loan/advance is covered by (a) guarantee/letter of credit from a licensed bank abroad with acceptable credit rating, and/or (b) foreign exchange brought in from abroad and deposited in a bank in Bangladesh.

6.3. With natural persons not resident in Bangladesh

Offshore banking transactions with the natural persons not resident in Bangladesh including Bangladeshi nationals working abroad (NRBs) shall include nothing other than accepting deposits.

6.4. With persons residents in Bangladesh

A bank, in its offshore banking operation, may discount bills accepted by ADs in Bangladesh against import L/Cs opened on deferred/usance basis applying due diligence and arrange payment to overseas suppliers.

7. Limitation on activities

Banks are prohibited from the following activities in offshore banking operation:

7.1. Engage in any direct or indirect, funded or non-funded banking transactions that goes beyond transactions specified in paragraph 6;

7.2. Accepting deposit or loan which is repayable on demand by cheque, draft, pay order or any other instrument drawn by depositor on the offshore banking unit;

7.3. Placement of fund to DBU.

7.4. Any transaction using the Nostro Account of the domestic banking operation.

7.5. Remittance of money to any overseas destinations other than for the operation/transactions stated in paragraph 6;

7.6. Granting credit facilities to its ‘Bank Related Persons’ as defined in section 26Ga of the Bank-Company Act, 1991 (amended up to 2018) exceeding the quota prescribed by Bangladesh Bank from time to time even if any of them are NRBs.

8. Prudential regulations

8.1. The banks shall have written guidelines approved by their Board of Directors for conducting offshore banking operation.

8.2. No dealing shall be made for any speculative purpose.

8.3. Assets and liabilities created by offshore banking operation shall clearly be identified at the time of such creation.

8.4. Bank shall maintain separate accounts relating to their offshore banking business for assessing financial performance and other purposes. But offshore banking operation shall be included in equivalent Bangladeshi Taka (BDT) denomination while preparing solo basis financial statements of the bank treating it as a business line.

8.5. The records of exchange position in foreign currencies of a bank (country office in Bangladesh, in case of foreign banks) shall include exposures of the offshore banking operation, if any. Banks shall maintain their overall exposures in foreign currencies (overall exchange position) within the ‘Open position limit’ at the end of the day as stated therein.

8.6. Instructions of Asset Liability Management (ALM) guidelines shall be applicable for offshore banking operation.

8.7. At the close of business on any day, value of offshore banking assets in Bangladesh shall not be less than 75% of the liabilities of offshore banking.

8.8. Source of funds for offshore banking operation shall be the deposits and borrowings received as stated in paragraph 6. However, banks may also use funds mobilized from other sources (domestic banking operation) with a limit not exceeding 20% of its total regulatory capital.

8.9. Banks shall have to comply with the Money Laundering Prevention Act, 2012, Anti Terrorism Act, 2009 and such other applicable regulations while conducting their offshore banking business.

8.10. Regulation regarding maintenance of capital, leverage and liquidity ratios under Basel provisions shall be duly observed by offshore banking operation. For the maintenance of capital that entails to offshore banking, if required, banks may use funds from offshore banking operation and convert to BDT.

8.11. For the maintenance of Cash Reserve Ratio (CRR), total demand and time liabilities of the bank shall include the liability of offshore banking operation. Statutory Liquidity Reserve (SLR) shall also be maintained accordingly. For the maintenance of CRR and SLR that entails to offshore banking, if required, banks may use funds from offshore banking operation and convert to BDT.

8.12. Unless stated otherwise, all regulatory limits imposed by Bangladesh Bank regarding funded and non-funded exposure shall be applicable for offshore banking operation.

8.13. Offshore banking transactions of a bank are subject to periodic reporting to Bangladesh Bank. Bank shall report their offshore banking transactions in relevant statement/schedules in writing as well as report to online web portal as per instructions mentioned in FE circular/circular letters. Besides, they shall submit reports/returns to different departments of Bangladesh Bank as and when asked for.

8.14. Banks have to report their offshore banking operation to Bangladesh Bank in a separate Classified Loan Statement (CL-1) named OBU Summary of Loan Classification and Provision. All exposures provided by offshore banking shall be reported in the statement and adequate provision shall be maintained as per the requirement thereon.

8.15. Banks having license for Islamic Shariah based banking services will be allowed to provide Islamic Shariah based banking services through offshore banking.

8.16. Information of credit extended through offshore banking shall be subject to report as per CIB regulations of Bangladesh Bank.

8.17. Operation of offshore banking along with the sources and uses of funds shall be subject to offsite and onsite supervision by Bangladesh Bank.

9. Termination and/or amendment of the approval for offshore banking

Bangladesh Bank reserves the right to amend/postpone/revoke the approval for offshore banking operation of a bank or of any OBU. The approval may be revoked by Bangladesh Bank at any time without showing any reason if, in the consideration of Bangladesh Bank, the approval has contravened any instruction or regulation of Bangladesh Bank. In the case of revocation of approval, after an appropriate time interval with recaptured financial soundness, a bank may again apply for new approval following the process described in paragraph 4.

This policy shall come into force with an immediate effect and the applicability of the letter No. BCD (P)744(27)/1416, dated- 17 December 1985 will be superseded thereon. All the

contracts made within the purview of previous regulation will continue to their usual expiration. Any policy departure on a bank's part caused by this new policy will be handled amenably provided the bank reports the policy departure to Banking Regulation and Policy Department (BRPD) for approval within 2 (two) months from the circulation of this policy.

CHAPTER -3

CIRCULARS ON CAPITAL ISSUES

- RESTRICTION ON THE SIZE OF PAID-UP CAPITAL OF PUBLIC AND PRIVATE LIMITED COMPANIES
- EXTENSION OF LIMITS OF PAID-UP CAPITAL
- NOTIFICATION ON REPATRIATION OF SALE / TRANSFER VALUE OF SHARES OF FOREIGN NATIONALS OF PRIVATE LTD. COMPANIES

RESTRICTION ON THE SIZE OF PAID-UP CAPITAL OF PUBLIC & PRIVATE LIMITED COMPANIES

(Ministry of Finance Circular No. INV-1 / CI-89 / 83, dated 22 July, 1984)

In order to facilitate investment and expedite issue of shares by companies registered under the Companies Act, 1913 and in supersession of this Ministry's Circular No. MF / Inv-1 / CI-7 / 77 / 121, dated 13 June, 1977, the Government of the People's Republic of Bangladesh have been pleased to direct that:-

(a) a public limited company may raise capital up to twenty lac taka without the consent of the Government;

(b) a private limited company may raise capital up to fifty lac taka without the consent of the Government;

(c) a private limited company may with the consent of the Government, raise their capital up to one crore taka;

(d) a private limited company formed and promoted under joint venture basis with foreign organization(s)/nationals may, with the consent of the Government, raise their capital up to two crore taka; and

(e) a private limited company will have to convert themselves into a public limited company as soon as they exceed their aforesaid exemption limits.

2. The private limited companies may, however, convert themselves into public limited companies, on their own, before reaching the aforesaid limits.

EXTENSION OF LIMITS OF PAID-UP CAPITAL

(MF Circular No. Inv-1 / CI-89 / 83, dated 8 April, 1989)

In the last line of the article (d) of the Circular No. MF / Inv-1 / CI-89 / 83 issued by Investment Cell of the Ministry of Finance on 22.7.84, "two crore taka" will be substituted by "five crore taka".

NOTIFICATION ON REPATRIATION OF SALE / TRANSFER VALUE OF SHARES OF FOREIGN NATIONALS OF PRIVATE LTD. COMPANIES

(Notification of Ministry of Industries No. SM / SN-1 / N-4 / 89 / 85, dated 8 July, 1990)

In order to attract foreign investment for industrial development in the private sector, the Government, in pursuance of sub-section (1) of section 8 of the Foreign Private Investment (Promotion and Protection) Act, 1980 and subject to the conditions contained in sub-section 2 of the same section and in exercise of the powers conferred by section 9 of the same Act, have been pleased to declare that the following policies shall be adopted for repatriation of sale / transfer value of shares of the foreign nationals belonging to private limited companies registered under "The Companies Act, 1913".

(a) The sale / transfer price of the shares of foreign nationals can be determined for the purpose of repatriation in the following manner:

$$\frac{\text{Net worth}}{\text{Total number of paid up shares of the company}}$$

The price shall be determined after deduction of all liabilities (except capital and reserved capital) from the historical cost of the tangible asset as per annual accounts and auditor's report.

(b) All fixed and current assets except fictitious or intangible assets may be taken as tangible assets.

(c) In no circumstances permission shall be given for repatriation of money the amount of which shall not be more than the sale proceeds (after deduction of taxes and other expenses).

(d) If the sale proceeds (after deduction of taxes and other expenses) become more than the calculated sale price, the government may grant special permission, subject to consistent and rational reasons, for repatriation of sale proceeds (after deduction of taxes and other expenses).

(e) In both the cases of sale proceeds and calculated sale price, either the taxes or other expenses shall be deducted or shall have to be paid before repatriation.

