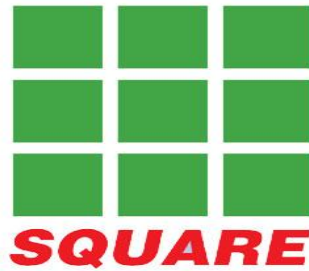


An Internship Report

On

Compliance of VAT Act 1991 –A Study on Square Toiletries Limited



Daffodil International University



SUBMITTED TO

*Md. Arif Hassan
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SUBMITTED BY:

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Date of Submission: 27th May,2018

Dedicated
To
My Beloved Parents
And
My Respected Supervisor

Preface

As a student of business administration, I have completed my internship report on “**Compliance of VAT Act 1991 –A Study on Square Toiletries Limited**”. I have tried my best to collect the information related to study topic and prepared the report within a very short time. That is why there may be some unexpected mistakes in the report. I regret for my mistake in the report.

I have completed my internship period at **Square Toiletries Ltd at Unit-04, Narayangonj**. The best feature of my internship program was the access to motivate the hard working team of highly knowledgeable company professionals. The most important skill I learnt was the ability to work in a team.

In this report I am extremely grateful to my supervisor **Md. Arif Hassan, Assistant Professor**, Department of Business Administration, Faculty of Business and Economics, Daffodil International University.

During my internship period I tried to follow my supervisor’s guideline. My practical experience has been upgraded through performing activities.

Acknowledgement

This report was prepared on “Compliance of VAT Act 1991 –A Study on Square Toiletries Limited” with tremendous amount of work, research and dedication. . But it would have been incomplete if I did not have a support of many individuals and organization. I am very much obliged for cordial cooperation from employees of Accounts department of Square Toiletries Ltd. I want to express my whole-hearted gratitude to them for their valuable cooperation. Without this it would have not been possible to complete the report.

I would like to thank Mr. Mobarak Hossain, Manager VAT-Tax, my supervisor at Square Toiletries Ltd. It would not been so easy to prepare this report without his help. And also Mr.Golam Kibria, Head of Finance, for being so supportive for all the time.

Nevertheless, I express my gratitude toward my families and colleagues for their kind co-operation and encouragement which helped me in completion of this report.

Letter of Transmittal

March, 2018

Md. Arif Hassan
Assistant Professor
Faculty of Business and Economics
Daffodil International University.

Dear Sir,

I am highly satisfied to complete my report on the " Compliance of VAT Act 1991 –A Study on Square Toiletries Limited". The intention of the assignment was to gather a lucid concept of actual corporate world and know how they handle such a big issue like VAT and also their routine of financial activities.

I have completed this report with my full contribution and dedication to show my practical learning from Finance and Accounts department of Square Toiletries Limited. I have gathered data and information from the VAT database which is called "VAT Accounting System", through interviews of my supervisor, and from the company website. I believe that you will consider the limitations I faced due to lack of confidential information while doing my research on this report.

Lastly, I would kindly request you to evaluate my research paper and provide me with your precious feedback to enrich the quality of this report.

Sincerely

Md.Mahfuzul Karim Mallik
ID: 141-14-1368
Major in Accounting
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Letter of Acceptance

I am pleased to certify that the internship report on “Compliance of VAT Act 1991 –A Study on Square Toiletries Limited” conducted by Md. Mahfuzul Karim Mallik bearing ID# 141-14-1368 of the Department of Business Administration has been approved for presentation and defense/viva-voce under my direct supervision.

The data and the findings presented in the report are the authentic work of Md. Mahfuzul Karim Mallik. I recommend the report prepared by Md. Mahfuzul Karim Mallik for further academic commendations. He bears a good moral character and pleasing personality.

I wish him all the success in every step of his life.

Supervisor,

Md. Arif Hassan
Assistant Professor
Department of Business Administration
Faculty of Business and Economics
Daffodil International University

Declaration

I, Md. Mahfuzul Karim Mallik, hereby declare that the presented report of internship titled “Compliance of VAT Act 1991 –A Study on Square Toiletries Limited” prepared by me after completion of three months work in **Square Toiletries Ltd.**

I also confirm that, the report prepared only for my academic requirement not for any other purpose. It might not be used with the interest of opposite party of the organization.

Md. Mahfuzul Karim Mallik

ID: 141-14-1368
Major in Accounting
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Executive Summary

Value Added Tax or VAT was introduced in Bangladesh in 1991, replacing the effect of sales tax. VAT was introduced in Bangladesh with the aim greater revenue generation for the government and stimulating economic growth in the country. The set of laws that guide the scope of VAT, Turnover Tax and Supplementary Duty in Bangladesh is known as VAT Act 1991. The VAT Act 1991 contains over 70 laws that guide a business in VAT related issues, from registration to penalties of non-compliance; it also dictates the structure of the VAT authority and the power they may exert upon businesses regarding the three taxes within the realm of the Act if situation demands. This report discusses certain selected laws of the VAT Act 1991 and Square Toiletries Limited's stance in terms of compliance. The Report is divided into Five Chapters.

In the report, introductory part has been discussed in the chapter one. This chapter covers introduction of the study, origin of the study, objectives of the study, Methodology and the limitations of the study.

In the second Chapter, overview of the Square Toiletries Ltd has been discussed. Historical background, Vision, Mission, Corporate social responsibility and organ gram of STL are mentioned here.

Chapter three includes theoretical knowledge of Value Added Tax. Implementation of VAT, Tax base and analysis of VAT act-1991 are discussed in this chapter.

Implementation of VAT at Square Toiletries Limited has been discussed at Chapter four. It includes the system how STL is maintaining their VAT system according the compliance of VAT act-1991.

Last Chapter contains some findings of the study; provide some suggestions for improving the VAT operations of VAT and the concluding remarks.

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Chapter One

INTRODUCTORY PART

01. Introductory Background

1.1 Introduction:

Value Added Tax (VAT) is a tax to be levied on the value added by an organization at each stage of its rendering services or producing goods. VAT is a tax on the final consumption of goods or services and is ultimately borne by the consumer although it is collected at every stage of production or distribution and a tax credit is granted at each stage for tax paid at the earlier stage in the chain of transfer/sale of goods or services till it reaches the final consumer.

