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I. The Bangladeshi entrepreneurial ecosystem

Bangladesh is progressively emerging as a dynamic nucleus for entrepreneurship and innovation while achieving a formidable USD 460 Billion Gross Domestic Product (GDP), the second highest in South Asia. The robust entrepreneurial ecosystem has fueled multiple sectors, encompassing fintech, healthtech and beyond, riding on the sturdy economic growth, with a remarkable (GDP) growth rate of 7.1% in 2023.

A powerhouse of one hundred and seventy (170) Million consumers, Bangladesh offers a thriving, scalable market to investors globally. In the country, a median age of twenty-eight (28) years and 62% of the population under thirty-five (35) ensure a steady influx of tech-savvy and digitally inclined population.

Digitization is relentless in Bangladesh, evident through a staggering 131 Million internet subscribers in 2023 and a 75% internet penetration rate. Adding to this digital prowess, Bangladesh has 69% of unbanked adults owning mobile phones, revealing an enticing opportunity for mobile financial services to usher in financial inclusivity.

The government's unwavering dedication to incentivizing the startup ecosystem is clear. Initiatives like the Innovation Design and Entrepreneurship Academy (iDEA) project and Startup Bangladesh Limited provide robust support to entrepreneurial aspirations. Continued efforts are being made to construct a fund of funds (according to Forbes, a fund of funds is a pooled investment fund that invests in other types of funds. Its portfolio contains different underlying portfolios of other funds, replacing direct investments in bonds, stocks, and other securities). This demonstrates Bangladesh's resolute mission to foster innovation, attract investment, and empower startups. In fact, Bangladesh's vibrant economy aims to host five (5) unicorns by 2025. Further, it anticipates raising USD 2.5 Billion annually in startup funds by 2030.

The confluence of these factors paints an exciting, technologically advanced, and investment-ripe image of Bangladesh, poised on the cusp of a transformative entrepreneurial era.

1. Startup definition

Overall, a startup is an innovative venture with the potential for high growth, driven by technology and characterized by having a functional prototype and a scalable, repeatable business model. Startups are founded to explore creative ideas, often centered around technology, and to capitalize on emerging market opportunities.

In Bangladesh, while an official definition for startups has not yet been established, a notable stride towards formulating such a definition was made through a pivotal policy workshop. This event, sponsored by the government's venture capital fund known as Startup Bangladesh Limited, was conducted on September 15-16, 2023, and represents a significant milestone in recognizing and structuring the startup ecosystem in the country. This event was aimed at two (2) primary objectives—stimulation of the nascent startup ecosystem, and improvement of understanding regarding a National Startup Policy. This workshop saw active participation from key stakeholders including startup founders, ecosystem builders, and policymakers who engaged in in-depth discussions about the proposed policy and its implications.



2. Promising sectors in Bangladesh

In Bangladesh, according to the World Bank, the service sector contributes to 51% of the country's GDP and provides work for 41% of the workforce in 2022. Not too far behind, the industry segment comprises 33.9% of the GDP and provides jobs to 22% of the total workforce in the same year. Agriculture, though contributing to 11.2% of the country's GDP, offers employment to 37% of the workforce. The diversified economic base creates a particularly fertile environment for startups across a broad spectrum of sectors.

The following three (3) sectors stand out for their significant impact on the startup scene, driven by substantial investment volumes and a high number of deals. This trend underscores a notable governmental emphasis on these sectors, indicating their strategic importance for economic development and innovation.

\$

Financial Services

The financial services sector has experienced significant growth thanks to remarkable governmental efforts. One such example is the National Financial Inclusion Strategy (NFIS) for Bangladesh spanning from 2021 to 2026. It endeavors to enhance accessibility, utilization, and the caliber of financial services across diverse customer segments. It advocates for digital and financial literacy, expands the reach of Digital Financial Services (DFS) through avenues like Mobile Financial Services (MFS) and fintech platforms, and bolsters the policy governance and regulatory framework, among other strategic pillars. In 2023, financial services, including embedded finance and fintech, have seen a total of USD 596 Million raised through thirty six (36) deals, with investments exceeding USD 615 Million in embedded finance and fintech since 2010.

This substantial funding reflects a robust demand for innovative financial solutions within the country. In 2023 alone, startups in the fintech and embedded finance space raised over USD 30 Million, showcasing sustained investor interest. Over the span of 2010 to 2023, sixteen (16) unique startups have been funded, indicating a diverse landscape of financial innovation. Positive trends in digital finance indicators underscore the increasing financial inclusion nationwide. Fintech has emerged as a pivotal player in expanding financial access, particularly in rural areas where traditional banking services are scarce. Mobile banking and digital wallets have emerged as powerful tools, extending financial services to previously underserved populations, including the unbanked underbanked.



Logistics & Mobility

The logistics & mobility sector holds a pivotal position in Bangladesh's economic advancement and global trade. The Government has acknowledged the significance of formulating a comprehensive logistics policy to tackle the sector's challenges and enhance efficiency. In 2024, in a bid to rejuvenate this sector, the Prime Minister's Office of Bangladesh has unveiled the nation's first logistics policy, marking a significant stride towards boosting effectiveness and promoting sustainable development within the industry.

This sector also experienced a surge in investment activity, with a substantial volume totaling USD 102 Million raised across fifty (50) deals. Startups within this sector are significantly reshaping transportation dynamics in Bangladesh, focusing on optimizing supply chains and facilitating the efficient movement of goods and people. This influx of investment underscores the growing importance of innovative solutions in enhancing logistics and mobility infrastructure, paving the way for improved efficiency and effectiveness in the transportation sector.



E-commerce & Retail

Finally, the e-commerce & retail sector has experienced remarkable growth since the 2000s. The government has initiated numerous measures to support its growth, like enacting the National Digital Commerce Policy in 2018 and fostering the advancement of digital payment solutions. The government continues to play a significant role in shaping the regulatory framework and facilitating the development of e-commerce throughout the country. In 2009, the Bangladesh Bank, the country's central banking authority, started allowing online transactions, marking a pivotal moment in the evolution of e-commerce within the nation. In 2013, the Bangladesh Bank further expanded e-commerce opportunities by allowing the purchase and sale of goods and services online using international credit cards. This decision opened new avenues for online transactions and facilitated cross-border commerce, contributing to the growth and globalization of Bangladesh's e-commerce sector. Thanks to these efforts, the sector witnessed a surge in investment activity in 2023, with a notable volume totaling USD 78 Million across seventy (70) deals. Startups in the e-commerce and retail sector are significantly reshaping Bangladesh's retail landscape, spearheading the digital commerce revolution and enhancing consumer convenience.

3. Bangladesh startup scene

To provide a comprehensive insight into the startup scene of Bangladesh, the data below is built upon a synthesis of data sourced from government and reputable platforms. It provides an approximate count of the Startup Support Organizations (SSOs), i.e., incubators, accelerators, and coworking spaces, currently in operation.

Bangladesh's top industry sectors by amount raised and by deal count in funding 1

- E-Commerce
- Financial Services
- Logistics & Mobility

Startup ecosystem in numbers

- Number of operating startups (2023)1: 2500
- Funds raised by startups (2023)²: 72 Million USD
- Number of incubators and accelerators (2023)1: 18
- Number of competitions (2023)¹: 14
- Number of coworking spaces³: 30
- Number of investing actors (2023)¹: 98



Entrepreneurship and innovation in Bangladesh: Indexes and Rankings (2023)

Index	Ranking
Business environment ⁴	76
Economic freedom ⁵	122
Global innovation ⁴	105
Global knowledge ⁶	112
ICT access ⁴	95
Innovation linkages ⁴	100

Index	Ranking
Knowledge workers ⁴	119
Mobile app creation ⁴	67
Operational stability for businesses ⁴	112
Regulatory environment ⁴	122
State of cluster development ⁴	84





I. Guiding steps to launch a startup in Bangladesh

1. Country specific legal structures

In Bangladesh, entrepreneurs can choose among six (6) distinct types of legal structures, each tailored to suit their company's specific activities. Each structure possesses unique attributes designed to accommodate distinct economic objectives. Below are business legal structures for entrepreneurs, listed from single-owner setups to entities suitable for numerous shareholders:

- Sole Propriertopship
- Partnership
- Representative Office
- Branch Office
- Limited Liability Company (LLC)
- Public Limited Company (PLC)

Among these, Limited Liability Companies (LLCs) stand out as being particularly well-suited for startups, primarily due to numerous flexibility benefits they offer, especially with regards to limits on shareholders, capital requirements, and foreign ownership.

