

COMPREHENSIVE GUIDE TO Foreign Company Registration in Bangladesh

A Complete Overview for International Investors

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Table of Contents

Table of Contents	2
Executive Summary	4
1. How to Set Up a Company in Bangladesh as a Foreign Investor.....	5
1.1 Available Business Structures.....	5
Private Limited Company (Subsidiary)	5
Branch Office	5
Liaison/Representative Office.....	5
2. Steps to Register a Foreign Company.....	6
2.1 Registration Process Overview	6
2.2 Required Documents	6
3. What is BIDA and How to Register.....	7
3.1 About BIDA	7
Key Services Provided by BIDA	7
3.2 BIDA Registration Process.....	7
3.3 One-Stop Service (OSS) Center	7
4. Can Foreigners Own 100% of a Company?	8
4.1 Sectors Open to 100% Foreign Ownership.....	8
4.2 Prohibited Sectors (Reserved for Government)	8
4.3 Restricted Sectors (Ownership Caps Apply).....	8
5. Liaison Office vs. Branch Office: Key Differences	9
5.1 Permitted Activities for Liaison Offices	9
6. How Long Does Company Registration Take?.....	10
6.1 Timeline for Private Limited Company	10
6.2 Timeline for Liaison/Branch Office	10
6.3 Factors Affecting Timeline.....	10
7. Costs of Setting Up a Business in Bangladesh	11
7.1 Government Fees and Charges	11
7.2 Minimum Capital Requirements	11
7.3 Ongoing Compliance Costs	11
8. Do I Need a Local Partner to Start a Business?	12
8.1 When You Don't Need a Local Partner	12
8.2 When a Local Partner May Be Required.....	12
8.3 Benefits of Joint Ventures (Optional)	12
8.4 Minimum Requirements for Company Formation	12
Appendix: Key Government Contacts.....	13

Bangladesh Investment Development Authority (BIDA)	13
Registrar of Joint Stock Companies and Firms (RJSC)	13
National Board of Revenue (NBR)	13
Bangladesh Bank (Central Bank)	13

Executive Summary

Bangladesh has emerged as one of Asia's fastest-growing economies, with a projected GDP growth rate of 5.1% in 2025 and a GDP exceeding \$451 billion. The country offers a liberal foreign direct investment (FDI) regime, allowing 100% foreign ownership in most sectors, making it an attractive destination for international investors.

This comprehensive guide addresses the eight most frequently asked questions by foreign investors looking to establish their presence in Bangladesh. It covers the registration process, regulatory requirements, business structures, costs, timelines, and key considerations for successful market entry.

1. How to Set Up a Company in Bangladesh as a Foreign Investor

Foreign investors have several options for establishing their business presence in Bangladesh. The choice depends on the intended scope of operations, investment size, and long-term business objectives.

1.1 Available Business Structures

Private Limited Company (Subsidiary)

A wholly-owned subsidiary is the most flexible option for foreign investors seeking full business operations in Bangladesh. Key features include:

- Separate legal entity with limited liability protection
- 100% foreign ownership permitted in most sectors
- Full access to Bangladesh market with maximum operational flexibility
- Minimum 2 shareholders (maximum 50), any nationality
- Treated as a domestic company for tax purposes

Branch Office

A branch office is an extension of the foreign parent company that can conduct business activities with proper approvals:

- Can engage in commercial activities with BIDA approval
- May have local source of income from approved business activities
- Can obtain import/export registration certificates
- Parent company liable for all debts and obligations

Liaison/Representative Office

A liaison office serves as a communication channel between the parent company and local stakeholders:

- Limited to liaison and coordination activities only
- Cannot generate any local income or conduct business
- Ideal for market exploration before full-scale investment
- All operational costs funded by parent company abroad

2. Steps to Register a Foreign Company

The registration process involves multiple government agencies and requires careful documentation. Below is the step-by-step procedure for establishing a Private Limited Company in Bangladesh:

2.1 Registration Process Overview

- Name Clearance:** Apply to the Registrar of Joint Stock Companies and Firms (RJSC) for Name Clearance Certificate. Propose 3 unique names via the RJSC online portal (roc.gov.bd). Fee: BDT 230. Approval: 1-2 days.
- Prepare Constitutional Documents:** Draft Memorandum of Association (MoA) and Articles of Association (AoA) outlining company objectives, capital structure, and governance rules.
- Pay Stamp Duty:** Deposit the required stamp duty at a designated bank based on authorized capital.
- Company Registration with RJSC:** Submit Form X11, MoA, AoA, and supporting documents. Obtain Certificate of Incorporation upon approval.
- Open Bank Account:** Open a corporate bank account with an authorized bank in Bangladesh. Remit the required paid-up capital through proper banking channels.
- Obtain Trade License:** Apply to the respective City Corporation or Municipal Corporation for a trade license to conduct business.
- Tax Identification Number (TIN):** Register with the National Board of Revenue (NBR) to obtain an e-TIN certificate (free, instant issuance online).
- VAT Registration:** Register for Value Added Tax with NBR to obtain Business Identification Number (BIN).
- BIDA Registration:** Apply to Bangladesh Investment Development Authority for foreign investment registration (mandatory for manufacturing; optional but recommended for services).

