

BUDGET FY2025-26: Pro-Growth Budget to Favor Businesses

June 03, 2025

Yearly Notations

FY2024A – Actual
 FY2025R – Revised
 FY2026B – Budget

EXECUTIVE SUMMARY

FY2025-26 budget sizes at USD 64.23 Bn, having a revenue target of USD 45.86 Bn and deficit of USD 18.38 Bn (3.6% of GDP vs. 4.1% in FY2024-25R). Annual Development Program (ADP) stands at USD 18.70 Bn (29% of budget), up 6.5% from FY2024-25 Budget (revised).

- Of the total budget deficit (USD 18.4 Bn), USD 8.5 Bn (46.2% of deficit) would be financed from domestic banking and USD 7.8 Bn (42.4% of deficit) from foreign borrowings.
- GDP growth rate for FY2024-25 has been set at 5.25% from the original 6.75% target. For FY2025-26, GDP growth rate has been targeted at 5.50%, slightly optimistic expectation considering a challenging economic landscape ahead.
- The inflation target has been set at 6.50% for the FY2025-26 budget, also optimistic but relatively grounded compared to the unrealistic target back in FY2024-25.
- The FY2025-26 budget focuses on containing inflation and improving business sentiment as top priority.

Key Insights from the FY26 Budget

- In the FY26 budget, the Government of Bangladesh has unveiled a pro-growth, investment-friendly energy strategy aimed at restoring macroeconomic stability, containing inflationary pressure, and driving long-term industrial competitiveness. Energy, long viewed as a structural bottleneck, has now taken center stage in the country's policy agenda to boost productivity, attract investment, and create jobs.
- On top, selected tax rationalizations were aligned with IMF loan conditions and preparation for LDC graduation. Overall, the interim GoB focused on aiding businesses (on a broad basis) rather than imposing additional tax burdens.
- The first national budget post 2024 regime change placed emphasis on tax relief rather than expanding tax collection. Budget size has been trimmed with the lowest budget shortfall in the last 10 years.
- Highlighted developments on the tax end includes – mandatory online tax submission, benefits for universal pension scheme, duties removed on selected products to facilitate trade dialogue with USA, and hiked AIT for certain non-essential goods and services.

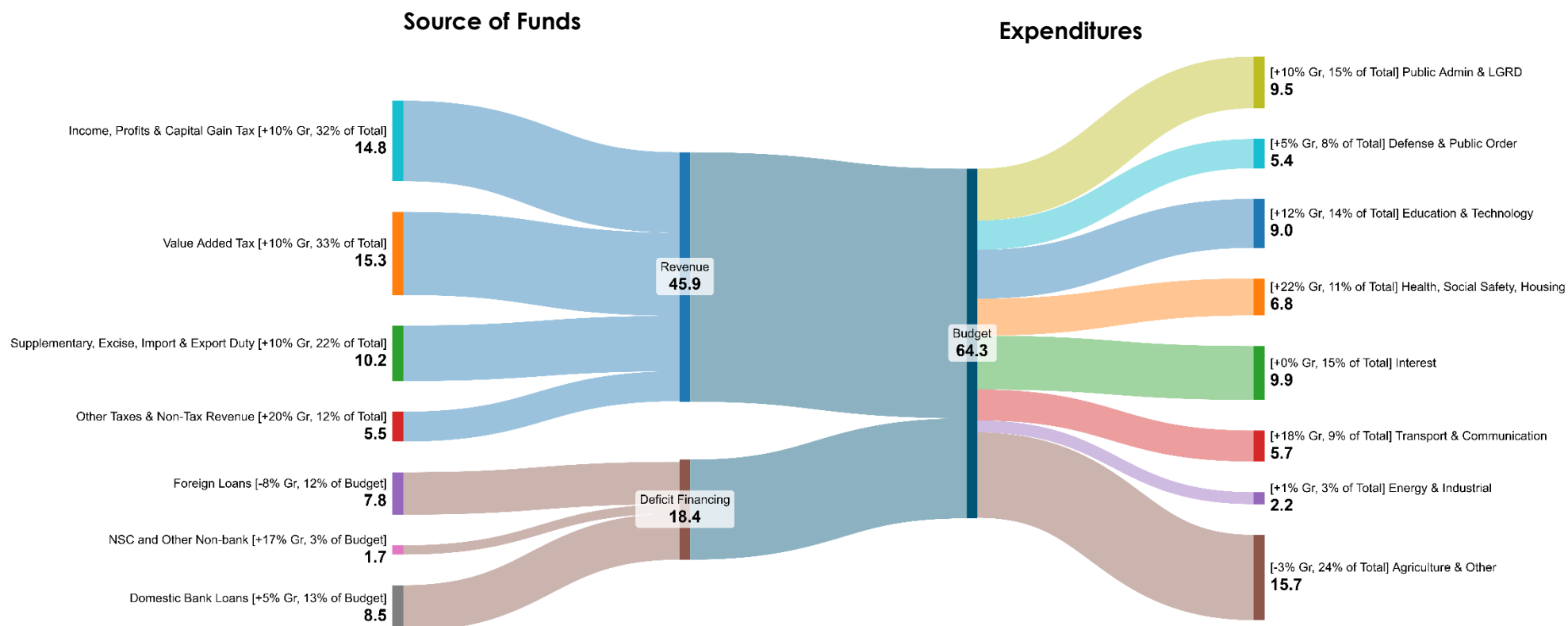
Rather than making ambitious promises, the FY26 budget adopts a pragmatic approach – prioritize business reliefs while avoiding the expanded tax burden anticipated from IMF negotiations. We understand the interim GoB would pursue its fiscal discipline despite a marginal trimming in the FY26 budget size. For capital market investors however, the FY26 budget does not offer much. The interim GoB is anticipating the relief measures to catalyze the economic rebound, although the interim GoB apprehends a bumpy economic ride ahead.



Scan QR code to
view the full budget.

**** For more details on numbers and statistics of the national budget for FY2025-26, please refer to the Appendix.**

BUDGET FY2025-26: THE FISCAL SKELETON (USD BN)



USD 1.0 = BDT 122.99

* Rounded up to first decimal point; marginal difference may be observed from actual

Figures in BDT billion	2025-26 Budget	Change*	% of Budget	% of GDP	2024-25 Revised	2023-24 Actual
Expenditure						
Non-Development Expenditure	4,988	3.3%	63.1%	8.0%	4,829	3,979
Development Expenditure	2,456	6.0%	31.1%	3.9%	2,316	2,090
Other Expenditure	456	54.5%	5.8%	0.7%	295	43
Total Expenditure	7,900	6.2%	100.0%	12.7%	7,440	6,114
ADP	2,300	6.5%	29.1%	3.7%	2,160	1,952
Interest Payment	1,220	0.4%	15.4%	2.0%	1,215	1,147
Revenue						
NBR Tax	4,990	7.7%	63.2%	8.0%	4,635	3,614
Non-NBR Tax	190	31.0%	2.4%	0.3%	145	83
Non-Tax Receipt	460	15.0%	5.8%	0.7%	400	400
Total Revenue	5,640	8.9%	71.4%	9.0%	5,180	4,098
Deficit Financing						
External	960	18.9%	11.4%	1.6%	1,046	798
Domestic	1,250	2.7%	20.2%	2.9%	1,170	1,214
of which: Bank	1,040	-11.8%	17.3%	2.5%	990	1,238
Budget Deficit	2,260	0.0%	28.6%	3.6%	2,260	2016
GDP (Estimated)	62,446	11.6%	7.9x	100.0%	55,528	50,027

*Change over FY2024-25 Revised, Source: Ministry of Finance

TAX RATE FOR COMPANIES

- In line with the "Prospective Tax" regime, the GoB has stipulated the corporate tax rates in advance for companies for AY27 and AY26. The corporate tax rates have remained broadly unchanged for the listed companies and financial institutions; however, non-listed companies saw their rebated tax rate removed (please see table below).

