

**“Value Added Tax (VAT) Management in Bangladesh: A Study on Hatim Group of Industries.”**

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**Daffodil International University**  
**Dhaka, Bangladesh**

Date of Submission: July 27, 2023

## LETTER OF TRANSMITTAL

**Date: July 27, 2023**

**Professor Dr. Mohammed Masum Iqbal**

Department of Business Administration  
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Daffodil International University

**Subject: Submission of Internship Report entitled Value Added Tax (VAT) Management in Bangladesh: A Study on Hatim Group of Industries.**

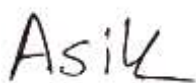
Dear Sir,

With great pleasure, I am presenting my internship report on "Value Added Tax (VAT) Management in Bangladesh from Company's Perspective: A Study on Hatim Group of Industries". This project was required of me as a part of my academic program. I finished this report in accordance with your suggestions and the data I needed from time to time.

I sincerely appreciate your advice and constant cooperation, and I sincerely hope that the report will be finished to your standards.

Thank you.

Sincerely yours,



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**Md. Asik Mahmud**

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## STUDENT DECLARATION

I am **Md. Asik Mahmud**, a student in the BBA program at Daffodil International University with the student **ID: 192-11-858**. I hereby declare that I completed the internship report on "**Value Added Tax (VAT) Management in Bangladesh -A Study on Hatim Group of Industries**" Tongi Factory shortly after completing my internship at Hatim Group of Industries under the supervision and guidance of **Professor Dr. Mohammed Masum Iqbal**, Department of Business Administration, Faculty of Business.

I provide the report named "**Value Added Tax (VAT) Management in Bangladesh -A Study on Hatim Group of Industries**". The BBA coursework I have submitted to Daffodil International University, Dhaka, is entirely original to me and has not been submitted to any other university.

Asik

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**Md. Asik Mahmud**

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## LETTER OF ACCEPTANCE

The Internship Affiliation Report with the title "**Value Added Tax (VAT) Management in Bangladesh -A Study on Hatim Group of Industries**" has been submitted to the Office of Placement & Alumni in partial fulfillment of the requirements for the degree of Bachelor of Business Administration (BBA), Major in Finance, Faculty of Business & Entrepreneurship on **July 27, 2023** by **Md. Asik Mahmud, ID# 192-11-858**. The report has been approved, and it could now be sent to the internship defense committee for review.

(Any opinions or recommendations expressed in this paper are solely the author's. None of these viewpoints or recommendations are supported by or rejected by the university.)



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**Professor Dr. Mohammed Masum Iqbal**

Department of Business Administration

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Daffodil International University

## ACKNOWLEDGEMENT

This report, "**Value Added Tax (VAT) Management in Bangladesh -A Study on Hatim Group of Industries**" required a significant amount of time, effort, and research to compile. But without the assistance of numerous people and organizations, it would have been lacking. I sincerely appreciate the staff at Hatim Group of Industries' accounts department's helpful collaboration. They have been a great help, and I want to thank them sincerely for that. It would not have been feasible to finish the report without this.

At Hatim Group of Industries, my boss, **Ali Asgar - Director of Hatim group of industries, Shankar Das - Manager of Hatim group of industries** deserves my gratitude. Without his assistance, it would not have been as simple to prepare this report. Additionally, **MD. Saiful Islam - HR and Admin of Hatim group of industries** for always being so encouraging.

However, I want to thank my family and my coworkers for their wonderful support and co-operation, which made it possible for me to finish this report.

## EXECUTIVE SUMMARY

This report provides an overview of the “**Value Added Tax (VAT) Management in Bangladesh -A Study on Hatim Group of Industries**”. The study's main objectives are to assess the company's compliance with VAT laws and find ways to make VAT processes more efficient.

According to the analysis, Hatim Group of Industries shows a strong dedication to VAT compliance by keeping accurate records, submitting VAT returns on time, and maintaining good communication with the tax authorities. The organization's commitment to upholding its VAT duties indicates a proactive attitude toward regulatory compliance.

There are, however, several areas where the organization's VAT management may be improved. The analysis identifies potential for improving internal controls, automating VAT reporting systems, and managing VAT data more effectively. By putting these changes into practice, you'll increase efficiency and accuracy while lowering the danger of non-compliance.

Several suggestions are made for Hatim Group of Industries to improve its VAT management methods based on the findings. These include spending money on systems or software for VAT management that are specifically designed for the needs of the business, performing regular internal audits to ensure compliance, giving employees who work with VAT processes thorough training, and keeping up with legislative changes through efficient interaction with tax authorities.

Hatim Group of Industries can simplify VAT procedures, reduce risks, and guarantee VAT compliance by putting these suggestions into practice. These upgrades will also boost financial stability, better allocate resources, and enhance the company's standing as a trustworthy and law-abiding corporation.

It is significant to mention that Hatim Group of Industries, a private corporation in Bangladesh, is the target of the recommendations made in this study. To better match these suggestions with the specific needs and goals of the organization, more consultation with tax professionals is encouraged.

With the help of this study, Hatim Group of Industries will be able to improve operational effectiveness, achieve excellence in VAT management, and ensure compliance with VAT laws. Hatim Group of Industries is able to successfully traverse the challenges of VAT administration

in Bangladesh's private sector by implementing best practices and utilizing the proper technologies.

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# **Chapter 01**

## **Introduction**

## **1.1 Introduction of the Study**

Value Added Tax (VAT) is a sizable part of Bangladesh's tax system and is essential to the government's ability to raise funds. This article gives a thorough review of VAT administration in private Hatim Group of Industries with a special emphasis on the opportunities and difficulties specific to Bangladesh.

To maintain efficient operations and respect to the law, private businesses doing business in Bangladesh, Hatim Group of Industries, are expected to abide by the VAT requirements. We want to shed light on the tactics used for efficient tax compliance and their effect on the financial success of the organization by investigating the company's VAT practices.

