

Report On

The Gap between organisations understanding their  
tax risks and knowing their tax risks:  
From my experience at KPMG Bangladesh.

By

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ID: 19104174

An internship report submitted to the BRAC Business School in partial fulfilment of the  
requirements for the degree of Bachelor of Business Administration

BRAC Business School  
Brac University  
October 2023

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## **Declaration**

It is hereby declared that

1. The internship report submitted that is my own original work while completing degree at Brac University.
2. The report does not contain any sort of material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain any sort of material which has been accepted, or submitted, for any other degree or diploma at other institution.
4. I have acknowledged all main sources of help.

**Student's Full Name & Signature:**

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**Rifa Saimah Bente Rahman**

ID: 19104174

**Supervisor's Full Name & Signature:**

---

**Mr. Tausif Bari**

Manager, Advancement & Lecturer, BRAC Business School

BRAC University

## **Letter of Transmittal**

Mr. Tausif Bari

Manager, Advancement & Lecturer

BRAC Business School

BRAC University

66 Mohakhali, Dhaka-1212

**Subject: Submission of BBA Internship Report**

Dear Sir,

This is my immense pleasure to display my observation regarding “The Gap between organizations understanding their tax risks and knowing their tax risks: From my experience at KPMG Bangladesh” from the perspective of an intern from department of Risk Consulting Services of Rahman Rahman Huq, Chartered Accountants - KPMG in Bangladesh, one of the biggest chartered accountancy firms in Bangladesh.

I have tried my best to complete the report with the necessary data and information I acquired throughout my entire internship period. Also, I heartily thank you for your constant guidance and support throughout my report.

Sincerely yours,

---

Rifa Saimah Bente Rahman

ID: 19104174

BRAC Business School

BRAC University

October 2023

## **Non-Disclosure Agreement**

As a former intern of Rahman Rahman Huq, Chartered Accountants - KPMG in Bangladesh, I am well aware that I had access to information which may be subject to confidentiality as the information can be immensely crucial for the organization and the clients.

Also, I acknowledge that I am required to always maintain confidentiality of those information.

Therefore, I assure that I will not reveal or discuss any of the information with anyone.

### **Intern's Full Name & Signature:**

---

**Rifa Saimah Bente Rahman**

ID: 19104174

### **Organization's Supervisor's Full Name & Signature:**

---

**Md. Yaqub Ali, FCA**

Associate Director,

Rahman Rahman Huq, Chartered Accountants - KPMG in Bangladesh

## **Acknowledgement**

By the grace of Almighty Allah, I am able to complete my internship quite smoothly with great experience. Moreover, it has been possible for me due to the constant effort of difference individuals and I must convey my gratitude towards them.

First, I would like to show my gratitude to my academic supervisor, Mr. Tausif Bari for his constant guidance and diligent inspections of my internship report. I am extremely thankful to him for his valuable support and insights for my report. He has always been available and helped me complete my report in due time.

Then, I would like to show my gratitude towards Mr. Md. Yaqub Ali, FCA, Associate Director at Rahman Rahman Huq, Chartered Accountants - KPMG in Bangladesh and Mr. Farid Uddin Chowdhury, ACCA, Manager at Rahman Rahman Huq, Chartered Accountants - KPMG in Bangladesh, for their valuable support and time throughout my internship. Their guidance made my internship journey quite an adventure. They and their team's members consisting of Ms. Dipanwita Rakshit, Mr. Ibrahim Adham, Mr. Faisal Gazi, Mr. Rishad R. Chowdhury, Mr. Abdur Niloy, Mr. Wafi Rabbi, Mr. Fazle Rabby, Mr. Ibteshamul Hoque, Mr. Ishtiaque Ahmed Razi, Ms. Ofa Noor, Ms. Priyanka Alam, Mr. Sajjad Hossain and Mr. Bikash Kumar were really very kind. They had been there with me throughout my internship journey providing constant support.

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Furthermore, I would to like thank BRAC Business School for providing us with the internship program to enrich our knowledge in the practical field.

Lastly, I would thank my family for their constant love and support throughout my entire undergrad life.

## **Executive Summary**

This is a report “The Gap between organizations understanding their tax risks and knowing their tax risks: From my experience at KPMG Bangladesh” portrays my 16 weeks of internship journey and research at Rahman Rahman Huq, Chartered Accountants – KPMG in Bangladesh. It includes 3 chapters:

1. Overview
2. About the organization
3. The Gap between organizations understanding their tax risks and knowing their tax risks: From my experience at KPMG Bangladesh

The objective of the report is to provide brief idea about the tax related problems organizations face and the depth of the problem.

This report is developed based on both secondary and primary research, where primary research data was collected through questionnaires from my organization, Rahman Rahman Huq, Chartered Accountants – KPMG in Bangladesh.

In short, this report holds details about Rahman Rahman Huq, Chartered Accountants – KPMG in Bangladesh and especially the reasons why organizations faces tax related problems.

**Keywords:** Tax, VAT, Laws, Penalty, NBR, KPMG, Rahman Rahman Huq,

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## **List of Acronyms**

|             |  |
|-------------|--|
| <b>ACCA</b> | The Association of Chartered Certified Accountants   |
| <b>ADP</b>  | Advance, Deposits and Prepayments                    |
| <b>AMPT</b> | Audit Misstatement Posting Threshold                 |
| <b>BASs</b> | Bangladesh Accounting Standards                      |
| <b>BBA</b>  | Bachelor of Business Administration                  |
| <b>B2B</b>  | Business to Business                                 |
| <b>BIDA</b> | Bangladesh Investment Development Authority          |
| <b>CA</b>   | Chartered Accountant                                 |
| <b>CFO</b>  | Chief Financial Officer                              |
| <b>CGPA</b> | Cumulative Grade Point Average                       |
| <b>CMA</b>  | Certified Management Accountant                      |
| <b>EY</b>   | Ernst & Young  |
| <b>FAR</b>  | Fixed Asset Register                                 |
| <b>FS</b>   | Financial Statements                                 |
| <b>FCA</b>  | Fellow Chartered Accountant                          |
| <b>FY</b>   | Financial Year                                       |
| <b>GAAP</b> | Generally Accepted Accounting Principles             |
| <b>IAS</b>  | International Accounting Standards                   |
| <b>IB</b>   | International Business                               |
| <b>ICAB</b> | The Institute of Chartered Accountants of Bangladesh |

|                 |  |
|-----------------|--|
| <b>ICAEW</b>    | Institute of Chartered Accountants in England and Wales        |
| <b>ICMAB</b>    | The Institute of Cost and Management Accountants of Bangladesh |
| <b>IFRSs</b>    | International Financial Reporting Standards                    |
| <b>ISA</b>      | International Standards on Auditing                            |
| <b>ITA 2023</b> | Income Tax Act, 2023   |
| <b>ITO 1984</b> | Income Tax Ordinance   |
| <b>KPMG</b>     | Klynveld Peat Marwick Goerdeler                                |
| <b>KPMG RRH</b> | Rahman Rahman Huq, Chartered Accountants – KPMG in Bangladesh  |
| <b>LMS</b>      | Leave Management System  |
| <b>MBA</b>      | Master of Business Administration                              |
| <b>NBFIs</b>    | Non-Banking Financial Institutions                             |
| <b>NBR</b>      | National Board of Revenue                                      |
| <b>NGO</b>      | Non-Governmental Organization                                  |
| <b>PMS</b>      | Performance Management System                                  |
| <b>PWC</b>      | Pricehouse Water Coopers                                       |
| <b>RRH</b>      | Rahman Rahman Huq  |
| <b>TSD</b>      | Tax deducted at Source   |
| <b>VDS</b>      | VAT deducted at Source   |
| <b>VAT</b>      | Value Added Tax  |

## **Glossary**

### **Statutory Audit**

A statutory audit is a legally required review of the accuracy of a companies or government's financial statements and records. The purpose of a statutory audit is to determine whether an organization provides a fair and accurate representation of its financial position by examining information such as bank balances, bookkeeping records, and financial transactions - *Tuovila, 2019*.

### **Resource**

the term used to refer to anyone in the firm having any position below Assistant Manager at KPMG RRH

### **Tax evasion**

Tax evasion is a form of tax fraud that involves the use of illegal methods to conceal income or information from the IRS or other tax authorities to avoid the assessment or payment of taxes - *Orem, 2023*.

### **Tax avoidance**

Tax avoidance, on the other hand, is the use of legal methods to reduce taxable income or tax owed. Claiming allowed tax deductions and tax credits are common tactics by businesses - *Orem, 2023*.

### **Compliance**

Refers to the following of required standards, in case of tax it refer to the following of tax policies and procedures properly - *IMUG 2023, n.d.*

### **Documentation**

The process that provides detailed information or evidence of anything, for example, the person who has performed each action related to a transaction, and the authority to perform those activities - *University of Florida – Finance & Accounting, 2023*.

**Control management**

Control management is a process that involves determining how the business operates and testing how the current business runs - *Indeed, 2022.*

**Casting**

It refers to final checking of the financial statements and its additions and notes for any numerical and spelling error - *Vouching、Casting、Tie ... 你知道这些审计“行话”什么意思吗?-金立品教育, 2020*

**Fellow Chartered Accountant**

Someone who have at least 5 years of work experience in the CA field qualifying CA and has completed other FCA requirements and admission - *The Institute of Chartered Accountants of Bangladesh (ICAB), n.d.*

# Chapter 1

## Overview of Internship

### 1.1 Student Information

|         |   |
|---------|---|
| Name    | Rifa Saimah Bente Rahman                  |
| ID      | 19104174                                  |
| Program | Bachelor of Business Administration (BBA) |
| Major 1 | Accounting                                |
| Minor   | Finance, Banking and Insurance            |

*Table 1: Student Information*

### 1.2 Internship Information

#### 1.2.1 Period, Company Name, Department, Address:

|                |  |
|----------------|--|
| Period         | 4 months (4th June 2023 – 3rd October 2023)                |
| Company's Name | Rahman Rahman Huq, Chartered Accountants - KPMG Bangladesh |
| Department     | Risk Consulting Services                                   |
| Address        | 9 & 5 Mohakhali C/A, Dhaka-1212, Bangladesh                |

*Table 2: Internship Information*



### 1.2.2 Internship Company Supervisors' Information

|          |  |
|----------|--|
| Name     | Md. Yaqub Ali, FCA                           |
| Position | Associate Director, Risk Consulting Services |

*Table 3: Internship Company Supervisors' Information*

### 1.2.3 Job Scope – Job Duties and Responsibilities

During my internship period as an intern at the Risk Consulting Services, I worked at the firm and our client's office as external auditor. My duties and responsibilities were, such as:

- Vouching tax invoices and receipts for authenticity verification
- Reporting and documenting the findings from vouching
- Casting financial statements, such as, balance sheet, income statements and other statements as well as their notes, of the audit report.
- Communicating with clients, collecting information and verifying details
- Participating in statutory audit of NGO
- Assessing accounts for accuracy and compliance with law or standards like IRFSs, IAS, ISA, ITO, Income Tax rules
- Cross-checking the data and findings of the audit report
- Separating and compiling all the elements, such as various expenses, audit samples, population etc., of the audit documents based on the entities.