Description	Assessment Year 2025-26		Assessment Year 2026-27 and 2027-28		Impact
	Tax Rate	Rebated Tax Rate with conditions	Tax Rate	Rebated Tax Rate with conditions	
Publicly traded company ** [Shares transferred through IPO worth >10% of Paid-up Capital]	22.50%	20.00%	22.50%	20.00%	Broadly unchanged
Other companies ** [Defined under section 2(31) of the Income Tax Act, 2023]	27.50%	25.00%	27.50%	n/a	Rebated Tax Rate Removed
Publicly traded bank, insurance and NBFI	37.50%	n/a	37.50%	n/a	unchanged
Non-publicly traded bank, insurance and NBFI	40.00%	n/a	40.00%	n/a	unchanged
Merchant Banks [Capital market intermediaries]	37.50%	n/a	27.50%	n/a	Positive
Tobacco item Manufacturers	45.00% + 2.50% Surcharge	n/a	45.00% + 2.50% Surcharge	n/a	unchanged
Publicly traded Mobile Operator Company ***	40.00%	n/a	40.00%	n/a	unchanged
Non-publicly traded Mobile Operator Company ***	45.00%	n/a	45.00%	n/a	unchanged
Private higher education institutions [universities, medical, dental, engineering or IT-only]	15.00%	n/a	15.00%	n/a	unchanged
Trusts and Association of Persons	27.50%	n/a	27.50%	n/a	unchanged
Cooperative Society	20.00%	n/a	20.00%	n/a	unchanged
Firms	Same as individual taxpayers		27.50%	n/a	Broadly Negative
Non-resident individual taxpayers	30.00%	n/a	30.00%	n/a	unchanged

* See FY26 Budget for details

** All incomes are transacted through bank transfers

[Previous tax rebate conditions included all receipts, expenses and investments above BDT 5.0 lakh in each single transaction and above BDT 36.0 lakh in total per annum must be done through bank transfer].

*** Provided if such a company transfers at least 20% of its paid-up capital through IPO, it will receive a rebate to the tune of 10% on income tax in the relevant year.

Source: Ministry of Finance, BRAC EPL Research

PERSONAL TAX RATES

- The proposed tax-exempt income ceiling for individuals has been increased, however, tax slabs for middle-income individuals have been widened. The highest tax slab has been expanded to 30% from the previous 25%.
- The surcharge on income tax has been kept unchanged. For Electric Vehicle (EV) owners, the surcharge has been exempted.
- For FY2026-27 and FY2027-28, a **flat minimum tax of BDT 5,000** will apply regardless of location when income exceeds the tax-free limit for individuals and Hindu Undivided Family, whereas currently minimum tax varies from BDT 3,000 to BDT 5,000 depending on location.
- Minimum tax for **new taxpayers** has been set at BDT 1,000.
- The existing surcharge rates are to remain unchanged. Provision has been made so that surcharge will be calculated on the regular tax amount determined by applying the standard tax rate to the taxable income of individual taxpayers and not based on minimum tax payable by a taxpayer.
- Environmental surcharges will be levied on individual owning multiple vehicles, but provision has been made to **exempt electric vehicles from this surcharge** to promote the use of environmentally friendly vehicles.
- The maximum **allowable deduction for salaried individuals** in calculating taxable income has been increased from BDT 450,000 to BDT 500,000
- Maximum limit for allowable **perquisites** provided to **employees** has been raised from BDT 1 Mn to BDT 2 Mn
- Income from the **National Pension Authority, universal pension scheme** under the National Pension Authority and **Zero-Coupon Islamic Investment Certificates** have been made tax exempt
- In addition to spouses, parents, and children, donations from siblings (brothers and sisters) have also been brought under the tax-free umbrella
- For individual taxpayers, the **turnover tax exemption** limit has been raised from BDT 30 Mn to BDT 40 Mn
- Persons who were originally Bangladeshi by birth but later renounced their Bangladeshi citizenship and have not properly paid taxes on income earned in Bangladesh and have instead transferred such funds abroad by various means will now be subject to **applicable taxes and penalties on such laundered assets**.
- **Excise duty exemption** has been provided on bank balances up to BDT 300,000 instead of BDT 100,000. This will **benefit** low and middle-income account holders.

AS PER LAST BUDGET (AY2025-26)		PROPOSED (AY2026-27 & FY2027-28)	
Tax Exemption Threshold	in BDT	Tax Exemption Threshold	in BDT
General Taxpayers	350,000	General Taxpayers	375,000
Women & Senior Citizen (65 years+)	400,000	Women & Senior Citizen (65 years+)	425,000
Physically Challenged Persons	475,000	Physically Challenged Persons	500,000
War-wounded Freedom Fighters	500,000	War-wounded Freedom Fighters	525,000
Gazetted "July Warriors" (injured in July Mass Uprising 2024)	--	Gazetted "July Warriors" (injured in July Mass Uprising 2024)	525,000
Third Gender	475,000	Third Gender	500,000
General Tax Rate	Tax Rate	General Tax Rate	Tax Rate
Up to BDT 350,000	Nil	Up to BDT 375,000	Nil
Next BDT 100,000	5%	Next BDT 300,000	10%
Next BDT 400,000	10%	Next BDT 400,000	15%
Next BDT 500,000	15%	Next BDT 500,000	20%
Next BDT 500,000	20%	Next BDT 2,000,000	25%
Next BDT 2,000,000	25%	On balance	30%
On balance	30%		

The income tax-free threshold would be increased for parents or legal guardians of physically challenged child/adopted child by BDT 50,000 for each child. If both the parents of a physically challenged child are taxpayers, either of the parents will be entitled to avail the facility.

*** AY denotes Assessment Year*

Source: Ministry of Finance

CAPITAL MARKET

- The corporate tax rate gap between listed and non-listed companies has widened from 5.0% to 7.5%.
- Source tax collection rate from brokerage houses on total transaction value has been reduced from 0.05% to 0.03%.
- The corporate tax rate for merchant banks acting as intermediaries in the capital market has been reduced from 37.5% to 27.5%, recognizing that they are not scheduled banks.
- The withholding tax rate on interest from securities has increased from 5% to 10%.

TELECOMMUNICATION & IT

Key Changes for Telecommunication & IT Sector as Follows

- Turnover tax for the MNO has changed to 1.5% from 2.0%.
- 35% Tax for MNOs with 20% Free Float
- Withheld tax for the ISP has been reduced from 10.0% to 5.0%
- VAT, which has been reduced slightly, gets exempted on mobile phone manufacturing extended till June 30, 2027
- BDT 1.0 Bn allocated to boost IT entrepreneurs.
- The source tax for the MNOs regarding the distribution of income from service has been reduced to 12.0% from 20.0%.

Expected Impact on the Telecommunication Sector-

- Reducing MNO turnover tax from 2% to 1.5% will directly enhance net profit margins and strengthen Grameenphone (DSE: GP, Bloomberg: GRAM BD) and Robi (DSE: ROBI, Bloomberg: ROBI BD)
- 35% Tax for MNOs with 20% Free Float This may deepen the capital market and boost profitability (DSE: GP, Bloomberg: GRAM BD, and DSE: ROBI, Bloomberg: ROBI BD) by reducing tax from 45% to 35% for newly listed MNOs, subject to offloading an additional 10% of paid-up capital.
- Cellular mobile phone operator company might deduct a 12% (20% in FY25) tax from any income distribution, including but not limited to royalties, technical services, or any other fees, regardless of their name. Publicly traded MNOs, including Grameenphone (DSE: GP, Bloomberg: GRAM BD) and Robi (DSE ROBI: Bloomberg: ROBI BD), could benefit because of the aforementioned source tax.
- Extension of existing VAT exemption with slight reduction (previously which was 2% - 2.5% in various levels) facility continues for the production & assembling of cell phones till June 30, 2027 might have an indirect benefit for Grameenphone (DSE: GP, Bloomberg: GRAM BD), Robi (DSE: ROBI, Bloomberg: ROBI BD) and (DSE: BSCPLC, Bloomberg: BSCPLC BD).
- Reducing withheld tax from 10.0% to 5.0% on ISPs may have a mixed impact on GP (DSE: GP, Bloomberg: GRAM BD) and ROBI (DSE: ROBI, Bloomberg: ROBI BD), but is likely to benefit BSCPLC (DSE: BSCPLC, Bloomberg: BSCPLC BD) positively.

Expected Impact on the IT Sector-

- Bangladesh government's plan to allocate BDT 1.0 Bn for IT entrepreneurs should positively impact the IT sector, potentially **boosting** IT stocks on the DSEX.
- Reducing withheld tax from 10% to 5% has a direct positive impact on ISPs, which should **uplift the profit margins** of AAMRANET (DSE: AAMRANET, Bloomberg: AAMRANET BD), ADNTEL (DSE: ADNTEL, Bloomberg: ADNTEL BD), and BDCOM (DSE: BDCOM, Bloomberg: BDCOM BD).

