

Report On

Analysis of VAT collection, distribution, and audit of B-Trac Technologies Ltd.

By

Sayed Raheduzzaman Rashed

18304081

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

Brac Business School

Brac University May 2023

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Declaration

It is hereby declared that,

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

1.2.1 Student's Full Name & Signature:

Sayed Rasheduzzaman Rashed

18304081

1.2.2 Supervisor's Full Name & Signature:

Saif Hossain,

Assistant Professor & Director (BBA Program)

Brac Business School

Brac University

Letter of Transmittal

Mr. Saif Hossain
Assistant Professor & Director (BBA Program)
Brac Business School
Brac University
66 Mohakhali, Dhaka-1212

Subject: Submission of Internship Report

Dear Sir,

I am pleased to submit my internship report as a requirement for the completion of my bachelor's degree. The report provides an overview of my five-month internship experience at Bangla Trac Technologies Ltd., where I worked as a VAT intern.

I am grateful to you for the guidance and support you have provided. I would like to thank you for providing me numerous consultation hours, your precious thoughts, suggestions, and the feedbacks which help me to polish a presentable and exciting report. This paper summarizes my contribution as an intern at BTTL, in addition to that an introduction to the company and research on the topic of "Analysis of VAT collection, distribution, and audit of B-Trac Technologies Ltd."

Throughout my internship, I had the opportunity to work on various projects like 'AT Refund'; 'Work Schedule on SAP Update', 'BTTL Cricket League-2023'; 'Nexus Of learning' and collaborate with different teams of multiple departments, which gave me a comprehensive understanding of the company's operations. I have gained numerous ideas on company culture, ethics and values, workforce environment and business techniques and strategies, which I believe will guide me with positivity.

Sincerely Yours,

Sayed Rasheduzzaman Rashed

18304081

Brac Business School

Brac University

Date:

Non-Disclosure Agreement

This agreement is made and entered into by and between B-Trac Technologies Ltd. and the undersigned student at Brac University, Brac Business School.



Sayed Rasheduzzaman
Executive (F&A)

Sayed Rasheduzzaman Rashed

Executive- Finance & Accounts

B-Trac Technologies Ltd.



29. August - 2022 **Md. Salahuddin**
Sr. Executive VAT

Md. Salahuddin

Senior Executive- Finance & Accounts

B-Trac Technologies Ltd.

Acknowledgement

I would like to express my sincere gratitude to Bangla Trac Technologies Ltd., for providing me with the opportunity to complete my internship under the super active and efficient workforce. Truly, it has been an invaluable experience to recall.

Next, I am grateful to Md. Salahuddin, a Senior Executive (Finance & Accounts) at BTTL, for providing me with essential feedback and advice on my work. His input has helped me to improve my skills and enhance the quality of my work.

Furthermore, I would like to extend my special gratitude to Mr. Saif Hossain, an assistant professor at Brac Business School, for his guidance, support, and encouragement throughout my internship. His insights and expertise have been prominent as well as noteworthy in my learning and development.

I would also like to acknowledge the contribution of my colleagues at BTTL, who have been welcoming and supportive throughout my internship journey. Their insights and perspectives have helped me to gain a deeper understanding of the workforce environment and the dealings of the company.

Lastly, I would like to thank my family and friends for their support and encouragement on this splendid academic journey. Their support has been precious, and I am grateful for their constant encouragement and motivation.

Thank you all for your support and guidance during my internship.

Executive Summary

This internship report provides an overview of BTTL's VAT recording, collection, and distribution related activities and how they are impacting the company's performance. The report analyzes the company's VAT related approaches, audit reports, SROs provided by the NBR.

The research methodology involved primary and secondary research. The findings reveal that BTTL's VAT related approaches are well organized, they practice VAT as per as described in the SRO's both for their imported products and the products they sell into the market. Significantly, they are allowed to claim a refund from the money they have paid at the import Stage (Which is claimable on AT).

The report also recommends that the VAT audit and investigation plays a vital role in preventing unethical practices. Due to supervision of custom officers, it is quite clinically evaluated whether the VAT-payers are obeying all the SRO's and regulations which are provided especially by the NBR.

Overall, the report concludes that managing all the regulatory orders and documentation of VAT in different books is crucial for BTTL. Prominently, they are well ahead in the management of this complexity. In every financial year there come numerous changes in the SROs like new exemptions or non-exemption on the products, changes of rates on different stages of business activities, regulatory ordinance on AT refund and other changes or addition of laws. To avoid any mistakes in the documentation, it is equally important for the respective personnel to include these changes along with the instructions provided by NBR.

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List of Acronyms

S/N	Acronyms	Detail
1	AT	Advance Tax
2	BIN	Business Identification Number
3	BOE	Bill of Entry
4	BTTL	Bangla Trac Technologies Ltd.
5	IGW	International Gate Way
6	MFP	Multi-Function Printer
7	NBR	National Board of Revenue
8	NID	National Identification Number
9	SAP	Systems, Applications & Products
10	SFP	Simple Function Printer
11	SRO	Statutory Regulatory Order
12	VAD	Value Added Distributor
13	VAT	Value Added Tax
14	VB	VAT Base
15	VDS	Value Deducted at Source

1 Chapter 1

1.1 Student Information

I am Sayed Rasheduzzaman Rashed, Student ID: 18304081. Currently, I am enrolled in the BBA program, and I have successfully completed my major in Finance and minor in Accounting. I enrolled in the undergraduate program in 2018 during summer session, and now I have planned to complete my graduation along with the submission of my internship report.

1.2 Internship Information

1.2.1 Period, Organization Name, Department & Address

I worked as a “VAT Intern” in the VAT team of the Finance & Accounting department. I started my internship on June 6, 2021. The present address of B-Trac Technologies Ltd. is House 102, Road 13/C, Block E, Banani, Dhaka 1213.

1.2.2 Internship Organization Supervisor’s Information

As an intern in the VAT team under the Finance & Accounting department at B-Trac Technologies Ltd., I worked under the supervision of Md. Salahuddin, who is presently serving as the Senior Executive at B-Trac Technologies Ltd.

