



Prime Bank Investment Ltd.

Powering Business Solutions
(A Subsidiary of Prime Bank Limited)

National Budget Analysis FY 2024-25

Key Highlights of Budget FY25

Total Budget Size

BDT 7,970 bn
14.2% of GDP

Budget Deficit

BDT 2,560 bn
4.6% of GDP

GDP

Real GDP Growth Target
6.75%

Total Revenue

BDT 5,410 bn
9.7% of GDP

Inflation

Target inflation 6.50%
(Current Inflation 9.89%)

ADP

BDT 2,650 bn
4.70% of GDP

Major Highlights

	FY 25	FY 24 (RB)	Growth %
Budget Size	7,970	7,144	11.56%
%	14.20%	14.20%	
Target Revenue	5,410	4,780	13.18%
%	9.70%	9.50%	
Budget Deficit	2,560	2,464	3.89%
%	4.60%	4.70%	
Bank Borrowing	1,375	1559.4	-11.83%
%	2.50%	3.10%	
External Borrowing	951	797.9	19.19%
%	1.70%	1.60%	
GDP	55,974	50,480	10.88%

- The proposed budget size for FY 2024-25 is **BDT 7,970 bn** which is **11.56%** higher than the revised budget (RB) of BDT 7,144 bn in FY 2023-24 .
- Bangladesh government has set a GDP growth target of **6.75%** and the inflation target of **6.5%** for FY 2024-25.
- The budget deficit is **32.1%** of the budget size and projected deficit is **4.6%** of GDP which is marginally lower than the previous fiscal year.
- Publicly listed companies that issue shares worth more than **10%** of their paid up capital through IPO would be entitled to the new proposed tax rate of **22.5%** from existing 20%. For companies that issues shares worth less than **10%** of their paid up capital and cooperative societies the proposed tax rates would be **25%** and **20%** respectively against the existing tax rate of 22.5% and 15% from the year 2023-24.

Amount in BDT bn

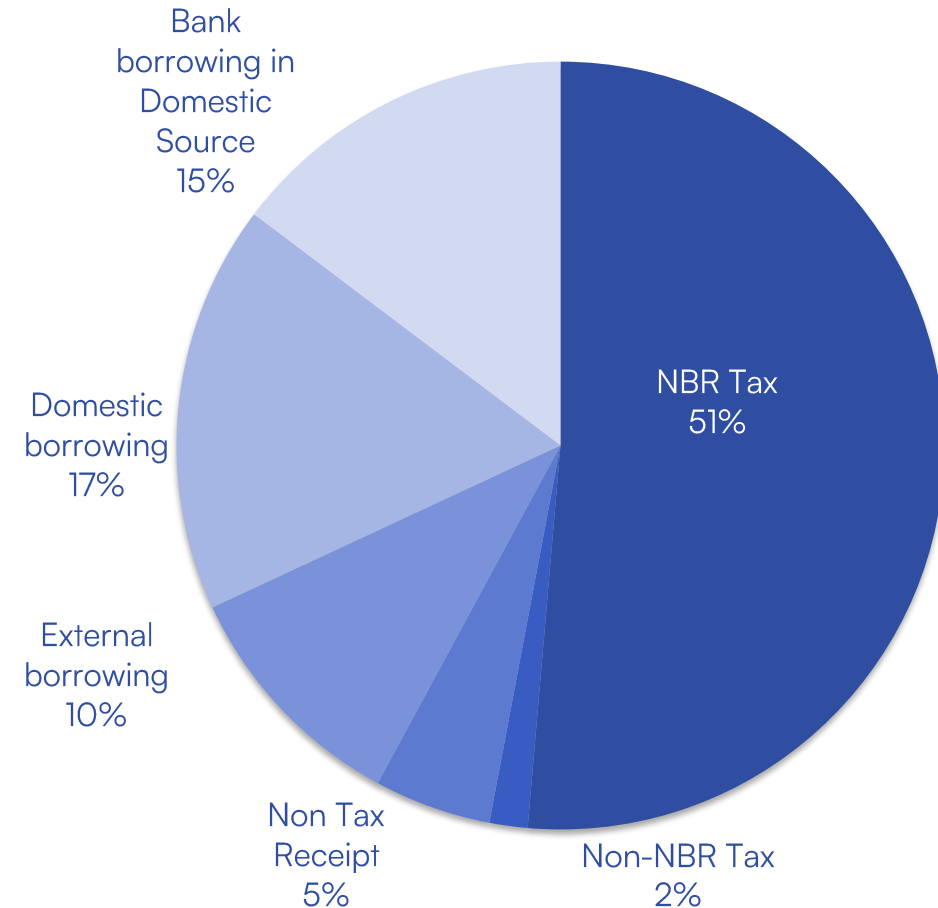
Budget Overview (in Billion BDT)

