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BANGLADESH NATIONAL BUDGET FY2026-27

Balancing on a Tightrope

The largest budget in history bets on growth –
funded by a Record revenue target

11 June 2026

The national budget for FY2026-27 bets on growth with the largest budget ever, relying on a record revenue target

BDT 9,380bn
Total budget (+19% YoY)

BDT 2,430bn
Budget Deficit

BDT 6,950bn
Revenue target (record)

3.6%
Deficit as % of GDP

BDT 3,000bn
ADP (+50% YoY)

6.5%
GDP growth target for FY27

EXPENDITURE – historic 19% YoY growth target

REVENUE – a record, VAT-led target

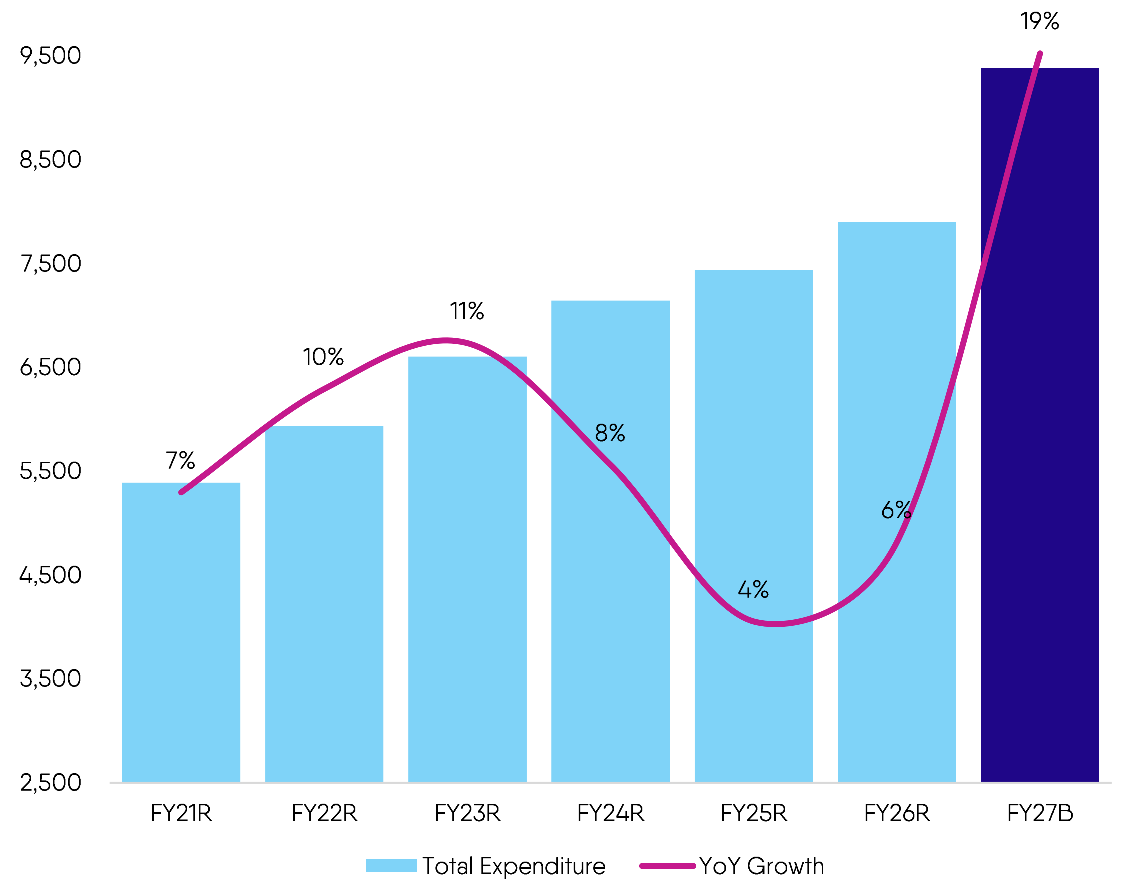
DEFICIT & FINANCING – tilting more towards foreign borrowing

HOUSEHOLDS & EQUITIES – mixed impact

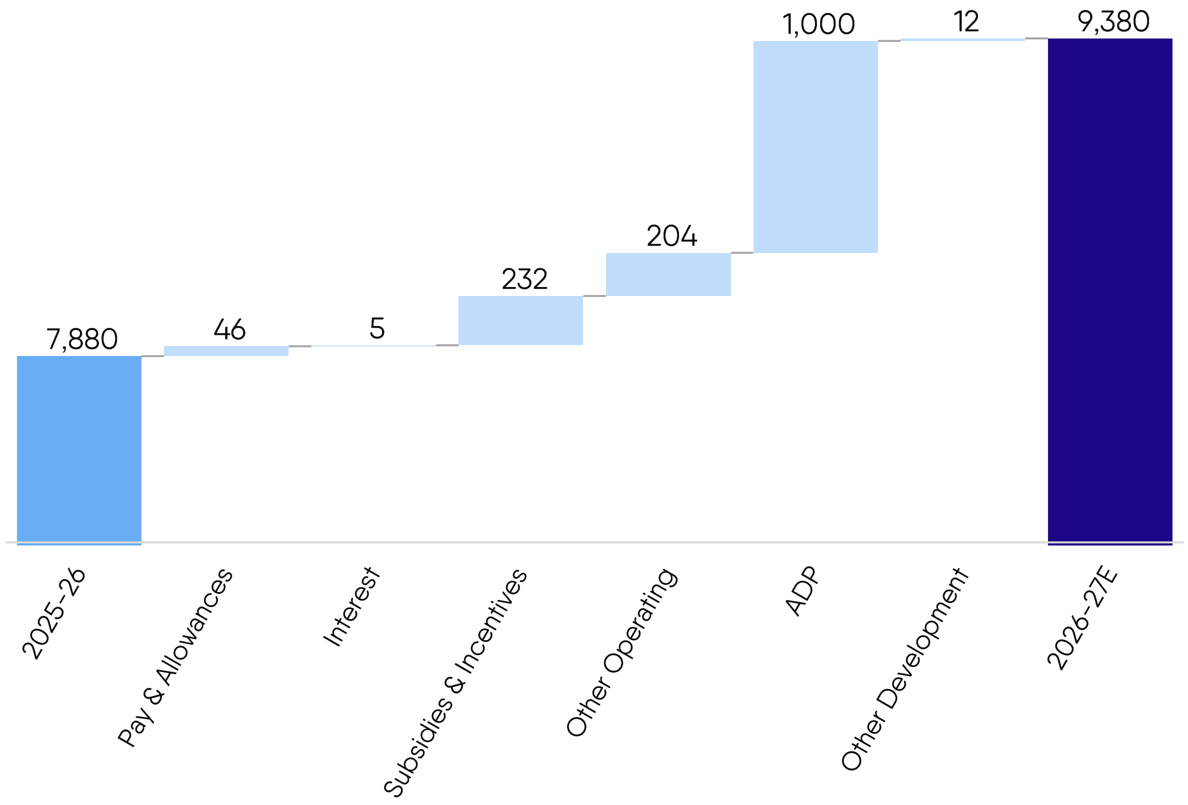
Source: Ministry of Finance

Expenditure jumps 19%, the steepest in a decade, with the ADP alone driving BDT 1tn of the spending increase