## **1.3 Internship outcome**

### **1.3.1 Student's Contribution to the Company:**

The Risk Consulting Services department has a vast range of work and I was lucky to be a part of the only statutory audit done by the department once a year and occupied with this client most of my internship time. Before allocating I to this client the firm made sure I went through their office manual and department manual in order to understand the firm's work practise, culture and rules as well as the department's policies and procedures to handle a client.

On 12th June 2023, I was assigned to the X NGO (name not be disclosed due to confidentiality) for vouching their tax invoices and receipts for authenticity verification with NBR as risk consulting assistant.

- The vouching of tax invoices or challans plays a very important role in the statutory audit of NGOs. I went through each and every challans thoroughly from all the 31 facilities, which consisted of more than 2000 tax challans. Later, I had to provide them with the feedback on the challans.
- I cross-checked all the samples with the findings and reports before compiling.
- They have 14 entities and based on their entities I created and compiled the final files of the audit report from the given consolidated and integrated after they were been reviewed by managers.

### **1.3.2 Benefits to the Student:**

KPMG International is one of the big 4 accounting firms in the world (*Kenton, 2022*) and RRH being a member firm representing KPMG Bangladesh is enormous in both size and recognition. Therefore, working as an intern here brings in a lot of advantages for students:

- All resources are entitled to mandatory structured training every year and based on their employment. All the trainings are conducted in training centres; through their 'My Learnings' software accessible by KPMG employees; and at KPMG offices outside Bangladesh.
- KPMG RRH has given me the floor to grow my observing and communication skills
- It helped me expand my knowledge in the NGO audit and investigation audit (forensic) field to a large extent as here we mostly deal with big clients bringing in bureaucratic problems. This advisory and forensic services are not practised in most national accounting firms, so students get to explore more horizons.

- Moreover, the number of clients KPMG Bangladesh gets in ratio to resource available is huge compared to other firms and this pressure helps any resource to grow their knowledge and corporate skills a lot.
- Also, the firm follows a flat organisational structure, which is even though the firm is huge yet the communication and culture is pretty transparent and open.
- Students here can openly communicate with their seniors/ supervisors and share their views and get feedback

### **1.3.3 Difficulties or Problems (faced during the Internship period):**

There wasn't any severe problems during my internship but few noticeable problems were:

- The firm tends to watch the patience of their resources by making them sit for at least a week at the office doing nothing. That is the most frustrating and difficult time for anyone I believe.
- The transition from being a student to being an intern or getting into the workforce. Doesn't matter how hardworking and dedicated a student a person has been but getting into the workforce is quite different.
- Lastly, understanding and keeping up with confidentiality, when we finally land in a job everyone around us, including our internship, trying to get every single detail about our job but as a resource of a CA firm sharing the name of our clients can be a breach of confidentiality most times.
- Moreover, as interns we are not provided with any staff ID and so cannot access most of the KPMG software through which daily works are conducted, like, KPMG Clara (audit software), PMS (Performance management system), Leave management system, etc., as they require staff ID.

### **1.3.4 Recommendations (For KPMG RRH future interns):**

The followings are some recommendations to KPMG RRH on future internships:

- They can provide interns with an intern ID card rather than giving a visiting card, this will make the interns feel more valued.
- They can increase the pay scale of the interns a bit as Tk. 3,500 is quite low.

## **Chapter 2**

### **About the Organization**

#### **2.1 Introduction**

Chartered accountants are crucial to the administration of a business because their services aid in the formation of crucial business decisions. Chartered Accountants contribute to the decline in corruption by upholding the law and educating individuals about unlawful behavior.

It is possible for accounting professionals from other countries to obtain the chartered accountant (CA) credential. In all industries, including taxation, capital budgeting, budget forecasting, business recovery and insolvency, forensic accounting, financing, bookkeeping, and management consulting, chartered accounting firms play a crucial role. (*The Institute of Chartered Accountants of India*)

#### **2.2 Overview of the Company**

KPMG in Bangladesh is represented by Rahman Rahman Huq, Chartered Accountants and KPMG Advisory Services Limited (*KPMG Bangladesh, 2020*). Also, this has been the most renowned chartered accountancy firm in Bangladesh since 1962.

As mentioned in Rahman Rahman Huq, Chartered Accountants, 2016, KPMG RRH was started by Messrs Rezaur Rahman, M. Saifur Rahman and Tashfin I Huq. Three of the founding partners were from Price Waterhouse Peat & Co and formed RRH as PwC shut their operations in Pakistan (that time Bangladesh was a part of Pakistan). Moreover, all the partners were members of the Institute of Chartered Accountants of England and Wales (ICAEW).

As mentioned in the office manual of Rahman Rahman Huq, Chartered Accountants (2016), RRH expanded rapidly and within just 2 years it was able established full-fledged offices in Dhaka, Chittagong and Khulna, in the eastern wing of Pakistan (currently Bangladesh) Karachi, Lahore and Rawalpindi in the western wing of Pakistan (currently Pakistan). Fast forward to 2006, RRH became a Member Firm of KPMG to represent KPMG in Bangladesh as well as became the premier audit firm of Bangladesh at that time as RRH was the only Big 4 Member Firm in Bangladesh at that time. Later, in 2019, RRH started its very own KPMG Advisory Services Limited for providing selected Advisory and non-regulated services. Soon KASL also

became a member firm of KPMG International (*Rahman Rahman Huq, Chartered Accountants, 2016*).

World's top four firms are known as "Big 4", which are: Deloitte, Ernst & Young (EY), Price Waterhouse Coopers (PwC) and KPMG, presented sequentially based on the current world ranking as stated by Kenton, 2022. These four firms had been the leading accounting firms for quite a lot of time.

As a part KPMG International, RRH is the largest employer of Chartered Accountants in the country with 400 staffs. Moreover, all services provided by RRH are subjected to rigorous external review every year, where they need to demonstrate consistent KPMG standards in their services (*Rahman Rahman Huq, Chartered Accountants, 2016*).

KPMG Bangladesh focusses equally on auditing and tax practices and advisory services. The advisory services mainly include risk consulting, management consulting and deal advisory. Moreover, KPMG RRH will soon be operating Forensic Department for extensive fraud investigation for organizations.

Currently, KPMG Bangladesh has 5 partners:

1. Ahdeeb H Khan
2. Ali Ashfaq
3. Mehedi Hasan
4. Ashraf Zaman Ali
5. Md. Tazul Islam

All the current partners of KPMG Bangladesh are members of Institute of Chartered Accountants of England and Wales (ICAEW) and Institute of Chartered Accountants of Bangladesh (ICAB) *as per KPMG Bangladesh, 2023a*.

### **2.2.1 Brief Profile of KPMG in Bangladesh:**

|              |  |
|--------------|--|
| Company Name | Rahman Rahman Huq, Chartered Accountants (KPMG Bangladesh) |
|--------------|--|

|                          |   |
|--------------------------|---|
| Address                  | 9 & 5 Mohakhali Commercial Area, Bir Uttam AK Khandakar Rd,<br>Dhaka-1212 |
| Phone                    | +880 2 2222 86450-2   |
| Fax                      | +880 2 222286449  |
| Email                    | <a href="mailto:dhaka@kpmg.com">dhaka@kpmg.com</a>                        |
| Website URL              | <a href="https://home.kpmg/bd/en/home">https://home.kpmg/bd/en/home</a>   |
| Branch Office<br>Address | Agrabad, Chittagong.  |

*Table 4: Brief Profile of KPMG in Bangladesh*

### **2.2.2 KPMG Mission Statement**

As mentioned by Rahman Rahman Huq, Chartered Accountants, 2016:

“To turn knowledge and understanding of information, industries and business trends into value for our firms' clients, our people and the capital markets”

### **2.2.3 KPMG Vision Statement**

As mentioned by Rahman Rahman Huq, Chartered Accountants, 2016:

“At KPMG, our goal is not to be the biggest professional services firm. Our goal is to be the best professional services firm. And we define this in a very tangible way through our vision of being the Clear Choice”

### **2.2.4 KPMG Values**

As mentioned by Rahman Rahman Huq, Chartered Accountants, 2016:

- Integrity - We do what is right.

- Excellence - We never stop learning and improving.
- Courage - We think and act boldly.
- Together - We respect each other and draw strength from our differences.
- For Better - We do what matters.

### **2.2.5 Our Role in the World**

As mentioned by Rahman Rahman Huq, Chartered Accountants, 2016:

“To make a difference today while making the world a better place for future generations”

### **2.2.6 KPMG Tagline**

As mentioned by Rahman Rahman Huq, Chartered Accountants, 2016:

“For Better. We do what matters”

### **2.2.7. Services Provided by KPMG RRH**

RRH provides its clients with a variety of services, including audits, tax planning, consulting services, risk consulting, and other business solutions. The following sections describe the services provided by RRH.

- **Risk Consulting Services:** KPMG investigates each risk in relation to its potential impact on business operations. This includes assessing organizations actual statuses before any merger or acquisition or takeover. Moreover, doing asset valuation and control management check for big corporations. In addition, doing statutory audit and investigation audit for NGOs on behalf of the donors (*KPMG Bangladesh , 2019*).
- **Management Consulting Services:** KPMG provides advisory services for a range of organizational concerns, including control risk management and management. Numerous businesses struggle to identify the core cause of their financial management issues; consequently, they seek external assistance to resolve the issues and provide potential solutions (*KPMG Bangladesh, 2019*).

- **Forensic:** Fraud is a common occurrence in virtually all industries, particularly multinational corporations and foreign-based businesses. Typically, businesses fail to detect and prevent fraud and even lose track of it. For this reason, KPMG provides a variety of forensic services, and a whistleblower is required to disclose that fraud is undoubtedly occurring within the organization (*KPMG Bangladesh, 2019*).
- **Audit and Advisory Services:** RRH's provides audit and non-audit clients with auditing and advisory services on a variety of events. KPMG Bangladesh employs a large number of devoted experts in a variety of disciplines, including technical, governmental, and standard-setting knowledge. The following are the list of the company's auditing and consulting services:
  1. Financial Statement Audit
  2. Audit Data & Analytics
  3. Better organization Reporting
- **Tax & Advisory:** Due to the evolving corporate environment, taxes are changing on a global scale. Tax is not an inert profit tax; it is a dynamic cost component. An effective and efficient tax management system gives businesses a significant competitive advantage over rivals. Managing the mounting regulatory and cost burden has become a top priority for corporations. Consequently, tax functions must adapt to evolving legal requirements, heightened government scrutiny, and rising regulatory and financial requirements. This necessitates the prompt detection and application of effective tax measures. Businesses require precise data, trustworthy perspectives, and knowledge of emerging trends.
- **Transfer Pricing:** The department at KPMG assists clients in managing transfer pricing by demonstrating planning compliance, documentation, and implementation service in an efficient manner. There are committed experts with the essential knowledge, such as accountants, tax specialists, financial analysts, and specialists. They assist clients with transaction planning, communication with tax authorities, and preparation of the annual transfer pricing return and supporting documentation.