	FY (25)	FY (24) RB	Growth %	FY (24)	Growth %
Revenue	5,410	4,780	13.2%	5,000	8.2%
	9.7%	9.5%		10.0%	
NBR Tax	4,800	4,100	17.1%	4,300	11.6%
Non-NBR Tax	150	190	-21.1%	200	-25.0%
Non Tax Receipt	460	490	-6.1%	500	-8.0%
Expenditure	7,970	7,144	11.6%	7,618	4.6%
Non-Development	4,690	4,341	8.0%	4,363	7.5%
Development	2,815	2,600	8.3%	2,776	1.4%
ADP	2,650	2,450	8.2%	2,630	0.8%
Other	465.6	203.5	128.8%	480	-2.9%
Deficit	2,560	2,364	8.3%	2,618	-2.2%
Financing					
External borrowing	951	798	19.2%	1,064	-10.6%
Domestic borrowing	1,609	1,566	2.7%	1,554	3.5%
Bank borrowing in Domestic Source	1,375	1,559	-11.8%	1,324	3.9%
GDP Size	55,974	50,480	10.9%	50,067	11.8%

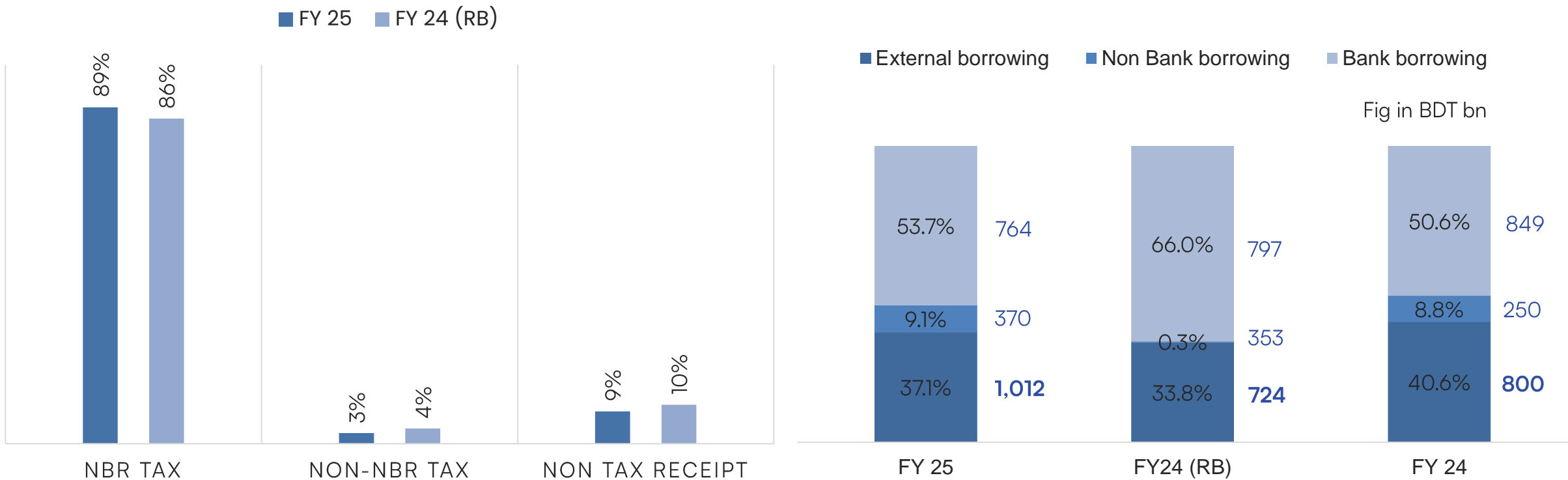
- This budget aims to guide Bangladesh towards a sustainable and smart future as well as combating inflation through various means. It covers various sectors including education, health and family welfare, employment and skill development, agriculture to create a sustainable future.
- The government has unveiled a budget of **BDT 7,970 bn** for the fiscal year 2024-25, showing a **11.5%** rise from the revised budget of 7,144 bn FY 2023-24.
- Out of the total budget deficit, **BDT 951 bn (37.1%)** will be financed from external sources, while **BDT 1,609 bn (62.9%)** from domestic sources. Of the domestic sources, **BDT 1,375 bn (85.5%)** will come from the banking system
- The total size of the Annual Development Program (ADP) in the FY25 budget is **BDT 2,650 bn**, reflecting an increase of **8.16%** compared to the revised budget of FY24, which was BDT 2,450 bn.
- Non-development expenditure, totaling **BDT 4,690 bn**, constitutes **578.8%** of the budget, whereas development expenditure, amounting to **BDT 2,815 bn**, makes up **35.3%** of the budget.
- Majority of the sector-wise allocation of the budget has gone to Interest Payments, PPP Subsidy & Net Landing and others **(26%)**, Human Resource **(24%)** and General Services **(21%)**.