Regarding the legal structure of businesses in Bangladesh, most are registered as private limited liability companies, or simply, limited liability companies, referred to as LLC above. Such a company is a stand-alone legal entity and its shareholders' liability is limited. According to the Companies Act, 1994, anyone above eighteen (18), whether a local or a foreigner, can register a company in Bangladesh. In essence, an LLC restricts share-transfer, prohibits public invitation for share or debenture subscription, and caps its member count at fifty (50). The LLC is a favored legal entity for new entrepreneurs establishing businesses in Bangladesh. A minimum of two (2) shareholders and two (2) directors are required to form an LLC, and these can be either individuals or legal entities. The directors and shareholders can be of any nationality and residency within Bangladesh is not mandatory. Completion of the incorporation process necessitates a minimum paid-up share capital of USD 1.





2. Legal steps

The Bangladeshi government has a network of key stakeholders and governmental organizations that jointly operate to facilitate company incorporation, including startup formation.

The <u>Registrar of Joint Stock Companies and Firms (RJSC)</u> is the singular authority facilitating the establishment of companies, maintains a rigorous record of all ownership-related affairs in accordance with Bangladeshi legislation. It also proactively works towards enhancing the ease of doing business in Bangladesh. The RJSC facilitates companies' registration through the <u>online platform</u>, aimed at simplifying the business registration process.

The <u>Bangladesh Investment Development Authority (BIDA)</u> plays a crucial role in this network. Under the supervision of the Prime Minister's Office, BIDA enhances private investment, advocates for business-accommodating policies and undertakes regulatory functions such as registration, approvals, and recommendations. Most of BIDA services are offered to foreign investors.

The <u>Ministry of Commerce</u> is another key player which streamlines regulations and policies pertaining to domestic and international trade. The Ministry is resolved to bolster the business scenario in the country by formulating and overseeing fair and agile commercial legislation and regulations, fortifying strategic alliances, and cultivating trust between sellers and buyers, thereby augmenting the contribution of commerce to the national economy.

The <u>Ministry of Social Welfare</u> is accountable for social and rehabilitative programs designed to uplift disadvantaged groups' physical, social, and economic conditions. Consequently, it fosters a more efficient labor market.

The <u>Federation of Bangladesh Chambers of Commerce & Industries</u>, being the premier trade organization, provides advisory and consultative services, thereby championing the interests of the private sector in Bangladesh.

The <u>National Board of Revenue (NBR)</u> performs critical tax-related functions. As the authority for tax administration in Bangladesh, NBR is tasked with formulating and reviewing tax policies and legislation, negotiating tax agreements with foreign governments, and engaging in dialogues regarding fiscal policies and tax administration. Its pivotal function involves the collection of various tax revenues, such as Value Added Tax, Customs Duty, Excise Duty, and Income Tax.



- 1 Verify the startup activity
 - 2 Obtain clearance for your company name
 - **3** Draft the Memorandum of Association (MoA)
 - Register your company and obtain a certificate of incorporation

Legal steps

- **5** Open a bank account
- 6 Obtain a national Tax Identification Number (TIN)
- **7** Obtain a Trade License
- Register for Value Added Tax (VAT)
- 9 Apply for a Digital Business Identification (applies to digital ventures)

Step 1: Verify the startup activity

In Bangladesh, certain sectors require prior approval or authorization from the relevant authorities for both local and foreign entrepreneurs. These regulated activities include four (4) sectors where all sorts of investments are restricted; namely, arms and ammunitions, nuclear power, security printing and minting, and forestation and mechanized extraction within the reserved forest boundary. Additionally, 22 sectors require prior clearance from respective line ministries or authorities, such as deep-sea fishing, private banking and insurance, power supply and distribution, natural resource extraction, large-scale infrastructure projects, telecommunication services, cargo and passenger aviation, seaport services, and industries using heavy minerals. For unregulated activities, no such pre-approval is necessary.

Step 2: Obtain clearance for your company name

To be able to register your company, your company suggested name must be available and approved (cleared) by the Registrar of Joint Stock Companies and Firms (RJSC). The name clearance remains valid for thirty (30) days (extendable to one hundred eighty (180)) from the date of issue. Follow the steps below to request an approval on your proposed company name. For an extensive, step-by-step walkthrough of the process, you are advised to refer to the name clearance tutorial.

Steps Ste

- Initiate a search for your proposed business name on the RJSC portal to ensure it is unique and available.
- 2 Create an account, then log in to the RJSC portal.
- 3 Submit a request for name clearance to the designated RJSC office through the website.
- 4 Process the payment.
- 5 Collect the name clearance letter, which is necessary for the next steps.

Documents

Payment must be done within seventy-two (72) hours following the submission of the name reservation.

© Cost

Refer to the official Fee Calculator.



Step 3: Draft the Memorandum of Association (MoA)

At this stage of company formation, the entrepreneur chooses a company structure to establish a new legal entity. The <u>Memorandum of Association</u> can be drafted by the entrepreneur or with the assistance of the relevant professional.

Step 4: Register your company and obtain a certificate of incorporation

After securing the name clearance and completing the drafting of the <u>Memorandum of Association</u> (MoA), the subsequent phase entails the collection of all documents necessary for company incorporation through the RJSC. Proceed with the following instructions to accomplish your company's registration on the <u>portal</u>. For an intricate, step-by-step walkthrough, please consult the comprehensive <u>registration guide</u> available on the RJSC website.

Steps Ste

- 1 Enter and log in the RJSC portal.
- 2 Choose 'Apply for Registration' and select your entity type.
- 3 Enter name clearance application reference.
- 4 Provide the required information.
- Enter appropriate data for your entity in the prescribed formats of Memorandum of Association (MoA) and Articles of Association (AoA).
- 6 Submit the necessary documents online.
- 7 Submit the required hard copy documents as specified in the portal to the RJSC counter.
- 8 Submit and proceed to pay the registration fees.
- 9 Collect your certificate of incorporation, if all the requirements are met.

Documents for local companies

- ⁻ A Memorandum of Association.
- Articles of Association.
- ⁻ A Form I: Declaration on Registration of Company.
- A Form VI: Notice of situation of Registered office of any change therein ("FORM VI THE A COMPANIES ACT, 1994").



- ⁻ A Form IX: Consent of Director to Act.
- ⁻ A Form X: List of Personal Consenting to be Directors.
- Form XII: Particulars of the Directors, Manager and Managing Agents of any therein.
- An evidence of name clearance.
- A proof of special adhesive stamps and treasury challan from Bangladesh Bank.

Documents for foreign companies

- A filled-in <u>form XXXVI</u>: <u>Documents (Charter, Statutes or Memorandum and Articles of the Company, other Instrument)</u>, constitution and defining the constitution of the company.
- ⁻ A filled-in form XXXVII: Notice of the Address of the Registered of principal office of the Company.
- ⁻ A filled-in form XXXVIII: List of Directors and Managers.
- ⁻ A filled-in form XXXIX: Return of persons authorized to accept services.
- A filled-in form XLII: Notice of Situation of the principal place of business in Bangladesh or any change therein.
- An encashment certificate from a scheduled bank.
- ⁻ A permission from Board of Investment of Bangladesh.

Requirements

- ⁻ The approval for the proposed entity's name before applying to register is required (it is not needed for foreign companies and partnership firms).
- The entity's registration application must be submitted within the validity period of the name clearance.
- The necessary documents for company formation, including the MoA & AoA, must be submitted.

S Cost

Refer to the official Fee Calculator.

Step 5: Open a bank account

Establishing a permanent bank account is a critical step for the capital remittance process and efficient fund transfer within Bangladesh. This account should be endowed with a minimum deposit of USD 50,000 if you envisage hiring foreign personnel.



Step 6: Obtain a national Tax Identification Number (TIN)

In this step of business creation, entrepreneurs are required to create a digital TIN certificate, issued by the National Board of Revenue (NBR) to pay taxes and enjoy certain advantages, when applicable.

Steps Step

- 1 Enter the e-TIN Registration Website of the National Board of Revenue.
- 2 Complete and submit the registration form, and ensure your account is activated.
- 3 Log in to your account in the NBR Portal.
- Enter the required information of the applicant/company for the TIN Certificate, including details such as the taxpayer's status, registration type, source of income, location of income, and specific area.
- 5 Obtain your e-TIN certificate.

Documents

- A copy of the company's articles of incorporation and memorandum of association.
- ⁻ A certificate of bank solvency (if company or sole proprietorship).
- Three (3) copies of the owner's photo (if sole proprietorship).
- Three (3) copies of the managing director's photo (if company).
- A national ID or passport copy and mobile phone number of the entrepreneur.
- A document detailing the date of incorporation of the business, its incorporation number, and its authorized person.