### 2.2.8. Client Database

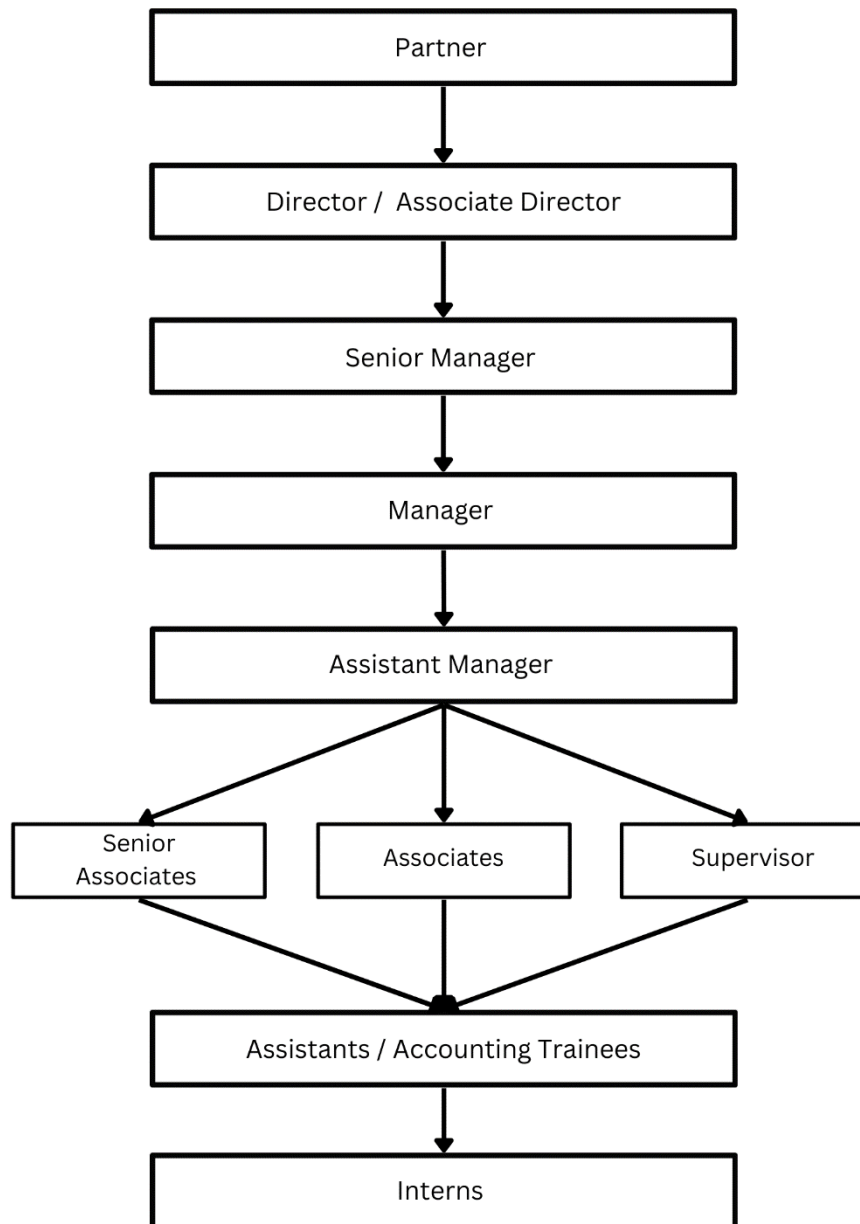
KPMG RRH has a very diverse range of clients throughout Bangladesh including both foreign and local clients. From KPMG Bangladesh, 2019, I found the clients database, which includes:

| <b>Industry</b>           | <b>Organization Type</b>   | <b>Clients</b>  |
|---------------------------|--|---|
| Finance                   | <ul style="list-style-type: none"> <li>● Banks</li> <li>● Non-Bank Financial Institutions (NBFIs)</li> <li>● Insurance</li> <li>● Capital Market</li> </ul>                              | <ul style="list-style-type: none"> <li>● Pragati Insurance Ltd</li> <li>● Dhaka Bank Ltd.</li> <li>● Asian Development Bank</li> <li>● United Commercial Bank</li> </ul>  |
| Energy                    | <ul style="list-style-type: none"> <li>● Oil and gas</li> <li>● Electricity and power generation</li> </ul>  | <ul style="list-style-type: none"> <li>● KrisEnergy Limited</li> <li>● Energypack Power Generations Ltd.</li> <li>● Orient Energy Systems Ltd.</li> </ul>   |
| Non-Profit Organizations  | <ul style="list-style-type: none"> <li>● Charitable organizations</li> <li>● NGOs</li> </ul>   | <ul style="list-style-type: none"> <li>● The Swedish International Agency (SIDA)</li> <li>● Oxfam Bangladesh</li> <li>● SOS Children Village International in Bangladesh</li> </ul>   |
| Manufacturing and Trading | <ul style="list-style-type: none"> <li>● Pharmaceuticals</li> <li>● Food and drinks products</li> <li>● Textile</li> <li>● Infrastructure</li> </ul>                                     | <ul style="list-style-type: none"> <li>● Marico Bangladesh Ltd.</li> <li>● British American Tobacco Bangladesh</li> <li>● MGH Group</li> <li>● Unilever (Bangladesh)</li> <li>● Pepsi Pvt. Ltd.</li> <li>● Koton</li> </ul> |
| Services                  | <ul style="list-style-type: none"> <li>● Telecommunication</li> <li>● Shipping</li> <li>● Software</li> <li>● Healthcare</li> <li>● Government</li> <li>● Import &amp; Export</li> </ul> | <ul style="list-style-type: none"> <li>● Banglalink Digital Communications Ltd.</li> <li>● Iccddr,b</li> <li>● Social Marketing Company (SMC)</li> </ul>  |

Table 5: Client Database

## 2.3 Management Practices

### 2.3.1. Organogram:



*Fig 1: Organogram of KPMG RRH*

### 2.3.1 Leadership & work culture

KPMG RRH following a flat organizational structure and practices Kurt Lewin's three leadership philosophies.

In terms of choosing the clients autocratic leadership is followed, in terms of managing the clients democratic leadership is followed and in terms of working for the client laissez-fair leadership is followed.

To illustrate, clients are taken on board only after Standard of Quality Management (SOQM) department has approved it after running a quality check. Then, evaluating the client's requirements and how we will serve them is decided by conducting several discussions between managers and resources. Finally, preparing the work papers, tasks and conducting the work is done based on the discussion between the resources, provided managers are following and reviewing the work and its progress time to time.

### **2.3.3 Joining:**

- Providing original academic certificates for verification
- Providing proof of current address and contact information through acceptable forms of proof like ID card issued by University/college/Bank etc. or NID.

*(Rahman Rahman Huq, Chartered Accountants, 2016)*

### **2.3.4. Office Hours, Days & location:**

Working days are from Sunday to Thursday.

Normal Office hours are from 9:30 AM to 6:00 PM with an hour lunch break preferably from 1:00 PM to 2:00 PM.

All staffs and article students/ trainee accountants are to swipe their RRH ID cards on the card scanners each time they enter or exit.

Late arrival starts after 9:45 AM and on three occasions in a month will be count as a leave of one day.

Even though our head office is at Mohakhali, Dhaka and the other office in Chittagong, where staffs work, but staffs must work at the clients' offices depending on the clients work type and criteria.

*(Rahman Rahman Huq, Chartered Accountants, 2016)*

### **2.3.5. Allocation & Travel:**

Allocation of work for all professional staffs depends on the partners and his/her group managers. The allocation takes place during the allocation session. It is quite a norm for professionals to work for other departments as well as partners depending on the work of the clients.

Moreover, depending on the allocation and location of the clients' offices and work type staffs needs to travel across Bangladesh and even beyond.

*(Rahman Rahman Huq, Chartered Accountants, 2016)*

### **2.3.6. HR Practice**

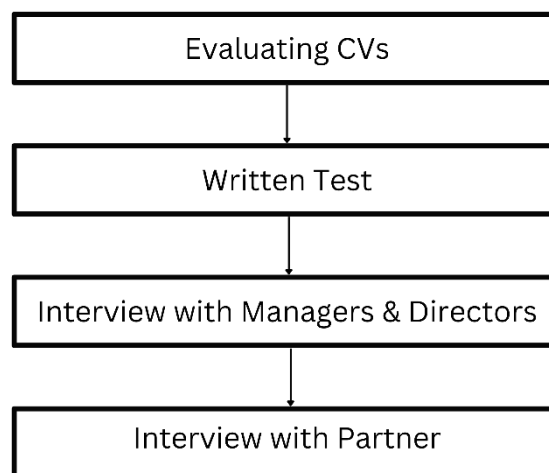
In KPMG RRH, HR department is known as Department of Professional Practice or DPP. DPP is responsible for carrying mainly 3 key responsibilities:

1. **Resource Management:** Under resource management falls the recruitment & selection process along with assigning resources to departments. Usually in CA firm article students have very less opportunity to select their choice of departments, DPP assigns resources to the department DPP thinks the candidate will fit well.
2. **Performance Management:** They take reports and reviews performances of everyone semi-annually and keep tracks of the training of everyone time to time. For doing this, they use software, like PMS and "My Learning". DPP constantly tracks the training status of the resources and reminds every now and then regarding due trainings of every resource as well as employees. This is explained in details in the part 2.3.6.2.
3. **Compensation & Leave management:** There are 4 categories of compensation: Basic salary, conveyance allowance, performance-based allowance and merit-based allowance. Then, for leave management a software called leave management system or LMS is used to keep track of the number of leaves taken by each resource or employee. The compensation and leave management is explained in details in the part 2.3.6.3.

### 2.3.6.1. Recruitment & Selection Process

The recruitment and selection process of KPMG RRH is not given anywhere in details and so from my experience I found that for KPMG RRH takes place throughout the year, candidates usually apply through word of mouth marketing from resources or employees of KPMG RRH. The applications are received by the administration through both online (emails) and offline (CV drop box) modes. Administration transfers all the printed version of the CVs to DPP at the end of every week.

The key steps they follow for the selection process are:



*Fig 2: Selection Process*

First, the evaluation of CVs takes place based on the 4 types of categories set by KPMG RRH. Graduate candidates belonging to the list of universities given in the category list with a CGPA of over 3.25 can only sit for the written test. The highest portion of rejection takes place in this process.

The written test papers are prepared by DPP in sets and is reviewed before every tests. The passing rate is set by the DPP depending on the difficulty level of the papers. Once, candidates pass the written, they are called for interview with department head and finally, partners interview the candidates.

