BUDGET SNAPSHOT

BDT Billion	BFY23-24	RBFY22-23	BFY22-23	RBFY23-24 over BFY22-23	BFY23-24 over RBFY22-23
Expenditure	7,618	6,605	6,781	-2.6%	15.34%
Revenue	5,000	4,330	4,330	0.0%	15.47%
Deficit	2,618	2,275	2,451	-7.2%	15.08%
External	1,064	871	987	-11.8%	22.16%
Domestic	1,554	1,404	1,463	-4.0%	10.68%
From Bank	1,324	1,154	1,063	8.6%	14.73%

As % of GDP	BFY23-24	RBFY22-23	BFY22-23	FY21-22A
Expenditure	15.22%	14.88%	15.24%	13.05%
ADP	5.25%	5.13%	5.53%	4.68%
Revenue	9.99%	9.75%	9.73%	8.43%
Tax	8.99%	8.74%	8.72%	7.54%
Deficit Financing	5.23%	5.12%	5.51%	4.62%
External Financing	2.12%	1.96%	2.22%	1.70%
Domestic	3.10%	3.16%	3.29%	2.90%
Bank	2.64%	2.60%	2.39%	1.90%

Source: Ministry of Finance & LR Global Research

While the government is planning to shape a large protective economic umbrella by proposing a luxurious budget for FY 24 of BDT 7,618 bn, momentous budget deficit of BDT 2,618 bn may make the economy fiscally dominant. Moreover, the budget seems to be 'government credit accommodative' rather than 'economic growth accommodative'.

The government proposed budget for FY 24 of BDT 7,618 bn mounts by 15.34% compared to the revised Budget of FY 23. The aim of the budget is to cultivate a "Smart Bangladesh" by mobilizing the govt revenue, curbing inflation, easing pressure on forex reserve, promoting digital economy & 4th industrial revolution. The govt conjectures that the NBR will be able to collect the revenue of BDT 5,000 bn and rest of the expenditures will be sourced from domestic borrowings of (BDT 1,554 bn) and external loans & grants (BDT 1,064 bn). The 85% of domestic borrowing will be funded from the banking channel and foreign loans & grants will provide BDT 1,064 bn. The government has set the target 57% of total budget as non-development expenditure and 36% as development expenditure. Subsidies, allowance and interest payments propelled the non-development expenditures in the proposed budget. Additionally, transportation and communications sector get the highest priority with 28.9% of total ADP and top five sectors will consume around 74.6% of total ADP allocation, though the implementation is dubious. Taxing digital economy, widening the tax areas, and digitalizing the tax system may smooth the revenue collection of the government. The proposed budget will dry up more liquidity from the money market and economy which will further deteriorate the current call money rate of 6% and capital market will be impacted negatively.

MACROECONOMIC TARGETS & IMPLICATIONS

Indicators	BFY23-24	RBFY22-23	BFY22-23	FY21-22A
GDP Growth Rate	7.50%	6.00%	7.50%	7.10%
Average Inflation Rate	6.00%	7.50%	5.60%	6.20%
Investment to GDP Ratio	33.70%	27.80%	31.50%	32.00%
Public Investment to GDP Ratio	6.30%	6.00%	6.70%	7.50%
Per Capita Income (USD)	2,961	2,765	2,793	2,694
Private investment to GDP Ratio	27.40%	21.80%	24.80%	24.50%
Tax to GDP Ratio	8.99%	8.74%	8.72%	7.54%

Source: Ministry of Finance

The proposed budget seems to establish a paradoxical relationship among revenue mobilization, private sector credit growth, inflation and monetary transmission mechanism. The projected budget deficit of 5.2% of GDP will underscore 'fiscal dominance' in the economy which will crowd out private credit growth that is set 15% in the proposed budget. On the other hand, government revenue collection will not meet the target of BDT 5000 bn as the firms may not take expansionary projects with leverage which consecutively drag the earnings and tax payments. Moreover, budget deficits financed by foreign loans increased by 22.16% which will be costlier as recently sovereign credit rating degraded. The budget may face difficulties to meet the target of 6% inflation as the supply side inflation influencers will keep the current 9.94% May inflation elevated. Moreover, the policy repo rate of 6% will be inefficient to crush the domestic demand. Significant government borrowing from banking sector (85% of total domestic borrowing) and squeezed liquidity will work as headwinds to capital market, investments, and growth of the economy.

