PTTI COUNTRY PROFILE — BANGLADESH

Premix Taxes and Tariffs Index · Prepared for the Global Alliance for Improved Nutrition (GAIN)

Reference GCC-GAIN-PTTI-2026-01 | Dataset: Master workbook v1.5.56 (17 September 2026) | Profile v2.11 | 17 September 2026

1. PURPOSE AND BASIS OF PREPARATION

This profile is one of eight prepared for the Global Alliance for Improved Nutrition under the Premix Taxes and Tariffs Index engagement. The index records, for sixty-six countries, the taxes, duties and charges levied at the border on imported micronutrient premix — the concentrated blend of vitamins and minerals that millers and food producers add to staple foods such as wheat flour, edible oil and salt in food fortification programmes. Many countries that fortify foods import their premix, and the charges collected at the border can represent a material share of total programme cost. The fiscal treatment of premix at import is therefore of direct consequence to those who design, fund and operate fortification programmes, and this profile is written for that readership rather than for customs specialists.

Every figure cited traces to a source recorded in the citation log of the PTTI master workbook, version 1.5.56 of 17 September 2026. The modelling convention throughout the index is a single consignment valued at USD 1,000,000 on the cost, insurance and freight (CIF) basis — the value of the goods delivered to the port of entry, which is the base on which most import charges are computed. Where a charge is instead levied on the free-on-board (FOB) value, the convention takes FOB as USD 900,000. The modelled consignment is a bulk multi-micronutrient premix — vitamins and minerals on a food-grade carrier — for wheat-flour fortification, in industrial packing and of non-preferential origin, entered for home consumption at standard rates. The importer modelled is a registered manufacturer importing the premix as an input to its own production; a flour mill is taken as the reference case, and section 5 sets out how the VAT treatment of the fortified product bears on the credit. Where the evidence supporting a figure is secondary, or awaits verification against the primary legal instrument, this profile says so.

2. SUMMARY ASSESSMENT

Bangladesh presents the largest gross border bill in the eight-country focus set: USD 865,200 on the modelled consignment, or 86.52 per cent of the value of the goods, against

an index median of 31.14 per cent. The supplementary duty is the largest single charge (USD 260,000), followed by the customs duty (USD 250,000), and the distance from other countries is made by the two para-tariffs — a regulatory duty and a supplementary duty — layered on top of the duty, and by the manner in which each charge enters the base of the next, so that the later charges are computed on values already swollen by the earlier ones. Three of the six charges — the value added tax, the advance tax and the advance income tax, USD 305,200 together — are creditable in principle by a registered manufacturer making taxable supplies — a condition a flour mill in Bangladesh does not meet, since flour is exempt (section 5); the three duties, USD 560,000 together, are creditable by no one, and section 5 explains why the creditable element is a financing requirement to be planned for rather than a deduction to be assumed.

Readers may encounter a higher figure still — a total tax incidence of 96.10 per cent printed in the national tariff schedule. That figure describes a commercial importer trading the goods on, not a manufacturer importing its own inputs, and it overstates even the trader's economic burden; sections 3 and 5 explain both points.

3. THE CHARGES AT THE BORDER

Six charges apply to the modelled consignment, computed on the distinct bases the table shows.

Charge	Character and legal basis	Rate and base	Amount (USD)
Customs duty	Import duty on residual line 2106.90.90 of the national tariff, in the top band of the schedule	25% of CIF	250,000
Regulatory Duty (RD)	Para-tariff levied alongside the customs duty; raised from 3 to 5 per cent in the 2026-27 tariff schedule	5% of CIF	50,000
Supplementary Duty (SD)	Para-tariff computed on the duty-inclusive value: CIF plus customs duty plus regulatory duty (USD 1,300,000)	20% of base	260,000
Value added tax	VAT on the assessable value: CIF plus all three duties above (USD 1,560,000); creditable in principle as input tax by a registered manufacturer with taxable output (see section 5)	15% of base	234,000
Advance Income Tax (AIT)	Advance collection of income tax at import, at the 4 per cent manufacturer rate for a registered importer holding an industrial registration certificate; creditable against the importer's income-tax liability	4% of CIF	40,000
Advance Tax (AT)	Advance value added tax at the 2 per cent rate for inputs imported for the production of goods, computed on the same assessable value as the VAT; adjustable against VAT liability over subsequent periods	2% of base	31,200
Total gross import charges	**86.52% of the CIF value of the consignment**		**865,200**