Significant changes to VAT administration and law have been made in Bangladesh recently. Through government initiatives, the VAT system has been modernized, ensuring transparency, lowering tax evasion, and streamlining compliance procedures. In light of this, the management of the VAT for private Hatim Group of Industries is of utmost significance because it affects its financial operations, competitiveness, and interaction with tax authorities.

This report will examine a number of areas of VAT administration within Hatim Group of Industries, such as the difficulties in complying with regulations, management techniques, and the effects on the bottom line. We'll also talk about the National Board of Revenue's (NBR) function and how tax authorities and private organizations cooperate.

This research offers useful insights for Bangladeshi firms, assisting them in negotiating the intricacies of VAT compliance and improving financial success while preserving regulatory conformance. It does this by analyzing the VAT management procedures inside private Hatim Group of Industries.

## **1.2 Background of the study**

A crucial and required component of the International University is the internship program. After one academic year, Daffodil International University sent me to Hatim Group of Industries for a practical exposure to the business world through an internship program in order to clarify the effects. The purpose of this report is to meet the requirements of the project "Value Added Tax (VAT) Management in Bangladesh - A Study on Hatim Group of Industries" that was given to it. The report's topic and recommendations were created in accordance with my esteemed academic advisor's guidance. The paper made an effort to include an overview of the Value Added Tax (VAT) Management in Bangladesh, some of its common rules, and how the

rule was put into effect. Hatim Group of Industries system for keeping the VAT was also addressed in this report. In the empirical section, the step-by-step processes for updating the VAT using the "VAT accounting" (accounting software) system are displayed using data from the company database.

### **1.3 Objectives of the study**

The study has been carried out with the following objectives:

- To show the rules of Value Added Tax (VAT) in Bangladesh.
- To explain VAT management process of Hatim Group of Industries.
- To identify the problems related to the VAT management of Hatim Group of Industries.
- To make some recommendations to solve the problems.

### **1.4 Scope of study**

The goal of this study is to examine how Value Added Tax (VAT) is administered in Bangladesh with a particular focus on efficiency and compliance. It aims to analyze the existing VAT regulations, policies, and procedures; assess the level of compliance among businesses and taxpayers; evaluate the effectiveness and efficiency of VAT collection and enforcement mechanisms; identify factors influencing VAT management; and provide recommendations for enhancing compliance, streamlining procedures, and enhancing efficiency. It is anticipated that the study will add to the body of knowledge on VAT administration in Bangladesh by utilizing both primary and secondary data and employing descriptive and analytical research techniques.

### **1.5 Methodology of the Study**

During the course of the internship, the primary data needed for the report was gathered through observation. Moreover, by talking with my boss and other employees at Hatim Group of Industries, a practical understanding had been created.

The VAT management systems needed to be thoroughly studied in a text book in order to be understood.

Use of the internet and the company's annual report has been made to find out more general information about the organization's activities, business operations, and the drawings used in the report.

#### **1.5.1 Sources of Data:**

#### 1.5.1.1 Secondary sources:

- ❖ Statements of TTL's yearly financial condition.
- ❖ Web page for Hatim Group of Industries.
- ❖ Magazines, essays, etc. for businesses.
- ❖ The "VAT Accounting System" from Oracle is a software program for VAT.

### 1.6 Limitations of the Study

The following issues occur when doing the investigation, which may be considered a limitation or flaw of the study:

- **Short Time Period:**

Time may be a key limitation in gathering all types of information since the report must be completed in a limited amount of time. Many elements could not be covered in the present research due to time constraints.

- **Data Insufficiency:**

Because some of the data were unavailable and unclear, gathering it was particularly challenging. However, the data is necessary to create the report. Many elements could not be explored in my study as a result of this restriction.

- **Lack of Records:**

The range of precise analysis was constrained by a sufficient number of books, articles, facts, and statistics. The report would have been more beneficial and appealing if this constraint hadn't existed.

- **Less Experience:**

Man becomes effective via experience. This is a new type of research activity for me. Due to this, it is difficult to follow a methodological approach that is methodical and logical when you lack expertise.

# **Chapter 02**

## **Profile of Hatim Group of Industries**

## 2.1 Company Profile

In 2000, Hatim Group of Industries Ltd. began operations. The management of Hatim has maintained a commitment to offering the greatest all-inclusive solutions for the drinking water and sewage system since the company's establishment. Additionally, it provides a comprehensive solution to a wide range of customers on both domestic and foreign markets. HATIM is pleased to hold a variety of credentials from renowned testing facilities located all throughout the nation. Hatim, which is known as the leader of its many products in Bangladesh and abroad, has launched a new step to play a part in further market diversification with its established reputation.

One of Bangladesh's leading producers of uPVC pipes and fittings is Hatim Polymer Ltd. Hatim Polymer Limited is one of the biggest makers of Poly Propylene Random Copolymer (PPR-C) pipe systems in the nation. Hatim is a cutting-edge technical enterprise and one of the pioneers in the plastic piping sector.

For its products, such as GI Pipes, MS Pipes, SS Pipes, uPVC Pipes & Fittings, PPR Pipes & Fittings, HDPE Pipes, etc., the brand "HATIM" enjoys widespread recognition in Bangladesh. The items are recyclable and of the highest quality; they also pose no biohazards. To ensure that no defect develops anywhere in service, modern scientific caution has been used. In order to guarantee accuracy and durability of the fittings in all types of industrial, agricultural, home, and other piping systems, each component is put through a multistage inspection process. Our contemporary factory is furnished with cutting-edge plant, machinery, and inspection tools, as well as qualified personnel. The high level of accuracy now associated with all Hatim Brand Products is made possible by strict scrutiny during every stage of manufacturing.

Hatim is a corporation that has been awarded ISO 9001:2000 accreditation by DNV, Norway. It is also outfitted with cutting-edge technology, LAB facilities, and high-tech machinery for preserving quality. Hatim PPR Pipes and Fittings comply with DIN Standard 8077/8078 for pipes and DIN 19560/16962 for fittings, whereas uPVC Pipes & Fittings comply with BS 3505, ISO 4422.

