IDLC Securities Limited
financing happiness

Bangladesh Budget Review FY27

Expansion with Prudence

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Summary

- **FY27 is a deliberate reset, not a growth budget.** The government has chosen balance-sheet repair over stimulus — consolidating the deficit to 3.6% of GDP. Banking sector recapitalization (BDT 40,000cr) and a BDT 60,000cr refinancing package to fix financial plumbing is a major theme.
- **The expansion is real but re-prioritized.** A record BDT 9.38tn outlay tilted toward human capital (ADP +50%, health +124%, education +43%) rather than mega-infrastructure.
- **Tax tweak is not the story anymore.** Corporate rates are fixed for five years and most individuals pay marginally more.
- **The story is structural pivot to capital-market financing:** TDS becoming a refundable advance tax, the T+0/digital-IPO/NITA reforms, and Sukuk/municipal-bond frameworks that, if executed, is positive for stock market intermediaries.
- **The clear risk is credibility of the 18%-higher revenue target** against a 7–8% tax-to-GDP base and an 80–85% historical achievement rate. A shortfall is likely to force mid-year bank borrowing and unwinds the whole stability thesis amid high inflation.
- **On stock market:** constructive on quality financials, local-manufacturing companies (appliances, pharma, telecom, EV); cautious on tobacco and steel; and watching NBR collection and inflation as the swing factor.

BDT 9.38tn Total budget	**BDT 6.95tn** Revenue target
BDT 2.43tn Deficit (3.6% GDP)	**6.5%** GDP growth target
7.5% Inflation target	**BDT 6.04tn** NBR tax target

Source: IDLCSL Research

A stability-first “3R” roadmap toward a trillion-dollar economy

1. Recovery & Stabilisation

Contain macro volatility, manage the fiscal deficit and curb inflation in the near term.

2. Restoration

1–3 year reset: rebuild banking-sector integrity, clean up balance sheets, stabilise FX reserves.

3. Reconstruction for Acceleration

5-year horizon: lift GDP growth, cap inflation and drive FDI by FY2030-31.

Medium-term vision

USD 1tn

economy by 2034

10% → 15%

tax-to-GDP (med-term → 2035)

8.5%

target real GDP growth

2.7%

FDI / GDP by FY2030-31

Source: Budget Speech FY2026-27 & Finance Bill 2026-27.

THE FISCAL HIGHLIGHTS

Government declares BDT 9.4tn budget for FY27

Sector	FY27B	% of total	% of GDP	Change over Revised Budget	FY26R	FY26B	FY25A
							Amounts in BDT Billion
Total Expenditure	**9,380**	**100.0%**	**13.7%**	**19.0%**	**7,880**	**7,900**	**6,313**
Non Development Revenue Expenditure	5,511	*58.8%*	*8.1%*	7.3%	5,134	4,988	4,617
Of which, Interest Payment	1,275	*13.6%*	*1.9%*	0.4%	1,270	1,220	1,361
Development Expenditure	3,161	*33.7%*	*4.6%*	47.1%	2,149	2,456	1,524
Of which, Annual development Programme	*3,000*	*32.0%*	*4.4%*	*50.0%*	*2,000*	*2,300*	1,423
Other Expenditure	708	*7.5%*	*1.0%*	18.4%	598	456	171
Total Revenue	**6,950**	**74.1%**	**10.2%**	**18.2%**	**5,880**	**5,640**	**4,370**
Of which,							
NBR Tax	6,040	*64.4%*	*8.8%*	*20.1%*	5,030	4,990	3,695
Non-NBR Tax	250	*2.7%*	*0.4%*	*25.0%*	200	190	82
Non Tax Receipt	660	*7.0%*	*1.0%*	*1.5%*	650	460	593
Budget Deficit	**2,430**	**25.9%**	**3.6%**	**21.5%**	**2,000**	**2,260**	**1,942**
Financing	**2,430**	**25.9%**	**3.6%**	**21.5%**	**2,000**	**2,260**	**1,858**
External (Including Grants)	1,160	*12.4%*	*1.7%*	*84.1%*	630	1,010	604
Domestic	1,270	*13.5%*	*1.9%*	*-7.3%*	1,370	1,250	1,254
Of which, Bank	*1,120*	*11.9%*	*1.6%*	**-5.1%**	*1,180*	*1,040*	*1,142*
GDP	**68,300**			**12.3%**	**60,803**	**62,446**	**55,150**

Source: Budget Documents, IDLCSL Research

***Budget figures in USD are given in the next page**

Budget figures in USD

Sector	FY27B	% of total	% of GDP	Change over Revised Budget	FY26R	FY26B	FY25A
							Amounts in USD Billion
Total Expenditure	**76.3**	**100.0%**	**13.7%**	**19.0%**	**64.1**	**64.3**	**51.4**
Non Development Revenue Expenditure	44.8	*58.8%*	*8.1%*	7.3%	41.8	40.6	37.6
Development Expenditure	25.7	*33.7%*	*4.6%*	47.1%	17.5	20.0	12.4
Of which, Annual development Programme	*24.4*	*32.0%*	*4.4%*	*50.0%*	*16.3*	*18.7*	*11.6*
Other Expenditure	5.8	*7.5%*	*1.0%*	18.4%	4.9	3.7	1.4
Total Revenue	**56.6**	**74.1%**	**10.2%**	**18.2%**	**47.9**	**45.9**	**35.6**
Of which,							
NBR Tax	49.2	*64.4%*	*8.8%*	*20.1%*	40.9	40.6	30.1
Non-NBR Tax	2.0	*2.7%*	*0.4%*	*25.0%*	1.6	1.5	0.7
Non Tax Receipt	5.4	*7.0%*	*1.0%*	*1.5%*	5.3	3.7	4.8
Budget Deficit	**19.8**	**25.9%**	**3.6%**	**21.5%**	**16.3**	**18.4**	**15.8**
Financing	**19.8**	**25.9%**	**3.6%**	**21.5%**	**16.3**	**18.4**	**15.1**
External (Including Grants)	9.4	*12.4%*	*1.7%*	*84.1%*	5.1	8.2	4.9
Domestic	10.3	*13.5%*	*1.9%*	*-7.3%*	11.1	10.2	10.2
Of which, Bank	*9.1*	*11.9%*	*1.6%*	*-5.1%*	*9.6*	*8.5*	*9.3*
GDP	**555.8**			**12.3%**	**494.8**	**508.2**	**448.8**

Exchange rate: 1 USD = 122.9 BDT @ 14 June 2026 till 11:00AM.
Source: Budget Documents, IDLCSL Research

Proposed expenditure is 13.7% of GDP; assumes 19.04% yoy growth from FY26 revised budget

- Total expenditure of BDT 9.38tn equals 13.7% of GDP; 19% growth over FY26 revised figures
- 58.8% (BDT 5.51tn) allocated to non-development revenue expenditure — government's recurring operating costs
- 33.7% (BDT 3.16tn) for development expenditure; key focus areas include education, healthcare, agriculture, energy and transport.