YoY Budget Growth



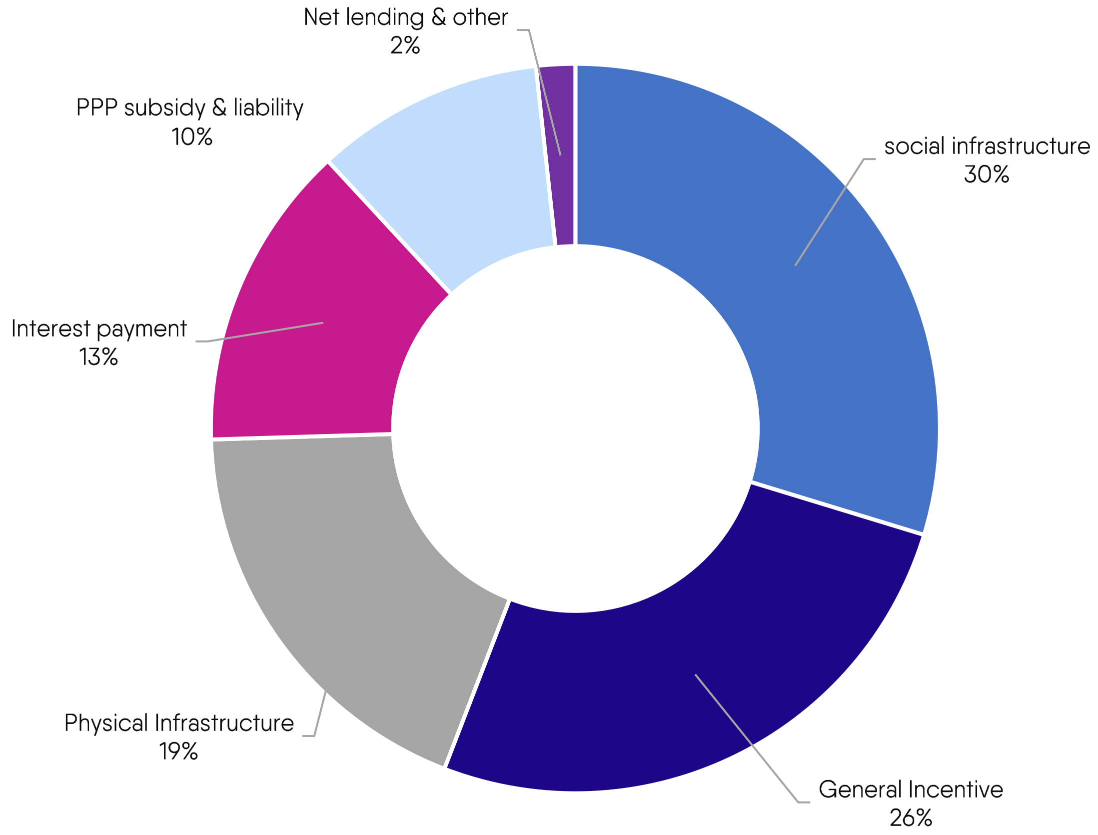
Where the FY27 Increment is Spent: Expenditure Bridge by Head (BDT billion)