Hatim has the capacity to develop into a wealthy country. It has almost 1200 men and women working for it at its office and factory, making a major contribution to the government revenue sector. The highly skilled employees' immaculate performance guarantees the product's quality and longevity.



HATIM's foundation may not have been strong enough or straightforward, but thanks to its unmatched nimbleness and dedication to offering high-quality goods and services at competitive prices, it has constantly been expanding in terms of its manufacturing capabilities, technology, and experience. It has made a name for itself as a reliable provider in the industry and has managed to influence the purchasing decisions of a sizable portion of its clientele.

Additionally, our products are well-known in China, India, and many other nations throughout the world. With a wealth of manufacturing and marketing knowledge, we are steadfastly confident in our ability to broaden our horizons in the global market.

Hatim Products are made with top-notch, high-grade raw materials that go through a rigorous selection and evaluation procedure. Seven injection molding machines are available at the plant, which is situated in Morkun, Tongi. A total of 550 employees work hard under the direction of over 50 technical specialists and engineers in their respective fields to create products to meet customer requests. Each production process line goes through a rigorous & sophisticated quality control system and is examined for even the smallest non-conformance. The business has a dedicated R&D facility where it investigates new product and design ideas that can satisfy both explicit and veiled market demand.

## **2.2 Mission & Vision of Hatim Group of Industries**

**2.2.1 Mission:** We pursue our goal with unwavering attention and by consistently making crucial decisions. Our first objective is providing operational excellence in every phase of manufacturing and keeping or exceeding our promises to our clients. Our basic beliefs serve as the foundation for all of our short- and long-term plans. We are dedicated to putting these into practice and giving consumers the finest individualized experience possible through our cutting-edge design solutions and customer service.

**2.2.2 Vision:** Every home is our domain, and every customer is a member of HATIM Furniture, which is reinforced by our goal. Our love for our customers is stoked by this vision, which motivates us to offer creative solutions that are specifically tailored to fit their needs. We take pleasure in our work and are passionate about fostering unrivaled brand loyalty among consumers by delivering performances that wow audiences and provide exceptional returns.

## 2.3 Products Offering

For its goods, such as GI Pipes, MS Pipes, SS Pipes, uPVC Pipes & Fittings, PPR Pipes & Fittings, HDPE Pipes, etc., the brand "HATIM" is well-known in Bangladesh.

The company is marketing 12 category of products with some subsections. Some of them are given below:

### 2.3.1 Hatim Furniture

- uPVC Pipe
- uPVC SWR Pipe
- cPVC pipes and Fittings

### 2.3.2 Hatim Polymer

- MS Pipe
- GI Pipe

### 2.3.3 Hatim Industries

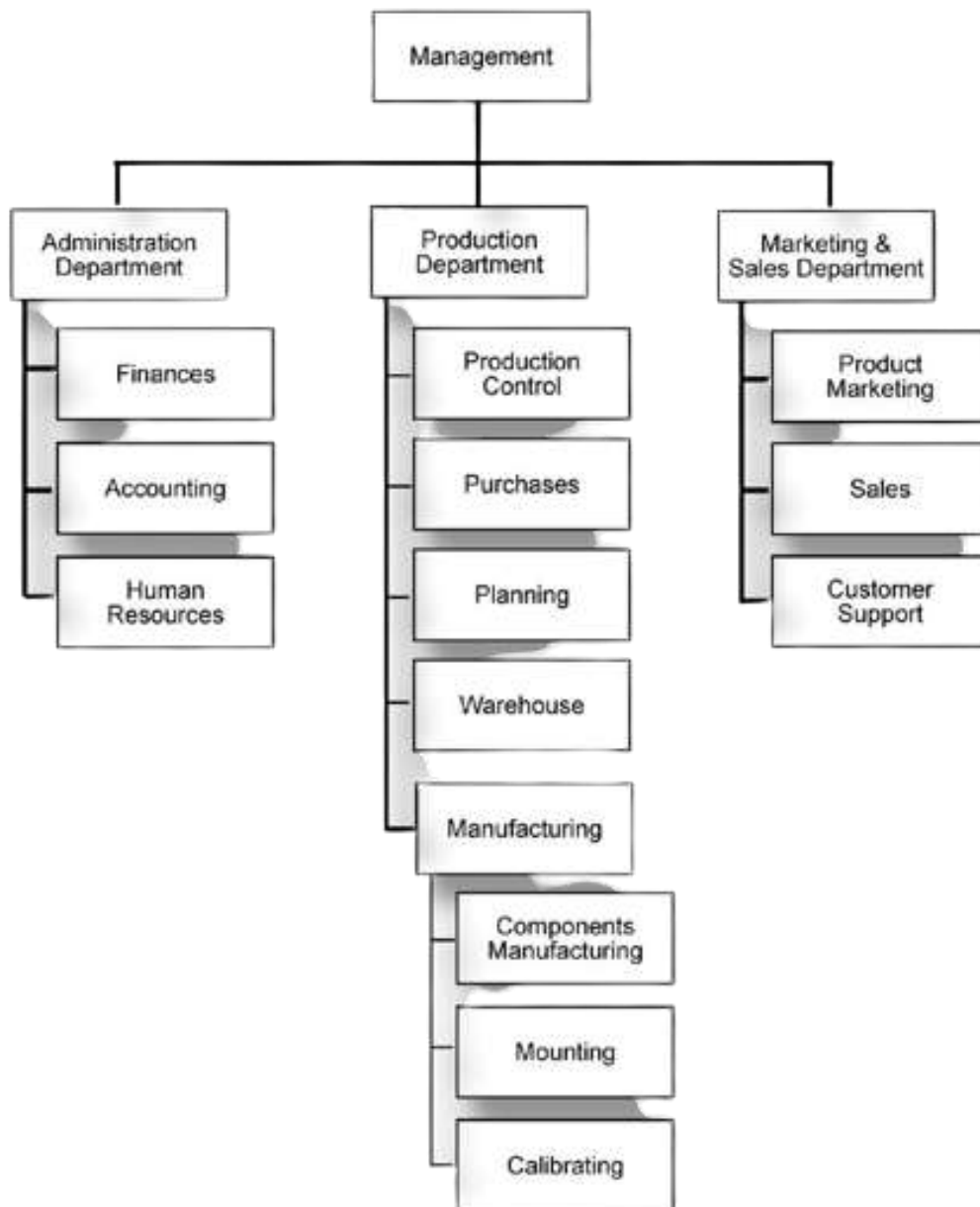
- Home Furniture
- Office Furniture
- Kids Furniture
- Industrial Furniture
- Hospital Furniture

There are also a lot of products which are not included in this list.