CHAPTER-4

INCOME TAX REGULATIONS FOR EPZs

EXEMPTION OF INCOME TAX PERTAINING TO INDUSTRIAL UNITS

Notification of MF, IRD (Income-tax), dated 27 June, 2012

S.R.O. No. 219-Law/Income Tax/2012.— The Government, in exercise of the power conferred under clause (b) of sub-section (4) of section 44 of the Income-tax Ordinance, 1984, hereby referred to as such Ordinance, and by repealing the Notification S.R.O. No. 219-Law/Income-tax/2011 dated 4 July, 2011 of this Division in this regard, is hereby pleased to exempt, the income accrued by any industry established in any Export Processing Zone on 1 January 2012 or thereafter declared under section 10 of the Bangladesh Export Processing Zones Authority Act, 1980 (Act No. XXXVI of 1980) or under section 11 of the Bangladesh Private Export Processing Zones Act, 1996, from the Income Tax on following rates and conditions :—

(a) if established in Dhaka and Chattogram Division (except Bandarban, Rangamati and Khagrachari)—

Duration of Tax Exemption	Rate of Tax Exemption
First two years (first and second year)	100%
Next two years (third and fourth year)	50%
Next one year (fifth year)	25%

(b) if established in other Divisions other than the Divisions mentioned in sub-section (a) or in Bandarban, Rangamati and Khagrachari districts—

Duration of Tax Exemption	Rate of Tax Exemption
First three years (first, second and third year)	100%
Next two years (fourth, fifth and sixth year)	50%
Next one year (seventh year)	25%

(c) the industries mentioned above shall have to maintain accounts properly and submit the income-tax return to the concerned Income-tax Authority within the stipulated time specified in section 75 of such Ordinance.

2. This provision shall be deemed to have effected on 1 January, 2012.

TAX EXEMPTION OF SALARY-INCOME FOR FOREIGN TECHNICIANS

Notification of MF, IRD (Income-tax), dated 28 January, 2010

S.R.O. No. 28- Law / 2010.- The Government, in exercise of powers conferred under clause (b) of sub-section (4) of section 44 of the Income-tax Ordinance, 1984 (Ord. No. XXXVI of 1984), is pleased to exempt from tax on the salary-income of the foreign technicians, subject to the following conditions and exceptions, namely:-

Conditions:

(a) if the foreign technicians are appointed to the industrial companies which have been approved by BEPZA within March 22, 2009 to set up industries and shall start commercial production within the year of 2012, after 3 (three) years from the date of their arrival in Bangladesh or after 5(five) years from the date of establishment of the employer companies or the date of commencement of its commercial production, which precedes first;

(b) for the tax-exemption from their salary-income, the concerned foreign technicians shall have to apply to the National Board of Revenue, within one year of their joining at the service, along with the copy of passport, certificates of academic qualifications and experiences, work permit from BEPZA and contract of service;

(c) copy of the company's Memorandum of Articles and Certificate of Incorporation shall have to be submitted along with the application;

(d) Dual Tax Exemption Contract between Bangladesh and the country, to which citizenship of foreign technicians belongs, shall have to be in force;

(e) approval of the National Board of Revenue shall have to be obtained.

Exception:

If foreign "Technicians'' who, from their arrival, have already exceeded 365 days of their staying in Bangladesh or in case of their becoming Bangladeshi residents, shall not be entitled to the tax exemption benefit described in this notification.

Explanation:

The word "Technician" as used in this notification means a person who possesses specialized knowledge in industrial arts and sciences and has experience in industrial practice and whose employment in Bangladesh, irrespective of his designation, is in a capacity in which such specialized knowledge and experience are brought into play.

EXEMPTION OF INCOME TAX ON THE EXPORT VALUE

(NBR File No. 4(9) Tax-8 / 92, dated 6 December, 1992)

The National Board of Revenue has instructed that the enterprises of the Export Processing Zones who are getting exemption of income tax according to the SRO no 289-Law / 89, of NBR, dated 17 August, 1989 will continue to receive the exemption on the export value of the exported items.

EXEMPTION OF 50% TAX ON EXPORT SALES FOR ENTERPRISES IN EPZs

(IRD SRO No. 267-L / 86, dated 1 July, 1986)

In exercise of the powers conferred by section 44(4) (b) of the Income Tax Ordinance, 1984 (XXXVI of 1984), and in supersession of the Division's notification No. SRO 184-L / 81, dated 12 May 1981, the government is pleased to exempt from the tax payable under the said Ordinance fifty percent of the tax attributable to the export sales of any industry set up in any Export Processing Zone declared under section 10 of the Bangladesh Export Processing Zones Authority Act, 1980 (XXXVI of 1980), after the expiry of tax exemption period of five years under notification No. SRO 149-L / 81, dated 12 May, 1981, or ten years under notification No.SRO 266-L / 86, dated 1 July, 1986 as the case may be.

EXEMPTION FROM DIVIDEND TAX FOR TAX HOLIDAY PERIOD FOR FOREIGN NATIONALS

(IRD SRO No. 268-L / 86, dated 1 July, 1986)

In exercise of the powers conferred by section 44(4) (b) of the Income Tax Ordinance, 1984, (XXXVI of 1984), the government is pleased to exempt from the tax payable under the said Ordinance the dividend income of non-resident shareholder of a company out of its profits from any industry set up in any Export Processing Zone declared under section 10 of the Bangladesh Export Processing Zones Authority Act, 1980 (XXXVI of 1980), for the period for which the industry enjoys tax exemption. Such exemption shall also be available even after the expiry of the tax exemption period if the dividend income is re-invested in the same project by the non-resident shareholder in such manner as may be specified by the Board.

ACCELERATED DEPRECIATION TO ANY MACHINERY OR PLANT IN EPZs

(IRD SRO No. 269-L / 86, dated 1 July, 1986)

In exercise of the powers conferred by section 44(4) (b) of the Income Tax Ordinance, 1984 (XXXVI of 1984), the government for the purpose of computation of tax, is pleased to allow accelerated depreciation to any machinery or plant, other than office appliances and road transport vehicles, which not having been previously used in Bangladesh, has been or is being used in such hi-tech electronics industry as may be specified by the board and set up in any Export Processing Zone declared under section 10 of the Bangladesh Export Processing Zones Authority Act, 1980 (XXXVI of 1980), to the extent of hundred percent of the actual cost of machinery or plant within the tax exemption period of five or ten years, as the case may be, provided that an application for accelerated depreciation is made within four months from the end of the month of installation of such machinery or plant to the Board for its approval.

AMENDMENT OF ORDINANCE NO. XXXVI OF 1989 IN SECTIONS 52A

Instead of Section 52A of Income Tax Ordinance will be replaced section 52A as follows:
"52,A Deduction at source from fees for professional and technical services-

1. The Principal Officer of any company registered under the Companies Act, 1913 (VII of 1913) or Company Act, 1994 (18 No. Act of the year 1994) or the Chief Executive of any Non-Government Organization registered with the NGO Affairs Bureau or the Chief Executive of any trust registered under the Trusts Act, 1882 (II of 1882) running any general or specialized hospital or any diagnostic center shall be responsible for making any payment to any doctor which may be payable to him on account of fees for services rendered by him to a patient in such hospital or diagnostic center and shall, at the time of making such payment, deduct income tax at the rate of five percent on the amount so payable.

2. The government or any other authority, corporation or body, including its units, the activities of which are authorized by any Act, Ordinance, Order or instrument having the force of law in Bangladesh, or any company as defined in clause (20) of section 2 or any banking company or any insurance company or any co-operative bank or any Non-Government Organization registered with NGO Affairs Bureau, responsible for making any payment on account of royalty or technical know-how fee shall deduct or collect, at the time of credit of such royalty or fee to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, as advance payment of tax at the rate of ten percent of such royalty or fee.

3. The government or any other authority, corporation or body, including its units, the activities of which are authorizes by any Act, Ordinance, order or instrument having the force of law in Bangladesh, or any company as defined in clause (20) of section 2 or any banking company or any Insurance Company or any Co-operative bank or any Non-Government Organization registered with NGO Affairs Bureau, responsible for

making any payment or account of fees for professional or technical services shall deduct or collect, at the time of credit of such fees to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, as advance payment of tax at the rate of five percent of such fees:

Provided that where the Board, on an application made in this behalf, gives a certificate in writing that the person rendering professional or technical services is not likely to have any assessable income during the year or the income is otherwise exempted from tax under any provision of this Ordinance, payment referred to in this section shall be made without any deduction until the certificate is cancelled.

Explanation: For the purposes of this section

a. "Professional Services" means services rendered by a person in the course of carrying on legal, engineering or architectural profession or the profession of accountancy or technical consultancy or interior decoration or advertising but does not include services rendered by doctors;

b. "Fees for Technical Services" shall have the same meaning as in clause (31) of section 2 but does not include royalty, technical know-how fee."