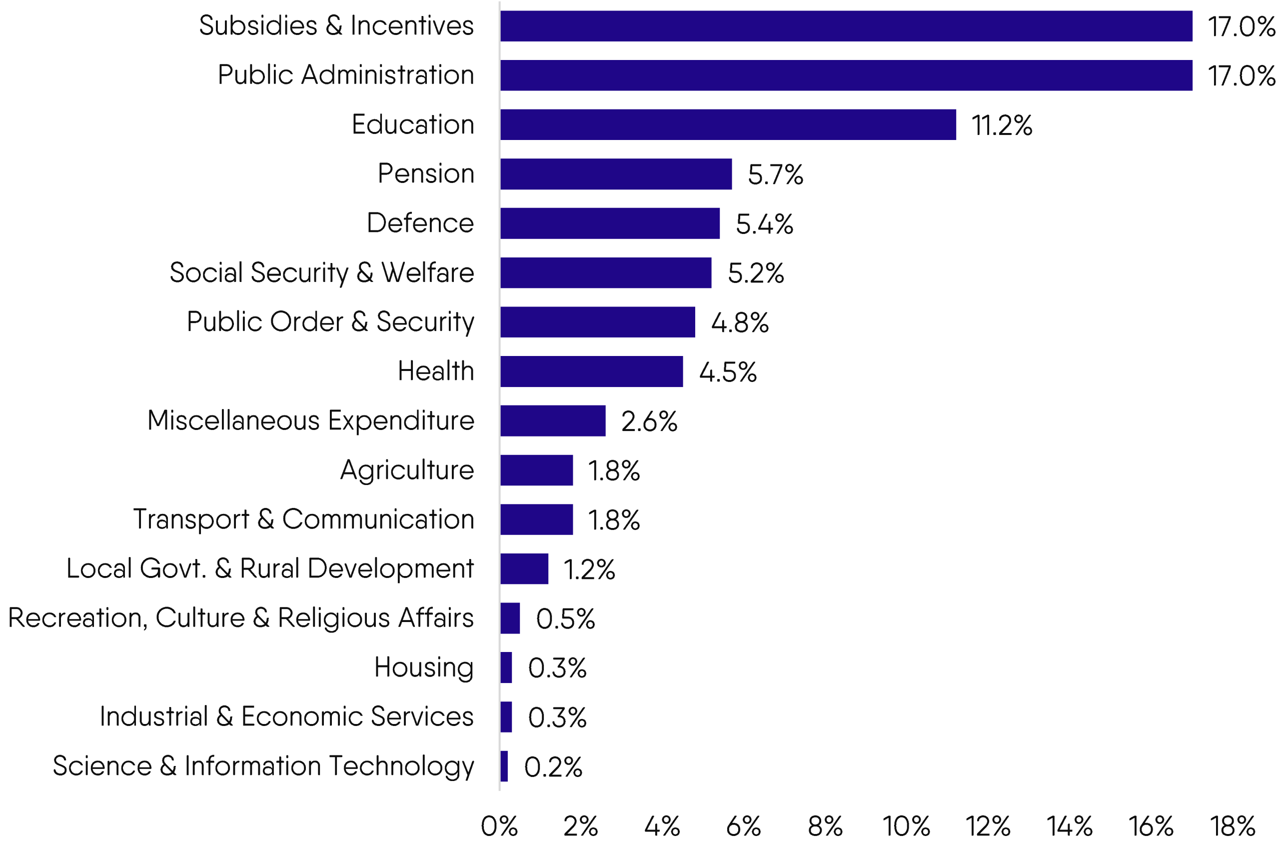
Source: Ministry of Finance

Where the Money Goes

Budget By Sector



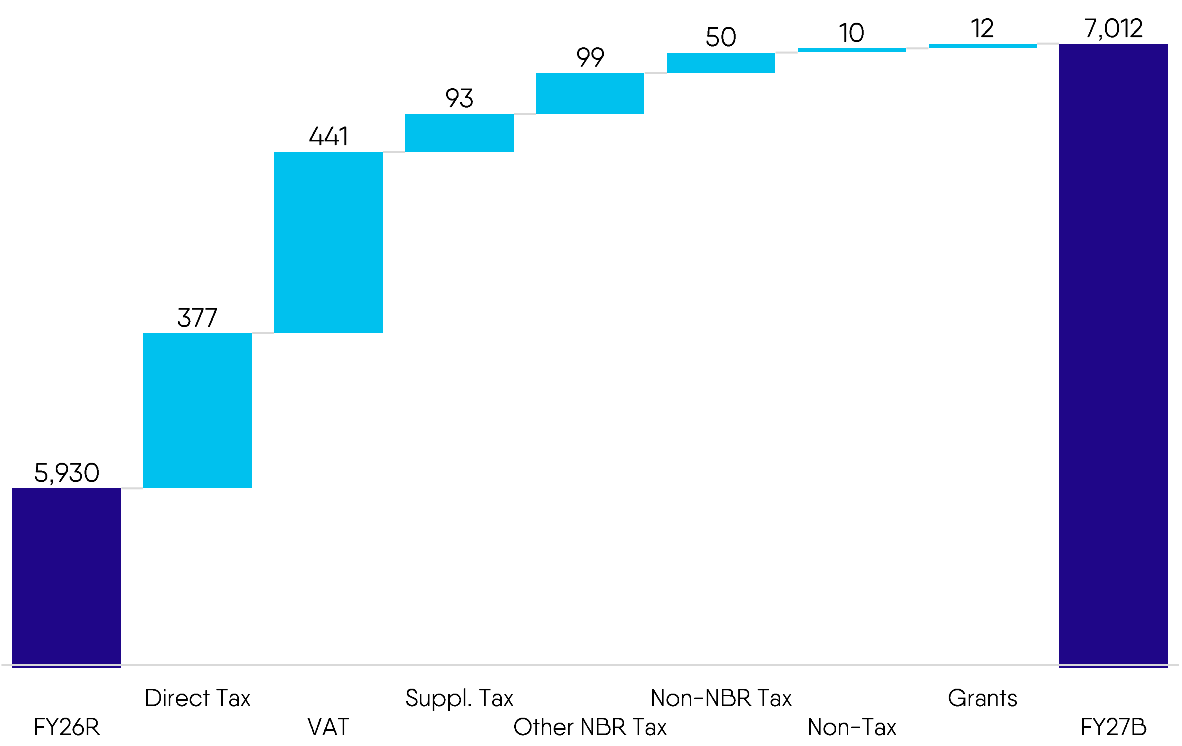
Operating Expenditure by Sectors



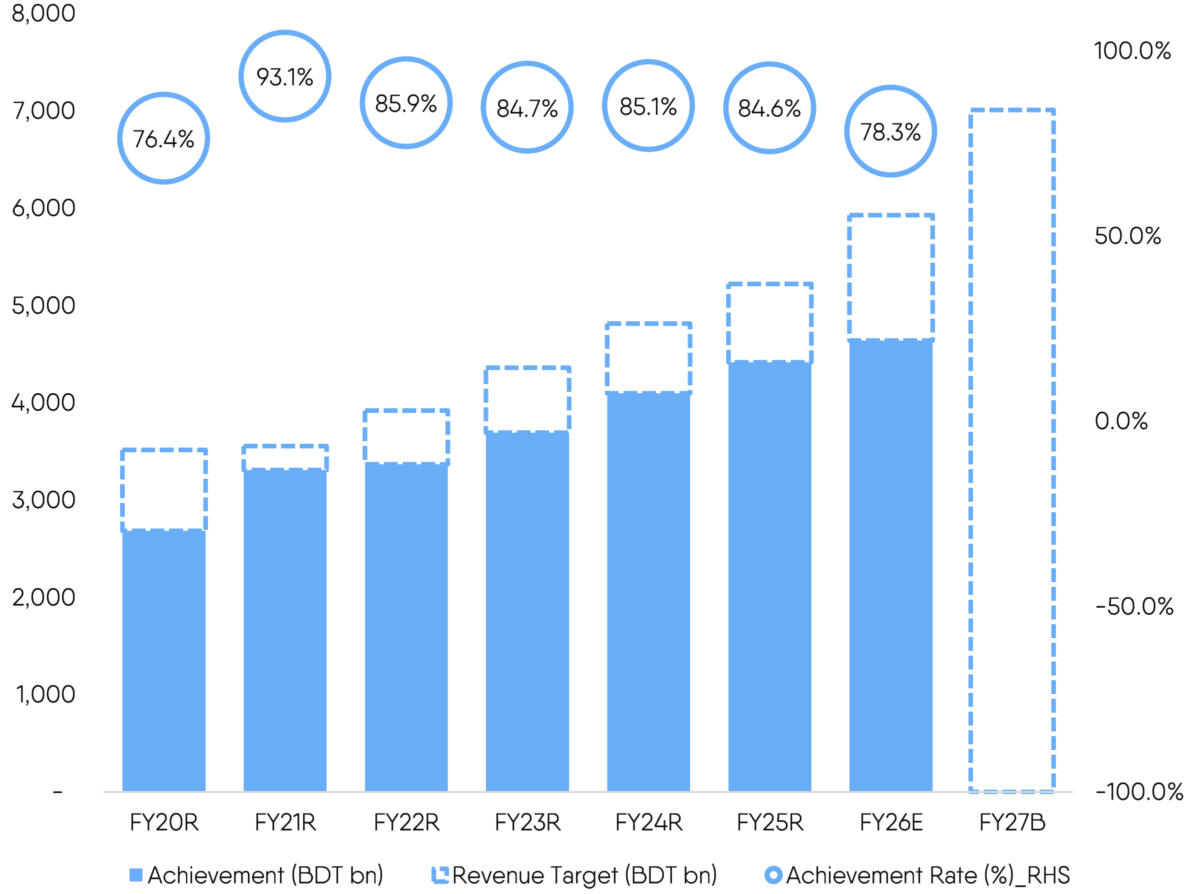
Source: Ministry of Finance

VAT does the heavy lifting on the 18.2% revenue growth target — but the NBR has fallen short of the target every year

FY27 Revenue Target: Build-up by Source (BDT billion)



Govt. Total Revenue Collection Target vs. Achievement (BDT bn)

