



HIGH-LEVEL SUMMARY TECHNICAL ASSISTANCE REPORT

BANGLADESH

TADAT Assessment

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Fiscal Affairs Department

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The *High-Level Summary Technical Assistance Report* series provides high-level summaries of the assistance provided to IMF capacity development recipients, describing the high-level objectives, findings, and recommendations.

ABSTRACT: This report presents the results of a repeat Tax Administration Diagnostic Assessment Tool (TADAT) assessment conducted in Bangladesh during October 2025. The assessment evaluated the National Board of Revenue's (NBR) performance across nine key outcome areas against international good practice. NBR demonstrated strengths in taxpayer information accessibility, withholding tax systems, and dispute resolution frameworks. Nevertheless, notable deficiencies remain regarding the integrity of taxpayer registration, risk management practices, audit efficiency, VAT refund processing, and overall transparency. Key focus areas for improvement include integrated digitalization, compliance risk management, audit quality, and accelerating Medium- and Long-Term Revenue Strategy (MLTRS) reforms to boost tax revenue and administrative efficiency.

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Background

The National Board of Revenue (NBR) faces challenges in raising the tax-to-GDP ratio, which remains low at approximately 6.68 percent in fiscal year 2024/25. Hence, this TADAT Assessment was undertaken in response to a request by the NBR with the objective of improving revenue mobilization and administrative efficiency. It follows a prior TADAT assessment conducted in 2017.

The assessment employed the TADAT framework, which evaluates tax administration performance across nine Performance Outcome Areas (POAs) critical to effective tax administration. These include taxpayer registration integrity, risk management, voluntary compliance support, timely filing and payment, accurate reporting, dispute resolution, revenue management, and accountability. The evaluation is evidence-based, drawing on data, interviews, and documentation provided by the NBR and stakeholders, including representatives from the Institute of Chartered Accountants of Bangladesh (ICAB), the Bangladesh Metropolitan Chamber of Commerce and Industry, and the Office of the Comptroller and Auditor General (OCAG).

The TADAT was conducted in collaboration with the Asian Development Bank (ADB) and the World Bank (WB) and its results provide a baseline to inform and guide reform priorities.

Summary of Findings

The TADAT assessment reveals a mixed performance by the NBR, with some areas demonstrating sound practices while others fall short of international good practice. Strengths include the availability of taxpayer information through multiple channels, strong call center responsiveness, established withholding tax and advance payment mechanisms, and a structured, independent dispute resolution process. These elements contribute positively to voluntary compliance and revenue collection stability.

However, there remain several critical areas where performance falls short of good international practice. The taxpayer registration system is fragmented, with separate IDs for income tax and VAT and no consistent data validation. A formal, evidence-based compliance risk management framework is not currently in place, which has led to insufficient identification, assessment, and mitigation of compliance risks. Audit programs lack quality assurance, and are not evaluated for effectiveness, limiting their deterrent impact. Electronic filing and payment systems remain underused for corporate income tax and PAYE, with manual methods still common.

The VAT refund system is inefficient and slow, with only a small fraction of refunds processed within 30 days. Revenue accounting remains largely manual for income tax, and integration between tax administration and Ministry of Finance systems is incomplete. There is a lack of strong internal assurance, as no unified internal audit exists, and staff integrity programs are minimal. While the OCAG provides active external oversight, the lack of a tax ombudsman limits options for addressing taxpayer grievances. Transparency is hampered by delayed publication of annual reports and limited use of taxpayer feedback to improve services.

Advances in key areas like registration integrity, risk management, audit quality, and transparency have been modest in comparison with what was noted in the 2017 assessment. The lack of integration among NBR functions and systems continues to pose a significant barrier to enhancing tax administration performance.

Summary of Recommendations

The report prepared during a TADAT assessment is called a Performance Assessment Report (PAR). By convention, PARs do not include recommendations. However, to enhance the capacity and effectiveness of Bangladesh's tax administration, NBR could review the TADAT field guide to consider the POA scores delivered in the PAR, and look at the requirements for higher level scores, to devise a course of action to address the areas identified as weaknesses.

The areas for immediate administrative improvements based on the findings in the PAR are set out below:

- Strengthening compliance risk management, including establishing formal processes to identify, assess, rank, and quantify compliance risks, and developing actionable compliance improvement plans with clear monitoring and evaluation mechanisms.
- Enhancing audit quality through centralized case selection, comprehensive audit manuals, quality assurance programs, and senior management oversight will improve detection and deterrence of inaccurate reporting.
- Expanding electronic filing and payment facilities, particularly for corporate income tax and PAYE withholding, and promoting their adoption will reduce compliance costs and improve timeliness.
- The VAT refund process requires urgent reform to implement risk-based verification and expedite refund payments, including consideration of interest payments on delayed refunds.
- Improving accountability and transparency. This involves establishing an integrated internal audit function, implementing the approved code of ethics, and institutionalizing formal taxpayer feedback mechanisms to inform service improvements.
- Timely publication of annual reports and strategic plans should be ensured to enhance public confidence.
- Finally, continued collaboration with development partners under the MLTRS framework should be leveraged to provide technical assistance and capacity building.
- Ensuring reforms are sequenced effectively will achieve sustainable revenue growth and administrative efficiency.

NBR has committed to leveraging this assessment as providing a new baseline for reform priorities, with a post-TADAT engagement scheduled for first quarter of FY2027.