
BUDGET FY2021-22: AIMING FASTER RECOVERY
June 04, 2021

Yearly Notations

FY2020A – Actual
FY2021R – Revised
FY2022B – Budget

Executive Summary

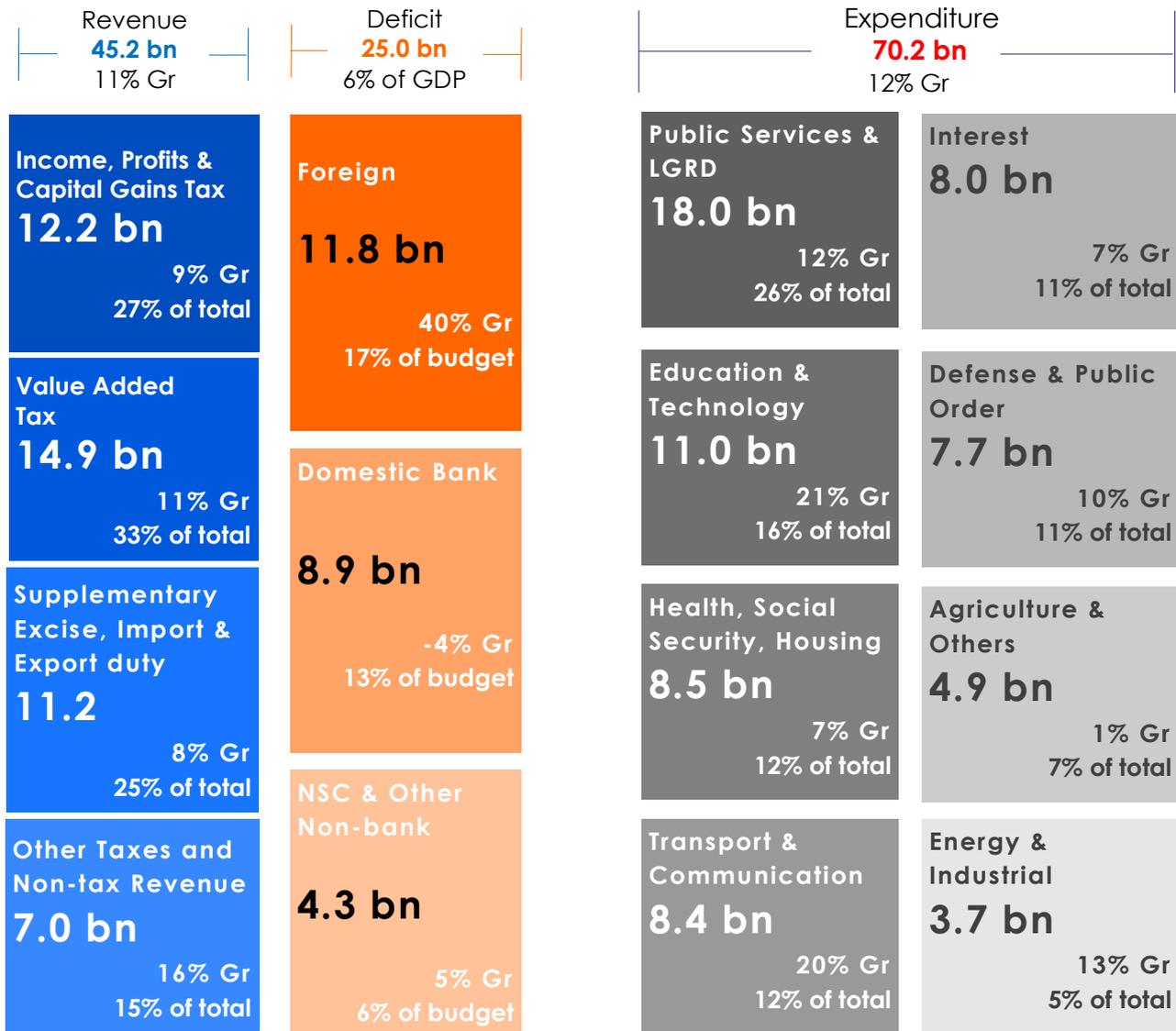
- FY2021-22 budget size is USD 70.2bn, revenue target is USD 45.2bn and deficit is USD 25.0bn (6.2% of GDP vs 6.1% in FY2020-21). Annual Development Program (ADP) of USD 26.2bn is 37% of the budget.
- Of the total USD 25.0bn budget deficit, USD 13.2bn to be sourced from domestic sources (52.8% of total budget deficit). Of this, BDT USD 8.9bn would come from banking sector.
- The GDP growth rate is revised at 6.1% for FY2020-21, considering remittance growth surprise and impact of implemented stimulus package. For FY2021-22, GDP growth has been targeted to be 7.2% with an assumption of faster post covid recovery. Inflation is expected to be 5.3% during the period.
- As a second budget amid pandemic, healthcare, implementation of stimulus package and agriculture were given the highest priority, followed by human resource development and rural development & job creation.
 - GoB has focused on ensuring a solid footing on vaccination fronts and have progressed with multiple sources for procuring inputs. In addition, healthcare related inputs have been given import benefits and other supports to promote local production. Also, GoB has proposed tax exemption for new hospitals outside key cities to promote affordable and accessible healthcare for en masse.
 - With significant progress in implementing the stimulus package, GoB continues to be accommodative to businesses for faster recovery. Also, GoB has increased the social safety net to help the bottom of the pyramid.
 - GoB has undertaken targets to improve food safety, human resource, job creation, and social equity.
- Revenue mobilization has been focused with increased financial inclusion. In particular, making payments over 50k mandatory via banking/MFS channel would give a big boost to bring the informal economy under radar. Also, making MFS/e-commerce as tax deducting authority would make significant contribution to indirect tax mobilization.
- Tax rates have been reconsidered to make more accommodative to businesses. [Please see page 03]. Major changes include 2.5% tax reduction across both listed and non-listed companies (except banks, telecom and a few select). For individuals, rates remained unchanged while beneficial changes in wealth tax, business turnover tax, and on services to non-residents will help individual taxpayers.
- Keeping the economic priorities in mind, in this budget GoB has given special focus to improve the local manufacturing businesses (consumer durables, automobiles, cement, steel, pharma, etc.) which have a strong impact on employment generation.