Requirements

To acquire an e-TIN Certificate in Bangladesh, the NBR asks individuals or companies to meet one or more of the main following criteria:

- Your yearly income exceeds the maximum amount that is not subject to tax under the ordinance (for individuals).
- ⁻ You have membership in a chamber of commerce and industries, or a trade association.
- Your basic monthly salary in any public office is BDT 16,000 or more, requiring you to file an Income Tax Return.
- You operate any business or profession with a trade license from a city corporation, a Paurashava or a Union Parishad.
- You are registered with a recognized professional body as a doctor, lawyer, chartered accountant, cost and management accountant, engineer, architect, surveyor, or another similar profession.
- ⁻ You are registered with the NBR as an Income tax practitioner.
- You are participating in a tender floated by the government, semi-government, autonomous body, or a local authority.
- You serve on the board of directors of a company or a group of companies.



Free of charge.

O Duration

Instant

Step 7: Obtain a trade license

Obtaining a trade license is an essential step for engaging in trading activities in Bangladesh. There are three types of trade licenses available: General, Commercial, and Manufacturing. Each license caters to different business needs and operations. The information provided here pertains specifically to the General Trade License, which is a mandatory requirement for all business entities. The application and issuance process for a General Trade License is administered by the local city corporation or municipal office in the area where the business is located.



Steps Ste

- 1 Fill in the trade license application form.
- 2 Collect the copies of the required documents listed below.
- 3 Submit the filled in application form and required documents to the relevant office.

Documents

- ⁻ An application form collected from the City Corporation or Municipality Office.
- Proof of ownership or rental: a current property tax receipt from the city corporation and utility bill, or an attested photocopy of the rental agreement with a stamp of BDT 300.
- Three (3) passport size photos of the applicant.
- A non-judicial stamp of BDT 300 in cases where the business is run jointly.
- A national ID card of the owner(s).
- ⁻ A company incorporation certificate.
- ⁻ A tax clearance certificate (TIN).
- A work permit from Bangladesh Investment Development Authority (BIDA) (applies to foreigners).

© Cost

- Submission fee: BDT 10.
- License fee: between BDT 100 and BDT 40,000 (subject to the nature and type of the business. For an LLC, the license fee is determined based on the paid-up capital).

O Duration

Three (3) to four (4) working days.



Step 8: Register for Value Added Tax (VAT)

In Bangladesh, all businesses must register for Value Added Tax (VAT) to obtain a unique Business Identification Number (BIN). However, the obligation to pay VAT is contingent on the business's annual turnover. Businesses with an annual turnover of up to BDT 3,000,000 are exempt from VAT. The following outlines the essential steps and documents required for registering for VAT in Bangladesh, as stipulated by the National Board of Revenue (NBR).

Steps Ste

- Reach out to the National Bureau of Revenue Zonal Office and obtain the prescribed application form.
- Submit the completed application form along with supporting documents to the Zonal Office.
- 3 Await verification of the submitted documents by the NBR officials.
- 4 Prepare and facilitate a physical inspection of the business premises by NBR officials.
- 5 Receive your VAT Registration Certificate after successful verification and inspection.

Documents

- An application form.
- A trade license.
- A bank solvency certificate.
- Two (2) photographs of the owner(s).
- A national ID/passport copy of the owner(s).
- An Export registration certificate (ERC) if enterprise is doing Import and Export Business.
- ⁻ The Memorandum of Association & Articles of Association (if enterprise is an LLC).
- TIN certificate.
- A map location of the enterprise premise(s).
- A copy of Board of Investment (BOI) registration.
- A deed of the business premises agreement.





Free of charge.

O Duration

One (1) to two (2) working days.



Step 9: Apply for a Digital Business Identification (applies to digital ventures)

The Digital Business Identification (DBID) is a unique identifier required for individuals and organizations conducting business activities on digital platforms. It serves to ensure transparency, accountability, and regulatory compliance in the digital commerce ecosystem. DBID is necessary for both existing businesses transitioning to digital platforms and new businesses venturing into digital commerce. It signifies adherence to national digital commerce policies and regulations, enhancing trust and credibility in the digital business landscape.

Steps Ste

- 1 Enter DBID website.
- 2 Create an account via the <u>registration page</u>.
- 3 Log in via the following <u>link</u>.
- 4 Fill out the application form.
- 5 Track your application and collect your certificate, after verification.



Documents

- A photo of the owner(s).
- ⁻ An applicant's national identity card number.
- A national identity card number of directors, if applicable.
- A copy of the national identity card number of the house/office owner, or a copy of utility bill (electricity), or a copy of the office rent agreement (if applicable).
- A copy of the trade license, if any.
- ⁻ A company registration number.
- ⁻ A VAT registration number, if any.
- ⁻ An income tax registration number.
- A national identity card number and a recommendation of the local chairman / ward Commissioner / Dignitary, if any.

© Cost

Free of charge.

O Duration

Up to sixty (60) days.





II. Other country-specific considerations

1. Considerations for foreign investors

A foreign investor willing to establish a business in Bangladesh can gain significant advantages, including access to the Asian market and the strategic geographical positioning that bridges Asia and the Middle East. The <u>Bangladesh Investment Development Authority (BIDA)</u> serves as the central facilitation point for investors in Bangladesh, streamlining the investment process. This authoritative body is tasked with invigorating investment activity, both local and international, endorsing pro-business policies, and executing regulatory functions such as business registrations and approvals. BIDA's expertise extends to assisting foreign investors with understanding local regulations, facilitating partnerships with local businesses, and offering comprehensive guidance on commercial operations in Bangladesh. As such, BIDA stands as a crucial ally for investors aiming to tap into the opportunities within the Bangladeshi market.

Foreign investors willing to start a business and invest in Bangladesh can benefit from tax treaties that Bangladesh has ratified with 34 countries.

The Bangladeshi government has liberalized direct investment by foreign nationals in most sectors, while maintaining control over some sectors.

- 100% foreign ownership is allowed for the majority of sectors.
- Full repatriation is allowed for capital invested from foreign sources. Similarly, profits and dividend accruing to foreign investment can be transferred in full. Facilities are provided for repatriation of invested capital, profits, and dividends. Also, when foreign investors reinvest their dividends or retained earnings, those are treated as new investments. A non-resident individual may establish a Foreign Currency Account (FCA) and Non-resident Foreign Currency Deposit (NFCD) with any authorized dealer branch of a bank, utilizing foreign currency brought in from overseas. The funds held within these accounts can be transferred without restrictions. A foreign investor can also open and operate Taka account with any bank while he or she is a resident. A non-resident individual has the option to open a Non-resident Investor's Taka Account (NITA) at any authorized dealer by transferring foreign currency into the country via recognized banking channels. Funds from a Non-resident Foreign Currency Deposit (NFCD) account can be utilized for this purpose, allowing for portfolio investment in Bangladesh.
- n incoming passenger may bring any amount of foreign currency into the country, provided they
 declare it to the customs authorities on Foreign Declaration Exchange Form. For any amount that is
 equal to USD 5,000 or less, no declaration is necessary. Additionally, any amount of foreign currency
 that is brought into the country can also be freely taken out.
- Work permits for foreign nationals and employees associated with projects are not subject to any issuance restrictions.



- The legal framework allows for the transfer of shares owned by foreign shareholders to domestic investors, providing flexibility in investment structures.
- <u>The Foreign Private Investment (Promotion & Protection) Act 1980</u> safeguards foreign investments against nationalization and expropriation, ensuring security and confidence for foreign investors.
- Local and foreign investments receive equitable treatment, promoting a fair business environment for all entities.
- Full foreign ownership through 100% Foreign Direct Investment (FDI) is permitted, as well as participation in joint ventures within the primary and secondary stock markets.
- There is no foreign investment ceiling complete foreign ownership is allowed, highlighting the openness to foreign capital.
- Foreign investors can secure working capital by utilizing facilities provided by local banks, enhancing their operational efficiency within the country.
- The employment of foreign nationals is capped at 5% for the industrial sector or up to 20% for the commercial sector of the total workforce, inclusive of top management. This ratio is to ensure the prioritization of local employment while still allowing for specialized foreign expertise.





2. Non-resident Investor's Taka Account (NITA)

Bangladesh provides Non-resident Investor's Taka Account (NITA) aimed at facilitating the investment activities of foreign investors. These accounts, commonly referred to as temporary bank accounts, are intended for the exclusive purpose of channeling capital remittances from overseas for investment within Bangladesh. A notable benefit of NITA is the ability to open them without needing preliminary approval from the Bangladesh Bank, which expedites the investment process by reducing administrative hurdles. Please note that the following details about opening an NITA are provided for informational purposes and may vary according to the specific guidelines and procedures of the bank you select.

Steps Ste

- 1 Conduct thorough research to identify a bank in Bangladesh that provides NITA services.
- Accumulate all necessary documentation in accordance with the selected bank's specific requirements.
- 3 Fill out the NITA opening application form supplied by the bank.
- Determine the amount you wish to deposit initially, keeping in mind that certain banks may stipulate a minimum deposit criterion.
- Submit the fully completed application form, together with all the requisite documents and your initial deposit if required.
- Once the bank approves your application, they will inform you and proceed with the activation of your NITA enabling you to commence your investment activities in Bangladesh.

