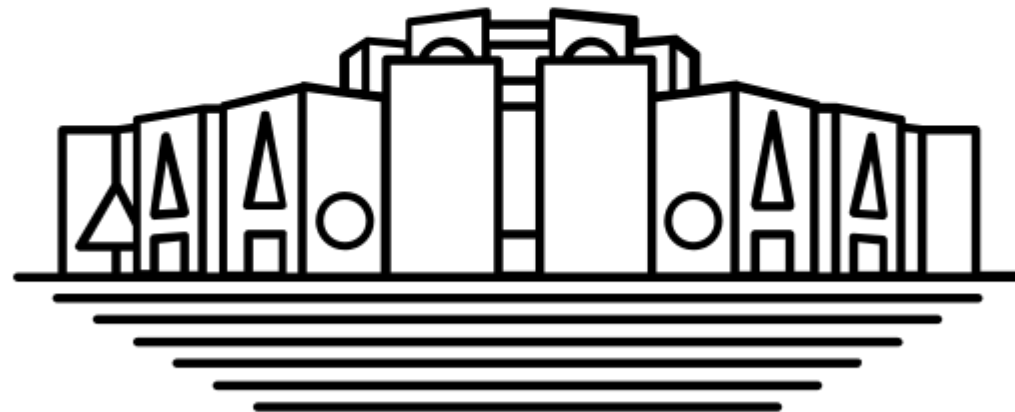


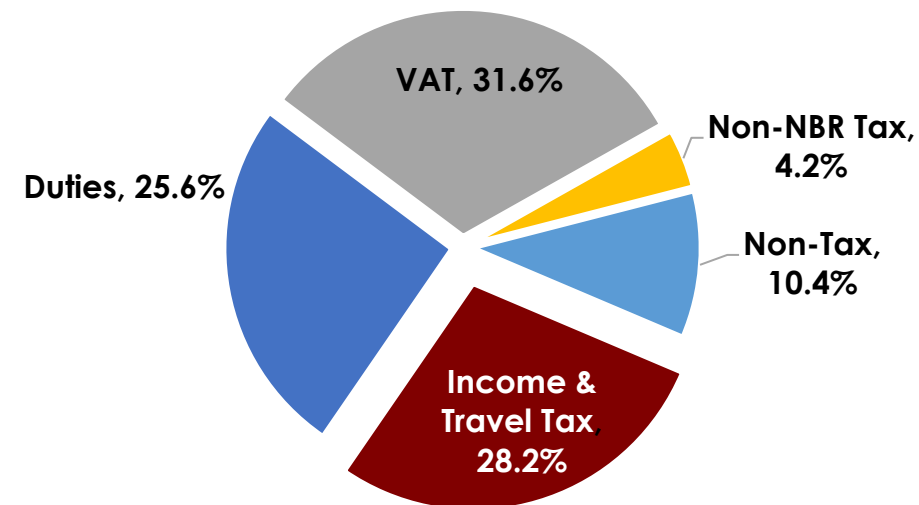


BANGLADESH NATIONAL BUDGET FY22-23

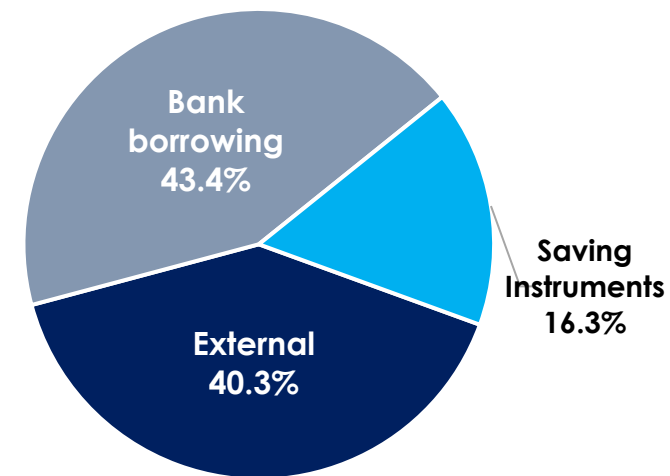


FY23 BUDGET OVERVIEW

Particulars (BDT Bn)	Budget		Revised
	FY23	FY22	YoY (%)
Total Revenue	4,330	3,890	11.3%
NBR Tax	3,700	3,300	12.1%
Non-NBR Tax	180	160	12.5%
Non-Tax Receipt	450	430	4.7%
Total Expenditure	6,781	5,935	14.2%
Non-Development Expenditure	4,114	3,666	12.2%
Development Expenditure	2,596	2,219	17.0%
ADP	2,461	2,100	17.2%
Other	70	49	43.0%
Budget Surplus / (deficit)	-2,451	-2,045	19.8%
Deficit Financing			
External	987	802	23.9%
Domestic	1,463	1,243	17.7%
Bank borrowing	1,063	873	21.8%
Savings instruments and others	400.0	370.0	8.1%



Sources of Revenue



Deficit Financing

Impact of the Budget on Capital Market



Corporate Tax Cuts to Boost Profits

2.5% tax cut offered to corporates with $\geq 10\%$ free float and on condition of maintaining all transactions over BDT 1.2mn through banking channels

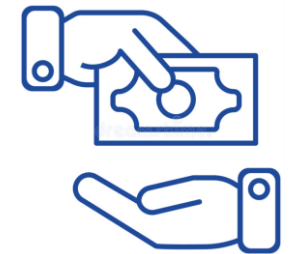


Source Tax on Interest Income of Companies

TDS on interest income for companies has been raised to 20% from 10%, making the FDRs less lucrative for companies, encourage flow of funds to the stock market

Tax rebate of 15% for all Investors, Investment Limit 20%

Tax rebate of 15% will be applicable for all investors, regardless of taxable income. Allowable investment limit has been lowered to 20% from 25%. Wealthy taxpayers will be benefitted more over small investors



Capital gain Tax on Govt securities