Overall, this budget focuses on faster recovery from the pandemic affected economy as the top priority. Hence, unlike the previous budgets, budget FY2021-22 focuses on being accommodative to the overall business environment through revised taxation and other considerations. At the same time, this budget emphasizes on enhancing the revenue base through stronger financial inclusion via banking channel/MFS. Lastly, the policies prioritized increasing local competitiveness, ensuring food safety, and developing a better human resource pool. It remains to be seen if GoB can implement these targets and ensure a faster recovery of Bangladesh economy.

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**** For more details on numbers and statistics of the national budget for FY2021-22, please refer to the Appendix.**

BUDGET FY2021-22: THE FISCAL SKELETON
Figures in USD


<i>Figures in BDT billion</i>	2021-22 Budget	Change*	% of Budget	% of GDP	2020-21 Revised	2019-20 Actual
Expenditure						
Non Development Current Expenditure	3,288	8.7%	54.5%	9.5%	3,025	2,361
Development Expenditure	2,371	14.0%	39.3%	6.9%	2,080	1,618
Other Expenditure	378	32.9%	6.3%	1.1%	284	222
Total Expenditure	6,037	12.0%	100.0%	17.5%	5,390	4,202
ADP	2,253	14.0%	37.3%	6.5%	1,976	1,554
Interest Payment	682	7.0%	11.3%	2.0%	637	583
Revenue						
NBR Tax	3,300	9.6%	54.7%	9.5%	3,010	2,160
Non-NBR Tax	160	6.7%	2.7%	0.5%	150	59
Non Tax Receipt	430	21.0%	7.1%	1.2%	355	439
Total Revenue	3,890	10.7%	64.4%	11.3%	3,515	2,659
Deficit Financing						
External	1,012	39.8%	16.8%	2.9%	724	441
Domestic	1,135	-1.4%	18.8%	3.3%	1,151	1,080
Bank	765	-4.1%	12.7%	2.2%	797	793
Budget Deficit	2,147	14.5%	35.6%	6.2%	1,875	1,522
GDP (Estimated)	34,560	11.9%	5.7x	100.0%	30,873	27,964

*Change over FY2020-21 Revised. Source: Ministry of Finance

TAX RATE FOR COMPANIES

- The government proposed reducing the tax rate for listed companies to 22.5% from 25.0% for FY2021-22.
- The tax rate for non-listed companies reduced from existing 32.5% to 30.0% in FY2021-22.
- However, the tax rate for listed and non-listed bank, insurance, non-bank financial institution, telecom and tobacco remained unchanged in the proposed budget for FY2021-22.
- The existing tax rate of 32.5% for companies applicable as one-person companies (OPCs) was slashed down to 25% as well.
- A 5.0% corporate tax will be waived if any company recruits 100 members of the transgender community, commonly known as Hijras in Bangladesh.

Description	Existing FY 2020-21	Proposed FY 2021-22	Impact
Publicly traded company	25.0%	22.5%	Positive
Non-publicly traded company	32.5%	30.0%	Positive
One person company	32.5%	25.0%	Positive
Publicly traded bank, insurance and financial institution (except merchant bank)	37.5%	37.5%	Unchanged
Non-publicly traded bank, insurance and financial institution	40.0%	40.0%	Unchanged
Merchant bank	37.5%	37.5%	Unchanged
All sorts of tobacco including cigarette, bidi, chewing tobacco, gul manufacturing company	45% + 2.5% (surcharge)	45% + 2.5% (surcharge)	Unchanged
Publicly traded mobile operator company	40.0%	40.0%	Unchanged
Non-publicly traded mobile operator company	45.0%	45.0%	Unchanged
Publicly traded provider of mobile financial service (MFS)	32.5%	37.5%	Negative
Non-publicly traded provider of mobile financial service (MFS)	32.5%	40.0%	Negative
Association of persons	32.5%	30.0%	Positive
Artificial juridical person and other taxable entities	Rate applicable for individual taxpayer	30.0%	Negative
Private university, private medical, dental and engineering college or private college solely dedicated to imparting education on ICT	15.0% (rate fixed by SRO)	15.0%	Unchanged

Source: Ministry of Finance, BRAC EPL Research

- The budget also proposed to reduce the tax burden for the industrial entrepreneurs of Bangladesh by decreasing Advance Tax (AT) from 4.0% to 3.0% for import of raw materials for industries.
- The government proposed to reduce the rate of tax deduction at source on supply of cement, iron and iron products from 3.0% to 2.0%.
- Also, the budget proposal included to reduce the rate of tax on import of raw materials related to cement production from 3.0% to 2.0%.
- Depreciation recognition for taxation:
 - The depreciation allowance rate for ordinary building is revised to 5.0% from 10.0%.
 - For Factory Building, such rate reduced from 20.0% to 10.0%. We believe such changes in depreciation allowance will lower depreciation for tax purposes and thus will increase profit for companies with significant assets in building and factories.