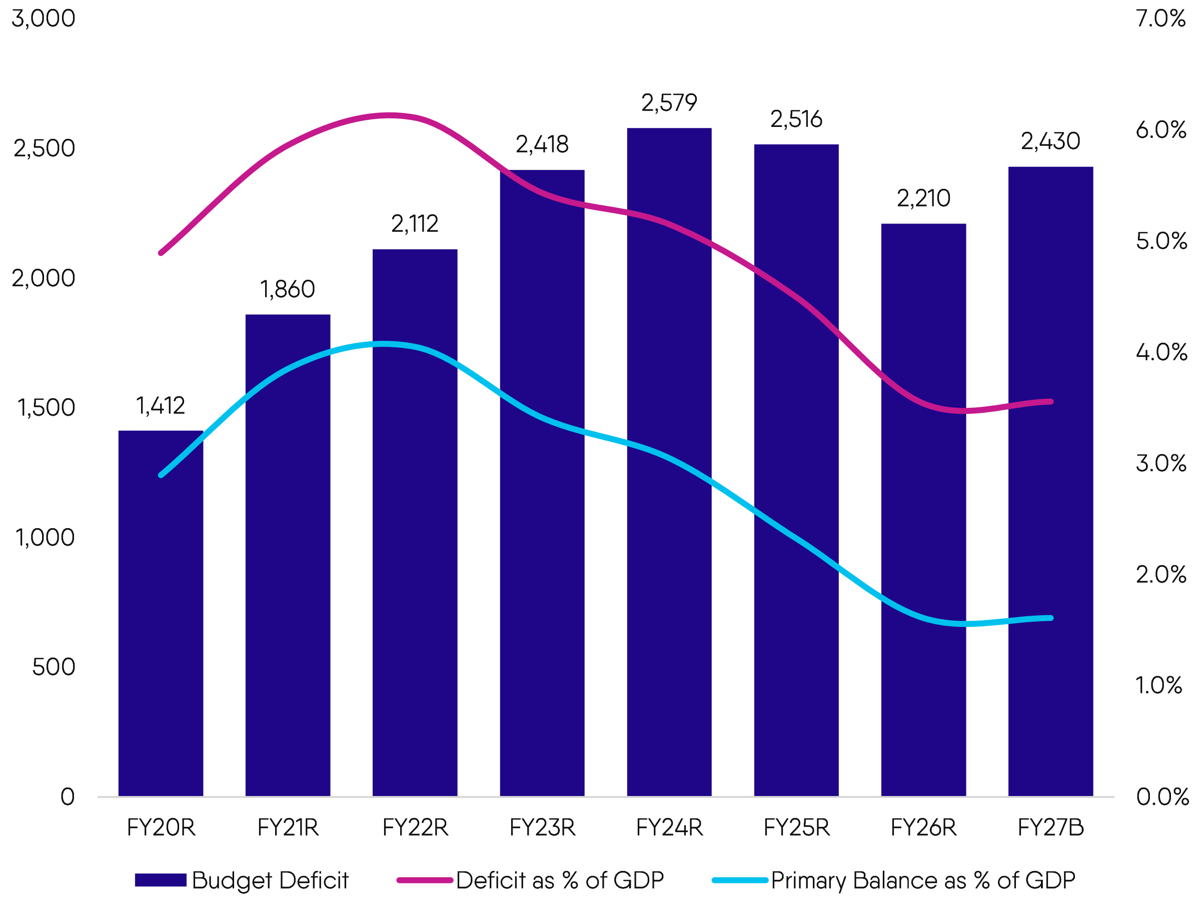


CAL Research

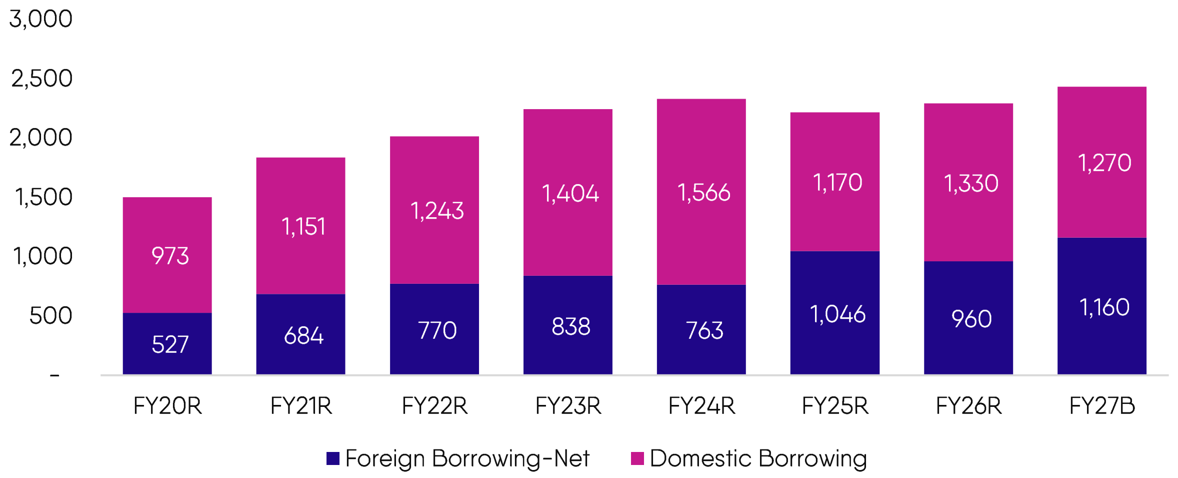
Source: Ministry of Finance

Containing the budget deficit within the 3.6% of GDP target depends on strong revenue mobilization; financing mix tilts to a higher foreign share than FY26

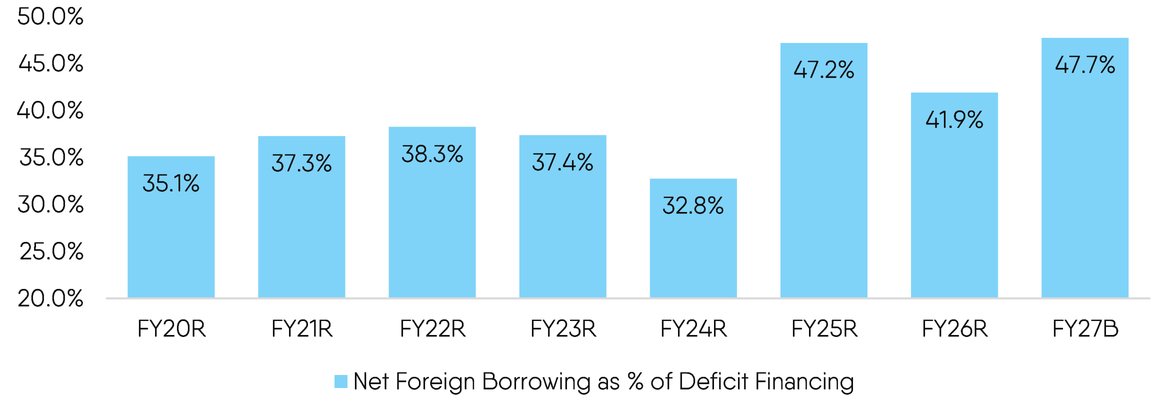
Budget Deficit (Bn, BDT)



Financing Mix (Bn, BDT)



Net Foreign Borrowing as % of Deficit Financing



Source: NBR & Ministry of Finance

Beyond the Numbers: Where the Budget Lands

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Personal tax holds broadly steady, as the government lays out a 5-year collection roadmap

	ASSESSMENT YEAR		
RATE	2026-27 & 2027-28	2028-29 & 2029-30	2030-31
Nil	**Up to BDT 3,75,000**	Up to BDT 4,00,000	Up to BDT 4,50,000
10%	**Next BDT 3,00,000**	Next BDT 3,00,000	Next BDT 3,00,000
15%	**Next BDT 4,00,000**	Next BDT 4,00,000	Next BDT 4,00,000
20%	**Next BDT 5,00,000**	Next BDT 5,00,000	Next BDT 5,00,000
25%	**Next BDT 20,00,000**	Next BDT 20,00,000	Next BDT 20,00,000
30%	**Remaining**	Next BDT 2,64,00,000	Next BDT 2,63,50,000
35%	**–**	Remaining	Remaining

35%

New top band, on income above BDT 3 crore from Tax year 2028-29

From tax-year 2028-29, up from 30%. Hits only the "super-income group"; middle incomes untouched.

Tax-free threshold: the path ahead

BDT 3.75L 2026-27 → **BDT 4.00L** 2028-29 → **BDT 4.50L** 2030-31

Top-rate path: 30% → 25% (AL) → 30% → 35%

Source: Finance Bill 2026-2027

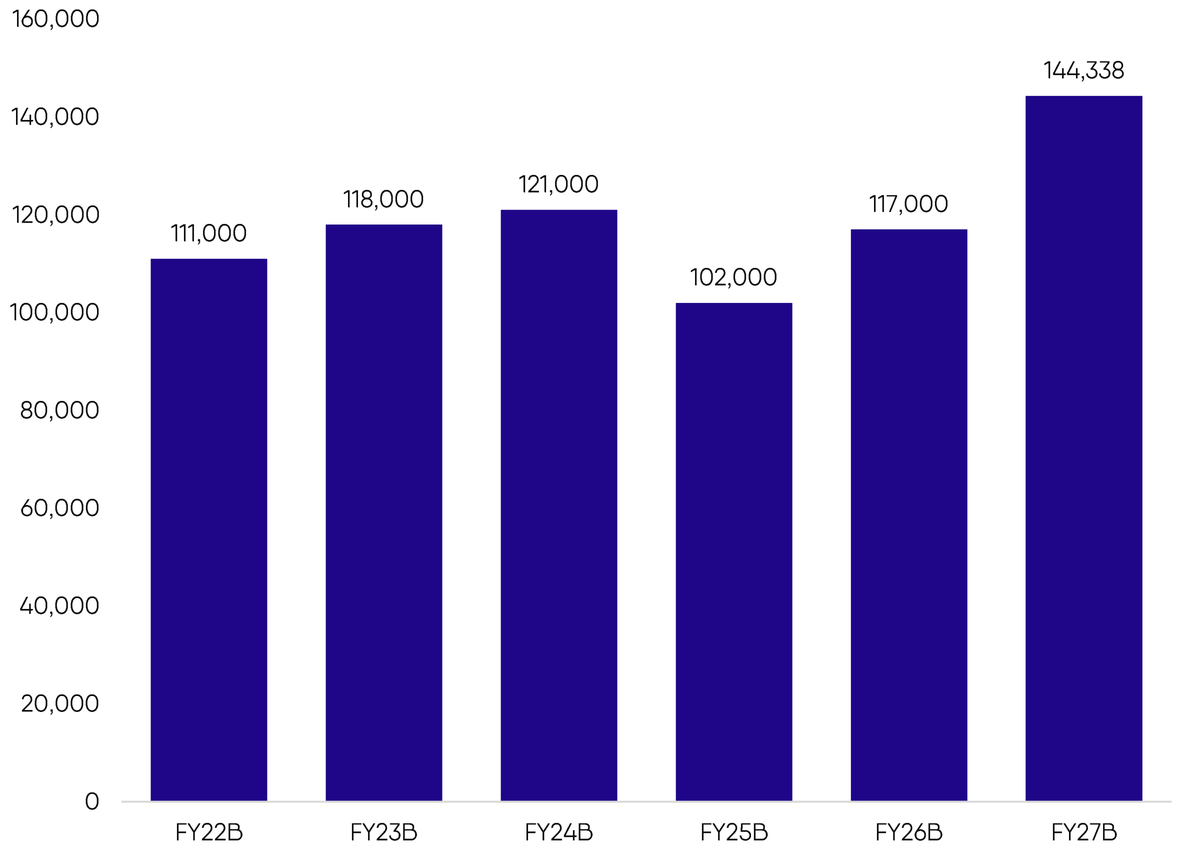
Corporate tax rates held unchanged for FY27

