

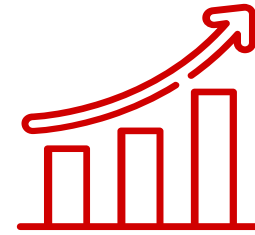


Bangladesh National Budget FY 2025-26

In-Depth Analysis and Impact Assessment



CONTENTS



1. Executive Summary
3. Detailed FY 2025-26 Budget
5. Budget Highlights & Structure
7. OPEX & ADP Allocation
9. Corporate Tax FY 2026
11. Capital Market Impact & Initiatives
13. Positively Affected Sectors
15. Neutral Impacted Sectors
17. Disclaimer

2. Budget Overview
4. Historical Budget Size & Growth
6. Revenue & Allocation
8. Individual Tax FY 2026
10. Products Price Changes
12. Sectors Affected by Budget 2025-26
14. Negatively Affected Sectors
16. Conclusion

01



Executive Summary

Executive Summary

The FY 2025-26 Budget of Bangladesh focuses on economic stability, inclusive growth, and sustainable development.

Key Objectives:

- Achieve 6.5% GDP growth in the medium term.
- Bring inflation down to 8% by June 2025.
- Ensure equitable distribution of resources and services.
- Increase investments in healthcare, education, social safety nets, and infrastructure.

Revenue Generation:

- Revenue Target: Tk. 5,64,000 crore (9% of GDP).

Expenditure Focus:

- Expenditure Target: Tk 7,90,000 crore (12.7% of GDP).

The budget aims to reduce fiscal deficit through increased tax collection, expansion of public welfare, and investment in critical sectors for long-term growth.



02



Budget Snapshot

Budget Snapshot



GDP Growth Target
6.5% (Medium Term)



Total Budget Size
Tk. 7,90,000 crore (12.7% of GDP)



Revenue Target
Tk 5,64,000 crore (9% of GDP)



Inflation Target
8% by June 2025



Budget Deficit
Tk 2,26,000 crore (3.6% of GDP)

03



Overview of the FY 2025-26 Budget

Overview of the FY 2025-26 Budget

Revenue Sources:

- NBR Tax: Tk 4,99,000 crore
- Non-Tax Revenue: Tk 46,000 crore

Expenditure Breakdown:

- Operating Expenditure: Tk 4,98,783 crore
- Development Expenditure: Tk 2,45,609 crore
- Annual Development Program (ADP): Tk 2,30,000 crore

Deficit Financing:

- Domestic Borrowing: Tk 1,25,000 crore
- Foreign Loans: Tk 1,01,000 crore

Fiscal Reforms:

- Streamlining tax compliance.
- Expanding the tax base and addressing tax evasion.
- Improved foreign debt management and inflation control strategies.

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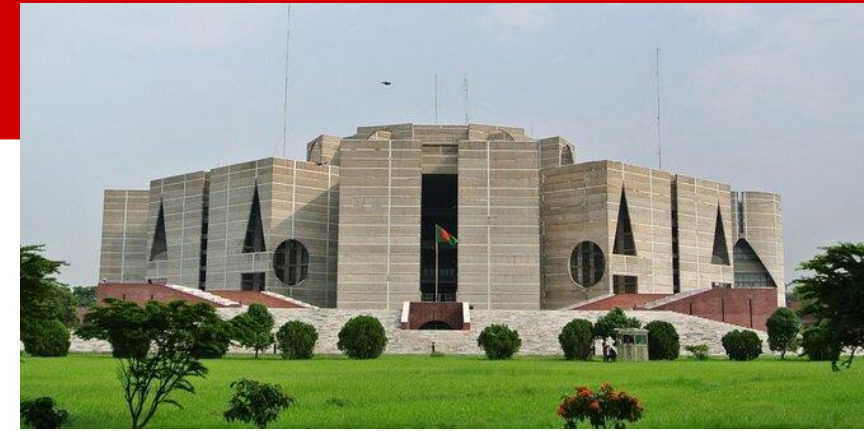
Table of Historical Budget Size and Growth

Table of Historical Budget Size and Growth

Historical Budget Size and Growth (Last 6 Years till the Current Budget 2025-26)

Fiscal Year	Budget Size (in Crore Tk)	GDP Growth (%)	Revenue (in Crore Tk)	Budget Deficit (in Crore Tk)
FY 2020-21	3,50,000	5.0	2,60,000	80,000
FY 2021-22	4,00,000	6.1	2,75,000	85,000
FY 2022-23	4,50,000	6.0	3,00,000	90,000
FY 2023-24	5,20,000	5.5	3,40,000	1,00,000
FY 2024-25	5,64,000	3.97	3,70,000	1,25,000
FY 2025-26	7,90,000	6.5	5,64,000	2,26,000

05



Budget Structure, Sources of Funds and Expenditures

Budget Structure, Sources of Funds and Expenditures

Budget Highlights

Focus on inclusive development through expanded welfare programs.

- Significant investments in healthcare, education, and infrastructure.

Source of Funds

Revenue: Tax collections and non-tax revenues.

- Borrowing: Domestic and external borrowings to finance the deficit.

Expenditures

Operating Expenditure: Salaries, public administration, and defense.

- Development Expenditure: Infrastructure projects and public welfare.