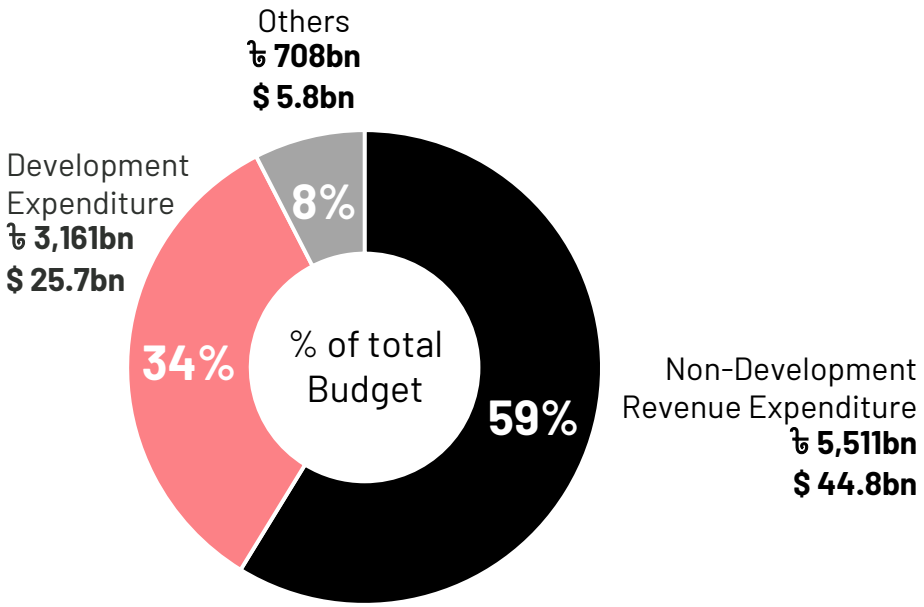
Total Expenditure

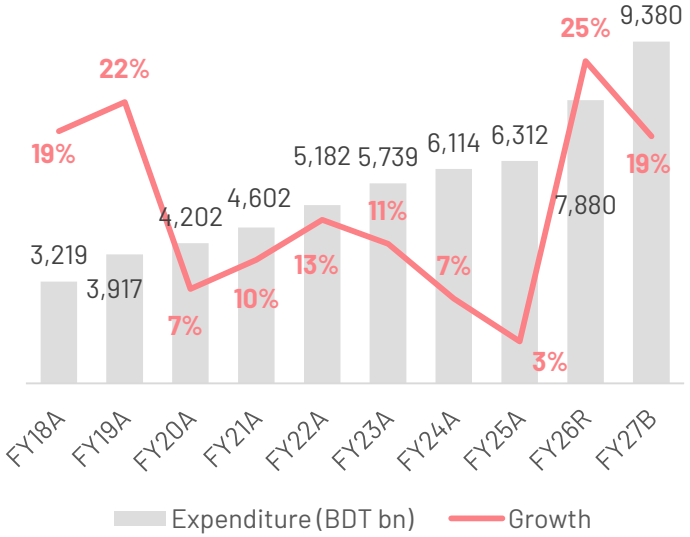
৳ 9,380bn

$ 76.3bn

19.0% growth

13.7% of GDP



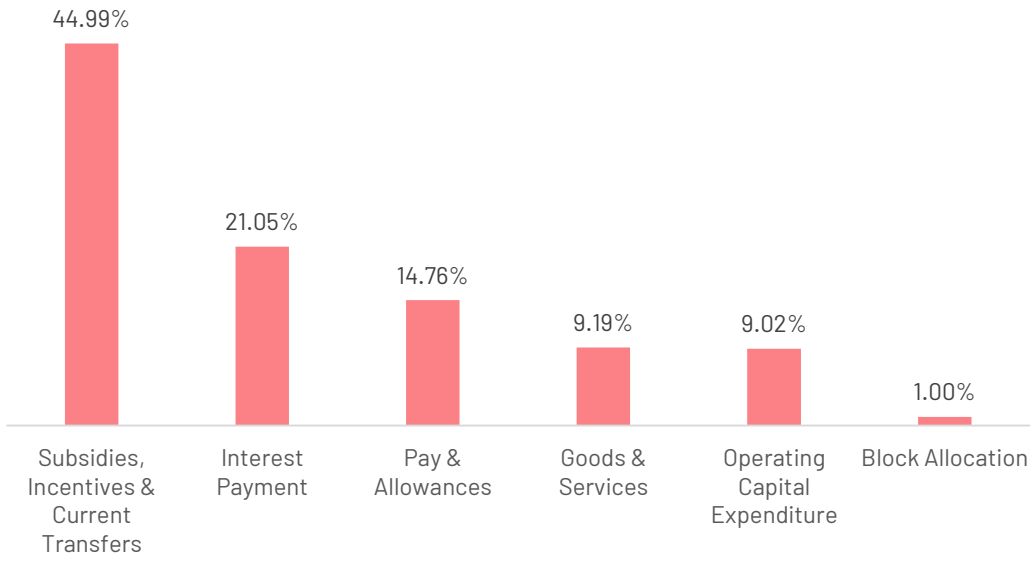


Exchange rate: 1 USD = 122.9 BDT
Source: Budget Documents, IDLCSL Research

c66% of Operating Budget will be spent after subsidies, incentives, current transfer, and interest payments

- Operating budget (non-development + other expenditure) stands at BDT 6.22tn, or 66.3% of total budget
- 2/3rd of operating budget consumed by subsidies, incentives, current transfers and interest payments
- Interest payments alone at BDT 1.28tn (13.6% of total budget), highlighting growing debt servicing burden

Fig: Operating Budget Allocation (% of Total)



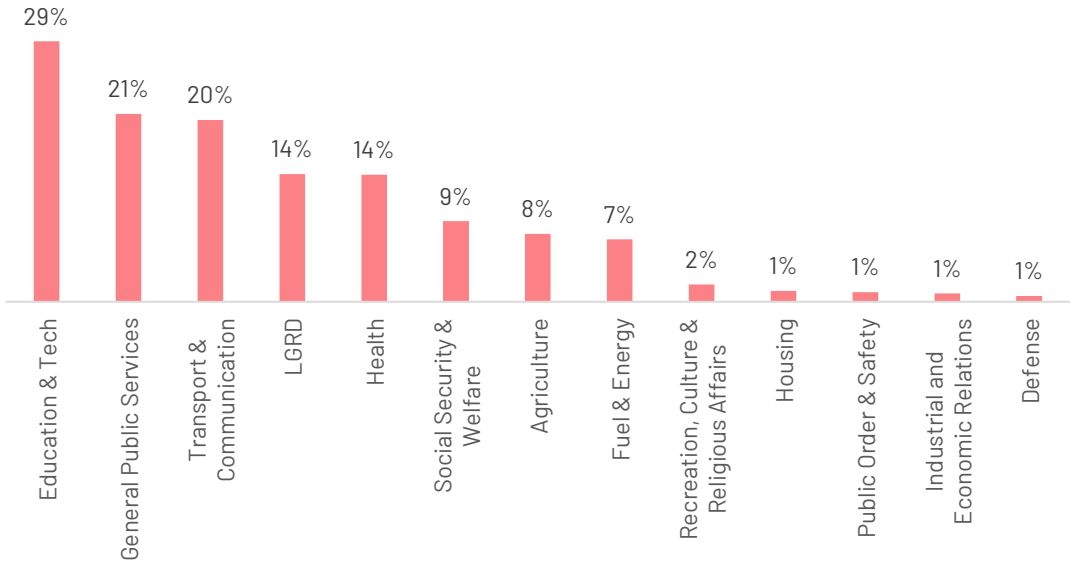
Source: Budget Documents, IDLCSL Research

Education & Technology and General Public Services gets the largest pie in Development Expenditure

৳ 3,161bn (USD 25.7bn)

