

Bangladesh

Summary

1. A stimulus package is available for large industries and the service sector by providing working capital as a loan/investment. To be eligible, the business must be involved in large industry or the service sector and it must be specifically affected by COVID-19
2. There is also a stimulus package that covers the payment of salaries and wages of employees in export oriented industries. To be eligible, 80% or more of the business' sales must comprise of exports
3. A pre-shipment credit refinancing scheme is available to facilitate the export of locally manufactured goods to increase foreign earned income. This fund is offered to all export oriented organizations and consists of a 6% interest rate that is paid to the lending bank, who in turn pays 3% interest to the Bangladesh Bank
4. An export development fund is available to facilitate raw material imports. The Bangladeshi government injected additional capital into the fund in response to COVID-19. The interest rate charged for each loan disbursement has been reduced as a result of the pandemic
5. A stimulus package is available to provide working capital as a loan/investment for cottage, micro, small, and medium business entrepreneurs so that they can operate and keep their workforce. To be eligible, the business needs to submit its latest financial statements or previous year production/sales/turnover written document.

Background & Details

1. The Bangladesh Bank announced a moratorium on the collection of loan payments until June 30, 2020. This means borrowers will not be deemed to be in default if no payments are made
2. The government announced the introduction of a stimulus package for export-oriented industries, including assistance towards salaries and funding of two-year loans to factory owners at a 2% interest rate
3. Exemptions or incentives available to power generating companies (other than coal-based energy companies) if commercial production starts during the period 1 January 2020 to 31 December 2022
4. If commercial production starts during the period of January 1, 2023 to December 31, 2024, a 100% tax exemption is available for the first five years, a 50% exemption for the next three years, followed by a 25% exemption for the next two years for a total of 10 years of potential exemptions
5. The withholding tax rate on export cash subsidies is reduced from 10% to 5%