Revenue and Financing Sources

- To finance this budget, the government has set a revenue collection target of BDT 5,410 bn. It has proposed to collect **BDT 4,800 bn or 51%** through the National Board of Revenue (NBR) and **BDT 610 bn or 7%** from other sources. The government has taken several steps to enhance domestic resource mobilization and collection, including building a modern, technology-driven, and more citizen-friendly tax payment and collection system.
- The government will finance the projected deficit of **BDT 2,560 bn** through a blend of foreign & domestic channels, with a concentration on Bank Borrowing.
- The government set a higher budget deficit this year. Tax revenue collected until December 2024 stands at **BDT 1,878 bn**, with achievable remaining targets. Despite global challenges from conflicts in Ukraine-Russia and the Middle East, effective revenue collection ensures continued economic growth.

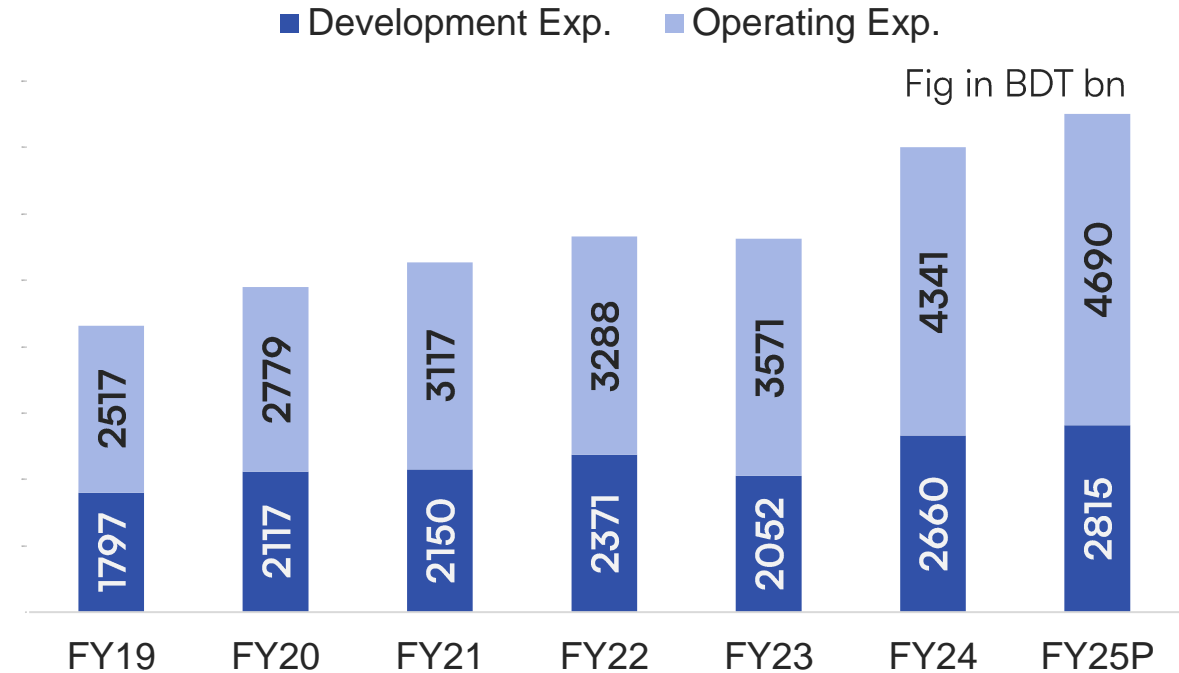
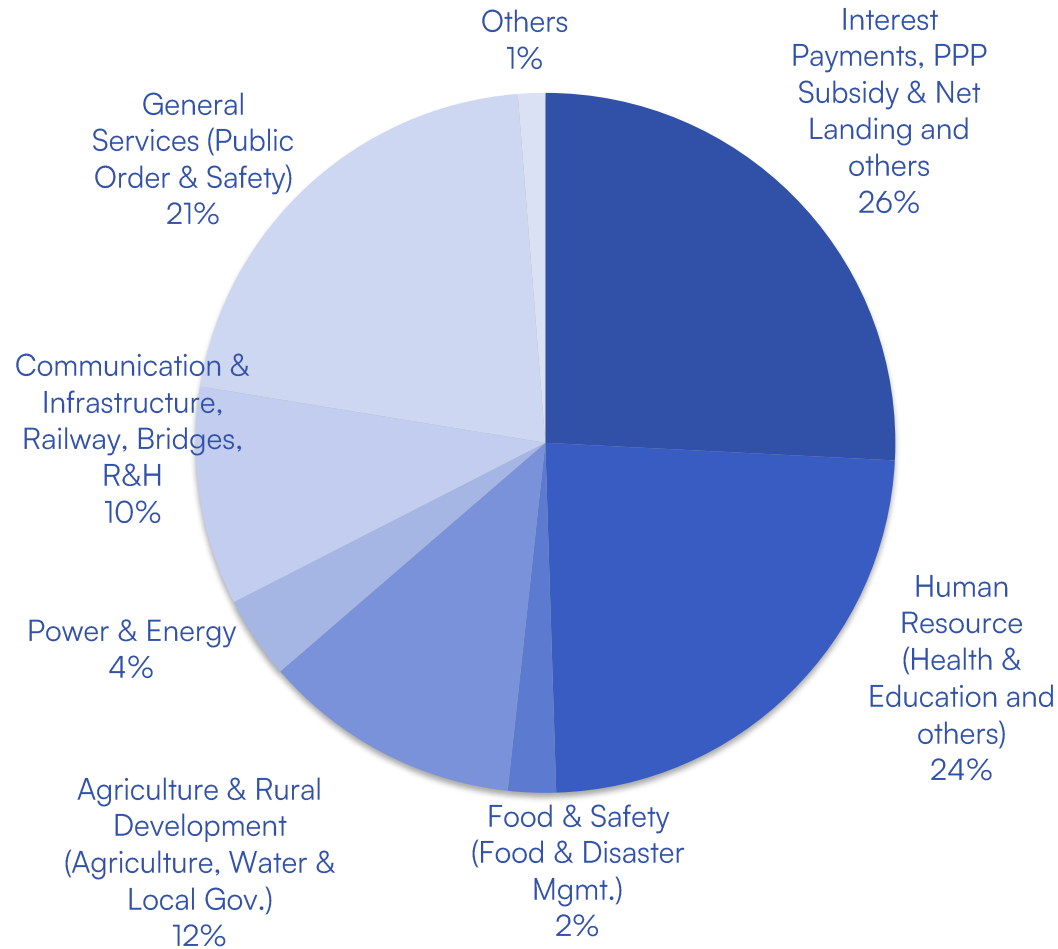


Revenue Sources & Deficit Financing



- The FY25 budget sets a revenue goal of **BDT 4,800 bn** from NBR tax, constituting **89%** of the total target and reflecting a **17.07%** increase from FY24's revised budget. Non-NBR tax revenue aims for **BDT 150 bn**, comprising **3%** of the total target, with a **21.05%** decrease compared to FY24's revised budget.
- Additionally, revenue from non-tax sources is set at **BDT 460 billion**, marking a **6.12%** decline from the FY24 revised budget.

Sectoral Allocation & Expenditure



Increased interest payments, subsidies, and allowances have led to a higher allocation for operating expenditure

Proposed Individual Income Tax Base



Threshold Existing	Existing	
General Taxpayer	350,000	Unchanged
Women and Senior Citizens (65+)	400,000	
Third Gender	475,000	
Physically Challenged	475,000	
Gazette Freedom Fighter	500,000	

TAX RATES FOR INDIVIDUALS

FY'25 Tax Rates (in %)	
Up to BDT. 3.50 lakh	0
Next 1 lakh	5
Next 4 Lakh	10
Next 5 Lakh	15
Next 5 Lakh	20
Next 20 lakh	25
On Balance	30

For FY'25 The tax rates are progressive, meaning that higher income brackets are taxed at higher rates.