PERSONAL TAXES RATES

- Tax applicable for individual taxpayers remained unchanged from FY2020-21. Current tax structure will also be effective on third gender. For third gender, tax free income ceiling would be BDT 350,000. (see Annex)
- The zero capital gain on listed securities and rules on advance tax over dividends have not been changed.

CAPITAL MARKET

- In budget FY2021-22, no changes in prevailing incentives have been mentioned. For reference, budget of FY2020-21 had two incentives to channel back undisclosed money & assets into the legal system. Individuals were incentivized to legally invest undisclosed money & assets by paying a tax rate of 10%.
- We expect the incentives introduced in previous budgets to remain unchanged, subject to other existing rules.
- With a view to popularizing and creating a strong market for Sukuk or Islamic bond, the budget has proposed an exemption from the applicable capital gain tax at the time of transferring property to a trust or Special Purpose Vehicle or transferring property by a trust or Special Purpose Vehicle, vice versa.
- The tax rules regarding capital gain and dividend from investing in listed companies remain unchanged.

TELECOMMUNICATION

No Change in Tax:

- a) Turnover tax is kept at 2%.
- b) Corporate tax rate is kept at 40% for listed telcos.

Local Phone Manufacturing is Still Prioritized:

No policy in the budget of FY2021-22 has any direct impact on the telcos. However, a few proposals favor local mobile phone manufacturers. This in turn may help the telecom companies.

The proposals are as follows —

- a) The existing VAT exemption facility on manufacturing and assembling of mobile phones has been extended for two more years.
- b) Tariff on import of feature phones have been increased from 10% to 25%.

One of the factors which influences mobile and internet penetration is the availability of phones. Locally manufactured phones are cheaper than the imported ones. Hence, encouragement to manufacture and assemble mobile phones locally will ensure affordability of mobile phones by mass people. This, in turn, will increase mobile penetration and benefit the mobile operators. Two listed mobile operators – **Grameenphone (DSE: GP, Bloomberg: GRAM BD)** & **Robi Axiata (DSE: ROBI, Bloomberg: ROBI BD)** will have a positive impact in the long run.

Reduction in Depreciation Expense will Have Positive Impact on the Telcos:

Depreciation rate of ordinary building is reduced to 5% from 10% and of factory buildings is reduced to 10% from 20%. Both Robi and GP have a high amount of fixed assets and are expected to have a positive impact in their margins.

TOBACCO

The government proposed to increase the price of the premium segment for every 10 sticks of cigarette at BDT 135.0 and high segment at BDT 102.0 and keep the supplementary duty rate to the existing 65.0%. The price hike of the higher-margin Premium and High segment cigarettes with unchanged supplementary duty (SD) will result in margin expansion of the cigarette manufacturers, including **British American Tobacco Bangladesh (DSE: BATBC, Bloomberg: BATB BD)**. It is to be noted, the customer base of these two segments is usually loyal to their brands and more likely to bring lesser changes in their regular consumption.

The budget proposal also included to keep the existing price of the medium segment for every 10 sticks of cigarette at BDT 63.0 and keep the supplementary duty rate of 65.0% unchanged. The proposed price of the low segment for every 10 sticks of cigarette remained same at BDT 39.0 and above while the supplementary duty rate at 57.0%. Also, the government proposed to keep the price and supplementary duty of filtered and non-filtered bidi unchanged in FY 2021-22.

The customers of the low segment cigarette are relatively more sensitive to the price change. No price hike in low segment cigarette will provide strength to the factory-made cigarette manufacturers to fight against the illicit trade.

Table: Existing and proposed price slabs and supplementary duty structure

	Existing price per 10 sticks	Proposed price per 10 sticks	% Change	Existing SD	Proposed SD	SD Change (bps)
Premium	128.0	135.0	5.47%	65%	65%	unchanged
High	97.0	102.0	5.15%	65%	65%	unchanged
Medium	63.0	63.0	0.00%	65%	65%	unchanged
Low	39.0	39.0	0.00%	57%	57%	unchanged

Source: Ministry of Finance, BRAC EPL Research

Handmade Non-filter Bidi

	Existing Price	Proposed Price	% Change	SD
25 sticks	18.0	18.0	0%	
12 sticks	9.0	9.0	0%	30% (unchanged)
8 sticks	6.0	6.0	0%	

Source: Ministry of Finance, BRAC EPL Research

Handmade Filter Bidi

	Existing Price	Proposed Price	% Change	SD
20 Sticks	19.0	19.0	0%	
10 Sticks	10.0	10.0	0%	40% (unchanged)

Source: Ministry of Finance, BRAC EPL Research

Corporate Tax Rate (Unchanged)

All sorts of tobacco including cigarette, bidi, chewing tobacco, gul, manufacturing company

Existing
FY 2020-21

45% + 2.5%
(Surcharge)

Proposed
FY 2021-22

45% + 2.5%
(Surcharge)

BANKS, FINANCIAL INSTITUTIONS & MFS

Formal Payment Channels are Being Promoted:

There are a few proposals in the Budget of FY2021-22 which promotes the use of formal banking and MFS channel for transactions –

- a) Mobile Financial Services (MFS) will be considered as a formal payment channel where payment through bank transfer is mandatory.
- b) If any payment amount exceeds BDT 50,000, it must be transacted through crossed cheque or bank transfer or MFS.
- c) The rate of tax deduction will be 50% higher than the applicable rate where the bills are not received through the banking channel or MFS by suppliers and contractors.
- d) Payment of tax up to BDT 0.5 Mn must be transacted through automated challan or e-payment.