TOBACCO

- On January 09, 2025, the interim GoB increased the minimum MRP of 10-stick cigarettes: BDT 185.0 for the premium segment, BDT 140.0 for the high segment, BDT 80.0 for the medium segment, and BDT 60.0 for the low segment.
- At the same time, the Supplementary Duty (SD) on low-segment cigarettes has increased from 60% to 67%, while the margin has risen from 65.5% to 67% across all other segments. This adjustment effectively raises the SD rate for all categories. In the context of ongoing inflationary pressures, the combined impact of the higher SD and the increase in the minimum MRP is expected to exert a **negative** influence on the overall demand and profitability of **British American Tobacco Bangladesh** (DSE: BATBC, BLOOMBERG: BATB BD).
- On January 09, 2025, the low segment saw the highest increase in price (+20.0%) and the medium segment saw the lowest increase in price (+14.3%). This year's budget allocates a tiered structure for cigarette price increases. Price hikes are also planned for the high and premium segments, considered less responsive to price changes, at 16.7% and 15.6%, respectively. This targeted strategy suggests the Government of Bangladesh's (GoB) intention to raise state revenue by taxing cigarettes across all segments, with a likely emphasis on discouraging consumption within the most popular low-priced category.
- The MRP of bidi, Jarda, and Gul remains unchanged.
- The **advance tax rate (AT)** on the net sales value of cigarette manufacturers has increased to 5% from 3%.
- The **supplementary duty** on cigarette paper has increased from 150% to 300%.

Table: Existing and proposed price slabs and supplementary duty structure

	Previous price per 10 sticks	Revised price per 10 sticks	% Change	Previous SD	Revised SD	SD Change (bps)
Premium	160	185	15.6%	65.5%	67.0%	150
High	120	140	16.7%	65.5%	67.0%	150
Medium	70	80	14.3%	65.5%	67.0%	150
Low	50	60	20.0%	60.0%	67.0%	700

Source: Ministry of Finance, BRAC EPL Research

Handmade Non-filter Bidi				
	Existing Price	Proposed Price	% Change	SD
25 sticks	18	18	0%	30% (unchanged)
12 sticks	9	9	0%	
8 sticks	6	6	0%	

Source: Ministry of Finance, BRAC EPL Research

Handmade Filter Bidi				
	Existing Price	Proposed Price	% Change	SD
20 Sticks	19	19	0%	40% (unchanged)
10 Sticks	10	10	0%	

Source: Ministry of Finance, BRAC EPL Research

Corporate Tax Rate (Unchanged)

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

Existing
AY 2025-26

45% + 2.5%
(Surcharge)

Proposed
AY 2026-27 & AY 2027-28

45% + 2.5%
(Surcharge)

BANKS, FINANCIAL INSTITUTIONS & MFS

- Provision has been made for government, semi-government or autonomous organizations, banks, insurance companies and individuals or organizations filing zero returns, to allow submission of the return within 20 days instead of 15 days of the end of the tax period
- BDT 300 Bn refinance scheme launched to facilitate obtaining loans for women (up to BDT 2.5 Mn from this scheme without any collateral). BDT 1.25 Bn fund proposed in the next fiscal year to strengthen the economic empowerment of women entrepreneurs. The initiative will **benefit** financial institutions with strong presence in MSME financing such as **BRAC Bank Ltd (DSE: BRACBANK, Bloomberg: BRAC BD)** and **Prime Bank Ltd (DSE: PRIMEBANK, Bloomberg: PB BD)**
- Provision requiring transactions to be made via banking channels has been relaxed. Now, apart from expenses for salary, rent, and raw materials, if more than 50% of total payments for all other types of expenditures are made through non-banking channels, 25% of the amount paid through non-banking channels will be treated as non-allowable expenditure.
- Government has proposed trimming down borrowing to BDT 1.04 Tn in FY 2025-26 from BDT 1.37 Tn in FY 2024-25. However, given the government's plan to finance BDT 1.25 Tn of the BDT 2.26 Tn budget deficit through domestic sources, there are concerns that private investment may be crowded out as banks would prefer investing in government securities instead as they offer such lucrative returns

PHARMACEUTICALS

- To expand health and hygiene coverage of women and children, MoF has proposed to extend VAT exemption facility for the importation of raw materials for sanitary napkins and diapers till June 30, 2030. This concessionary measure is likely to **benefit** **ACI Limited (DSE : ACI, Bloomberg: ACI BD)**, **Bashundhara Paper Mills Limited (DSE: BPML, Bloomberg: BPML BD)** and partially **Square Pharmaceuticals PLC (DSE:SQURPHARMA, Bloomberg: SQUARE BD)** through its sister concern Square Toiletries Ltd.
- VAT exemptions and duty concessions for locally sourced API have been expanded are likely to subdue margin pressure for eligible pharmaceutical manufacturers. We understand **Square Pharmaceuticals PLC (DSE: SQURPHARMA, Bloomberg: SQUARE BD)** & **Beximco Pharmaceuticals (DSE: BXPBARMA, Bloomberg: BXPBAR BD)** to **benefit** largely amongst its listed partners from this being one of the few companies that can source API locally.
- An additional 23 molecules have been included in the duty- and VAT-exempt block list for anti-cancer drugs, as part of efforts to maintain affordability and supply stability in oncology treatment. Listed companies expected to **benefit** include **Beacon Pharmaceuticals PLC (DSE: BEACONPHAR, Bloomberg: BPL BD)**, **Renata PLC (DSE: RENATA, Bloomberg: RENATA BD)**, and **Beximco Pharmaceuticals (DSE: BXPBARMA, Bloomberg: BXPBAR BD)**, all of which have comparatively higher exposure to oncology within the listed universe.
- To ensure improved accessibility, MoF has amended the Medical Equipment Import Related SRO to impose for mentioned items exempted from customs duty to the extent that it does not exceed the current ad valorem rate of 1%, and also from any applicable regulatory duty, supplementary duty, or VAT, if applicable, under the specified conditions. We understand this to be directly **benefiting** capital market incumbents such as **JMI Hospital Requisite Manufacturing Ltd (DSE: JHRML, Bloomberg: JHRML BD)** & **JMI Syringes & Medical Devices Ltd (DSE: JMISMDL, Bloomberg: JSMD BD)**.
- The withdrawal of VAT exemption on the import of sterile surgical catgut and surgical sutures is likely to **favor** **JMI Syringes & Medical Devices Ltd (DSE: JMISMDL, Bloomberg: JSMD BD)**, which remains the only listed manufacturer of surgical equipment and medical devices in the listed space.

- The VAT exemption on LABSA & SLES, key raw materials in detergent manufacturing, has been marginally adjusted, with exemptions in excess of a phased rate of current—5% VAT applicable until June 30, 2027, rising to 7.5% until June 30, 2029, and reaching 10% by June 30, 2030. This would impact **Wata Chemicals Limited (DSE: WATACHEM, Bloomberg: WATACH BD)**.