1.3 Job Scope

The office hours started from 9.00 AM and lasted till 6:00 PM, 5 days a week except Fridays and Saturdays. In the initial few weeks, I was given enough room to build communication with the team. My supervisor along with other colleagues helped me to feel comfortable and helped me to adjust with the work environment. My supervisor engaged me with multiple activities like I was assigned to prepare different VAT books like Mushak 6.3(VAT Invoice), Mushak 4.3(Price Declaration), and Mushak 6.2.1 (Input-Output Calculation). Moreover, I had to visit VAT office at least twice a week for the submission of VAT documents, discussion on refund calculations and other official requirements.

1.4 Internship Outcomes

I received some responsibilities to complete as an intern. These are the things I did as an intern.

1.4.1 Contribution towards organization

- Preparing Mushak 4.3 (Price Declaration)

Mushak 4.3 is prepared to announce the price of a product. To do so, the first step is to screen the bill of entry documents and find out the quantity, VAT base value of the purchased products in accordance with their description. After that, by dividing VB value with quantity we get the per price of the product. Followingly, we add percentage addition with the per price and finally declare the products price. According to SROs, we should add 33.34% as an addition but often the additional percentage relies on the selling price of the products. Often, we have to add even 1% addition, but it arises a matter of great debate with the custom officers. Prominently, we declare 4.3 only for the products in which we practice 15% VAT on Sales.

উপকরণ-উৎপাদন সহগ (Input-Output Coefficient) ঘোষণা
(নিম্ন ২১ রূপ)

প্রতিষ্ঠানের নাম	B-TRAC TECHNOLOGIES LIMITED			মূসক-৪.৩
ঠিকানা	Plot # 68, Block # H, Road # 11; Banani PS; Dhaka - 1213;			
বিন	000280218-0101			
নথিভুক্ত তারিখ	7/31/2022			
ঘোষিত সহগ অনুযায়ী পণ্য হুম	8/15/2022			
দরবরাদ্দে তারিখ				

ক্রমিক সংখ্যা	পণ্যের এইচ.এস কোড	সরবরাহেত্তব্য পণ্যের নাম ও কর্তৃপক্ষ (পণ্যের ক্ষেত্রে ব্র্যান্ড নামসহ)	সরবরাহের একক	একক পণ্য সরবরাহে ব্যবহার্য যানসহ উপকরণের/ কাঁচামালের ও প্যাকিং সামগ্রীর বিবরণ, পরিমাণ ও ক্রয়মূল্য (উপকরণ ভিত্তিক অপচয়ের শতকরা হারসহ)					মূল্য সংযোজনের বিবরণ		মতলা
				বিবরণ	অপচয়সহ পরিমাণ	ক্রয় মূল্য	অপচয়ের পরিমাণ	শতকরা হার	মূল্য সংযোজনের বাত	মূল্য	
১	২	৩	৪	৫	৬	৭	৮	৯	১০	১১	১২
01	8518.30.00	Logitech Z906-Speaker	Pcs	Raw Materials Logitech Z906-Speaker	100 Pcs	10,729.06	-	0%	Value Addition Salary & Wages	536.56	
									Port Charge	357.71	
									Bank Charges	250.39	
									Depreciation	250.39	
									Loading and Unloading (Labour Bill)	143.08	
									Maintenance & Repair	143.08	
									Warehouse Rent	143.08	
									License & Renewal	35.77	
									Transport	107.31	
									C & F Commission	143.08	
									Insurance	143.08	
									Electricity	143.08	
									Telephone	71.54	
									Audit & Legal Fees	71.54	
									Security Service	143.08	
									Courier & Express Mail	71.54	
									Utilities	107.31	
									Delivery Expense	143.08	
									Finance Expense	214.62	
									Profit Margin	357.71	
						Tk. 10,729.06				Tk. 3,577.07	
									Grand Total	14,306.13	

প্রতিষ্ঠান কর্তৃপক্ষের দায়িত্বপ্রাপ্ত ব্যক্তির নাম:

Figure 1 Mushak 4.3 (B-Trac Technologies Limited, 2022)

- Preparing Mushak 6.3 (VAT Invoice)

Mushak 6.3 is provided along with the products to customers which describes the product description, price, VAT amount. Along with that, this document serves as a reference for sale or purchase.

To post on Mushak 6.3, we need to maintain the invoice number accordingly. To do so, I have used

the VLOOKUP formula and generated 'VAT Serial No'. These serials are followed by the regular sales transactions. So, these VAT serial numbers will be considered as invoice numbers correspondingly.