### 2.3.6.2. Performance Evaluation

PMS means performance management system, where employees input their daily activities, like how many hours a resource is spending on each clients and trainings. This helps everyone

keep track of the resources' work and clients' work allocation. PMS is a very important tool for performance evaluation of the resources, through which managers & directors give appraisal to resources semi-annually. The ratings of resources takes place out of 5. If resources get rating between 1 to 3 then they get a raise, if they get a rating of 4 then there is not appraisal and if they get a rating of 5 then their contract is revised.

### **2.3.6.3. Compensation & Leave Management**

Based on the category the resource belongs and his/her CGPA the salary is set. Apart from this there are 3 more variables that affects the salary positively.

- **Conveyance allowance:** The allowance we receive when we are at working at our client's office, the compensation is given based on the distance of the client from the office. Also, for clients outside Dhaka, the compensation is made based on the bills that we provide.
- **Performance-based allowance:** This is based on the semi-annual performance rating, for rating 1 the raise is Tk. 5,000, for rating 2 the raise is Tk. 4,000 and for rating 3 the raise is Tk. 1,000.
- **Merit-based allowance:** This based on qualifying each academic level, be it for CA & ACCA. For CA, when we pass Certificate level (1<sup>st</sup> level) we get a raise if Tk. 3,000 and when we pass Professional Level (2<sup>nd</sup> level) we get a raise if Tk. 5,000.

Leave management is done based on the firm's leave policy in the entire articleship period of any resource, which is 180 days for 3 years' time and 210 days for 3.5 years. This 180/210 days includes all types of leave, exam leave, sick leave & casual leave. For employees, 28 days annually: earned leave 14 days, casual leave 7 days and sick leave 7 days. Apart from this, pregnant employees are entitled to a maternity leave of 90 days (*Rahman Rahman Huq, Chartered Accountants, 2016*).

## **2.4. Financial Practices**

As KPMG RRH is a partnership firm, so they are not subjected to publish their annual reports by law and so they do not publish it neither do they give access to anyone to go through them, not even resources. This is why it has been very difficult for me to analyze or get any information about their financial system.

### **2.4.1. Financial Practices**

Despite all difficulties, I tried gathering information from my manager and director and got to know about few things.

KPMG RRH maintains 3 financial statements:

1. Statement of Financial Position
2. Statement of Profit and Loss & other Comprehensive Income
3. Statement of Equity

Mr. Ashraf Ali sir, one of the current partners, holds the position of CFO at KPMG RRH, therefore, all financial transactions have to be approved by him. Also, KPMG RRH is audited by another CA firm annually based on Bangladesh law.

### **2.4.2. Accounting Practices**

KPMG RRH used Tally and ERP software for daily accounting recording and follows accrual system, so recording takes place in perpetual system.

Apart from this, audit fee varies from the type of industry the client belongs to and the size of the organization. For instance, for NGOs the payment is quite less compared to the corporations and then the payment varies based on the work requirements from the client. PMS is used for raising invoice to clients and revenue is claimed after the completion of services, making revenue receivables debit and revenue credit. After receiving the payment revenue receivables become debit and cash & cash equivalent becomes debit.

For this work, Accounts Department is responsible and they are the one who manages the invoices, communicates with clients and receives payments.

In addition, at KPMG RRH few types of compensations are done through cash, which are the conveyance payment and the internship allowance. Both of the compensations are be collected from Accounts Department by the resources and employees at the beginning of the following month.

## **2.5. Marketing Practices**

### **The 4P's of Marketing Mix**

Marketing seeks to manage profitable connections with customers by providing value and attending to the needs, wants, and desires of the target audience. For bridging gaps and promoting economic growth, it is crucial. The marketing mix is therefore an essential tool for affecting customers' decision-making and purchase-making processes. It helps businesses achieve their marketing objectives in the target market. The following are the 4Ps of KPMG Bangladesh's marketing mix:

#### **Product:**

Services like tax preparation, guidance, financial statement audits, risk consulting, transfer pricing, and management consultation are provided to clients by KPMG Bangladesh. To provide a range of services, they have numerous departments with highly qualified staff. Due to the variety of services available, customers can choose the one they need. Highest caliber services are provided to customers. KPMG uses a variety of software to make defensible judgements and enhance the services. For instance, in order to ensure impartial document verification, KPMG samples the population using KPMG Clara software rather than random sampling.

#### **Price:**

KPMG was a B2B company that billed large firms, governmental organizations, and multinational corporations for the services they provided. In comparison to other accounting or consulting organizations, KPMG charges higher rates. The price depends on the amount of time it takes to finish the job, where the client's office is, and how many resources will be assigned to that client. The type of service the company provides also affects the price.

#### **Place:**

KPMG' Bangladesh's headquarters are in Mohakhali, Dhaka. A regional office in Agrabad, Chittagong, oversees the regional activities. Due to a matter of confidentiality, the place is the clients' office, where we verify and create documents and then the final audit and reporting is done in the firm.



## **Promotion:**

KPMG because it is one of the Big Four and has a well-known brand, Bangladesh is marketed by word-of-mouth. They don't really take part in promotional activities. Their substantial clientele is a result of the great reputation they have built. To continue the brand's promotion, they nevertheless go to recruitment fairs at various institutions and encourage the applicants to choose KPMG for chartered accounting. They participate in trade exhibitions and conferences both domestically and abroad.

## **2.6. IT Practices**

The KPMG RRH information system includes software like KPMG Clara, PMS and LMS. These contribute to a paper-less workplace. The internal IT team follows the ICT security regulations and hires qualified software engineers, who receive quality training in this area from the firm. Due to the volume of client data it stores, KPMG must ensure security. Moreover, the IT system is monitored rigorously by KPMG Global and the IT management quality is ensured to be the same throughout the world.

The following is a list of the information systems practices used by KPMG.

- KPMG **upholds confidentiality** with absolute rigor, so, any non-KPMG device, like personal pen-drive, cell phones, etc., or even log-in to personal account using KPMG device is strictly prohibited.
- To **strengthen security**, the IT team monitors and controls every KPMG device. In fact, the security is strong enough to make the laptops shut down whenever a non-KPMG device is connected. Also, an immediate mail is received by the IT management team that what kind of device is connected to which laptop along with the user's and connected device's details. IT also receives mail whenever anyone logs in to their personal account using KPMG laptop or conducts any personal transaction using KPMG email ID.
- For quality and paper-less audit experience, KPMG uses **KPMG Clara**, a new transparent and scalable digital automated audit platform. This program provides crucial information about risks and irregularities, which raises the standard of auditing.
- KPMG manages personnel data using a software called **PMS**. The PMS is used by employees to keep track of billable hours for a variety of tasks, for example, a resource

investing 2 hours for training and development, 3 hours for a client and remaining 2.5 hours to another client, on a working day. Likewise, every resource and employees has to input their per day activity in the PMS. At the month end, using the PMS the firm calculates the total number of hours a resource or an employee worked for each client and spent behind trainings.

- KPMG also manages **LMS**, which is used to keep track of the number of days a resource or an employee takes leave. This tracking is used to deter the paid and unpaid leaves as well as the appraisal depends upon this to a little extend.

## **2.7. Industry Analysis**

### **2.7.1. SWOT Analysis**

#### **Strengths**

- **Strong Market Existence** – KPMG RRH benefits from its affiliation with KPMG International, a worldwide accounting firm and a Big Four. KPMG has a large loyal client base that chooses KPMG as their quarterly or statutory auditor because of its quality services and competitive pricing.
- **Distinctive Services** – KPMG RRH prioritizes customer satisfaction and addressing client needs. KPMG RRH provides a distinctive and superior customer experience to build client connections. The firm provides transfer pricing and several advisory services unlike most firms in Bangladesh.

#### **Weakness**

- **Outdated Office Supplies** – Technology-advanced office equipment is essential for carrying out tasks more effectively and efficiently in today's world. However, the majority of RRH's office devices are old and require replacement. It makes work more time-consuming and diminishes staff productivity.
- **Disorganized Office Set-up** – KPMG Bangladesh has offices in the same general place but in different buildings. Moving from one building to another for simple activities during rush hours is quite a hassle. Work will be simpler and less time-consuming if offices are located on different floors of the same building.

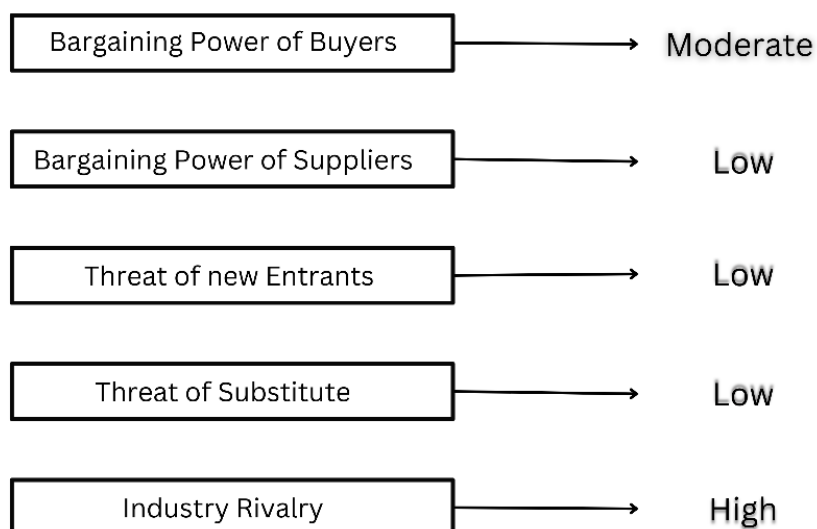
## Opportunities

- **Increased Resources** – Due to the change in the CA curriculum more and more people are now into pursuing CA. To illustrate, in August 2021 ICAB started the Pre-Articleship program, which made it easy for people to pursue CA and so KPMG RRH will have more candidates available for hiring (*THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BANGLADESH (ICAB), n.d.*).
- **Improved Infrastructure** – RRH is now active in Chittagong and Dhaka. However, as more students are now interested in CA, RRH can reach more students by expanding to other regions of Bangladesh. Due to the rapid improvements in the infrastructure of Bangladesh KPMG RRH can easily move to other cities, such as, improved internet connectivity and IT facilities setting up an IT dependent entity's office has become easier.

## Threats

- **Salary Competition** – Deloitte, PwC and EY pay their staff and students more these days, which is a threat for KPMG.
- **Fierce Competition** – The other Big Four companies are fierce rivals of KPMG as well as the growth of the local firms have created several options from which to pick. The business's customer base and market share may decline as a result of competition.

### 2.7.2. Porter's Five Forces Analysis



*Fig 3: Porter's Five Forces*

### **Bargaining Power of Buyers**

I believe the buying power of clients is moderate for 2 reasons:

First, the quality and distinctiveness of services provided by KPMG RRH is high. The loyal client base is very strong and big for KPMG RRH especially for providing these unique services. This makes the buying power of clients low.