LIST OF MATERIALS ALLOWED TO BE PURCHASED IN LOCAL CURRENCY BY EPZ ENTERPRISES FROM THE TARIFF AREA OF BANGLADESH

Public Notice No. 172 (97-2002) / Import (Control of Import Trade), dated 10 February, 2004

This is to inform all concerns that on the basis of NOC from NBR and recommendation from the Bangladesh Export Processing Zones Authority as per para 15 (4) regulations of the Governments Import Policy Order 1997-2002, the enterprises of EPZs can purchase the raw materials & other useable materials mentioned below under the following conditions from the Tariff Area of Bangladesh for their industrial purpose.

1. All kinds of Office Stationery and Printing Materials;
2. All kinds of Food and Beverages;
3. POL: Petrol, Diesel, Lubricants, Kerosene, Grease, Mobil oil, Tarpin oil, Coconut oil, Gas cylinders;
4. All kinds of Construction Materials: Bricks, Sand, Cement, MS Rods, Nails, Paints and Varnishes, Aluminum panels, Doors, Fiberglass, Wooden & Partex items
5. Packing materials: Poly Bags, Cartons, Straps, Manila Boards, Sweet Cones, Thread, Hessian Clothes, Packing Wood, Iron Belts, Tapes, Strap Bends, Clips, Paper Boards, Tissue Papers, Belt Hooks, Foam / Cork Sheets;
6. Dyes and Chemicals: Thinner, Bleaching Powder, Soda Ash, Potassium Permanganate, Sodium Sulphate, Sulphuric Acid, Caustic flux, silicate and Aica Aiben and all other locally available dyes & chemicals;
7. Medicines for use in EPZs;
8. Accessories: Woven Labels, Buttons, Thread, Elastics, Zippers, Pins, Tapes, Bends & Clips Hanger, Draw String, T / R pocketing, Polyester, padding, Hangtag and all other accessories available in the local market;
9. Spare parts: Needle plates, Sewing Machine parts, Loppers, Motor belts, Generator parts, Boiler parts, Nut bolts, Grinders, Gate valves, Welding electrodes, Drills, Hose pipes, Steel sheets, Angles, Flat bars, Bushes and Bearings and all other spare parts necessary for production;
10. Electrical goods: Induction Motors, Circuit Breakers, Switches, Insulation tapes, Bulbs of various kinds, Heater coils, Tube lights and Dry Starters, Cables all type, Transformer;

11. Office Equipment: Computer & Accessories, Fax machine, Scanner, Printer, Modem, Computer Table, CD Holder, Photo Copier, Telephone Set, Mobile Set, Type Writer, Laminating Machine, Walkie-Talkie, all other communication equipment;
12. Other Assets: Television, Audio-Video CD, PA System, Refrigerator, Vehicle, Steel Almirah, Cabinet, Chair, Conference Table, Distilled Water System, Projector, Air-conditioner, Yarn of Various types, Air cooler, Coffee Machine, Furniture, Carpets, Decorative items;
13. Storing Materials: Wooden Platform, Tarpaulin, Marker;
14. Maintenance Tools & Accessories: Welding Machine, Drill Machine, Steel Sheet, Plyers, different tools;
15. Security Items: Fire Extinguisher, Fire control Equipments, Gloves, Helmet, Siren, Alarm etc.
16. Cleaning Devices: all type of Cleaning Devices;
17. Health & Hygiene Items : All sort of Medical Check-up related items, i.e. B.P. Machine, Thermometer, Stethoscope, Musk, Gloves, Cradle;
18. Miscellaneous: Water Pumps, Deep Tubewell accessories, Pipe-Pipes Fittings, Tyre, Tubes, Materials for Water Treatment, Hose pipe, Aluminium Panels, Door locks.

Conditions:

a) The enterprises of Export Processing Zones should follow the regulations in para 15 (4) of Import Policy Order 1997-2002 to purchase the said listed materials from the Domestic Tariff Area of Bangladesh.

b) The Enterprises of EPZs should pay the cost of the goods in convertible currency out of their own foreign currency accounts.

c) The EPZ Authority shall issue a Pass Book in favour of industrial units in the EPZ areas indicating therein the amount in taka up to which goods can be procured locally on a yearly or fiscal yearly or quarterly basis.

d) EPZ Authority will select the proforma of the Pass Book and Account System of procurement as discussions with the Dhaka Bond Commissionerate of Customs Authority.

e) When the endorsed value ceiling mentioned in the Pass Book will be exhausted the EPZ Authority shall endorse a fresh value ceiling in the Pass Book or issue a new Pass Book.

EXEMPTION OF IMPORT DUTIES, VALUE ADDED TAX FOR CONSTRUCTION MATERIALS, RAW MATERIALS

Notification of MF, IRD, NBR (Customs), SRO No-237-Law-2009 /2266/Customs
Dated 01 November, 2009

S.R.O. No. 237-Law/2009/2266/Customs.—The Government, by exercising the power conferred under section 19 of the Customs Act, 1969 (Act No. IV of 1969) and sub-section (1) of section 14 of the Value Added Tax Act, 1991 (Act No. XXII of 1991), in consultation with the National Board of Revenue, for public interest, is hereby pleased to exempt from the whole of import duties, value added tax or, as the case may be, supplementary duties leviable on the goods imported in accordance with the provisions of—

(a) clause (e) and (f) of section 7, in any Export Processing Zone established under section 10 of the Bangladesh Export Processing Zones Authority Act, 1980 (Act No. XXXVI of 1980);

(b) clause (a) and (b) of section 7, in any Private Export Processing Zone, established under section 11 of the Bangladesh Private Export Processing Zones Act, 1996 (Act No. XX of 1996);

2. The Notification No. S.R.O. No. 88-Law/98/1739/Customs of 28 May, 1998 is hereby repealed.

EXEMPTION OF IMPORT DUTY, VALUE ADDED TAX ON THE IMPORTED MACHINERY AND SPARE PARTS

SRO No. 56-Law/2017/04 Customs, Dated 14 March, 2017

(Amended by the notification no. 2(9) Customs: Export and Bond/2002/(part-1)/144 as SRO No. ***56-Law/2017/04 Customs*** *instead of* ***56-Law/2017/Customs****)*

S.R.O. No. 56-Law/2017/Customs.— The Government, by exercising the power conferred under sub section (1) of section 19 of the Customs Act, 1969 (Act No. IV of 1969) read with sub-section (1) of section 14 of the Value Added Tax Act, 1991 (Act No. XXII of 1991), in consultation with the National Board of Revenue, for public interest, is hereby pleased to exempt the industries established in —

(a) the Export Processing Zones declared under section 10 of the Bangladesh Export Processing Zones Authority Act, 1980 (Act No. XXXVI of 1980), and

(b) the Private Export Processing Zones declared under section 11 of the Bangladesh Private Export Processing Zones Act, 1996 (Act No. XX of 1996),

from all import duty, regulatory duty, supplementary duty (if any) and value added tax leviable on the imported machineries or parts or both under the heading included in the First Schedule of the Act, and the heading and H.S. Code specified in the column (1) and column (2) respectively mentioned in the Table below, subject to complying with the following conditions, namely:—

Conditions

(1) in case of import of capital machineries or parts or both under the same H.S. Code under one or more letter of credits by more than one shipments, the import of all machineries or parts or both must be made within 1 (one) year from the date of submitting the bill of entry of the first shipments of goods:

Provided that if the machineries of large scale industry of advance technology cannot be imported within the said term of 1 (one) year, the National Board of Revenue may, based on the application of the importer, extend the time limit for a period not more than 3 (three) years, if necessary;

Explanation — "parts" means the following goods included in the TABLE, namely:—

(a) goods of heading from 39.23 to heading 82.09; and

(b) items of heading from 84.01 to heading 94.06 specified as parts in FIRST SCHEDULE of the Act (except H.S. Code 8503.00.20 and 8448.51.00);

(2) The import permit (IP) of the Bangladesh Export Processing Zones Authority (BEPZA) shall have to be submitted for import of machineries, parts or both;

(3) the importer shall, at the time of releasing the machineries, parts or both, submit an undertaking on the non-judicial stamp of Tk.150.00 (one hundred and fifty taka) in accordance with Appendix-1 to the Commissioner of Customs, declaring that the imported machineries or parts or both shall not be used for any function other than their own industries and if the imported machineries or parts or both are used or transferred for any other functions, he shall be bound to comply with the legal punishment taken under the Customs Act, 1969 including the payment of duty and taxes to be imposed on the fact;

(4) any person authorized by BEPZA shall get ensured, by spot-investigation, whether the imported machineries or parts or both have been properly set up or used in the proper location, and shall forward a report with the signature of General Manager of the concerned EPZ to the Commissioner of Customs in accordance with APPENDIX-2 within 6 (six) months from the date of releasing the shipments of imported goods;

(5) upon receipt of the report from the Concerned EPZ authority if it is found that the imported machineries or parts or both have been set up or used in the industry of the importer, the undertaking submitted in accordance with the APPENDIX-1 shall be returnable, otherwise the exempted duties and taxes shall be recoverable from the importer.