The encouragement of using formal banking channels (including MFS) will have a positive impact on the financial inclusion of the country. An increase in financial inclusion will certainly benefit the banking and MFS industry in the long run.

Adaption to formal banking channels will improve the volume of transactions of banks. Hence, the fee income of banks will be positively impacted.

MFS is being considered as an alternative channel to bank transfer. Thus, it will have a significant impact on the penetration of MFS services. Moreover, the payment service through MFS will see a faster adaption rate. As **bKash's** primary focus is to bring customers under the payment umbrella, this proposal will facilitate in achieving their strategic goal.

E-commerce platform has been defined as a source tax deducting authority. If implemented properly, this will have a significant contribution to indirect tax mobilization. Moreover, this will also increase transactions through formal banking channels thereby increasing the fee income of banks.

Fee Income from Remittance is Expected to be Buoyant:

The budget of FY2021-22 proposed the continuation of cash incentives of 2.0% for inward remittances. In addition to that, the budget suggested that special "package programs" will be initiated by banks to increase the flow of remittance.

Remittance inflow witnessed a 39.5% increase in the first 11 months of FY'21. In addition to the continued incentive on remittance, the closure informal channels of remittance flow assures that remittance through formal banking channel will remain strong in FY'22 as well. Hence, the banks will continue to earn a handsome fee income from remittance.

Increase in Corporate Tax of MFS is not Expected to Have Much Impact:

The corporate tax rate of MFS has been increased from 32.5% to 37.5% for the listed ones and to 40.0% for the non-listed ones. We do not expect any negative impact at this moment for **bKash** as the entity is loss making, rather some deferred tax benefit may arise from tax losses. Other MFS providers such as Upay and DBBL's Rocket are not expected to have much impact as well.

Small and Medium Enterprise (SME) Sector Incentives will Benefit SME-Focused Financial Institutions:

A couple of proposals have been brought forward to boost the SME sector –

- a) Up to BDT 7.0 Mn of business turnover of the women entrepreneurs will be outside the purview of taxation.
- b) 1.0% exemption rate will be provided for the import of capital machinery to SMEs irrespective of commercial and industrial establishments.

The incentives provided for the SME industry will reduce both import costs and tax burdens. A growing SME sector is necessary for financial institutions which are focused on SMEs. A few listed FIs such as **BRAC Bank (DSE: BRACBANK, Bloomberg: BRAC BD)** and **IDLC Finance (DSE: IDLC, Bloomberg: IDLC BD)** are expected to have some positive impacts from these policies.

PHARMACEUTICALS

Bangladesh government decided to extend the waiver of all tariffs on the import of raw materials for hand sanitizers, masks and PPE production which will benefit local hand sanitizer manufacturers like **Reckitt Benckiser (DSE: RECKITTBN, Bloomberg: RECKIT BD)**, **ACI Limited (DSE: ACI, Bloomberg: ACI BD)** and PPE manufacturer like Beximco (**DSE: BEXIMCO, Bloomberg: BEXIMC BD**).

In addition, the government recommended the continuation of the existing concessionary rate for medical product raw material import which may have a positive impact on local medical product manufacturers like **JMI Syringes (DSE: JMISMDL, Bloomberg: JSMD BD)**. In FY 2021-22 budget, the government proposed duty and tax reduction on API ingredients, and we believe it may slightly impact local API manufacturers.

AUTOMOBILE

In the budget for FY 2021-22, the Bangladesh government proposed tax exemption for local three and four-wheeler manufacturers for 10-years subject to meeting certain conditions. This facility may be extended for another 10-years on the fulfillment of certain other requirements.

Prior to this, on 22 April 2021, the NBR (National Board of Revenue) issued an SRO allowing tax exemption for local 3-wheeler and 4-wheeler manufactures, effective from FY 2021. As per the SRO, local manufacturers (3-wheeler and 4-wheeler) will be eligible for full tax exemption for the first ten years and a reduced tax rate of 10% for the next ten years if they meet certain criteria.

Among the listed companies, **Runner Automobiles Ltd. (DSE: RUNNERAUTO, Bloomberg: RUNNERAU BD)**, **Ifad Autos Ltd. (DSE: IFADAUTOS, Bloomberg: IFAD BD)**, **Energypac Power Generation Ltd. (DSE: EPGL, Bloomberg: EPGL BD)**, and **Aftab Autos Ltd. (DSE: AFTABAUTO, Bloomberg: AFTABA BD)** sell three and four-wheelers. Except for Runner Automobiles Ltd., all the aforesaid companies have assembly plants.

Snapshot of Impact of the SRO on the listed companies				
	RUNNERAUTO	IFADAUTO	EPGL	AFTABAUTO
Revenue Contribution from 3-wheeler and 4-wheeler	FY19: 56.5%	FY19: 100%	FY19: 14.4%	FY19: 49.6%
	FY20: 64.1%	FY20: 100%	FY20: 10.1%	FY20: 53.3%
Effective Tax Rate	FY19: 31.0%	FY19: 23.7%	FY19: 23.5%	FY19: 8.8%
	FY20: 33.0%	FY20: 54.5%	FY20: 9.6%	FY20: 44.6%
3-wheelers and 4-wheelers Manufacturing Plant	Currently, the company does not have any manufacturing plant. However, it is building a 3-wheelers plant to assemble Bajaj 3 wheelers.	The company has an operational Assembly unit, Body Building unit and Cabin Manufacturing unit. As of FY 2020, the contribution of locally manufactured vehicles was 31.5%.	The company has an assembly plant for pick up vans of JAC. The capacity utilization for the plant is 74% as of FY 2020	The company assembles Toyota and Hino Vehicles. The capacity utilization of the assembly unit is 8.25%.
Impact	Effective tax rate will decrease once the 3-wheeler plant is operational.	Net profit margin is expected to increase	Company's bottom-line is expected to increase	Net profit margin is expected to increase

Source: BRAC EPL Research

The government also proposed advance tax (AT) exemption on thresher machines, power reaper, power tiller, operated seeder, combined harvester, rotary tiller, weeder, and winnower. **ACI Limited (DSE: ACI, Bloomberg: ACI BD)** is likely to be positively impacted though not significant.