## 2.4 Core Values of Hatim Group of Industries

- Focus on dealers and customers
- Teamwork
- People First
- Customers Success
- Excellence through Humility
- Integrity
- Innovation
- Environmentally Responsible

## 2.5 Organization Organogram



# **Chapter 03**

## **VAT Background, Rules & Analysis**

### **3.1 Definition of VAT**

The value contributed at each level of the production and distribution chain for products and services is subject to a consumption tax known as value added tax (VAT). Although it is an indirect tax levied against the buyer, enterprises all along the supply chain are responsible for collecting and paying it to the government. The idea behind the value-added tax (VAT) is that a tax should be assessed on the value added to a good or service at each stage of production or distribution rather than on the final purchase price.

In reality, businesses charge VAT to customers on sales transactions and subtract the VAT that customers have already paid on purchases (input VAT) to determine the net VAT liability. The government is then given the net VAT liability. This approach enables the taxing of consumption at each level of production and distribution and ensures that the tax burden is transferred from enterprises to final consumers.

Typically, the type of products or services that are being taxed determines the type of VAT that is imposed and at what rate. While some goods may be subject to reduced rates or VAT exemptions, others can be subject to ordinary rates of taxation. Different nations have different VAT laws and rates.

The use of VAT to raise government revenue, advance tax equity, and create a stable and transparent tax system is commonplace worldwide. It is seen as an effective tax because firms typically enforce it on their own and function as the government's tax collectors. A more equitable distribution of the tax burden is made possible by VAT, which also enables the taxing of economic activities at every level.

In general, VAT is a consumption-based tax that seeks to measure the value added at each stage of production and distribution before passing the cost of paying taxes on to the final consumer.

### **3.2 VAT in Bangladesh**

In Bangladesh, a consumption tax known as the Value Added Tax (VAT) is imposed on the value added at each stage of the production and distribution of products and services. The Value Added Tax Act, 1991, which establishes the rules and procedures for VAT administration, governs the VAT system in Bangladesh.

VAT is a substantial source of revenue for the government in Bangladesh, greatly increasing public funds and assisting numerous development initiatives. Depending on the kind of

products or services being taxed, different VAT rates apply in Bangladesh. Some goods may not be subject to VAT, while others can be subject to lower rates or regular rates of tax.

The National Board of Revenue (NBR), which is in charge of implementing VAT rules, registering taxpayers, collecting VAT, and assuring compliance, is largely in charge of administering VAT in Bangladesh. Businesses must register for VAT and get a VAT registration certificate if they supply goods or services above a specific threshold.

In Bangladesh, registered enterprises are in charge of obtaining VAT from clients during sales transactions and sending the money collected to the government. For the VAT they have paid on their purchases or inputs, they may also claim input VAT credits. The government receives the net VAT obligation, which is the difference between the VAT collected and input VAT credits.

VAT returns, which provide information on sales, purchases, and VAT liabilities, must be reported on a regular basis, typically monthly or quarterly. To guarantee that VAT requirements are being followed, the NBR performs audits and inspections and has the authority to impose fines for non-compliance.

Bangladesh's VAT system has recently undergone changes to increase effectiveness and widen the tax base. The implementation of the online VAT system, automation of the VAT operations, and simplification of the registration and compliance processes are some of these innovations.

Overall, Bangladesh's VAT is a significant part of the country's tax structure, generating revenue for the government and promoting economic growth. It is essential for advancing equitable taxation, enhancing transparency, and producing a reliable source of funding for the government's social and economic initiatives.

### **3.3 Implementation**

In order to achieve efficient tax administration and compliance, Bangladesh is implementing a complete set of rules and procedures. The National Board of Revenue (NBR), which is accountable for the country's administration and enforcement of VAT rules, is in charge of overseeing the application of VAT. An outline of the main features of VAT implementation in Bangladesh is provided below:

- 3.3.1 Registration:** Companies must register with the NBR if they meet the threshold requirements for VAT registration. Businesses who register receive a VAT

registration certificate that permits them to charge VAT to clients and submit input VAT credits.

- 3.3.2 VAT Calculation:** Based on the value added at each level of the production and distribution cycle, businesses compute VAT. Depending on the prevailing VAT rates, VAT is often computed as a percentage of the selling price of products or services.
- 3.3.3 Invoicing and Record-Keeping:** For their sales transactions, registered enterprises must issue VAT-compliant invoices. They are required to keep thorough records of all of their sales, purchases, and VAT obligations.
- 3.3.4 VAT Collection:** When a consumer makes a purchase, registered firms are required to collect VAT from them and retain these revenues in trust for the government. They are in charge of sending the government the VAT they have collected within the allotted time frame.
- 3.3.5 Input VAT Credits:** The VAT that businesses have paid on their purchases or inputs may be claimed as input VAT credits. To make sure that businesses only pay VAT on the value they add to goods or services, input VAT credits lower the net VAT liability.
- 3.3.6 VAT Returns and Payments:** Periodically filing VAT returns that detail sales, purchases, and VAT liabilities is required of registered enterprises. VAT returns must be submitted by the deadlines specified, and the government must be compensated for any unpaid VAT.
- 3.3.7 Audits and Compliance:** To make sure that VAT laws are being followed, the NBR performs audits and inspections. Businesses could be the target of arbitrary or targeted audits, and non-compliance could result in sanctions, fines, or legal action.
- 3.3.8 Technology Adoption:** To enhance VAT administration and compliance, the NBR has been putting technology-driven initiatives into practice. To increase efficiency and transparency, this involves the implementation of online VAT systems, electronic filing of VAT returns, and automation of VAT operations.