CONSUMER DURABLES

- The VAT exemption on elevators has been marginally adjusted, with a phased rate increase—5% VAT applicable until June 30, 2027, rising to 7.5% until June 30, 2029, and reaching 10% by June 30, 2030. However, the overall exemption period has been extended to June 30, 2030. These changes are expected to have a **mixed** impact on **Walton Hi-Tech Industries PLC (DSE: WALTONHIL, Bloomberg: WALTONHI BD)**.
- The customs duty on lift components has been significantly reduced—from 15% to 1%. These changes are expected to **affect** **Walton Hi-Tech Industries PLC (DSE: WALTONHIL, Bloomberg: WALTONHI BD)**.
- The VAT exemption on the home appliance (washing machine, microwave oven, electric oven, blenders, mixers, grinders irons, electric kettles, rice cooker and pressure cookers) has been marginally adjusted, with a phased rate increase—5% VAT applicable until June 30, 2027, rising to 7.5% until June 30, 2029, and reaching 10% by June 30, 2030. However, the overall exemption period has been extended to June 30, 2030. which could have a **mixed** impact for **Walton Hi-Tech Industries PLC (DSE: WALTONHIL, Bloomberg: WALTONHI BD)** and **Singer Bangladesh Limited (DSE: SINGERBD, Bloomberg: SINGER BD)**.
- Supplementary duty on imports of certain essential raw materials for the manufacturing of refrigerators, freezers (Cooling Fan, Aluminum Channe, Aluminum Winding Wire, Aluminum Foil, Zinc Coated MS Tube), air conditioners (PVC Sheet, Binding Belt, Magnetic Contactor, Terminal Block, & Braze Plate Heat Exchanger) and their compressors has been exempted till June 30, 2028. This could have a **favorable** impact on **Walton Hi-Tech Industries PLC (DSE: WALTONHIL, Bloomberg: WALTONHI BD)** and **Singer Bangladesh Limited (DSE: SINGERBD, Bloomberg: SINGER BD)**.
- The existing VAT exemption facility for local manufacturing of refrigerators and freezers, air conditioners and their compressors has been withdrawn, which will have an **unfavorable** impact on **Walton Hi-Tech Industries PLC (DSE: WALTONHIL, Bloomberg: WALTONHI BD)** and **Singer Bangladesh Limited (DSE: SINGERBD, Bloomberg: SINGER BD)**.
- Minimum Value has been imposed on compressors of a kind used in refrigerators (without Inverter USD 30/unit & with Inverter PCB USD 55/unit, and compressors of a kind used in Air Conditioners (without Inverter USD 50/unit & with Inverter PCB USD 85/unit). This will have an **unfavorable** impact on **Singer Bangladesh Limited (DSE: SINGERBD, Bloomberg: SINGER BD)**. To encourage domestic production, these steps have been taken so that whoever produces compressors domestically might **benefit** from it, such as **Walton Hi-Tech Industries PLC (DSE: WALTONHIL, Bloomberg: WALTONHI BD)**.
- Custom duty has been increased on the part of the LED light from 10% to 25%, which would **affect** **Walton Hi-Tech Industries PLC (DSE: WALTONHIL, Bloomberg: WALTONHI BD)**, and **Bangladesh Lamps Limited (DSE: BDLAMPS, Bloomberg: BDLAMP BD)**.
- Copper foil, Transistor, sulphuric acid, silica gel, copper sulfate, Electroplating chemicals, & Adhesive and thermal tapes shall be exempted from customs duty to the extent that it does not exceed the current ad valorem rate of 1%, and from any applicable regulatory duty, supplementary duty, or VAT, if applicable, under the specified conditions, which might give **benefit** to **Walton Hi-Tech Industries PLC (DSE: WALTONHIL, Bloomberg: WALTONHI BD)** **Singer Bangladesh Limited (DSE: SINGERBD, Bloomberg: SINGER BD)** and **Energypac Power Generation PLC (DSE: EPGL, Bloomberg: EPGL BD)**.

POWER AND FUEL

- The withholding tax rate on payment for electricity purchases has been reduced from 6% to 4%.
- The withholding tax rate for gas distribution companies has been reduced from 2% to 0.6%
- The Electricity and Energy Supply (Special Provisions) Act 2010 has been repealed.
- GoB plans to generate 3400 MW of power from a clean energy source by 2028. Additionally, it is expected that

by 2040 that 30.0% of total energy demand will be sourced from renewable energy.

- Substantial reduction of Custom Duty (CD) has been proposed on Petroleum oils from 5.0% to 1.0%, and other different fuels from 10.0% to 3.0%.
- 15.0%¹ VAT exemption has been provided at the import stage of Liquefied Natural Gas (LNG).
- RNPPL is expected to add 2.4 GW of power to the national grid in December 2025.

Energy Reforms in FY26: A Strategic Lever for Fiscal and Industrial Resilience

In the FY26 budget, the Government of Bangladesh has unveiled a pro-growth, investment-friendly energy strategy aimed at restoring macroeconomic stability, containing inflationary pressure, and driving long-term industrial competitiveness. Energy—long viewed as a structural bottleneck—has now taken center stage in the country's policy agenda to boost productivity, attract investment, and create jobs.

At the fiscal level, the proposed repeal of the Special Powers under the Energy Act 2010 opens the door to renegotiating power purchase agreements (PPAs) with Independent Power Producers (IPPs), a move that could realign fiscal commitments with market realities and reduce contingent liabilities over time.

On the cost front, a 4.0% reduction in customs duty (CD) on crude oil is expected to lower electricity generation costs, particularly for Heavy Fuel Oil (HFO)-based power plants, which currently account for ~26% of national capacity and have the third-highest utilization after coal and gas. This measure, coupled with a 2.0% reduction in withholding tax on electricity purchases and a steep reduction of import stage duty to 0% from 15.0% on LNG, may provide energy security and reduce commercial power costs, compress input costs for industries, and support margin expansion across energy-intensive sectors.

From a supply-side inflation control perspective, the 7.0% CD cut on high-speed and light diesel could soften logistics and transport expenses, potentially easing food inflation and triggering an upward shift in aggregate demand. The synergy is also expected from the reduction of gas distribution tax by 1.4%.

Moreover, the long-term energy security outlook is set to improve significantly with the scheduled addition of 2.4 GW from the Rooppur Nuclear Power Plant (RNPP) by December 2025. This transition from expensive and import-dependent power to domestically generated, stable nuclear energy may be a structural game-changer for Bangladesh's growth potential.

The government's concurrent push for renewable energy integration reinforces the broader strategy for a sustainable and diversified energy mix—aligning with global ESG trends while insulating the economy from commodity price volatility.

Expected Impact on the Fuel & Power Sector-

- Reducing withholding tax on the payment of purchasing electricity by 2.0% might **impact on the profitability** of DESCO (DSE: DESCO, Bloomberg: DESC BD), POWERGRID (DSE: POWERGRID, Bloomberg: POWERGRI BD)
- 1.6% reduction on withholding tax on the distribution of gas supply may provide the **benefit** to TITASGAS (DSE: TITASGAS, Bloomberg: TITASGAS BD)
- Reduction of the CD by 4.0% on petroleum oil and withholding tax on gas distribution might **benefit** the HFO & gas based power plants and which company uses petroleum oil as raw materials, i.e. SUMITPOWER (DSE: SUMITPOWER, Bloomberg: SUMITPOW BD), BARKAPOWER (DSE: BARKAPOWER, Bloomberg: BAPL BD), EPGL (DSE: EPGL, Bloomberg: EPGL BD), GBBPOWER (DSE: GBBPOWER, Bloomberg: GBB BD), KPCL (DSE: KPCL, Bloomberg: KPCL BD), MJLBD (DSE: MJLBD, Bloomberg: MJL BD), MPETROLEUM (DSE: MPETROLEUM, Bloomberg: MPL BD), PADMAOIL (DSE: PADMAOIL, Bloomberg: PADMAO BD), SPCL (DSE: SPCL, Bloomberg: SPCL BD), UPGDCL (DSE: UPGDCL, Bloomberg: UPGO BD), JAMUNAOIL (DSE: JAMUNAOIL, Bloomberg: JMOIL BD), and EASTRNLUB (DSE: EASTRNLUB and Bloomberg: EASTRN BD).

¹ <https://thefinancialexpress.com.bd/trade/petrobangla-looks-to-go-without-subsidy>

FOOD & FAST-MOVING CONSUMER GOODS SECTOR

- All types of Supplementary duty on all types of ice cream have been reduced to 5% from 10%. **Taufika Foods and Lovello Ice-cream PLC (DSE: LOVELLO, Bloomberg: TAUFIKA BD), Golden Harvest Agro Industries Ltd. (DSE: GHAIL, Bloomberg: GHAI BD)**, which might become **unfavourable**.
- The existing VAT exemption facility for the import of raw materials for sanitary napkins and diapers has been extended till June 30, 2030. Exemption of VAT (excluding AT) and SD (where applicable) on imported raw materials of sanitary napkins and diapers will **benefit Bashundhara Paper Mills Limited (DSE: BPML, Bloomberg: BPML BD), ACI Limited (DSE: ACI, Bloomberg: ACI BD)**.
- The import duty on refined sugar has been reduced from BDT 4,000 to BDT 4,500 per MT. **Agricultural Marketing Company Ltd. (Pran) (DSE: AMCL(PRAN), Bloomberg: AMCL BD), BD Thai Food & Beverage Limited (DSE: BDTHAIFOOD, Bloomberg: BDTHAIFO BD), Olympic Industries Ltd (DSE: OLYMPIC, OLYMPI BD)** which might **benefit** them via margin improvement due to a reduction in the input cost.
- Minimum Value for meat of Bovine animals, fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether containing added sugar or other sweetening matter has been withdrawn. **Fine Foods Limited (DSE: FINEFOODS, Bloomberg: FINEFOOD BD), Rahima Food Corporation Limited (DSE: RAHIMAFOOD; Bloomberg: RAHIMA BD)** might have a **negative** impact.
- Minimum Value for face and skin cream (USD 8 per unit to USD 20 per unit), Moisture lotion (USD 8 per unit to USD 10 per unit), and Facewash (USD 6.50 per unit to USD 10 per unit) have increased. **Marico Bangladesh Limited (DSE: MARICO, Bloomberg: MBL BD)** might **benefit** from it.
- Minimum value has been imposed on sweet biscuits, waffles and wafers. Others, including cracker biscuits, have been increased. **Olympic Industries Ltd (DSE: OLYMPIC, OLYMPI BD), Bangas Limited (DSE: Bangas Limited, Bloomberg: BANGAS BD)** might have a **positive** impact on them.
- The exemption of Supplementary Duty (SD) and Regulatory Duty (RD) previously applicable to Tubes and Pipes, PVC Screens, Textile Fabrics, and Other Knitted or Crocheted Fabrics has now been withdrawn. **Bata Shoe Company (Bangladesh) Limited (DSE: BATASHOE, Bloomberg: BATASH BD), Apex Footwear Limited (DSE: APEXFOOT, Bloomberg: APEXF BD), Samata Leather Complex Limited (DSE: SAMATALETH, Bloomberg: SAMATA BD), and Legacy Footwear Limited (DSE: LEGACYFOOT, Bloomberg: LF BD)**, might be **unfavourable** as they would face input costs pressure.
- The VAT rate at the production stage of all types of household goods, hygienic and toiletries, including any similar products made of plastic, has been fixed at 15% instead of 7.5%. **Reckitt Benckiser (Bangladesh) PLC (DSE: RECKITTBN, Bloomberg: RECKIT BD) & ACI Limited (DSE: ACI, Bloomberg: ACI BD)** might be **negatively** impacted.