GOVERNMENT EXPENDITURE

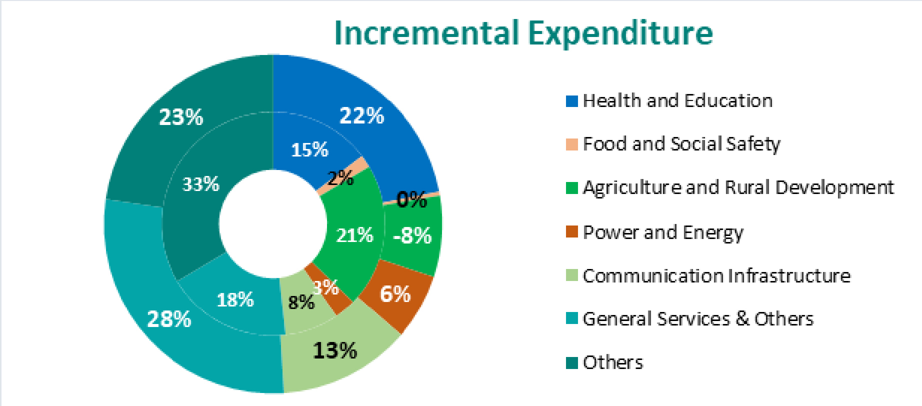
Use of Fund (% of Total)	BFY24	RBFY23	BFY22
Health and Education	23.07%	22.60%	24.79%
Food and Social Safety	2.12%	2.51%	2.69%
Agriculture and Rural Development	12.21%	15.50%	14.04%
Power and Energy	4.57%	4.12%	4.39%
Communication Infra-structure	11.18%	10.58%	11.33%
General Services	21.3%	19.4%	19.8%

Use of Fund (% of Total)	BFY24	RBFY23	BFY22
Others	18.56%	16.95%	16.49%
Total Expenditure	75.95%	76.48%	78.79%
Interest Payments	12.39%	13.63%	15.01%
PPP Subsidy and Liability	10.49%	9.19%	6.71%
Net Landing and Other Ex-penditure	1.17%	0.70%	-0.51%
Total Budget (bn)	761785	660507	518189

Source: Ministry of Finance & LR Global Research

This year, the approach used for allocating expenditure is quite similar to the previous budgets. In FY24, General Services (21.30%) will still receive the largest pie in allocation. Most sectoral allocations (as a percentage of total expenditure) have been reduced to accommodate this increase. The allocation for interest expense has grown by 4.8%, whereas the incremental budget deficit we need to finance is 15%. It aligns with the government's target of reducing dependency on savings certificates. Allocation for agriculture, our weapon to fight high inflation amid the global economic chaos, has declined significantly from 15.5% to 12.2%.

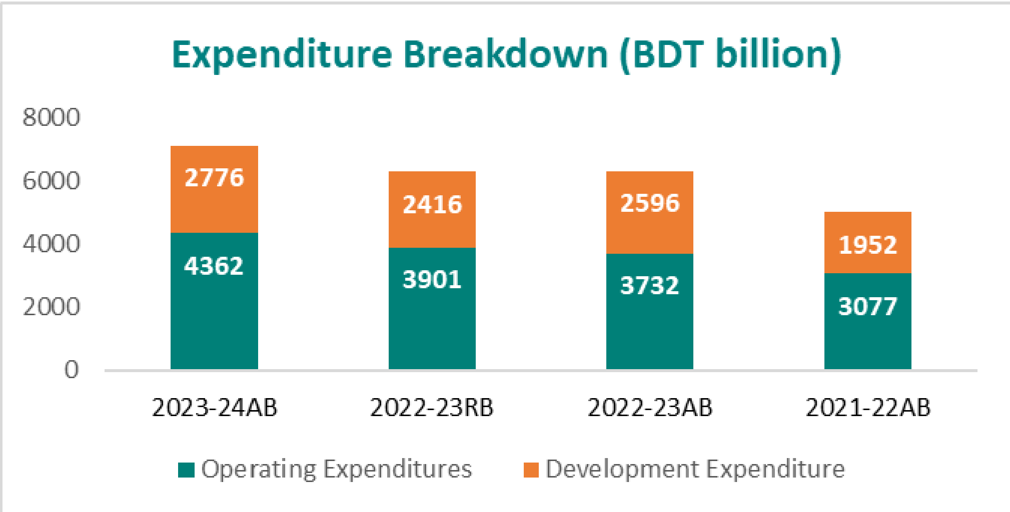
General Services received the highest incremental allocation (33.80%) in the budget of FY24 ahead of the election this year, compared to 18% in the previous fiscal. The Health and Education sector got the second-highest incremental allocation of 26.2%. While The agriculture sector lagged behind in getting incremental allocation in this budget, the incremental expenditure allocation for the Agriculture and Rural Development sector has -9.2% share compared to the last fiscal year, more of the budget needs to be allocated here.