The introduction of VAT in Bangladesh aims to advance tax equity, increase the tax base, and provide the government with a reliable source of income. To meet new difficulties and conform to global best practices, regular reviews and revisions of VAT laws and procedures are carried out.

### 3.4 Tax Base for VAT

The economic activity or transaction upon which Value Added Tax (VAT) is levied is considered the tax base for VAT. The value to which the VAT rate is applied to determine the VAT liability is referred to as the tax base in the context of VAT. The value added at each stage of the production and distribution cycle generally determines the VAT tax base.

The selling price of goods or services, excluding the VAT amount itself, serves as the tax base for VAT. Since VAT is a tax on consumption, it is applied to the ultimate price that the customer pays. Businesses add value to the products or services they offer at every stage of the supply chain, and the incremental value added is subject to VAT.

For example, the tax base for VAT would be \$100 if a manufacturer sold a product to a wholesaler for \$100 and the appropriate VAT rate was 10%. By applying the 10% VAT rate to the tax base, the VAT obligation would be \$10. The retailer would then add value and sell the product to the ultimate consumer once the store had added value to it. Based on the applicable tax base, VAT would be levied to the extra value added at each level.

It is significant to note that certain products, including the VAT itself, excise taxes, and other taxes or levies that are independently designated and assessed, are not included in the tax base for VAT. To ensure that the tax burden is transferred from enterprises to the final consumer, VAT is only applied to the value added by companies in the supply chain.

Depending on each country's unique VAT laws and regulations, the VAT tax base may be determined differently between nations. In order to calculate the VAT responsibility and to ensure the fair and effective collection of VAT, the tax base is a crucial component.

### 3.5 Analysis of VAT

Value Added Tax (VAT) is a key component of Bangladesh's tax code and revenue-generating process. The VAT system in Bangladesh has both positive and negative aspects:

**3.5.1 Revenue Generation:** VAT is a key source of income for the Bangladeshi government. It makes a large contribution to public coffers, allowing the government to pay for welfare programs, public services, and infrastructure expansion. The introduction of VAT has assisted in reducing reliance on conventional revenue sources and expanding the tax base.

**3.5.2 Tax Fairness and Equitability:** Given that the VAT is based on the consumption concept, it is regarded as a fair tax. It promotes tax system justice



by ensuring that people and corporations pay taxes in accordance with their consumption patterns.

- 3.5.3 Compliance Challenges:** The administration of VAT has been streamlined, however compliance is still difficult in Bangladesh. A major problem is presented by non-compliance, which includes underreporting, tax evasion, and activity in the unofficial sector. Improving revenue collection and providing a level playing field for businesses depend on addressing compliance issues.
- 3.5.4 Simplification and Clarity:** Bangladesh has made changes to the VAT system that are intended to make it clearer and simpler. These reforms have included digitization initiatives, a new VAT statute, and the implementation of a single VAT rate. Further streamlining VAT regulations and practices would increase compliance and lessen the administrative load on companies.
- 3.5.5 Technology Adoption:** The use of technology in VAT administration, such as the electronic filing of returns and the online VAT system, has increased efficiency and transparency. By utilizing technology and automation more, VAT administration can be improved, paper work can be decreased, and real-time monitoring and data analysis may be made easier.
- 3.5.6 Training and Awareness:** It is essential to guarantee that taxpayers and businesses have a proper understanding of VAT rules and regulations. Increasing compliance and lowering errors in VAT reporting can be accomplished through raising awareness and offering educational opportunities to businesses, tax experts, and the general public.
- 3.5.7 Sector-Specific Challenges:** In Bangladesh, some industries confront special difficulties with respect to VAT compliance. For instance, special techniques may be needed for the informal economy and small firms to reduce compliance requirements and promote voluntary registration.
- 3.5.8 International Best Practices:** Comparing VAT systems to global best practices might offer insightful information for future development. It is possible to improve VAT administration, lessen complexity, and encourage compliance by looking at successful VAT models in other nations and implementing pertinent ideas.

In Bangladesh, VAT is an important source of revenue that supports fairness and equity in the tax system. However, there are several crucial areas that need attention, such as dealing with

compliance issues, streamlining operations, encouraging technology usage, and increasing awareness and training. By addressing these issues, Bangladesh can strengthen its VAT system even more, increase revenue collection, and promote long-term economic expansion.

# **Chapter 04**

## **VAT Management Process of Hatim Group of Industries**

Value Added Tax (VAT) in Bangladesh is generally 15%. But some products and services are either free from VAT or have a lower charge of 5% or 7.5%. Additionally, some products and services are zero-rated, which means that their VAT charge is zero percent.

Export of goods or services, provision of goods or services to a bonded warehouse, provision of medications, textbooks, and basic food items, and provision of locally produced agricultural products are a few examples of goods and services that are zero-rated in Bangladesh.

It is essential to remember that companies doing business in Bangladesh must register for VAT if their yearly sales surpass a specific level and must abide by the rules established by the National Board of Revenue (NBR).

Here are VAT Management Process of Hatim Group of Industries

## **4.1 Mushak details**

### **4.1.1 Mushak-6.1 (Purchase Accounts Book)**

"Mushak-6.1" is the name of a purchased registry that is kept by Hatim Group of Industries. This register keeps track of all production inputs that have been recorded on the Mushak-4.3 form in order to determine the product's pricing, including:

- Every raw substance.
- Energy sources (such as gas and electricity).
- Packaging.
- Advertisement.
- Agent commission for C&F.
- L/C, security, video surveillance, insurance, etc.

Decisions about the following are made using the information in this register:

- The acquisition of VAT-chargeable and VAT-exempt inputs.
- Collecting rebates.
- Supply of raw materials.

A single register is used for only one financial year and is maintained based on the financial year, not the calendar year. It is regularly updated and maintained, and for each tax period, the inventories or balances of inputs must be specified. Hatim Group of Industries correctly

maintains the required six-year retention period for the sales record for any given year using its VAT Oracle software.