CONSTRUCTION MATERIAL

- The withholding tax rate for contractors has been reduced from 7% to 5%, offering cost relief to construction firms.
- Source tax from capital gains on land transfer has been lowered based on location, from 8%, 6%, and 4% to 6%, 4%, and 3%.
- VAT rate on construction company services has increased from 7.5% to 10%. Such a move would impact **Eastern Housing Limited (DSE: EHL, Bloomberg: EHL BD)**.
- The specific VAT imposed at the production stage of different MS products has been increased by around 20%, might **negatively** impact **BSRM Limited (DSE: BSRMLTD, Bloomberg: BASR BD), BSRM Steel (DSE: BSRMSTEEL, Bloomberg: BSRM BD)**, and other steel manufacturers.

RMG AND TEXTILE

Key Changes for Textile Sector as Follows

- The specific tax amount at the production stage of "**cotton yarn**" has been fixed at 5 (five) taka per kg instead of 3 (three) taka per kg
- The VAT rate at the production stage of "**yarn made of man-made fibre and other fibres**" has been fixed at 5 (five) taka per kg instead of 3 (three) taka per kg

- Reduction of CD on Lubricating Preparations (5% to 1%), Modernization of Bond Management System, and marginal increase in CD (From 0% to 1%) in Polyester Staple Fibre.
- Corporate Tax Rate reduction by 2.5% to 20%, subject to publicly traded companies with >10% IP share transfer

Expected Impact on the Textile Sector-

- Raising tax on cotton year should **affect** the overall textile sector of Bangladesh.
- The budget introduces reforms to the bond management system, which are critical for export-oriented industries like textiles and should **benefit the overall textile sector's listed companies**:
 - **Central Bonded Warehouse and Free Zone Bonded Warehouse**
 - **Description:** Introduction of centralized and free zone bonded warehouse systems to streamline raw material imports for export-oriented industries.
 - **Impact:** Reduces time and logistical costs for importing raw materials (e.g., cotton, synthetic fibers, dyes) by allowing duty-free storage until used in production.
 - **Increased Import Entitlement for Bonded Factories:**
 - **Description:** Import entitlement increased from one-third to one-half of the total entitlement.
 - **Impact:** Allows textile firms to import larger quantities of raw materials duty-free, reducing working capital requirements and import frequency.
 - **Deemed Export Status for Domestic LC Supplies:**
 - **Description:** Supplies against domestic letters of credit are now classified as “deemed export industry” or “simultaneous deemed and direct export industry.”
 - **Impact:** Enables textile companies supplying locally (e.g., to RMG exporters) to access duty exemptions, reducing costs for both domestic and export-oriented production.
- Reducing CD on Lubricating Preparations might lower processing costs, **enhancing profitability** for listed firms like Square Textiles (**DSE: SQUARETEXT, Bloomberg: SQTT BD**), Envoy Textiles (**DSE: ENVOYTEX, Bloomberg: ENTL BD**), Matin Spinning Mills (**DSE: MATINSPINN, Bloomberg: MALEK BD**), Paramount Textile (**DSE: PARAMOUNT, Bloomberg: PINC BD**).
- Polyester (Synthetic) Staple Fiber (PSF) is mainly used in spinning production, a backward linkage industry for apparel manufacturing. Imposing a Custom Duty (CD) of 1% might **increase the domestic production cost**, which could potentially impact the textile companies, but not limited to Beximco Textiles (**DSE: BEXIMCO, Bloomberg: BEXIMC BD**), Square Textiles PLC. (**DSE: SQUARETEXT, Bloomberg: SQTT BD**); Envoy Textiles Limited (**ENVOYTEXT**).
- Reducing the withholding tax on gas distribution and purchasing power might **benefit** textile sector companies i.e. Envoy Textiles Limited (**DSE: ENVOYTEX, Bloomberg: ENTL BD**), Apex Spinning & Knitting Mills Limited (**DSE: APEXSPINN, Bloomberg: APEXSP BD**), R.N. Spinning Mills Limited (**DSE: RNSPIN, Bloomberg: RNSM BD**), and Prime Textile Spinning Mills Limited (**DSE: PRIMETEX, Bloomberg: PRIMET BD**).

AUTOMOBILE

- To promote effective public transportation, MoF has proposed concessionary rates for the import of specific transport medium, particularly intercity buses and minibuses, by reducing Supplementary Duty (SD) and Customs Duty (CD):
 - **SD** has been reduced from **20% to 10%** for vehicles with seating capacity exceeding 10 but not exceeding 15.
 - **CD** has been reduced from **10% to 5%** for vehicles with seating capacity exceeding 15 but not exceeding 40.

In contrast, other categories of commercially plying motor vehicles—including taxi cabs, autorickshaws, long-route buses (with seating capacity exceeding 40), double-deckers, and vans—are expected to face an increase in Advance Income Tax (AIT) which are likely to **negatively** affect **Runner Automobiles PLC** (**DSE: RUNNERAUTO, Bloomberg: RUNNERAU BD**), **IFAD Autos PLC** (**DSE: IFADAUTOS, Bloomberg: IFAD BD**).

- Additionally, the existing exemption at the manufacturing stage for general motor cars and vehicles will remain in place. Furthermore, exemption facilities have been extended until June 30, 2030, for the local manufacturing of general and ICU ambulances, as well as hybrid and electric vehicles conjointly to **benefit Runner Automobiles PLC (DSE:RUNNERAUTO, Bloomberg: RUNNERAU BD), ACI Limited (DSE : ACI, Bloomberg: ACI BD), Atlas Bangladesh Ltd (DSE: ATLASBANG, Bloomberg: ATLASB BD).**

NEW DEVELOPMENTS:

INVESTMENT PROMOTION AND ECONOMIC ZONES

- Private EPZs are now under BEZA, with ten economic zones planned operational over the next decade. BIDA is tracking FDI via a heatmap and GoB proposed to allocate BDT 5,040 Cr as public-private partnership fund in the next fiscal year.
- To improve the business environment, BIDA's One Stop Service (OSS) portal now offers services from multiple agencies, with plans to expand further. Additionally, the Bangladesh Single Window (BSW) under NBR has launched to streamline application and processing by integrating permit-issuing agencies, including BEPZA.

CAPITAL MARKET REFORM

Capital Market Reform Task Force and Focus Group comprising 11 experienced members has been formed to guide long-term development, strengthen governance, and restore investor confidence.

- Draft recommendations have been submitted on Mutual Fund Rules, 2001 and IPO Rules; final recommendations have been submitted on Margin Rules.
- Government plans to offload its shares in multinational companies and encourage the listing of large local firms to deepen the market.
- Action plans include curbing market manipulation, enhancing equity fundraising, and reducing dependence on bank financing.
- Development of commodity exchanges and blockchain-based back-office systems is underway to increase transparency and protect investors.