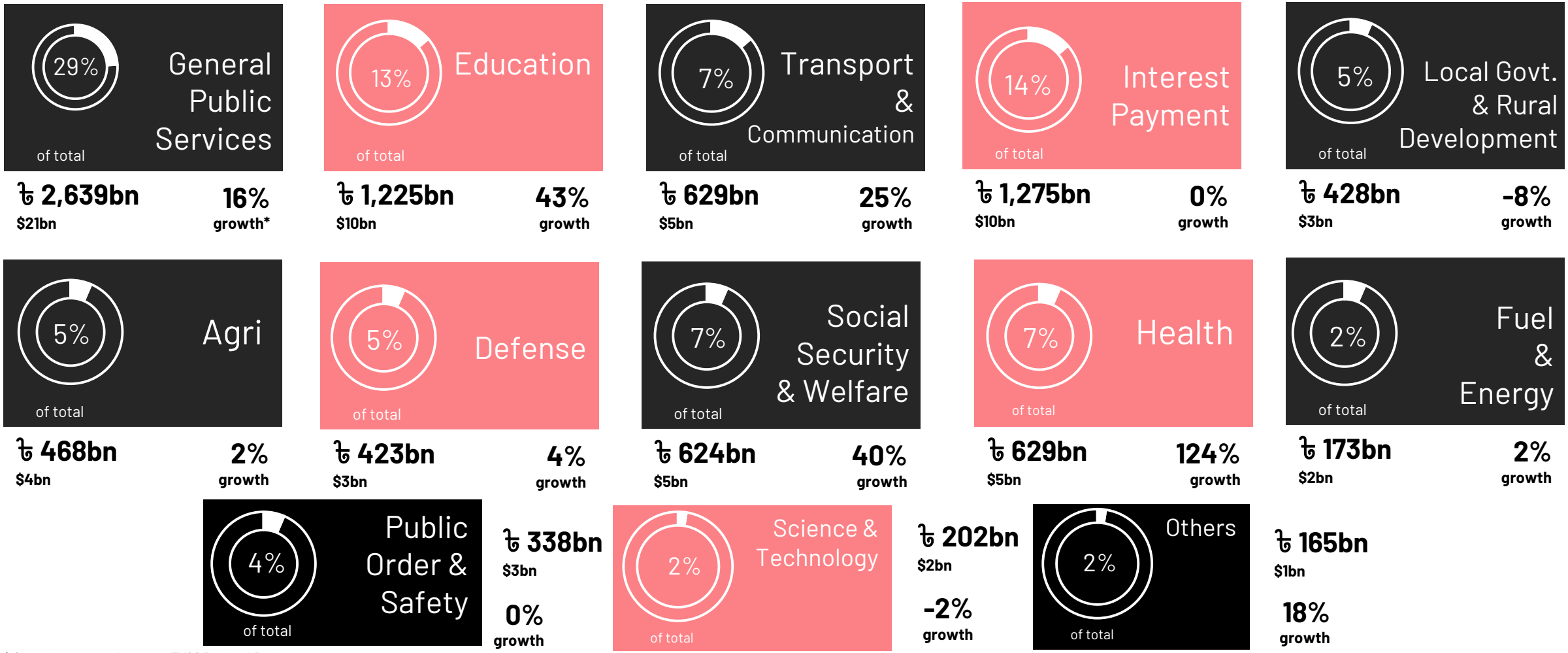
33.7% of total budget

Fig: Development Expenditure Allocation (% of Total)



Source: Budget Documents, IDLCSL Research

Health, Education, SSW, Transport & RCRA led the expenditure growth



* Growth compared against FY26 Revised Budget
Source: Budget Documents, IDLCSL Research

The revenue collection target is BDT 6.95tn

- Total revenue collection is expected to be c18% higher than FY26 revised budget and stands at 10.2% of GDP.

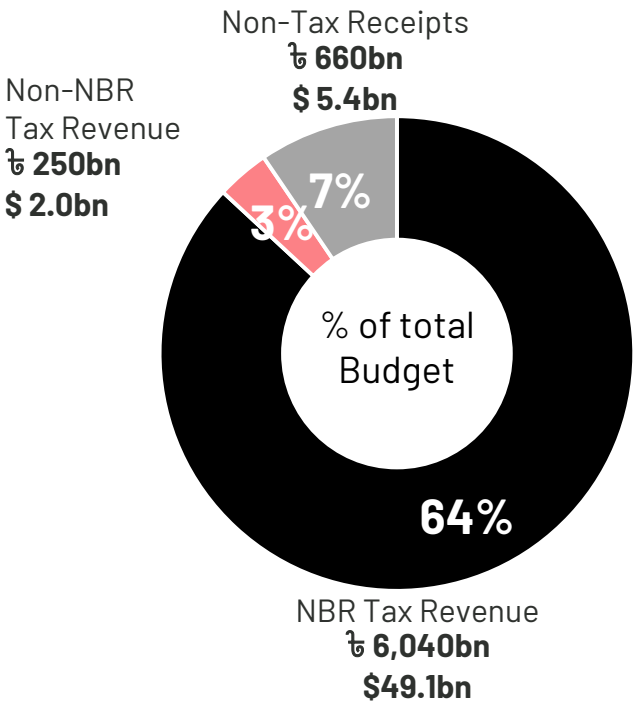
Total Revenue

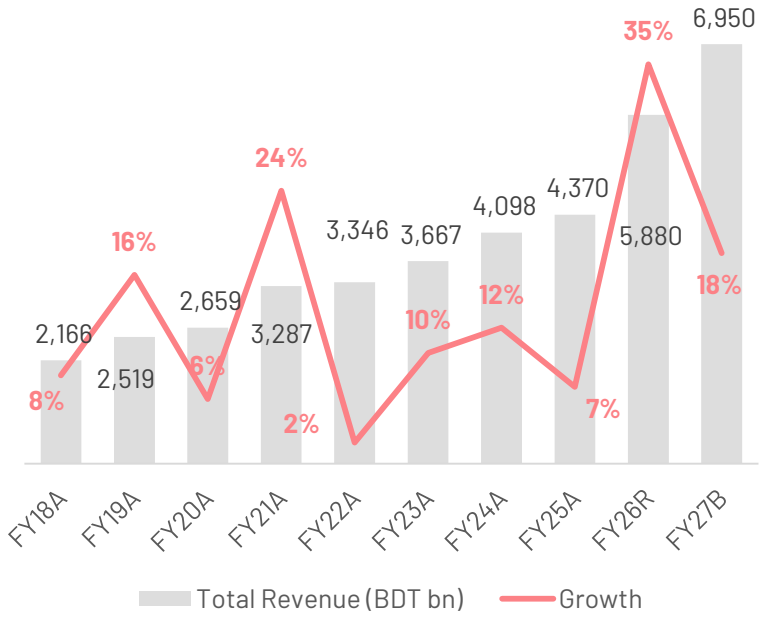
$ 56.55bn

৳ 6,950bn

10.2% of GDP

18.2% growth





Exchange rate: 1 USD = 122.9 BDT
Source: Budget Documents, IDLCSL Research

And aims to reach 9.2% Tax to GDP ratio in FY27

- Bangladesh had a 6.8% tax-to-GDP ratio in FY25. The IMF prescribed tax-to-gdp ratio target was set at 9.0% for the FY26 budget. The FY26 revised budget set at 8.6% while government aims to increase the tax-to-gdp ratio to 9.2% in FY27, 9.6% by 2031 and 15% by 2035.
- Bangladesh and its peers earn majority of their revenue from taxes. Therefore, low tax-to-GDP ratio implies low level of revenue-to-GDP. Historically, Bangladesh Government's Revenue to GDP ratio is one of the lowest among peers.
- Among the peers, **Pakistan raised its revenue-to-GDP ratio to 12.7% as on Dec 2024**, primarily through indirect taxes (GST, FED on fuel, cigarettes, sugary drinks, luxury goods), revised personal income tax slabs, and higher taxation on high-income groups. The government also expanded withholding and advance tax mechanisms, targeting vehicles, real estate, and bank transactions to enhance collections.

