

Airfares, hotel-restaurant costs reportedly to hike as NBR eyes to increase taxes

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Dhaka: Consumers may soon have to pay more for air travel, restaurant meals, hotel stays, and clothing as the government eyes to increase taxes on these products and services following **International Monetary Fund's** recommendations.

The National Board of Revenue (NBR) is considering to increase value-added tax (VAT) on restaurants from 5 per cent to 15 per cent, while the rate on non-AC hotels could be doubled from 7.5 per cent to 15 per cent, as per reports.

The cost of air tickets for domestic, SAARC countries, and international destinations is also expected to increase as NBR eyes to hike the excise duty on air tickets.

The duty for local flights could be increased from BDT 500 to BDT 700.

For SAARC countries, the duty may be hiked from BDT 500 to BDT 1,000, and for international flights, it may shoot up from BDT 3,000 to BDT 4,000.

With these moves, NBR plans to collect an extra BDT 300 crore from these increases.

Additionally, VAT on both branded and non-branded clothing items could increase from 7.5 per cent to 15 per cent, and the 5 per cent VAT on all types of trading may rise to 7.5 per cent. In total, VAT on 43 goods and services could be increased to 15 per cent, added reports.

While the proposal has been submitted to the interim government's Advisory Council, reports cited NBR representatives saying that the Council has recommended not increasing VAT on medicines and supplementary duty on mobile talk-time at the moment. The revenue authority may issue an order regarding these changes soon.

"On January 1, the Advisory Council asked NBR to make corrections in certain areas. With the corrections, an ordinance will be issued soon," reports cited an NBR representative saying.

Following IMF's new revenue target for the government, NBR is fast-tracking efforts to increase VAT and SD in order to generate an additional BDT 12,000 crore.

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