Source: LR Global Research

EXPENDITURE BREAKDOWN

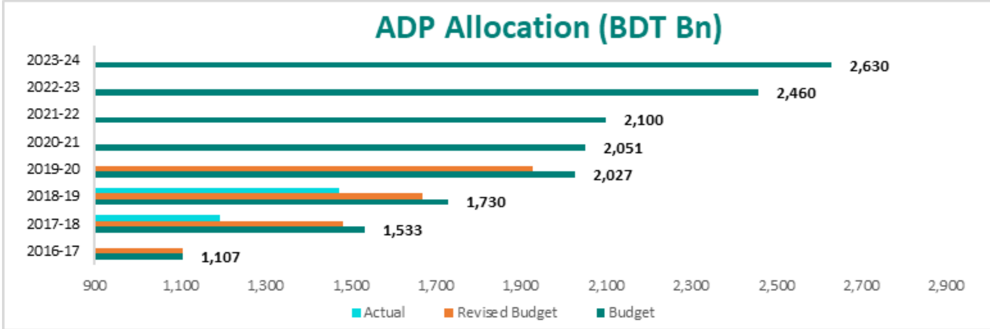
Among the total expenditure of BDT 7.62 trillion, BDT 4.36 trillion, or 57.27% is earmarked for operating expenditures, and another BDT 2.77 trillion, or 42.73%, has been set for the development expenditures, which is 5.5% of GDP. The development expenditure is projected to grow faster by 3.06% than the operating expenditure.



Source: LR Global Research

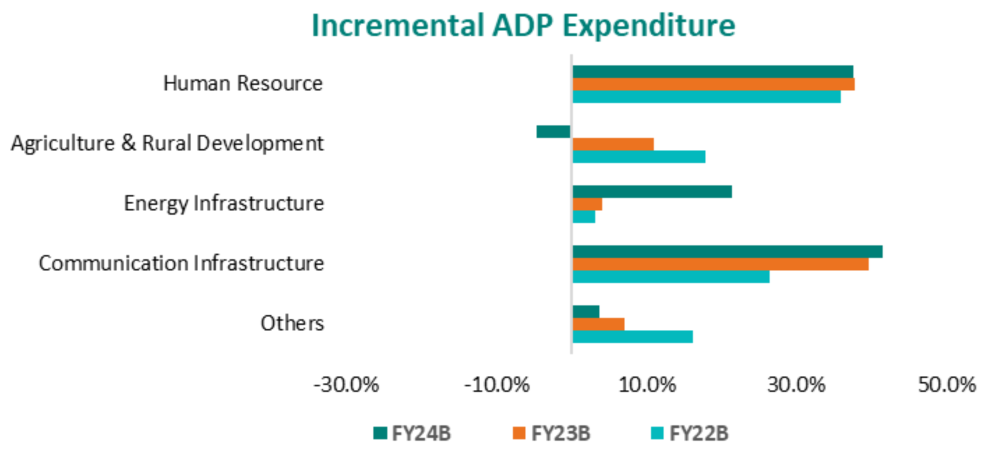
DEVELOPMENT EXPENDITURE

The government proposed an Annual Development Program (ADP) of BDT 2,630.0 Bn, which is 15.6% higher than the revised ADP for FY23. The highest portion of the total ADP is allocated to the transportation and communication sector (28.9%), and the top five sectors account for 74.6%. While fuel & power have received the second largest share (16.9%) of ADP, two power projects (Rooppur Nuclear Power Plant and Matarbari Coal Fired Power Plant) will consume ~38.5% of the total allocation in the sector. Whereas the allocation to ADP has been increased every year, the implementation shortfall of ADP is also a constant, especially at its peak this fiscal (>20% in the best case) due to government austerity in project funding. Considering the macroeconomic outlook, no better scenario is expected in the upcoming fiscal.