The cascade is the feature to grasp. The supplementary duty is charged not on the goods but on their duty-inclusive value, and the value added tax is then charged on a base that includes all three duties — so the 15 per cent VAT actually collects 23.4 per cent of the consignment value, and the nominal rates in the schedule understate what each charge

takes. The 96.10 per cent figure printed in the national schedule reflects the commercial-importer rates (5 per cent advance income tax and 7.5 per cent advance tax) rather than the manufacturer rates modelled here; and because the advance tax paid by a commercial importer is set against the VAT due on the onward sale, subject to the conditions the VAT law attaches, that printed figure describes a different importer and, where the advance tax is in fact set against the VAT due on the onward sale, may exceed the commercial importer's eventual non-creditable cost; it is a gross incidence, not an error.

4. THE CLASSIFICATION POSITION

The national tariff contains no line for micronutrient premix, so the goods clear under the residual line 2106.90.90 — "other" food preparations — which attracts the top customs-duty band of 25 per cent and, decisively, brings the goods within the scope of the supplementary duty. Classification ambiguity for Bangladesh is recorded as high: heading 21.06 is a residual heading whose boundaries with the vitamin, pharmaceutical and food-preparation headings are contested territory in many customs administrations, and with the residual-band duty and the whole para-tariff cascade riding on the outcome, the incentive for disputes is evident. A dedicated premix line narrows the dispute exposure by giving the goods a named home in the tariff, and the 2028 edition of the Harmonized System provides one — subheading 2106.20, with effect from 1 January 2028. It does not by itself change any rate: the duty band and the para-tariffs attached to the new national line will be Bangladesh's own decisions in the transposition, and that is where the engagement described in section 8 should be aimed.

5. THE RECOVERABILITY POSITION IN PRACTICE

For a registered manufacturer, three of the six charges are creditable in principle: the value added tax of USD 234,000 as input-tax credit; the advance tax of USD 31,200 by adjustment against VAT liability in the following tax periods; and the advance income tax of USD 40,000 as a credit against the year's income-tax liability. Each carries conditions. The VAT credit requires that the premix be used in making taxable supplies, that the credit be taken within the time limit the VAT law allows, and that the importer's registration and returns be in order; the advance tax (an advance collection of VAT) is adjusted against VAT liability in subsequent periods under the Act rather than refunded, so it is recovered only as fast as VAT liability arises; and the advance income tax is worth its face value only if the year's income-tax liability is sufficient to absorb it. The customs duty, regulatory duty and supplementary duty — USD 560,000 together — carry no credit mechanism. A

programme should therefore plan for the full 86.52 per cent as the cash requirement at clearance, understand which part of it is creditable and on what conditions, and treat the recovery as a process to be managed rather than a figure to be deducted.

The VAT status of the fortified product decides how much of the credit is real. Wheat flour — atta and maida — is exempt at the import and production stages, and suji at the production stage, under the exemption notification in force (SRO 127-Law/2026/332-VAT of 7 June 2026, Tables 2 and 3, headings 11.01 to 11.03), and domestically produced atta, maida and suji are exempt at the trading stage (Table 5); salt of all kinds is exempt at the production and trading stages (heading 25.01). Section 46(1) of the Value Added Tax and Supplementary Duty Act 2012 denies input-tax credit on goods used to produce exempt goods, and section 47 apportions the credit where a business makes both taxable and exempt supplies. A flour mill or salt producer therefore cannot credit the USD 234,000 of VAT on premix and should treat it as a cost, and the adjustment of its advance VAT is constrained in the same way; the advance income tax is unaffected by the VAT status of the output. Soybean and palm oil are taxable at the standard 15 per cent at import and production (the temporary relief of December 2024 lapsed on 31 March 2025), so an edible-oil refiner credits in the ordinary way. The treatment of the specific fortified product should be confirmed against the notification in force before any recovery is assumed.