Few fiscal issues are more important in developing countries than the Value Added Tax. The rise of the VAT around the world has been one of the most important tax developments in the recent century. This tax is considered to have advantages compared with other taxes, because it eliminates cascading, allows for zero rating of exports, and it is broad based and difficult to evade. VAT was first introduced on an extensive scale in France in 1954. Since then, more than 130 countries in the world had adopted a VAT of some kind. Like many developing countries, Bangladesh introduced VAT in 1991 with a view to mobilize its internal revenue collection and to bring transparency to its indirect tax system. At present, VAT is a significant source of revenue in Bangladesh. For the last 20 years more than 30 percent of revenue collected by the National Board of Revenue (NBR) in Bangladesh was from VAT and its contribution is increasing day by day. The question arises then who actually who bears the burden of VAT in Bangladesh. This paper tries to answer this question by measuring the progressivity of VAT in Bangladesh.

1.2 Origin of the study:

The internship program is an essential and mandatory part of the MBA program of Daffodil International University. After completion of one year academic period, I was assigned by Daffodil International University to Square Toiletries Limited for the practical exposure of business horizon through internship program to make the consequences more specific. This report is originated to fulfill the requirement of the assigned project “Compliance of VAT Act 1991 –A Study on Square Toiletries Limited”. The topic and the report has made according the direction and advise of my honorable academic supervisor. The report has tried to cover the overview of VAT act 1991, some of its common rules and the implementation of the rule. This report has also mentioned the system of maintaining the VAT of Square Toiletries Limited, Unit-04 . The empirical part shows the detailed procedures for maintaining the VAT with “VAT accounting”(Accounting Software) system from the companies data base.

1.3 Objectives of the study:

The main objective of this study is to analysis the effect of VAT act -1991 on Square Toiletries Limited in the context of Bangladesh.

The specific objectives of the study are as follows:

- a) To find out the rules of VAT in Bangladesh.
- b) To analyze the Impact of VAT on economic development in Bangladesh.
- c) To shed light in the current VAT structure of Bangladesh.
- d) To analyze collection process and computation of value added tax in Bangladesh.
- e) To analyze STL's implementation and performance of VAT in Bangladesh.
- e) To find out some problems.
- e) To suggest some recommendation based on findings.

1.4 Scope of the Study :

The VAT Act 1991 contains over 70 laws. However, this report does not discuss all of those laws. Rather it discusses about 13 laws, the compliance of which I have been able to observe during my internship. The report explains the laws contained within in such a way that a general reader will not require a prerequisite knowledge regarding VAT in order to develop an understanding of the report.

1.5 Methodology:

Primary information required for the report has been collected through observation during the tenure of the internship. Moreover a concrete understanding had been developed by interacting with my supervisor and other colleagues at Square Toiletries Limited.

Extensive help from a text book was also required in order to develop an understanding of the VAT Act 1991.

For other general information regarding organization overview, company operations, illustrations used in the report, use of the internet and the company's annual report has been made.

Sources of Data:

Primary sources:

- ✓ Consultation with Company officials.
- ✓ Observing the activities of Accounts department of STL.
- ✓ Discussion with the supervisor.
- ✓ Face to face conversation with the Auditors.

Secondary sources:

- ✓ Annual financial statements of STL.
- ✓ Website of Square Toiletries Limited.
- ✓ Company journals, articles etc.
- ✓ Oracle Software of VAT which is called “VAT Accounting System”.

1.6 Limitations:

On the way of the study, I have faced the problems that are given below that may be terms as the limitation or shortcoming of the study-

➤ **Short Time Period:**

Since the report has to be made within three months, time might be a major constraint in accumulating all sorts of information. Due to time limitation many aspects could not be discussed in the present study.

➤ **Data Insufficiency:**

It was very difficult to collect data, because some data are not available and clear. But the data is very essential to prepare the report. Due to this limitation many aspects could not be discussed in my study.

➤ **Lack of Records:**

Sufficient books, publications, facts and figures narrowed the scope of accurate analysis. If this limitation were not been there, the report would have been more useful and attractive.

➤ **Less Experience:**

Experience makes a man efficient. I do such kind of research activity for the first time. That's why inexperience creates obstacle to follow the systematic and logical research methodology.

Chapter -Two

PROFILE OF THE SQUARE TOILETRIES LIMITED

2.1 Company Profile:

Square Toiletries Ltd. is a part of the highly renowned local conglomerate in Bangladesh- Square Group. It is one of the largest and leading FMCG company in Bangladesh with a turnover of USD 75 million. With their relentless innovation, STL is the pioneer for bringing in new products and packaging concepts in Bangladesh. They have gained the expertise and eagerness in fulfilling customer's expectations with their quality product ranges through utmost sincerity. STL consider people as unique in terms of their needs, and to satisfy individual needs, they always try to maintain consistent quality of their unique products. Only for their customers, they are relentlessly striving to be "as unique as you".

Currently, STL is carrying out its production in its two fully automated plants at Rupshi and Pabna. With their high-tech production facilities, most advanced equipment, and high quality raw materials, they ensure the absolute best for their customers. STL has product specific machinery to cater to different products, formulation, and packaging and a group of well-trained people are always present to ensure smooth operations of all the machines . Imported from various foreign suppliers, the best quality raw materials are used for all STL products. Each phase of the production process undergoes rigorous testing to meet international standards, following the GMP (Good Manufacturing Practice) of production.

Square Toiletries Ltd. has a strong R&D department which is committed towards developing new products and improving existing products. The international standard products of Square Toiletries Ltd. meet the needs of Bangladeshi people as well as the people abroad. Therefore, the main objectives of R&D are –

- A deep understanding of consumers, their habits, and product needs.
- Capabilities to acquire, develop, and apply technology across STL's broad array of product categories.
- The ability to make "connections" between consumers' wants and what technology can deliver.

2.2 Mission & Vision of Square Toiletries Limited:

Vision:

STL has a **vision** which says "We attempt to understand the unique needs of the consumer and translate that needs into products which satisfies them in the form of quality products, high level of service and affordable price range in a unique way."

Mission :

To attain their vision, they took a strong **mission** into consideration which is given below

- ✓ To treasure consumer understanding as one of our most valued assets and thereby exerting every effort to understand consumers' dynamic requirements to enable us in offering maximum satisfaction.
- ✓ To offer consumer products at affordable price by strictly maintaining uncompromising stance with quality. With continuous R&D and innovation we strive to make our products complying with international quality standards.
- ✓ To maintain a congenial working environment to build and develop the core asset of STL – its people. As well as to pursue for high level of employee motivation and satisfaction.
- ✓ To sincerely uphold the responsibility towards the government and society with utmost ethical standards as well as make every effort for a social order devoid of malpractices, anti-environmental behaviors, unethical and corruptive dealings.