Source: FY26 Budget

SUMMARIZED CAPITAL MARKET IMPACT

Below is a summarized view of stock specific impact from proposed changes in the national budget FY2025-26:

*Reference indicates the specific paragraph number of national budget FY25-26

Sector(s)	Stock(s)	Expected Impact	Reason(s)	Reference
All Sector			<ul style="list-style-type: none"> The government is making dedicated efforts to establish good governance in the capital market and restore investors' confidence. To encourage profitable and reputed domestic and foreign companies to be listed in the stock market, the gap in corporate tax rates between listed and non-listed companies has been increased from 5% to 7.5% 	105
All Broker		Benefit	<ul style="list-style-type: none"> to encourage investment and transactions in the capital market, the source tax collection rate from brokerage houses on total transaction value has been reduced from 0.05% to 0.03%. 	105
All Sector		Benefit	<ul style="list-style-type: none"> The maximum withholding tax rate for contractors has been reduced from 7% to 5% 	106
Agro		Benefit	<ul style="list-style-type: none"> relief to marginal farmers and suppliers, the withholding tax rate on the supply value of essential goods such as paddy, rice, wheat, potatoes, jute, raw tea leaves, etc., has been reduced from 1% to 0.5% 	106
All Sector		Disadvantage	<ul style="list-style-type: none"> Advance tax rate of 2% has been imposed on 152 import items 	106
All Sector		Benefit	<ul style="list-style-type: none"> The withholding tax rate on the supply of raw materials to environmentally friendly recycling industry has been reduced from 3% to 1.5% 	106
Fuel & Power	TITASGAS	Benefit	<ul style="list-style-type: none"> the withholding tax rate for gas distribution companies has been reduced from 2% to 0.6% 	106
Fuel & Power	EASTRN LUB	Benefit	<ul style="list-style-type: none"> the withholding tax rate on oil supplies by companies involved in oil refining has been reduced from 2% to 1.5% 	106
IT	AAMRATECH, BDCOM, ADNTEL	Benefit	<ul style="list-style-type: none"> The withholding tax rate on internet service providers has been reduced from 10% to 5% 	106
G-Sec		Mixed	<ul style="list-style-type: none"> The withholding tax rate on interest from securities has been increased from 5% to 10% 	106
All Sector		Benefit	<ul style="list-style-type: none"> The withholding tax rate on payment for electricity purchases has been reduced from 6% to 4% 	106
All Sector		Disadvantage	<ul style="list-style-type: none"> The withholding tax rate on rent payments has been increased from 5% to 10% 	106
Tobacco	BATBC	Disadvantage	<ul style="list-style-type: none"> The advance tax rate on net sales value of cigarette manufacturers has been increased from 3% to 5% 	106
Telecom	GP, ROBI	Benefit	<ul style="list-style-type: none"> The turnover tax rate for mobile operators has been reduced from 2% to 1.5% 	106
All Sector		Disadvantage	<ul style="list-style-type: none"> For all taxpayers doing business (except mobile operators, tobacco manufacturers, and carbonated 	106

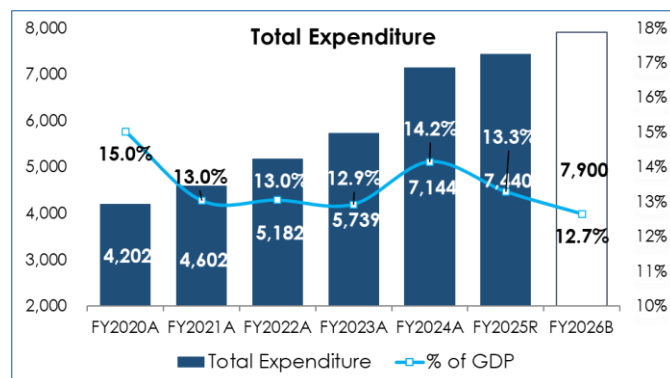
Sector(s)	Stock(s)	Expected Impact	Reason(s)	Reference
			beverage producers), the turnover tax rate has been set at 1%	
All Sector		Benefit	<ul style="list-style-type: none"> The advance tax on industrial raw material imports for manufacturers has been cut to 2% from 3%, while it has increased to 7.5% from 5% for commercial importers. If commercial importers add less than 50% value locally, no further VAT will apply 	112(a)
Engineering	BSRMSTEEL, BSRMLTD, GPHISPAT	Disadvantage	<ul style="list-style-type: none"> The specific tax imposed at the production stage of different "MS Products" has been increased by about 20% 	113(a)
Real Estate & Cement	MIRAKHTER, EHL	Disadvantage	<ul style="list-style-type: none"> The VAT rate for construction company services has been increased from 7.5% to 10% 	113(b)
Specific Sector	ACI, WALTONHIL, SINGERBD, ROBI	Disadvantage	<ul style="list-style-type: none"> The VAT rate for online product sales commission has been increased from 5% to 15% 	113(c)
Paper & Printing	BPML	Disadvantage	<ul style="list-style-type: none"> The VAT rate at the production stage of self-copy paper, duplex board/coated paper has been fixed at 15% instead of 7.5% 	113(d)
Specific Sector	RECKITTEN, ACI, SQRPHARMA	Disadvantage	<ul style="list-style-type: none"> The VAT rate at the production stage of all types of household goods, hygienic and toiletries, including any similar products made of plastic, has been fixed at 15% instead of 7.5%. 	113(e)
Textile		Disadvantage	<ul style="list-style-type: none"> The specific tax amount at the production stage of "cotton yarn" & yarn made of man-made fibre and other fibres have been fixed at 5 (five) taka per kg instead of 3 (three) taka per kg 	113(f)
Specific Sector	WALTONHIL, SINGERBD, EPGL	Disadvantage	<ul style="list-style-type: none"> In the case of production of various types of screws, joints (connectors), nuts, bolts, electric line hardware and pole fittings including nails and bait, the VAT rate has been fixed at 7.5% instead of 5% 	113(i)
All Sector		Benefit	<ul style="list-style-type: none"> VAT exemption has been provided at the import stage of Liquefied Natural Gas (LNG) 	114(b)
Specific Sector	BPML, GQBALLPEN, ACI, RDFOOD	Benefit	<ul style="list-style-type: none"> VAT exemption has been provided at the local business stage of sanitary napkins, packaged liquid milk and ballpoint pens 	114(d)
IT	DAFODILCOM	Benefit	<ul style="list-style-type: none"> VAT exemption has been provided at the production and business level of computer monitors up to 30 inches instead of 22 inches 	114(e)
Tobacco	BATBC	Disadvantage	<ul style="list-style-type: none"> The supplementary duty rate has been increased to 300% from 150% on the import of cigarette paper by commercial importers 	115(a)
Telecom	GP, ROBI	Disadvantage	<ul style="list-style-type: none"> OTT or over-the-top platform services has been defined and a 10% supplementary duty has been imposed on them 	115(b)
Food & Allied	LOVELLO	Benefit	<ul style="list-style-type: none"> The supplementary duty rate on all types of ice cream has been reduced to 5% from 10%. 	115(c)

Sector(s)	Stock(s)	Expected Impact	Reason(s)	Reference
Specific Sector	BPML, ACI	Benefit	<ul style="list-style-type: none"> The existing VAT exemption facility for the import of raw materials for sanitary napkins and diapers, which are necessary for the health protection of women and children, has been extended till June 30, 2030 	116(a)
Specific Sector	SAMORITA, SQRPHARMA, IBNSINA, JMISMDL	Benefit	<ul style="list-style-type: none"> all VAT has been exempted from import and local purchase of necessary materials and spare parts used in the manufacturing of hospital beds till June 30, 2030 	116(b)
Pharma	SQRPHARMA, BXPBARMA	Benefit	<ul style="list-style-type: none"> The VAT exemption at the manufacturing stage for API (Active Pharmaceutical Ingredients) production has been extended till June 30, 2030 	116(c)
Telecom	GP, ROBI	Benefit	<ul style="list-style-type: none"> The existing VAT exemption at the manufacturing and assembly of mobile phones has been slightly reduced and extended till June 30, 2027 	116(d)
Engineering	WALTONHIL	Mixed	<ul style="list-style-type: none"> The existing VAT exemption at the local manufacturing stage of elevators has been slightly reduced and extended till June 30, 2030 	116(e)
Fuel & Power	MJLBD	Mixed	<ul style="list-style-type: none"> The existing VAT exemption at the local manufacturing stage of LPG Cylinder has been slightly reduced and extended till June 30, 2027 	116(f)
Engineering	WALTONHIL, SINGERBD	Mixed	<ul style="list-style-type: none"> The existing VAT exemption at the local manufacturing stage onwashing machines, microwave ovens and electric ovens has been slightly reduced and extended till June 30, 2030; 	116(g)
Engineering	WALTONHIL, SINGERBD	Mixed	<ul style="list-style-type: none"> The existing VAT exemption for local manufacturing of blenders, juicers, mixers, grinders, electric kettles, irons, rice cookers, multicookers and pressure cookers has been slightly reduced and the exemption period has been extended till June 30, 2030 	116(h)
Fuel & Power	EPGL	Mixed	<ul style="list-style-type: none"> The existing VAT exemption for local manufacturing of four-stroke three-wheelers has been slightly reduced and the exemption period has been extended till June 30, 2030 	116(j)
Specific Sector	WATACHEM, RECKITTEN, ACI	Mixed	<ul style="list-style-type: none"> The VAT exemption for local manufacturing raw materials LABSA and SLES of soap and shampoo has been slightly reduced and the exemption period has been extended till June 30, 2027 	116(k)
Engineering	RUNNERAUTO, ATLASBANG	Benefit	<ul style="list-style-type: none"> For lithium and graphene batteries manufacturing units, the entire value added tax has been exempted at the manufacturing stage till June 30, 2027, and all VAT in excess of 5 percent would be exempted from July 1, 2028 to June 30, 2030 	116(l)
Engineering	RUNNERAUTO, ATLASBANG	Benefit	<ul style="list-style-type: none"> In the case of local production of e-bikes, all VAT in excess of 5% has been exempted till June 30, 2030 	116(m)