Entity	FY25	FY26	FY27 & FY28
Publicly Traded Company (Free float ≥10%)	22.5%*	Unchanged	Unchanged
Publicly Traded Company (Free float <10%)	25.0%*	Unchanged	Unchanged
Non-Publicly Traded Company	27.5%*	Unchanged	Unchanged
One Person Company	22.5%	Unchanged	Unchanged
Publicly Traded Bank, Insurance, FI	37.5%	Unchanged	Unchanged
Non-Publicly Traded Bank, Insurance, FI	40.0%	Unchanged	Unchanged
Merchant Bank	**37.5%**	**27.5%**	Unchanged
Tobacco Manufacturers	45% + 2.5% surcharge	Unchanged	Unchanged
Mobile Operator (Publicly Traded)	40.0%	Unchanged	Unchanged
Mobile Operator (Non-Publicly Traded)	45.0%	Unchanged	Unchanged
Cooperative Society	20.0%	Unchanged	Unchanged

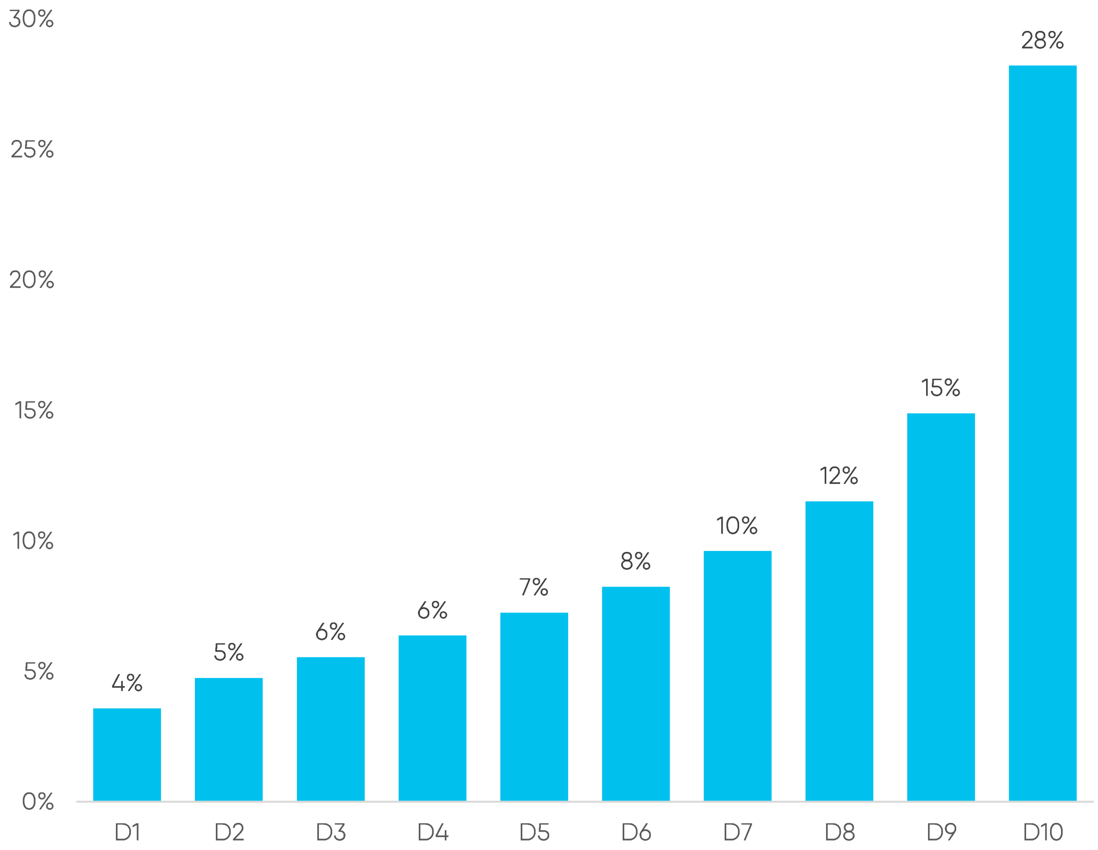
*2.5% lower tax for publicly and non-publicly traded companies if all income and receipts — and every single transaction above BDT 5,00,000 or annual expenses/investments above BDT 36,00,000 — are made through bank transfers.

Govt. hikes social safety net program by 23% to BDT 144,338 Cr targeting bottom income tier….

Social Safety Net Program (Cr, BDT)



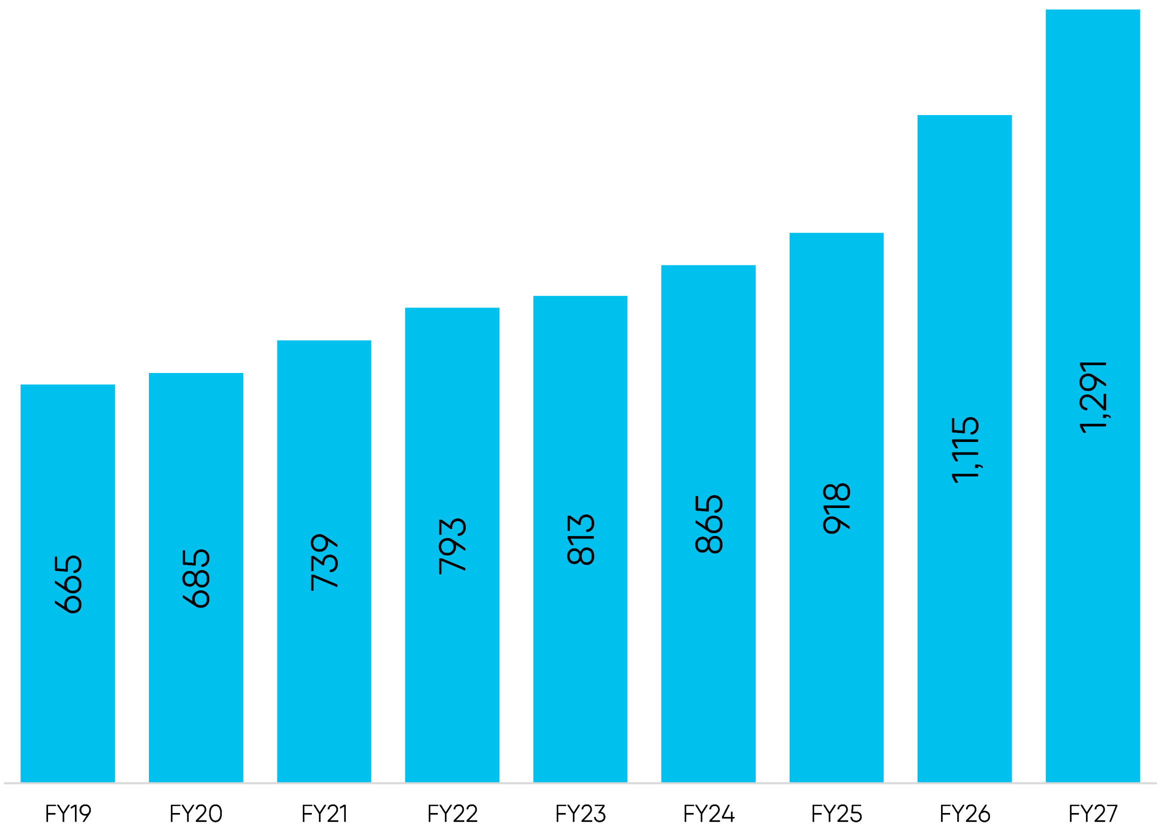
Total Expenditure Contribution By Decile



Source: Ministry of Finance, CAL Research Estimates

...likely resulting in an immediate expenditure boost of BDT 90,215 Cr.