Institutions, including banks & Fis, who regularly invest in Gov securities will be less interested in holding them, prompting flow of a portion of those funds to the stock market

Increased Govt Bank Borrowing to Move Money Market

Given our trade deficit and diminishing forex reserves, banks are in a liquidity crunch and increased borrowing from the government will push interest rates upward



Withdrawal of Tax-free Dividend Income

Dividend will be taxed at the personal tax rate for individuals which was given exemption up to BDT 50,000

Functional Bond Market, Commodity Exchange, ETFs on the way

Inclusion of diverse securities will reduce portfolio risk and increase market breadth

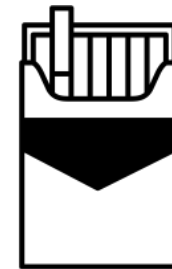
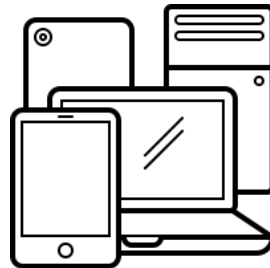
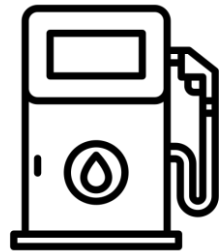
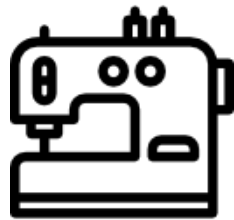


Taxation on WPPF to Increase Effective Tax Expenditure

Despite offering corporate tax cuts, bringing WPPF under taxation will increase the cash outflow of firms, prompting up private sector credit growth and upward pressure on interest rates

Impact of the Budget

Sector-wise Analysis



Textile



Proposal	Company	Impact
15% Tax Rate Valid Till 2025, Continuation of Cash Incentive on RMG exports, Exemption of VAT on Supply of Goods	Sector	Positive
Reduction of VAT on Yarn made with Man-made fiber and other fibers	MATINSPINN, ENVOYTEX	Positive
Advance Tax exemption on polypropene staple fiber import and continuation of the exemption facility at the manufacturing stage	MHSML, NEWLINE, PTL	Positive
Increased source tax on export proceeds from 0.5% to 1.0%	Exporters	Negative