Fig: Total Revenue to GDP of Peer Countries

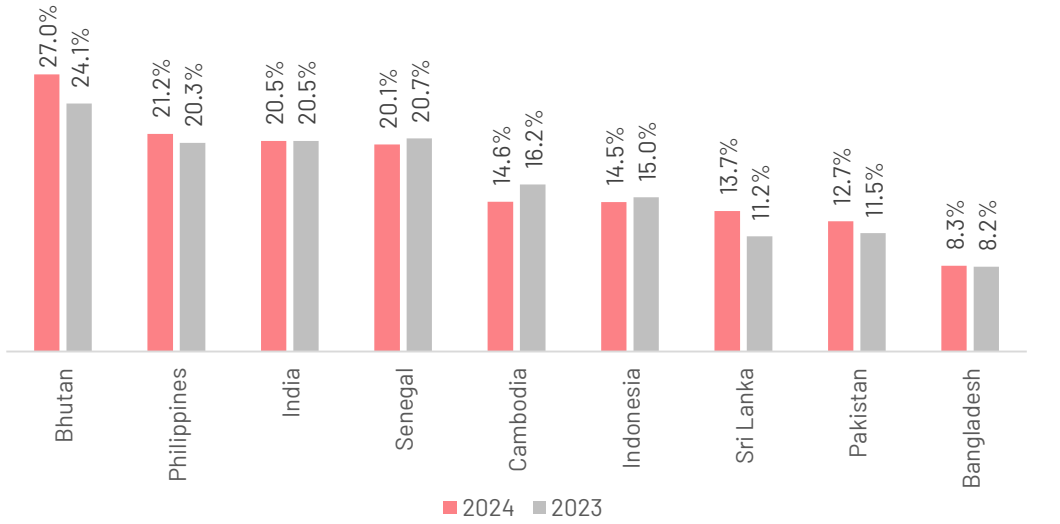
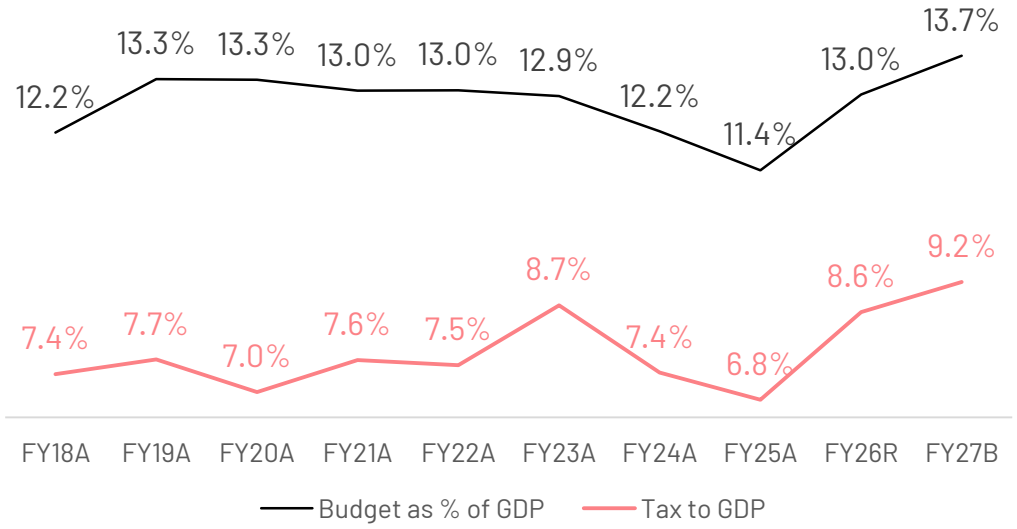


Fig: Actual Budget to GDP vs Actual Tax to GDP



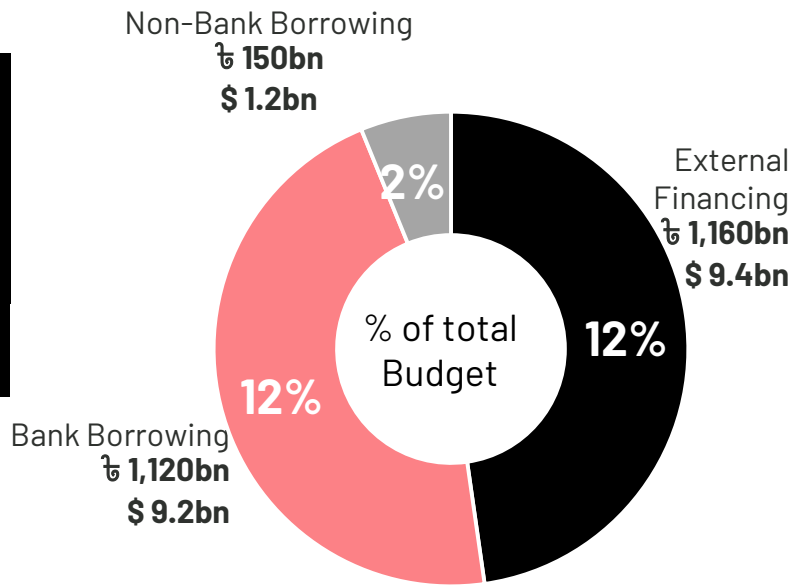
Source: Budget Documents, IDLCSL Research, Ministry of Finance, IMF Public Finance

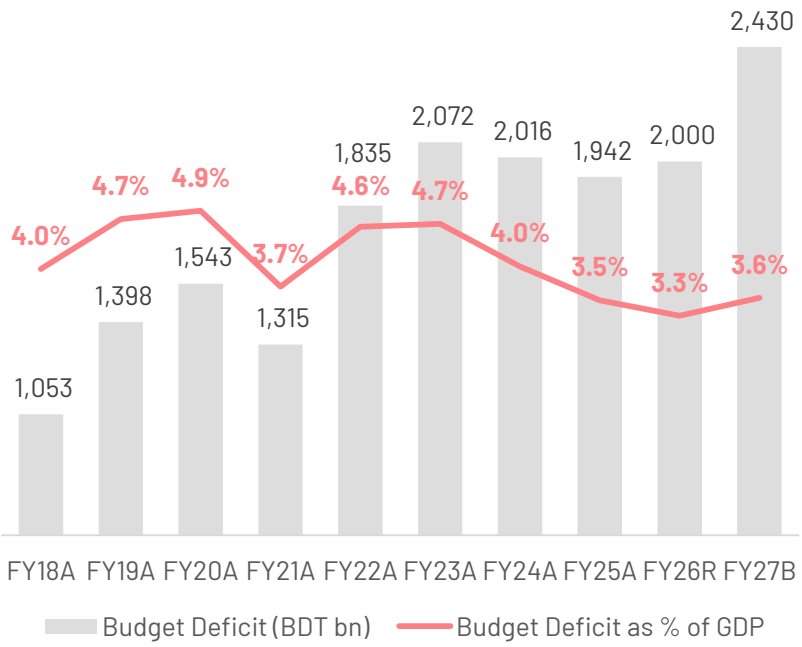
Revenues can meet only 74% of the budget, resulting in a budget deficit of 3.6% of GDP

- The budget deficit is to be mostly financed by BDT 1.16tn (USD 9.4bn) foreign debt and grants and BDT 1.27tn (USD 10.3bn) borrowing from the domestic sources where BDT 1.12tn (USD 9.2bn) alone will be from the banking sector.

Total Deficit

$ 19.8bn	৳ 2,430bn
3.6% of GDP	21.5% growth





Exchange rate: 1 USD = 122.9 BDT
Source: Budget Documents, IDLCSL Research, Ministry of Finance

MAJOR TAKEAWAYS

80-85% of the budgeted figures seem achievable

- Historically Bangladesh has achieved 80-85% of the budgeted targets on an average while the revenue growth was estimated to be double digit.
- Similarly, the policymakers have set a target of c10% growth. As a result, the achievable rate can be expected to increase to stay between 80-85%.

Fig: Actual Revenue Collection (as % of budgeted target)

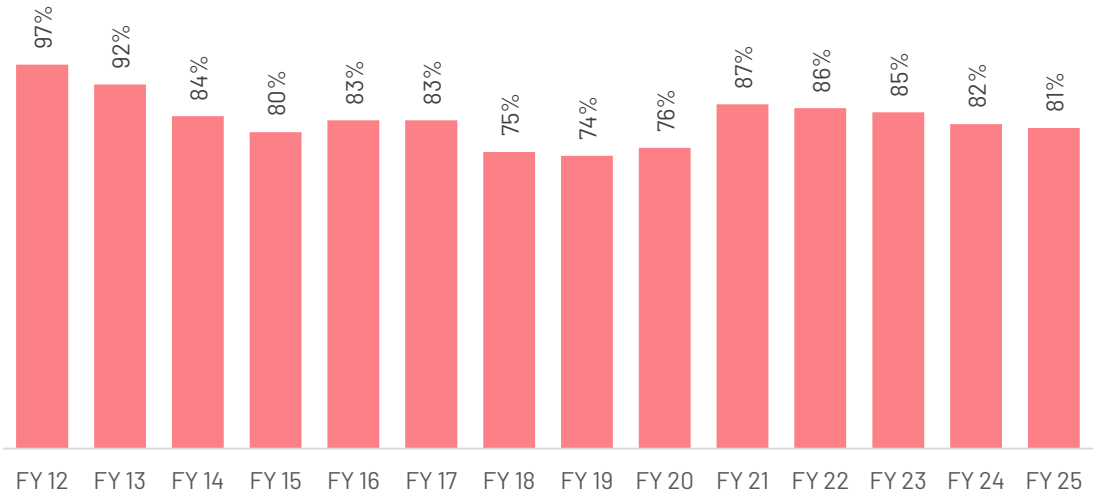


Fig: Actual Expenditure (as % of budgeted target)

Source: Budget Documents, IDLCSL Research, Ministry of Finance

Ambitious GDP growth & inflation target

- The government targets 6.5% GDP growth for FY27 and 8.5% over the medium term compared to FY26 provisional growth at 4.14% and ADB/IMF/WB projections of 4.7%, 4.3% and 4.6% for FY27 respectively. the target appears ambitious—especially amid geo-political turmoil, sluggish private sector credit growth, and higher inflation dampening investor sentiment.
- The inflation is targeted to come down to 7.5% by Jun 2027 and <5% by Jun 2031. Given the increasing of ADP, high energy input cost, high interest rate in place, the inflation target also seems to be optimistic.