CONSUMER DURABLES

To support the local consumer durables industry, the government proposed the following facilities -

- a) Reduction in advance tax (AT) from 4% to 3% for import of raw materials
- b) VAT exemption for local production of washing machine, microwave oven, electric oven, blender, juicer, mixer, grinder, electric kettle, rice cooker, multi cooker, pressure cooker, etc.
- c) Expansion of existing concessionary rate on raw materials import of refrigerator, air conditioner and compressor
- d) Reduction in tax for industrial IRC holder VAT compliant television manufacturers
- e) Tax exemption for companies engaged in home and kitchen appliances for ten years

These proposed changes will impact **Walton (DSE: WALTONHIL, Bloomberg: WALTONHI BD)** and **Singer (DSE: SINGERBD, Bloomberg: SINGER BD)** positively. Being the market leader, Walton manufactures and assembles most of their products in their domestic plant, whereas as per the Singer company management, domestic production contributed ~52.0% of their turnover in 2020. But both companies import raw materials from overseas countries for local production and assembling. Hence, they will be benefited from the proposed AT reduction. Besides, locally manufactured kitchen appliances contribute ~4.0% of Walton's annual turnover, whereas Singer claims to be the market leader in the washing machine segment.

Moreover, Singer inaugurated a new washing machine plant in May 2021. It is a hybrid plant, and so the company can also manufacture refrigerators, blenders, grinders, etc., in the same plant with slight adjustments. So, the VAT exemption is likely to increase the profitability of both domestic manufacturers if the proposed exemption is finally approved. The government also proposed to continue the existing concessionary rate on raw material import of refrigerators and compressors. Though Walton is the only company in Bangladesh to procure compressors domestically, Singer and Walton both manufacture refrigerators locally. Notably, compressor is a core component of refrigerator and air conditioner, and ~80% of the consumer durables industry is attributable to these two products. Because of the continuation of the concessional facility, Walton and Singer will be able to maintain their current profit margin in these product segments. Furthermore, the government also recommended tax reduction for specific television components subject to holding industrial IRC and VAT compliance which may again benefit Singer and Walton. Lastly, the government also proposed a 10-year tax exemption for light engineering and home and kitchen appliances manufacturers. Walton and Singer fall under this criterion.

FAST MOVING CONSUMER GOODS

The government proposed to increase the customs duty (CD) of Liquid Paraffin from 10.0% to 15.0% in FY 2021-22. Liquid Paraffin is a raw material for Value-added Hair Oil (VAHO). Additional charges may apply to the raw material procurement cost of the VAHO manufacturers including **Marico Bangladesh Limited (DSE: MARICO, Bloomberg: MBL BD)**.

The budget proposed to provide a concessionary rate for importing two raw materials for the footwear industry: Dyed knitted or crocheted fabrics and Yarns of different colors knitted or crocheted fabrics. The import duty for these two raw materials was proposed to reduce from the current 25.0% to 15.0% in FY2021-22. The shoe manufacturers including **Bata Shoe Limited (DSE: BATASHOE, Bloomberg: BATASH BD)** and **Apex Footwear Limited (DSE: APEXFOOT, Bloomberg: APEXF BD)** may get benefited from the concession.

The proposed allowable depreciation rate of ordinary building at 5.0% from 10.0%, and that of a factory building at 10.0% from 20.0% will result in increased net profit.

CONSTRUCTION MATERIAL

- The tax rate on import of raw materials of Cement has been proposed to reduce from the **existing 3% to 2%**. This policy is expected to benefit all the cement players both listed and non-listed including **Heidelberg Cement (DSE: HEIDELBCEM, Bloomberg: HEID BD)**, **LafargeHolcim Bangladesh (DSE: LHBL, Bloomberg: LHBLBD BD)**, **M.I. Cement (DSE: MICEMENT, Bloomberg: MICM BD)**, **Premier Cement (DSE: PREMIERCEM, Bloomberg: PCML BD)** etc. However, for **LHBL** the situation might differ as the company procures ~50% of the raw materials from their own quarry in Meghalaya.
- The Tax Deducted at Source (TDS) on supply of cement, iron and iron products is reduced from **3% to 2%**. Such movement is expected to benefit the end consumers, hence, increase the demand for these products.
- Advance Tax (AT) on raw materials of iron and scrap vessel are proposed to be exempted. This policy is expected to benefit the listed steel manufacturers likely **BSRMLTD (Bloomberg: BASR BD)**, **GPHISPAT (Bloomberg: GPH BD)** etc.
- We expect the bottom-line of the listed companies in this sector to be positively impacted by the reduction from the depreciation rate of ordinary buildings (from 10% to 5%) and factory building (from 20% to 10%).
- Listed companies in the construction material sector is expected to benefit from the reduction in the corporate tax rate (from the existing 25% to 22.5%).