Taxation Highlights for FY'25

- Tax-Exempt Threshold: Unchanged at BDT. 3.5 lakh per year.
- Monthly Tax Net Entry: Earnings over BDT. 43,800 per month.
- Applicable Tax Rates:
 - ❑ 10%: Monthly earnings of approximately BDT. 80,400.
 - ❑ 15%: Monthly earnings up to BDT. 1,06,300.
- Higher Earnings: Tax liability increases for monthly income above BDT. 3.58 lakh.
- Minimum Income Tax: No increase.

New Initiatives

1. Stable Tax Rates: No changes for the next 2 years.
2. Capital Gains Tax: Income over BDT. 50 lakh from selling shares will be taxed.

Proposed Corporate Tax rate

	Existing FY'24		Proposed FY'25	
Sector	Tax Rate	Applicable if fails to meet the condition	Tax Rate	Applicable if condition fulfilled
Publicly Traded Company (free float equal to or above 10%*)	20.00%	22.50%	22.50%	20.00%
Publicly Traded Company (free float less than 10%*)	22.50%	25.00%	25.00%	22.50%
Non-listed Companies*	27.50%	30%	27.50%	25%
One Person Company*	22.50%	25%	22.50%	20%
Listed Financial Institutions	37.50%	No Condition	No Change	-
Non-listed Financial Institutions	40%			-
Merchant Banks	37.50%			-
Cigarette & Other Tobacco Products	45%+2.5% surcharge			-
Listed Telecom Operators	40%			-
Non-Listed Telecom Operators	45%			-
Co Operative Society	15.00%	-	20.00%	-

Condition: To avail 2.5% less tax rates as above: -All types of income and receipts and all types of expenses and investments above BDT 0.5mn in each single transaction and above BDT 3.6mn total annually must be done through bank transfer.

Proposed Surcharge

NET WEALTH	SURCHARGE RATES (in %)
Up to BDT 4 crore	0%
BDT 4 crore - BDT 10 cr/ Ownership of more than one car/ Ownership of 8,000 sq ft house	10%
BDT 10 cr - BDT 20 cr	20%
BDT 20 cr - BDT 50 cr	30%
>BDT 50 cr	35%

The government has maintained the present surcharge structure for the wealthy. Presently, no surcharge is applied to a net asset value up to BDT 4 crore. If the net asset value exceeds BDT 4 crore, a 10 percent surcharge is imposed. For net asset values surpassing BDT 50 crore, the surcharge rate increases to 35 percent.

Proposed VAT & Supplementary Duty Changes

Increased Costs for Mobile Services

Key Changes:

- Supplementary Duty on Mobile Top-Ups: Raised from 15% to 20%.
- VAT on SIM Cards: Increased by BDT 100 to BDT 300.

15%



20%

Impact on Users:

- Every BDT 100 top-up now incurs BDT 28 in taxes and charges, up from BDT 25.
- Higher costs for mobile and internet services.
- Business Implications: Telecom companies may face reduced usage rates, impacting their revenue and investment capacity.

No Duty



25%
Duty

Changes in Duty-Free and Excise Duty Policies

End of Duty-Free Car Imports for MPs:

- Previous Privilege: MPs could import cars without duty since 1988.
- New Regulation: MPs now pay a 25% duty on imported cars.

Comparison with General Public:

- Public pays 25% import duty, 15% VAT, 5% advance tax, and up to 500% supplementary duty.

Offshore Bank Deposits

Depositors, who park funds in offshore banking units (OBUS), will enjoy exemption from the excise duty on their foreign currency deposits in FY 25.

- Benefit: Exemption from excise duty on foreign currency deposits in (OBUs).
- Purpose: To attract foreign currency deposits, especially from non-resident Bangladeshis.