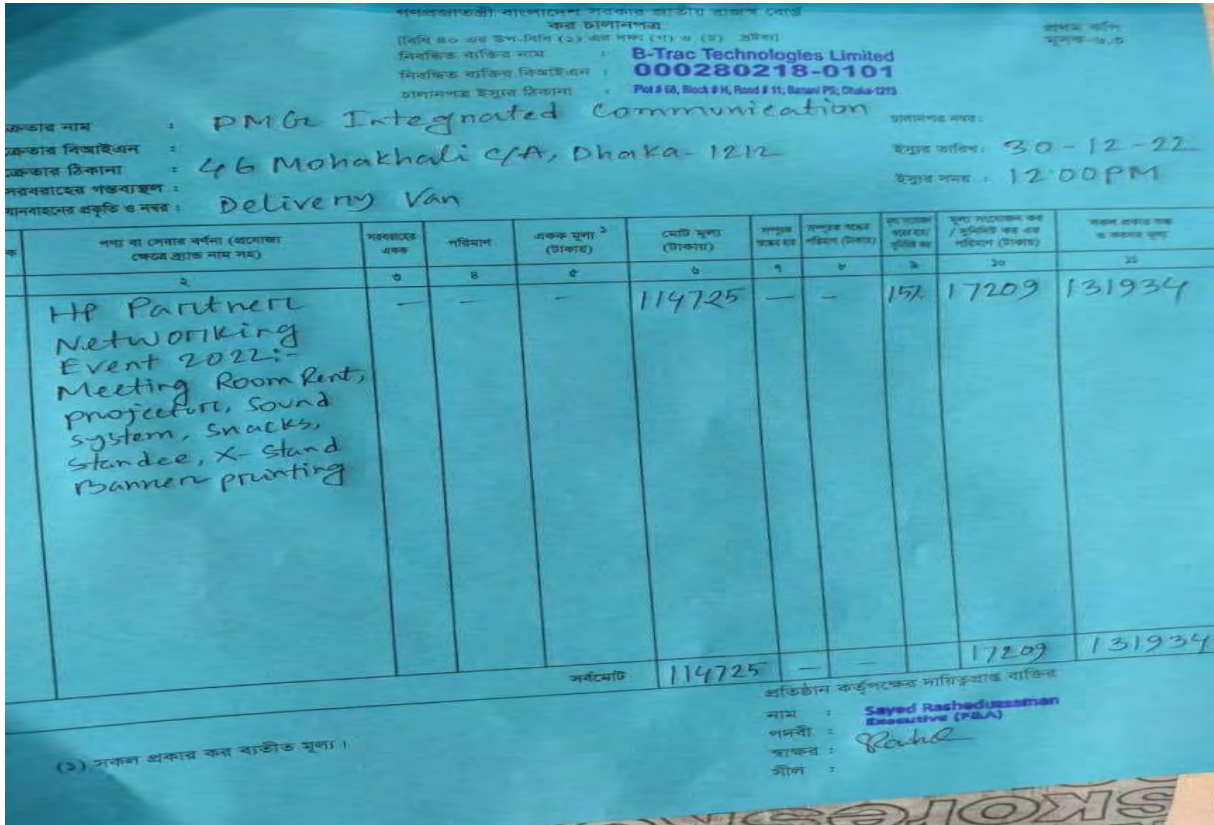


Figure 2 Mushak 6.3 (B-Trac Technologies Limited, 2022)

- Preparing Mushak 6.2.1 (Purchase-Sales book)

After price declaration and the recording of sales, the following step is to record the purchase and sales of goods. To update this form, I have screened BOEs to get the purchase data as well as master sales report.

Significantly, each product is recorded separately in respect of their purchase and sales information. By giving a preview of this form anyone can get an idea about the opening stock of the goods as well as the

closing stock in a particular financial year. So this book represents the summary of purchase and sales.

শেখার হোসেন চৌধুরী বাংলাদেশ সরকার																									
জাতীয় রাজস্ব বোর্ড																									
প্রতিষ্ঠানের নাম : B Trac Technologies Limited প্রতিষ্ঠানের ঠিকানা : Plot # 68, Block # H, Road # 11, Banani PS, Dhaka-1213 যুগ্ম নথি সংক্রান্ত নং: 000280218-0101										জর - নিজস্ব বিক্রয় পুস্তক (পাণ্ডা বা সেবা প্রতিষ্ঠানকে সম্পূর্ণ মালিকানাধীন বা তহবিলভিত্তিক বস্তুর প্রবেশ) (বিধি ৪০ এর উপ-বিধি (১) এর দফা (ক) এবং ৪১ এর দফা (খ) প্রযোজ্য)					For The Financial Year-2021-2022 LOGITECH H940-USB Headset					মুদ্রা: ৬.২.১					
ক্রমিক সংখ্যা	তারিখ	বিক্রয়যোগ্য পণ্যের বিবরণ		জর	মোট গুণ	বিক্রয়ের স্থান			জর প্রদানকারীর/সি জর গ্রহীতার ঠিকানা		বিক্রয়/প্রদানের পারের বিবরণ				ক্রয়ের স্থান			বিক্রয় প্রদানকারীর পারের বিবরণ		মুদ্রা					
		বিবরণ	পরিমাণ (একক)			পরিমাণ (একক)	মূল্য (কোন হেজার সহ প্যারিট)	পরিমাণ (একক)	নাম	ঠিকানা	সি/সি/সি সি/সি/সি/সি সি/সি/সি/সি/সি	নম্বর	তারিখ	বিবরণ	পরিমাণ (একক)	মূল্য (কোন হেজার সহ প্যারিট)	মুদ্রা (বিধি ৪০(ক))	নাম	ঠিকানা		সি/সি/সি/সি/সি সি/সি/সি/সি/সি/সি/সি	নম্বর	তারিখ	পরিমাণ (একক)	
(১)	(২)	(৩)	(৪)	(৫)	(৬)	(৭)	(৮)	(৯)	(১০)	(১১)	(১২)	(১৩)	(১৪)	(১৫)	(১৬)	(১৭)	(১৮)	(১৯)	(২০)	(২১)	(২২)	(২৩)	(২৪)		
01	18-Apr-22		PCS	1,500	PCS	1,140,141	PCS	Moto Trading And Co.PTE.Ltd	Singapore	-	708374	18/4/2022													
	6/28/2022		1500	PCS	PCS	1500	PCS						12	Pos	67,843	2,857									
	2022-07-03		1488	PCS	PCS	1488	PCS						3	Pos	6857.4286	342.8574286	Hai Traders					31/Ju/22	1485	Pos	Closing Balance
	2022-07-04		1488	PCS	PCS	1488	PCS						2	Pos	4571.42857	228.574286	SMS IT World					4/Ju/22	1483	Pos	Closing Balance
	2022-07-27		1483	PCS	PCS	1483	PCS						3	Pos	6857.4286	342.8574286	SMS IT World					27/Ju/22	1480	Pos	Closing Balance
	2022-07-27		1480	PCS	PCS	1480	PCS						5	Pos	11428.5714	571.4285714	Hai Traders					27/Ju/22	1475	Pos	Closing Balance
	2022-07-31		1475	PCS	PCS	1475	PCS						3	Pos	6857.4286	342.8574286	Hai Traders					31/Ju/22	1472	Pos	Closing Balance

Figure 3 Mushak 6.2.1 (B-Trac Technologies Limited, 2022)

- Checking Warehouse Inventory

I was assigned to cross check the amount of inventory on a day-to-day basis. To keep record of that, I had to keep my eye on office email to be updated about the regular sales as well as purchase of goods. Besides, with my findings I had to submit a report daily to my supervisor which contains information about warehouse inventory as well as purchases and sales.

- Visiting VAT office

I used to visit the VAT office for at least a week to submit monthly VAT return file, price declaration papers, AT refund reference calculation, consult with the VAT officer etc.