<p style="text-align: right;">ফর্ম-৬.১</p> <p style="text-align: center;"><b>প্রতিষ্ঠানের নাম, ঠিকানা ও ব্যবসার সনাক্তকরণ সংখ্যা</b>  <b>ক্রয় হিসাব পুস্তক</b>  <b>(পণ্য বা সেবা প্রক্রিয়াকরণে সম্পূর্ণ এমন নিবন্ধিত বা জমিকাতুক্ত ব্যক্তির জন্য প্রযোজ্য)</b>  <b>[বিধি ৪০(১) এর দফা (ক) এবং ৪১ এর দফা (ক) হইতে]</b></p> <p style="text-align: center;">পণ্য/সেবার উপকরণ ক্রয়</p>																					
ক্রমিক সংখ্যা	তারিখ	মজবুত উপকরণের প্রারম্ভিক কোড		ক্রয়কৃত উপকরণ												উপকরণের প্রাথমিক মূল্য		মন্তব্য			
		পরিমাণ (একক)	মূল্য (সকল প্রকার কর ব্যতীত)	চালানপত্র/ বিল অব এন্ট্রি নম্বর	তারিখ	বিক্রেতা/ সরবরাহকারী			বিক্রয়	পরিমাণ	মূল্য (সকল প্রকার কর ব্যতীত)	সম্পূর্ণকশুর (যদি যাকে)	মুসক	মোট উপকরণের পরিমাণ		পণ্য প্রস্তুত/প্রক্রিয়া করণে উপকরণের ব্যবহার					
						নাম	ঠিকানা	নিবন্ধন/ জমিকাতুক্ত/ জাতীয় পরিচয়পত্র নং						পরিমাণ (একক)	মূল্য (সকল প্রকার কর ব্যতীত )	পরিমাণ (একক)	মূল্য (সকল প্রকার কর ব্যতীত)				
(১)	(২)	(৩)	(৪)	(৫)	(৬)	(৭)	(৮)	(৯)	(১০)	(১১)	(১২)	(১৩)	(১৪)	(১৫) =(৩+১১)	(১৬) =(৪+১২)	(১৭)	(১৮)	(১৯)	(২০)	(২১)	

**বিশেষ হটব্যা:**

- ১। অর্থমিতিক কার্যক্রম সংশ্লিষ্ট সকল প্রকার ক্রয়ের তথ্য এই ফর্মে অন্তর্ভুক্ত করিতে হইবে।
- ২। যে ক্ষেত্রে অনিবন্ধিত ব্যক্তির নিকট হইতে পণ্য ক্রয় করা হইবে সেই ক্ষেত্রে উক্ত ব্যক্তির পূর্ণাঙ্গ নাম, ঠিকানা ও জাতীয় পরিচয়পত্র নম্বর যথাযথভাবে সংশ্লিষ্ট কলাম [(৭), (৮) ও (৯)] এ আবশ্যিকভাবে উল্লেখ করিতে হইবে।
- ৩। উপকরণ ক্রয়ের স্বপক্ষে প্রামাণিক দলিল হিসাবে বিল অব এন্ট্রি বা চালানপত্রের কপি সংরক্ষণ করিতে হইবে।



### 4.1.3 Mushak-6.3 (Tax Challan)

A tax invoice known as "Mushak-6.3" is used by Hatim Group of Industries to provide taxable goods or taxable services (VAT) to its clients on sales of goods or services. The sales receipt or money receipt may be used as proof of the tax collected by organizations registered under the Turnover Tax or Cottage Industry laws. If Mushak-6.3 is not issued for a specific transaction, the transaction will not be eligible for an input tax rebate. The Hatim Group of Industries' Mushak-6.3 invoice features three plies of carbon paper and has specific information criteria that were supplied by NBR. For use in the vehicle transporting the sold goods, the first copy of the invoice is offered. Within five working days of the sale, the second copy of the invoice is delivered to the relevant Circle Office. The third copy of the invoice is kept on file by Hatim Group of Industries for a minimum of six years and is available for potential future audits or other uses.

The image shows a blue tax challan form (Mushak-6.3) with the following structure:

- Header:**
  - Left side: Taxpayer details (Name, Address, Telephone, Identification Number, and VAT Registration Number).
  - Center: Title "कर टालानपत्र" (Tax Challan) and reference numbers.
  - Right side: Recipient details (Name, Address, Identification Number, and VAT Registration Number).
  - Bottom right: A large number "12201".
- Table:** A table with 11 columns for item details. The columns are labeled:
  - क्रमांक (Serial Number)
  - वस्तु वा सेवाको नाम (सामानको प्रकार/उत्पादन नाम/सेवा)
  - मापकाय (Unit)
  - परिमाण (Quantity)
  - वस्तुको मूल्य (दर/दर)
  - कुल मूल्य (दर/दर)
  - वस्तुको मूल्य (दर/दर)
  - वस्तुको मूल्य (दर/दर)
  - वस्तुको मूल्य (दर/दर)
  - वस्तुको मूल्य (दर/दर)
  - वस्तुको मूल्य (दर/दर)
  - वस्तुको मूल्य (दर/दर)
- Footer:**
  - Transporter details (Name, Address, Telephone, and Identification Number).
  - Signature line for the transporter.

#### 4.1.4 Mushak-6.5 (Invoice for transfer Good)

The Hatim Group of Industries uses form "Moosak-6.5" to transfer goods associated with economic activity from one branch to another branch. Invoices for the transfer of commodities shall be numbered according to the fiscal year. If a product is moved between several locations, numerous invoices containing the location's name, address, and invoice number are used. Invoices for the transfer of goods must be issued in a minimum of two copies, one of which is retained by the issuing branch and the other of which is sent by the branch receiving the items.

