

COVID-19 MANAGING RISK: TAXATION

ICC statement tax measures to save Small Medium Enterprise (SMES) in response to covid-19 ICC highlights a number of key tax measures governments can take to save and relieve cash flow stress during the crisis period e.g. flexibility in extending deadlines for tax filing/payments, deferral or waiving of tax payments, temporary tax reductions cash-flow assistance etc. So far, the National Board of Revenue (NBR), Bangladesh waives of 12 types of safety products and test kits from import duties and taxes until 30 June 2020. However, on tax measure and income assistance made available to people affected by a downturn in business due to the Coronavirus/ COVID-19 as yet. Under present circumstances, every company need to assess their readiness and business continuity plans for the coming weeks and months, and potential financial implications may raise involving ongoing compliance with tax obligations. The potential risk involving taxation may be as follows:

THE RISK FACTORS

Income tax & VAT

- Failure to pay advance payment of tax due to difficulties in Managing cash flow.
- Adverse Impact of declaration of less profits in the coming financial year
- Non-availability of external and internal resources impacting filing within deadlines of income tax, VAT return and few more potential risks factors.

Customs Duty

- Paying High Customs duties, ATV, Advance Tax for new international supply from different country due to disruption in distribution chain causing from due to non-availability of elimination treaty like free trade agreements or punitive measures such as those in place today in the United States against Chinese imports and few more potential risks factors.

MANAGING RISK

- Conduct Due Diligence and analyze cash flow, reduced income filing impact, fine for delay, residency of individual and company, impact of Laid off etc.
- Customs duty comparison for change of supplier and assess impact of change in transfer pricing and so on is required.

BENEFITS

- Manage your business efficiently and skillfully.
- Avoid exposure to unknow risks arising from taxation at this crisis time and so on.

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