With a vision to maintain this level of quality consistency and in a pursuit to consistently deliver quality products to their consumer, STL have also developed technical partnership with companies such as Cognis (Germany), Uniqema (Malaysia), Clariant (Germany), IFF (UK) and many more.

With their relentless effort to deliver "unique" quality products and to stay competitive in the consumers mindset, they keep on bringing several brands by using high-tech production facilities and through quality conformance. Through this effort, they are gradually becoming a high performance local as well as a global player.

2.3 Product Offerings:

Square Toiletries Limited (STL) believes in the importance of uniqueness both at national and international level. The company is marketing 21 brands in two different segments. The segments of STL unit-04 are given below:

1. Health & Hygiene

No.	Brands	Products
1.	Senora	Regular, Confidence & Ultra Sanitary Napkin
2.	Supermom	Diaper
3.	Meril	Beauty Soap

The Top Brands of the company are Jui, Chaka, Senora, Magic, Meril Protective Care & Meril Baby. Square is also exporting its finished products to 13 countries- UAE, Germany, UK, Australia, Malaysia, India etc.

2.4 Values and Principles of STL:

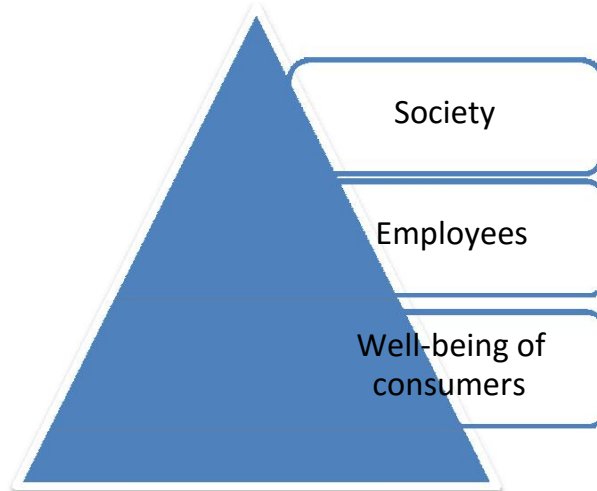


Figure 01: Foundation pillars of the values and principles of STL

STL believes that it is their obligation to work for the welfare of society. Though STL is a commercial organization STL doesn't always opt for profit, rather it tries to be even more focused towards the fulfillment of its commitments to society and hence has an intense sense of responsibility to its customer, its people and its society as a whole. From the day to day business operation to quality policy, in every single activity of STL these core values and principals are reflected.

To achieve their vision, STL has some of their quality policies given below:

- Dedicated to make every effort to understand consumer needs to provide maximum satisfaction and to achieve market leadership.
- Strive to continuously upgrade manufacturing technology and to maintain optimum level of quality measures in conformity with the international standard – ISO 9001: 2008.
- Committed to achieve quality objective through continuous employee training and maintaining congenial working environment.

Square Group aims towards providing the best possible compensation to all the people working with the company through a package consisting of basic salary, bonus, allowances, leave salary and various retirement benefits

Apart from maintaining their quality policy to ensure healthy well-being of their consumers and employees, they have made tremendous contribution for the welfare of the society. It also embraced the society & its people with different initiatives. Besides core business functions, STL has been taking active part in different philanthropic activities like employment generation program for vulnerable population, financial aid to disadvantaged and natural disaster affected people, helping acid victims, tree plantation, creating mass awareness on health and hygiene issues, supporting in education and various local community programs and many more. Some of their corporate social responsibilities are:

- ❖ As a part to show great care to Bangladeshi girls through Senora; 1 million girls have been educated to enjoy a hygienic life.
- ❖ Being conscious about baby & its wellbeing, STL has introduced a service “supermom” where any mother can call at the number: 01678737666 to get expert doctor’s advice absolutely free. Under this service in the year 2012, 1 lac mothers have been communicated about the importance of breast feeding.
- ❖ Starting from 1998, every year through Meril-Prothom Alo Award, country’s largest, most prestigious and fun-filled ceremony, STL are rewarding performance in cultural area.
- ❖ On 7th April, STL brought up a campaign titled "Zerocal World Health Day Rally", to spread the information on the importance of regular exercise, apposite calorie and healthy diet intake and regular health check-up.
- ❖ To stop violence on women, this year on valentine's day, STL came out with a bold concept which says "Only the cowards hurt, be a REAL man, treat every woman with respect."

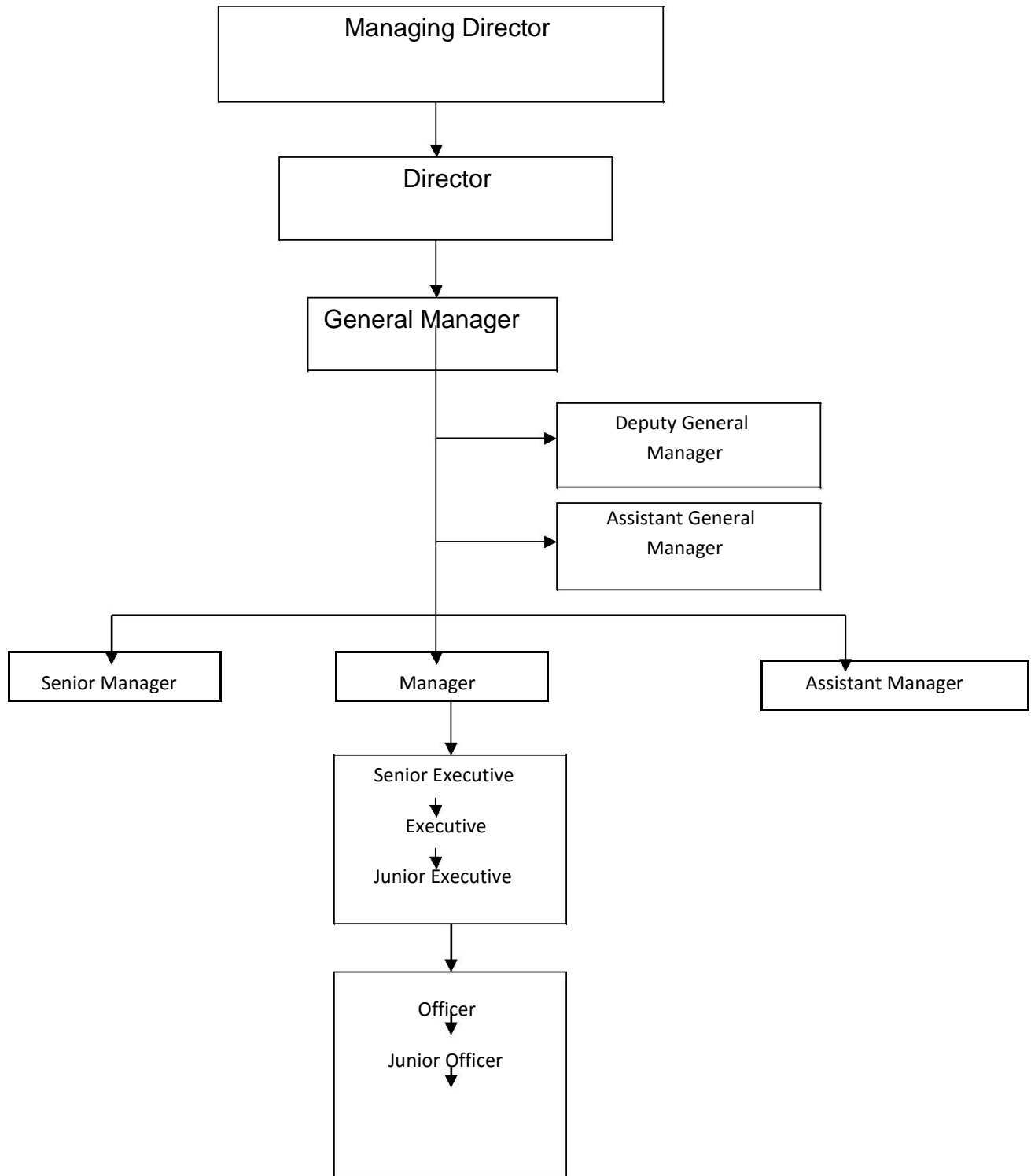
2.5 The formation of Square Toiletries Limited:

From the inception in 1958, SQUARE today symbolizes a name – a state of mind. It flourished gradually to be one of the top line conglomerates in Bangladesh. With an average Annual turnover of over US\$ 200 million and a workforce of about 3500 the SQUARE Group is a true icon of the Bangladesh business sector. The table below shows the history of the Square Group as well as the gradual formation of STL.

Year	Activities
1958	Debut of Square Pharma as a Partnership Firm.
1964	Converted into a Private Limited Company.
1974	Technical Collaboration with Janssen Pharmaceutical, Belgium, a subsidiary of Johnson and Johnson International, USA.
1982	Licensing Agreement signed with F. Hoffmann-La Roche Ltd., Switzerland.
1985	Achieved first position in the Pharmaceutical Market of Bangladesh among all national and multinational companies.
1987	Pioneer in pharmaceutical export from Bangladesh.
1988	Debut of SQUARE Toiletries Ltd. as a separate division of SQUARE Pharma.
1994	Initial Public Offering of SQUARE Pharmaceutical Shares.
	SQUARE Toiletries Ltd. becomes a Private Limited Company.
1995	Chemical Division of SQUARE Pharmaceuticals Ltd. starts production of pharmaceuticals bulk products (API).
1997	Won the National Export trophy for exporting pharmaceuticals.
	Debut of SQUARE Textiles Ltd.
1998	Second Unit of SQUARE Textile Ltd. is established.

	Agro-chemicals & Veterinary Products Division on <i>SQUARE</i> Pharma starts its operation.
2000	<i>SQUARE</i> Spinning's Ltd. starts its Journey.
2001	<i>SQUARE</i> Knit Fabrics Ltd. is established.
	<i>SQUARE</i> Fashions Ltd. starts its operation.
	US Fda/UK MCA standard new pharmaceutical factory goes into operation built under the supervision of Bovis Lend Lease, UK.
	<i>SQUARE</i> Consumer Products Ltd. Started its operation.
	<i>SQUARE</i> Infomatix is established.
	<i>SQUARE</i> Hospitals Ltd. Incorporated.
2003	Management Agreement with Bumrungrad Hospital International of Thailand for the management of <i>SQUARE</i> Hospitals Ltd.
2005	New State-of-the-Art Square Cephalosporins Ltd. goes into operation: built as per USFDA/ UK MHRA requirements.
2006	Square Hospitals Ltd starts its journey.
2007	Square Pharmaceuticals Ltd., Dhaka Unit gets the UK MHRA approval.
2008	Square Pharmaceuticals Ltd. starts SVPO (Small Volume Parental & Ophthalmic) unit, built as per US FDA requirements, goes into operation.
2009	Starts manufacturing of insulin maintaining quality standards of US FDA & MHRA. Dedicated hormone & steroid products manufacturing facility complying with the current Good Manufacturing Practice (GMP) of WHO, US FDA & UK MHRA starts operation.

2.6 Organ gram of Square Group:



Chapter four

IMPLEMENTATION OF VAT ACT-1991 AT SQUARE TOILETRIES LTD

Square Toiletries Limited (STL) is the one of the biggest names in the toiletries market of Bangladesh. With a market share of over 30%, STL is one of the largest tax payer of NBR. In the financial year 2016-2017 STL had paid Tk. 25,18,22,278. as VAT just from its Narayangonj Unit. Under Section 15 of VAT act act-1991 STL has taken the VAT registration Approval (Mushak-08) by the application of Mushak-06. It also approves all of its product selling price from the customs which is must under the section-05 of VAT act. STL maintains all the VAT activities through its software named ‘VAT Accounting System-we call it transparency’. STL used imported raw materials and local packaging material for the production and maintains the VAT rate 15% while dispatching the finish goods. It maintains a rebate system for every purchase of RM and PM through VAT-11 Challan or Bill of entry though the software.

The total system of maintaining the VAT system is discussed below compliance with the VAT law act-1991.

4.1 Mushak details:

4.1.1 Mushak-11 (TaxInvoice)

As per Section 32 of the VAT Act 1991, STL is supplying taxable goods or providing taxable services (VAT) Through a tax invoice known “Mushak-11” to its customers on sales of goods or services. However, entities registered within the realm of Turnover Tax or Cottage Industry may use their sales receipt or money receipt as record of the tax collected. Failing to issue Mushak-11 on a certain transaction will not enable that transaction to qualify for receiving rebate on input taxes. The Mushak-11 invoice of STL contains certain information criteria provided by NBR and it has a 3 ply carbon paper. The first copy of the invoice is provided for carrying in the vehicle transporting the sold products. The second copy of the invoice is submitted to the concerned Circle Office within 5 working days from the time the sale has been made. As per Section 33 of VAT Act 1991, STL reserve the third copy of the invoice in the premises of the issuing entity for at least 6 years and archived for possible future audits or other purposes.