Documents

- Applicant's valid passport copy.
- Applicant's photograph.
- Applicant's proof of address.
- Applicant's reliable source of income.
- A copy of a nominee or authorized person's passport or national identity card.
- ⁻ A nominee or authorized person's photograph.



3. Bangladesh Investment Development Authority (BIDA)

Foreign investors can register their businesses by simply logging into <u>BIDA's One-Stop-Service (OSS) portal</u>. Please note that further details on the registration process could be obtained by personally visiting or reaching out to the authority.

Steps Ste

- 1 Visit the BIDA's One-Stop-Service (OSS) portal and create an account.
- Choose the service relevant to your investment type (e.g., "Foreign Investment Registration").
- 3 Fill out the online application form and attach required documents.
- 4 Pay the BIDA registration fee and any applicable VAT through the online portal.
- 5 You will receive a confirmation email acknowledging your application submission.
- 6 BIDA will process your application and might contact you for additional information or clarifications, if needed.
- Upon successful processing, you will receive notification of your BIDA registration approval.

Documents

- An official response incorporating the company's comments that addresses BIDA's queries and fulfills the regulatory requisites for the investment project submission.
- A No Objection Certificate (NOC) from the concerned Ministry/ Directorate/Department in case of application is related to controlled sectors as per the Industrial Policy, 2016.
- An encashment certificate.
- A list of local and imported machinery.
- A project profile if its cost is 100 Million or above.
- A list of directors with information on nationalities and home addresses.
- A land purchase/rental deed agreement of the project.
- A TIN certificate.
- The memorandum and article of association.
- A certificate of incorporation.
- Other necessary documents.



Requirements

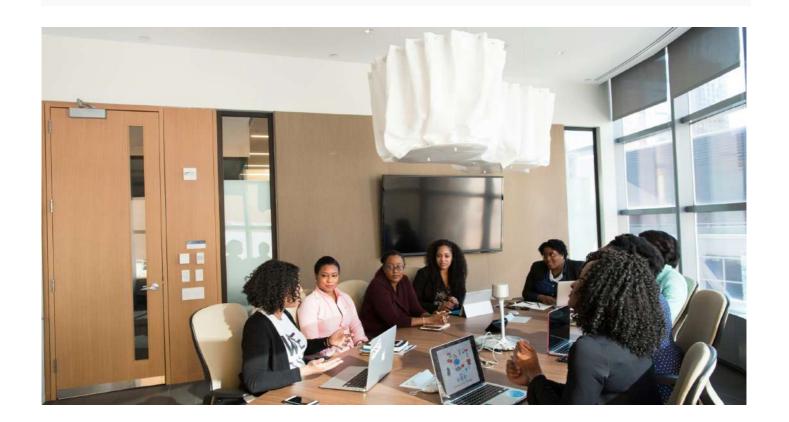
- An initial minimum investment of USD 50,000 is mandated for covering the establishment costs of a new business. Verification of this investment can be substantiated through the encashment certificate, as specified in the documentation checklist.
- Moreover, the proposed business venture must align with the sectors approved under the prevailing Bangladeshi Industrial Policy (2016). Should your business operation fall within a regulated industry category, it may be necessary to acquire a No Objection Certificate (NOC) from the pertinent government ministry or department.

© Cost

- Investments up to BDT 100 Million: 5,000 BDT.
- Investments between BDT 100 Million 250 Million: 10,000 BDT.
- Investments between BDT 250 Million 500 Million: 25,000 BDT.
- Investments between BDT 500 Million 1 Billion: 50,000 BDT.
- Investments exceeding BDT 1 Billion: 100,000 BDT.
- VAT (Value Added Tax) [NM1]: 15% on the total amount of the registration fee.

O Duration

- Registration of a foreign investment project: one (1) day.
- Registration of a commercial office: fifteen (15) days.





4. Tax regime

Brief overview of Bangladesh's tax regime

Companies, including startups, are considered to be resident for tax purposes if they are registered in Bangladesh or if a company's control and management of their affairs are situated wholly in Bangladesh in that year.

A company resident in Bangladesh is subject to tax on its worldwide income unless the income is specifically exempt. A company not resident in Bangladesh is subject to Bangladesh tax on Bangladesh-source income and on income received in Bangladesh. The rate of corporate tax is fixed as follows:

- Resident companies: the general rate for publicly traded companies is 20% and 22.5%. It is 37.5% for Banks, insurance companies and financial institutions. For non-publicly traded companies including private limited companies, the general rate is set at 27.5%. the rate is 40% for banks, insurance companies and financial institutions. For telecom and tobacco companies tax rate is 40% and 45% respectively.
- For branches of non-resident companies: the rate is set at 27.5%.
- A standard Minimum Tax Rate is applicable at rate of 0.6% of the turnover of the business.

Capital Gains

Capital gains derived from the transfer of capital assets is taxable at a rate of 15%. The capital assets include property of any kind held by a taxpayer, regardless of whether the asset is connected to a taxpayer's business or profession (few exceptions apply).

Withholding Tax (WHT)

Payments to resident and non-resident companies are subject to the following WHT:

- Dividends: A company paying dividends shall withhold tax at the rate of 20% on dividends payable to a company, 30% to non-resident individuals, and 10% or 15% to resident individuals.
- Interest: 10% for residents, and 20% for nonresidents.
- Royalties: The rate is 10% if the amount of the payment does not exceed BDT 2,500,00. Other payments are subject to a 12% rate. Nonresidents are subject to a rate of 20%.

Corporate Income Tax (CIT)

For Bangladesh income tax purposes, company income comprises the following:

- Income from house property.
- Income from a business or profession.
- Capital gains.
- Agricultural income.
- Income from other sources.

Value-Added tax (VAT)

The standard VAT rate is 15%, and registration is mandatory for businesses with a turnover exceeding BDT 3,000,000 in the past twelve (12) months or an expected turnover exceeding BDT 3,000,000 in the next thirty (30) days. For turnovers ranging from BDT 3,000,000 to BDT 8,000,000, a Turnover Tax (not a VAT) of 3% is applicable. Meanwhile, businesses with turnovers exceeding BDT 8,000,000 are subject to a 15% VAT.



5. Tax compliance requirements

Filing and payment requirements

Every taxpayer in Bangladesh is required to have a Tax identification Number (TIN). The latter is a unique number related to taxpayers in Bangladesh on registration with the Bangladesh tax authorities. TIN is a unique 12-digit code allotted to each person. The TIN is a mandatory requirement for filing a tax return in Bangladesh. If an income recipient fails to furnish its TIN, tax must be withheld at a rate of 50% higher of the rate specified in the relevant provision of the Income Tax Ordinance 1984.

Income year

Under the Tax Ordinance, the mandatory income year is the 12-month period commencing from the first day of July of the relevant year. However, for the purpose of consolidation of accounts, if a subsidiary company or a liaison or branch office in Bangladesh desires to follow the financial year of its parent company, the approval of the Jurisdictional Tax officer is required.

VAT return

Every registered or enlisted person must file the VAT return for each tax period within a period not exceeding 15 days after the end of the tax period. In addition, payment of VAT must be made on a monthly basis for every taxable person. Net payable VAT is required to be made on or before submission of monthly VAT return of the respective month, i.e., 15th day of the subsequent month

Return of WHT

Every physical or moral person shall file return of WHT collected or deducted on a monthly basis accompanied by copy of treasury challans or payment orders. The return of WHT also includes information regarding the payment of salary, interest, dividend, etc. The return needs to be submitted in respective month as prescribed in WHT rule 2023. The return of a month shall be filed within 15th of the following month.

Income tax return

The Tax Ordinance requires that the income tax return be filed by the 15th day of the 7th month following end of income year (15 September following the end of the income year if such 15th day falls before 15 September). Thus, companies with an income year running from 1 July through 30 June must file the income tax return by 15 January of the subsequent year. On request, the return filing date may be extended up to four (4) months with the approval of the tax authority. The e-TIN is a prerequisite for filing an income tax return in Bangladesh.

The return has to be accompanied by an audited statement of accounts, computation of total income along with supporting schedules.

The tax system in Bangladesh is based on the accrual basis, meaning that tax is payable on the income earned during the tax year, regardless of when the payment is received.

Advance tax

Every taxpayer is required to pay advance tax in four (4) equal installments on 15 September, 15 December, 15 March and 15 June of each year if the most recently assessed income exceeded BDT 600,000. A penalty and interest are imposed failing paying the advance tax.



6. Financial reporting and auditing regulations

The Financial Reporting Act 2015 established the Financial Reporting Council (FRC) as the regulatory body responsible for ensuring transparency and accountability in accounting and auditing practices in financial organizations, including government and non-government institutions.