Source: LR Global Research

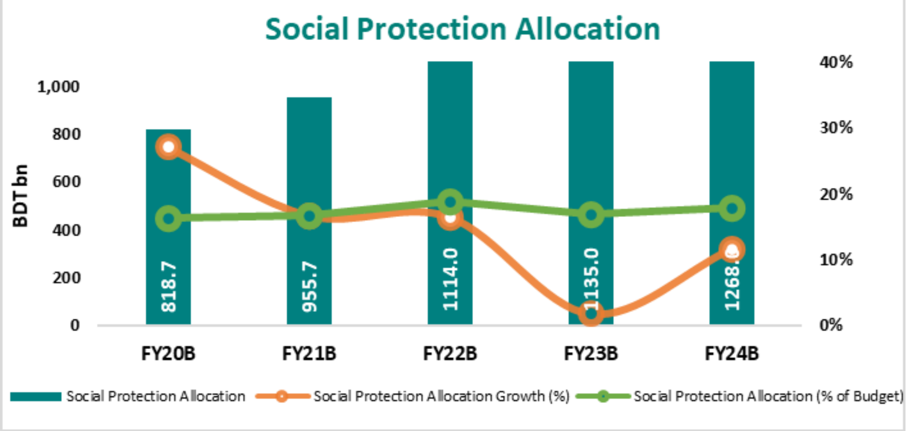
The FY2024 ADP is 6.9% higher than the ADP for FY23 and 15.6% higher than RADP for FY23. In the ADP allocation, Communication Infrastructure seem to be the top focus areas as their allocational percentages have increased while that of other items have decreased. Communication Infrastructure alone will receive 28.2% share of total ADP allocation for FY24 and Power and Energy will consume 13.2% of total allocation.



Source: LR Global Research

SOCIAL SECURITY & WELFARE

A total of BDT 1268.0 bn has been increased in FY24B over FY23R allocated to social security (5.3 percent of total budget allocation). Once again, despite concentrating much allocation in this sector due to serious concern for the lower income people amid global hike in commodity prices, the high inflationary pressure, people who are the worst victim of global pandemic may not receive sufficient aid which was much anticipated. Thus, given the allocation, instead of stressing on the other sectors, the government could focus on this sector more to alleviate poverty by closing the widened gap between the poor and rich.



Source: LR Global Research

SUBSIDY

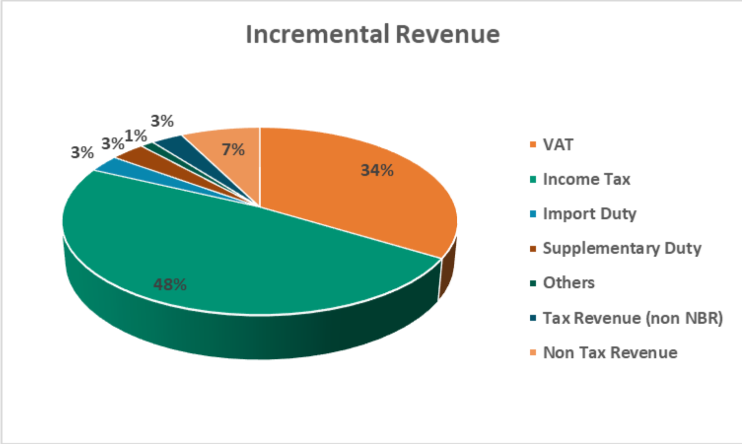
- In FY24 the approach used for allocating total subsidy is quite an off-beat method to the previous budgets. A total subsidy of BDT 2.89 trillion is proposed in the FY24 budget as BDT 1.78 trillion has been projected as various tax exemptions which will now be introduced in subsidy account. Subsidy allocated for FY24 which amounts to BDT 1.1 trillion, excluding the tax expenditure. is an increase of BDT 272.55 bn from the last fiscal year.
- Microfinance receives the most direct tax spending (12%), followed by remittances (9%), power and energy (7%), economic zones and hi-tech sector (4%), garments and textiles (3%), poultry and fisheries (2%), IT/software (1), and share capital (1%).
- The subsidy allocation for agriculture was increased to 2.2% of the GDP, due to excessive increases in the prices of fertilizers, fuel and gas in the international market. But it is noteworthy to mention that instead of stressing on fuel & power sector as well as unutilized independent HFO & LNG based plants, subsidies should be more concentrated in the healthcare and education sector, both of which have been neglected for a long time.