1.4.2 Benefit of the student

As an intern, I had a lot to learn and fortunately I received the same treatment as a full-time worker. As a result, I gained ample knowledge of VAT procedures and how they work in practice. Moreover, I had to study SROs, theories on various concepts like AT refund calculation, VDS payment, price declaration, VAT return etc. on a day-to-day basis to balance my work life.

B-Trac Technologies Ltd. provided a fantastic learning opportunity. I had successfully performed VAT procedures in the real world. I also learned how to create the necessary VAT Mushak (VAT forms). I also learned how to explore vast volumes of data for meaningful insights. In addition to that, I had to examine the monthly sales and purchase information. Initially, it was really challenging for me to work through the enormous amount of data. Eventually, with the help of my supervisor, I was able to compile relevant data and produce a presentable monthly report as per requirements. Moreover, I had practiced several Excel functions like "V-Lookup," "X-Lookup," "sum if," "count if," etc. to generate required report. I must add the reference of university courses like 'Visual Programming for Business', 'Management Accounting', 'Financial Management', 'Business Law', 'Business Environment' etc. helped me a lot to cope with the practical scenario.

Consequently, I had gained both practical and conceptual knowledge from my internship, and I firmly believe that these experiences will help me in my career.

1.4.3 Problems and difficulties during internship

The entire internship experience was amazing, especially as I got full support from my supervisor.

Hence, initially it was quite challenging for me to communicate with people from other departments. Later, I was successful in building a positive communication channel which helps to clarify my work-related queries. Overall, I must say it was a wonderful work experience.

1.5 Recommendation

I consider myself lucky as I got the opportunity to work at such a company where departments and work schedules are clinically organized and managed. Besides, I am really surprised with the work environment and the departmental code of conduct. Like, all the employees of our company call each other 'bhaiya or bhai' regardless of their designation. I thought I had to pronounce everyone as "Sir", but I was wrong. Honestly, this way of communication attracted me a lot and there were so many facilities and motivating factors that urged me to accept the Job offer. Currently, I have been promoted to Executive of Finance and Accounts.

Yes, I am recommending this company for the fresh university students to join. Certainly, they will be treated fairly with their performance and quality.

Chapter 2

2.1 Organization Part: Overview, Operations, and a Strategic Audit

2.2 Introduction

2.2.1 Objective

This study focuses on the following elements:

- presenting an in-depth summary of BTTL
- demonstrating product, customers, competitors, suppliers
- presenting the most recent financial analysis of BTTL
- highlighting the departmental hierarchy, functions of BTTL
- presenting MIS analysis, SWOT analysis, porter five forces analysis.

2.2.2 Methodology

Starting with the topic selection and ending with the writing of the final report, the study is successfully carried out in a systematic manner. Finding and gathering data was a crucial task to speak since the information of BTTL is private and securely stored as well as strictly maintained. Moreover, most of the important points and facts were found through methodical classification, analysis and effective discussions with different departments of BTTL. The overall technique used in the study is described in more detail.

Primary Sources:

From the practical deskwork, primary data is derived. By asking employees of several departments like HR, Procurement, Sales, Marketing, Admin and security, Finance, and accounts etc., I have gathered private and confidential information like organizational hierarchy, description of products, partners etc.

Secondary Sources:

1. **Internal Sources:** various circulars, manuals, and audit files that the organization has submitted, as well as various documents that concerned officers of different departments have provided.
2. **External Sources:** different websites and facebook pages that are relevant to other concerns and online resources.

2.2.3 Scope

The main objective of the study is to fully capture a general evaluation of BTTL. In this study, the stakeholders of B-Trac Technologies are identified. This report highlights the idea of how the value-added distributor operates in detail. It presents the company's financial situation and comparative analysis and interpretation of financial performance from 2019 to 2012. Along with that, information on the goods and services is included in the report. A brief description of the Bangla Trac Group is also included in this paper. Besides, different analysis like MIS, SWOT, and porter five forces are included as well.

2.2.4 Limitations

Unfortunately, I had to face numerous restrictions while writing my report. First of all, collecting information from various departments was not possible because of the sitting places of employees of different departments as well as many of the employees were not interested to share or discuss. Secondly, they have a warehouse that is located far from the corporate headquarters. As a result, I was unable to acquire warehouse-related information. Along with that, their human resources department has a remote office. For this, I cannot obtain updated information about the policies and organizational hierarchy. Information on B-Trac Technologies Ltd. and the Bangla Trac Group is gathered from online sources and consultation with employees of different departments. Due to this complexity, some assumptions were made based on detailed consultation with my site supervisor.

2.3 Overview of the Organization

2.3.1 Background

As a leading Value-Added Distributor in Bangladesh, B-Trac Technologies Ltd. enables businesses and individuals to connect with the power of technology. Prominently, they are the official distributors of Top technology manufacturers like AVITA, Dell Technologies, HP, Microsoft, Nexstgo, Panasonic & RSA, Blackbox, Logitech etc.

Technology items and services have a significant market in Bangladesh. For frequent and professional use, technological goods like desktops, laptops, monitors and their accompanying components are crucial. These products are sold under a selected number of well-known global brands that enjoy widespread popularity. However, these companies do not produce their goods in Bangladesh. There are just a few local businesses who formally import these hot brands to meet domestic demand, one of them is B-TRAC Technologies.

The Bangla Trac Group owns B-Trac Technology. It was founded in 2014. Its corporate headquarters is in Dhaka's Banani. It has a warehouse and service center located at Tejgaon, Dhaka. Approximately, there are 70–80 employees at BTTL. Also, they have another warehouse located in the city of Chittagong. Moreover, they have appointed divisional sales representatives and successfully they are selling and distributing products almost all over the arena of our country. As a value-added IT distribution company, they are growing at a rapid speed and the distribution support they had provided at the time of Covid-19 is praiseworthy and widely acknowledged by the resellers and shop owners. Significantly, BTTL is firmly focused on providing comprehensive IT solutions. (B-Trac Technologies Ltd., 2014)

2.3.2 Bangla Trac Group

As one of the first three licensed private IGWs in Bangladesh, Bangla Trac Group began its adventure in 2008 with the commercial launch of its IGW operation. Over the past ten years, the path has changed due to the portfolio's vertical and horizontal diversity.