TABLE

Heading (1)	H.S.Code (2)
37.01	3701.30.10
39.23	3923.29.10, 3923.40.10
40.10	4010.11.00; 4010.12.00; 4010.19.00; 4010.35.00;4010.36.00;
40.16	4016.93.00; 4016.94.00; 4016.99.10
42.05	4205.00.10
42.06	4206.00.10
44.15	4415.20.10
44.17	4417.00.00
44.21	4421.90.20

56.07	5607.49.10
56.08	5608.1.10
56.09	5609.00.10
59.10	5910.00.00
59.11	5911.10.90; 5911.20.00; 5911.31.00; 5911.32.00; 5911.40.00; 5911.90.00
68.04	6804.21.00; 6804.22.00; 6804.23.00
68.05	6805.30.00
69.01	6901.00.00
69.02	All H. S. Codes
69.03	6903.10.10; 6903.20.10; 6903.20.20; 6903.90.20
69.09	All H. S. Codes
70.19	7019.90.11
73.11	7311.00.10; 7311.00.90
73.14	7314.12.00; 7314.14.00
74.12	All H. S. Codes
74.15	7415.21.00; 7415.29.00; 7415.33.90; 7415.39.00
74.19	7419.91.10; 7419.99.10
75.07	All H. S. Codes
75.08	7508.90.10
76.08	All H. S. Codes
76.09	7609.00.00
76.13	7613.00.00
78.06	7806.00.10
79.07	7907.00.10
80.07	8007.00.20
81.04	8104.90.10
82.03	8203.30.00; 8203.40.00
82.05	8205.10.00

82.07	All H. S. Codes
82.08	All H. S. Codes
82.09	8209.00.00
84.01	All H. S. Codes
84.02	All H. S. Codes
84.03	All H. S. Codes
84.04	All H. S. Codes
84.05	All H. S. Codes
84.06	All H. S. Codes
84.07	8407.29.00; 8407.90.10
84.08	8408.10.00; 8408.90.10; 8408.90.20
84.09	8409.91.10; 8409.99.10
84.10	All H. S. Codes
84.11	All H. S. Codes
84.12	8412.10.90; 8412.21.00; 8412.29.00; 8412.31.00; 8412.39.00; 8412.80.00; 8412.90.90
84.13	8413.11.00; 8413.19.00; 8413.40.00; 8413.50.00; 8413.60.00; 8413.70.00; 8413.81.00; 8413.82.00; 8413.91.00
84.14	8414.10.00; 8414.30.10; 8414.40.00; 8414.59.10; 8414.59.20; 8414.80.10; 8414.80.20
84.15	8415.10.10; 8415.20.10; 8415.81.10; 8415.81.20; 8415.82.10; 8415.82.20; 8415.83.10; 8415.83.30
84.16	All H.S.Codes
84.17	All H.S.Codes
84.18	8418.61.10; 8418.69.10; 8418.69.93; 8418.69.95
84.19	8419.20.00; 8419.31.00; 8419.32.00; 8419.39.00; 8419.40.20; 8419.40.90; 8419.50.00; 8419.60.00; 8419.81.00; 8419.89.00; 8419.90.00
84.20	All H. S. Codes
84.21	8421.11.00.; 8421.12.00; 8421.19.10; 8421.21.10; 8421.21.20.; 8421.21.92; 8421.21.93; 8421.39.20; 8421.91.00; 8421.99.00
84.22	8422.19.00; 8422.20.00; 8422.30.00; 8422.40.00; 8422.90.00

84.23	8423.20.00; 8423.30.00; 8423.82.10; 8423.89.00; 8423.90.00
84.24	8424.10.00; 8424.20.10; 8424.30.00; 8424.81.90; 8424.89.00; 8424.90.00
84.25	8425.11.00; 8425.19.00; 8425.31.00; 8425.39.00; 8425.41.00
84.26	8426.11.00; 8426.12.00; 8426.19.00; 8426.20.00; 8426.30.00; 8426.41.90; 8426.49.00; 8426.91.00; 8426.99.00
84.27	8427.10.00; 8427.20.00
84.28	All H. S. Codes
84.29	All H. S. Codes
84.30	All H. S. Codes
84.31	All H. S. Codes
84.32	All H. S. Codes
84.33	8433.20.00; 8433.30.00; 8433.40.00; 8433.51.00; 8433.52.00; 8433.53.00; 8433.59.00; 8433.60.00; 8433.90.00
84.34	All H. S. Codes
84.35	All H. S. Codes
84.36	All H. S. Codes
84.37	8437.10.00; 8437.80.90; 8437.90.90
84.38	All H. S. Codes
84.39	All H. S. Codes
84.40	All H. S. Codes
84.41	All H. S. Codes
84.42	8442.30.00; 8442.40.00; 8442.50.20; 8442.50.90
84.43	8443.11.00; 8443.12.00; 8443.13.00; 8443.14.00; 8443.15.00; 8443.16.00; 8443.17.00; 8443.19.00; 8443.32.90; 8443.39.10; 8443.39.99; 8443.91.00
84.44	8444.00.00
84.45	All H. S. Codes
84.46	All H. S. Codes
84.47	All H. S. Codes
84.48	All H. S. Codes (Excluding H.S.Code 8448.20.10; 8448.42.10)

84.49	8449.00.00
84.50	8450.20.90; 8450.90.00
84.51	All H. S. Codes (Excluding H.S.Code 8451.21.00)
84.52	8452.21.00; 8452.29.90; 8452.30.00; 8452.90.90
84.53	All H. S. Codes
84.54	All H. S. Codes
84.55	All H. S. Codes
84.56	All H. S. Codes
84.57	All H. S. Codes
84.58	All H. S. Codes
84.59	All H. S. Codes
84.60	All H. S. Codes
84.61	All H. S. Codes
84.62	All H. S. Codes
84.63	All H. S. Codes
84.64	All H. S. Codes
84.65	All H. S. Codes
84.66	All H. S. Codes
84.67	8467.21.00; 8467.22.00; 8467.29.00; 8467.89.00; 8467.91.00; 8467.99.00
84.68	All H. S. Codes
84.70	8470.50.00
84.74	All H. S. Codes
84.75	All H. S. Codes
84.77	All H. S. Codes
84.79	All H. S. Codes (Excluding H.S.Code 8479.60.00)
84.80	8480.10.00; 8480.20.00; 8480.30.00; 8480.41.00; 8480.49.00; 8480.50.00; 8480.60.00; 8480.71.00; 8480.79.00
84.81	8481.10.11; 8481.10.90; 8481.20.90; 8481.30.90; 8481.40.11; 8481.40.90; 8481.80.90; 8481.90.90

84.83	8483.20.00; 8483.30.00; 8483.40.00; 8483.50.00; 8483.60.00; 8483.90.00
84.84	All H. S. Codes
84.86	8486.10.00; 8486.20.00; 8486.30.00; 8486.90.00
85.01	All H. S. Codes (Excluding H.S.Code 8501.10.10; 8501.20.10)
85.02	All H. S. Codes
85.03	All H. S. Codes
85.04	8504.23.10; 8504.40.90; 8504.50.00
85.05	All H. S. Codes
85.08	8508.60.10
85.14	All H. S. Codes
85.15	All H. S. Codes
85.16	8516.40.10
85.25	8525.50.10; 8525.60.10
85.26	All H. S. Codes (Excluding H.S.Code 8526.91.10)
85.31	8531.10.00
85.37	8537.10.11; 8537.10.91
85.41	8541.40.10
85.43	8543.10.00; 8543.20.00; 8543.30.00; 8543.70.20; 8543.90.00
85.47	8547.90.00
87.01	8701.20.10; 8701.90.00
87.04	8704.10.00; 8704.22.13; 8704.22.15; 8704.90.11
87.16	8716.20.00; 8716.31.00; 8716.39.00; 8716.80.00
89.02	8902.00.00
89.05	8905.10.00
90.07	9007.10.90; 9007.20.90
90.08	All H. S. Codes
90.10	All H. S. Codes
90.11	All H. S. Codes
90.12	All H. S. Codes

90.14	All H. S. Codes
90.15	All H. S. Codes
90.18	9018.11.00; 9018.12.00; 9018.13.00; 9018.14.00; 9018.19.90; 9018.20.00; 9018.41.00; 9018.49.00; 9018.50.00; 9018.90.20
90.19	9019.10.10; 9019.10.90; 9019.20.10; 9019.20.90
90.20	9020.00.00
90.21	9021.31.00; 9021.39.00; 9021.40.00; 9021.50.00; 9021.90.10; 9021.90.90
90.22	All H. S. Codes
90.24	All H. S. Codes
90.25	9025.90.00
90.26	All H. S. Codes
90.27	All H. S. Codes
90.28	9028.10.00; 9028.20.00; 9028.30.90; 9028.90.90
90.29	9029.10.90
90.30	All H. S. Codes
90.31	All H. S. Codes
90.32	All H. S. Codes
91.06	9106.10.00
94.06	9406.00.10

Appendix-1

UNDERTAKING

I …………………. (Name) owner/Managing Director, M/s ………………… (Name and full address of the enterprise) do hereby declare that the machineries or parts or both imported through BEPZA IP No. ……………. Dated: ………… Letter of Credit No. ………, Dated: …………… Invoice No. ………Dated: ……………BL/Airway Bill/Truck Receipt No. ……………Dated: ………… shall be used for Setting up /Replacement/ Balancing/Modernization/Rehabilitation/Expansion (BMRE) in the said industry and in case of any deviation from it, I shall be bound to pay the duty and tax on applicable rate for the imported machineries or parts or both and apart from this, shall oblige by any other punishment taken by the Customs Authority under the Customs Act, 1969.