GOVERNMENT REVENUE STREAM

The BFY24 has set a revenue collection target of BDT 5,000 bn (65.6% of total expenditure). IN RBFY23, the revenue collection target was 63.9% of the total spending. The revenue collection target has increased by 15.5% YoY, primarily driven by the incremental income tax basket, as the government imposed a minimum tax of BDT 2,000 for any citizen with a national e-Tin. 86% of total revenue will come from tax collected by the NBR, 4% from non-NBR tax, and the remaining 10% of total revenue from the non-tax segment. To meet IMF's condition, the tax-to-GDP target for the BFY24 is set to be 9.0% from the current tax-to-GDP of 7.5%. Central government taken steps to meet the revenue target:

- The BFY24 national budget has targeted to collect 48% of the incremental revenue from income tax, which was 40% in the previous FY.
- It has made no changes to corporate taxes to make the country business-friendly and drive GDP growth.
- It increased the import duty on IT, Construction Materials, Hotel & Tourism, and Tobacco sectors to discourage import, put less burden on foreign exchange, and expand government revenue collection.

In the first ten months of FY22-23, the NBR collected BDT 2,470 billion against its target of BDT 2,840 billion, a shortfall of 15%. On that account, it may pose an excessive burden on NBR to meet the elevated revenue targets as they have kept the corporate tax rate the same. Furthermore, with the inflationary pressure and rising commodity prices in mind, the move to increase the tax basket by imposing a minimum tax instead of raising the surcharge for the wealthy may not be a move in the right direction.



Source: LR Global Research

Automobile: Negative

- Environmental surcharge on owners of multiple vehicles, owners will have to pay surcharge for each vehicle after the first one discourage the ownership of multiple personal vehicles.
- Details of imposed Carbon Tax

Engine Capacity	Tax Amount
Up to 1,500cc/75KW	25k
From 1501cc to 2000 cc	50k
From 2001 cc to 2500 cc	75k
From 2501 cc to 3000 cc	150k
From 3001 cc to 3500 cc	200k
Over 3500cc	350k

Defining minimum import values per unit and rationalizing tariff rates for a variety of items To promote the brand " Made in Bangladesh ", the government has continued to provide fiscal support which will help to globalize Bangladeshi flagship products. The government's move will encourage local automobile manufacturers to procure more domestic production.

Tannery: Neutral

- Withdrawal of regulatory duty on Hosiery And Footwear Without Soles Of Other Tex.

The tannery sector required special attention in this budget as global brands like Adidas, Nike, and Puma are looking for new manufacturing destinations in a move to decrease their reliance on China. For that, local manufacturers required government support to establish backward linkage and get better cash incentives from the existing 4% for the synthetic footwear industry. Furthermore, leather tanneries needed aid to set ETP and get LWG certification to grab the current shift in demand from China.

Consumer durables: Positive

- Extension of existing VAT exemption facility for production of refrigerator and freezers till June 30, 2024, and Washing Machine, Microwave Oven, Electric Oven, Blender, Juicer, Mixer, Grinder, Electric Kettle, Multi Cooker and Pressure Cooker till June 30, 2025.
- Reduction of VAT from 15.0% to 5.0% on hot rolled stainless steel in coil used as raw materials of the industry.
- Increment of import duties on Lifts and skip hoists from 5.0% to 15.0%.
- Increment of import duties on Escalators from 1.0% to 15.0%.

Particulars (VAT)	Existing	Proposed
Complete Local Handset	0.0%	2.0%
Local Handset (at least 2 components made locally)	3.0%	5.0%
Assembled Handset (All components Imported)	5.0%	7.5%

The government's proposed regulatory support for local home appliance manufacturing companies will drive the margin of the local consumer durable manufacturers positively. However, the imposed vat on locally manufactured phones will drive up the prices, inevitably resulting in consumers shifting to more accessible Chinese brands and impending the growth of the local handset manufacturing sector.

Energy: Positive

- In the local manufacturing stage on iron and steel (Production of LPG Cylinder) an VAT imposition increased from 5% to 7.5%.
- Fixed rate of specific duty of 5% and 10% on the import of petroleum oil and motor spirit respectively were removed. An absolute amount of Tk 1117 per barrel and Tk 13.75 per liter were imposed for the above products

Due to the increasing cost of production of LPG cylinders, it will reflect on LPG prices. To diversify energy use in power generation, the focus is on coal, LNG, liquid fuel, dual fuel, nuclear power plants, and renewable energy power generation, in addition to gas-fired power plant construction.