Fig: Historical Real GDP Growth

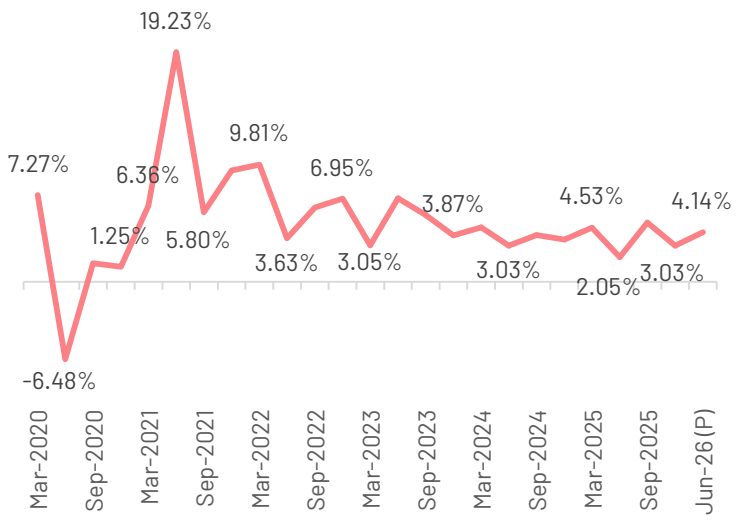


Fig: Point to Point CPI Inflation

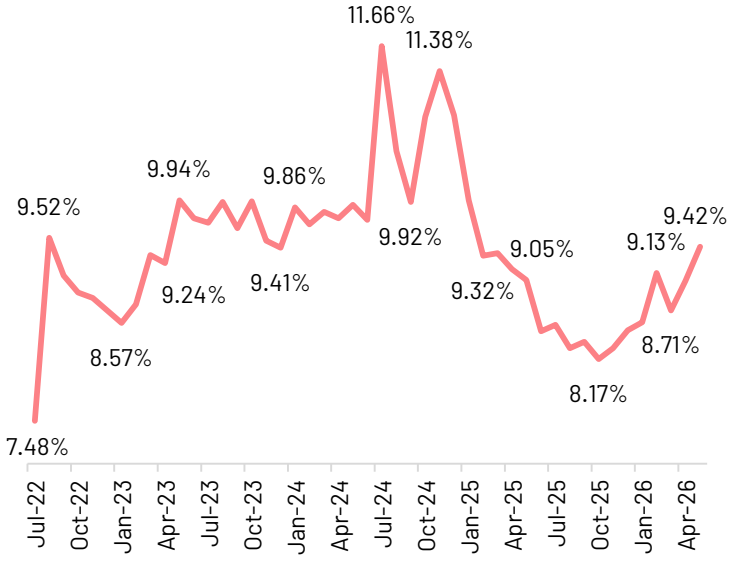
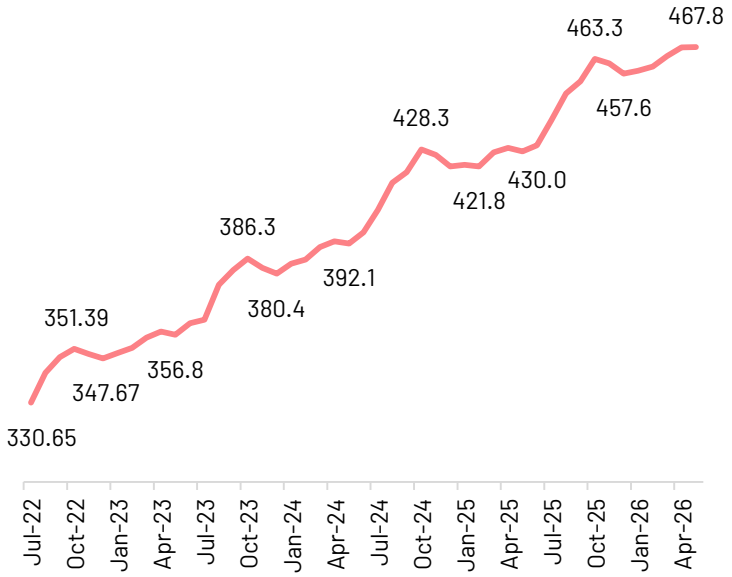


Fig: Rebased CPI Index

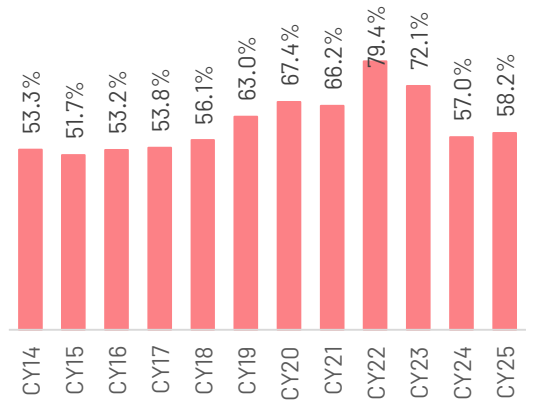


Source: Budget Document, BBS, Bangladesh Bank, IDLCSL Research

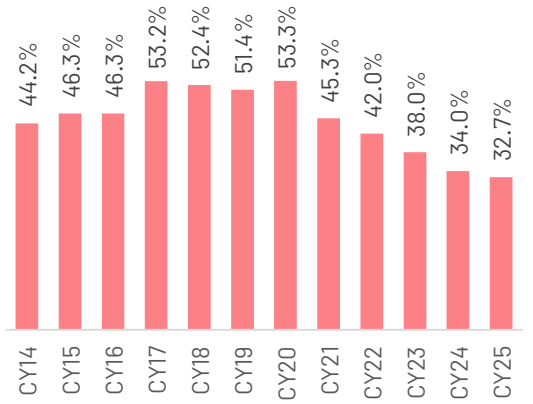
Taking foreign debt will escalate external debt to GDP but the alternatives are not rosy either

- An increase in external debt to GDP is not welcoming as it puts pressure on exchange rate going forward. The gross external debt position stands at USD 110.93bn as on Mar'26, implying a 4.8% yoy increase.
- Even though debt-to-GDP is rising, it is still not as high as those of the peer countries which experienced economic collapse as their external debt-to-GDP crossed 35% reaching almost as high as 80%.
- Without the foreign debt, the government has two alternatives - print money amid high inflation or let the interest rates increase further by borrowing from banks – all of which are not beneficial as well.