Two cautions apply to every creditable charge in this profile, and the index applies them throughout. First, a credit is a legal entitlement, not cash. VAT or sales tax paid at import may be credited, carried forward or refunded only under the local rules, including the treatment of the importer's own output: where the fortified product is exempt the input credit is denied in whole or in part, and where it is zero-rated the excess is recovered by refund claim rather than set-off. Advance income-tax collections follow separate rules — adjustment against the year's liability, minimum-tax treatment for some importers, and refund of any excess — and are not affected by the VAT status of the output. Second, recovery takes time and is contestable: claims are subject to time limits, audit, partial disallowance, delay and dispute, and an amount identified as creditable in principle is not a guaranteed receipt. For these reasons the index reports the gross figure — what must be paid and financed at the border — as its headline, records for each charge whether it is creditable in principle, and computes no net figure. Programme plans should budget on the gross amount, distinguish the charges no importer can credit from the creditable principal and the financing cost of delayed recovery, and test denial and delay scenarios.

6. THE RELIEF AND EXEMPTION POSITION

No tariff exemption or relief is recorded on the modelled line, and the recent direction of travel is adverse: the regulatory duty was raised from 3 to 5 per cent in the 2026-27 schedule. Nothing in the recorded evidence suggests a fortification-specific relief instrument in force. The regional precedent worth noting is Pakistan's, where a description-based entry in a schedule to the customs law relieves fortification premixes by name, whatever tariff line they clear under; an instrument of that design, aimed at the regulatory and supplementary duties, would address the two charges that give Bangladesh the highest gross border bill in the focus set, without touching the general tariff structure. The relief position recorded is that evidenced by the instruments cited for the modelled line; any relief for which a particular importer may separately qualify should be confirmed in writing with the relevant ministry before it is relied upon.

7. THE BORDER OPERATING ENVIRONMENT

Bangladesh's operational indicators sit in the lower-middle range. The World Bank's Logistics Performance Index for 2023 scores the country at 2.6 overall (ranked 88th) with customs and infrastructure both at 2.3, jointly the weakest components. The legacy Doing Business measurements of 2020, indicative only, put border compliance for an import at approximately 216 hours and USD 900 per shipment, with documentary compliance adding some 144 hours and USD 370. The notified implementation rate under the WTO Trade Facilitation Agreement stands at 88.7 per cent, with both the national single window and advance rulings recorded as partially implemented. The operational picture is accordingly mid-table; it is the fiscal structure, not the border process, that sets Bangladesh apart. The logistics vintages cited are each country's most recent scored edition — the 2025 LPI publishes no country scores — and the 2020 legacy compliance figures are context, not current measurements.

8. OBSERVATIONS RELEVANT TO PROGRAMME PLANNING

Three observations follow. First, the reform target is specific: the regulatory and supplementary duties contribute USD 310,000 of the bill, and a description-based relief for fortification premix aimed at those two charges — on the Pakistani model — would remove more than a third of the gross bill — USD 362,700, or 36.27 points of CIF, once the smaller VAT and advance-tax bases are counted alongside the USD 310,000 of duties — while leaving the general tariff untouched. Second, importer status is decisive: the manufacturer rates and credits modelled here are available to a registered manufacturer

with an industrial registration certificate, and a programme importing through a commercial trader faces both higher advance-tax rates and a weaker credit position; the importer of record should be the registered manufacturer holding the industrial registration certificate, since the concessional rates attach to the importer's status and the credits to its own tax account, not to the destination of the goods. Third, the working-capital requirement is unusually heavy — some USD 865,200 must be financed at clearance on the modelled consignment — and programme budgets should provide for the financing cost across the credit-recovery interval, and for the possibility that part of the creditable element is delayed, disallowed on audit or, where the fortified product is exempt, not creditable at all.

9. DATA QUALITY AND LIMITATIONS

The Bangladeshi assessment carries high confidence. The duty, regulatory duty, supplementary duty and VAT rates are taken from the national tariff schedule for 2026-27, own-sighted; the advance-tax rate and its input concession are verified through the primary legislative chain, and the advance income tax rate against the current withholding rules, both sighted in 2026. The divergence from the schedule's printed 96.10 per cent incidence figure is explained in sections 2 and 5 rather than left open. Classification ambiguity is recorded as high, as discussed in section 4. The figures are prepared on the index's common conventions to support comparison and programme-level planning; they are not a substitute for a binding ruling or an entry-specific computation — and given the classification ambiguity recorded here, a binding ruling is an operating necessity rather than a safeguard. The evidence that would restate this profile is a change to the rate schedule (the regulatory duty has already moved once this year), to the VAT and advance-tax rules or to importer-status conditions, or a classification ruling on the goods.

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