POWER AND FUEL

- Power generation capacity has been increased to 25,227 MW as of May 2021 from 4,900 MW in 2009. To meet the growing demand for power, 38 power plants with a capacity of 14,115 MW are under construction. Contracts have been signed for the construction of another 20 power plants with a capacity of 2,961 MW.
- 5% of the total budget has been allocated for energy and power sector.
- To support the local lubricating industry, the import duty on the additive, one of the raw materials for the lube blending, has been proposed to be reduced from the existing 10.0% to 5.0%. **MJLBD (Bloomberg: MJL BD)**, being engaged in blending and marketing of lubricants is expected to benefit.
- Existing 5.0% VAT for manufacturing LPG cylinder has been extended for FY2021-22 as well. As such, **MJL Bangladesh** and **Energypac power generation (DSE: EPGL, Bloomberg: EPGL BD)**, being the LPG cylinder manufacturers, are expected to benefit from this extension of VAT.

RMG

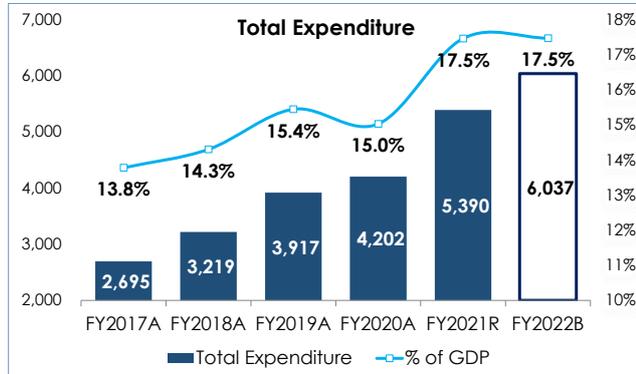
- The export incentive of 1% is expected to continue in FY 2021-22. As such, all the listed companies engaged in RMG are expected to be benefitted.
- We expect the bottom-line of the listed companies in this sector to be positively impacted by the reduction from the depreciation rate of ordinary buildings (from 10% to 5%) and factory building (from 20% to 10%).

OTHERS

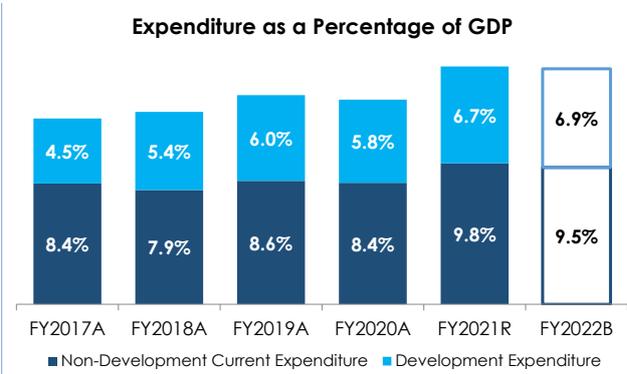
- Duty and taxes on the feed ingredients used in poultry, dairy and fish is proposed to be reduced. Such reduction is expected to benefit **Index Agro Industries (DSE: INDEXAGRO, Bloomberg: INDEXAGR BD)** and **Aman Feed (DSE: AMANFEED, Bloomberg: AMANFEED BD)**.
- Tariff on import of plastic framework and coated calcium carbonate has been reduced to from the existing 25% to 5%. This policy is expected to benefit **(DSE: BBSCABLES, Bloomberg: BBSCABL BD)**.
- The tariff on import of parts of LED Light is proposed to be reduced from the existing 25% to 0%. We expect this policy to benefit **BDLAMPS (Bloomberg: BDLAMP BD)**.