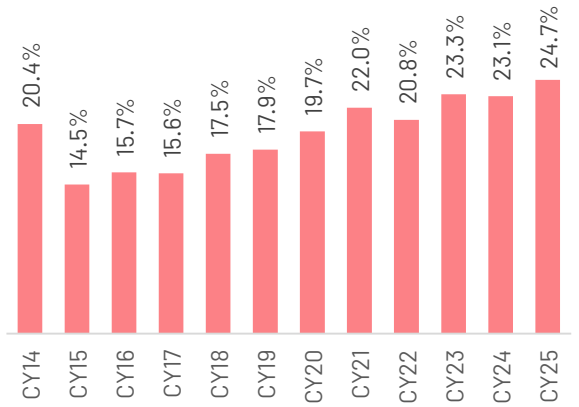
Debt-to-GDP (Sri Lanka)



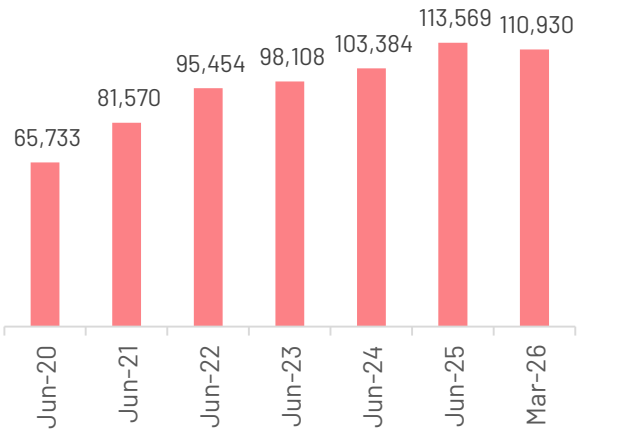
Debt-to-GDP (Turkey)



Debt-to-GDP (Bangladesh)



Gross External Debt (USD Mn)



Source: Focus Economics, IDLCSL Research, Bangladesh Bank

Listing gets 250bps rate cut; 500bps cut if at least 10% share is floated (reducing from above 10%)

- The base tax rate for listed and non-listed companies remain the same, 25.0% and 27.5% respectively, with flat 2.5% gap. The gap widens to 5.0% if the public company floats at least 10% of shares through IPO, Direct Listing, Rights Issue or Repeat Public Offer (RPO).
- Upon meeting certain conditions (all transactions to be received by banking channel), listed companies can get another 250 bps reduction in tax rate (20%), thus increasing the tax gap to 7.5%. Well governed companies, including multi-nationals, have the capacity to avail this.

Criteria	Assessment Year	Private companies	Public companies	Comment
Base tax rate	FY 27 – FY 31	27.5%	25.0% 22.5%*	Unchanged
Upon meeting criterion (all transactions through banking channel)	FY 27 – FY 31	25.0%	20.0%*	Unchanged
Bank, Insurance & NBFI	FY 27 – FY 31	40.0%	37.5%	Unchanged
Higher Education	FY 27 – FY 31	5.0%	n/a	Decreased from 15%

* Complying with **at least** 10% Free Float through IPO, Direct Listing, Rights Issue or Repeat Public Offering (RPO)
Source: Budget Documents, IDLCSL Research, Ministry of Finance

Tax free income threshold raised; burden still falls on lower and middle income groups

- The tax free income limit has raised up to BDT 400,000 from FY27 while the limit reaches BDT 500,000 in FY31.
- Minimum tax remains BDT 5,000 upon exceeding tax-free limit while new taxpayers minimum tax remains BDT 1,000.
- However, the new tax slabs for individual taxpayers would increase tax burden of the lower & middle by as high as 25%+ and as low as 15%+.

Rate	AY2025-26	AY2026-27 & 27-28*	AY2028-29 & 29-30*	AY2030-31*
Nil	Up to 3,50,000	Up to 4,00,000	Up to 4,50,000	Up to 5,00,000
5%	Next 1,00,000	– (n/a)	– (n/a)	– (n/a)
10%	Next 4,00,000	Next 3,00,000	Next 3,00,000	Next 3,00,000
15%	Next 5,00,000	Next 4,00,000	Next 4,00,000	Next 4,00,000
20%	Next 5,00,000	Next 5,00,000	Next 5,00,000	Next 5,00,000
25%	Next 20,00,000	Next 20,00,000	Next 20,00,000	Next 20,00,000
30%	Remaining	Remaining	Next 2,64,00,000	Next 2,63,50,000
35%	– (n/a)	– (n/a)	Remaining	Remaining

Source: Budget Documents, IDLCSL Research, Ministry of Finance. *Revised & final finance bill 2026

Scenario with Proposed Tax Rate and Slab			
Yearly taxable Income (BDT)	Old Tax Amount	New Tax Amount	Increase
500,000	10,000	10,000	-
1,000,000	67,500	75,000	11.11%
1,500,000	150,000	170,000	13.33%
2,000,000	257,500	290,000	12.62%
3,000,000	507,500	540,000	6.40%
5,000,000	1,065,000	1,110,000	4.23%

Investment tax rebate threshold changed; NSC no longer have 10% final tax

Table: Tax-free thresholds

Category	FY27/28	FY31
General	4,00,000	5,00,000
Women & seniors 65+ (Unchanged)	4,25,000	5,00,000
Persons with disability (Unchanged)	5,00,000	5,75,000
Third gender (Unchanged)	5,00,000	5,75,000
War-wounded / July fighters (Unchanged)	5,25,000	6,00,000

Net-wealth surcharge (Unchanged)

Net assets	Surcharge
Up to BDT 4cr	Nil
> 4–10cr (or >1 car / house >8,000 sqft)	10%
> 10–20cr	20%
> 20–50cr	30%
> 50cr	35%

Additional items for personal & corporate tax in FY27

- The 10pc TDS for interest income on NSC will be considered as advance tax only and not final tax from FY27, with the taxpayer liable to pay any additional tax through the regular assessment process.
- However, taxpayers whose only income comes from NSC investments will continue to enjoy the 10pc concessional tax rate.
- Tax exemption on Zero Coupon Bond's interest / discount will be kept in place.
- Kept 20pc preferential tax rate on corporate & introduced flat 15pc on individual dividend income

Investment Tax Rebate

- The investment tax rebate has been reduced to the lower of:
  - 3pc of taxable income, or
  - 10pc of actual investments (previously 15%), or
  - BDT 0.75 million (previously BDT 1.0 million).
- No eligibility for investment tax rebates and repayment of previously taken tax rebates if government securities (T-bills, T-bonds, NSCs), or mutual funds are en-cashed before maturity.
- Removed the existing BDT 0.5mn (USD 4,098.4) investment ceiling for claiming tax rebates on investments in mutual funds.

Source: Budget Documents, IDLC SL Research, Ministry of Finance

Turnover tax rate has been kept unchanged at 1%

- For all taxpayers doing business (except telco, tobacco, and carbonated beverage), the turnover tax rate has been kept unchanged at 1%.

Industry	Applicable tax rates		Comment
	Previous	New	
All taxpayers doing business	1%	1%	Unchanged
Mobile Operators	1.5%	1.5%	Unchanged
Tobacco	5%	3%	Positive
Carbonated Beverage Producers	3%	2.5%	Positive
Startup		0%	Positive
Startup (VAT)	15%	0%	Positive, Upto 2035

Source: Budget Documents, IDLCSL Research, Ministry of Finance

Capital market: a structural pivot from bank debt to markets

Plumbing & access

- **Settlement:** T+2 → T+1 → T+0 (same-day) roadmap with BSEC-CDBL-bank integration.
- **NITA / foreign investors:** auditor-certificate scrapped; same-day repatriation & reinvestment.
- **PE/VC unlock:** no valuation report for deals ≤ BDT 1cr; repatriation ≤ BDT 100cr without prior BB approval.
- **Digital IPO pipeline:** time-bound, fully online IPO on an integrated issuer-regulator platform.
- Listed corporations must distribute at least 30% of their net post-tax profits as dividends. If a firm falls short of this threshold, a 10% penalty tax will be levied against the entire retained deficit. Commercial banks, insurance providers, and non-bank financial institutions (NBFIs) are exempt from this specific penalty.*

Instruments, cost & structure

- **Alternative instruments:** frameworks for municipal bonds, corporate bonds, green bonds & Sukuk (simplified SIID).
- **Appeal-cost cut:** VAT/customs appeals to 1%/1%/2% (from 10%); income-tax tribunal 3% (was 10%).
- **TDS → advance tax:** WHT no longer a minimum tax; excess refundable for brokerage houses-ends the brokerage liquidity trap.
- **Under review:** a dedicated capital-market tribunal / fast-track court.

Source: Budget Documents, IDLCSL Research, Ministry of Finance. *Revised and final Finance Bill 2026

Banking repair + a BDT 60,000cr Bangladesh Bank stimulus

Table: Stimulus Package-2026 (BDT crore)

Component	Allocation	Target
Reopen closed industry + services	20,000	Sick/closed enterprises
Agriculture & rural economy	10,000	Farm & rural activity
CMSME	5,000	Cottage/micro/SME
Export diversification	3,000	New export sectors
North Bengal agri hub	3,000	Regional agri development
Total	**60,000**	**41,000cr refinance + 19,000cr BB own**

- **Weak-bank recapitalization:** the government is spending >BDT 40,000cr this year to recapitalize banks.
- 6% interest subsidy; >2.5m new jobs targeted under the package.
- Risk-based supervision for weak banks; legal reform to remove political/family interference.
- **Impact:** positive for SME/agri/corporate-heavy banks — BRACBANK, CITYBANK, EBL, PREMIERBAN, PUBALIBANK.

