



## **KEY FACTS ABOUT BRANCH OFFICE IN BANGLADESH**

1. A Branch office of a foreign company can engage in commercial activities with prior approval of BIDA.
2. A Branch office may have a local source of income from the approved field of business activities in Bangladesh and with the prior approval of BIDA.
3. The activities of a Branch office shall remain confined to the areas and for the period of time mentioned and approved in the approval letter issued by BIDA. If the company intends to continue its office beyond the period of approval, it will have to apply for necessary renewal/ extension in the prescribed form with proper documents at least 2 (two) months before the expiry of the current term.
4. If the approved company intends to employ any foreign nationals(s) in their Office, work permits should be obtained from the BIDA.
5. An amount of foreign exchange equivalent to the sum of not less than US\$ 50,000 or equivalent as estimated initial establishment cost and 6(six) months of operational expenses of the Office must be brought in as inward remittance in Bangladesh within 02(two) months from the date of issuance of the BIDA permission letter. For this purpose, the Office shall have to open an account with any scheduled bank of Bangladesh as per the instructions contained in the Guidelines for Foreign Exchange transactions for receipt of remittances.
6. Quarterly returns of incomes and expenditures out of remittances received from abroad shall have to be submitted to the BIDA, concerned Bank, National Board of Revenue, and Bangladesh Bank with documentary evidence.
7. Any change(s) of the present address shall be intimated to the BIDA for necessary action and approval before the proposed change is carried out.
8. The permitted Office shall have to obtain clearances/ licenses from the concerned government agencies, as and where required, under the existing rules of the country.
9. The permitted Office shall have to pay duty/income tax/VAT/revenues and other taxes payable to the government under the existing laws of Bangladesh.
10. Deduction of taxes at source while paying office/house rent, salaries, and bills for purchased goods, services, and contract work has to be made and subsequently deposited to the designated government accounts as per provisions of Bangladesh Income Tax Ordinance, 1984. For the purpose of deduction of taxes at source & VAT, enterprises shall have to obtain Taxpayer Identification Number (TIN) from the National Board of Revenue.
11. Approval of Branch and Liaison Offices and award of work permits for foreign nationals will be made on the condition of security clearance from the Ministry of Home Affairs. The Ministry of Home Affairs shall provide security clearance within 45 days of issuance of the permission letter under the existing Visa policy. Otherwise, it will be treated that the concerned agencies have no objection to the issuance of visas.
12. Expatriates working in the manufacturing industry, business organizations of the private sector, educational institutions, Branch and Liaison Offices, etc. in Bangladesh must submit an income tax clearance certificate/income tax exemption certificate under section 107 of the Income Tax Ordinance, 1984.
13. Branch and Liaison Offices under proprietorship companies will be generally discouraged.

14. For establishing more than one Office of the permitted Branch or Liaison Offices in Bangladesh, the foreign company shall have to obtain separate prior permission from the Bangladesh Investment Development Authority.

## Cost and Procedures to Register a Branch Office in Bangladesh

<p><b>Stage-01: Approval of Bangladesh Investment Development Authority (BIDA)</b></p> <p><b>Requirement:</b></p> <ol style="list-style-type: none"><li>1. Resolution by the principal Companys Board of Directors regarding the opening of the office in Bangladesh/ Details of Project/Copy of Agreement with EPC Contractor in case of Project Office.</li><li>2. Audited Accounts of the last financial year of the principal company.</li><li>3. Proposed organogram of the office showing the posts to be occupied by both expatriates and local personnel.</li><li>4. Detailed activities of the principal company on letterhead pad</li><li>5. Name and nationality of the Directors/owners of the principal company, Photo, Passport of Shareholders/Directors</li><li>6. Memorandum and Articles of Association of the principal company</li><li>7. Certificate of Incorporation</li><li>8. Details of activities to be performed through the proposed branch/liaison/representative office in Bangladesh and future plan in the Industrial Revolution</li><li>9. Letter of authorization signed by the companys management regarding the submission of the application.</li><li>10. Additional information with proper documents (if any)</li><li>11. Legal Address of the proposed company</li><li>12. Documents shall have to be attested by the concerned Bangladesh mission/mission of the respective country in Bangladesh/ respective countrys apex business chamber</li><li>13. Documents shall have to be attested by the concerned Bangladesh mission/mission of the respective country in Bangladesh/ respective countrys apex business chamber</li></ol> <p><b>Inspection:</b></p> <p>Upon receiving the documents, they will be thoroughly inspected by the Inter-Ministerial Committee of BIDA. Thereafter, if the committee is satisfied, they will give the approval or may seek further documents. Therefore, it is essential to prepare the documents meticulously.</p> <p><b>Timeline:</b> 60 working days</p>	<p><b>\$4000</b></p>
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<p><b>Stage-02: Opening a temporary bank account</b></p> <p>The next step after receiving approval from BIDA is to open a Bank account in Bangladesh. This is because although no minimum paid-up capital is required for setting up a branch office, a remittance of US\$ 50,000 needs to be injected within 2 (two) months from the date of issuance of the BIDA permission letter.</p> <p>Notes: Prior to submitting the MOA for Registration, a bank account must be opened. Foreign directors will be required to deposit a sum of money into the account equal to the number of shares. Then the Bank issues an Encashment Certificate. Then the Bank issues an Encashment Certificate.</p> <p>Timeline: Depends on remit process</p> <p><b>Requirement:</b></p> <ol style="list-style-type: none"> <li>1. BIDA permission letter</li> <li>2. Draft Article and Memorandum of Association</li> <li>3. In addition, the Passport of the bank account signatory (if foreign national) and</li> <li>4. NID (if Bangladeshi national)</li> </ol>	<p><b>\$500</b></p>
<p><b>Stage-03: Bangladesh Bank Approval</b></p> <p>Bangladesh Parliament has amended the Foreign Exchange Regulations Act 1947. However, Now the requirement of 18B Approval from Bangladesh Bank has been removed. Furthermore, Pursuant to the amendment, after receiving approval from BIDA, the branch office needs to report to the Central Bank of Bangladesh. Such a report should be made within 30 (thirty) days of the approval.</p>	<p><b>\$500</b></p>
<p><b>Stage-04: (Final Stage) Registration/Incorporation</b></p> <p>Lastly, after obtaining approval from both Bangladesh Bank and BIDA, the last step is to register the branch office with the RJSC. Cost \$4000 for the authorized capital at BDT 50 million (All inclusive, Like official fee, VAT, Tax, and Professional fees)</p>	<p><b>\$4000</b></p>

**Requirement:**

1. BIDA and Bangladesh Bank approval letter
2. Certified copies of the Memorandum of Association and Articles of Association
3. Full address of the registered or principal office of the company
4. List of the directors and secretary (if any) of the company
5. In addition, the name and address of a Bangladeshi who may represent the company in processing and accepting documents and
6. The full address of the office of the company in Bangladesh

**Timeline:** 30 working days