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার  
জাতীয় রাজস্ব বোর্ড

মুসক-৬.৫

**কেন্দ্রীয় নিবন্ধিত প্রতিষ্ঠানের পণ্য স্থানান্তর চালানপত্র**  
[(বিধি ৪০ এর উপ-বিধি (১) এর দফা (৩) প্রক্ৰিয়া]

নিবন্ধিত ব্যক্তির নাম:  
নিবন্ধিত ব্যক্তির বিআইএন:  
প্রেরণকারী শাখা/পণ্যগারের নাম ও ঠিকানা:  
গ্রহীতা শাখা/পণ্যগারের নাম ও ঠিকানা:

চালানপত্রের নম্বর: **248**  
ইস্যুর তারিখ:  
ইস্যুর সময়:  
যানবাহনের প্রকৃতি নম্বর:

ক্রমিক (১)	পণ্যের (প্রযোজ্য ক্ষেত্রে সুনির্দিষ্ট প্রাচ্যনাম সহ) বর্ণনা (২)	পরিমাণ (৩)	মূল্য (৪)	নম্বর (৫)

প্রতিষ্ঠান কর্তৃপক্ষের দায়িত্বপ্রাপ্ত ব্যক্তির নাম:  
পদবি:  
স্বাক্ষর:  
সিল:



### 4.1.5 Mushak-6.8 (Debit Note)

After providing a client with a Mushak-6.3 form, if it turns out that the VAT received is less than the real amount of VAT owing, the Mushak-6.3 form must be deleted and a Mushak-6.8 given instead. The carbon three-ply debit note form must be used. The first copy of the form must be given to the client, the second to the Circle Office, and the third must be kept by the company. By adding it to the output tax payable section of the current register, the amount of VAT paid less is changed.

গণক-১২ক

**মুশাক-৬.৮**  
[বিধি ১ দফা প্রযোজ্য]

যানবাহন প্রকর্তাদের নাম : \_\_\_\_\_ :  
 ঠিকানা : \_\_\_\_\_ :  
 করদাতা সনাক্তকরণ সংখ্যা : \_\_\_\_\_ : টেলিফোন নং : \_\_\_\_\_ :  
 রেজি/স্বীকার নাম : \_\_\_\_\_ : ফ্যাক্স : \_\_\_\_\_ :  
 ঠিকানা : \_\_\_\_\_ :  
 করদাতা সনাক্তকরণ সংখ্যা : \_\_\_\_\_ : ডেবিট নোটের ক্রমিক সংখ্যা : \_\_\_\_\_ :  
 যানবাহনের প্রকৃতি ও নম্বর : \_\_\_\_\_ : ডেবিট নোট প্রদানের তারিখ : \_\_\_\_\_ :

ক্রমিক সংখ্যা	চালান পত্রের ক্রমিক সংখ্যা ও তারিখ	প্রদানপত্রে উল্লিখিত কথা				কম প্রদর্শিত বা পূর্বেকারিত	
		পণ্য/সেবার নাম ও পরিমাণ	মোট মূল্য (সকল কর ব্যতীত)	অন্যান্য করের পরিমাণ	মূল্য সংযোজন করের পরিমাণ	অন্যান্য করের পরিমাণ	মূল্য সংযোজন করের পরিমাণ
(১)	(২)	(৩)	(৪)	(৫)	(৬)	(৭)	(৮)
ডেবিট নোট প্রদানের কারণ :							
বিক্রেতার স্বাক্ষর ও সিল							

<sup>১</sup> মুশাক-৬.৮ সংস্করণ নং-১২ক, তারিখ: ২৮/৩/১৯৯৬

#### **4.1.6 Mushak-6.7 (Credit Note)**

When already paid VAT needs to be returned, Hatim Group of Industries may need to issue the Credit Note (Mushak-6.7). Several situations necessitate the release of Mushak-6.7:

01. In the event that the customer's already-provided Mushak-6.3 must be canceled for whatever reason.
02. If a customer requests a refund for services they have already paid for or returns previously-purchased goods,
03. Whenever the VAT charged in Mushak-6.3 exceeds the actual VAT due.

The VAT return submitted by Mushak-6.3 is modified by adding it under receivable rebates, but in order to issue a credit note, the following requirements must be satisfied:

1. A good or service must be sold or rendered within 90 days of the credit note being issued.
2. Within one working day of the issue, the credit note must be delivered to the relevant Circle Office.

The Mushak-6.7 form has three plies of carbon form. The first copy is provided to the customer, the second copy is submitted to the Circle Office and the third copy is retained by the Hatim Group of Industries archived.

**বিল অফ এন্ট্রি**  
[বিমি ১ নং প্রবিধা]

বাসিন্দার প্রকৃতির নাম :  
 ঠিকানা :  
 করদাতা সন্যাসনসংখ্যা :  
 জেলা/খোঁজার নাম :  
 ঠিকানা :  
 করদাতা সন্যাসনসংখ্যা :  
 যানসাহনের প্রকৃতি ও নম্বর :

টেলিফোন নং :  
 ফ্যাক্স নং :  
 জেনারেল নোটেস ক্রমিক সংখ্যা :  
 জেনারেল নোট প্রদানের তারিখ :

ক্রমিক সংখ্যা	চালান পত্রের ক্রমিক সংখ্যা ও তারিখ	প্রদর্শনকৃত পণ্য/সেবা				চালানপত্রের উল্লিখিত [ধারা ১০(১)(৪) সংশ্লিষ্ট]		প্রদর্শনকৃত বা জটিলপূর্ণ [ধারা ১০(১)(৪) সংশ্লিষ্ট]	
		নাম ও পরিমাণ	মোট মূল্য (সকল নকর কর ব্যতীত)	অন্যান্য করের পরিমাণ	মূল্য সংযোজন করের পরিমাণ	অন্যান্য করের পরিমাণ	মূল্য সংযোজন করের পরিমাণ	অন্যান্য করের পরিমাণ	মূল্য সংযোজন করের পরিমাণ
(১)	(২)	(৩)	(৪)	(৫)	(৬)	(৭)	(৮)	(৯)	(১০)
				*					
জেনারেল নোট প্রদানের কারণ :  <div style="text-align: right;">নিরীক্ষকের স্বাক্ষর ও নিদা</div>									

\* মূল্যক প্রদানকারক নং-১২৩, তারিখ: ২৪/০৭/১৯৯৯

### 4.1.7 Bill of Entry

A document used in the customs clearance procedure for imported products is called a bill of entry. It functions as a declaration issued by the importer or their agent and contains specific information on the imported products, such as their description, number, value, and country of origin. There are various reasons why the Bill of Entry is required. In the first place, it guarantees adherence to customs laws, allowing authorities to confirm the legitimacy of the items and determine the proper customs duties, taxes, and fees. By enabling customs officers to exert supervision and stop the entrance of forbidden or restricted commodities, it also aids

in maintaining import control and security. The Bill of Entry also supports data analysis and policymaking by contributing to trade statistics. The Bill of Entry is crucial for tax collection, trade-related information, and customs compliance overall.