In Bangladesh, companies are required to adhere to the financial reporting regulations outlined in the Companies Act of 1994 and the Bangladesh Financial Reporting Standards (BFRS) set by the Institute of Chartered Accountants of Bangladesh (ICAB). These standards mandate that companies prepare their financial statements in compliance with the BFRS, which are largely based on the International Financial Reporting Standards (IFRS) with necessary modifications for local applicability. Furthermore, all financial statements must be audited by an independent registered auditor in Bangladesh following the International Standards on Auditing (ISA's) adopted by ICAB. For certain companies, such as Public Limited Companies by shares or those not meeting the criteria for a small business, the engagement of a certified Bangladeshi public accountant is mandatory. Small-sized companies in Bangladesh are defined as those that do not exceed two (2) of the following three (3) criteria at the closing date of their balance sheet: a total balance sheet of BDT 300 Million, a net turnover of BDT 600 million, or an average number of employees of fifty (50). Compliance with these regulations is crucial for companies operating in Bangladesh to ensure transparency and compliance in their financial reporting and auditing practices.

7. National pension plan

There are no mandatory social security contributions imposed on employer or employees. However, there is only a National Pension Plan in addition to cash assistance for the marginalized population which is a significant initiative aimed at providing financial security to citizens during their retirement years. In accordance with the Labour law, companies are required to pay 5% of its net profit to workers Profit Participation Fund.

8. Crowdfunding

Although there's no legal framework for crowdfunding in Bangladesh, there are crowdfunding platforms operate in the country. Such platforms include:

- · Oporajoy.
- · Choloshobai.
- · Indiegogo.
- Kickstarter.
- · GoFundMe.

Equity crowdfunding in Bangladesh involves offering company shares to investors, which could generally lead to legal challenges. To follow the law, one must adhere to the rules set by the Bangladesh Securities and Exchange Commission, and navigate banking, online transaction, foreign exchange laws, and the Anti-Money Laundering Act. All these regulations do impact how funds are raised and allocated.





I. Government incentives

1. Tax incentives

Companies, including startups, established in Bangladesh can enjoy the following main tax incentives:

- Industrial enterprises established between July 1, 2020, and June 30, 2025, that commence operations within this period are granted a phased corporate tax exemption for the first five years, with a full exemption for the initial two years, and a 60% exemption starting from the third year.
- Five (5) to seven (7) years of corporate tax holiday for selected sectors and areas.
- Total relief from capital gains tax on transactions involving share capital, royalties, and payments for technical know-how and assistance.
- To mitigate the risks of double taxation and potentially reduce tax rates, Bangladesh has signed double taxation treaties with thirty-two countries.
- Income from the business of certain information technology services, such as software development, information technology process outsourcing, information technology support and software maintenance services, and cybersecurity services, is exempt from tax until June 2024.

Starting from 2023, the NBR registered startup companies involved with deployment or commercialization of new products, process or service driven by innovation, development and technology or intellectual property, will receive the facilitations stated below:

- Other than submission of income tax return, there will be no reporting requirement if the company gives permanent access to its system or books of accounts.
- No disallowances.
- 0.1% minimum tax.
- Loss can be carried forward to set-off for nine (9) years.

Conditions to qualify as a startup under NBR quidelines are as follow:

- Should be a company incorporated in Bangladesh under Companies Act 1994 after 30 June 2017;
- Annual turnover shall be up to BDT 1,000 Million;
- A company that does not result from Mergers & Acquisitions (M&A); and
- Registered with NBR by 30 June each year following the year of its incorporation.





2. Non-tax financial incentives

This section explores the diverse range of non-tax incentives in Bangladesh, starting from providing funds supporting entrepreneurship to programs promoting innovation and investment, all contributing to the nation's economic vitality and global competitiveness.

Startup Bangladesh Limited

A government-sponsored venture capital fund that has been allocated a capital of BDT 500 crores. With a focus on nurturing startups in their pre-seed, seed, and growth stages, the fund is used to invest in equity, convertible debt, and/or grants. It lends support to technology-based innovations and works toward creating new employment opportunities. One (1) of its key objectives is to uplift under-represented tech groups and create a conducive environment for an entrepreneurial culture. The fund stands as a testament to the government's commitment to fostering a vibrant startup ecosystem in the nation.

Innovation Design and Entrepreneurship Academy (iDEA)

A significant initiative in Bangladesh, the Innovation Design and Entrepreneurship Academy (iDEA) Project, aims to establish an innovation ecosystem and entrepreneurship culture in the country. Implemented by the Bangladesh Computer Council (BCC) under the ICT Division, the project focuses on creating skilled manpower and entrepreneurs in the ICT sector. The iDEA Project provides financial and technical support to startups, offering grants up to BDT 1,000,000 in the pre-seed stage and various resources such as training, mentoring, business development support, co-working space, legal support, support in benefiting from intellectual property rights, partnership support, and more. The project has been recognized for its contributions to the ICT sector, winning awards at the Asian-Oceanian Computing Industry Organization (ASOCIO) Awards in 2019 and the World Innovation, Technology and Services Alliance (WITSA) Global ICT Excellence Awards-2020. The iDEA academy also offers different courses to train entrepreneurs working in various industries, with a central hub role in the startup ecosystem of Bangladesh. The project's office is located at the ICT Tower in Dhaka, Bangladesh, serving as a hub for fostering innovation and entrepreneurship in the country.

Equity and Entrepreneurship Fund (EEF)

Established in the year 2000 by the Bangladesh Bank, the EEF aims to bolster promising sectors within the Bangladeshi economy. Recognizing the potential of software development and food processing and agro-based industries, the EFF specifically targets these areas for investment. It focuses on fostering entrepreneurship within these sectors by providing equity financing to startups and innovative companies. This initiative aims to not only increase overall investment but also to encourage and empower a new generation of entrepreneurs driving growth in these key industries.

The amount of EEF financial support depends on your project's financing structure. If applicants secure a bank loan, EEF can contribute up to 49% of company's ownership (equity) but capped at a maximum of 33.33% of the total project cost. However, if applicants don't require a bank loan, EEF can potentially provide a more substantial investment, reaching up to 49% of the total project cost.

Requirements

- The company must be in one (1) of the following sectors: software industry or food processing and agro-based industry (excluding conventional subsectors like rice mills).
- ⁻ The company must be new and innovative.
- ⁻ The company must be technically and financially viable.
- The company must be environmentally friendly.
- The company must have a strong project proposal with financial projections (IRR, ROE, ratios).
- The company must have a positive track record of entrepreneurs (education, experience, financial conduct).



Other non-tax financial incentives

Investors in general can benefit from various privileges and facilities. Some of the major privileges are:

- Repatriation of invested capital, profit, and dividend.
- Remittance of royalty, franchise, technical license/ know-how/ assistance fees.
- Reinvestment of remittable dividends (treated as a new investment).
- Eligible to open back-to-back letter of credit (L/C) and receive loans up to 90% of the value against irrevocable or confirmed L/C sales contract.
- Export credit guarantee for facilitating access to foreign exchange finance for material/ input procurement.
- Eligible to sell up to 20% of goods locally as far as trading is settled by L/C in foreign currency and related taxes are paid.
- Citizenship by investing a minimum of USD 500,000 or by transferring USD 1,000,000 to any recognized financial institution (non-repatriable).
- Permanent residentship by investing a minimum of USD 75,000 (non-repatriable).

3. Special Economic Zones

In 2015, the Government of Bangladesh implemented a tax incentive program to encourage industrial development within Special Economic Zones (SEZs). This initiative offers a tiered tax exemption on business income for new industries established in SEZs, with the exception of certain products such as edible oil, sugar, flour, cement, and iron-related goods. The tax exemption schedule for qualifying industries is as follows:

Year	Exemption (% of income)
1 st , 2 nd , and 3 rd year	100%
4 th year	80%
5 th year	70%
4 th year	60%
7 th year	50%
8 th year	40%
9 th year	30%
10 th year	20%



Additionally, for a period of 10 years from the start of commercial operations, capital gains from share transfers, royalties, technical know-how fees, and dividends declared by companies in SEZs are also exempt from income tax.

Bangladesh Economic Zones Authority (BEZA)

BEZA is diligently working towards establishing economic zones across the country. The aim is to stimulate swift economic development through industry diversification and bolstering of employment, production, and export. To date, BEZA has achieved approval to set up ninety-seven (97) economic zones nationwide, which includes sixty-eight (68) government-run and twenty-nine (29) private economic zones. Feasibility studies, land procurement processes, and identification of area-specific social and environmental initiatives for these approved for these economic zones are currently in progress. The economic zones being developed in Bangladesh consist of the following:

Government economic zones

Provide a conducive environment for industries such as textiles, garments, and light engineering. These zones are managed directly by the government and offer various incentives to attract investments.