Signature :
……………………………………
Name of the Owner/Managing Director
………
Name and address of the enterprise
…………..

Dated:

Appendix-2

Certificate

This is to certify that the importer M/S…………………..(Address of the enterprise) VAT registration No. ………………., dated: ………………….., Bond License No. ………. dated:……………, imported and released goods against IP No……………dated…………, bill of lading/ airway bill/ truck receipt No……………., dated: …………………,and bill of entry No. ………….., dated:…………of Customs House/Station, has used machineries or parts or both for Setting up / Replacement / Balancing/ Modernization/ Rehabilitation/ Expansion (BMRE) in the said location as specified in Appendix-1 in accordance with the approved design of the aforesaid industry. All imported goods have been used in the said industry; no goods have been misused.

Signature……………………………
Name of the Executive Director……….
Export Processing Zone………………

Dated:

EXEMPTION OF DUTY & TAX FOR "OTHER GOODS" (OTHER THAN RAW MATERIALS & CONSTRUCTION MATERIALS)

SRO No. 134-Law/2020/85/Customs, Dated 03 June, 2020

S.R.O. No. 134-Law/2020/85/Customs.— The Government, for carrying out the purposes of clause (f) of section 7 of the Bangladesh Export Processing Zones Authority Act, 1980 (Act No. XXXVI of 1980) and section 16 of the Bangladesh Private Export Processing Zones Act, 1996 (Act. No. XX of 1996), in consultation with the National Board of Revenue, for public interest, by exercising the power conferred under sub-section (1) of section 19 of the Customs Act, 1969 (Act No. IV of 1969) and sub-section (1) of section 126 of the Value Added Tax and Supplementary Duty Act, 2012 (Act No. XLVII of 2012), is hereby pleased to exempt from the import duty, regulatory duty, value added tax, supplementary tax, if any, and advance tax (AT) leviable on the goods mentioned in heading and H.S. Code against column (2) and column (3) respectively of the following table during their importation by the investors in the Export Processing Zones, namely:

Table

Sl. No.	Description of other goods	Heading/ H.S. Code
(1)	(2)	(3)
01.	Petroleum Oil (Machinery Oil)	2710.19.31 2710.19.91 2710.19.81 2710.19.89
02.	Fan (excluding table, floor, wall, window, celling or roof fans, with a self-contained electric motor of an output not exceeding 125 wt)	8414.59.10 8414.59.20 8414.59.90
03.	Safety Hand Gloves/Rubber Gloves.	3926.20.90 40 I 5.19.00 4203.29.00 62.16
04.	Freezer/Refrigerator (industrial type).	8418.6 1.10 8416.69. 10
05.	Electric Cable (heavy duty 440 volt. or above).	8544.49.00
06.	a) Tyre for Vehicles/Forklift to be used within the EPZ premises--- b) Tube for Vehicles/ (Forklift to be used within the EPZ premises. -	(a) 40.11 (b) 40.13
07.	Safety Working Shoes/Rubber Boot.	64.01

Sl. No.	Description of other goods	Heading/ H.S. Code
(1)	(2)	(3)
08.	Hand Tools and their parts & components.	82.05
09.	Air Conditioners (industrial type) and related spare parts.	8415.10.10 8415.8 l. 10 8415.82.10
10.	Lamps (UV, fluorescent, sodium mercury, halogen, etc.)	85.39 9405.40.40
11	Ventilation Exhaust Fan.	8414.59.10
12.	Washing Machine (industrial type).	84.51
13.	Measuring, Testing Device and their parts & Components.	90.31
14.	Office Equipment— (a) Photocopiers -------------------------------- (b) Computers and peripherals ----------------- (c) Typewriter -----------------------------------	(a) 8443.39.91 (b) 84.71 (c) 8470.90.00
15.	Telephone, PABX Systems, Fax Machine, Switch etc.	8517.18.00 8517.62.20 8443.39.91
16.	Refrigerator for Canteen.	84. 18
17.	Wireless sets (Walkie-talkie).	8525.60.20
18.	Basic Medical Equipment (Stethoscope, BP Checking Machine, Oxygen Cans, etc.).	9018.90.90 9019.20 10
19.	Hospital Furniture.	94.02
20.	Ambulance fitted with essential equipment.	87.03 Respective Code
21.	Security Appliances (CCTV, Smoke Detectors, etc.)	8525.80.90 8531 .80.00
22.	All kind of Office Furniture.	9403.10.00 9403.30.00 9403.70.00 9403.81.00 9403.89.00.
23.	Underlay Paper, Maker Paper & Pattern Paper.	4823.90.99 4814.90.00.
24.	(a) LT. Switch Gear, ------------------------- (b) IPS, UPS, ---------------------------------	(a) 8535.30.00 (b) 8504.40.20, 8504.40.90
25.	Busbar Trunking System.	85.37
26.	Power Factor Improvement (PFI) Plant.	85.04 90.32
27.	Projection Screen, Multimedia Projector, Video Conference Camera.	8528.61. 00 8528.69.00 8525.80.10

Sl. No.	Description of other goods	Heading/ H.S. Code
(1)	(2)	(3)
28.	Safety Vault & Lockers.	8303.00.00
29.	Industrial type Floor Cleaning Machine (except Vacuum Cleaner).	8479.89.00
30.	Service Lift.	8428.10.00
31.	Forklift, Stackers.	8427.1 0.00 8427.20.00
32.	All kinds of Generator Set.	85.02
33.	Dryer (industrial type).	84.51
34.	Heater (industrial type).	85. 14 / 85.16
35.	Microwave Oven for Canteen.	8516.50.00
36.	Coal.	27.01
37.	Solar Power Set.	85.01
38.	All types of Fire Fighting Equipments.	7308.30.00* 8424.20.30 8531.10.00
39.	Evaporative Cooling Machines.	8479.60.00
40.	All types of Safety Equipments for Workers.	Irrespective of H.S. Code
41.	Mannequins/Tailor's Dummy (Conditions mentioned in Clause -2 of this S.R.O are applicable in case of importing Mannequins/Tailor's Dummy).	3926.40.00 9618.00.00
42.	Drinking Water Treatment Machine/Equipment.	8421. 21.92
*43.	Foodstuff for Foreign Employees	2106.90.90

(***Has been amended by the SRO No- 227-Law/ 2021/35/Customs Dated: 27 June, 2021)**

2. The following conditions shall be applicable for importation of goods mentioned in column (2) (Mannequin/Tailor's Dummy) against the serial No. 41 of the above mentioned TABLE, namely:—

(a) subject to obtaining the import permit from the Bangladesh Export Processing Zones Authority, maximum quantity of 4 (four) for the first time and subsequently not exceeding more than 2 (two) may be imported every year;

(b) the importing enterprise shall—

(i) submit a certificate at the time of obtaining the Import Permit as mentioned in clause (a) stating that it has the entitlement of the goods specified in column (2) in the Challan during import year; and

(ii) submit an undertaking in non-judicial stamp to the concerned Customs House or Customs Station mentioning that it shall not sell or transfer such goods without the approval of the Customs Authority:

Provided that in case of sale or transfer of such goods the applicable duties and taxes shall have to be paid by the importers thereby.