Consumption By the Lowest Decile by Households (Cr, BDT)



Family Card Program

Government expects to spend BDT 1,34,000 crore Over 5 Years

BDT 14,500 Crore Allocated for FY27

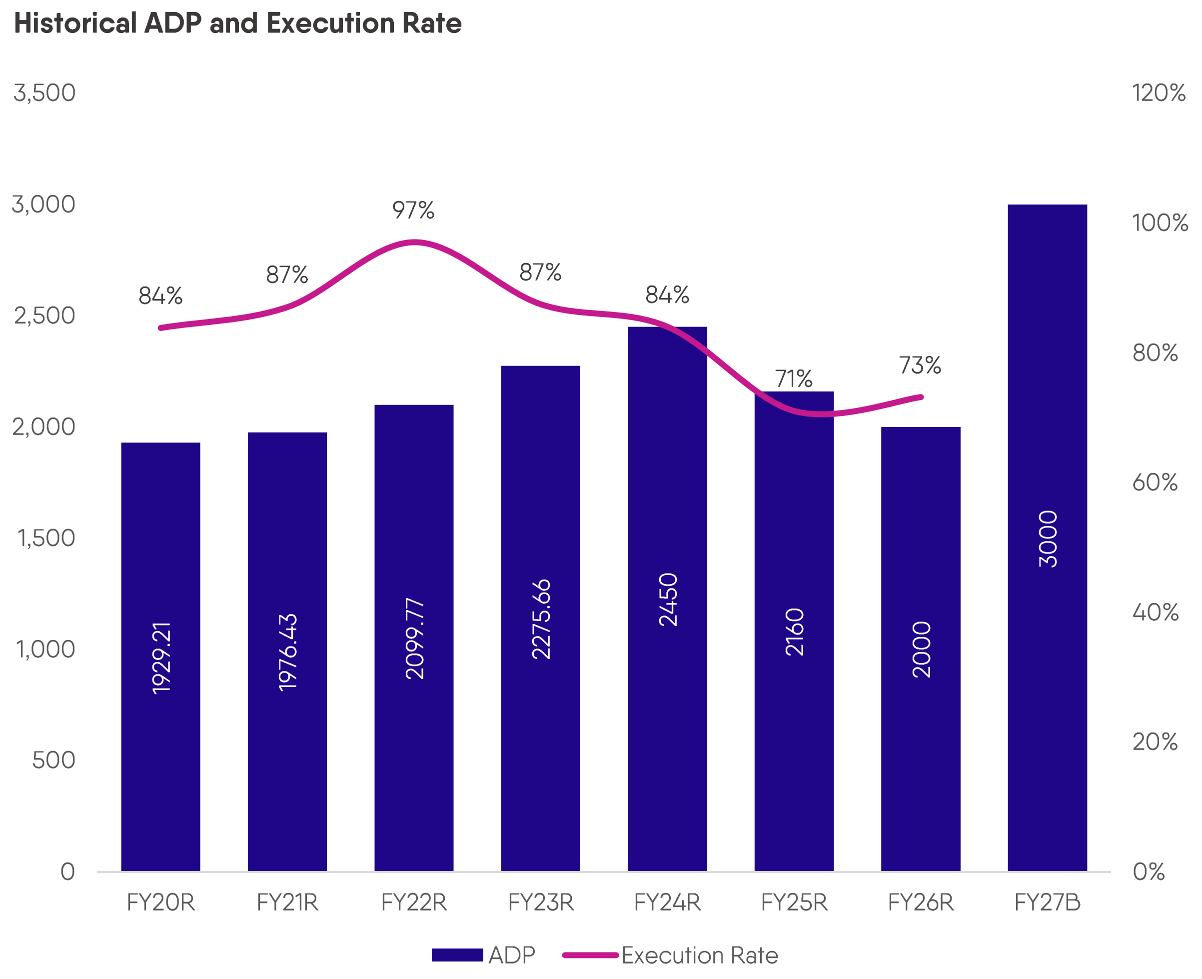
4.1 Million House Targeted

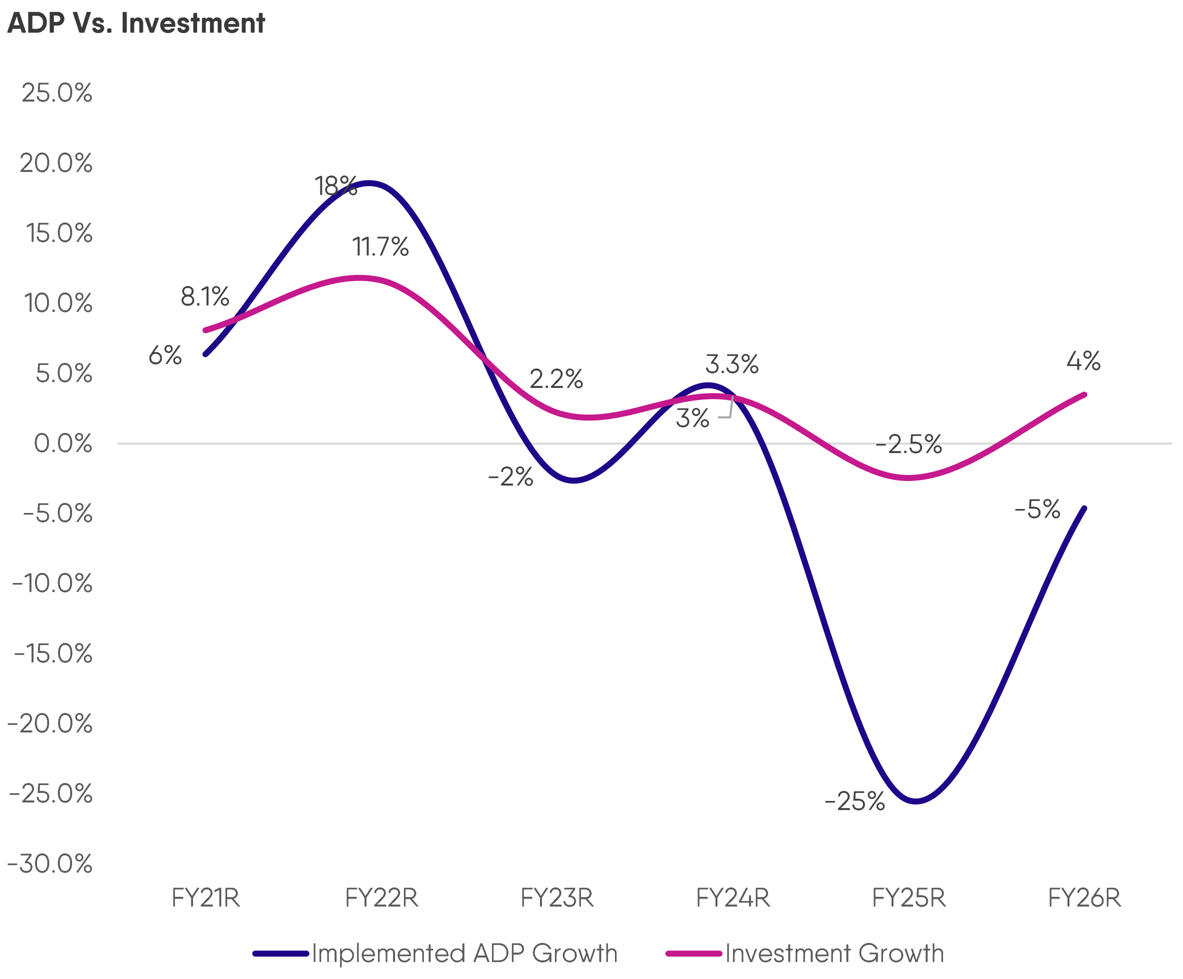
Social Safety Net Program boosting consumption

Increase of BDT 27,338 Cr. from FY26 expected to increase consumption by BDT 90,215 Cr.