Proposed VAT & Supplementary Duty Changes

Cigarettes			Air Conditioners			Tour Operator Services			Mango Bar; Mango, Pineapple, Guava & Tamarind Juice		
Supplementary Duty	65.0%	66.0%	VAT	No Vat	7.5%	VAT exemption withdrawn			VAT at the Local Manufacturing Stage	5.0%	15.0%
VAT on Production	7.5%	15.0%	Proposed								
Refrigerators and Freezers			Amusement Parks and Theme Parks			Energy Saving Bulbs (1-50 Watts)			Tube Lights (18-36 Watts)		
VAT	5.0%	7.5%	VAT on Entry	7.5%	15.0%	VAT at the Local Manufacturing Stage	5.0%	15.0%	VAT at the Local Manufacturing Stage	5.0%	15.0%
Proposed											
Purchaser Of Auctioned Goods			Auctioneer			Mechanical Laundry			Security Service		
VAT on Service	7.5%	15.0%	VAT on Service	10.0%	15.0%	VAT on Service	10.0%	15.0%	VAT on Service	10.0%	15.0%
Lottery Ticket Seller			IT & Computer Raw Materials & Spare Parts			Optical Fibre Cable Production			Local Manufacturing & Assembling of Mobile Sets		
VAT on Service	10.0%	15.0%	Amend VAT exemption			Extend VAT exemption till June 30, 2027			Extend VAT exemption till June 30, 2025		

TOBACCO & CIGARETTES	CONSTRUCTION MATERIALS	CNG CYLINDERS	CASHEW NUTS	LED BULBS
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PRICES UP



PRICES DOWN



RICE	CHICKPEAS	SUGAR	CHOCOLATE	EDIBLE OIL
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Proposed VAT & Supplementary Duty Changes (cont'd)



Increase in Specific Taxes on Bricks

- Non-Machine-Made Normal Bricks (Non-Refractory Building Bricks)
 - Previous: 450 BDT per thousand
 - New: 500 BDT per thousand
 - Machine-Made or Mechanically Manufactured Normal Bricks (Non-Refractory Building Bricks)
 - Previous: 500 BDT per thousand
 - New: 600 BDT per thousand
 - Machine-Made or Mechanically Manufactured Bricks Grade I
 - Previous: 700 BDT per thousand
 - New: 800 BDT per thousand
 - Machine-Made or Mechanically Manufactured Bricks Grade II
 - Previous: 700 BDT per thousand
 - New: 800 BDT per thousand
- Brick Chips
- Previous: 700 BDT per 100 CFT
 - New: 800 BDT per 100 CFT
- Micad Bats
 - Previous: 500 BDT per 100 CFT
 - New: 600 BDT per 100 CFT

Other Important Changes

Polypropylene Staple Fiber

- Concessional facilities for local manufacturing and raw materials import extended until June 30, 2025

LPG Cylinders

- Concessional facilities continued at the production stage

Manufacturing of LABSA and SLES

- Concessional facility at the production stage extended until June 30, 2027

Sanitary Napkins and Diapers Production

- VAT and supplementary duty exemption on raw materials extended until June 30, 2025

Customs Duty Tiers

- Maintain current tiers (0%, 1%, 5%, 10%, 15%, 25%) and a mandatory 3% Regulatory Duty up to 25% for FY 2024-25
- Continue existing supplementary duty rates (10%, 20%, 30%, 45%, 60%, 100%, 150%, 200%, 250%, 300%, 350%, 500%)
- Unchanged duty rates for essential food products, fertilizers, seeds, life-saving medicines, and certain industrial raw materials

Whitening Black Money as per the New Budget FY'25

Government's New Policy:

- Backtracking on Promise: The government, reversing its stance on eliminating black money, allows individuals and companies to whiten money by paying a 15% tax.

Provision Details:

- Fixed Tax Rates: 15% tax on assets (cash, immovable properties) without legal scrutiny.
- Duration: Policy effective until June 2025.

Historical Context:

- Revenue Data (1972-2022): BDT 45,522 crore whitened, yielding BDT 4,641 crore in taxes.
- Record Year (2020-21): BDT 20,600 crore legalized, generating BDT 2,064 crore in taxes.

Implications:

- Economy: Intended to inject more money into the economy.

Budget Implications on Capital Market

The FY 2024-25 budget introduces several significant changes to the capital market, which are likely to impact investors and market dynamics:

1. **Capital Gains Tax:** A new 15% capital gains tax will be imposed on general investors earning over BDT 50 lakh from share trading. This move is expected to create short-term volatility as investors adjust to the new tax burden.
2. **Corporate Tax Adjustments:** The corporate tax rate for non-listed companies will be reduced by 2.5%, narrowing the gap between listed and non-listed companies. Listed companies offloading at least 10% of their shares and meeting bank transfer conditions will benefit from a reduced income tax rate of 20%, down from 22.5%.
3. **Tax Deducted at Source (TDS):** The TDS on capital gains for sponsor and placement shareholders of listed companies will be increased from 5% to 10%. This change may decrease the volume of share sales by these shareholders.
4. **Tax Rebate Stability:** The tax rebate remains unchanged at 15%, which is expected to contribute to market stability.
5. **Double Taxation:** Double taxation on dividend income from mutual funds remains, potentially impacting investor returns.
6. **VAT Increase:** The rise in VAT in relevant industries may lead to increased competition from foreign entities, potentially squeezing profits for listed companies.
7. **High Net-Worth Individuals (HNWIs):** The increased tax rate for income above BDT 20 lakh from 25% to 30% may drive HNWIs to invest in the capital market to leverage tax rebates.
8. **Government Securities:** With government securities rates at a decade high, trading of treasury bonds on stock exchanges is gaining traction. Individual investors can now buy T-bonds via brokers in primary auctions.

Sectoral Implications

Tobacco:

Increase in Price and Supplementary Duty of Cigarettes:

- Price of lower slab cigarettes per 10 sticks has been set at BDT 50 (previously BDT 45) and above a supplementary duty of 60% has been proposed.
- Price of medium slab cigarettes per 10 sticks has been set at BDT 70 (previously BDT 67) and above; price of high slab cigarettes per 10 sticks has been set at BDT 120 (previously BDT 113) and above; price of premium slab cigarettes per 10 sticks has been set at BDT 160 (previously BDT 150) and above. A supplementary duty of 65.5% has been proposed on all of these.
- Price of non-filtered 25 sticks, 12 sticks and 8 sticks hand made bidi will continue to be the same; the 30% supplementary duty will continue.
- Implications: Though Cigarette consumption is considered an inelastic, the price increase might reduce consumption.
- *Impacted Stocks: BATBC*

Fuel &Power:

Increased Duty on CNG/LPG Station Materials:

Customs duty on materials for CNG/LPG stations increased from 3% to 5%.

- Implications: Reduction of concessionary rates could raise operating costs for station operators.
- Impacted Stocks: LINDEBD, INTRACO.

Duty on Power Generation Equipment:

Imposition of a 5% customs duty on imports of plant, equipment, and erection materials for power generation companies.

- Implications: Potentially increases capital expenditure for power generation projects.
- Impacted Stocks: BARKAPOWER, GBBPOWER.

Sectoral Implications

Engineering :

Reduced Import Duty on Manganese: Import duty on manganese reduced from 10% to 5%.

- Implications: Supports domestic Ferro alloy industries, potentially lowering prices for end products such as rods and bars.
- Impacted Stocks: BSRMLTD, COPPERTECH.

Increased Duty on LED Lamp Manufacturing: Implementation of a 10% import duty on raw materials for LED and energy-saving lamp manufacturing industries, replacing the existing 0% duty.

- Implications: Higher production costs for manufacturers, which could lead to higher prices for consumers.
- Impacted Stocks: BDLAMPS.

Higher Duty on Prefabricated Building Components: Doubling the import duty on components for prefabricated buildings from 5% to 10%.

- Implications: Encourages use of locally procurable items, increasing costs for importers.
- Impacted Stocks: BBS.

Sectoral Implications

Automobile

- A 10% Customs Duty will be imposed on raw materials for motorcycles exceeding 250 CCs
- Customs duties, SD, and RD on imported raw materials for the automobile sector will be exempted
- Engine parts will be included in CKD notifications to support motorcycle assembly in Bangladesh
- Import duty on motorcycle engine parts is proposed to increase from 5% to 15%

Implications:

- Imposition of a 10% Customs Duty on high-capacity motorcycle parts encourages aligning production with market demand and regulatory goals.
- Rising import duty on engine parts aims to protect local manufacturers and boost domestic production capabilities.
- Motivating motorcycle assembly through CKD notifications can stimulate local manufacturing and job opportunities.
- Exempting customs duties and other taxes on imported raw materials can lower production costs, making locally assembled motorcycles more competitive.

Impacted Stocks: RUNNERAUTO, IFADAUTO, ACI

Sectoral Implications

FMCG

- The import duty on shelled cashew nuts is proposed to decrease from 15% to 5% (CD), but the RD is set to increase from 0% to 10%
- Withdrawal of Supplementary Duty 25% on Packed Powdered Milk
- Proposal to increase in turnover tax on sweetened beverages to 3% from 0.6%
- Suggested VAT increase from 5% to 15% for Mango bar, Mango juice, Pineapple juice, Guava juice, and Tamarind juice

Implications:

- Proposed increase in VAT for certain beverages may raise production costs and retail prices, potentially leading to a decrease in consumer demand
- withdrawal of Supplementary Duty on Packed Powdered Milk could result in reduced retail prices and increased sales, benefiting consumers and manufacturers.