3. The notification S.R.O. No. 67-Law/2020/62/Customs issued on 4 March, 2020 is hereby repealed.

4. This notification shall come into force on June 11, 2020.

CHAPTER-5

CUSTOMS REGULATIONS FOR EPZs IN BANGLADESH

- EXEMPTION OF IMPORT DUTY, REGULATORY DUTY, VALUE ADDED TAX FOR COMMISSARIATE AND FOOD ITEMS
- EXEMPTION OF CUSTOMS DUTIES AND VALUE ADDED TAX ON IMPORTED GOODS ONLY FOR PROCESSING
- EXEMPTION OF CUSTOMS DUTIES AND SALES TAX ON IMPORT OF MACHINERIES, EQUIPMENT AND RAW MATERIALS
- EXPORT OF GOODS FROM EPZs TO DTA
- LIST OF EPZ GOODS ALLOWED TO EXPORT TO DTA (EXCEPT GARMENTS INDUSTRIES)
- CUSTOMS CLEARANCE PROCEDURE FOR IMPORTED GOODS FOR EPZs
- SOP REGARDING CONTAINER ROUND USE FOR EPZ COMPANIES
- RULES RELATING TO SUPPLY OF CONSTRUCTION MATERIALS FROM DTA TO EPZs
- EXPORT OF GOODS OF THE INDUSTRIES IN BANGLADESH EPZS AGAINST PAYMENT IN FOREIGN CURRENCY FROM THE SPECIAL BONDED WAREHOUSE ESTABLISHED FOR 100% EXPORT
- EXEMPTION OF 50% STAMP DUTY ON TRANSFER OF LAND IN EPZs
- POLICY REGARDING SALE OF OLD/UNUSABLE MACHINERY, SURPLUS RAW MATERIALS, DEFECTIVE GOODS

EXEMPTION OF IMPORT DUTY, REGULATORY DUTY, VALUE ADDED TAX FOR COMMISSARIATE AND FOOD ITEMS

Notification of MF, IRD, NBR (Customs), SRO No. 63- Law/2017/05/Customs
Dated 20 March, 2017

S.R.O. No. 63-Law/2017/05/Customs.—The Government, by exercising the power conferred under sub-section (1) of section 19 of the Customs Act, 1969 (Act No. IV of 1969) and sub-section (1) of section 14 of the Value Added Tax Act, 1991 (Act No. XXII of 1991), in consultation with the National Board of Revenue, for public interest, hereby pleased to exempt the industries established in—

(a) the Export Processing Zones declared under section 10 of the Bangladesh Export Processing Zones Authority Act, 1980 (Act No. XXXVI of 1980); and

(b) the Private Export Processing Zones declared under section 11 of the Bangladesh Private Export Processing Zones Act, 1996 (Act No. XX of 1996);

from all import duty, regulatory duty, value added tax, health development surcharge and supplementary duty (if any) in exceeding to 15% import duty during importation of goods under bond license by the commissionerate for sale of such goods specified in the following TABLE to the foreign investors, foreign expatriates and technicians of the industries, subject to the observance of the following conditions, namely:—

<u>Conditions</u>

(1) Import Permit (IP) shall have to be obtained from Bangladesh Export Processing Zones Authority before importation of goods under bond license by the commissionerate for selling to foreign investors, foreign expatriates and technicians of the Export Processing Zones;

(2) the foodstuff, cigarette, liquor and other beverages imported under bond license by the commissionerate shall be sold only to the foreign investors, foreign expatriates and technicians of the Export Processing Zones;

(3) the goods specified in the TABLE shall be sold only to the foreign investors, foreign expatriates and technicians working inside the EPZ holding a legal customs passbook;

(4) in the case of selling to the foreign investors, foreign expatriates and technicians holding legal customs passbook, the entitlement limit shall be same as prescribed in the Privileged Persons (Customs Procedures) Rules, 2003 issued by the National Board of Revenue.

Table

Sl. No.	Description of goods	H. S. Code
01.	Cigarettes, cigers and manufactured tobacco	2402.10.00, 2402.20.00, 2402.90.00, 2403.11.00, 2403.19.00, 2403.91.00, 2403.99.00
02.	Liquor, Beer, Wine and other Drinks	2009.11.00, 2009.12.00, 2009.19.00, 2009.21.00, 2009.29.00, 2009.31.00, 2009.39.00, 2009.41.00, 2009.49.00, 2009.50.00, 2009.61.00, 2009.69.00, 2009.71.00, 2009.79.00, 2009.81.00, 2009.89.00, 2009.90.00, 2106.90.10, 2201.10.00, 2201.90.00, 2202.10.00, 2202.90.00, 2203.00.00, 2204.10.00, 2204.21.00, 2204.29.00, 2204.30.00, 2205.10.00, 2205.90.00, 2206.00.00, 2208.20.00, 2208.30.00, 2208.40.00, 2208.50.00, 2208.60.00, 2208.70.00, 2208.90.00, 2307.00.00
03.	Cosmetic and Toiletry	3301.12.00, 3301.13.00, 3301.19.00, 3301.24.00, 3301.25.00, 3301.29.00, 3301.30.00, 3301.90.00, 3302.10.10, 3302.10.90, 3302.90.00, 3303.00.00, 3304.10.00, 3304.20.00, 3304.30.00, 3304.91.00, 3304.99.00, 3306.10.00, 3306.20.00, 3306.90.00, 3307.10.00, 3307.20.00, 3307.30.00, 3401.11.00, 3401.19.00, 3401.20.00, 3401.30.00, 3402.12.00, 3402.13.00, 3402.19.10, 3402.19.90, 3402.20.00, 3402.90.10, 3402.90.90
04.	Food Items	0201.10.10, 0201.10.90, 0201.20.10, 0201.20.90, 0201.30.10, 0201.30.90, 0401.10.10, 0401.10.90, 0401.20.10, 0401.20.90, 0402.10.10, 0403.10.00, 0403.90.00, 0405.10.00, 0405.90.00, 0406.10.00, 0406.20.00, 0406.30.00, 0406.40.00, 0409.00.10, 0901.12.00, 0901.22.00, 0902.10.00, 0902.30.00, 0910.11.10, 0910.12.10, 0910.20.10, 0910.91.10,

SL. No.	Description of goods	H. S. Code
		1005.10.90, 1104.12.10, 1104.12.90, 1104.29.00, 1509.90.00, 1517.10.90, 1517.90.00, 1604.11.00, 1604.12.00, 1604.15.00, 1701.12.00, 1701.91.00, 1701.99.00, 1806.20.00, 1806.31.00, 1806.32.00, 1806.90.00, 1902.11.00, 1905.20.00, 1905.31.00, 1905.32.00, 1905.90.00, 2001.10.00, 2003.10.00, 2003.90.00, 2005.20.00, 2005.51.00, 2005.70.00, 2005.99.00, 2006.00.00, 2007.10.00, 2007.91.00, 2007.99.00, 2008.19.00, 2008.50.00, 2008.60.00, 2008.70.00, 2008.99.00, 2009.11.00, 2009.31.00, 2009.79.00, 2101.20.00, 2102.30.00, 2103.10.00, 2103.20.00, 2103.90.90, 2104.10.00, 2104.20.00, 2202.10.00, 2202.90.00, 2501.00.30, 2501.00.99,

2. The Notification No. 104/2000/Customs, Date: 17/07/2000 AD and the Notification S.R.O. No. 100-Law/2010/2281/Customs, Dated: 4 April, 2010 are hereby repealed.

EXEMPTION OF CUSTOMS DUTIES AND VALUE ADDED TAX ON IMPORTED GOODS ONLY FOR PROCESSING

(SRO No. 1666 / 96 / Customs, dated 27 June, 1996)

In exercise of the powers conferred under section 19 of the Customs Act, 1969 (IV of 1969) and section 14(1) of the Value Added Tax Act, 1991 (Act no. 22 of 1991) the government, in consultation with the National Board of Revenue, has repealed the Notification number, SRO 544-L / 84 / 888 / Cus and has exempted import duty, value added tax and supplementary duty imposed on imported goods only for processing and value addition in the Export Processing Zones and exported according to section 10 of the Bangladesh Export Processing Zones Authority Act, 1980 (XXXVI of 1980) for public interest.

EXEMPTION OF CUSTOMS DUTIES AND SALES TAX ON IMPORT OF MACHINERIES, EQUIPMENT AND RAW MATERIALS

(IRD SRO No. 125-L / 81 / 634 / Cus, dated 21 April, 1981)

In exercise of the powers conferred by section 19 of the Customs Act, 1969 (IV of 1969), and sub-section (1) of section 7 of the Sales Tax Act, 1951 (III of 1951), the Government is pleased to exempt from the whole of customs duties and sales tax leviable on-

(a) the capital machinery and spares, instruments, apparatus and appliances including testing and quality control equipment and parts thereof, imported for installation in an Export Processing Zone declared under section 10 of the Bangladesh Export Processing Zones Authority Act, 1980 (XXXVI of 1980); and

(b) the materials and equipment imported for construction of buildings and factories to be established in any of the aforesaid zone.

Provided that-

(i) the goods specified above have been duly certified by the Chairman of the Export Processing Zones Authority established under section 3 of the Bangladesh Export Processing Zones Authority Act, 1980 (XXXVI of 1980), are for installation or use in an Export Processing Zones;

(ii) the importer makes a declaration at the time of clearance of the goods to the effect that the imported goods shall be installed or used for the production, manufacture, processing, repair or refitting of goods within a zone for export outside Bangladesh and shall not, in any case, without the written approval of the National Board of Revenue be sold or otherwise disposed of, in any manner for consumption outside the said zone.

EXPORT OF GOODS FROM EPZs TO DTA

(NBR Standing order No. 1655 / 96 / Customs, dated 6 March, 1996)

There is a provision to export / import goods produced in the Export Processing Zones (EPZ) to the Domestic Tariff Area (DTA) subject to observance of conditions specified in clauses 6 and 10 of the Customs (Export Processing Zone) Rules, 1984. As per above provision, the concerned Customs House / the Commissioner of Commissionarate can accord permission to Bangladeshi importers to import goods to the Domestic Tariff Area (DTA) produced in the Export Processing Zones through opening L / C subject to fulfillment and observance of the following conditions:

(1) The permission for the goods specified in the Annexure-A shall only be permitted to import.