On the other hand, there are a huge number of options for clients as well as the law of government for not being able to audit a company for 3 years after a firm has audited the company for 3 consecutive years. This gives the clients the flexibility to switch to other firms.

### **Bargaining Power of Suppliers**

The bargaining power of suppliers are low due to availability of large pool of options.

The type of supplies needed by KPMG RRH are basic office supplies, like pen, paper, notepads, office furniture, laptops etc. These products are needed at a fixed amount at a certain time and there are huge number of vendors offering such services in the market. Therefore, KPMG RRH can choose its vendors based on the KPMG RRH's Budget.

### **Threat of new Entrants**

I believe the threat of new entrants is low because it takes huge experience and time for the new firms to gain trust of the big clients.

Even though, it is quite easy for any FCA to open a CA firm through partnership with other FCA's as CA firms falls under the unlimited partnership category. Due to its, low paper work and hassle in starting new CA firms, new firms can easily enter the market.

However, it takes years for the new firms to gain trust of the big clients as well as to offer and specialize the advisory services along with special audit services, like forensics, which most big firms prefer. Therefore, new firms are not much of a threat to KPMG RRH, which is a member firm of KPMG.

### **Threat of Substitute**

The threat of substitute for the services is undoubtedly low because there is no substitute for financial services, like statutory audit, internal audit and financial reporting. However, there are advisory businesses who offers similar advisory services like KPMG RRH but their service quality is very low compared to KPMG RRH as they do not conduct related distinctive audits to support their advices.

### **Industry Rivalry**

I believe the industry rivalry is high due to the existence of other big 4 firms and the growing local firms.

Deloitte, PwC and EY providing similar services like KPMG RRH already has attention of the clients and any mistake from KPMG RRH might pursue clients to move to other big 4 firms Moreover, many local firms like, ACNABIN, Hoda Vasi Chowdhury & Co., has been performing really well has developed good reputation that many companies and people prefers these local firm above big 4 firms in Bangladesh.

## **2.8. Limitations**

I could gather a lot of information about KPMG RRH yet many area lack detailed information. Especially in the financial part due to high confidentiality of the firm and they prefer not share detailed information with their resources, especially to an intern. In fact, as an intern I did not have access to many of their software, which caused me to not being able to collect proper details to even contribute to this report.

## **2.9. Conclusion**

In addition to being a member of one of the Big Four firms, RRH has distinguished itself as one of the leading accounting firms in Bangladesh by attaining the highest level of client satisfaction through its quality customer service. Which is attained due to the collaborated effort of the staff and upper management. Moreover, KPMG RRH's rapidly growing customer base motivates them to work more effectively and efficiently. They are aware of the needs and

desires of their customers and strive to meet them as quickly as feasible. They provide services while adhering to all regulations, laws, and standards by maximizing the use of available resources. Lastly, KPMG RRH educates its employees on revisions and amendments to standards so that they can provide clients with superior service as well as the employees are instructed on how and when to respond if the client does not comply.

## **Chapter 3**

### **The Gap between organizations understanding their tax risks and knowing their tax risks:**

#### **From my experience at KPMG Bangladesh.**

### **3.1. Introduction:**

Throughout my life I have seen and read cases of companies facing tax related penalties and fines due to their lack of knowledge regarding the tax laws more than companies conducting tax evasion. Later, joining the firm gave me more knowledge on the tax details and reasons why organizations face problems with tax. Moreover, my work in my first statutory audit of an NGO encouraged me to work on this topic.

#### **3.1.1 Background**

The thought of working on such a topic with the provided objectives came purely from working in my department. To illustrate, I am currently working as an intern at Rahman Rahman Huq - KPMG in Bangladesh in the Risk Consulting department, where we are primarily responsible for conducting internal audit, forensic audit and providing advisory service on the control and other risks in any organization.

The first trigger point for me to choose such topic for my report came from my first project obtained from the XYZ NGO International in Bangladesh, where I am verifying all the Tax Invoices, which includes their authenticity and accuracy of payment and amount of a statutory audit of a NGO for the year 2022.

From my work I found some debatable details that include NGO paying TDS and VDS for food items at MRP rate, which somehow conflicts with the general idea I had about NGOs not paying taxes on consumption, which I believe is justified. Why would a NGO pay taxes on consumption or activities, when they give their heart and soul to raise fund for the underprivileged? This do sounds quite weird. However, they do but not always. As I came to know that as it is an international NGO and running its activities on a foreign ground, so they

have to pay taxes. However, as they are not any corporation so they do not have any revenue, all they have is funding from donors all over world. So, when they conduct any activities, they pay taxes on those activities to the government. Then, this question came to my mind, why they pay taxes on consumption? After my conversation with my seniors I got to know that, their youth facility (where their teenaged boys as well as both male and female adult facilitators resides) falls under hostel system and as per to Bangladesh law hostel system is supposed to have a procurement department and every transactions should be done officially following procurement system. Therefore, any individual following procurement system should pay taxes for the all the transactions occurred through procurement. This is why, they have to pay taxes on consumption.

This made me realized, like me there are many students entering the workforce and many people already in the workforce are unaware of tax laws and procedures, which causes most of the business and people to suffer from it.

### **3.1.2 Significance**

As I mentioned earlier in the Background part, even after knowing so many things yet I felt I knew nothing about tax system after starting my work-life. This made me realized there are many people like me and maybe that's why companies suffers negative consequences. The consequences can be severe enough to make both the organizations and government suffer from liquidity.

Initially, I gave the proposal to cover the this topic from the entire accounting perspective but as I worked through this topic I realized this field is huge and requires immense knowledge to talk about this in details, so that people can understand this in greater depth. Therefore, for this report I just shared the knowledge that I achieved from my workplace in a time frame of 4 months.

So, from experience and collected information from my work-place. Tax is an unavoidable expense but organizations at times end up paying excessive taxes or underpays taxes. Both causes shortages of funds and cash flow for either organizations or government but the surprising part it none of the party realizes the consequences of this.



### **3.1.3 Objectives**

This report will provide brief knowledge on the tax related problems that arises due to organizations' understanding gap on the depth of the tax matter. I tried to portray everyone the reasons:

- What are the tax related problems faced by organizations?
- Why organizations face tax related problems?
- The measures businesses can take to overcome the problems

## **3.2 Methodology**

For this report I went for both primary and secondary research for my report.

Initially I started with secondary research to find reports relatively close to my topic and then slowly moved to primary research, from where I am collecting data relevant for my report.

I tried to portray all my findings from secondary research in the report, which includes books, articles and new reports. While for primary research I collected data from my supervisors, in-charge, seniors and co-workers. Due to the firm being a partnership firm and maintaining very high confidentiality I could not collect much information. Yet, I tried to analyze all my collected primary data on the 7 criteria, which I set for my report and used detailed the information for my findings.

### **3.2.1 Qualitative Analysis**

In this part, I tried to analyze the questionnaires, gained from my primary research from KPMG RRH. I analyzed the fruitfulness of the collected data by setting some criteria, which believed to be relevant for my report. Then discussed the criteria of analysis in my report.

#### **3.2.1.1 Criteria of analysis:**

C1 – Do they have tax experiences work experiences?

C2 – As per survey respondents organizations facing tax problems are more than 50%

C3 – The tax related problem is mostly calculation related

C4 – Do the problem occurs because employees do not understand policies?

C5 – Do the problem occurs due to the employees of NBR?

C6 – Can training solve the problem?

C7 – Do the organizations need to hire employees having tax experience?

### Symbols used

|                |   |
|----------------|---|
| Yes            | √ |
| No             | × |
| Not Applicable | • |

Table 6: Symbols used

### 3.2.1.2 Tabular analysis of the questionnaires

| SL | Name of the Sample | Department       | C1 | C2 | C3 | C4 | C5 | C6 | C7 |
|----|--------------------|------------------|----|----|----|----|----|----|----|
| 1  | Rokibul Islam      | Tax & Advisory   | √  | √  | ×  | √  | ×  | ×  | ×  |
| 2  | Jarin              | Tax & Advisory   | √  | √  | ×  | √  | ×  | ×  | ×  |
| 3  | Tanzina Binte Alam | Audit & Advisory | √  | √  | √  | √  | ×  | √  | ×  |
| 4  | Mohammed Tarek     | Audit & Advisory | √  | √  | ×  | ×  | √  | ×  | √  |

|           |                       |                  |   |   |   |   |   |   |   |
|-----------|-----------------------|------------------|---|---|---|---|---|---|---|
| <b>5</b>  | Bushra                | Audit & Advisory | √ | √ | √ | × | √ | √ | × |
| <b>6</b>  | Nasir Uddin Chowdhury | Audit & Advisory | √ | × | √ | × | × | • | × |
| <b>7</b>  | Hafsa                 | Audit & Advisory | √ | √ | × | × | × | × | × |
| <b>8</b>  | Rishad R. Chowdhury   | Risk Consulting  | √ | √ | √ | √ | × | √ | × |
| <b>9</b>  | Md. Muzahidul Islam   | Tax & Advisory   | √ | √ | × | √ | √ | × | × |
| <b>10</b> | Md. Abdul Halim       | Tax & Advisory   | √ | √ | × | × | × | √ | √ |
| <b>11</b> | Jayeed Al Sabit       | Tax & Advisory   | √ | √ | √ | × | √ | × | × |
| <b>12</b> | Riyad Morshed         | TP, Tax & Audit  | √ | √ | √ | √ | × | √ | × |
| <b>13</b> | Ishtiaque Ahmed Razi  | Risk Consulting  | √ | √ | √ | √ | × | √ | × |
| <b>14</b> | Faisal Gazi           | Risk Consulting  | √ | • | √ | √ | √ | √ | √ |
| <b>15</b> | Priyanka Alam         | Risk Consulting  | √ | • | × | √ | × | √ | √ |
| <b>16</b> | Rahabar               | Audit & Advisory | √ | • | × | √ | √ | × | × |

Table 7: Tabular analysis of the questionnaires

### **3.3 Findings & Analysis**

In this part I elaborated my findings from my research and work experience as well as tried to interpret them.

#### **3.3.1. The depth of the problem**

Tax is a well-known problem to the world especially for developing countries like Bangladesh, due to many reasons discussed in the later part of the report. From my collected primary research data from my work place, I found 12 out of 13 survey respondents mentioned that the tax related problems experienced by organizations are more than 50%. In fact, survey respondent Mohammad Tarek, Senior Assistant of Audit & Advisory, mentioned normal tax problems to be 100% and so do survey respondent Tanjina Bintey Alam. Moreover, from my experience in the statutory audit of the NGO, I got to see the most detailed version of TDS & VDS invoices, which even includes a tax payment of 1 taka and many more invoices of similar tax payment. This shows how serious the tax matter is and to stay clean they are keeping records very much detailed.