Public-Private Partnership (PPP) Economic Zones

Welcome sectors like pharmaceuticals, IT, and agroprocessing. These zones are developed through partnerships between the government and private entities, offering a blend of public infrastructure and private sector efficiency.

Government to government economic zones

Facilitate collaboration between governments to promote industries like electronics, automotive, and heavy machinery. They encourage cross-border investments and technology transfer.

Private Economic Zones

An area designated for industrial or commercial activities, developed and managed by a private company or entity, rather than the government.

Special Tourism Park

Tourism-based economic zones in Bangladesh cater to sectors such as hospitality, entertainment, and ecotourism. These zones offer a unique opportunity for businesses to capitalize on the country's growing tourism industry, with infrastructure tailored to support tourism-related activities.

BEZA plans to offer a variety of incentives to investors in manufacturing units. Investors benefit from a range of incentives like tax exemptions, relief from customs/excise duties, absence of Foreign Direct Investment (FDI) ceiling, the issuance of work permits and even recommendations for residency/citizenship.



Benefits

- Income tax exemption for up to twelve (12) years, including complete exemption for the first ten (10) years.
- Capital gains from the relocation of shares would be exempted from income tax for ten (10) years.
- Tax exemption on the transfer of immovable property.
- Exemption of stamp duty on the registration of loan documentation.
- No income tax on expatriate income for three (3) years.
- Total exemption from the Board of Investment Act, 1989 for investors.
- Income Tax exemption for unit investors for up to ten (10) years.

Export Processing zones

The Bangladesh Export Processing Zones Authority (BEPZA) is at the forefront of the government's initiative to stimulate rapid economic growth through industrialization by attracting foreign investment under the 'Open Door Policy'. As the official agency, BEPZA is tasked with promoting, attracting, and facilitating foreign investment within the Export Processing Zones (EPZs). It also ensures that enterprises comply with social, environmental, safety, and security standards, thereby promoting harmonious labor-management and industrial relations in the EPZs. The primary goal of an EPZ is to create special areas where investors can conduct business with minimal regulatory interference and enjoy a conducive investment climate.

An Export Processing Zone, as defined by the World Bank in 1999, is a territorial or economic enclave where goods can be imported, manufactured, and re-exported with reduced duties and minimal customs involvement.

EPZs offer investors plots or factory buildings within a custom bonded area, along with necessary infrastructural and administrative facilities, and a range of fiscal and non-fiscal incentives. These zones are strategically designed to draw both foreign and local investments, currently hosting 58% fully foreign-owned, 14% joint ventures, and 28% entirely local ventures.





Benefits

• Industries established before January 1st, 2012, are eligible for a 10-year tax exemption. For those set up in Mongla, Ishwardi, and Uttara EPZ after this date, the duration and rate of tax exemption will vary.

Duration of Tax Exemption	Rate of Tax Exemption
1 st , 2 nd , and 3 rd year	100%
4 th , 5 th and 6 th year	50%
7 th year	25%

• Whereas, those set up in Chittagong, Dhaka, Comilla, Adamjee & Karnaphuli EPZ after this date, the duration and rate of tax exemption will vary.

Duration of Tax Exemption	Rate of Tax Exemption
1 st and 2 nd year	100%
3 rd and 4 th year	50%
5 th year	25%

- No tax on dividends.
- Royalty, technical, and consultancy fee remittance permitted.
- 100% foreign ownership permitted.
- Unlimited foreign and local investment allowed.
- Full capital and dividend repatriation rights.
- Direct automatic route for foreign currency loans from overseas.
- Non-resident Foreign Currency Deposit (NFCD) Account available.



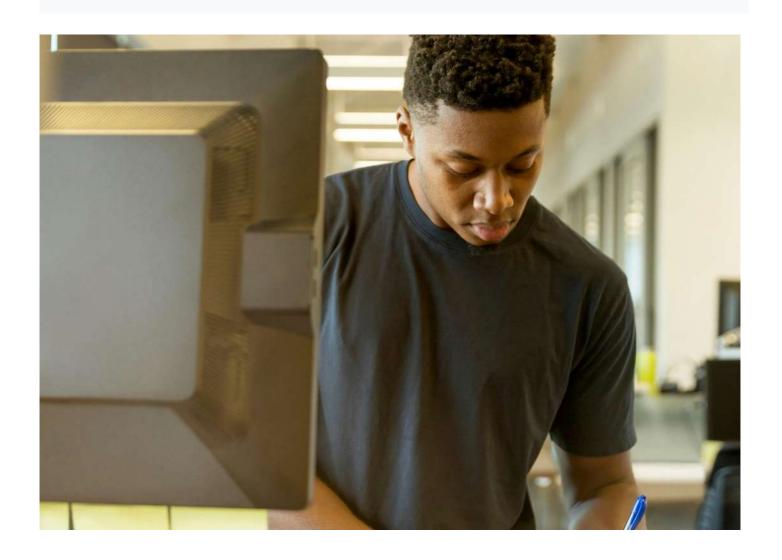
Hi-Tech Park Zone

The government has introduced "Bangladesh Hi-Tech Park Authority Act, 2010" (BHTPA) for the development of the country. It is not limited for exporters only. The legislation has defined high-tech industry as "Hi-tech industry means knowledge and capital based eco-friendly and information technology (IT), software technology, bio-technology renewable energy, green technology, hardware, information Technology Enabled Services (ITES) and Research and Development (R&D) related industry."

Benefits

The business income tax is exempted from income tax for up to 10 years starting from the date of commercial operations as follows:

- Total exemption (100% of income) starting from the 1st to the 7th year,
- Exemption of 70% of income for the remaining 3 years.
- Capital gain arising from transfer of share capital and declared dividend paid by such company
 are totally exempted, whereas royalty, technical know-how and technical assistance fees paid by
 such companies are 50% exempted from income tax for the 10 years following the date of
 commercial operation.





II. Labor and immigration regulations and facilitations

1. Business visa

The business visa in Bangladesh is targeted towards professionals seeking to explore the potential of doing business in the country. It enables them to meet with business associates, government officials, visit factories, and determine legal requirements, with the goal of planning a business strategy in Bangladesh. However, activities under this visa are constrained to the aforementioned undertakings, and the holder cannot engage in actual business activities or employment without appropriate authorization from authorities such as BIDA or BEPZA.

Documents

- ⁻ A completed online application form available on the government's visa platform.
- Two (2) photos.
- ⁻ An original passport for verification and processing.
- A receipt confirming payment of the visa fee, if applicable.
- An investment or business certificate from the relevant trade association of the concerned country, or documentation from a local sponsor confirming the legitimacy of your business.
- A letter from the employer in the origin country and an invitation from the host company in Bangladesh outlining the visit's objective, if applicable.
- A trade license, registration paper, or any government-issued certificate supporting the host organization, if applicable.

Requirements

- The passport must be original and valid for a minimum of six (6) months.
- The photo has to be taken within the last six (6) months.
- ⁻ The address in Bangladesh.
- ⁻ The documents must include the applicant's mail address.

- ⁻ Visa fee: depends on the country of origin. Please find the list of fees here.
- Service fee: approximately USD 8 (taxes might apply).
- ⁻ Submission of Visa application to Deputy High Commission of Bangladesh: approximately USD 10.
- No visa fee is required for Indian citizens.



2. Employment visa

The employment visa is a widely used category in Bangladesh for foreign nationals seeking employment opportunities. It is issued for a period of three (3) months by the relevant Bangladeshi mission, given sufficient supporting documents. The Department of Immigration and Passports can later extend this visa, with multiple-travel privileges, from one to two years based on the work permit received and a recommendation from the Bangladeshi sponsors. Eligible visa holders include experts, consultants, and employees in government, semi-government, local and foreign organizations, as well as banks, airlines, and insurance companies. Job seekers in contractor firms and similar institutions also qualify. The visa can also be renewed as per the validity of the work permit. Essential documents comprise the Letter of Appointment and a recommendation letter from the pertinent Ministry in Bangladesh, BIDA, or BEPZA.

Documents

- A filled-in online application form that can be found on the government's visa platform.
- Two (2) photos.
- An original passport for verification and processing.
- A payment receipt of the visa fee if applicable.
- ⁻ A letter of appointment or employment from the employer.
- A letter of recommendation from the <u>Bangladesh Investment Development Authority (BIDA)</u>, the Bangladesh Export Processing Zones Authority (BEPZA) or the concerned Ministry.

Requirements

- The passport must be original and valid for a minimum of six (6) months.
- The photo has to be taken within the last six (6) months.
- ⁻ The address in Bangladesh.
- The documents must include the applicant's mail address.

