

# NEWSLETTER

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**Bangladesh's Economic Outlook:**  
Post-Budget Reforms and  
Investor Confidence

**ASEAN 2025** and Its Strategic  
Importance for **Bangladesh**

## Bangladesh's Economic Outlook: Post-Budget Reforms and Investor Confidence

Bangladesh's 2025 economic trajectory reflects a concerted government effort to sustain growth momentum amid global headwinds. Following the national budget announcement, the policy focus has shifted toward investment facilitation, tax rationalization, and trade liberalization, aimed at restoring business confidence and improving the investment climate.

### Regulatory and Fiscal Adjustments

The government's post-budget measures emphasize simplifying tax structures, reducing compliance bottlenecks, and expanding the use of digital tax administration. Notably, proposed reforms to the Value Added Tax (VAT) and Income Tax frameworks are designed to enhance transparency and predictability for both local and foreign investors.

At the same time, Bangladesh Investment Development Authority (BIDA) and Bangladesh Economic Zones Authority (BEZA) continue to streamline procedures for investment approvals, land allocation, and repatriation of profits—aligning domestic policies with global best practices.

### Trade and FDI Landscape

With LDC graduation in 2026 approaching, Bangladesh is proactively adjusting its trade regime to maintain export competitiveness. The government is negotiating new trade arrangements under BIMSTEC and Indo-Pacific cooperation frameworks, while strengthening connectivity with ASEAN economies to diversify export markets and attract regional manufacturing relocation.

In FY2024-25, sectors such as renewable energy, logistics, IT services, and pharmaceuticals are emerging as new FDI hotspots, supported by incentives for 100% foreign ownership and duty-free import of capital machinery.

### Legal and Compliance Outlook

Legal reforms are also evolving in tandem with economic policy shifts. The government's move toward corporate governance modernization, intellectual property protection, and dispute-resolution frameworks—including strengthening the Bangladesh International Arbitration Centre (BIAC)—signals a maturing legal ecosystem more conducive to cross-border investment.

Foreign investors should, however, remain attentive to upcoming changes in transfer pricing, tax treaty enforcement, and foreign exchange regulations, which may affect repatriation strategies and compliance planning.

### Regional Implications for ASEAN Investors

Bangladesh's growing engagement with ASEAN represents a strategic step toward deeper South–Southeast Asian integration. Investors from Thailand, Malaysia, Singapore, and Vietnam are particularly well-positioned to benefit from Bangladesh's expanding infrastructure network, low production costs, and preferential access to South Asian markets.

As trade harmonization progresses, ASEAN investors are encouraged to monitor developments in customs modernization, digital trade facilitation, and double taxation agreements, which will define the next phase of cross-border economic collaboration.

### In Summary:

Bangladesh's post-budget reforms signal a renewed policy commitment to transparency, competitiveness, and regional integration. The ongoing regulatory adjustments—if consistently implemented—could strengthen investor confidence and position Bangladesh as a key investment destination in Asia's evolving economic landscape.



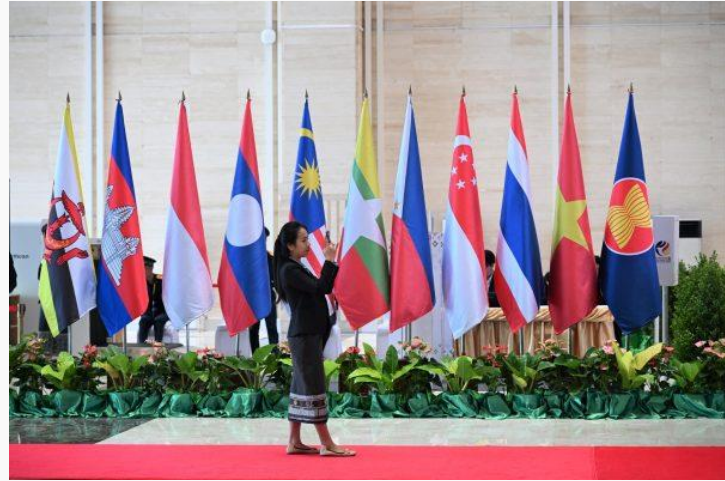
# ASEAN 2025 and Its Strategic Importance for Bangladesh

The Association of Southeast Asian Nations (ASEAN) is entering a transformative phase with its 2025 vision, emphasizing regional integration, innovation-driven growth, and sustainable development. With a combined population of over 700 million and a projected GDP growth rate of around 5% annually, ASEAN is poised to become one of the world's most dynamic economic regions. For Bangladesh, a fast-growing South Asian economy, ASEAN 2025 presents significant opportunities for trade, investment, and regional collaboration.

