

Excessive tax breaks holding back country's revenue growth : NBR chief

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Online Desk : Bangladesh's ability to raise its tax-to-GDP ratio is being undermined by extensive tax exemptions, National Board of Revenue (NBR) Chairman Md Abdur Rahman warned on Tuesday. Speaking at a seminar titled "Corporate Tax and VAT Reform: A Critical Perspective for the NBR" in Dhaka, Rahman said tax holidays offered to attract local and foreign investment often far exceed their intended duration. "Although the waiver is meant for eight years, in many cases it continues for up to 40 years," he said.

The NBR chief cautioned that low tax collection could weaken government spending on development projects and essential public services. He also stressed that digitizing tax and VAT systems would make returns easier and more efficient. The seminar was organized by the Centre for Policy Dialogue (CPD), which presented survey findings highlighting growing frustration among business leaders over the country's tax structure. According to the study, conducted in partnership with Christian Aid, 82 percent of business respondents said current tax rates are unfair and a major obstacle to business growth. The survey, which covered 123 organizations in Dhaka and Chattogram, also revealed deep-rooted dissatisfaction with tax administration.

Nearly 79 percent of participants pointed to a lack of accountability among tax officials, while 72 percent cited corruption as the main barrier. Sixty-five percent said they frequently face disputes with officials over arbitrary tax assessments, which create what they described as "invisible pressures" beyond the actual tax amount. VAT administration was also flagged as a serious challenge, with 73.5 percent of respondents identifying the complexity of VAT rates as the most significant obstacle they face. The report concluded that an over-reliance on exemptions, combined with corruption and bureaucratic inefficiency, is holding back Bangladesh's revenue mobilization efforts — even as demand for public spending continues to grow.