ICT & Power are two broad categories into which the group's current business portfolio can be divided. With its presence in voice and data communication, IOT, cloud, big data, and BPO, Bangla Trac is a well-known brand in the local and global ICT sector. (Bangla Trac Group, 2007)

2.3.3 Vision Mission and Objectives

Every business needs a goal and a common vision. A corporation survives according to its

mission and vision. It has been essential for B-Trac Technologies Limited to have a shared vision.

2.3.3.1 Vision Statement

“A dynamic global company driving stakeholders’ success through excellence, integrity, humility & people leadership.” (B-Trac Technologies Ltd, 2014)

2.3.3.2 Mission Statement

“We are committed to enable our partners in achieving their business & digital goals through innovative solutions & service excellence while ensuring sustainable growth & stakeholders’ value.” (B-Trac Technologies Ltd, 2014)

2.3.3.3 Values

- People First
- Customers Success
- Excellence through Humility
- Integrity
- Innovation
- Environmentally Responsible. (B-Trac Technologies Ltd, 2014)

2.3.4 Products

Desktop

1. Dell Optiplex 3060 Minitower TPM enabled i5 (8th Generation)
2. Dell Optiplex 3080 Tower i3 (10th Generation)
3. Dell Optiplex 3080 Tower i5 (10th Generation)
4. Dell Optiplex 3080 Tower i7 (10th Generation)
5. Dell Optiplex 5080 Tower i7 (10th Generation)
6. Dell Vostro 3888 Tower i5 (10th Generation)
7. HP 280 Pro G8/MT/ Intel Core i3
8. HP 280 Pro G8/MT/Intel Core i5

9. HP 280 Pro G6/MT/Intel Core i3
10. HP 280 Pro G6/MT/Intel Core i5
11. HP 280 Pro G6/MT/ Intel Core i7

Source: (B-Trac Technologies Ltd, 2014)

Laptop

1. Dell Latitude 3420
2. Dell Latitude 5420
3. Dell Latitude 7420
4. Dell Latitude 5320
5. Dell Latitude 5420
6. Dell Latitude 5520
7. Dell Latitude 9420
8. Dell/INP 3501 (11th Generation Intel Processor)
9. Dell/INP 3505 (AMD Ryzen)
10. Dell Inspiron 3511
11. Dell Inspiron 5310
12. Dell Inspiron 5410
13. Dell Inspiron 5510
14. Dell Inspiron 5515
15. Dell Vostro 3400
16. Dell Vostro Notebook 3500

17. HP Envy 13
18. HP Envy X360 Conv 13
19. HP Pavilion 13
20. HP Pavilion X360 14
21. HP Pavilion Aero 13
22. HP/14S DQ2095TU
23. HP/15S-DU3025TU
24. HP/15S-EQ1167
25. HP/15S-DU3025TU
26. Avita Essential
27. Avita Liber V
28. Avita Magus

Printer & Scanner

1. HP Deskjet IA 2135 All in one
2. HP Laserjet
3. HP Laserjet Enterprise Printer
4. HP/IT-500 INKTANK – MFP
5. HP Smart Tank 515 All in One Printer
6. HP-M12W/LASERJET-SFP

Server

1. Dell Poweredge T140
2. E R340
3. Dell Poweredge XR12

Software

1. Kaspersky Endpoint Security for Business
2. Microsoft®Windows Server STD CORE 2019 Government OLP
3. Microsoft®Exchange Server Enterprise 2019 Sngl OLP
4. Microsoft Windows 10 Pro 64bit
5. Microsoft Office Home and Business 2019
6. Microsoft®Azure Subscription Services Open

Additional Products:

1. Server Accessories
2. Laptop & Desktop Accessories
3. Printer Accessories
4. Services and support

Source: (B-Trac Technologies Ltd, 2014)

2.3.5 Customer

B2C: B-Trac Technologies sell their products to retailers all over Bangladesh. Moreover, they have allocated divisional salespersons, which has eventually made it easier to capture almost the overall IT market of our country.

B2B: B-Trac Technologies sell their products directly to other organizations for their internal purposes.

(B-Trac Technologies Ltd, 2014)

2.3.6 Partners

B Trac Technologies is a recognized distributor for global manufacturers of technology. They are known as B-Trac Technologies Ltd.'s international partner.



Figure 4 International partner 1



Figure 5 International partner 2



Figure 6 International partner 3



Figure 7 International partner 4

Additionally, BTTL purchases desired goods from domestic suppliers. They offer all tech support and products to other Bangla Trac problems. Without these partner products, they must supply other tech products to the market and their own organization demands. (B-Trac Technologies Ltd, 2014)

2.3.6.1 Local Partners of B-Trac Technologies Ltd

All of B- Trac Technologies' retail and business customers have been designated as partners. These companies work as contracted partners with B-trac. They are BTTL's top customers, and BTTL procures all necessary goods at discount rates. Below are a few of BTTL's esteemed partners:



Figure 8 Local partner 1



Figure 9 Local partner 2



Figure 10 Local partner 3

(B-Trac Technologies Ltd, 2014)

2.3.6.2 Competitors

1.



Figure 11 Competitors 1

2.



Figure 12 Competitors 2

3.