#### **3.3.2. What are the tax related problems faced by organizations?**

Through my research and experience I got to find several tax related problems organizations face.

**When to charge tax** – Starting with my experience with the NGO audit, NGOs are quite lost most times whether to charge tax for certain services or goods they consumed, which caused them to charge both TDS & VDS for consumption of groceries sometimes and sometimes just VDS and sometimes TDS. This confusion has occurred due to the various kinds of NGO services they are providing to different levels of people.

**Calculation problem** – This problem I believe to be a problem faced by organizations because that is point an audit team covers always. As I mentioned earlier I was responsible for verifying the tax invoices for TDS & VDS, by verifying I had to check their tax calculation of each transaction and their payments to NBR in respect to every tax invoices. It took me 1.5 months to verify all their tax transactions, which I believe was more than 2000 invoices and more than

25000 transactions. Moreover, 8 out of 16 survey respondents mentioned calculation problem to be a problem faced by organizations. Also, the calculation problem is not only with invoices but also during the calculations of payroll taxes, which is mentioned by few of my samples.

**Understanding the Law** – 10 out of 16 Survey respondents mentioned that their clients fails to understand the law due to many reasons, which I discussed in the next segment.

**Tax return submission** – According to Ishtiaque Ahmed Razi, Senior Assistant of Risk Consulting, organizations fails to submit tax returns on time due to government having different return submission time based on the toe of the organization. Moreover, Bushra, Senior Assistant from Audit & Advisory Department, and Riyad Morshed, Senior Assistant of TP, Tax & Audit, agrees to this point.

**NBR creating problems** – 6 out 16 survey respondents mentioned that organizations face tax problems due to NBR. According to Faisal Gazi, Assistant Supervisor of Risk Consulting, most of the executive level officers or employees of NBR do not have proper knowledge about the tax. The employees who are mostly responsible for communicating and receiving tax from entities lacks knowledge. Moreover, there are many officials or employees of NBR who try to take bribes, which was mentioned by Md. Muzahidul Islam, Assistant Supervisor of Tax & Advisory, and Mohammed Tarek, Senior Assistant of Audit & Advisory. Furthermore, Rahabar, Senior Assistant of Tax & Advisory, mentions that NBR focuses more on imposing higher taxes and disregards other departments as well as they do not prove much advisory services.

**Compliance** – The most common problem, companies hardly compliances with the tax laws, for instance, not following the proper documentation, proper rates, proper timing for recording transactions, monthly compliances, etc. as per to Jayeed Al Sabit, Assistant Supervisor of Tax & Advisory, and Nasir Uddin Chowdhury, Senior Assistant of Audit & Advisory.

**Digitalization of Tax Management** – As per Rokibul Islam, Associate of Tax & Advisory, and Md. Abdul Halim, Senior Assistant of Tax & Advisory, there are lacking in the digitalization of tax management. Even from my experience in the NGO Audit, I found that the payment date mentioned by bank in the tax invoices are different from the recording date given on the Challan Verification website of NBR. In many cases, I saw payment was made 3-4 days before the recording date of the invoices in the website.

### **3.3.3. Why organizations face tax related problems?**

#### **3.3.3.1. Language**

The language is considered to be a barrier for organizations in understanding the laws because it is either written in fully English or fully Bengali and unfortunately most people nowadays fail to understand both languages fully. Moreover, the writing and presenting format is quite complex which makes it tough for most people apart from the CA and law career to understand the laws, according to Riyad Morshed, Senior Assistant of TP, Tax & Audit, and Priyanka Alam, Accounting Trainee of Risk Consulting,

#### **3.3.3.2. Conflict between company rules and government rules**

Old organizations and international organizations already have a set of policies and procedures of doing any work that has been followed by them for years. Now when the government implements a law or its own set of policies and procedures in case tax, the organizations find it quite difficult to follow the rules and regulations, said by Rokibul Islam, Associate of Tax & Advisory, and Priyanka Alam, Accounting Trainee of Risk Consulting.

This is because most of the employees are unaware of the proper policies and procedures that are to be followed and the people working at the government office to maintain those policies and procedures are also not skilled enough to guide the organizations to follow the policies and procedures of tax accurately, stated by Faisal Gazi, Assistant Supervisor of Risk Consulting.

To illustrate, international companies have to follow different tax rules and regulations while operating in a different country and when encountering that employees at their organization lacks proper knowledge and skill to maintain smooth tax procedure along with the government low level officials, this makes it tough for them to run their organizations without tax related problems.

#### **3.3.3.3 Tax benefits and adjustments**

Big companies bringing in FDIs to Bangladesh and starting factories or businesses are eligible for various kinds of tax breaks and benefits. Those benefits and tax breaks are given to them

based on the industry, location and size of the FDI. Even big corporations pressurize government for tax breaks as mentioned by Mohammad Tarek, Senior Assistant of Audit & Advisory.

This makes the tax rules very complex and tough for organizations to understand and follow them. From my CA classes I got to know, starting a new factory at a rural place by any organization can provide them with 5 years of tax break, which recording and implication and tax breaks can be applied from the moment they start to make profit and the tax break benefit on profit can be carried forward to 6 years, provided that the carry forward rule and time varies with company being withholding or non-withholding (*The Income Tax Ordinance, 1984*). After reading this law, most people will get confused on what exactly to do if a company gets tax breaks and how the company will get the tax break and how to receive the tax break certificate.

Usually what happens in this case is, either the company starts calculating the tax ever since it started its production, not when it starts to make profit; or even if it starts calculating the tax break from the point it starts to make profit, it ignores the carry forward option; or ignore the policy applicable for the withholding companies.

#### **3.3.3.4. The VAT & Tax rates varies from each other**

The tax and VAT rates on goods and services have a lot of variations that the VAT and the tax rate of the same service varies from one another.

For example: for consultancy services the VDS rate is 15% and TDS rate is 10% provided that the base amount does not cross TK. 15 lakh (*The Institute of Chartered Accountants of Bangladesh (ICAB), 2022*).

As we can see here we can see the rates of VAT and tax differ from each other for the same service and most times big organizations especially NGOs give both the taxes from their behalf just to keep their records clean because if the tax records are not being kept properly with documents then this can cause many legal issues.

#### **3.3.3.5. The VAT & Tax implementation varies based on the type of business**

The VAT & implementation vary with the type or management system the organization

follows. For example: organizations with procurement system follow a different system than a non-procurement system. In my experience with our client I found that out of their 14 entities and 24 facilities from other entities, 2 entities and 6 facilities pay VDS and TDS on consumption only because they follow procurement system. This consumption means consumption of groceries, fruits, vegetables and raw foods, such as meat, eggs etc... This came to my observation that they pay 7.5% VDS and 4.5% TDS for these goods. If we see from a consumer's perspective, we know that VDS on such goods are made zero on consumption by the government but the government charges VDS and TDS on consumption of such goods for organizations with procurement system even if it is a NGO. The ideology behind this is organizations with a procurement system is not consuming the groceries, fruits, vegetables and raw foods for final consumption but for providing food for their employees, as a part of their business operation purpose to keep their employees motivated to generate revenue and serve business purpose.

### **3.3.3.6 Transition from the ITO 1984 to the ITA 2023**

The organizations already took a lot of time to understand the tax laws and still fails to understand them in many ways, and now at this point changing the law brings in a lot more problems for organizations. The change from the ITO 1984 to ITA 2023 brought a lot changes in the income tax part but good thing is that the VAT and SD Act 2012 is unchanged, so changes came in terms of the income tax only.

The changes were brought in the following parts:

1. Changes in the Heads of the income
2. Changes in the Income from employment
3. Changes in income from the business
4. Changes in TDS
5. Changes in the Minimum Tax
6. Changes in set off & carry forward
7. Changes in definition
8. Changes in Tax Exemption
9. Changes in depreciation & amortization
10. Changes in return, statements audit & assessments



11. Changes in Penalty

12. Changes in repeal & savings

Along with a lot of minor changes in the income tax law, which is definitely huge and make it hard for organizations to learn and adapt to the changes. This is the prime reason why this year the tax return and procedure of organizations are being filled on the basis of the previous law, the Income Tax Ordinance, 1984, rather than the new law, which will be filled by organizations in the FS of the next FY (*Hadee Lutful & Co, 2023*).

### **3.3.3.7 Experience & Knowledge gap**

According to most of my samples lack of knowledge and expertise is big factor for creating tax problems. Bangladesh has an abundant supply for workers but very little pool of people pursuing careers in accounting especially in the tax field. This is primarily because Bangladesh is a developing country with an excessively large population and so people try to get into the job market as early as possible, while working in this career requires a lot of time to acquire knowledge and get into the job market.

This causes not only organizations but also the government to go through shortages of proper human recourse in these fields to maintain the policies and procedures of tax and other laws accurately.

### **3.3.3.8. Lack of knowledge about Penalties**

Penalties for organizations failing to pay taxes on time and not following proper policies and procedure can be very severe.

The penalties do vary from case to case but for fine penalties it starts from TK. 1,000 to TK. 5000 + TK. 1000 per month for failing to submit income return and TK. 50,000 + TK. 500 every day for failure to furnish information. (*KPMG Bangladesh, 2023b*)

Moreover, for using any false or misleading document and information, such as, BIN, TIN etc. the fine starts from Tk. 20,000 to Tk. 1, 00,000 along with imprisonment of 1 year in most cases. (*KPMG Bangladesh, 2023b*)

In addition, if any organizations conceals any information knowingly or unknowingly they will be charged with fines of 15% on the tax of the year and if the information concealment is more than a year then extra fine of 10% on the tax for each of the concealment years. Also, the person responsible will be imprisoned for 6 months to 5 years based on the depth of the crime or mistake (*KPMG Bangladesh, 2023b*).

Lastly, all these fines come with a great hassle of appeals and tribunals based on the crimes and mistakes conducted by the organizations.

### **3.4. Recommendations**

**Trainings** – 8 out of 16 survey respondents mentioned that trainings can improve the management of tax laws within the organizations. Even during my audit period I had a conversation with the Accounts Manager of XYZ NGO International in Bangladesh regarding their improvement in the Tax recording and invoice management. I praised their documentation process and she mentioned that they could improve their tax documentation process due to the frequent training offered by the NGO to them, which were taken by Ranjan Kumar Bowmik, FCMA. Ranjan Kumar Bowmik, FCMA was a Commissioner of Taxes at NBR and is part-time faculty at ICAB. They even showed their work papers to him and he gave them full guidance on NGO tax documentation.

**Adaptation** – Rokibul Islam, Associate of Tax & Advisory, mentioned that employees of the organizations have to adapt to the constant changes in the tax laws. Moreover, Bushra, Senior Assistant of Audit & Advisory, and Ishtiaque Ahmed Razi, Senior Assistant of Risk Consulting, stated about staying up to date with tax laws. Also, according to Riyadh Morshed, Senior Assistant of TP, Tax & Audit, organizations should develop a culture where employees would seek clarifications about tax policies and procedures as well as bring instant updates time to time.