The register is maintained based on financial year and not calendar year and a single register is used for only one financial year. It is maintained and updated on a regular basis and the balances or stocks of inputs must also be mentioned for each tax period. As per Section 33 of the VAT Act 1991 the sales register for any given year has to be archived and kept for at least six years in case of future needs which is properly maintained by STL through its VAT oracle software.

4.1.3 Rebate System:

Square Toiletries Ltd maintains a rebate system in a manual form through Purchase register which is already mentioned above where all the purchase info is recorded and the amount of input tax adds as rebate to the current account against any sought of purchase. Here STL is playing a role of Manufacturer, Suppliers or traders of taxable goods or providers of taxable service who is entitled to receive rebate on input taxes in each tax period against output tax payable on goods supplied or service rendered, except in the following cases, namely:

- (a) Value added tax paid on inputs used in the production of exempted goods.
- (b) Turnover Tax paid inputs procured from a Turnover Taxpayer.
- (c) Supplementary duty, paid on inputs, used in the production of goods or rendering of service.
- (d) Value added tax paid on reusable package at any other time except for the first time.
- (e) The value added tax, paid on such goods and services as are related to the construction, balancing, modernization, replacement, expansion, renovation and repair of any building or structure or establishment, purchase and repair of all kinds of furniture, stationary, air conditioner, fan, lighting equipment, generator etc. architectural plan and design, though directly related to production of taxable goods or service. Various goods and services related to production or supply of taxable goods or rendering of taxable service, the value added tax paid in excess of the rate of value added tax on such goods and services set by Rules.

4.1.4 Mushak-17 (Sales Register)

Under Section 31 of VAT Act 1991, STL is supplying taxable goods or providing Tax able services by maintaining Mushak-17 or the sales register. Sales of products or services are recorded in this register and the register is divided into as many products or services as the business offers, implying that a particular number of pages in the register are allocated for each product or service, depending on the sales. Sales register like the purchase register is maintained based on the financial year and not the calendar year. The sales register gets continually updated and sales entered in the register as soon as they are made at the time of providing VAT-11 challan. Section 33 of VAT Act 1991 obligates any applicable business to archive and keep the register for at least 6 years in the premises of the business as STL is maintaining.

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার জাতীয় রাজস্ব বোর্ড, ঢাকা। চলতি হিসাব (বিধি ২২(১) দ্রষ্টব্য)										
করলাভা সনাক্তকরণ সংখ্যাঃ 21061000953			নামঃ SQUARE TOILETRIES LIMITED (Unit-4)			মুদ্রক - ১৮				
ঠিকানাঃ North Rupshi, Rupshi Bazar, Rupgonj Narayang			টেলিফোনঃ (06725) 88369			Page 1 of 2				
ক্রমিক সংখ্যা	তারিখ	লোন-সেনের কার্য (১)	ক্রয় বা বিক্রয় হিসাব শৃংখলকের ক্রমিক নং	তারিখ	হিসাবী কার্য	সেহসাত (২)	অন্যান্য সমস্যা (যদি থাকে)	পুলের (৩)	সহায়নী কের	বন্দিতব্য
১	২	৩	৪	৫	৬	৭	৮	৯	১০	১১
1	01/11/2017	STARTING BALANCE							48,62,434.77	
2	01/11/2017	Purchase(01 to 08)				1,92,605.55			50,55,040.32	Local
3	01/11/2017	Purchase(09 to 12)				79,575.20			51,34,615.52	Security Service
4	01/11/2017	Purchase(13 to 15)				71,728.00			52,06,343.52	Insurance
5	01/11/2017	Sale	120638	01/11/2017				64,108.76	51,42,234.76	
6	01/11/2017	Sale	120639	01/11/2017				44,896.19	50,97,338.57	
7	01/11/2017	Sale	120640	01/11/2017				16,309.37	50,81,029.21	
8	01/11/2017	Sale	120641	01/11/2017				10,686.35	50,70,342.85	
9	01/11/2017	Sale	120642	01/11/2017				44,595.02	50,25,747.83	
10	01/11/2017	Sale	120643	01/11/2017				21,286.95	50,04,460.88	
11	01/11/2017	Sale	120644	01/11/2017				12,036.69	49,92,424.19	
12	01/11/2017	Sale	120645	01/11/2017				5,516.08	49,86,908.11	
13	01/11/2017	Sale	120646	01/11/2017				5,828.50	49,81,079.61	
14	01/11/2017	Sale	120647	01/11/2017				11,654.49	49,69,425.12	
15	01/11/2017	Sale	120648	01/11/2017				11,149.40	49,58,275.72	
16	01/11/2017	Sale	120649	01/11/2017				16,829.28	49,41,446.44	
17	01/11/2017	Sale	120650	01/11/2017				12,930.00	49,28,516.44	
18	01/11/2017	Sale	120651	01/11/2017				11,127.45	49,17,388.99	
19	01/11/2017	Sale	120652	01/11/2017				7,604.41	49,09,784.58	
20	01/11/2017	Sale	120653	01/11/2017				16,549.37	48,93,235.22	
21	01/11/2017	Sale	120654	01/11/2017				9,488.34	48,83,746.88	
22	01/11/2017	Sale	120655	01/11/2017				24,527.47	48,59,219.41	
23	01/11/2017	Sale	120656	01/11/2017				20,762.29	48,38,457.12	
24	01/11/2017	Sale	120657	01/11/2017				11,159.46	48,27,297.66	

4.1.6 Mushak-12 (Credit Note)

Sometimes STL needs to issue the Credit Note(Mushak-12) when ever VAT already paid is needed to be returned. The following circumstances call for issuing of Mushak-12 are:

01. If circumstances for any reason call for cancellation of Mushak-11 already provided to customer.
02. If customer returns the goods already sold or demands refund for service provided
03. If VAT charged in Mushak-11 is more than actual VAT receivable.

The VAT return filed for through Mushak-12 is adjusted by adding it under receivable rebates in Mushak-18 (current register), however, the following conditions have to be met in issuing a credit note:

01. The credit note has to be issued within ninety days of selling a good or providing a service.
02. The credit note has to be submitted to the concerned Circle Office within the next working day of issuing.

The Mushak-12 form has three ply of carbon form. The first copy is provided to the customer, the second copy is submitted to the Circle Office and the third copy retained by the STL archived

4.1.7 Mushak-12Ka (Debit Note)

If after issuing Mushak-11 to a customer, it is found out that VAT received is less than actual amount of VAT receivable, the Mushak-11 form has to be discarded and a Mushak-12Ka has to be issued. The debit note form has to be a three ply carbon form (Please refer to Appendix 3). The first copy of the form is to be provided to the customer, the second copy to the Circle Office and the third copy has to be retained by the business. The amount of VAT paid less is adjusted by adding it under output tax payable in the current register.