Figure 13 Competitors 3

(B-Trac Technologies Ltd, 2014)

2.3.7 Organizational Hierarchy of B-Trac Technologies Ltdaa

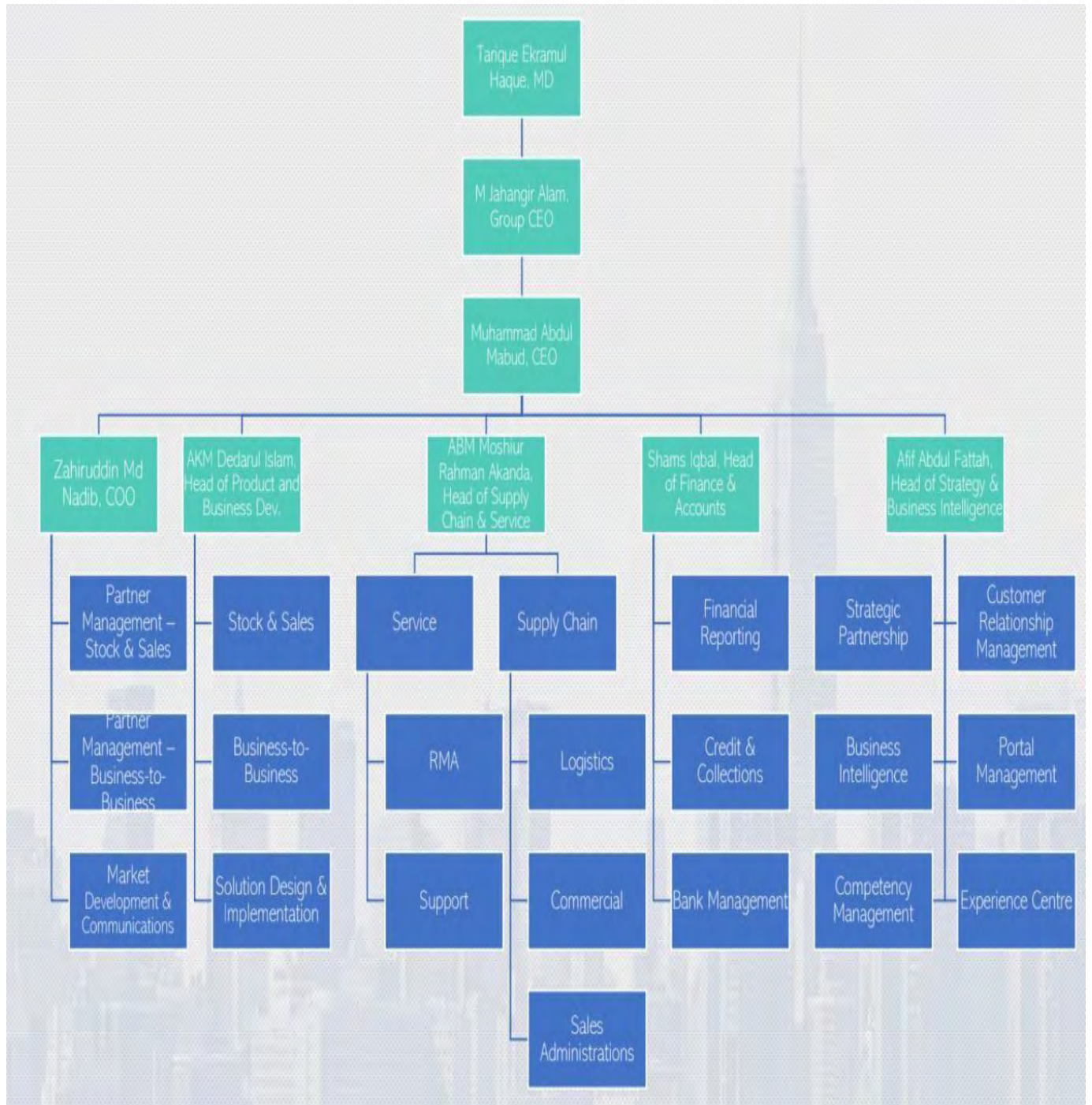


Figure 14 Organizational Hierarchy (B-Trac Technologies Ltd, 2014)

This figure illustrates the structure and arrangement of positions, roles, and responsibilities and establishes a formal framework for the distribution of authority, decision-making processes, and communication channels. The hierarchy outlines the levels of management, supervision, and reporting relationships that exist within the organization.

2.3.8 2.8.1 Departmental Hierarchy

Head of department



Deputy Manager



Assistant Manager



Senior Executive



Executive



Junior Executive

This flow depicts the common scenario that is maintained in all the departments of BTTL. Besides, there might be some addition of personnel in different departments based on their needs. For example, in our Finance & Accounts department I have noticed that we have a cash collection team which consists of five members. These five members are supervised by a junior executive, and he reports directly to his dedicated Senior Executive.

2.3.9 Functions as a Value-Added Distributor

BTTL is a value-added distributor for many major international technology companies. The term "value added distributor" is new in the business sector. Companies today rely on value added distributors for simple customer service, logistics, and expanding their business globally. It differs from a general distributor in some ways.

Prominently, they function as the intermediaries between vendors and the rest of the market. To sell the technology in large quantities, they typically buy things in bulk from vendors. Distributors essentially provide the technology to several sales channels and distribute the sales among reseller businesses that serve customers.

In addition to that, they offer skills and services to reseller networks, usually referred to as channel partners, who advertise and sell vendor products.

In contrast to general distributors, they offer extra service and support on top of product delivery. Moreover, their after-sales service and support are well acclaimed by potential customers and parties.

Often, they provide competitive pricing, technical assistance, and product knowledge to resellers. Distributors, on the other hand, primarily manage the whole volume of all technology transactions with the aim of supplying the product to resellers solely.

2.3.10 Worth as a Value-Added Distributors

When implementing a new technology, VADs are essential components. Innovative product vendors can profitably reach their target customers with the help of the right VAD partner and tested sales and marketing techniques.

The market is filled with similar technology products. Single-channel or direct sales are a thing of the past; multi-vendor business models are gradually supplanting them in many sales funnels. Multidisciplinary

ecosystems perform a lot more than just keeping IT processes running.

2.3.11 Benefits of Value-Added Distributor

According to (Heller, 2020, p. 1),” If you’re like most distributors, you already provide several value-added services at no cost to your customers. But have you analyzed the cost and value of those services? Chances are, you need to get more intentional about delivering, marketing, and monetizing them.”

Benefits:

1. Get multiple services at one place,
2. Wide range of Options,
3. Save time,
4. Get complete solution,
5. Empower and educate customers,
6. Receive more attention,
7. Low upfront cost,
8. Established customer,
9. Scalable model.