- ⁻ Visa fee: Depends on the country of origin. Please find the list of fees <u>here</u>.
- Service fee: Approximately USD 8 (taxes might apply).
- ⁻ Submission of Visa application to Deputy High Commission of Bangladesh: Approximately USD 10.
- No visa fee is required for Indian citizens.



3. Investor visa

This visa is for foreign capital investors seeking to conduct an investment in existing, new, under construction or upcoming industrial or commercial entity in the private sector under joint venture or 100% foreign owned company. These visas are issued for a period of three (3) months at the first application, if applied with relevant documents.

Documents

- ⁻ A filled-in online application form that can be found on the government's visa platform.
- Two (2) photos.
- An original passport for verification and processing.
- A payment receipt of the visa fee if applicable.
- A letter of recommendation from <u>BIDA</u> or <u>BEPZA</u> if applicable, certifying that the applicant is a genuine investor.

Requirements

- The passport must be original and valid for a minimum of six (6) months.
- A digital photo has to be taken within the last six (6) months.
- ⁻ The address in Bangladesh.
- ⁻ The documents must include the applicant's mail address.

- ⁻ Visa fee: depends on the country of origin. Please find the list of fees here.
- Service fee: approximately USD 8 (taxes might apply).
- ⁻ Submission of visa application to Deputy High Commission of Bangladesh: Approximately USD 10.
- No visa fees are required for Indian citizens.



4. Visa on arrival

The visa on arrival in Bangladesh is accessible to foreign citizens traveling for specific purposes, including official business, business or trade endeavors, potential investments, tourism, and for members of defense and security forces who have obtained prior clearance from the Ministry of Home Affairs. Eligible travelers can receive a visa on arrival for a duration not exceeding thirty (30) days with single entry privileges. Approval is granted by the immigration officer at the port of entry, such as airports or land ports, following a thorough examination of all pertinent documents and upon complete satisfaction of the officer. Visitors planning to stay in Bangladesh for more than thirty (30) days or requiring a multiple-entry visa should apply at the Bangladesh Embassy or consulates before their departure.

Documents

- A filled-in online application form that can be found on the government's visa platform.
- Two (2) photos.
- ⁻ An original passport.
- A payment receipt of the visa fee if applicable.
- A return ticket.
- A letter or identification certificate from different associations of export-oriented commercial or industrial organizations, i.e. Federation of Bangladesh Chambers of Commerce (FBCCI), Bangladesh Garment Manufacturers and Exporters Association (BGMEA), in their letterhead, stating the relationship with the organization and duration of relationship between the applicant and the organization.

Requirements

- Applicant must have USD 500 or equivalent foreign currency endorsed in your passport, credit card, debit card, travelers' cheque or in cash.
- ⁻ The fees have to be presented in cash in USD, Euro, or GBP.
- The passport must be original and valid for a minimum of six (6) months.
- ⁻ An address in Bangladesh.
- ⁻ The documents must include the applicant's mail address.

- ⁻ Visa fee: please find the list of fees here.
- Service fee: approximately 8 USD.
- Visa application submission fees to the Deputy High Commission of Bangladesh: approximately 10
- No visa fees apply to Indian citizens.



III. Data protection

Data protection in Bangladesh is currently overseen by the <u>Directorate of Personal Data Protection (DBDT)</u>, which enforces relevant laws and regulations, supervises data handling practices, and handles complaints regarding data privacy violations.

Despite the absence of a specific data protection law, Bangladesh's constitution does protect certain privacy rights. Also in force are the Information Communication Technology Act 2006 and Digital Security Act 2018, both dedicated to cybersecurity and data protection measures. These legislative pieces address the protection of crucial information infrastructure, digital devices, and computer systems, and include industry-specific rules in finance related to data retention, data transfer, and data localization.

A draft Data Protection Act (DPA), released in 2023, is pending finalization, aiming to detail the collection, usage, and protection of personal data of Bangladesh residents and those targeted by non-local data processing. This draft law introduces provisions for data security, Data Protection Impact Assessments, and Data Protection by Design, while also outlining data processing and data collection principles, alongside rules for data retention, data transfers and storage, and clarifying the rights of data subjects.

Data Privacy Principles

The draft DPA establishes core principles inspired by international best practices, such as data minimization, purpose limitation, and data security. These principles aim to ensure your company collects and uses personal data responsibly and ethically.

Data Transfer Considerations

The draft DPA may include restrictions on transferring personal data outside of Bangladesh. Special care needs to be given to the final DPA to determine any potential limitations on data flows.

Data Subject Rights

The draft DPA grants individuals (data subjects) certain rights regarding their personal data, including the right to access, rectify, and erase their data under certain circumstances. Understanding these rights will be crucial for ensuring compliance.





IV. Intellectual property

There are four (4) types of intellectual property rights in Bangladesh: patents, trademarks, industrial designs, and copyrights. In the sections below, this guide will cover the steps you need to know, to receive protection under three (3) types based on their relevance to startups overall. The application process goes through the portal of the Department of Patents, Design and Trademarks (DPDT) as it is the entity responsible for validating IP rights in Bangladesh.

1. Patents

Patents in Bangladesh, a key element of intellectual property protection, are legal titles issued by the Department of Patents, Designs, and Trademarks (DPDT). These documents authorize the owner with the exclusive authorization to manufacture, import, use, sell, or propose the sale of their invention over a fixed duration.

The Patents & Designs Act from 1911 sets out the legal groundwork for patents in Bangladesh. Nevertheless, this area of intellectual property has seen significant transformations, especially with the 2022 introduction of the Bangladesh Patents Act. This Act seeks to align the country's practices with the international standards outlined in the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement, following scrutiny from the Ministry of Industries. The Act builds on the existent 1911 Patents and Designs Act but enhances provisions for both innovators and consumers.

The Patent Office oversees the application process, conducting a publication inviting opposition process if necessary. If all requirements are met, a letter of patent is issued. Applications can be rejected if requirements remain unfulfilled. If rejected, applications can be appealed to the government. Below are the main information required to file your patent application.

Documents

- A forwarding letter addressed to the Registrar of the Department of Patents, Designs, and Trademarks.
- ⁻ A filled-out form, either Form-1 or 1A (local goods), or Form-2 or 2A (foreign goods).
- ⁻ A bank draft or a completed Challan Form.
- One (1) drawing sheet on tracing paper with a duplicate in photocopy if applicable.
- ⁻ Two (2) specification in Form 3A.
- A power of authority, if applicable.



Requirements

- ⁻ The patent application should include the title and detailed description of the invention.
- ⁻ The application should specify if the invention is a product, device, process, or combination.
- ⁻ The specific field of the invention and an examination of related prior art should be stated.
- The purpose of the invention and a brief description of any accompanying drawings should be included.
- A comprehensive description of the invention, referencing any drawings, should be provided.
- ⁻ The specification should highlight the invention's novelty, innovative steps, and industrial applicability.
- ⁻ Concise claims demonstrating the novelty of the invention are required.
- An abstract summarizing the invention's main points is necessary.
- ⁻ The specification should be computer-printed, using a font size of 11-13 on A4 offset paper.

© Cost

- Challan Form application fee: 2,000 BDT for ordinary applications with a specification of 25 pages and 10 claims.
- ⁻ Challan Form additional pages and claims fee: 100 BDT each.
- Other details about the cost can be found here.

2. Trademarks

A trademark is a recognizable sign, symbol, or word that identifies the source of your goods or services and distinguishes them from competitors. Registering your trademark in Bangladesh with the Department of Patents, Designs and Trademarks (DPDT) grants you exclusive rights to its use. The legal framework governing trademarks in Bangladesh is established by the Patents & Designs Act which originates from 1911.

A registered trademark is initially valid for a period of seven (7) years from the date of filing and can be renewed thereafter for successive periods of ten (10) years. Upon submission of a trademark application, the Registrar has the discretion to accept it, reject it, or request corrections or amendments. Once the application is accepted by the Registrar, the applicant receives a Journal Notification, which is utilized for advertising the mark. Finally, if the trademark registration is successful, the Registrar issues an official certificate to the applicant, using a predetermined format and sealed with the Trademarks Registry's seal.



Steps Ste

- 1 Fill in the application form.
- 2 If the registrar rejects any application, a show cause letter is issued.
- 3 Submit a reply to the show cause notice and seek a hearing.
- 4 Deposit journal fees through a pay order, treasury chalan, or bank draft.
- 5 If there is no opposition, pay certification fees.
- 6 Submit the money receipt of the certification fees to DPDT.

Documents

- Application form (to be requested from the DPDT).
- Name of the mark, logo or device prints or representation.
- Applicant's address.
- Your status, i.e., Merchandiser/Manufacturer/Service Provider.
- Specification of Goods/Services and Class.
- ⁻ User date of the mark (whether the mark is in use or proposed to be used in Bangladesh).
- General/specific power of attorney may be required.