Telecommunication and IT: Neutral

- The government has proposed more VAT on both handsets made domestically and handsets with at least two components made locally and handsets that are assembled using imported components.
- Exemption of VAT in excess of 5% at the production stage on optical fiber cable.
- 25% customs duty and 15% VAT imposed on software to protect local industry and additional 5% VAT imposition on software production and customization services.
- Promoting Electric Fiscal Vehicle(EFD)s is to mobilize the revenue collection of government .

This proposed budget has less impacts on telco sector, but the additional VAT impositions will hike the prices slightly. And the reduction in optical fiber tax may impact the bottom line positively. Domestic IT companies will grow as higher imported software prices will facilitate the growth of local companies. Launching of EFD vehicles will boost up the top line of the IT companies.

Construction : Mixed

- VAT on aluminum, kitchen wares, sanitary wares and household articles has augmented to 7.5% from 5%.
- VAT will be 15% on Terephthalic acid, ethylene glycol, and hot rolled stainless steel in coil that are used as raw materials in the industrial sector.
- Import duty on cement clinker increased by BDT 200 per metric ton and 5% VAT on polypropylene staple which is used in concrete.
- Subsidized rates that were offered on import of PHC and other poles used in producing tiles is to be withdrawn.
- Duty tax exemption has been removed on import of raw materials for hotels industry

Increased VAT is likely to rise price of raw materials that are import oriented like ceramics, cement, steel and other construction related industries . And it seems additional SD and CD will work on the protection of domestic industries . New hotel business expansions will be hindered by the duty tax exemption withdrawal.

Textile: Mixed

- Increment on natural or artificial abrasive powder or grain on a base of textile material from 10.0% to 15.0%.
- Withdrawal of SRO from several textile materials.
- Withdrawal of existing 7.5% VAT on textile waste.
- Imposition of 5.0% VAT at the propylene staple fiber manufacturing stage.
- Withdrawal of VAT on import of terephthalic acid and Ethylene glycol used in polyester fabrics reduced from 15.0% to 5.0%.

With the ongoing economic downturn in Europe and USA, the demand for textile products has declined significantly. As the primary source of our foreign exchange income and with sustainable development goals, the government has implemented policies to incentivize the textile industry to utilize recycled materials. Furthermore, a reduced VAT on raw materials for polyester fabrics will reduce production costs for synthetic yarn and fabrics. However, the industry may suffer with no source tax reduction and VAT imposition on propylene staple fibers used in industrial and geo-fabrics. The silver lining in all of this is the continued support for synthetic fabrics and the global growth potential of it.

Pharmaceuticals: Positive

- Active Pharmaceutical Ingredients (API) manufacturers will be exempted from VAT at the production stage on anti-malarial and anti-tuberculosis drugs. Three more raw materials for diabetic drugs to be imported with concessional facilities.
- Silicon tubes for the production of IV Cannula to be imported at a concessionary rate. Also, 100 more raw materials of cancer medicines to get duty relief.

The tax exemptions related to APIs are likely to prove favorable for pharma companies that are producing or intend to produce APIs such as SQURPHARMA and BXPHARMA. This will also ensure that the supply of these products remain stable while reducing dependency on import of APIs and consumers are easily able to access pharma products at affordable costs. BEACONPHARMA, NAVANAPHARMA and JHRML will also be positively impacted by the concession rate of cancer treatment.

Bank & NBFI: Negative

- The corporate tax rates for financial institutions remain same in the proposed budget but fiscal dominance will be stronger due to the budget deficit of BDT 2.6 trillion.
- The bank borrowing of government will be 14.7% higher than the previous revised budget which may not help the government target of meeting 15% private sector credit growth.
- The govt has initiated to set up digital bank and credit scoring system to widen the financial inclusion.
- Emphasis on Basel-III implementation and promoting " Cashless Bangladesh" are prioritized and MFS transactions are encouraged.