Source: BBS, Ministry of Finance, CAL Research Estimates

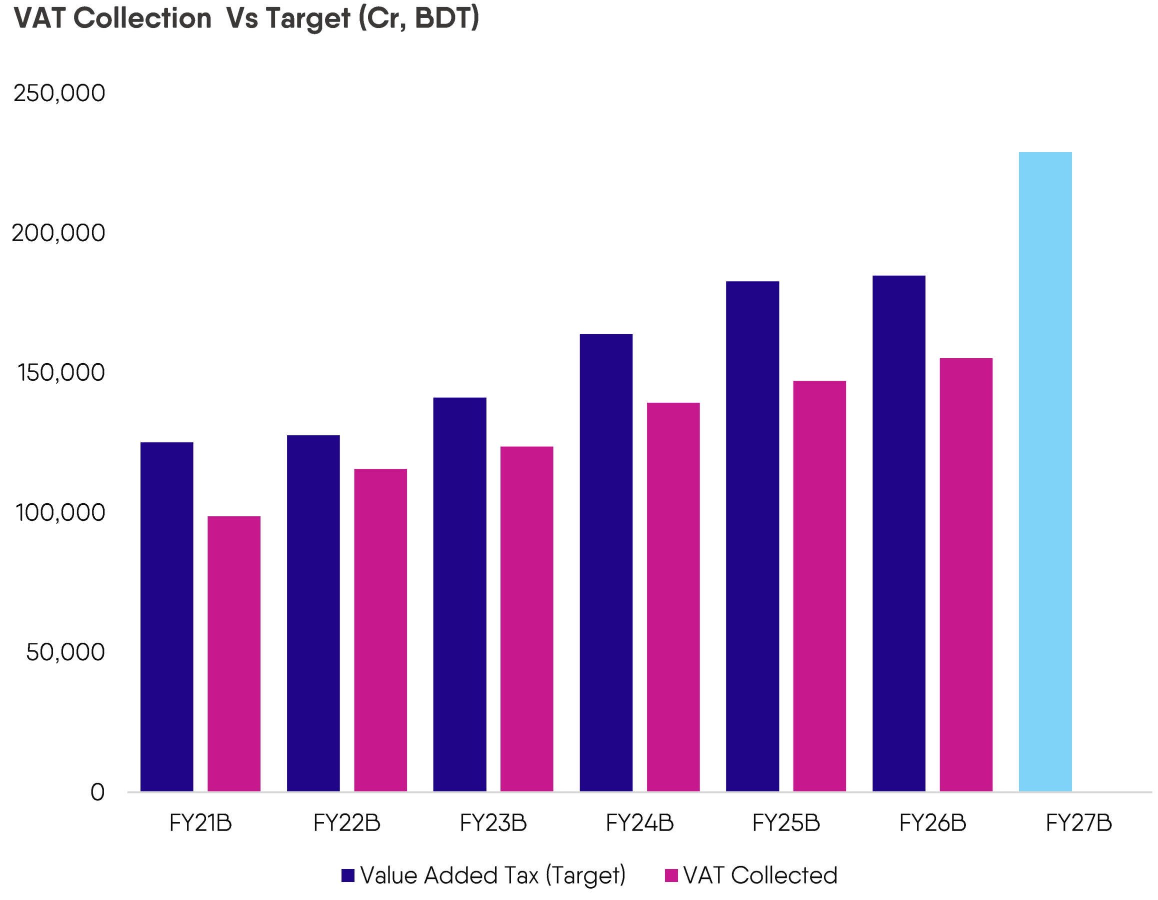
A record ADP is expected to boost investment provided high implementation rate

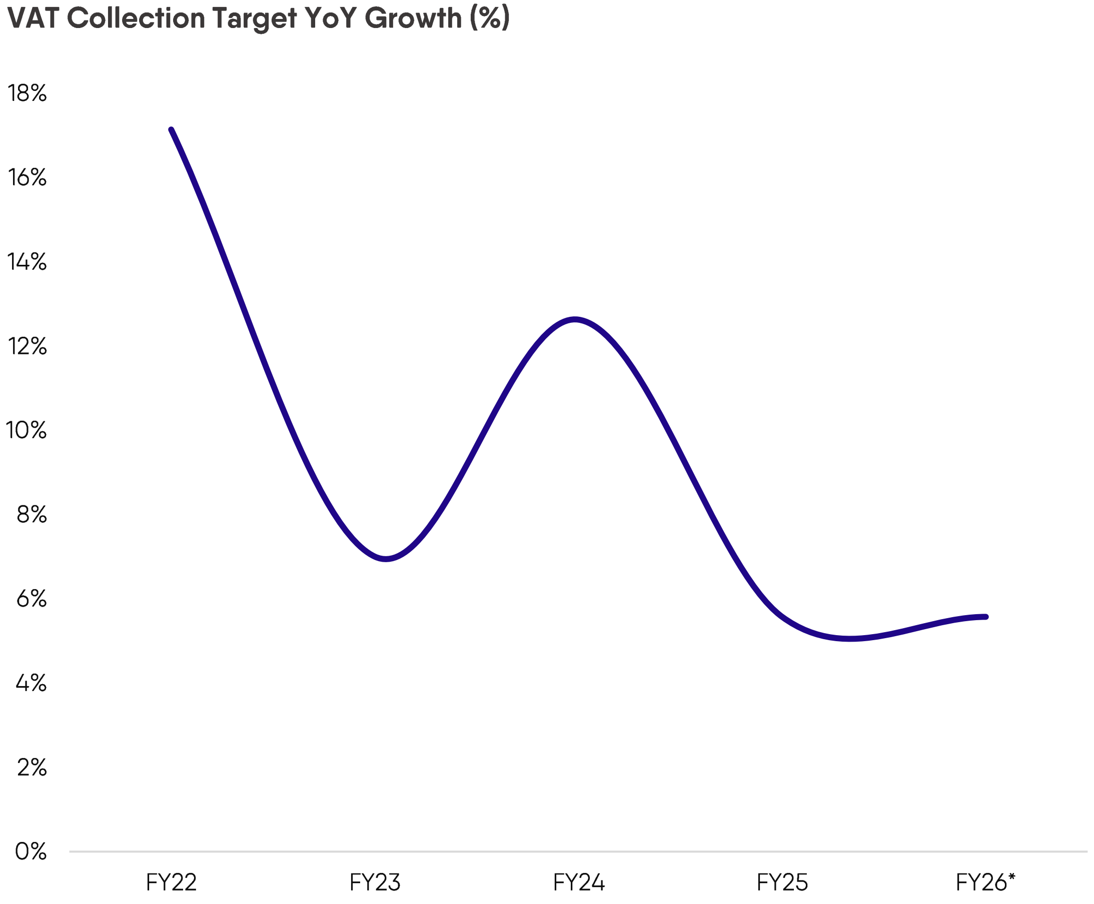




Source: NBR, Ministry of Finance

Consumers likely to bear the majority burnt of higher taxes due to higher VAT which increased by 24%





*FY26 Annualized

Source: NBR, Ministry of Finance

Source tax on essentials cut to a flat 0.5%, likely to provide some relief to households

Three rates become one

0.5%

CHEAPER ▼

uniform source tax, down from 5% / 2% / 1%

Why it matters. With inflation near 9%, a lower, uniform rate eases price pressure on daily essentials.

Stable supply. One flat rate across the supply chain steadies prices and simplifies compliance.

When it starts. The 0.5% rate takes effect once the FY27 budget is approved.

60 everyday essentials covered

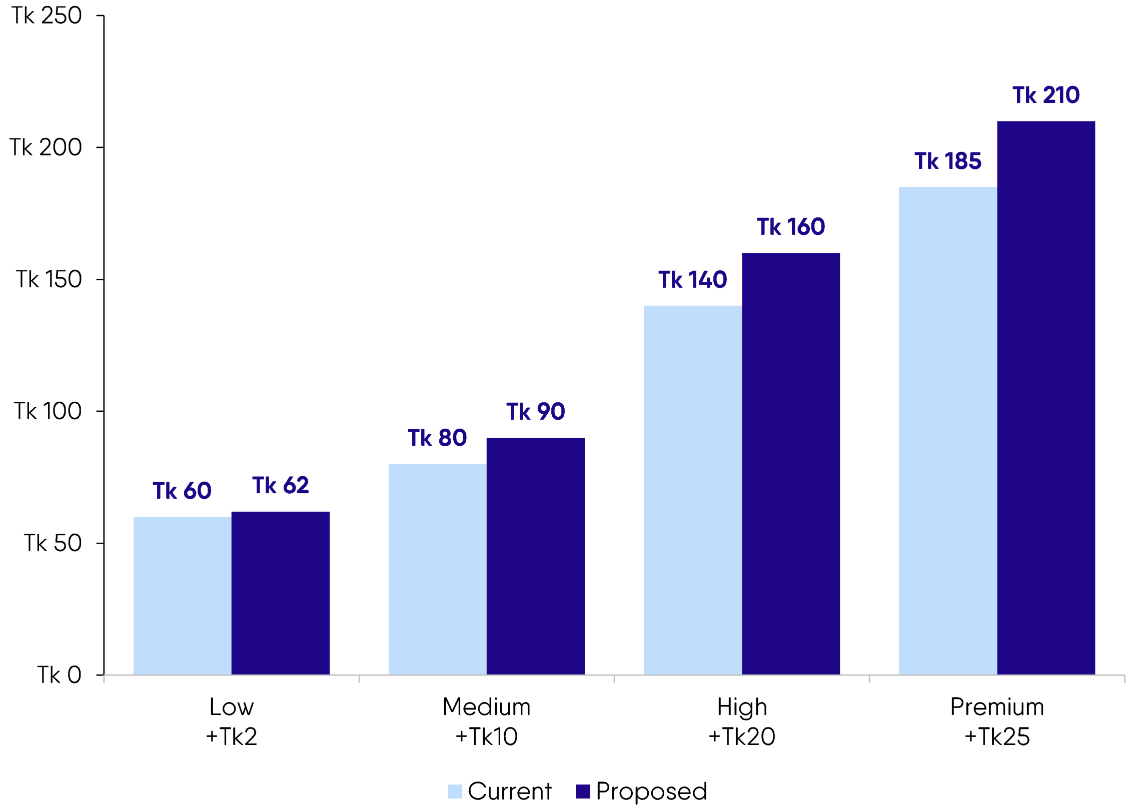
Rice	Paddy	Wheat
Potatoes	Onions	Garlic
Ginger	Salt	Sugar
Edible oil	Fish	Poultry

… and 50 more daily necessities, incl. livestock, ducks, seeds & spices.