Requirements

- An applicant has three (3) months to submit a reply to a show cause notice and can request a hearing; else the application is considered abandoned.
- An opponent must give notice of opposition to the Registrar within two (2) months after the date of publication.
- A counterstatement should be filed within two (2) months of receiving the notice of opposition. Neglecting to file within this lead-time might result in an abandoned application, although an extension for filing can be sought with government fees.
- Renewal fees can be paid up to six (6) months prior to the expiry date but should be paid before expiry. Late renewals, usually allowed until four (4) months after expiry, attract late fees, yet extensions are readily granted upon additional fee payment.

© Cost

- Refer to the cost details here.



3. Industrial designs

An industrial design protects the ornamental or aesthetic aspects of a product, such as its shape, configuration, pattern, or color. Registration with the Department of Patents, Designs and Trademarks (DPDT) in Bangladesh grants you exclusive rights to prevent others from copying or imitating your design.

The legal framework for industrial designs in Bangladesh is outlined by the Patents & Designs Act of 1911, along with the patents and designs rules 1933. Applications for design registration in Bangladesh are submitted under Rule 35. Initially, a design registration certificate in Bangladesh is issued for a term of five (5) years. Following this initial period, the registration can be renewed for two (2) subsequent terms, each lasting five (5) years.

Documents

- ⁻ The prescribed form (to be requested from the DPDT).
- Four (4) exact copies of the representation.
- A statement of novelty, endorsing the application and the representations made therein.
- Disclaimers.
- Specification of goods and class.
- An original Power of Authority (POA).





Requirements

- Applicant's full name and address must be provided.
- ⁻ The representation should detail the design's features from various viewpoints, including drawings, photographs, or samples where applicable.
- A statement of novelty must be submitted with the application or before the certificate is issued.
- Any disclaimers, such as no rights claimed over the use of trademarks, mechanisms, letters, words, or numbers, must be included in the statement of novelty.
- The relevant class of goods out of the fourteen (14) classifications divided into (10) classes should be specified by the applicant.
- An original POA should be filed within one month of applying to register an industrial design. If priority is claimed, the relevant documents should be filed within six (6) months from the date of the initial application.

© Cost

- Refer to the cost details here.

O Duration

- Application process: One (1) day.
- Examination process: Nine (9) months.
- Registration certificate: Takes one (1) to two (2) years to register an applicant.





V. Key support organizations and initiatives (not exhaustive)

Investing actors	Investing actors
Adjuvant Capital	KOSME
ADN Telecom	<u>Lendable</u>
Adventure Capital	Maslin Capital Limited
Anchorless Bangladesh	MDEC: Malaysia Digital Economy Corporation
ARGOR	<u>Mobilious</u>
Bangladesh Angels	North Base Media
Bangladesh Venture Capital	omnivore
<u>bwin</u>	North Base Media
DSC Investment	<u>omnivore</u>
Eastern Bank Ltd	ORBIT Startups
Ecom Express	PATAMAR CAPITAL
Falcon Group Investments	<u>rsa capital</u>
FINOVA Group	rtp global
Flourish Ventures	SBK Tech Ventures
GHARAGE Ventures	SEAF
GoAhead Ventures	SHOROOQ Partners
<u>Gobi Partners</u>	Sixteenth Street
IDLC	SOSV
Julian Capital	The investment trust of India
Veon	<u>truvalu</u>



Investing actors	CrowdFunding
VALAR	Choloshobai
VIPB	<u>GoFundMe</u>
zayn	<u>Indiegogo</u>
<u>500</u>	<u>Kickstarter</u>
Accelerators & Incubators	<u>Oporajoy</u>
Accelerating Asia	Development Partners
Banglalink	ACDI VOCA
Founder Institute	Bill & Melinda Gates Foundation
GP Accelerator	<u>brac</u>
Impact Hub	<u>CORFO</u>
<u>iterative</u>	DAI
<u>Leading Cities</u>	Embassy of Switzerland
Orange Corners	IKEA
STARTUP chattogram	<u>JICA</u>
<u>SURGE</u>	Kingdom of Netherlands
Turtle Venture Studio	KOICA
Y Combinator	OXFAM international
удар	SAJIDA foundation
<u>yyventures</u>	Syngenta Foundation for Sustainable Agriculture



Media	Competitions
Benglatech24	Call for Nation
Future Startup	Global Student Entrepreneur Awards
Ecosystem Builders & Professional Services	Project NINJA
Acumen Acedemy	Scaling Up Nutrition
ANDE	<u>seedstars</u>
<u>BetterStories</u>	<u>spark</u>
brac: social innovation lab	Startup Weekend
BUILD Bangladesh	The Pitch Perfect
BYLC	Young Founders School
EMK Center	Government Initiatives
EO Bangladesh	<u>a2i</u>
Impact Investment Exchange	Bangladesh Hi-Tech Park Authority
<u>Light Castle Partners</u>	BIG: Bangabandhu Innovation Grant
Roots of Impact	Chhatrajitpur Union
The Legal Circle	EDGE: Enhancing Digital Government and Economy
<u>Turtle Venture</u>	<u>idea</u>
UPSKILL	<u>NiSE</u>

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Appendix

Appendix 1: Launching your startup: key success factors



Addressing market demand

Your startup should provide a compelling solution to a specific problem within a large and eager market. Think of it as a puzzle piece that fits perfectly into the demand landscape. Steve Blank's Customer Development Model can guide you in creating a product or service that customers cannot resist.



Feasibility analysis

Conduct a thorough feasibility analysis. This process empowers you to make informed decisions, spot areas needing improvement, and allocate resources effectively. It is your tool for maximizing your chances of crafting a successful, long-lasting venture.



Market insights

Dive deep into market analysis. Understand the current state of your industry segment and define your target market. A strong grasp of market dynamics is essential for positioning your product or service effectively.



Building a stellar team and network

Source and group a team of multitalented experts. This is one of the fundamental steps to scale a startup. These diverse talents will complement each other and will help you access a strong, interconnected network that can be your secret weapon for gaining support, mentorship, and continuous learning.



Analyzing the competition

Competitive analysis is not just about sizing up rivals; it is a vital part of your strategic planning, systematic research and evaluation of your competitors' strengths and weaknesses. It will guide you into finding your competitive edge and creating your added value ion the market.



Legal Flexibility

The legal form of a startup must allow for flexibility. Choose a legal structure for your startup that offers the flexibility needed for growth. Make it easy for shareholders to join and leave the company and ensure your memorandum of association can adapt to your evolving needs. In fact, the memorandum of association must be drawn up freely and allow the opening of share capital.



Appendix 5

Appendix 2: What type of support to expect at each stage of a startup lifecycle

	Startup development stages	Government support	Funders support	SSOs support
Outreach	 Idea formation Problem validation Team establishment 	 Promote entrepreneurs hip education Facilitate Ideation: Hackathons, startup Weekends, etc. Promote innovation and entrepreneurs hip culture 	 Financial literacy and entrepreneurs hip awareness programs Networking opportunities to connect with potential mentors, advisors, and industry experts 	 Access to experienced mentors who provide guidance and advice on various aspects of startups Provision of office space, shared facilities, and infrastructure to support the early-stage development of the business
Pre start	 Idea development Business modeling Problem/Solution fit: prototyping Team Formation: access to training and mentorship 	 Offer entrepreneurs hip training and education Facilitate Proof of concept and proof of Business Facilitate Business Modeling Validate MVP 	 Seed funding for idea validation and product development Coaching to refine business ideas and plans Access to incubators or accelerators providing resources, infrastructure, and networking opportunities 	 Assistance in refining the product/service, pricing strategies, and go-to-market plans Support in conducting market research and understanding the target market, customer needs, and competitors



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	Startup development stages	Government support	Funders support	SSOs support
Launch	 Business Creation Early-stage fundraising Initial Go-To market: MVP development 	 Provide Early-Stage Financing Facilitate access to client and Go-To -Market Strategic partnerships Housing Operation set up and labeling 	 Seed funding to launch the business Cover initial operational costs Access to angel investors or venture capital firms Guidance on legal and regulatory compliance Support in building a strong founding team and advisory board 	 Guidance on company registration, intellectual property protection, and legal compliance Support in identifying funding sources, preparing investor pitches Connecting with potential investors
Growth	 Product/Market Fit International Go- To-market Expansion and scaling 	 Facilitate access to Finance Facilitate internationalizat ion via events, strategic partnership, etc. Provide operational support 	 Series A, B, or C funding rounds for scaling operations and market expansion Strategic guidance and industry insights from investors Assistance in negotiating partnerships and strategic alliances Exit strategies and assistance with mergers, acquisitions, or public offering 	 Assistance in scaling operations, managing growth, and overcoming operational challenges Access to industry experts Provide sector-specific knowledge and guidance