06



Incremental Revenue and Allocation

Incremental Revenue and Allocation



Revenue Increment:

- Tk 5,64,000 crore target for FY 2025-26, an increase from Tk 5,18,000 crore in FY 2024-25.
- Increased revenue generation through tax reforms and improving tax compliance.



Allocation of Incremental Revenue:

- Focused on social welfare, education, healthcare, and infrastructure.
- Significant portion of the increment allocated to investment in green energy and renewable energy projects.

07



Incremental OPEX and ADP Allocation

Incremental OPEX and ADP Allocation

Area	Previous FY Allocation	Current FY Allocation	Incremental Change
Operating Expenditure (OPEX)	Tk 4,75,000 crore	Tk 4,98,783 crore	+ Tk 23,783 crore
Annual Development Program (ADP)	Tk 2,10,000 crore	Tk 2,30,000 crore	+ Tk 20,000 crore

1

Operating Expenditure (OPEX):

- Tk 23,783 crore increase focused on social services, public safety, and government salaries.

2

ADP Allocation:

- Tk 20,000 crore increase, with emphasis on education, healthcare, and infrastructure development.

08



Individual Taxation FY 2026

Individual Taxation FY 2026



Personal Income Tax

- Tax-free income threshold raised to Tk 375,000.
- Progressive tax structure introduced to ensure fairer tax burden distribution.



Tax Deductions

- Increased allowances for pension funds, health insurance, and education expenses.



Focus Areas

- Simplified tax filing and increased digitalization of the tax system.

09



Corporate Taxation FY 2026

Corporate Taxation FY 2026

1 Corporate Tax Rates:

- The government proposes tax reductions for certain sectors like IT, export-oriented industries, and green technologies.
- New tax incentives for companies investing in renewable energy, green technologies, and job creation.

2 Taxation Reforms:

- Introduction of long-term tax holidays and tax rebates for companies with corporate social responsibility (CSR) projects.

10



List of Products Price that Goes Up/Down

List of Products Price that Goes Up/Down

Products That Will Go Up:

Product	Reason for Increase
Luxury Goods	Higher VAT on electronics and branded goods.
Tobacco Products	Increased excise duties.
Construction Materials	Higher import duties on cement, steel.

List of Products Price that Goes Up/Down

Products That Will Go Down:

Product	Reason for Decrease
Fuel	Reduced import duties on crude oil and refined petroleum.
Rice	Subsidies and import duty adjustments.
Fertilizers	Duty rationalization and subsidies.

11



Impact on the Capital Market, the Proposed Initiatives and Potential Impacts

Impact on the Capital Market, the Proposed Initiatives and Potential Impacts

1

Proposed Initiatives:

- Tax incentives for companies involved in green energy, technology, and digital services.
- Increased support for startups and new industries that contribute to the digital economy.

2

Potential Impacts:

- Increased investor confidence in renewable energy and technology sectors.
- Boost to capital market with higher investments flowing into green companies and digital startups.

12



The effect of the Budget 2025-26 on the Sectors Listed on the Dhaka Stock Exchange and Chittagong Stock Exchange

The Effect of the Budget 2025-26 on the Sectors Listed on the Dhaka Stock Exchange and Chittagong Stock Exchange

Impact on Key Sectors:

- Telecommunications: Tax incentives for mobile companies will spur growth.
- Pharmaceuticals: Duty exemptions for raw materials and tax rebates for exports.
- Real Estate: Negative impact due to higher construction costs.
- Renewable Energy: Positive impact due to increased government focus and incentives.

13



Positively Impacted Sectors

Positively Impacted Sectors

1 **Telecommunication**
Robi, Grameenphone will benefit from tax breaks and digital service expansion.

2 **Pharmaceuticals**
SQUARE, Incepta, and Eskayef will benefit from duty-free raw materials and increased government procurement.

3 **Renewable Energy**
Summit Power and others in the green energy sector will benefit from government incentives for clean energy projects.

14



Negatively Impacted Sectors

Negatively Impacted Sectors



Tobacco

- BAT Bangladesh will face challenges due to higher excise duties and regulations.



Real Estate

- Sheltech, Aftab Automobiles may face reduced demand due to increased construction costs.



Fossil Fuel Energy

- Titas Gas, Petrobangla may face declining demand as the government focuses on renewable energy.

15



Neutrally/Unchanged Impacted Sectors

Neutrally/Unchanged Impacted Sectors

1 **Banking:**

- Dutch-Bangla Bank, BRAC Bank will likely see minimal impact as the taxation policies are largely unchanged.

2 **Consumer Goods:**

- Nestlé Bangladesh, Coca-Cola may remain unaffected by budgetary changes due to stable VAT and import duties.

16



Conclusion

Conclusion

The FY 2025-26 Budget provides a comprehensive framework for sustainable economic growth, poverty reduction, and equitable development.

Key Highlights:

- Strong emphasis on social welfare, education, healthcare, and renewable energy.
- The capital market will see positively impacted sectors such as telecommunications, pharmaceuticals, and renewable energy.
- Real estate, tobacco, and fossil fuel companies will face challenges due to higher taxes and new regulatory measures.

This budget aims to foster a resilient economy while ensuring inclusive development for all sections of society.

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