## 4.2 Vat Management Software

### 4.2.1 UY VAT MANAGEMENT SOFTWARE (UYVMS)

Value Added Tax (VAT) administration software is an NBR-approved system for managing VAT that determines the general consumption tax that will be applied to a specific amount across transactions for products and services provided by an organization. In Bangladesh, VAT Management Software is used to record sales, purchases, inventory, production, and payment-related information. It then produces reports that are required by the government. Customers can immediately submit their final VAT returns to the government system with the use of VAT software.

One of the top software developers, UY Systems Ltd, has released a comprehensive piece of VAT-enabled automation software called “**UY VAT MANAGEMENT SOFTWARE (UYVMS)**” that satisfies all of your VAT needs while adhering to the regulations of "The Value Added Tax and Supplementary Duty Act, 2012". The National Board of Revenue (NBR), the Ministry of Finance, and the People's Republic of Bangladesh's government have all given their approval. A single company's or a group of enterprises' whole VAT processes are streamlined by the innovative VAT accounting software known as UYVMS. UYVMS is created by a group of young, bright professionals. As of GO-16/VAT/2019, the “**UY VAT MANAGEMENT SOFTWARE (UYVMS)**” complies with the NBR Guidelines and is completely compatible with the VAT and SD Act of 2012.

Additionally, “**UYVMS**” enables a business to effectively manage its cash flow, audits, MIS reporting, billing and accounting, as well as real-time financial monitoring and review. Our VAT accounting software solution “**UYVMS**” may be used to run any size business since it is a streamlined, organized, and user-friendly program.

# **Chapter 05**

## **Problems, Recommendations and Conclusions**

## 5.1 Problems

It has been discovered that these activities face a number of challenges as a result of both their method of operation and the VAT act's regulations. Following are the findings from the study:

1. The Hatim Group of Industries has a limited number of warehouses but no depot, which interferes with the supply chain department's ability to operate effectively. Another factor driving the need for warehouses and depots is a lack of available space for keeping both completed items and raw materials. Despite having a connection to the supply of commodities, the Hatim Group of Industries does not produce output tax or income on the same scale.
2. Numerous Hatim Group of Industries units, each of which has a unique registration for VAT number, frequently use the same raw materials in their manufacturing. Sometimes these RM types raise the cost of the RM and cause documentation issues when managing the purchase and rebate system in a single invoice or challan.
3. It might be challenging to demonstrate the validity of a supplier's VAT challan in cases where they make any form of purchase because the majority of Hatim Group of Industries' suppliers continue to use the conventional method of operating the VAT system. In the event of such a VAT challan, the government loses the opportunity to collect revenues, and customs may reverse the obtained VAT challan refund.
4. It is customary to use price declaration with value addition when moving RM across a company's various divisions. It raises both the cost of products and the paperwork procedure.

## 5.2 Recommendations

1. The Hatim Group of Industries needs to build more warehouses. It will make the commodities' distribution easier. If there are several small markets, product distribution will be inexpensive and sales volume will rise. Along with an increase in sales, VAT may help the government make more money.
2. For each form of purchase, a separate invoice needs to be created for each individual item. It could assist with less VAT procedures, such as the issuance of VAT-6.3 challans, and less value addition for price disclosure.
3. The online form should preserve the VAT system. The legitimacy of the supplier's VAT challan will thus be simpler to defend. Additionally, it will lessen the chance

of error and improve the VAT accounting system by combining all the data. To ensure that all taxpayers are properly upholding the VAT system, government organizations should implement VAT online as soon as feasible. And ideally it will bring in a significant amount of money for the government.

4. Intercompany transactions should be governed by new legislation. It is customary to use price declaration with value addition when moving RM across a company's various divisions. If the current legislation is changed, it should be simpler. As a transfer of products, for example. Although the VAT & Supplementary Duty Act-2012 is in the process of implementing this reality, it must do so as soon as practicable. It will help to create a setting that is conducive to doing business.

### **5.3 Conclusion**

In 1991, the VAT was implemented in Bangladesh with the intention of promoting economic growth and producing money for the government. According to NBR figures, the VAT accounts for the bulk of the government's tax income, making the Bangladesh VAT regime quite effective in that regard. The lowest total tax effort among South Asian nations is found in Bangladesh, however, according to data from the Policy data Institute. At addition, if we take the time to study our daily activities, we will see that we frequently use items or get services, such as those at numerous restaurants or petrol stations, without having to reimburse the government for the VAT we have used. This shows that there are still many companies who do not genuinely pay VAT. Therefore, the government has to intensify its tax efforts by raising awareness, improving audits, and digitizing the analog VAT system that is now in place. Failure to do so will eventually result in a decrease in VAT income because companies like Hatim Group of Industries, which truly pay VAT, would eventually find it aggravating. Being a responsible business entity and paying VAT regularly will actually prove to be a competitive disadvantage for business entities if their competitors manage to successfully evade VAT, and this will ultimately bring non-compliance with the VAT Act 1991 among businesses that are currently complying with it. If NBR fails to look into this issue with utmost sincerity and priority.

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VAT, TAX & LEGAL SOLUTIONS BANGLADESH <https://www.vtlsbd.com/main-menu/8/vat/>

Website of Hatim Group of Industries <http://www.hatimgroup.com/>