The increased financing of the fiscal deficit from the banking sector is likely to have a crowding out effect, leaving little behind for private loans. The banking sector may face a liquidity crisis intensified by rampant supply side inflationary pressure and persistent USD appreciation due to the pressure on Net Foreign Assets (NFA). MFS business will underscore the revenue of the banks that have MFS business. Focusing on BASEL rules and digital banking would improve the corporate governance of the banks if implemented. Fiscal dominant will deter the central bank's mandated goals of long term growth and optimal employment generations. Despite potential interest rate hikes, the price effect will be dominant in the upcoming fiscal years and inflation will eat up the purchasing power of the households. Household deposits and savings in the banking sector may decelerate.

Food & Allied: Mixed

- The Ad-valorem taxation policy continues for the Budget 2023-24. In the low segment we could see a price-appreciation of 12.5% and also increase in supplementary duty from 57% to 58%. On the other hand, 6%, 2% and 3% tariff was imposed on the premium segment, high segment and medium segment respectively. Moreover 150% supplementary duty was imposed on liquid nicotine and 50% supplementary duty was raised on the import of commercial cigarette paper.
- Limit for exemption on "Handmade Biscuits" increased from Tk 150/kg to Tk 200/kg, in the case for "Handmade Cakes" the exemption was increased from Tk 250/kg to Tk 300/kg.
- For the purpose of decreasing the production costs, the advance tax on the import of agricultural production equipment, such as transplanters, has been eliminated.
- Import of processed nuts and fruits will be subject to a supplementary duty of 20.0%, and imports of fresh and dried dates will be subject to a 15.0% VAT and a 25.0% customs duty.

Cigarette Tiers	Price Increase	Existing SD	Proposed SD	Change
Premium Segment	5.63%	65%	65%	Unchanged
High Segment	1.80%	65%	65%	Unchanged
Medium Segment	3.08%	65%	65%	Unchanged
Low Segment	12.5%	57%	58%	1%
Non-Filter Bidi	Unchanged	40%	40%	Unchanged
Filter Bidi	Unchanged	40%	40%	Unchanged

Source: Ministry of Finance

Significant price increase in the tobacco sector product segments were not seen, this didn't align with the proposed price hike given by leading thinktanks. On the contrary this price increase will provide a boost in government revenue. Moreover, demand in the market for illicit products will rise sharply due to the 12.5% increase in price for the lower segment.

REFLECTION OF IMF CONDIONALITIES ON BUDGET

Backdrop

In February 2023, Bangladesh received the much needed loan from the IMF worth a whopping $4.7 billion. The IMF approved the loan amounting to $3.3 billion under ECF and EFF arrangements and another $1.4 billion under the newly formed RSF. This loan had a significant impact on the young-economy, as this segment shows how it reflected in the budget and the financial market.

Net International Reserve

Historically, the IMF loan issued in February 2023 is the 11th one given to Bangladesh. Although a plethora of reasons have called for the need for such loans but time and time again low international reserves has been the common factor in each of the cases. IMF loans come at a cost; the conditions that need to be met for the ensuing complete issuance of the loan. Under the 'Quantitative Performance Criteria' (QIP), the floor on the net international reserve was set at $24.5 billion and $26.8 billion for the months of June and December of 2023 respectively (BPM6-based forex-reserve calculation). The current condition of the reserve aligns with CPD's comment 'Hard to achieve' for the aforementioned targets. Notably, the MTMPS (Medium Term Macroeconomic Policy Statement) failed to mention this topic in their recent issue.

Hence, uncertainty in the financial market will give rise to risk-premium spreads required by investors. The supply chain of the companies that are depending on importing raw materials will have a significant impact. While their margins shrink, the low reserve will increase the probability of credit migration of Bangladesh to the downside this will increase the cost of doing business and hinder future foreign aid to the country.

Increasing Tax/GDP

With the current Tax/GDP of Bangladesh hovering around 7.8%, it is one of the lowest in the world as per a recent IMF report. Taxing the economy could mean closing down the fiscal deficit, which is necessary not only for ensuring future government expenditures but also to meet the IMF recommendation. One of the conditions IMF directed was to adopt tax revenue measures yielding an additional 0.5% of GDP in the FY2024 budget. Although the budget acknowledges the urgency, empirically the reality seems to differ from the planned proposition. With a target Tax/GDP of 9.4% to be achieved in the next 3 years, adaptation and raising capacity might take more time than planned. With an estimated floor on tax revenue of Tk 3456.3 billion in accordance with the IMF condition, NBR has a huge task at hand.