4.1.8 Mushak-19 (Return Submission)

The VAT return is a statement summarizing the business activities of a business entity in terms of import, purchase, sales, rebates, output taxes, treasury deposits, etc. for a tax period (Please refer to Appendix-4). Under Section 35 of VAT Act 1991, a business associated with supplying of taxable goods or rendering of taxable services shall submit Mushak-19 or VAT return to the concerned circle office for each month within the 15th of the next month. Other documents that need to be submitted with Mushak-19 include:

- Original copy of current register
- Any other document demanded by the Circle Office

At STL, most of the VAT laws are respected and abided by. The VAT and Tax wing of STL tries its best to maintain all the records the law demand, in the way it demands.

Chapter five

FINDINGS, RECOMMENDATIONS & CONCLUSION

5.1. Findings :

Since this study mainly focuses on the VAT operations of STL, it has been found that the VAT operations of STL are facing some sought of problems due to its way of operation and also due to the rule of VAT act-1991.From the study those points are stated below:

- 01.** There are few ware house but no depot of STL which hampers smooth operation of supply chain department. Lack of space for storing the raw materials and finish goods and continuous increase of mammoth sale is another reason behind the demand of warehouse and depots. The revenue of STL is not generated in such a scale as well as output tax though it relates with the supply of goods.
- 02.** Same raw materials are often using for production in several units of STL which all have the different VAT registration number. Sometimes such types of RM, in a single invoice or challan increase the cost of the RM and creates documentation problem in case of maintaining purchase and rebate system.
- 03.** Most of the supplier of STL is maintaining the VAT system in traditional way, its difficult to justify the validity (either they are depositing the VAT amount in the A/c of government or not) of their VAT challan in case of any kind of purchase. In case of such type of VAT challan government is the victim to get the revenue and customs may cancel the taken rebate of that VAT challan.
- 04.** In case of transferring the RM between the several units of a company the normal procedure is to go for price declaration with value addition. It increases the documentation process and cost of goods .

5.2. Recommendations :

- 01.** STL should increase the number of ware house. It will facilitate the distribution of the goods. In case of many pocket markets it will costs low for the product distribution and increase the sale amount. Beside the increasing flow of sale government can earn more revenue through VAT.

- 02.** In case of any kind of purchase, Invoice should create for each and every unit .It may help for less value addition for price declaration and less VAT formalities such as issuing VAT-11 challan.

- 03.** VAT system should be maintained in online form. Then it will be more easier to justify the validity of the supplier's VAT challan. And It will also reduce the possibilities of err and make the VAT accounting system more enrich with all the data together. Government should also go for VAT online as soon as possible to make sure that all the tax payer are maintaining the VAT system in proper way. And hopefully it will generate a huge volume of revenue for the government.

- 04.** New law should establish for intercompany transactions. In case of transferring the RM between the several units of a company the normal procedure is to go for price declaration with value addition. It should be more easier if the existing law is modified. It may show as a transfer of goods. Though this fact is on process in the VAT & Supplementary duty act-2012 but the implementation is needed as soon as possible. It will aid for creating a business friendly environment.

5.3. Conclusion :

VAT was introduced in Bangladesh twenty one years ago, in 1991 with the aim of stimulating economic growth and generating revenue for the government. NBR statistics show that the majority of the government's tax revenue is accounted for by VAT and in that sense it can be said that the Bangladesh VAT regime has been very successful. However, according to a research published by Policy Research Institute it has been found that Bangladesh has an overall tax effort is the lowest among South Asian Countries. Furthermore, if we observe our everyday lives, we will be able to notice that very often we consume products or receive services such as those in many gas stations or restaurants where we do not pay VAT to government for our share of consumption. This indicates that there are still a lot of businesses out there who do not pay VAT sincerely. Hence, the government should increase tax effort by creating awareness, enhancing audits, digitizing the current analogue VAT system. Being unable to do so will eventually lead to fall in revenue from VAT because it will at one point be frustrating for businesses such as STL who pay VAT sincerely. If NBR does not look into this matter with utmost sincerity and priority, 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 hence this will eventually bring non-compliance of VAT Act 1991 among businesses who are currently complying to it.

Part : Three

APPENDED PART

- A. Bibliography & References
- B. Appendices

Bibliography & References

Hossain M Zakir, 2015, *Mullyo Shangjajan Kar*.

Square Toiletries Limited, 2016, *Annual Report*.

Smith, Islam, & Moniruzzaman, 2011, *Consumption Taxes in Developing Countries – The Case of the Bangladesh VAT*.

Le T Minh, 2003, *Value Added Taxation: Mechanism, Design, and Policy Issues*.

Appendix:1

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার জাতীয় রাজস্ব বোর্ড, ঢাকা। চলতি হিসাব (বিধি ২২(১) দ্রষ্টব্য)										
করদাতা সনাক্তকরণ সংখ্যা : 21061000953 নাম : SQUARE TOILETRIES LIMITED (Unit-4) ঠিকানা : North Rupshi, Rupshi Bazar, Rupgonj Narayang								মুদ্রক - ১৮		
টেলিফোন : (06725) 88369										
MUSAK-18 : VAT Page 1 of 2										
ক্রমিক সংখ্যা	তারিখ	লেন-দেনের বর্ণনা (১)	ক্রয় বা বিক্রয় হিসাব পুস্তকের		ক্রয়কারী/ক্রয় তারিখ	রেয়াত (২)	অন্যান্য শর্তস্বরূপ (যদি থাকে)	পুলের (৩)	সমাপনী জের	বন্দিত্ব
			ক্রমিক নং	তারিখ						
১	২	৩	৪	৫	৬	৭	৮	৯	১০	১১
1	01/11/2017	STARTING BALANCE							48,62,434.77	
2	01/11/2017	Purchase(01 to 08)				1,92,605.55			50,55,040.32	Local
3	01/11/2017	Purchase(09 to 12)				79,575.20			51,34,615.52	Security Service
4	01/11/2017	Purchase(13 to15)				71,728.00			52,06,343.52	Insurance
5	01/11/2017	Sale	120638	01/11/2017				64,108.76	51,42,234.76	
6	01/11/2017	Sale	120639	01/11/2017				44,896.19	50,97,338.57	
7	01/11/2017	Sale	120640	01/11/2017				16,309.37	50,81,029.21	
8	01/11/2017	Sale	120641	01/11/2017				10,686.35	50,70,342.85	
9	01/11/2017	Sale	120642	01/11/2017				44,595.02	50,25,747.83	
10	01/11/2017	Sale	120643	01/11/2017				21,286.95	50,04,460.88	
11	01/11/2017	Sale	120644	01/11/2017				12,036.69	49,92,424.19	
12	01/11/2017	Sale	120645	01/11/2017				5,516.08	49,86,908.11	
13	01/11/2017	Sale	120646	01/11/2017				5,828.50	49,81,079.61	
14	01/11/2017	Sale	120647	01/11/2017				11,654.49	49,69,425.12	
15	01/11/2017	Sale	120648	01/11/2017				11,149.40	49,58,275.72	
16	01/11/2017	Sale	120649	01/11/2017				16,829.28	49,41,446.44	
17	01/11/2017	Sale	120650	01/11/2017				12,930.00	49,28,516.44	
18	01/11/2017	Sale	120651	01/11/2017				11,127.45	49,17,388.99	
19	01/11/2017	Sale	120652	01/11/2017				7,604.41	49,09,784.58	
20	01/11/2017	Sale	120653	01/11/2017				16,549.37	48,93,235.22	
21	01/11/2017	Sale	120654	01/11/2017				9,488.34	48,83,746.88	
22	01/11/2017	Sale	120655	01/11/2017				24,527.47	48,59,219.41	
23	01/11/2017	Sale	120656	01/11/2017				20,762.29	48,38,457.12	
24	01/11/2017	Sale	120657	01/11/2017				11,159.46	48,27,297.66	