## Key Objectives:

ASEAN 2025 focuses on several strategic pillars.

- **Economic Integration:** Strengthening the ASEAN Economic Community (AEC) to allow freer flow of goods, services, capital, and skilled labor.
- **Innovation and Digitalization:** Encouraging technology-driven industries, digital economies, and startup ecosystems.
- **Sustainable Development:** Promoting environmentally sustainable policies, climate resilience, and green energy initiatives.
- **Connectivity and Partnerships:** Enhancing infrastructure, logistics, and transport links while fostering cooperation with external partners.



## Implications for Bangladesh

- **Trade Opportunities:** ASEAN is a vital trading partner for Bangladesh. With reduced barriers and streamlined regulations, Bangladesh can expand exports of garments, textiles, agricultural products, and emerging sectors.
- **Investment and Collaboration:** ASEAN's focus on infrastructure, energy, and technology offers avenues for joint ventures and foreign investment in Bangladesh, strengthening its economic growth trajectory.
- **Supply Chain Integration:** Improved connectivity across ASEAN allows Bangladesh to become a more competitive participant in regional supply chains.
- **Knowledge and Technology Transfer:** Collaboration with ASEAN nations can accelerate digitalization, innovation, and technology adoption in Bangladesh.

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## Strategic Significance

For policymakers and business leaders, ASEAN 2025 represents far more than a regional development framework—it is a comprehensive roadmap for economic growth, regional integration, and global competitiveness. By actively engaging with ASEAN's initiatives, Bangladesh can position itself to tap into one of the world's fastest-growing markets.

## Market Access and Trade Expansion:

ASEAN's deepening economic integration offers Bangladesh the opportunity to expand its exports in textiles, garments, agricultural products, and emerging industries. Streamlined trade regulations, reduced tariffs, and improved logistics will enable Bangladeshi businesses to access new markets efficiently and competitively.

## Investment Attraction and Economic

**Diversification:** ASEAN 2025 emphasizes sectors such as infrastructure, energy, digital technology, and sustainable development. By aligning domestic policies with ASEAN standards and fostering strategic partnerships, Bangladesh can attract foreign direct investment, diversify its economic base, and stimulate domestic growth in high-potential sectors.

## Innovation, Technology, and Knowledge

**Transfer:** The bloc's focus on digitalization and innovation presents avenues for Bangladesh to accelerate its technological adoption. Collaborations in fintech, e-commerce, logistics, and green technology can enhance productivity, create high-skilled employment, and strengthen the country's innovation ecosystem.

## Regional Influence and Geopolitical Positioning:

Active participation in ASEAN 2025 initiatives can also enhance Bangladesh's role in regional policymaking, trade agreements, and multilateral cooperation. Strengthened ties with ASEAN nations will improve connectivity, supply chain integration, and strategic partnerships, cementing Bangladesh's position in the evolving Southeast Asian economic landscape.



## Conclusion

As ASEAN 2025 unfolds, Bangladesh's engagement with the bloc can drive economic diversification, enhance regional competitiveness, and foster long-term sustainable growth. Strategic alignment with ASEAN's vision will be key to unlocking the full potential of this transformative regional partnership.

# Recent Legislative Developments in Bangladesh

## 1. The July National Charter

On October 17, 2025, major political parties in Bangladesh signed the "July National Charter," a roadmap for political reform proposed by interim Prime Minister Muhammad Yunus. The charter aims to restructure the political system by introducing checks and balances, strengthening the presidency, imposing term limits for legislators, and combating corruption. However, the charter is nonbinding and will require approval from a new Parliament after elections scheduled for February.