Reduction of NSC issuance

The government has expressed to cut the target of borrowing from NSC by as much as 49% YoY to Tk 18,000 crore for FY24. To reiterate the importance of tightening NSC sales, the IMF directed to develop a plan to reduce NSC issuance by December 2023. However, the budget projected intention towards facilitation in increasing public investment/GDP from 6% to 6.3% for FY2024. The budget also sheds light on the projected major incremental investment in private investment/GDP ratio from 21.8% to 27.4% in FY24.

NSC is one of the major domestic sources of financing for the regime, tightening NSC sales might induce the government to finance the deficit from bank sources. This mode of financing could possibly give way to the 'Crowding Out' effect on the economy. Additionally, a significant amount of bank liquidity is stuck for the heap of ever-increasing NPL loans. Essentially, the tightening of NSC sales will have an adverse effect on reaching the target private investment amount.

Formula-based Petroleum Product Prices

Tagging along the IMF loan, one of the requirements was to implement periodic formula-based petroleum product prices by December 2023. In Layman's terms, energy prices will reflect their respective international prices. Adopting this market-based system might prevent price shocks in the future and smoothen the administration's daunting task to accommodate additional social spending. In another case, this market-based price reflection might disrupt the 'Bangladeshi Growth' when it is at an inflection point. In the recent budget, the finance minister addressed this issue, 'A road map is being formulated to establish a permanent system of formula-based price adjustment in the energy sector'. This policy is being formulated currently and has an implementation target for the year 2024.

Implementation of this policy will have a significant effect on energy companies as they will need to adjust their operations per the international market. This policy will bring down the amount of subsidy being provided every year in the energy sector but this will likely cause volatility in energy prices. Since prices are sticky in this sector, this will have an adverse effect on the impoverished segment of the country.

TAX ON INDIVIDUALS AND CORPORATES

Personal Income Tax

The personal tax slab has been revised amid the high inflationary scenario of the country to put some respite on the citizen. Nevertheless, to increase the tax base anyone with a national e-Tin has to pay a minimum BDT 2,000 as income tax, as the government has to widen the revenue stream to finance the developmental projects and meet IMF's condition.

Existing		Proposed	
Income Range (in BDT)	Applicable Tax rate	Income Range (in BDT)	Applicable Tax rate
0 to 300,000	Nil	Proposed tax-free threshold	Nil
On next 100,000	5%	On next 100,000	5%
On next 300,000	10%	On next 300,000	10%
On next 400,000	15%	On next 400,000	15%
On next 500,000	20%	On next 500,000	20%
On the balance of total income	25%	On the balance of total income	25%

Tax-free income threshold (in BDT)	Existing	Proposed	Change
Male	300,000	350,000	50,000
Female , third gender and taxpayers aged above 65	350,000	400,000	50,000
Third Gender	350,000	475,000	125,000
Physically Challenged	450,000	475,000	25,000
War-Wounded Freedom Fighters	475,000	500,000	25,000

Existing		Proposed	
Total Net Worth (in BDT)	Tax rate	Income Range (in BDT)	Tax rate
3,00,00,000	Nil	4,00,00,000	Nil
More than **Tk. 3 crore***	10%	More than **Tk. 4 crore***	10%
More than 10 crore	20%	More than 10 crore	20%
More than 20 crore	30%	More than 20 crore	30%
More than 50 crore	35%	More than 50 crore	35%

* Or taxpayer owning more than one motor vehicle Or, owning house property in city corporation measuring more than 8,000 sq. ft.

Corporate Tax

The corporate tax rate remains unchanged to help businesses and consumers cope with the rising inflation.

Corporate Taxation	Existing	Proposed
Publicly traded companies	20.0%	No Change
Publicly traded companies less than 10% free floats	22.5%	
Non-publicly traded companies	27.5%	
One person company	22.5%	
Association of persons	27.5%	
Special Cases		
Cigarette manufacturers		
All types of tobacco manufacturing companies	45.0% + 2.5% (Surcharge)	
Telecommunication Companies		
Publicly traded	40.0%	
Non-publicly traded	45.0%	
Banks, FIs and Insurance		
Publicly traded	37.5%	
Non-publicly traded	40.0%	
Merchant Bank	37.5%	
Export oriented industries (Including RMG)		
Industries with green factories	10.0%	
Industries without green factories	12.0%	

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