Appendix:2

নামঃ SQUARE TOILETRIES LIMITED (Unit-4) বিক্রয় হিসাব পুস্তক
 ঠিকানাঃ North Rupshi, Rupshi Bazar, Ruppogj Narayangonj (বিবি ২২(১) মঞ্চা)
 পি.সি.সি.নং ২১০৬১০০০৯৫৩ মুদ্রক - ১৭
 পণ্যের নাম ও বিবরণঃ Meril Milk & Kiwi Soap (G) -100 g 100gm Page 1 of 1

ক্রমিক সংখ্যা	তারিখ	উৎপাদিত পণ্যের প্রমাণিত কোড (আবশ্যিক/অবশ্যিক পণ্যের প্রমাণিত কোড)		উৎপাদন (ব্যবসায়ীদের কোড আবশ্যিক/অবশ্যিক পণ্য)		ক্রয়কর্তার তথ্য			পত্রিকা				পণ্যের প্রমাণিত কোড				
		নং	বিবরণ	নং	তারিখ ও সময়	বিবরণ	পত্রিকা	ক্রেতার মূল্য (সাপোর্ট কল ও মূল্য কমানো)	সরকারি কম (যদি যাচাই)	মূল্য	পত্রিকা	মূল্য					
১	২	৩	৪	৫	৬	৭	৮	৯	১০	১১	১২	১৩	১৪	১৫	১৬		
1	13/11/2017	131392	23,62,428.16	60216	1,082,683.68	M/S Roy Traders(Muksudpur)	Tengra Khola Bazar, Muksudpur.	121207	13-NOV-17		156	0.00	0.00	420.73	182872	32,88,038.56	
						M/s. Sharifa Enterprise (Doulatpur)	Doulatpur Bazar,Doulatpur.	121218	13-NOV-17		78	0.00	0.00	210.37			
						M/S Maisha Munom Enterprise	Torik Bandar Sadar Road,Gournadi	121206	13-NOV-17		156	0.00	0.00	420.73			
						M/S Amjad Enterprise(Noapara)	Avoyonagar, Noapara.	121219	13-NOV-17		78	0.00	0.00	210.37			
						M/S Tipu Sultan Store (Masterbari)	Wapdar More, Mauna Chowrasta,Masterbari.	121221	13-NOV-17		156	0.00	0.00	420.73			
						Mrs. Islam Enterprise(Bagerhat)	Jahannad School Lane,Shaltola Jame Masjid,Bagerhat.	121213	13-NOV-17		78	0.00	0.00	210.37			
						Daraz Bangladesh	Green Grandeur,8th Floor,59/E,Kamal Avenue,Banani,Dhaka.	121188	13-NOV-17		330	0.00	0.00	890.01			
Date Wise Total :											1032	0.00	0.00	2,783.30			
Grand Total:						60216	1,082,683.68					1032	0.00	0.00	2,783.30		

Appendix:3

VAT System Musk-11: Vat Challan (FP) SQUARE TOILETRIES LIMITED (Unit-4) SOAP VAT Section

VAT Challan No	Last VAT Challan No	121294
Challan Date	Challan Time	11:27 AM
Dispatch Date	Dispatch Time	
Customer's Name	Destination	
Cust. VAT ID	Challan Type	Commercial (Normal)
Truck No		

List Of Invoice

Retrieve Data

Print Vat Challan

Challan POSTING

Printed: time(s)

Product Code	Product Name	Pack Size	Unit VAT	Sup Tax	Unit Vatable Price	Qty	Total Vatable Price	Vat Amount	Total Amount
X									
X									
X									
X									
X									
X									
X									
X									
X									
X									
Total :									

NB.: VAT AMOUNT = Depends on Challan Type

Appendix:4

Vat Management System

RM Receiving Info

SQUARE TOILETRIES LIMITED (UNIT-4)
 SOAP VAT Section

Received Date	<input type="text" value="15/11/2017"/>	Disp. Date & Time	<input type="text" value="15/11/2017 11:32 AM"/>	<input type="button" value="Retrive Data"/>
Challan No	<input type="text"/>	Chall. Date & Time	<input type="text" value="11:32 AM"/>	
PO No/LC No	<input type="text"/>	PO/LC Date	<input type="text"/>	

RM Code	RM Name	HS Code	Gross Weight	Net Weight	Received Qty	Price (Without Vat)	Supp. Tax	Vat	Revateable Tax	Total Price
Total :										

◀

▶

Appendix:5

ডেবিট নোট
(বিধি-১৭ক দ্রষ্টব্য)

গ্রাহকের কপি
মুসক-১২ক

ব্যবসায় প্রতিষ্ঠানের নাম :
ঠিকানা :
করদাতা সনাক্তকরণ সংখ্যা :
জেতা/গ্রহীতার নাম :
ঠিকানা :
করদাতা সনাক্তকরণ সংখ্যা :
যানবাহনের প্রকৃতি এবং নম্বর :