2.2 Required Documents

- Passport copies of all shareholders and directors
- Photographs of directors and shareholders
- Memorandum and Articles of Association
- Board resolution for company incorporation
- Proof of registered office address in Bangladesh
- Foreign exchange encashment certificate (for capital remittance)
- Parent company documents (for subsidiaries): Certificate of Incorporation, audited financial statements

3. What is BIDA and How to Register

3.1 About BIDA

The Bangladesh Investment Development Authority (BIDA) is the primary government agency responsible for promoting and facilitating foreign investment in Bangladesh. BIDA serves as a one-stop service center offering comprehensive support to international investors.

Key Services Provided by BIDA

- Investment registration and approval services
- Work permit processing for expatriate employees
- Visa recommendations and permanent residency permits
- Assistance with utilities (electricity, gas, water, telecommunications)
- Land allocation in economic zones
- Environmental clearances
- Investment information and advisory services

3.2 BIDA Registration Process

1. **Create Online Account:** Register on the BIDA web portal (bida.gov.bd) by creating a user ID and paying the account creation fee.
2. **Submit Application:** Complete the online application form with all required information about the investment project.
3. **Upload Documents:** Submit supporting documents including company registration certificates, financial statements, project details, and management information.
4. **Review by Executive Committee:** BIDA's executive committee meets twice monthly to review and approve applications.
5. **Receive Registration Certificate:** Upon approval, BIDA issues an e-letter granting registration, valid for three years (renewable).

3.3 One-Stop Service (OSS) Center

BIDA's OSS provides expedited services with representatives from multiple government agencies:

Service	Timeline
Trade License	48 hours
Company Registration (RJSC)	48 hours
BIDA Registration	1 day
Electricity Connection	10 days
Environmental Certificate	10 days

4. Can Foreigners Own 100% of a Company?

Yes, foreign investors can own 100% of a company in Bangladesh in most sectors. Bangladesh has one of the most liberal FDI regimes in South Asia, with no mandatory requirement for local partners in the majority of industries.

4.1 Sectors Open to 100% Foreign Ownership

- Ready-made garments and textiles
- Information technology and software development
- Pharmaceuticals and healthcare
- Agribusiness and food processing
- Light engineering and manufacturing
- Renewable energy
- Tourism and hospitality
- Education and training

4.2 Prohibited Sectors (Reserved for Government)

The following sectors are exclusively reserved for government investment:

- Manufacturing of arms, ammunition, and defense equipment
- Forest plantation and mechanized extraction in reserved forests
- Production of nuclear energy
- Security printing (currency notes and minting)

4.3 Restricted Sectors (Ownership Caps Apply)

Sector	Maximum Foreign Ownership
Freight Forwarding/Logistics	40%
Banking (New Private Banks)	49-74%
Insurance (Life and Non-Life)	49%
Telecommunications	60-70%
Television Broadcasting	49%
Shipping (New Companies)	Local Majority Required

5. Liaison Office vs. Branch Office: Key Differences

Understanding the distinction between a liaison office and a branch office is crucial for selecting the appropriate business structure. Both require BIDA approval but serve fundamentally different purposes.

Feature	Liaison Office	Branch Office
Purpose	Communication channel between parent company and local parties	Conduct business operations as extension of parent company
Business Activities	Very limited - liaison, coordination, market research only	Broader scope with BIDA pre-approval for commercial activities
Income Generation	NOT permitted - no local source of income allowed	Permitted with BIDA approval from approved activities
Import/Export	NOT permitted	Permitted with IRC/ERC upon BIDA approval
Funding	All expenses borne by parent company abroad	Parent company or local income (if approved)
Outward Remittance	Only unspent funds brought from abroad	Post-tax profits with BIDA pre-approval
Legal Status	Extension of parent company, not separate legal entity	Extension of parent company, not separate legal entity
Parent Liability	Fully liable for all obligations	Fully liable for all obligations
Best For	Market exploration, networking, preliminary assessment	Active business operations without full incorporation

5.1 Permitted Activities for Liaison Offices

- Maintaining liaison and coordination with local agents and distributors
- Collection, compilation, and analysis of business information
- Communication with head office through correspondence and electronic media
- Market research and promotional activities

6. How Long Does Company Registration Take?

Registration timelines vary depending on the type of business structure, completeness of documentation, and workload of government agencies. The following provides estimated timelines under normal circumstances.