Impacted Stocks: UNILIVERCL, GHAIL, OLYMPIC

Sectoral Implications

Pharmaceuticals

- The import duty on dialysis filters and dialysis circuits will be reduced from 10% to 1%.
- A new HS Code will be introduced for spinal needles, with the import duty set at 5%.
- Several new items will be included in the notification regarding the concessional facility for importing raw materials by Active Pharmaceutical Ingredient (API) manufacturers.
- Azithromycin will be added to the notification concerning the import of essential raw materials used in the pharmaceutical industry.

Implications:

- The reduction in import duty on medical equipment is likely to increase profits for manufacturers of these products.
- The concessional facility for importing raw materials will encourage companies to invest more in API production, reducing dependency on API imports.
- Adding new items to the list of essential raw materials will expedite the import process and reduce lead time in the production process for pharmaceutical companies.
- Overall, these changes are expected to enhance the competitiveness and efficiency of the local pharmaceutical industry.

Impacted Stocks: ACI, ACMELAB, ACTIVEFINE, AFCAGRO, BEACONPHAR, BXPHARMA

Sectoral Implications

Telecommunications

- The SD on SIM/RUIM cards will be set at 20%, up from the current 15%. Additionally, VAT for each SIM/e-SIM card will rise from BDT 200 to BDT 300.
- The government will increase the supplementary duty (SD) on mobile services (e.g., mobile internet, talk time) by 5%, raising it from 15% to 20%.
- The VAT exemption on optical fiber cable production will be extended until June 30, 2027, to support telecommunications infrastructure.

Implications:

- The higher VAT on SIM cards is expected to raise costs for new users, potentially slowing the growth of mobile connections.
- The increase in SDs is likely to negatively impact telecom companies' earnings.
- The extension of the VAT exemption on optical fiber production could boost profits for companies using optical fibers, especially IT and telecom firms.

Impacted Stocks: GP, ROBI

Sectoral Implications

ICT & IT

- A 3-year extension of the VAT exemption on optical fiber cable production until June 30, 2027.
- A 3-year tax exemption for Bangladeshis and NRBs on cashless business activities, including AI, blockchain, robotics, outsourcing, SaaS, cybersecurity, data analytics, app and software development, GIS, digital design, e-learning, IT freelancing, call centers, and digital archiving.
- VAT exemption extended until June 30, 2025, for the local manufacturing and assembling of mobile telephone sets.
- Customs duty on laptop computers increased from 5% to 10%, while waiving the 15% VAT at import, reducing the total tax from 31% to 20.50%.

Implications:

- Broadband companies might see increased profits due to lower optical fiber production costs.
- Tax exemptions on various IT sectors could lead to higher profits and growth opportunities for companies in the industry.
- The VAT exemption extension on locally manufactured and assembled mobile telephone sets is expected to boost usage, creating larger markets for IT companies.

Impacted Stocks: AAMRANET, EGEN, ITC, DAFODILCOM, AAMRATECH.

VAT Exemption on Aircraft Engines: Removal of VAT on aircraft engines and spare propeller parts at the import stage.

- Implications: Supports local aviation companies by reducing operational costs.
- Impacted Stocks: BIMAN Bangladesh Airlines (Unlisted), Miscellaneous Aviation Sectors.

Customs Duty in BEZA Economic Zones: 1% customs duty on imports for industries and developers at BEZA economic zones, with exemption on vehicles.

- Implications: Encourages development within economic zones while maintaining tax revenue.
- Impacted Stocks: ZAHINTEX, TALLUSPIN.

Duty on High-tech Park Industries: 1% customs duty on imports of capital machinery and construction materials by industries in High-tech Park, and 5% for developers.

- Implications: Aims to boost high-tech industry development while controlling import tax benefits.

Extension of Concessional Facility on LPG Cylinders: Extension of existing concessional facility on containers for compressed or liquefied gas of iron or steel (LPG cylinders) at the local manufacturing stage.

- Implications: Supports local manufacturing of LPG cylinders, promoting industry growth.
- Impacted Stocks: JHRML, JMISMDL.

Disclaimer

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**Thank
you**