Proposal	Company	Impact
Concessional facilities for the import of raw materials required for producing medicine and supplies	SQUROHARMA, BXPHARMA, RENATA, ACI, ACMELAB, BEACONPHAR	Positive
VAT exemption at local and manufacturing stage of Active Pharmaceutical Ingredients, and VAT, advance income tax, and SD exemption on import and purchase of raw materials till 2025.	ACTIVEFINE, SQURPHARMA, BXPHARMA, BEACONPHAR, RENATA, ACMELAB	Positive
Existing tax holiday for imports of raw materials used for the production of medical sector extended	JMISMDL, JHRML, BEXIMCO	Positive

Pharma & Chemical

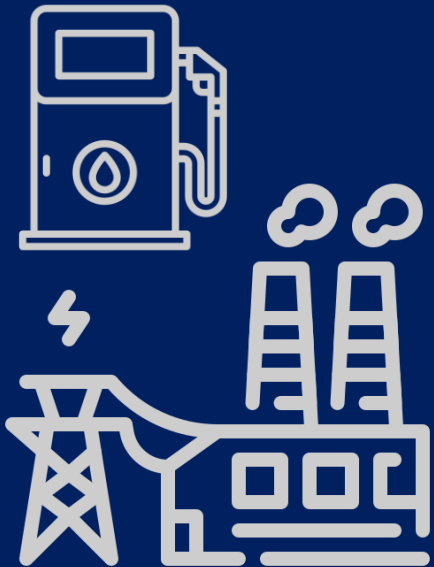


Proposal	Company	Impact
Concessional facility for importing raw materials used in producing pesticides	ACI, ACIFORMULA, ACMEPLE, MAMUMAGRO	Positive
Supplementary duty on air freshener, toiletries, depilatory items, shaving, beautification, etc.	RECKITBEN, MARICO, KOHINOOR, QUASEMIND	Negative

Pharma & Chemical



Fuel & Power



Proposal	Company	Impact
Extension of existing facility of paying 5 percent VAT to local manufacturer of LPG Cylinder for one year.	MJLBD, EPGL	Positive

Proposal	Company	Impact
Tax exemption on foreign exchange income of flagged ocean-going vessels till 2030	BSC	Positive
Withdrawing VAT exemption at manufacturing and trading stage of COVID-19 Test Kit, PPE, Protective Garments, Plastic Face Shields, Medical Protective Gear, Protective Spectacles, Hand Sanitizers, and Goggles for medical use and mask.	BEXIMCO	Negative

Miscellaneous



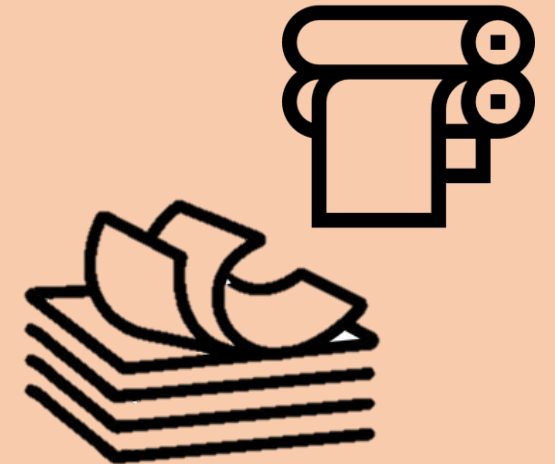
Information Technology



Proposal	Company	Impact
VAT waivers on imports to facilitate local production while import of finished laptop, desktop, printers, and other finished ICT products and continuation of tax waiver on ITES providers till 2024	DAFODILCOM, GENEXIL	Positive
Source tax of 20% on non-resident bandwidth payments will be slashed to 10%	ITC	Positive
10% SD on import of optical fibers	AAMRANET, AAMRATECH, BDCOM, ADNTEL, INTECH	Negative
New sectors including cloud service, system integration, e-learning platform, e-book publications, mobile application development service and IT freelancing have been declared tax free.	EGEN, AGNISYS, ISNLTD, AAMRANET, AAMRATECH	Positive

