

Income Tax Obligations for NGOs in Bangladesh

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Introduction :

Prior to the financial year 30 June 2000, Government did not attach so much importance for submission of Tax returns by the NGOs. But recently Government has made it compulsory to submit the Tax return irrespective of its size and nature of NGOs.

Returns :

All the NGOs are required to submit the Tax returns for the organisation as per prescribed form setting forth therein such particulars and information as may be required thereby including total income of the assessee. Upon submission of the return Tax authority will verify the records and will finally assess its income.

But any income derived from operation of Micro Credit by a Non-Government organisations registered in the NGO Affairs Bureau is exempted from Tax.

Date for submission of return :

Unless the date is extended by the authority: -

(i) In the case of a organisation, by the fifteenth day of July next following the income year or, where the fifteenth day of July falls before the expiry of six months from the end of income year, before the expiry of such six months; and

(ii) In all other cases, by the thirtieth day of September next following the income year;

Employee income Tax:

It is obligatory on the part of a NGO to deduct appropriate taxes from the employees where the employees' income exceed the prescribed limit.

Rates of Income Tax for the financial year 2002

In the case of every individual including Bangladeshi non-resident, Hindu Undivided Family firm, Association of Persons and every artificial juridical person, not being a case to which paragraph 'KHAA' applies-

	Rates
1. On the first Taka 75000/- of total income	Nil
2. On the next Taka 1,50,000/- of total income	10%

3. On the next Taka 1,50,000/- of total income	15%
4. On the next Taka 2,50,000/- of total income	20%
5. On the balance of total income	25%

Provided that the minimum tax shall in no case be less than Tk.1,200/-.

Source Tax :

i) Deduction from Salaries: Section 50.

The person responsible for making any payment under the head "Salaries" shall deduct tax from the amount so payable at the rate applicable to the estimated total income of the payee.

ii) Deduction from payment on account of supply of goods or execution of contracts or indenting commission or shipping agency commission : Section 52

The payments on account of supply of goods, execution of contract or on account of indenting commission or shipping agency commission are subject to deduction of tax at the rates prescribed in Rules 16 and 17 of the income Tax Rules, 1984. All deductions shall be treated as advance payment of tax.

Schedule for rate of deduction under rule 16. :

Sl. No.	Amount of payment	Rate of deduction on tax at the time of making payment.
01.	Where the payment does not exceed Taka 1,00,000/-	Nil
02.	Where the payment exceeds Taka 1,00,000/- but does not exceed Taka 5,00,000/-	1%
03.	Where the payment exceeds Tk. 5,00,000/- but does not exceed Taka 15,00,000/-	2.5%
04.	Where the payment exceeds Tk. 15,00,000/- but does not exceed Tk. 25,00,000/-	3.5%
05.	Where the payment exceeds Tk. 25,00,000/-	4%
06.	In the case of oil supplied by oil marketing companies:	
(a)	Where the payment does not exceed Tk. 2,00,000/-	Nil

(b) Where the payment exceeds Tk. 2,00,000/-	0.75%
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iii) Deduction at source from fees for professional or technical services: Section 52A.

Section 52A of the I. T. Ordinance provides for deduction of tax at source @ 5% from fees for professional services and @ 10% from fees for technical services. The deductions will be made by the Government or any authority or body or its units whose activities are authorised by any Act or Ordinance, any company as defined in clause (20) of section 2, or any NGO registered with NGO Affairs Bureau responsible for making such payments.

Professional services means services for legal, engineering, architectural, accountancy, interior decoration or advertising matters, technical assistance etc..

Deduction from the payment or certain services: Section 52AA.

This section provides for deduction of tax at source at 5% from payment of certain services like clearing and forwarding agency, stevedoring agency, private security service agency etc., The deductions will be made by the Government, any other authority, corporation or body, any company as defined in section 2(20), banking or insurance company, co-operative bank or any NGO registered with NGO Affairs Bureau.

iv) Deduction from rent payable to owner of a house: Section 53A & Rule 17B

This section provides for deduction of tax at source from income from house property payable by the organisation, or any authority, corporation or body including its unit, any company as defined in clause (20) of section 2 or any banking company or insurance company or any co-operative bank or any non-government organisation run or supported by any foreign donation or assistance.

Deduction will be made at the rates laid down in the schedule below: -

Sl. No.	Amount of payment of tax at the time of	Rate of deduction of making payment
01.	Where the monthly payment does not exceed Taka 15,000/-	Nil
02.	Where the monthly payment exceeds Taka 15,000/- but does not exceed Taka 35,000/-	3%
03.	Where the monthly payment exceeds Taka 35,000/-	5%

owner of the house property or the amount of tax deducted is in excess of the amount payable, tax deducted shall be refunded in full if no tax was payable or where the tax deducted was in excess of the amount payable, the excess deduction shall be refunded to the owner of the house property.

The Deputy Commissioner of Taxes, on an application made in this behalf may however give a certificate in the prescribed form to the owner of a house property that the owner will have no assessable income during the year or his income is otherwise exempt and in that event, the tenant shall make the payment of rent without deduction of tax until the certificate is cancelled by the Deputy Commissioner of Taxes.