Source: NBR, Ministry of Finance

Cigarette prices rise across all four tiers, but the high-volume low tier moves just BDT 2

Cigarette price per 10-stick pack (Tk): current vs proposed



Beyond the pack: steep new supply-chain duties

+300% — **Imported cigarette filter paper**
new supplementary duty

+350% — **Imported industrial nicotine**
an unprecedented supplementary duty

+40% — **Nicotine pouches**
new SD; surging among urban youth

Where the smoke is, the tax isn't

Low and medium tiers are the bulk of cigarette volume but rise just BDT 2–10, so the health impact is muted and the burden skews to premium packs (BATBC's domain, +BDT 25). With ~83% of the retail price already tax, the hikes chiefly serve a ~BDT 6,000cr excise-revenue target.

Source: Finance Bill FY2026-2027, Ministry of Finance

A double win for healthcare: cheaper inputs for pharma makers, lower bills for patients

Cheaper inputs: a boost for local API & exports

17 — **Basic pharma raw materials**
import duty cut to 0% (concessionary list)

9 — **Anti-cancer raw materials**
zero duty + zero VAT

51 — **API-production raw materials**
full import-duty exemption

The bigger goal: API self-reliance

Plus duty cuts on medical-device raw materials (to 5–15%, valid to 2030). Zero-duty inputs drop straight to gross margin and cut Bangladesh's reliance on imported APIs, sharpening export competitiveness for local manufacturers.

Lower out-of-pocket bills for patients

−BDT 20,000 — **per cardiac stent**
10% supply-stage VAT withdrawn

−BDT 5,000 — **per intraocular lens**
10% VAT withdrawn

−BDT 800 — **per dialysis session**
VAT + advance tax on filters & tubing cut

Why it matters: out-of-pocket is brutal

Also fully exempt: 21 assistive devices for persons with disabilities; mortuary equipment duty 25% → 1%. ~3.8 crore Bangladeshis have kidney disease, and 92% of dialysis families face financial hardship (BIDS).

Source: Finance Bill FY2026-2027, Ministry of Finance

Impact on Equities

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Net beneficiaries: input-cost and export relief flow to margin

Pharma

Positive

WHAT THE BUDGET DOES

- Zero duty on 77 pharma raw materials (9 anti-cancer + 51 API + 17 export)
- VAT off on stents (−Tk20k), lenses (−Tk5k) and dialysis filters (−Tk800/session)
- Device-input duty cut to 5–15%; capital machinery 25%→1% (to 2030)

EQUITY READ

Input cuts flow straight to gross margin and sharpen export competitiveness; also eases out-of-pocket healthcare.

LISTED **SQURPHARMA, RENATA, BXPHARMA**

Textile

Positive

WHAT THE BUDGET DOES

- Source tax (AIT) on export cash incentives halved 10%→5%
- Raw-material import AIT 5%→4%; packaging WHT 5%→3%
- But new 5% customs duty on polyester staple fibre & yarn lifts input cost

EQUITY READ

Frees working capital mid-cycle; the fibre duty is a partial offset for man-made-fibre users.

LISTED **SQUARETEXT, ENVOYTEX**

Consumer Products

Positive

WHAT THE BUDGET DOES

- Skincare/beauty raw-material SD 30%→10%; detergent LAB import duty cut to 1%
- High SD kept on imported finished cosmetics & make-up (protects local makers)

EQUITY READ

Cheaper inputs lift local FMCG, home-care and cosmetics margins; premium foreign brands get pricier.

LISTED **MARICO, UNILEVERCL, KOHINOOR**

Source: Finance Bill FY2026-2027, Ministry of Finance

Protected local industry: tariff walls favor domestic makers

Electronic Appliances

Positive

WHAT THE BUDGET DOES

- Local fridge / AC / compressor VAT 15%→7.5% (to 2030)
- Computers, laptops, printers, monitors: import duty & VAT withdrawn
- New 20% supplementary duty on imported washing machines

EQUITY READ

Lower retail prices plus import protection favour local champions; thin operating leverage caps EPS upside.

LISTED **WALTON, SINGERBD**

Biscuits

Positive

WHAT THE BUDGET DOES

- 45% supplementary duty on imported sweet biscuits
- Higher SD on imported chocolates, chips and juices too

EQUITY READ

A tariff wall lets local confectioners gain shelf share as imported snacks get pricier.

LISTED **OLYMPIC**

Cement & Building

Positive

WHAT THE BUDGET DOES

- 20% supplementary duty on imported Portland cement shields local mills
- Gypsum board +20% reg duty; plaster 5%→10%; float-glass inputs 25%→15%

EQUITY READ

A wall on finished imports plus cheaper glass inputs aids local cement, board and glass makers.

LISTED **LHBL, CROWNCEMNT, CONFIDCEM**

Source: Finance Bill FY2026-2027, Ministry of Finance

Structural shifts and tailwinds: autos, networks, banks

Automobile

Positive

WHAT THE BUDGET DOES

- EV tax incidence 93%→64%; registration AIT Tk2 lakh→Tk25k; chargers to 0%
- PHEV duty cut, but combustion-engine 1200–1600cc tax up 132%→156%

EQUITY READ

A structural push that accelerates EV adoption; combustion-engine importers face a steeper tariff.

LISTED **RUNNERAUTO, IFADAUTOS**

Telecommunication

Positive

WHAT THE BUDGET DOES

- Tk300 specific tax on every SIM withdrawn (boosts subscriber adds)
- Network-services WHT 12%→10%; 20% WHT on BTRC revenue-share removed

EQUITY READ

Lower acquisition friction and tax drag support subscriber growth and operator margins.

LISTED **GP, ROBI**

Bank

Mixed

WHAT THE BUDGET DOES

- Withholding tax now a refundable advance tax, not a minimum (frees cash)
- Offshore-loan interest WHT 20%→10%; excise-free deposit ceiling Tk3L→4L

EQUITY READ

Lower with holding tax will positively impact Banks earnings

LISTED **BRACBANK, EBL, CITYBANK**

Sectoral headwinds: where the revenue grab bites

Plastic, Paper & Packaging

Negative

WHAT THE BUDGET DOES

- PVC & PET resin import duty 5%→10% (protects local resin makers)
- Greaseproof/glassine paper SD 10%→25% +5% reg; 10% duty on aluminum foil

EQUITY READ

Manufacturers who imports resins, PET and PVC will be negatively impacted along high SD in glassine paper will reduce sales

LISTED NPOLYMAR, BENGALWTL

Steel & Construction

Negative

WHAT THE BUDGET DOES

- Specific SD on MS products Tk2,100/tonne (rod from re-rollable scrap); integrated mills Tk3,400/tonne
- Lifts construction input costs for homes and ADP projects

EQUITY READ

Margin pressure on rod makers; higher formal pricing may price informal mills out of the ADP build-out.

LISTED BSRM, GPHISPAT

Tobacco

Negative

WHAT THE BUDGET DOES

- Minimum cigarette prices up across all four tiers (Tk62 / 92 / 160 / 210 per 10 sticks)
- SD: filter rod +300%, nicotine +350%, heated tobacco 67%; local spirits VAT Tk500/L

EQUITY READ

Volume and affordability pressure, skewed to premium packs; ~83% of retail price is already tax.

LISTED BATBC

Source: Finance Bill FY2026-2027, Ministry of Finance

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