টেলিফোন নং :
ফ্যাক্স নং :
ডেবিট নোটের ক্রমিক সংখ্যা :
ডেবিট নোট প্রদানের তারিখ :

ক্রমিক সংখ্যা	চালান পত্রের ক্রমিক সংখ্যা ও তারিখ	চালানপত্রে উল্লিখিত তথ্য						কম প্রদর্শিত বা পার্থক্যজনিত	
		পণ্য / সেবার নাম ও পরিমাণ		মোট মূল্য (সকল প্রকার কর ব্যতীত)	অন্যান্য করের পরিমাণ	মূল্য সংযোজন করের পরিমাণ	অন্যান্য করের পরিমাণ	মূল্য সংযোজন করের পরিমাণ	
		নাম	পরিমাণ						
১	২	৩	৪	৫	৬	৭	৮		

ডেবিট নোট প্রদানের কারণ : _____

বিক্রেতার স্বাক্ষর ও সীল

ক্রেডিট নোট
(বিধি-১৭ক দ্রষ্টব্য)

গ্রাহকের কপি
মুসক-১২

ব্যবসায় প্রতিষ্ঠানের নাম :
ঠিকানা :
করদাতা সনাক্তকরণ সংখ্যা :
জেতা/গ্রহীতার নাম :
ঠিকানা :
করদাতা সনাক্তকরণ সংখ্যা :
যানবাহনের প্রকৃতি এবং নম্বর :

টেলিফোন নং :
ফ্যাক্স নং :
ক্রেডিট নোটের ক্রমিক সংখ্যা :
ক্রেডিট নোট প্রদানের তারিখ :

ক্রমিক সংখ্যা	চালান পত্রের ক্রমিক সংখ্যা ও তারিখ	প্রত্যাৰ্পকৃত পণ্য / সেবা					চালান পত্রে উল্লেখিত [ধারা ১০ (১) (ঙ) সংশ্লিষ্ট]		হ্রাসকৃত বা ক্রটিপূর্ণ ধারা ১০ (১) (ঙ) সংশ্লিষ্ট	
		পণ্য / সেবার		মোট মূল্য (সকল প্রকার কর ব্যতীত)	অন্যান্য করের পরিমাণ	মূল্য সংযোজন করের পরিমাণ	অন্যান্য করের পরিমাণ	মূল্য সংযোজন করের পরিমাণ	অন্যান্য করের পরিমাণ	মূল্য সংযোজন করের পরিমাণ
		নাম	পরিমাণ							
১	২	৩	৪	৫	৬	৭	৮	৯	১০	

ক্রেডিট নোট প্রদানের কারণ : _____

বিক্রেতার স্বাক্ষর ও সীল

Appendix:6

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার
জাতীয় রাজস্ব বোর্ড
ঢাকা।

মূল্য সংযোজন কর দাখিলপত্র
[বিধি ২৪(১) দ্রষ্টব্য]
(এই ফরম পূরণের পূর্বে নির্দেশিকা পড়ুন)

মূসক - ১৯

কর মেয়াদ : মাস : বৎসর :
October 2012

করদাতা সনাক্তকরণ সংখ্যা : 5101034190

নাম :
ঠিকানা :
ফোন : 8813597-8

শূন্য দাখিলপত্র (কর মেয়াদে কোন ক্রয় বিক্রয় হয় নাই)

ক্রম	বিক্রয় সংক্রান্ত তথ্য	বিক্রয় মূল্য	সম্পূরক শুদ্ধ	মূল্য সংযোজন কর
১।	করযোগ্য পণ্য, সেবা বা পণ্য ও সেবার নীট বিক্রয়	177,141,497.00	-	26,571,224.00
২।	শূণ্য হারের পণ্য বা সেবার বিক্রয় (রপ্তানি)	\$ -		
৩।	অব্যাহতিপ্রাপ্ত পণ্য, সেবা বা পণ্য ও সেবার নীট বিক্রয়	-		
	প্রদেয় হিসাব	পরিমাণ		
৪।	মোট প্রদেয় কর (সারি ১ হইতে SD + VAT)	26,571,224.00		
৫।	অন্যান্য সমন্বয়করণ (প্রদেয়/উৎসে কর্তন/বকেয়া/ অর্ধদণ্ড/জরিমানা/ স্থান ও স্থাপনা ভাড়া গ্রহনকারী)	-		
৬।	সর্বমোট প্রদেয় (সারি ৪ + ৫)	26,571,224.00		

ক্রম	ক্রয় সংক্রান্ত তথ্য	ক্রয় মূল্য	রেয়াতযোগ্য কর
৭।	স্থানীয় পর্যায়ে করযোগ্য পণ্য, সেবা বা পণ্য ও সেবার ক্রয়	177,803,217.00	26,670,483.00
৮।	করযোগ্য পণ্য, সেবা বা পণ্য ও সেবার আমদানী	-	-
৯।	রপ্তানীর ক্ষেত্রে অন্যান্য কর রেয়াত	-	-
১০।	অব্যাহতিপ্রাপ্ত পণ্য, সেবা বা পণ্য ও সেবার ক্রয়	-	-

ক্রম	উৎসে কর্তন/রেয়াত / প্রত্যর্পণ হিসাব	পরিমাণ
১১।	মোট রেয়াতযোগ্য কর (সারি ৭ + ৮ + ৯)	26,670,483.00
১২।	অন্যান্য সমন্বয়করণ (রেয়াত/ পাওনা/আমদানি পর্যায়ে অগ্রিম মূসক)	20,673.00
১৩।	পূর্ববর্তী মাসের জের	11,552,208.00
১৪।	সর্বমোট রেয়াত (সারি ১১ + ১২ + ১৩)	38,243,364.00

ক্রম	চূড়ান্ত হিসাব	পরিমাণ
১৫।	নীট প্রদেয় (সারি ৬ - সারি ১৪)	(11,672,140.00)
১৬।	ট্রেজারিতে জমা	-
১৭।	পরবর্তী মাসের প্ররক্ষিত জের	11,672,140.00
১৮।	পরিদপ্তর হইতে প্রত্যর্পণ	-

ক্রম	সরবরাহকারী কর্তক উৎসে মূসক কর্তনের হিসাব	পরিমাণ
১৯।	উৎসে কর্তিত মোট মূসকের পরিমাণ	

আমি ঘোষণা করিতেছি যে, এই দাখিলপত্রে উল্লিখিত সকল তথ্যাদি সত্য ও সঠিক

তারিখ : 18.10.2012

সংযুক্তি:- বিধি ২৪ এ বর্ণিত সকল কাগজাদি / দলিলাদি।