(2) The quantity of goods to be imported annually shall not exceed 10% of the goods exported by the concerned enterprise during the previous financial year.

(3) The approval / permission from BEPZA shall have to be obtained for the import.

(4) Other terms of the Customs (Export Processing Zone) Rules, 1984 shall be applicable in this respect.

LIST OF EPZ GOODS ALLOWED TO EXPORT TO DTA (Except Garments Industries)

Enterprises in the EPZs are allowed to export the following products, not exceeding 10% of their export in preceding year, to DTA after paying applicable VAT & Taxes.

1. Woven Dyed and Printed Fabric
2. Knitted Dyed and Printed Fabric
3. Terry Towel, Shop Towel and Surgical Towel
4. Sewing Thread
5. Sweater Yarn
6. Hand Bag, School Bag, Luggage
7. Label, Poly Bag and Other Garments Accessories
8. Padding and Quilting Materials
9. Zipper
10. Carton box
11 Sports Shoe, Leather Shoe
12. Electronics Goods
13. Electrical Goods
14. Circuit Board
15. Audio Video Tapes
16. Electronics Ballast
17. Software
18. Floppy Diskette
19. Fan Motor
20. Artificial Flower
21. Plastic Bag
22. Printed Jute Bag, Rope
23. Vinyl Belt
24. Toys
25. Chair, Table, Basket, Folding and Compact Chair
26. Plywood
27. Aluminum Ingot
28. Fishing Reel and Golf Shaft
29. Metal Parts for Vehicle and others Parts
30. Metal Pipe Fittings
31. Steel Marine Chain
32. Cycle
33. Parts of Cycle
34. Dye Cast Parts
35. Marine / Industrial Mechanical Parts
36. Plastic Granules
37. Optical Instrument Parts
38. Crystal Blank
39. Quartz Crystal

40. Hanger & its Accessories
41. Gloves
42. Steel stud / Fitting / Forging Products
43. All type of Acrylic Resin, Styrene, Vinyl Acrylic, PVC Resin
44. Natural Rubber Male Latex Condom
45. Rubber based Products – Automobile Parts, Rubber mats / Tiles, Rubber metal bonded Parts, Shoe Accessories
46. Blanket
47. Textile Chemical and Auxiliaries
48. Back Light Board
49. Multi Led Lamp
50. Yamatech Multi
51. LCD Holder
52. LED AC
53. Amount Indicator
54. Vax
55. Selection Button
56. Key Board
57. Parts of Selection Button
58. Parts of Amount Indicator
59. Parts of Key Board
60. Parts of Vax
61. Number Display
62. LED Display
63. Fishing Board
64. Disposable Syringe
65. Shutter Profile
66. Spring Box
67. Connector
68. Steel Ball
69. Flat and Flat Stand
70. Iron Bumper
71. Steel Bumper
72. Rubber Bumper
73. Lock and Lock Guide
74. Handle
75. Hook
76. Clips
77. Aluminum False
78. Motor
79. Fixing Plate
80. Nylon Sliding Block
81. Micro Perforated Role
82. Protection Box
83. Rolling Box
84. Rolling Shutter

85. Tiles
86. Headwear and Caps
87. Tent and Accessories
88. Plastic Thread Cone / Bobbin / Plastic Basket (used for carrying garments only)
89. Copper Wire (diameter & other specification will be specified)
90. Copper Stripe
91. Zipper Accessories (Slider / Top Stopper / Bottom Stopper / Box Pin)
92. Shoes Accessories Foam
93. Edible Oil (Palm Oil and Soya bean Oil)
94. Fatty Acid
95. Shining Eye
96. LED Electric Light Bulb
97. LED Fluorescent Lamp
98. Machine Parts (Soft Jaw)
99. Fabricated Steel Materials & Spare–Parts
100. Bamboo Coffin
101. Latex Mask for Make up
102. Make up Products
103. Make up Accessories
104. Make up Appliances
105. Camp Cot
106. Camping Chair
107. M. F. Battery
108. Foam
109. Sleeping Bag
110. Knitted Elastic Tapes
111. Woven Tapes
112. Braided Cords
113. Covered Rubber Thread
114. All types of Interlining
115. Fabricated Aluminum Louver Window
116. Fabricated Storage Rack
117. Fabricated Steel Structure Mezzanine Floor
118. Fabricated Boundary Grill Fence
119. Fabricated MS Cable Tray with DB box
120. Fabricated Garments Floor Helper Box
121. Battery Lead Acid of a kind used for starting Piston Engine
122. LED Board Light
123. LED Strip
124. LED Fluorescent Lamp
125. LED Tube Light
126. LED Driver
127. Adaptor

CUSTOMS CLEARANCE PROCEDURE FOR IMPORTED GOODS FOR EPZs

(NBR Circular No. 4(1) Cus-IX / 83 / 260, dated 23 May, 1983)

1. EPZ enterprises will submit an import declaration form addressed to Collector of Customs in sextuplicate along with 6 copies of invoices. The declaration will be received in a specific counter in the Customs office in the zone.

2. The import declaration will be registered in the Customs station and an entry number given with date. After endorsing necessary order on the declaration form, 5 copies of the declaration will be handed over to the importer / his authorized agent. The original copy of the declaration will be retained. A requisition for escort may also be requested by the importer simultaneously at the time of filling the declaration.

3. The import declaration will be endorsed as "Passed out of Customs Control" by an authorized officer / official and the marks and number of the packages will be verified by the Customs Department. The goods will be escorted from the port to the EPZ enterprise without examination. In case of doubt on the bonafide of the declaration made by the importer, customs may physically examine the goods within the port area, before the goods are allowed to pass out of the jetty, the duplicate copy of the declaration will be retained at the gate. This copy will be kept with the original copy in the main file as a token that the goods have been delivered to the importer. The remaining 4 copies of the declaration form for imports will be distributed for necessary action by the recipient as follows:

   (i) the 3rd copy will be retained by the Enterprise;

   (ii) the 4th copy will be retained by the Exchange Control Department, Bangladesh Bank;

   (iii) the 5th copy will be retained by the Marketing Department of BEPZA; and

   (iv) the 6th copy will be retained in the Gate Office at EPZ.

4. Each enterprise in the EPZs will be allotted a registration number from the customs and all imports affected by each enterprise will be briefly recorded in the register with value.
5. Inventory and physical examination of the imported goods will be made within Export Processing Zones and if possible, within the factory premises of the enterprise in presence of Customs Officer and EPZ Officer.
6. The importer shall remain accountable to BEPZA and Customs for proper use of the imported goods for manufacture of approved goods for export.

7. The declaration form will be in pink colour.

8. For easy identification, there should be a yellow bond around each package of imported goods of BEPZA enterprises. This will expedite clearance.

M / S………………………………………
(Clearing Agent)

Address:
Customs Clearing and Forwarding Agent
License No……………….…………..…

SOP REGARDING CONTAINER ROUND USE FOR EPZ COMPANIES

(NBR Special Order No. 059/2020/Customs/221, dated 14 October, 2020)

WHEREAS the enterprises in EPZs, after transportation of raw materials imported under bonded warehouse facility and unloaded inside the EPZs, send back the empty containers to the Locations/Depot/Port/Container Freight Stations (CFS) Specified by the shipping agents;

And WHEREAS after returning the containers in the specified Location/Depot/Ports/CFS ports, the shipping agents/freight forwarders have to send again such empty containers to the EPZ, after loading of exportable finished goods and thereafter send the same to the ports/depots;

And whereas it is expedient to remove the additional cost of transportation and waste of time;

Henceforth, the following Standard Operating Procedure (SOP) relating to the Container Round Use for the enterprises in EPZs has been formulate by National Board of Revenue by exercising the power conferred under section-219B of the Customs Act, 1969:

1. all those companies of EPZs that will export goods through FCL/LCL containers shall have to take shipping orders through online from the concerned shipping agents/freight forwarders for transportation of goods in containers;

2. the exporters shall have to submit an application, to the Customs Authority for each case, before two working days, along with the copies of Sales Contract/Export Order/LC, Export Permit issued by BEPZA and risk bond;

3. officers in the EPZs not below the rank of Assistant Revenue Officer shall verify the documents received with the application and the shipping order of such company submitted through online;

4. the Chief of the Customs Office in the EPZs shall conduct the physical examination of the goods to be exported by an Officer not below the rank of Assistant Revenue

Officer at the time of loading the container in accordance with the rules. Thereafter, the officer shall conduct physical examination and seal the loaded containers by electronic seal with GPS tracking system (mentioning the container number and seal number). However, until the electronic seal with GPS tracking System is introduced, the existing bullet seal will be used;

5. the concerned Assistant Revenue Officer, in-charge of issuing out-pass shall issue out-pass in accordance with the Appendix-1 after making cross check of the physical examination report and the container number & seal number;

6. the Customs Officer in-charge of issuing out-pass in the EPZs shall maintain a separate register for issuing out-pass of export products mentioning the name of companies with the container number;

7. a Customs Officer not below the rank of Assistant Revenue Officer in charge of the concerned Customs House/Customs Station/Bond shall conduct the physical examination of export products in accordance with the rules;

8. in case of failing to export the goods of the exporters by the shipping agent/freight forwarders on time, after providing shipping order, by means of containers that carried raw materials in the EPZ enterprises, the Container Round Use facility shall be also applicable for the same or different enterprises by separate shipping order;

9. the information about Round Use shall be incorporated and adjusted in the annual audit of the enterprises;

10. if any enterprises in EPZ contravene or misuse any provision of this SOP, legal action under relevant section of the Customs Act, 1969 shall have to be taken against it.