**Hiring Qualified People** – 4 out of 16 survey respondents talked about hiring CA qualified people at the organization. This will cause the organizations to have experts within their businesses to help them out with tax problems. For small businesses they, who cannot afford to hire CA qualified people, they can take internal audit or tax advisory services from any CA firm providing them.

**Having Strong management** – As per to the suggestion of Mohammad Tarek, Senior Assistant of Audit & Advisory, staying strong against DCT will help organizations to avoid bribery and similar situation. Therefore, having strong management with good principles and practices policies abide by law will help the organization to avoid problems from corrupted officials.

**NBR should take measures** – As mentioned by Jarin, Senior Analyst of Tax & Advisory that NBR should take measures to identify and take actions against corrupted officials. Moreover, NBR should try to hire people who have good knowledge and experience in the tax field rather than hiring people with zero experience and little knowledge in the tax field.

### **3.5. Conclusion**

This report is mainly done to give anyone from the business sector an idea on the points on why organizations fail to comply with the tax laws and what the consequences can be for those. As an internship student, I tried collecting data and interpreting them so that it gets easy for anyone from the business career to go through the report. I believe this report will give readers a brief idea on organization's tax conditions as well as how organizations can improve their tax problems.

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## **Appendix A.**

### **5.1. Internship Proposal**

#### **The Gap between organizations understanding their risks and knowing their risks: The accounting perspective**

Submitted by:

Rifa Saimah Bente Rahman

ID: 19104174

Submitted to:

Tausif Bari,

Lecturer,

BRAC Business School

Shamim Ahmed,

Senior Lecturer,

BRAC Business School.

Date of submission:

24/06/2023

**Objectives:**

- Understanding the tax laws of the country and having proper knowledge of implanting the rules in the organization
- Proper knowledge and implementation of control policies to avoid fraud
- The importance of internal audit

**Background:**

The thought of working on this topic with the provided objectives came purely from the department of my organization. To illustrate, I am currently working as an intern at Rahman Rahman Huq - KPMG in Bangladesh in the Risk Consulting department, where we are primarily responsible for conducting internal audit, forensic audit and providing advisory service to work the control and other risks in any organization. Moreover, as it a CA firm so confidentiality is the top most priority and a lot of in-depth issues are encountered by even though we are not to disclose our clients' details.

**Preliminary Methodology:**

The first findings for my report came is coming from my first project gotten from the firm, where I am verifying all the Tax Challans, which includes their authenticity and accuracy of payment and amount of a statutory audit of a NGO for the year 2022.

From my work I got to find some debatable details that includes NGO paying TDS and VDS for food items at MRP rate, which somehow conflicts with the Income tax Ordinance 1984 of Bangladesh. Moreover, on 19th June 2023 Bangladesh government has passed Income Tax Act 2023 that is the new act regarding taxation of Bangladesh has brought a tremendous change in the tax policies and this will have a great impact on everyone and every institution.

Secondly, big organizations can at times lose control over their control management which can give first to fraud and related crimes. For which later not only organizations suffer but also loses total control the criminals.

Lastly, not having proper knowledge about the recording and document management of the organization can create unsolvable problems for organizations. Therefore, internal audit keeps everything on line so that organizations can have healthy foreseeable future.

**Significance of the issue:**

Tax is an unavoidable expense but organizations at times end up paying excessive taxes that causes shortages of funds and cash flow for organizations and thus effects the short-term profitability and long term liquidity problems.

Frauds in developing countries are quite normal as people these days can easily create fake vouchers and identities, which causes the crimes to stay buried for long enough to ensure the criminals are always safe.

**Timeline of the report work:**

| <b>Actions</b>                       | <b>Date</b>             |
|--------------------------------------|-------------------------|
| Proposal                             | 24 <sup>th</sup> June   |
| Receiving Feedback                   | 26 <sup>th</sup> June   |
| Updating the proposal                | 2 <sup>nd</sup> July    |
| Developing chapter 1 - overview      | 9 <sup>th</sup> July    |
| Developing chapter 2 - company part  | 16 <sup>th</sup> July   |
| Developing chapter 3 - research part | 23 <sup>rd</sup> July   |
| Updating chapter 3 - research part   | 30 <sup>th</sup> July   |
| Developing chapter 4 - project part  | 6 <sup>th</sup> August  |
| First draft submission               | 13 <sup>th</sup> August |
| Second draft submission              | 20 <sup>th</sup> August |
| Final draft submission               | 27 <sup>th</sup> August |
| Defense and submission               | 31 <sup>st</sup> August |



## **5.2 Responses**

**Name: Bushra**

**Designation: Senior assistant**

**Department: Audit**

### **1. In your experience, what are the tax related problems you find organizations face?**

: The Problems are:

- Calculation related problem as doesn't know how to calculate as it was pretty complex.
- Return submission problem with DCT due to quality problem.

### **2. Why do you think they face those problem?**

- No practice of knowing or learning about tax.
- They expect auditors will do it.
- Big4 seal helps them to pass the tax return submission.

### **3. According to you, what are the measures they should take to aid those problems?**

- Training for expert firm partners
- To process simplification.
- Adapt with the new law

### **4. Approximately, how many organizations in your experience has tax related problems?**

**(Please give in percentage)**

: 75%

### **5. Do you have any tax related work experience?**

: Yes

**Name: Hafsa**

**Designation: Assistant**

**Department: Tax Advisory Services**

**1. In your experience, what are the tax related problems you find organizations face?**

- Tax related problems, especially in EPC contracts are separating the inshore and offshore portion of the contract.
- Charging tax on online services are also seen as tax related problems (e.g. Facebook etc.)

**2. Why do you think they face those problem?**

- These problems are faced when the contract is partially completed inside and outside the jurisdiction of Bangladesh.
- Tax laws are not very specific with regards to online services.

**3. According to you, what are the measures they should take to aid those problems?**

- Long-term splitting arrangements are a common way
- Seek support from the NBR in clarifying such tax matters

**4. Approximately, how many organizations in your experience has tax related problems?**

**(Please give in percentage)**

- In case of BPC companies, quite a large portion (50+ %)
- For online platforms (40+ %)

**5. Do you have any tax related work experience?**

: Yes

**Name: Rokibul Hasan**

**Designation: Associates**

**Department: Tax and Advisory Services**

**1. In your experience, what are the tax related problems you find organizations face?**

: We found problems in practical vagueness of new Income-Tax Act 2023, lack of digital services, poor knowledge in practical field of tax authority, concrete system in taxation etc.

**2. Why do you think they face those problem?**

: Organizations faces those problems due to poor quality of resources, poor knowledge, non-flexible system, non-adapting real systems of taxation etc.

**3. According to you, what are the measures they should take to aid those problems?**

: My recommendations are:

- Increase knowledge base
- Adapt with time
- Adapt with rules and regulations
- Focus on compliance

**4. Approximately, how many organizations in your experience has tax related problems?  
(Please give in percentage)**

: 99%

**5. Do you have any tax related work experience?**

: Yes

**Name: Jarin**

**Designation: Senior Analyst**

**Department: Tax and Advisory Services**

**1. In your experience, what are the tax related problems you find organizations face?**

: Bangladesh has one of the lowest tax to GDP ratios in the region. The main problems that organizations face to maintain tax compliance are lack of information, inefficient tax administration, inadequacy and complexities of the tax laws etc.

**2. Why do you think they face those problem?**

: Lack of information, complexities of the tax laws, political intentions and corruption in the income tax department are the reasons that organizations face tax related problems.

**3. According to you, what are the measures they should take to aid those problems?**

: I found introduce policy to ensure that the tax authority (NBR) is independent and adequately empowered to carry out their duties, the corrupt tax officials and the tax evaders should be identified and subject to enforcement and the tax authority should not be politicized and any undue political influence should be stopped.

**4. Approximately, how many organizations in your experience has tax related problems?**

**(Please give in percentage)**

: 85%

**5. Do you have any tax related work experience?**

: Yes

**Name: Ishtiaque Ahmed Razi**

**Designation: Senior Assistant**

**Department: Risk Consulting Services**

**1. In your experience, what are the tax related problems you find organizations face?**

- Payroll Taxes: Not for Profit organizations are required to pay payroll taxes on their employee's wages and salaries. The cost of these benefits can be a significant expense for Not for Profit. During my audit at Not for Profit, I found the employees face difficulties in calculating and deducting the payroll taxes.
- Understand the tax rules: During my assignments, in Not for Profit and other organizations I found that they face difficulties in calculating and deducting tax in daily transactions due to poor understanding of taxes. They should have a good understanding of the tax rules that apply to them. This includes understanding the rules for TDS, VDS, AIT, payroll taxes, sales tax, and property tax.
- Keep good records: The entity should keep good records of all financial transactions. This includes keeping records of income, expenses, and assets. Good records will help Not for Profit to comply with the tax laws and to prepare their tax returns accurately.
- File their tax returns on time: The entities fail to file tax returns on time. The specific deadline for filing tax returns will vary depending on the type of organizations. The entities can consult with a tax advisor to get help filing their tax returns accurately and on time.

**2. Why do you think they face those problem?**

- Lack of training: Due to lack of proper training the employees face in dealing with tax related matters.
- Complexity of the tax laws: The tax code is complex and ever-changing, making it difficult for organizations to keep up. Even small changes in the tax code can have a significant impact on an organization's tax liability.
- Lack of expertise: Many organizations do not have the in-house expertise to handle their tax affairs effectively. This can lead to errors and omissions on tax returns, which can result in penalties and interest.

- Tax planning: Organizations often fail to plan for their tax liability effectively. This can lead to unexpected tax bills and financial hardship

**3. According to you, what are the measures they should take to aid those problems?**

- Train employees on tax compliance: Employees should be trained on the tax rules that apply to their work activities. This will help to reduce the risk of errors and omissions on tax returns.
- Implement internal controls: Organizations should implement internal controls to ensure that tax compliance procedures are being followed. This will help to identify and correct any problems early on.
- Stay up-to-date on tax changes: The tax code is constantly changing, so it is important for organizations to stay up-to-date on the latest changes. This can be done by reading tax publications and attending tax seminars.
- Work with a qualified tax advisor: Organizations should work with a qualified tax advisor to help them understand the tax code and to develop a tax compliance plan.
- Keep good records: Organizations should keep good records of all financial transactions. This includes keeping records of income, expenses, and assets. Good records will help organizations to comply with the tax laws and to prepare their tax returns accurately.
- File their tax returns on time: Organizations are required to file tax returns on time. The specific deadline for filing tax returns will vary depending on the type of organization.

**4. Approximately, how many organizations in your experience has tax related problems?  
(Please give in percentage)**

: According to my working experience in KPMG Bangladesh, 60% of Clients have experienced Significant tax-related problems.