Source: Budget Documents, IDLCSL Research, Ministry of Finance

Additional changes in Finance Bill 2026

- Corporate tax for private universities, medical colleges, dental colleges, engineering colleges and ICT-dedicated institutions has been reduced from the proposed 10% to 5%.
- Value-added tax (VAT) on digital advertising across social media platforms, OTT platforms and online marketplaces has also been reduced from 15% to 5%.
- The government also expanded tax exemptions for indigenous communities in both the three hill districts and the plains by proposing that salary income, in addition to income from business, agriculture and other economic activities.
- To support the shrimp sector, customs duty, regulatory duty, supplementary duty and VAT on imported shrimp feed, probiotics, vitamins, minerals, other essential inputs and related machinery will be withdrawn.
- Capital gains tax on gold has been cut from 15% to 5%.

Source: Budget Documents, IDLCSL Research, Ministry of Finance

IMPACT ON SECTORS & STOCKS

Tobacco: Price hike likely to suppress demand and put pressure on BATBC

Proposed Changes	Likely Impact	Remarks
- Cigarette prices raised across all 4 tiers (BDT 2, 12, 20, 25) - Proposed SD on Nicotine Pouch is 40% (Increased) - Proposed SD on Heated Tobacco is 67% (Increased) - 300% SD imposed on filter paper (Acetate tow & Filter rod). - 350% SD imposed on Nicotine granules & nicotine pouches	**Negative**	- FY27 cigarette price hikes of c3–15% and a higher minimum price slab may prolong volume pressure on BATBC as consumers continue shifting toward illicit cigarettes. - Following a c30–35% decline in sales volume over the past year, earnings recovery could be delayed despite the normalization of factory relocation-related expenses.
- The government will implement "Track & Trace" for monitoring production & supply of cigarette sticks. While making sure that only cigarette manufacturer can import cigarette papers and trade accordingly.	**Positive**	- Stricter monitoring may curb illicit cigarette production and improve sector competitiveness

Source: Budget Documents, IDLCSL Research, Ministry of Finance

Spinning & Textile: Improved bond facilities and lower taxes may boost competitiveness

Proposed Changes	Likely Impact	Remarks
- AIT on raw material imports reduced from 5% to 4% - Woven Fabrics & other textile material products Import SD decreased from 45% to 40%	**Positive**	MATINSPINN, MALEKSPIN, SQUARETEXT, ENVOYTEX likely to encounter lower production cost.
- Bond facility for all readymade garments export sectors; 3-yr bond tenure; Utilization permission timing 48hs → 24hs. - 30% minimum value-addition removed for bank guarantees; - For Shirting/ Cotton Fabrics (imported), Tariff Value is increased to USD 4/kg from USD 3/kg.	**Positive**	SQUARETEXT, ENVOYTEX, PARAMOUNT, MATINSPINN, APEXFOOT
- Import duty of 5% on polyester fiber	**Negative**	TAMIJTEX, SAIHAMTEX
- Export cash-incentive WHT reduced 10% → 5% but considered as advanced tax and subject to additional tax as per the applicable tax rate	**Negative**	All export oriented companies

Source: Budget Documents, IDLCSL Research, Ministry of Finance

Consumer Discretionary: Policy support strengthens local production ecosystem

Proposed Changes	Likely Impact	Remarks
- VAT on local production of refrigerators, freezers, air conditioners and compressors is proposed to be reduced from existing 15% to 7.5%, extended till June 30, 2030. - SD on imports of certain essential raw materials for the manufacturing of refrigerators, freezers, air conditioners and their compressors has been exempted till June 30, 2030 - 20% supplementary duty on imported household-type washing machines has been imposed (to protect local manufacturers) - VAT exemption for mobile phone production and assembly is proposed to be extended (conditionally) till June 30, 2030 (previously it was till 2027) - Float glass (a key raw material for washing machines, electric ovens, and microwave ovens manufacturers), the existing 45% Supplementary Duty is fully withdrawn to support local manufacturers	**Positive**	WALTONHIL, SINGERBD; lower production costs and stronger protection against imported products.

Source: Budget Documents, IDLCSL Research, Ministry of Finance

IT: Internet service providers to incur lower operating cost

Proposed Changes	Likely Impact	Remarks
- Foreign-source income of freelancers and content creators will continue to enjoy tax exemption - Inputs Eligible for Tax and Duty Concessions for the Semiconductor Industry - Printer/monitor AIT 5% → 2%	**Positive**	Lower operating costs for companies like AAMRANET, BDCOM, ADNTEL, AGNISYSL providing internet bandwidth and network services.
- Import duty on computer monitors is being reduced from 25% CD to 5% CD - All import duties (CD, RD, SD, VAT) on laptop, desktop, server, printer, and computer monitors are being fully withdrawn to promote IT sector growth - Extension of the conditional VAT exemption facility for the local production of technology-based products such as computers, laptops, printers, toners, etc., until June 30, 2030	**Neutral**	DAFODILCOM: lower import duties and extended production incentives support growth. WALTONHIL: competition will increase due to the low cost import items.

Source: Budget Documents, IDLCSL Research, Ministry of Finance

Telecom: Lower tax burden to improve sector earnings outlook

Proposed Changes	Likely Impact	Remarks
- BDT 300 SIM tax withdrawn - BTRC 20% revenue-share/licence With Holding Tax removed - Mobile network-services With Holding Tax HT 12% → 10%	**Positive**	SIM tax withdrawal and lower withholding taxes is likely to support subscriber growth and profitability for GP, ROBI

Source: Budget Documents, IDLCSL Research, Ministry of Finance

Pharmaceuticals: Pharmaceutical Industry to reap benefits of cheaper raw materials

Proposed Changes	Likely Impact	Remarks
- 9 new raw materials for manufacturing cancer medicines are being added to the concessionary duty list, with both import duty and VAT set at 0%	**Positive**	BEACONPHARMA and other major cancer drug producers to be benefitted as the cost of production is lowered.
- 51 new raw materials for API production and 17 new basic raw materials will have import duty completely withdrawn (0%) - Biological Safety Cabinets used in pharmaceutical manufacturing import duty slashed from 25% to 1% - Sandwich Panel Rooms , an essential clean-room infrastructure for drug manufacturers will have import duty reduced from 5% to 1% - DOP (Pharma Packaging/Polypropylene Sheet) Import SD Decreased to 10%	**Positive**	RENATA, SQURPHARMA, BXPHARMA, IBNSINA may be benefitted as the cost of production is lowered.
- 0 Duty concession on generic veterinary medicines	**Positive**	RENATA
- Waive of CD, RD, SD, AIT on the import of 21 special assistive devices	**Positive**	JMISMDL
- 10% VAT waived on cardiac stents and intraocular lenses (IOLs); expected reduction in patient cost of up to BDT 20,000 per stent and BDT 5,000 per IOL.	**Positive**	SAMORITA, JMISMDL
- Maize-starch, used as excipient in tablet manufacturing import duty raised 15% → 25%	**Negative**	SQUAREPHARMA, BXPHARMA, RENATA, ACMELAB