Appendix-1

Out Pass

Out Pass No.: Date:

Out pass has been issued in accordance with the declaration of exporter and physical examination report by the Revenue Officer……………..EPZ……………. Customs

Factory name	
Factory Address	
Buyer Name	
Buyer Address	
LC/Sales Contract/Purchase Order No.	Date
Invoice	Date
Quality	
Exported Goods Description	
Exp. No.	Date
EP No.	Date
Container & Seal No.	

Goods shall be exported from …………..EPZ by container No. ……….through Dhaka Airport /Chattogram Port to……….. . As the ………..EPZ customs registration has not been made, all formalities of customs shall be made in Dhaka/Chattogram House. It has been directed to forward a copy of shipping bill after the shipment of goods order.

RULES RELATING TO SUPPLY OF CONSTRUCTION MATERIALS FROM DTA TO EPZs

(General Order No. 10 / VAT / 94, dated 25 August, 1994)

At present the construction materials produced in the country are being supplied to the Export Processing Zones under the Customs (Export Processing Zones) Rules, 1984. Because of the various customs formalities, the local manufacturers are losing interest to sale their products in the Export Processing Zones. On the other hand the enterprises of the Export Processing Zones are being encouraged to import similar items from abroad at the cost of foreign exchange.

2. The National Board of Revenue has reviewed these problems in details. At present duty drawback on various exportable are under the Value Added Tax Act, 1991. The Board has decided that the supply of various construction materials produced in the country for supply to the Export Processing Zones will also be covered by the same taxation rules.

3. According to the decision, various construction materials like Rod, Cement, GI Pipe, PVC Pipe, Sanitary Ware, Transformer, Switch Gear etc. produced in the country and being supplied to the Export Processing Zones only under internal Letter of Credit with foreign exchange, will be treated as direct export under the Value Added Tax system.

4. For such supply to the Export Processing Zones, the local manufacturers will produce the chalan of the Value Added Tax, (VAT-11) at nil rates and will be able to receive exemption of the tax automatically under rule 19(4) of the Value Added Tax Rules, 1991 on the inputs used for the production of such products.

5. However, for obtaining exemptions against direct export, a supplier must possess above letter or credit, certificate of receiving foreign currency issued by the bank and another certificate acknowledging receipt of goods in the Export Processing Zones.

EXPORT OF GOODS OF THE INDUSTRIES IN BANGLADESH EPZS AGAINST PAYMENT IN FOREIGN CURRENCY FROM THE SPECIAL BONDED WAREHOUSE ESTABLISHED FOR 100% EXPORT

(NBR Permanent order no. 1515 / Cus / 93, dated 5 July, 1983)

Due to the absence of any instruction pertaining to export of goods from special bonded warehouse to industries operating in the Export Processing Zones, different complexity has developed. In order to overcome the complexity, the following instructions have been issued.

Supply of goods from special bonded warehouse to Export Processing Zones established for 100% export, will be treated as normal export. Goods entering the customs gate of the Export Processing Zones will be endorsed by the Customs Officer on duty in 1st, 2nd and DEDO copy of the bill of export and forward it to the export sections of the Customs House.

In this process of export, the exporter shall follow instructions of the Bangladesh Bank's foreign exchange regulations applicable for normal export.

For the purpose of an export, an exporter shall prepare all required papers including the bill of export. In the bill of export, prepared by the exporter for submission to the Customs Department, the words "Duty Exemption or Draw-back not to be claimed," should be written clearly.

The exporter should have a foreign currency account with any schedule bank in Bangladesh. Along with the bill of export, the exporter shall also submit a certificate issued by the schedule bank regarding details of his foreign currency account. In the copy of the bill of export prepared for the Bangladesh Bank, the name of the bank along with the account number of the exporter should be included. The sale proceed can be deposited in convertible foreign currency through TC, draft, cheque or credit card.

The bill of export for the goods to be exported for the Chittagong and the Dhaka (Savar) Export Processing Zones from the special bonded warehouse shall have to be submitted to Customs House, Chittagong and Collectorate of Customs Excise and VAT respectively.

EXEMPTION OF 50% STAMP DUTY ON TRANSFER OF LAND IN EPZs

(IRD SRO No. 96 / Law / 97 / IR / IRD-8 / 17 / 94 (stamp) / 222), dated 12 April, 1997)

in exercise of the powers conferred by section 9(a) of the Stamp Act, 1899 (II of 1899), the government has repealed the SRO No. 52 / L / 87 / MF / IRD-1 / 27 / 86(Stamp) / 58, dated 2.4.87 of this decision and reduced by 50% of the stamp duty chargeable on the agreement for transfer of land declared for the establishment of export oriented industries under section 10 of the Bangladesh Export Processing Zones Authority Act, 1980 (Act XXXVI of 1980).

POLICY REGARDING SALE OF OLD/UNUSABLE MACHINERY, SURPLUS RAW MATERIALS, DEFECTIVE GOODS

According to the Consolidated Policy-2009, in accordance with the decision of the 29th meeting of the BEPZA Board of Governors, the enterprises of the EPZs are allowed to sell the following items to DTA subject to the payment of applicable duties & taxes:

(a) unusable old machinery after converting into scrap;

(b) old machinery, but according to the survey report their residual economic lifespan shall be remaining at least 10 years and which are usable; and

(c) imported surplus raw-materials.

According to the Amended Policy-2009, the enterprises of the EPZs are also allowed to sell “Defective Un-exportable Goods” to DTA subject to the payment of applicable duties & taxes.

Core Strength of EPZs

- Workers-Management-Owner Synergy
- Peaceful Working Environment
- Industry Friendly Atmosphere
- Congenial Investment Climate
- Ease of Doing Business
- Collaborative Teamwork

BEPZA

BEPZA Welcomes Investors from all over the World

CONTACT ADDRESS

Bangladesh Export Processing Zones Authority

BEPZA Complex, House # 19/D, Road # 6, Dhanmondi, Dhaka-1205

Phone : 88-02-41060869, 41060870, 9613461, 41060858, PABX: 9613467, 9613459, Fax: 88-02-223361849, 223365545, 223363020

E-mail : info@bepza.gov.bd, chairman@bepza.gov.bd, member.ip@bepza.gov.bd, ed.pr@bepza.gov.bd, ed.ip@bepza. gov.bd

Website: www.bepza.gov.bd

DHAKA EXPORT PROCESSING ZONE
Ganakbari, Savar, Dhaka
Cell : 88-01713-016415 Ph : 88-02-996689002
Fax : 88-02-996689003 E-mail: ed.depz@bepza.gov.bd

CHATTOGRAM EXPORT PROCESSING ZONE
South Halishahar, Chattogram
Cell : 88-01713-105063 Ph : 88-02333341446
Fax : 88-023333-40031 E-mail: ed.cepz@bepza.gov.bd

ADAMJEE EPZ
Siddhirganj, Narayanganj
Cell : 88-01713-043004 Ph: 88-02-7692938
Fax : 88-02-7692939 E-mail: ed.aepz@bepza.gov.bd

CUMILLA EPZ
Old Airport Area, Cumilla
Cell : 88-01713-106675 Ph : 88-081-77055
Fax : 88-081-77056 E-mail: ed.cumepz@bepza.gov.bd

KARNAPHULI EPZ
North Patenga, Chattogram
Cell : 88-01713-102995 Ph: 88-02333301469
Fax : 88-023333-01460 E-mail: ed.kepz@bepza.gov.bd

ISHWARDI EPZ
Pakshi, Pabna
Cell : 88-01711-419246 Ph : 88-02-588847802
Fax : 88-02-588847808 E-mail: ed.iepz@bepza.gov.bd

MONGLA EPZ
Mongla, Bagerhat
Cell : 88-01713-402040 Ph: 88-04662-75199
Fax : 88-04662-75198 E-mail: ed.mepz@bepza.gov.bd

UTTARA EPZ
Shangalshi, Nilphamari
Cell : 88-01713-201068 Ph : 88-02588819002
Fax : 88-02589960302 E-mail: ed.uepz@bepza.gov.bd

BEPZA EZ
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