### Core Provisions of the Charter

**Strengthening the Presidency:** Proposals include enhancing the president's powers to provide a counterbalance to the prime minister, thereby reducing the risk of authoritarian rule.

**Legislative Term Limits:** The introduction of term limits for legislators aims to promote political renewal and prevent entrenched political dynasties.

**Anti-Corruption Measures:** The charter advocates for the establishment of independent anti-corruption bodies and the implementation of stricter financial disclosure requirements for public officials.

**Judicial Independence:** Recommendations include reforms to ensure the judiciary's independence from executive influence, thereby strengthening the rule of law.

**Electoral Reforms:** The charter proposes changes to the electoral system to ensure free, fair, and transparent elections, including the establishment of an independent election commission.

## 2. The Waqf (Amendment) Act, 2025

The Waqf (Amendment) Act, 2025, promotes gender equality by ensuring representation of Muslim women on Waqf boards and protecting inheritance rights. The amendment also prioritizes the welfare of Muslim women, particularly widows and divorced women, by promoting self-help groups and financial independence programs. It ensures representation of women in Waqf Boards and supports initiatives such as scholarships for Muslim girls, vocational training programs, and legal aid centers for inheritance disputes and domestic violence cases.

## 3. Revenue Policy and Revenue Management Ordinance, 2025

### Background and Legislative Intent:

On May 12, 2025, the interim government of Bangladesh, led by Chief Adviser Professor Muhammad Yunus, enacted the Revenue Policy and Revenue Management Ordinance, 2025. This landmark legislation aims to overhaul the nation's revenue administration by separating policy formulation from revenue collection and management functions.

The move aligns with broader fiscal reforms and is supported by international financial institutions, including the International Monetary Fund (IMF), as part of a \$4.7 billion loan program. The IMF has emphasized the need for enhanced transparency and efficiency in revenue collection as conditions for financial assistance.

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## Key Provisions

### 1. Institutional Restructuring

The ordinance dissolves the existing National Board of Revenue (NBR) and the Internal Resources Division (IRD). In their place, two new entities have been established under the Ministry of Finance

**Revenue Policy Division (RPD):** Tasked with formulating tax policies, drafting legislation, negotiating international treaties, and conducting research.

**Revenue Management Division (RMD):** Responsible for implementing tax laws, collecting revenues, formulating management policies, coordinating among revenue departments, and overseeing audits and investigations. This bifurcation aims to enhance the efficiency, accountability, and transparency of the revenue system

### 2. Administrative Changes

The ordinance introduces several administrative reforms:

**Leadership Selection:** The head of the RMD can now be an officer from the customs or income tax cadres, provided they have experience in revenue collection.

**Staff Integration:** Personnel from the dissolved NBR and IRD are absorbed into the RMD, with provisions for their reassignment and training to align with the new structure

### 3. Legal and Procedural Reforms

The ordinance mandates the development of new rules and regulations to govern the operations of the RPD and RMD. These include:

**Tax Policy Framework:** Establishing guidelines for policy formulation, legislative drafting, and international negotiations.

**Revenue Management Protocols:** Creating procedures for tax collection, audit processes, and inter-departmental coordination.

**Monitoring and Evaluation:** Implementing systems to assess the effectiveness of revenue policies and management practices.

## Implementation Challenges and Amendments

The enactment of the ordinance faced significant resistance from NBR officials, leading to a nationwide strike in May and June 2025. The strike disrupted tax collection and halted operations at key trade hubs, including Chittagong Port. In response, the government declared revenue collection and customs services as essential, compelling officials to return to work.

Subsequently, the interim government initiated amendments to the ordinance to address concerns raised by stakeholders. These amendments aim to refine the restructuring process, ensure job security for employees, and enhance the overall effectiveness of the new revenue administration framework

## Outlook

The successful implementation of the Revenue Policy and Revenue Management Ordinance is crucial for Bangladesh's fiscal stability and economic growth. By modernizing the revenue system, the government seeks to improve tax compliance, reduce corruption, and increase domestic revenue generation.

However, the effectiveness of these reforms will depend on continued dialogue with stakeholders, transparent execution, and the development of a skilled workforce to operate within the new institutional framework.





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