**5. Do you have any tax related work experience?**

: Yes

**Name: Sayeed Al Sabit**

**Designation: Assistant Supervisor**

**Department: Tax and Advisory**

**1. In your experience, what are the tax related problems you find organizations face?**

: Tax assessment, VAT Audit, withholding tax audit, monthly compliances, out of pocket issues for litigation proposes.

**2. Why do you think they face those problem?**

: Mostly legal issues and sometimes the authorities are bound to fill up their targets.

**3. According to you, what are the measures they should take to aid those problems?**

: Being compliant with the relevant rules and regulations

**4. Approximately, how many organizations in your experience has tax related problems?  
(Please give in percentage)**

: Around 70%

**5. Do you have any tax related work experience?**

: Yes

**Name: Muhammad Tarek**

**Designation: Senior Assistant**

**Department: Audit & Advisory Services**

**1. In your experience, what are the tax related problems you find organizations face?**

: NBR officials expects bribes and companies denying them faces case from NBR

Big organizations manipulated governments and take tax breaks

**2. Why do you think they face those problem?**

: People working at NBR in the lower level are not experienced and works for their personal profit.

Now, organizations will face problems for return submission in due to new law.

Small organizations do not have experienced employees.

**3. According to you, what are the measures they should take to aid those problems?**

: Organizations have to be ethically sound and stand strong against DCT

Hire CA qualified people.

**4. Approximately, how many organizations in your experience has tax related problems?**

**(Please give in percentage)**

: 60% - Tax pending

100% - Normal Tax

**5. Do you have any tax related work experience?**

: Yes



**Name: Rishad R. Chowdhury**

**Designation: Senior Assistant**

**Department: Risk Consulting Services**

**1. In your experience, what are the tax related problems you find organizations face?**

: Appropriate rate is not applied on tax calculations.

**2. Why do you think they face those problem?**

: Due to lack of knowledge about tax ordinance and changes of tax rate.

**3. According to you, what are the measures they should take to aid those problems?**

- Arrange training regularly about the changes of tax trade and tax section
- Taking help of expert for complex tax calculation

**4. Approximately, how many organizations in your experience has tax related problems?  
(Please give in percentage)**

: 60%-70%

**5. Do you have any tax related work experience?**

: Yes

**Name: Muzahidul Islam**

**Designation: Assistant Supervisor**

**Department: Tax and Advisory Services**

**1. In your experience, what are the tax related problems you find organizations face?**

: Inexperienced tax authorities on tax related law and other authentic information, unjustified judgement and bribery.

**2. Why do you think they face those problem?**

: Not maintaining proper TDS, documentation etc.

**3. According to you, what are the measures they should take to aid those problems?**

: Stick rules against bribery.

**4. Approximately, how many organizations in your experience has tax related problems?  
(Please give in percentage)**

: 90%

**5. Do you have any tax related work experience?**

: Yes

**Name: Nasir Uddin Chowdhury**

**Designation: Senior Assistant**

**Department: Audit and Advisory Services**

**1. In your experience, what are the tax related problems you find organizations face?**

- Their compliance is that the law is not being followed
- Less deduction of employee tax
- Not presenting tax provisions and notes are not presented properly in financial sector.

**2. Why do you think they face those problem?**

: Small organization cannot afford experts.

**3. According to you, what are the measures they should take to aid those problems?**

:

**4. Approximately, how many organizations in your experience has tax related?**

**Problems? (Please give in percentage)**

: 20%

**5. Do you have any tax related work experience?**

: Yes

**Name: Riyad Morshed**

**Designation: Senior Assistant**

**Department: Transfer pricing, Tax & Audit**

**1. In your experience, what are the tax related problems you find organizations face?**

: Tax return submission problem

Documentation and record management problem

Problem in the payroll, provident fund of employees, etc.

Most cases overseas companies do even know how to do record keeping and fill for tax return and so they hire us for tax return submissions

**2. Why do you think they face those problem?**

: Organizations may fail to follow tax policies and procedures properly for a variety of reasons:

- **Language:** Language is one the biggest issues in understanding tax laws of any nation. Due to ambiguity, Cross-References, technical details, Cultural and Contextual Differences, Interdisciplinary Knowledge, Complex Terminology and Jargon and Abbreviations.
- **Inadequate Training:** Employees responsible for tax compliance might not receive proper training on the latest tax policies and procedures. Without the necessary knowledge, they are more likely to make mistakes.
- **High Volume of Transactions:** Large organizations with numerous transactions and financial activities might find it challenging to ensure that each one adheres to tax policies and procedures.
- **Misinterpretation:** Tax policies can be open to interpretation, and different experts might have varying opinions on how they should be applied. Organizations might unintentionally interpret policies differently from tax authorities.
- **Incentives for Minimization:** Some organizations might intentionally exploit loopholes or engage in aggressive tax planning to minimize their tax liabilities. This could involve taking advantage of unclear or ambiguous provisions in the tax code.

- **Lack of Monitoring and Oversight:** Without proper oversight and monitoring, organizations might not realize when deviations from tax policies occur. This can lead to non-compliance going unnoticed until it's too late.
- **Changing Business Landscape:** Organizations' business operations can change rapidly due to expansion, mergers, acquisitions, or changes in business models. Adapting tax compliance practices to these changes might be challenging.
- **Misaligned Incentives:** In some cases, employees or executives might have incentives to prioritize short-term financial gains over long-term tax compliance. This can lead to non-compliance or risky tax strategies.
- **Global Operations:** Organizations with international operations need to navigate different tax systems and regulations, which can be complex and challenging to understand and comply with.
- **Intentional Non-Compliance:** In certain cases, organizations might knowingly choose not to comply with tax policies and procedures due to financial difficulties, unethical practices, or other reasons.
- **Complexity:** Tax regulations can be complex and subject to frequent changes. Organizations, especially smaller ones, might struggle to keep up with these changes and accurately interpret the rules.
- **Lack of Understanding:** Tax policies often use technical language and legal jargon that can be difficult to understand. Employees responsible for compliance might not fully grasp the requirements, leading to unintentional non-compliance.
- **Resource Constraints:** Complying with tax policies requires time, effort, and often financial resources. Smaller organizations might lack the personnel or expertise to navigate the complexities of tax regulations effectively.

### **3. According to you, what are the measures they should take to aid those problems?**

: Addressing this issue requires organizations to prioritize communication, training, and education:

- Regularly communicate policy updates and changes to all relevant employees.
- Provide training sessions or resources that break down complex policies and procedures into easily understandable terms.

- Foster a culture where employees feel comfortable asking questions or seeking clarification about policies and procedures

**4. Approximately, how many organizations in your experience has tax related problems?  
(Please give in percentage)**

: 80% - 90%

**5. Do you have any tax related work experience?**

: Yes

**Name: Md. Abdul Halim**

**Designation: Senior Assistant**

**Department: Tax and Advisory Series**

**1. In your experience, what are the tax related problems you find organizations face?**

- Lack of digitalization in tax management
- Lengthy process in tax assessment
- Lack of knowledgeable resource in tax department
- Complain issues
- Undue target to fulfill

**2. Why do you think they face those problem?**

: Instructive management and autocracy of tax department.

**3. According to you, what are the measures they should take to aid those problems?**

- Proper arrangement to enhance effectiveness of NBR
- Automation of tax systems and trainings to its resources

**4. Approximately, how many organizations in your experience has tax related problems?**

**(Please give in percentage)**

: Over 90%

**5. Do you have any tax related work experience?**

: Yes

**Name: Tanzina Binte Alam**

**Designation: Assistant**

**Department: Audit and Advisory Services**

**1. In your experience, what are the tax related problems you find organizations face?**

: In my experience, many organizations face calculation problems.

**2. Why do you think they face those problem?**

: They do not follow the proper tax recording and calculation rules. Due to knowledge gap, it is tough.

**3. According to you, what are the measures they should take to aid those problems?**

: They should take training from NBR and CAs

**4. Approximately, how many organizations in your experience has tax related problems?**

(Please give in percentage)

: 100%

**5. Do you have any tax related work experience?**

: Yes



**Name: Priyanka Alam**

**Designation: Trainee Accountant**

**Department: Risk Consulting Services**

**1. In your experience, what are the tax related problems you find organizations face?**

: People do not understand the laws and fails to incorporate them.

**2. Why do you think they face those problem?**

: Lack of understanding, maybe because they do not understand the language and the tax law is quite complex.

**3. According to you, what are the measures they should take to aid those problems?**

: Maybe give training or hire people with experience in this field.

**4. Approximately, how many organizations in your experience has tax related problems?  
(Please give in percentage)**

:

**5. Do you have any tax related work experience?**

: Yes

**Name: Faisal Gazi**

**Designation: Assistant Supervisor**

**Department: Risk Consulting Services**

**1. In your experience, what are the tax related problems you find organizations face?**

: They fail to practice the laws properly and calculation mistakes. MNCs finds it tough to operate.

**2. Why do you think they face those problem?**

: Language of the law is complex and there are various range of percentages

For example, difference percentage of tax charged for same service or good depending on the industry the customer is at.

Then different VDS & TDS rates for same service or good in the same industry.

MNCs finds it tough to operate as the laws are complex here while it is easy in the foreign countries. That is due to foreign countries follow one standard rate for all industry for same service or good.

Moreover, the executive level employees of NBR, who usually handles the tax payments are inexperienced and have very little knowledge.

**3. According to you, what are the measures they should take to aid those problems?**

: They can hire CA qualified in the tax field.

Can conduct training sessions that can be taken by Partners of CA firms.

**4. Approximately, how many organizations in your experience has tax related problems?  
(Please give in percentage)**

:

**5. Do you have any tax related work experience?**

: Yes

**Name: Rahabar**

**Designation: Assistant**

**Department: Tax Advisory Services**

**1. In your experience, what are the tax related problems you find organizations face?**

: The tax laws in Bangladesh are not packaged into a comprehensive booklet. The different laws, combined with rules and SRO maybe too complicated. The legislative authorities are not inclined towards assisting organizations to solving their tax problems. Rather, the NBR is often criticized for disregarding the policies of other departments (i.e., BIDA, BEIPZA) and focus solely on imposing higher tax demands.

**2. Why do you think they face those problem?**

: The lack of cross-communication between different government bodies after prevent a difficulty in claiming benefits of tax exemption, discounts etc. Moreover, local organizations are not keen towards maintaining accounting records as per the prescribed IFRS standards, which often make their accounting non-compliant and unacceptable to the authorities.

**3. According to you, what are the measures they should take to aid those problems?**

: Management may consult with accounting professionals regarding guidelines to prepare accounting records as per IFRS standards. Payment of advance tax and then adjustment of the advance with payables each year will also put the taxpayers at an advantage when dealing with NBR.

**4. Approximately, how many organizations in your experience has tax related problems?**

**(Please give in percentage)**

: Due to unavailability of accurate data, it is impossible to provide a definitive statistic on it. However, based on my experienced working at an accounting firm, most organizations have on-going tax litigation with NBR for more than one issue.

**5. Do you have any tax related work experience?**

: Yes