APPENDICES

GOVERNMENT EXPENDITURES

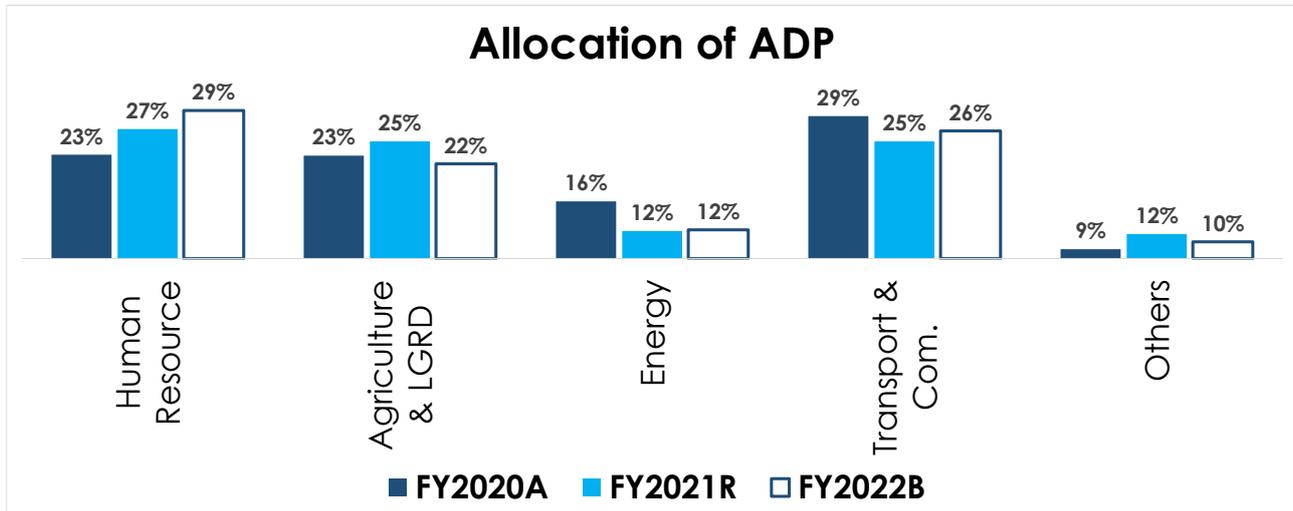


Source: Ministry of Finance



Source: Ministry of Finance

ALLOCATION of ADP



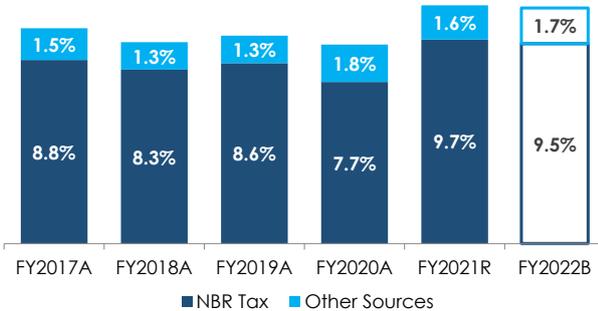
Figures in BDT billion	2021-22 Budget	Change*	% of Total	2020-21 Revised	2019-20 Actual
Human Resource	662	25%	29%	527	357
Agriculture & LGRD	488	-1%	22%	492	355
Energy	274	16%	12%	237	253
Transport & Com.	595	21%	26%	492	444
Others	235	3%	10%	228	146
Total	2,253	14%	100%	1,976	1,554

*Change over FY2020-21 Revised, Source: Ministry of Finance

APPENDICES

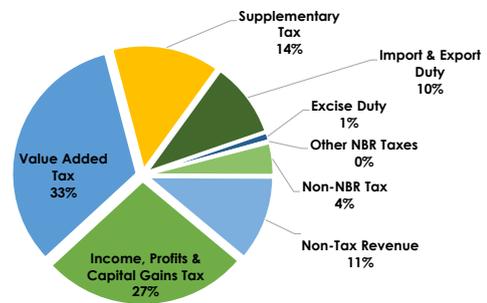
REVENUE COLLECTION

Government Revenue as a Percentage of GDP



Source: Ministry of Finance

Sources of Revenue in FY2022B



Source: Ministry of Finance

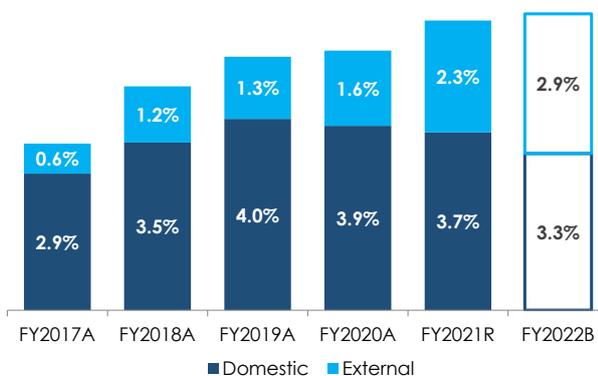
SOURCES OF TAX

Figures in BDT billion	2021-22 Budget	Change*	% of Total	2020-21 Revised
Income, Profits & Capital Gains Tax	1,049.5	9%	27%	959.5
Value Added Tax	1,277.5	11%	33%	1,152.2
Supplementary Tax	544.7	13%	14%	483.0
Import & Export Duty	379.6	2%	10%	372.1
Excise Duty	38.3	17%	1%	32.8
Other NBR Taxes	10.5	0%	0%	10.5
Non-NBR Tax	160.0	7%	4%	150.0
Non-Tax Revenue	430.0	21%	11%	355.3
Total	3,890.0	11%	100%	3,515.3