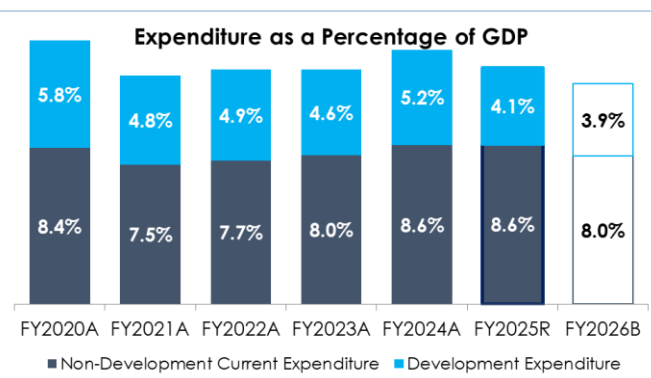
Sector(s)	Stock(s)	Expected Impact	Reason(s)	Reference
Specific Sector	WATLTONHIL, SINGERBD, Textile	Disadvantage	<ul style="list-style-type: none"> The existing VAT exemption facility for local manufacturing of refrigerators and freezers, air conditioners and their compressors, polypropylene staple fiber and idle start-stop batteries has been withdrawn 	116(n)
Engineering	WATLTONHIL, SINGERBD	Benefit	<ul style="list-style-type: none"> Supplementary duty on imports of certain essential raw materials for the manufacturing of refrigerators, freezers, air conditioners and their compressors has been exempted till June 30, 2028. 	116(o)
Pharma	JMISMDL	Advantage	<ul style="list-style-type: none"> VAT exemption facility has been withdrawn from the import of sterile surgical catgut and surgical suture 	116(p)
Specific Sector	WATLTONHIL, GQBALLPEN	Disadvantage	<ul style="list-style-type: none"> VAT exemption facility has been withdrawn from import of lifts and skip hoists, set top-box and ballpoint pens 	116(p)
Food & Allied	AMCL(PRAN), BDTHAIFOOD, OLYMPIC, ACI	Benefit	<ul style="list-style-type: none"> The import duty on refined sugar has been reduced from BDT 4,000 to BDT 4,500 per MT 	TableC-2
All Sector		Benefit	<ul style="list-style-type: none"> CD decreased from 5% to 1% on Petroleum oils and oils obtained from bituminous minerals, crude and decreased CD by 7% on HSD, LD 	TableC-2
IT		Benefit	<ul style="list-style-type: none"> BDT 1.0 Bn allocated to boost IT entrepreneurs 	90
Telecom	GP, ROBI	Benefit	<ul style="list-style-type: none"> The source tax for the MNOs regarding the distribution of income from service has been reduced to 12.0% from 20.0% 	SRO-157

APPENDICES

GOVERNMENT EXPENDITURES

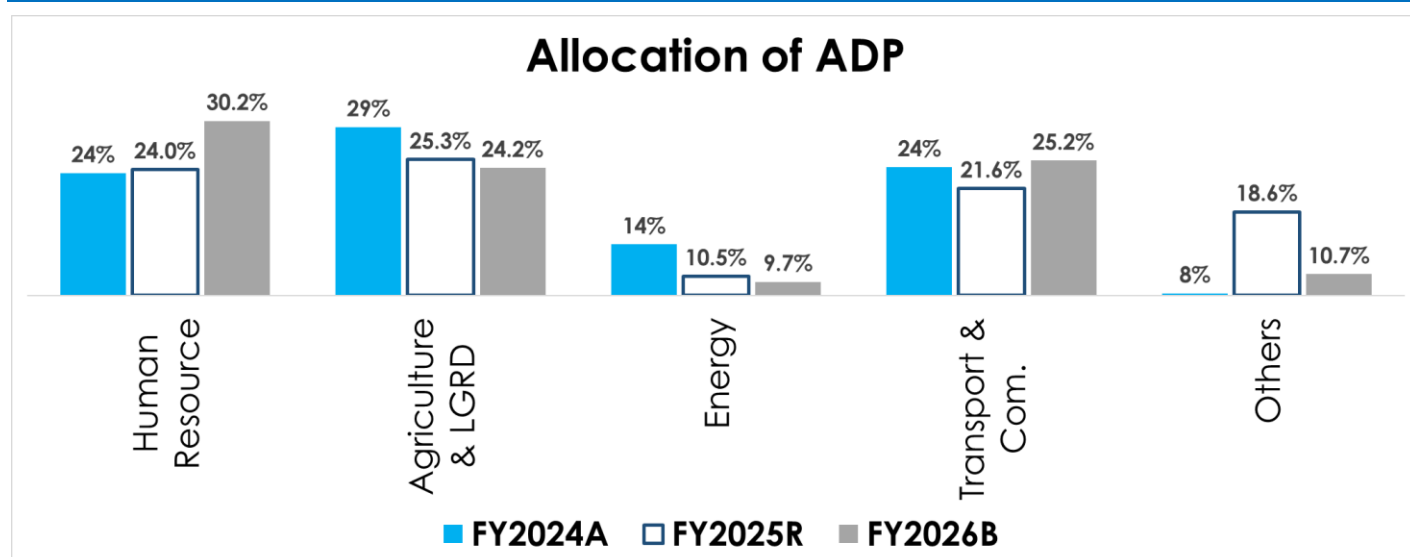


Source: Ministry of Finance



Source: Ministry of Finance

ALLOCATION OF ADP



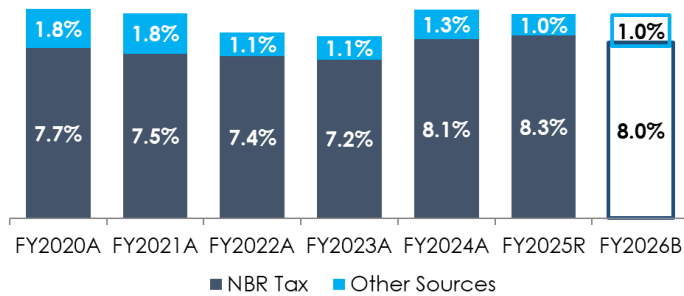
*Change over FY2022-23 Revised, Source: Ministry of Finance

Figures in BDT billion	2025-26 Budget	Change *	% of Total	2024-25 Revised	2023-24 Actual
Human Resource	695	34%	30%	519	460
Agriculture & LGRD	557	2%	24%	546	574
Energy	224	-1%	10%	226	283
Transport & Com.	578	24%	25%	467	474
Others	246	-39%	11%	403	161
Total	2,300	6%	100%	2,160	1,952