6.1 Timeline for Private Limited Company

Step	Standard	Via OSS
Name Clearance (RJSC)	1-2 days	1-2 days
Company Incorporation (RJSC)	5-7 days	48 hours
Trade License	3-4 days	48 hours
TIN Certificate (NBR)	Instant	Instant
VAT Registration	3-5 days	1-2 days
BIDA Registration	7-15 days	1 day
TOTAL ESTIMATED TIME	20-30 days	5-10 days

6.2 Timeline for Liaison/Branch Office

- **BIDA Approval:** Approximately 1 month (officially 15 days, depends on Inter-Ministerial Meeting schedule)
- **License Validity:** 3 years (renewable 2 months before expiry)
- **Capital Remittance Deadline:** USD 50,000 minimum within 2 months of BIDA approval

6.3 Factors Affecting Timeline

- Completeness and accuracy of documentation
- Proper attestation of documents by Bangladesh Embassy
- Workload and meeting schedules of government agencies
- Use of professional service providers familiar with the process

7. Costs of Setting Up a Business in Bangladesh

The costs of establishing a business in Bangladesh are relatively competitive compared to other countries in the region. Below is a detailed breakdown of the various fees and capital requirements.

7.1 Government Fees and Charges

Item	Approximate Cost
Name Clearance (RJSC)	BDT 230
Company Registration (varies by capital)	BDT 5,000 - 50,000+
BIDA License (Branch/Liaison Office)	BDT 25,000
Trade License	~USD 100
TIN Certificate	Free
Work Permit (per expatriate)	USD 500
Work Permit Renewal (annual)	BDT 5,000 + 15% VAT
Annual Return Filing (RJSC)	BDT 500

7.2 Minimum Capital Requirements

Business Type	Minimum Capital
100% Foreign-Owned Company	USD 50,000
Industrial Project	USD 100,000*
Liaison/Branch Office	USD 50,000**

* Waivable for services and IT sectors

** Must be remitted within 2 months of BIDA approval; 5% penalty for late remittance

7.3 Ongoing Compliance Costs

- **Annual Compliance Budget:** Approximately BDT 50,000/year
- **Corporate Tax Rate:** 27.5% for publicly traded companies; 30% for non-publicly traded
- **VAT:** 15% standard rate
- **Withholding Tax on Dividends:** 15% (may be reduced under Double Taxation Treaties)
- **Mandatory Audit:** Required for all companies; must appoint ICAB-certified auditor

8. Do I Need a Local Partner to Start a Business?

No, a local partner is not mandatory in most sectors. Bangladesh's liberal investment policies allow foreign investors to establish wholly-owned subsidiaries without requiring any local shareholding in the majority of industries.

8.1 When You Don't Need a Local Partner

- Manufacturing (garments, electronics, light engineering)
- Information technology and software services
- Pharmaceutical production
- Agribusiness and food processing
- Tourism and hospitality
- Renewable energy (as Independent Power Producer)
- Most service industries

8.2 When a Local Partner May Be Required

Local partnership is required only in specific regulated sectors:

- **Shipping companies:** Local majority ownership required
- **Freight forwarding:** Maximum 40% foreign ownership
- **Broadcasting:** Maximum 49% foreign ownership
- **Banking:** Foreign ownership caps apply
- **Insurance:** Maximum 49% foreign ownership

8.3 Benefits of Joint Ventures (Optional)

While not mandatory, some investors choose joint ventures for strategic advantages:

- Local market knowledge and established networks
- Easier navigation of regulatory requirements
- Access to existing distribution channels
- Shared risk and capital requirements
- Cultural and language expertise

8.4 Minimum Requirements for Company Formation

- **Shareholders:** Minimum 2 (maximum 50 for private limited company)
- **Nationality:** Any nationality accepted; shareholders can all be foreign
- **Residency:** No residency requirement for shareholders or directors
- **Directors:** Minimum 2 directors required
- **Local Address:** Registered office address in Bangladesh required

Appendix: Key Government Contacts

Bangladesh Investment Development Authority (BIDA)

Website: www.bida.gov.bd
One-Stop Service: oss.bida.gov.bd
Address: Prime Minister's Office, Tejgaon, Dhaka-1215

Registrar of Joint Stock Companies and Firms (RJSC)

Website: www.roc.gov.bd
Address: 24, Dilkusha Commercial Area, Dhaka-1000

National Board of Revenue (NBR)

Website: www.nbr.gov.bd
e-TIN Registration: secure.incometax.gov.bd
Address: Segunbagicha, Dhaka-1000

Bangladesh Bank (Central Bank)

Website: www.bb.org.bd
Address: Motijheel Commercial Area, Dhaka-1000

Disclaimer

This guide is provided for informational purposes only and should not be construed as legal, tax, or professional advice. Regulations and requirements may change, and investors are advised to consult with qualified local legal and financial advisors before making investment decisions. The information presented reflects publicly available data as of December 2025.