Paper & Printing

Proposal	Company	Impact
Increased SD on import of finished paper products including paper cups to protect domestic industry	BPML, HAKKANIPUL, KPPL	Positive
Concessional rate of finished printing ink raised to 15% from 10%	Paper	Negative



Telecom



Proposal	Company	Impact
VAT exemption on 4G revenue sharing with BTRC to eliminate double taxation.	GP, ROBI	Positive
Imposition of 5% VAT on mobile handsets.	Sector	Negative

Proposal	Company	Impact
Source tax on supply of raw materials slashed to 4% from 7%.	Steel & Cement manufacturers, EHL, MIRAKHTER	Positive
VAT at trading stage of MS products reduced to BDT 200 per M. ton from BDT 500 per M. ton.	BSRMSTEEL, BSRMLTD, GPHISPAT, SSSTEEL, RSRMSTEEL	Positive
Industrial IRC holders to get decreased CD to 5% on import of bars and rods		
Reduction of tax from 5% to 3% on HR coil and zinc for GI sheet and steel production		
VAT exemption on supply of locally procured scrap in the foundry industry		
VAT at manufacturing stage of MS products raised by BDT 200 per ton		
Withdrawal of VAT exemption at the production stage of Concrete Ready Mix	CONFIDCEM, CROWNCEMNT, HEIDELCEM, LHBL, PREMIERCEM	

Construction & Real Estate



Engineering



Proposal	Company	Impact
<p>3-wheeler and 4-wheeler manufacturing firms with investment worth BDT 1,000 mn will continue to enjoy a 20-year tax holiday.</p> <p>Beyond 2026, this VAT exemption facility will depend on fulfillment of conditions of becoming a complete manufacturer.</p>	RUNNERAUTO, IFADAUTOS, AFTABAUTO	Positive
<p>VAT exemption at manufacturing stage and VAT and SD exemption on import and local purchase of raw materials and parts for manufacturing motor vehicles up to 2500cc and power tillers till June 2030</p>	ACI, RUNNERAUTO	Negative
<p>5% VAT the manufacturing stage of three-wheelers</p>	RUNNERAUTO	Negative

Engineering



Proposal	Company	Impact
25% import duty on imported steel pipes	AZIZPIPES	Positive
20% SD on imported GI fittings	OIMEX, NIALCO	Positive
5% reduction of import duty of Bars & Rods of alloy for electrode manufacturing and wire industry	LINDEBD, OIMEX	Positive
Non-RMG exporters to get 12% tax rate	Exporters, QUASEMIND	Positive
Concessional import duty on winding wire of copper from 5% to 1%	COPPERTECH	Positive
Increased duty on import of wire products	BBSCABLES, OIMEX, COPPERTECH	Positive

Proposal	Company	Impact
Requirement of cashless transactions for lower tax rate for corporates will increase banking transactions	Banks	Positive
MFS service charge kept out of source tax deduction.	BRACBANK, DUTCHBANGL, TRUSTBANK UCB,	Positive
Incentive of remittance increased to 2.5% and imposition of other regulations to encourage more forex inflow through legal channels.	ISLAMIBANK, DUTCHBANGL	Positive
Written off bad loan will be considered as taxable income, discouraging willful default.	Bank & NBFi	Positive
Excise duty on bank balance above 50mn raised to BDT 50,000 from 40,000	Banks	Negative
Additional benefits for SME Sector	BRACBANK, IPDC IDLC,	Positive
Tax on investment income from govt. securities	Banks	Negative

Bank, NBFi, & MFS



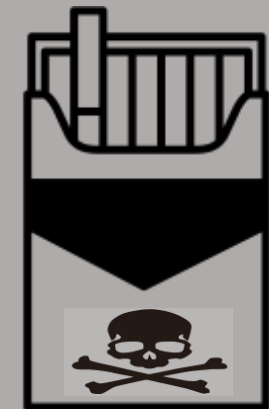
Tannery



Proposal	Company	Impact
Extension of tax exemption facility of raw material import for footwear industry	BATASHOE, APEXFOOT, FORTUNE, LEGACYFOOT	Positive
Export sector to get 12% tax rate	FORTUNE, APEXTANRY, LEGACYFOOT, SAMATALETH,	Positive