*Change over FY2020-21 Revised, Source: Ministry of Finance

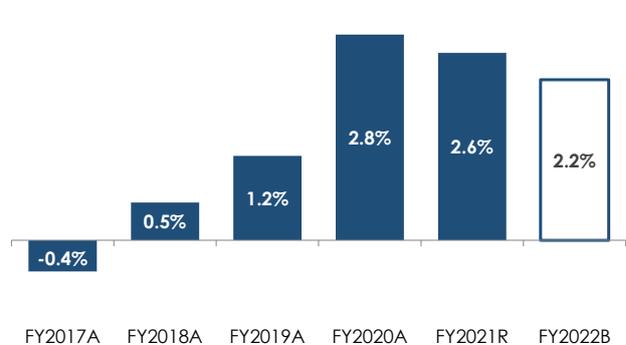
FINANCING THE DEFICIT

Financing as a Percentage of GDP



Source: Ministry of Finance

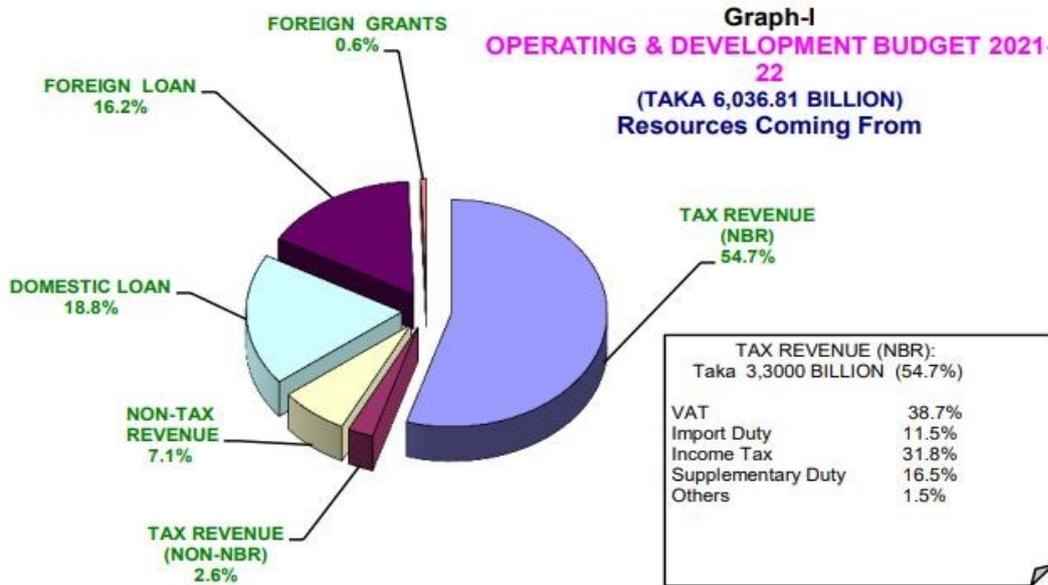
Domestic Bank Financing as a Percentage of GDP



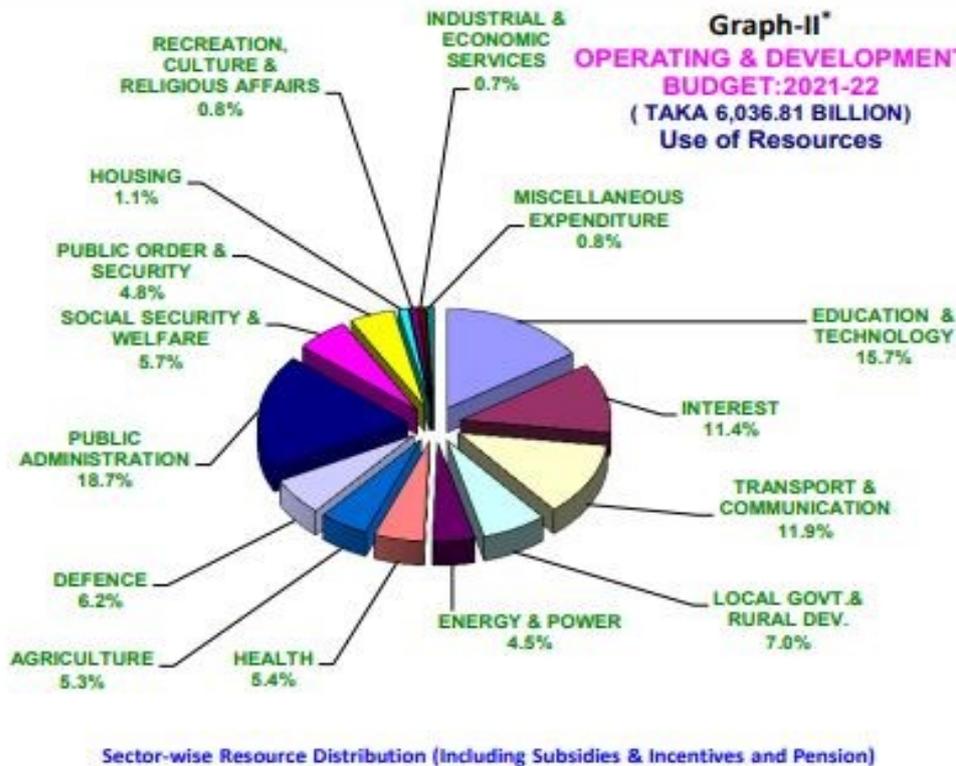
Source: Ministry of Finance

APPENDICES

OPERATING & DEVELOPMENT BUDGET



Source: Ministry of Finance



* From FY 2022-23 the Use of Resources in Operating and Development Budget will be classified according to newly introduced 15 Sectors.

Source: Ministry of Finance

APPENDICES
TAX RATES FOR INDIVIDUALS

CURRENT		PROPOSED	
Tax Exemption Threshold	in BDT	Tax Exemption Threshold	in BDT
General Taxpayers	300,000.0	General Taxpayers	300,000.0
Women & Senior Citizen (65 years+)	350,000.0	Women, Third Gender & Senior Citizen (65 years+)	350,000.0
Person with Disability	400,000.0	Person with Disability	400,000.0
War-wounded Freedom Fighters	425,000.0	War-wounded Freedom Fighters	425,000.0
General Tax Rate	Tax Rate	General Tax Rate	Tax Rate
On First, BDT 300,000.0	Nil	On First, BDT 300,000.0	Nil
On Next, BDT 100,000.0	5.0%	On Next, BDT 100,000.0	5.0%
On Next, BDT 300,000.0	10.0%	On Next, BDT 300,000.0	10.0%
On Next, BDT 400,000.0	15.0%	On Next, BDT 400,000.0	15.0%
On Next, BDT 500,000.0	20.0%	On Next, BDT 500,000.0	20.0%
On the Balance of Total Income	25.0%	On the Balance of Total Income	25.0%
Special Tax Rate		Special Tax Rate	
Income of Non-Resident	30.0%	Income of Non-Resident	30.0%
Tobacco Products Manufacturers	45.0%	Tobacco Products Manufacturers	45.0%
Income of Co-operative Society	15.0%	Income of Co-operative Society	15.0%

Source: Ministry of Finance

IMPORTANT DISCLOSURES

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