(Benefits of Working with Value Added Resellers (VARs), 2017)

2.4 Financial Performance (2019-2021)

2.4.1 ROE

ROE	2019	2020	2021
Net Income	27,624,446	64767775	176,606,936
Total Equity	219,955,189	279600901	456,207,837
ROE	12.56%	23.16%	38.71%

(B-Trac Technologies Ltd, 2019) (B-Trac Technologies Ltd, 2020) (B-Trac Technologies Ltd, 2021)

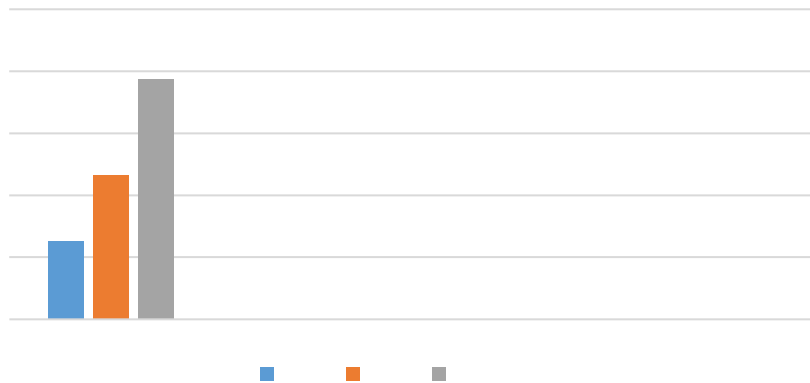


Figure 15 ROE

It stands for return on equity. This return refers to the amount of net income produced relative to the equity's total. B-Trac Technologies Ltd.'s return on equity is 12.56 percent in 2019; it rises to 23.16 percent in 2020 and to 36 percent in 2021.

2.4.2 ROA

ROA	2019	2020	2021
Net Income	27,624,446	64767775	176,606,936
Total Asset	798,827,825	1620455137	1,824,142,168
ROA	3.46%	4.00%	9.68%

(B-Trac Technologies Ltd, 2019) (B-Trac Technologies Ltd, 2020) (B-Trac Technologies Ltd, 2021)

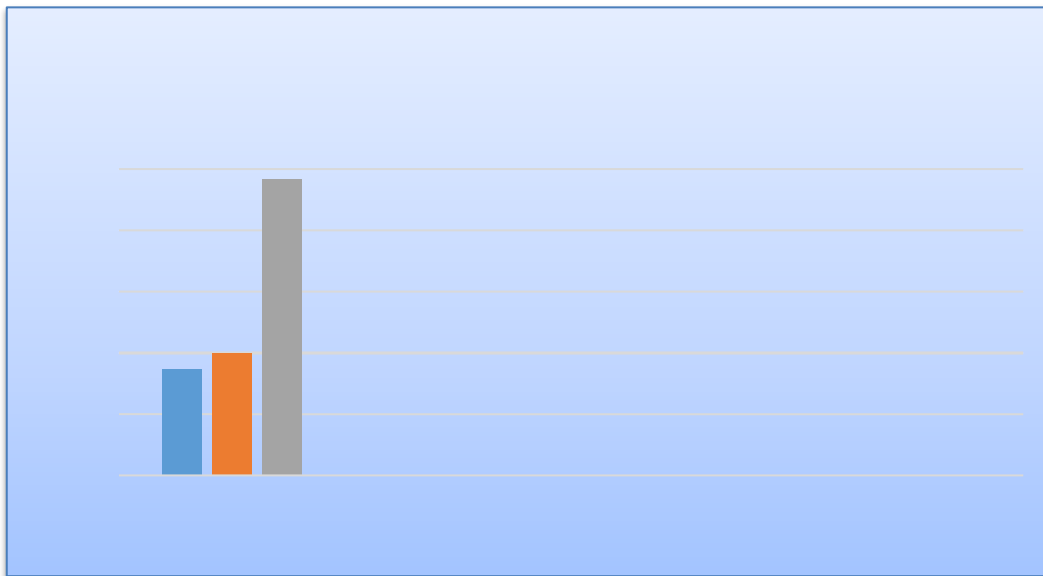


Figure 16 ROA

It shows a return on investment. This return refers to the ratio of net income to total assets. The return on assets (ROA) for B-Trac Technologies Ltd. in 2019 is 3.46%; in 2020 it is 4.00%; and in 2021 it is 9.68%.

2.4.3 Current Ratio

(B-Trac Technologies Ltd, 2019) (B-Trac Technologies Ltd, 2020) (B-Trac Technologies Ltd, 2021)

Current Ratio	2019	2020	2021
Current Assets	790710913	1,793,347,768	1,609,233,424
Current Liabilities	578872636	1,367,934,331	1,367,934,331
Current Ratio	1.37	1.31	1.18

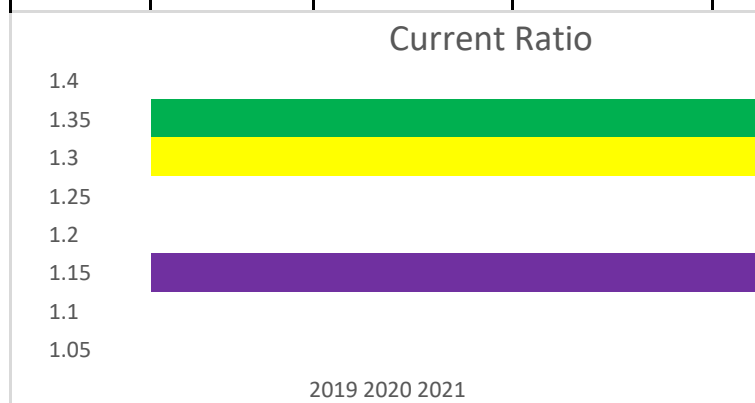


Figure 17 Current ratio

The current ratio assesses a company's capacity to cover short-term debt, or that which is due in less than a year. The current ratio is 1.37 in 2019. It shows that the company can pay its current debt. It drops to 1.31 in 2020 and then progressively drops to 1.18.