Tobacco

Proposal	Company	Impact
<p>Minor increase in retail prices of high and premium segment which are considered to be inelastic</p> <p>No Change in existing SD structures</p> <p>No change in Biri, Jarda, and Gul prices</p>	BATBC	Positive



Food



Event	Affects	Impact
Shrimp Exporters to Get Higher Cash Incentive	GEMINISEA, APEXFOODS	Positive
Concessional facilities for import of agro-based cold storage	KBSEED	Positive
Concessional interest rates for special agricultural credit	GHAIL, OLYMPIC	Positive
5% VAT imposed at local manufacturing stage of refrigerators	LOVELLO, GHAIL	Negative

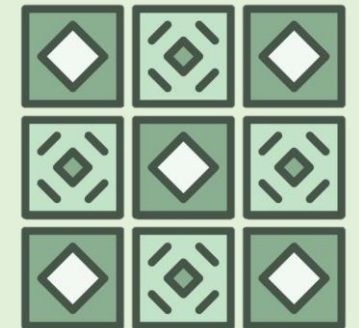
Poultry & Feed



Proposal	Company	Impact
Reduced SD on Sugarcane Molasses	AMANFEED, NFML, KFL, INDEXAGRO, MAMUNAGRO, ORYZAAGRO	Positive
VAT exemption at trading stage of animal feeds, on top of exemption at manufacturing stage		
Advance Tax Exemption on machineries import by registered poultry farms		

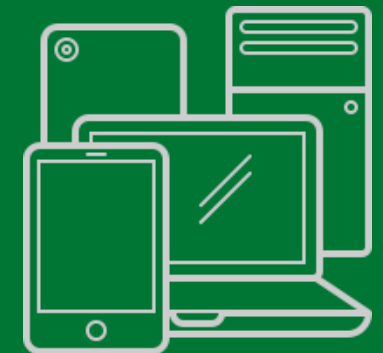
Ceramics

Proposal	Company	Impact
CD on import of China Clay and Ball Clay reduced to 5% from 15%	RAKCERAMIC, SPCERAMICS	Positive



Proposal	Company	Impact
Extension of exemption facility for import of raw material for refrigerator and AC compressor, washing machines, and TV	WALTONHIL, SINGERBD	Positive
5% VAT imposed at local manufacturing stage of refrigerators	WALTONHIL, SINGERBD	Negative
Reduction in CD from 25% to 10% on import metal frames for LCD/LED TV panel	WALTONHIL, SINGERBD	Positive

Consumer Electronics



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Contact Us

Institutional and International Sales & Trading

Fahim Ahasan Choudhury	f.ahasan@unicap-securities.com	+880 1711 081 130
Md. Mustafa Kamal	mustafa@unicap-securities.com	+880 1755 694 035

Research Team

Pradip Kumar Sharker	pradip@unicap-securities.com	+880 1755 694 018
Fahim Al Raihan	alraihan@unicap-securities.com	+880 1755 694 039

Find Us

Corporate Office

A.A Bhaban (9th Floor)
23 Motijheel C/A
Dhaka- 1000
Tel: +880 (2) 9515952 –53, +880 (2) 9515955
Fax: +880 (2) 9514923

Gulshan Office

Richmond Concord (6th Floor)
68 Gulshan Avenue
Gulshan- 1, Dhaka- 1212.
Tel: +880 (2) 8820366, 8828196
Fax: +880 (2) 8825740.

Sonargaon Road Branch

Noor Tower (4th Floor)
73 Sonargaon Road
Dhaka- 1205.
Tel: +880 (2) 9632161
Fax: +880 (2) 9632163

Chittagong Branch

Ayub Trade Centre (7th Floor)
1269/B Sk. Mujib Road
Agrabad, Chittagong- 4100.
Tel: +880 (31) 2513558 – 59
Fax: +880 (31) 2513356

Sylhet Branch

J.R Tower (2nd Floor), 23 Abash, Jail Road,
Sylhet-3100
Tel: +880 (821) 728440 – 41
Fax: +880 (821) 728437.

For any query, please contact us at:

research@unicap-securities.com