Source: Budget Documents, IDLCSL Research, Ministry of Finance

Engineering: Positive impact for automotive industry

Proposed Changes	Likely Impact	Remarks
- VAT exemption for the local manufacturing of IC (petrol/diesel) engine cars, as well as hybrid vehicles, plug-in hybrid vehicles, three-wheelers, four-wheeler electric vehicles, electric buses, and trucks, will be extended until June 30, 2030 on a conditional basis	Positive	ACIMOTORS, RUNNERAUTO (BYD Partnership), IFADAUTO
- AIT reduced from BDT 200,000 to BDT 25K, BDT 50K, BDT 75K or BDT 100K depending on the KW capacity for EV	Positive	RUNNERAUTO (BYD Partnership)
- EVs to enjoy major import duty cuts, slashed from 93% to 64%/80%	Positive	RUNNERAUTO (BYD Partnership)
- Duty exemptions on Raw Materials required for producing lithium-ion batteries, sodium-ion batteries, and lithium-ion battery packs – until 30 June 2030	Positive	RUNNERAUTO (BYD Partnership), WALTONHIL
- Ecofriendly EV chargers or charging stations tariff reduced from 39.7% to 0%	Positive	RUNNERAUTO (BYD Partnership), WALTONHIL
- VAT on locally assembled double-cabin pickup trucks and microbuses has been cut from 15% to 5%.*	Positive	IFADAUTO, AFTABAUTO
- AIT on 22 Raw materials used in local mobile phone manufacturing reduced from 5% and 2% to 1%	Positive	WALTONHIL
- LED lighting products (Finished Goods) has been imposed 60% supplementary duty	Negative	BDLAMPS
- For 1200–1600cc ICE (petrol/diesel) cars, the total tax incidence is proposed to increase from 132.36% → 155.88%	Negative	RUNNERAUTO, IFADAUTOS, AFTABAUTO

Source: Budget Documents, IDLCSL Research, Ministry of Finance. *Revised in the final finance bill

Food & Allied: Duty reductions and tax incentives strengthen competitiveness

Proposed Changes	Likely Impact	Remarks
- Proposed 20% SD on ice-cream imports	Positive	LOVELLO
- Source tax on around 60 essentials cut to 0.5% (paddy, rice, wheat, pulses, potatoes, onions, fish, meat, edible oils, sugar) - Baby-food input duty reduced from 15% to 10% - Local edible-oil companies can enjoy 10-yr tax holiday	Positive	AMCL(PRAN), ACI, BPML, MARICO, UNILEVERCL, EMERALDOIL
- Imported high value frozen fish 15% VAT	Positive	BEACHHATCH, GEMINISEA
- 45% SD imposed on imported sweet biscuit	Positive	OLYMPIC
- 5% RD on all type of spices withdrawn	Positive	ACI, RDFOOD, AMCL (PRAN)
- 0.2% AIT on supply to retailers — but ADJUSTABLE against tax (modest drag)	Negative	ACI

Source: Budget Documents, IDLCSL Research, Ministry of Finance

Chemical: Domestic pesticide producers to benefit from lower VAT

Proposed Changes	Likely Impact	Remarks
- The FY 2026-27 budget fully waives VAT to 0% on the import of 36 raw materials utilized in domestic pesticide production	**Positive**	ACMEPL
- 02 Key skincare & beauty raw materials SD reduced from 30% to 10%	**Positive**	KOHINOOR, MARICO, KEYACOSMET
- 1% import duty on linear alkyl benzene (LAB), one of the main raw materials used in detergent production	**Positive**	KOHINOOR, MARICO, RECKITTBEN
- Full exemption of 7.5% VAT on fertilizer trading and 7.5% AIT on imported pesticides	**Positive**	ACIFORMULA, ACMEPL, AMANFEED, INDEXAGRO, NFML

Source: Budget Documents, IDLCSL Research, Ministry of Finance

Construction: Higher indirect tax burden

Proposed Changes	Likely Impact	Remarks
- 10% RD imposed on copper wire import. Copper Tube import duty increased to 25% from 15%.	Positive	COPPERTECH
- Removed the 10% RD on Cold-Rolled Coil and Sheet Imports*	Negative	SALAMCRST
- VAT on MS products revised up; ferro-alloys BDT 1,200 → 1,500/MT (+25%) - Marble & Granite SD increased from 20% to 45% - Higher VAT on certain steel MS products	Negative	BSRMSTEEL, GPHISPAT, AMANSTEEL, BSRMLTD, MIRAKHTER
- 15% Capital Gain Tax on any receipts other than signing money from real estate developer - Withdrawal of provision for investment of unaccounted money could in the real estate sector without scrutiny over its source*	Negative	EHL

*Revised in the final finance bill

Source: Budget Documents, IDLCSL Research, Ministry of Finance

Polymer & Plastic: Production VAT increased

Proposed Changes	Likely Impact	Remarks
- Production VAT is at 15% (Unchanged from FY 25-26)		
- Greaseproof and glassine options integrated with plastic-polymer packaging laminations see import duty hikes from 15% to 25% plus a 5% RD	**Negative**	NPOLYMER, BENGALWTL, SINOBANGLA, OAL
- Import duties on key plastic raw materials- specifically PVC (Polyvinyl Chloride) and PET resin have been kept at 5%*	**Positive**	NPOLYMER, BENGALWTL, SINOBANGLA, OAL

*Revised in the final finance bill

Source: Budget Documents, IDLCSL Research, Ministry of Finance

Fuel & Power: Withholding tax for gas distribution and oil supplies reduced

Proposed Changes	Likely Impact	Remarks
- Withholding tax rate on oil supplies by companies involved in oil refining has been reduced from 1.5% to 1%	**Positive**	MJLBD, SPCL, MPETROLEUM, JAMUNAOIL
- VAT exemption has been provided at the import stage of Liquefied Natural Gas (LNG)	**Positive**	N/A
- Reduction of withholding tax rate on electricity purchases from 4% to 3%	**Positive**	DOREENPWR, UPGDCL, SUMITPOWER, KPCL, BARKAPOWER, EPGL
- 20% renewable energy by 2030 - 0% tax on solar electricity bills	**Positive**	PTL
- Increase of Import duty of transformer from 10% to 25% upto 1KVA. Impose new 5% RD.	**Positive**	Energypac Power Generation

Source: Budget Documents, IDLCSL Research, Ministry of Finance

Banking & Insurance: Stimulus package to revitalize lifeline

Proposed Changes	Likely Impact	Remarks
- BDT 60,000cr stimulus package for refinancing - Excise-duty exemption on bank deposits raised BDT 0.3mn→ 0.4mn; charged once per loan account. - The government is spending more than BDT 40,000cr this year to recapitalize banks.	**Positive**	BRACBANK, CITYBANK, EBL, PUBALIBANK (SME/Agri/Corporate Focused Banks)
- POS Machine import duty reduced from 10% to 5% - Withdrawal of existing 7.5% AIT on POS machines	**Positive**	ITC
- Unsecured personal loan increased from BDT 0.5mn to BDT 1.0mn; secured personal loan increased to BDT 4.0mn - Unsecured credit cards increased from BDT 1.0mn to BDT 2.0mn; secured credit cards increased from BDT 2.0mn to BDT 4.0mn - New credit cards can be issued by BOD approval without BB approval - TIN Certificate is no longer required for opening bank accounts*	**Positive**	All scheduled banks
- WHT for non-resident tax payers will be reduced from 10% to 5% on insurance premium	**Positive**	All listed insurance companies

*Revised in the final finance bill

Source: Budget Documents, IDLCSL Research, Ministry of Finance

Summary of the sectors

Positive

- **WALTONHIL, SINGERBD** – appliance VAT 7.5% + float-glass SD removal + WM protection to 2030.
- **GP, ROBI** – SIM-tax & BTRC-WHT removal, network-services WHT cut.
- **SQUAREPHARMA, BXPHARMA, RENATA, BEACONPHAR, JMISMDL** – API/cancer 0%-duty, stent/IOL/dialysis relief.
- **RUNNERAUTO, IFADAUTOS** – EV charger 0%, EV AIT cut, local-assembly VAT exemption.
- **IDLC, LANKABAFIN, ICB** – TDS→advance tax, T+0/NITA
- **BRACBANK, EBL, CITYBANK** - BDT 600bn stimulus.

Negative

- **BATBC** – higher MRP across tiers, 300% SD on filter inputs, Track & Trace load.
- **BSRMSTEEL, BSRMLTD, GPHISPAT** – higher specific VAT on MS products; pass-through uncertain.
- **BENGALWTL, SINOBANGLA, OAL** – PVC/PET resin duty 5% → 10%.
- **Finished-appliance & IT-hardware importers** – duty withdrawals compress local-assembly margins.

Source: Budget Documents, IDLCSL Research, Ministry of Finance

Risks to watch out for.....

Major Risk Parameters
Geopolitical Risk
Global Energy Price
Exchange Rate Volatility
Excessive Domestic Borrowing by Government

Source: IDLCSL Research

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