APPENDICES

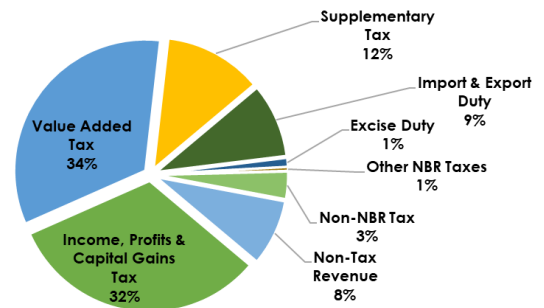
REVENUE COLLECTION

Government Revenue as a Percentage of GDP



Source: Ministry of Finance

Sources of Revenue in FY2026B



Source: Ministry of Finance

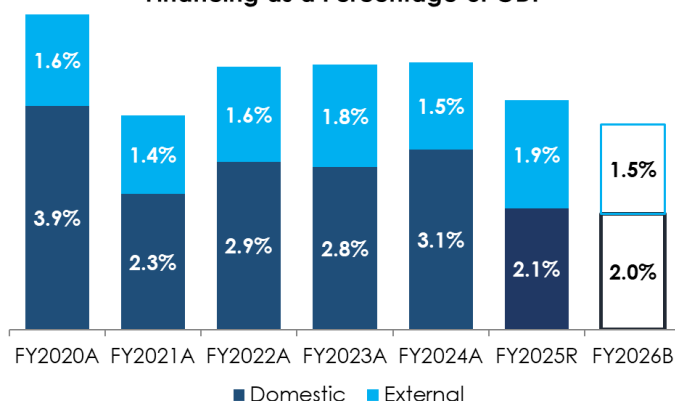
SOURCES OF TAX

Figures in BDT billion	2025-26 Budget	Change*	% of Total	2024-25 Revised
Income, Profits & Capital Gains Tax	1,820.0	8%	32%	1,690.0
Value Added Tax	1,885.2	6%	33%	1,785.9
Supplementary Tax	682.4	13%	12%	604.4
Import & Export Duty	515.2	8%	9%	478.3
Excise Duty	60.9	18%	1%	51.4
Other NBR Taxes	26.3	5%	0%	25.0
Non-NBR Tax	190.0	31%	3%	145.0
Non-Tax Revenue	460.0	15%	8%	400.0
Total	5,640.0	9%	100%	5,180.0

*Change over FY2024-25 Revised, Source: Ministry of Finance

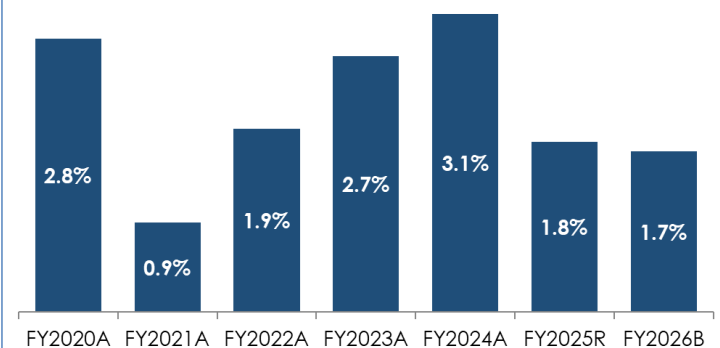
FINANCING THE DEFICIT

Financing as a Percentage of GDP



Source: Ministry of Finance

Domestic Bank Financing as a Percentage of GDP

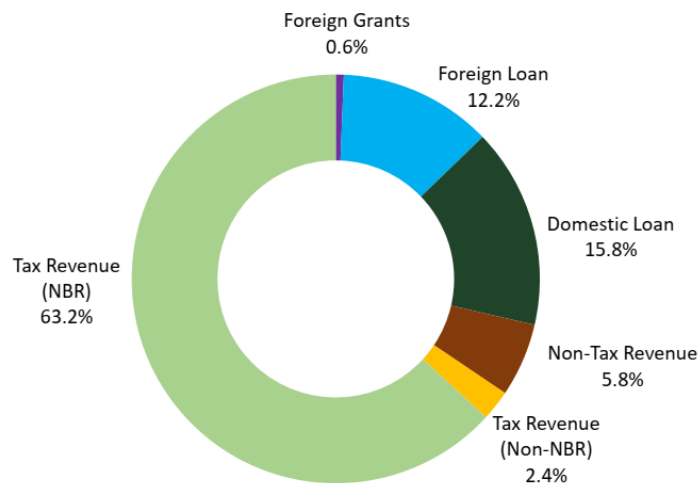


Source: Ministry of Finance

APPENDICES

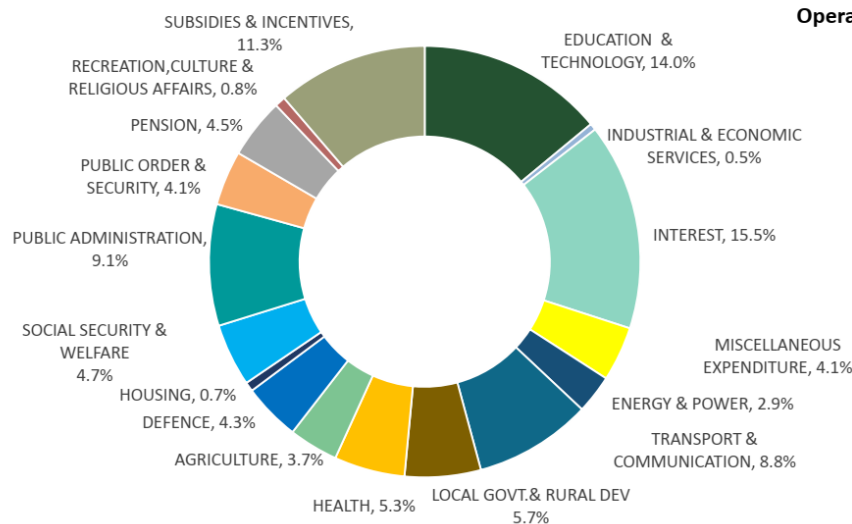
OPERATING & DEVELOPMENT BUDGET

Graph-1
Operating & Development Budget
2025-26
(Taka 7,900 Billion)
Resources Coming From



Tax Revenue (NBR):	
Taka 4,990 Billion (63.2%)	
VAT:	37.8%
Import Duty:	10.3%
Income Tax:	36.5%
Supplementary Duty:	13.7%
Others:	1.7%

Graph-IIA
Operating & Development Budget
2025-26
(Taka 7,900 Billion)
Use of Resources



Source: Ministry of Finance

IMPORTANT DISCLOSURES

Analyst Certification: Each research analyst and research associate who authored this document and whose name appears herein certifies that the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed therein that are within the coverage universe.

Disclaimer: Estimates and projections herein are our own and are based on assumptions that we believe to be reasonable. Information presented herein, while obtained from sources we believe to be reliable, is not guaranteed either as to accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation of the purchase or sale of any security. As it acts for public companies from time to time, BRAC-EPL may have a relationship with the above-mentioned company(s). This report is intended for distribution in only those jurisdictions in which BRAC-EPL is registered and any distribution outside those jurisdictions is strictly prohibited.

Compensation of Analysts: The compensation of research analysts is intended to reflect the value of the services they provide to the clients of BRAC-EPL. As with most other employees, the compensation of research analysts is impacted by the overall profitability of the firm, which may include revenues from corporate finance activities of the firm's Corporate Finance department. However, Research analysts' compensation is not directly related to specific corporate finance transaction.

General Risk Factors: BRAC-EPL will conduct a comprehensive risk assessment for each company under coverage at the time of initiating research coverage and also revisit this assessment when subsequent update reports are published or material company events occur. Following are some general risks that can impact future operational and financial performance: (1) Industry fundamentals with respect to customer demand or product / service pricing could change expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes; (3) Unforeseen developments with respect to the management, financial condition or accounting policies alter the prospective valuation; or (4) Interest rates, currency or major segments of the economy could alter investor confidence and investment prospects.

BRAC EPL Stock Brokerage Limited

Research

Salim Afzal Shawon, CFA	Head of Research	salim@bracepl.com	01708 805 221
Fahim Hassan	Research Analyst	fahim.hassan@bracepl.com	01709 636 546
Hossain Zaman Towhidi Khan	Research Analyst	hztowhidi.khan@bracepl.com	01708 805 224
Foysal Ahmed	Research Associate	foysal.ahmed@bracepl.com	01708 805 201
S M Toufique Imran	Research Associate	smtoufique.imran@bracepl.com	01708 805 228
Rakibul Hasan	Research Associate	rakibul.hasan@bracepl.com	01708 805 229
Tasviha Taher Trishila	Research Associate	tasviha.trishila@bracepl.com	01730 701 733

International Trade and Sales

Ahsanur Rahman Bappi	Chief Executive Officer	bappi@bracepl.com	01730 357 991
----------------------	-------------------------	--	---------------

FOR SERVICE RELATED QUERIES, REACH OUT TO

 care@bracepl.com

 Call 16285

 Research  Analytics  Advisory