2.1.1 Total Debt to Assets

(B-Trac Technologies Ltd, 2019) (B-Trac Technologies Ltd, 2020) (B-Trac Technologies Ltd, 2021)

Total Debt to Assets	2019	2020	2021

Total Debt	578872636	1,340,854,236	1,367,934,331
Total Assets	798,827,825	1620455137	1,824,142,168
Total Debt to Assets	0.72	0.83	0.75

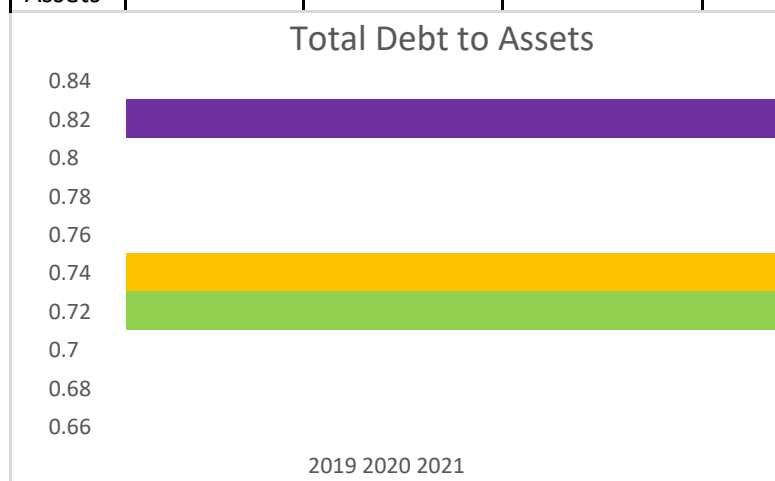


Figure 18 Total Debt to Assets

The debt-to-total-assets ratio illustrates how much of a company's assets are owned by shareholders vs creditors (those from whom it has borrowed money). The ratio of total debt to assets in 2019 is 72%. It shows that debts account for 72% of total assets. It rises to 82% in 2020 and falls to 75% in 2021.

2.4.4 Quick Ratio

Quick Ratio	2019	2020	2021
Cash & Cash Equivalentents	60,420,430	33,824,368	94,921,829
Account Receivables	321,157,482	725,496,033	879,765,750
Current Liabilities	578872636	1,367,934,331	1,367,934,331
Quick Ratio	0.66	0.56	0.71

(B-Trac Technologies Ltd, 2019) (B-Trac Technologies Ltd, 2020) (B-Trac Technologies Ltd, 2021)

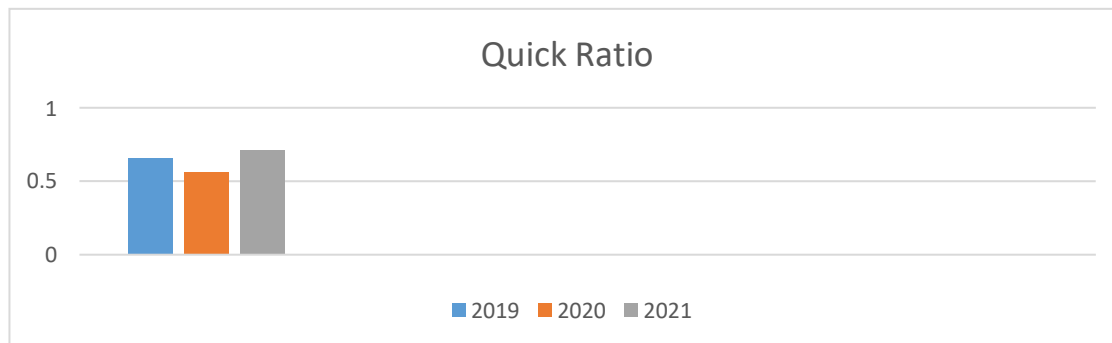


Figure 19 Quick Ratio

The quick ratio evaluates a company's ability to cover its short-term obligations without having to sell goods or seek further funding. The quick ratio in 2019 is 0.66. That indicates that BTTL lacks the ability to pay their current debt without liquidating their inventory. In 2020, it falls to 0.56, and in 2021, it rises to 0.71.

2.4.5 Net Profit Margin

Net Profit Margin	2019	2020	2021
Revenue	1088330722	1471003337	2950928974
<u>Profit After Tax</u>	27643600.3	64767775	176606936
Net Profit margin	2.54%	4.40%	5.98%

(B-Trac Technologies Ltd, 2019) (B-Trac Technologies Ltd, 2020) (B-Trac Technologies Ltd, 2021)

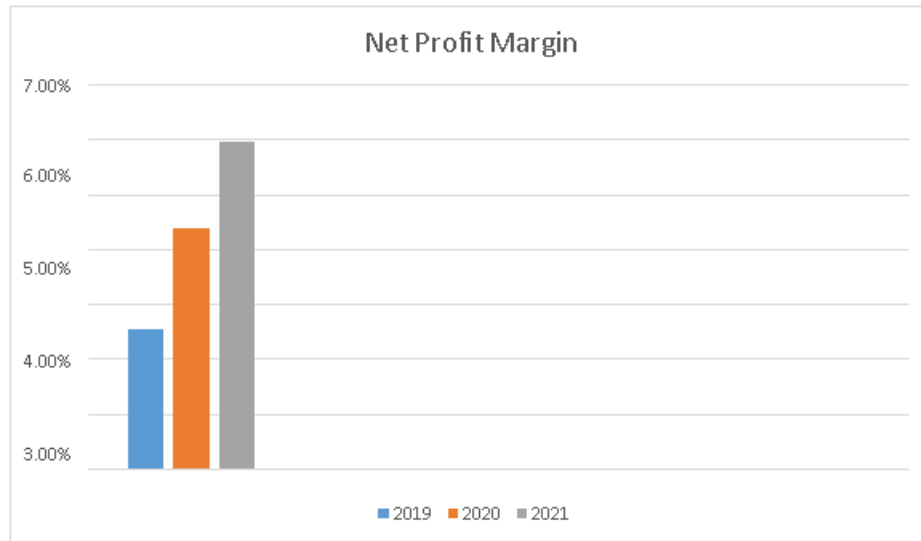


Figure 20 Net profit margin

The amount of net income or profit generated as a percentage of revenue is expressed as the net profit margin, or simply net margin. In 2021, it is 2.54%, which implies that for every 100 takas in revenue, there is a 2.54-taka profit. It rises to 4.40% in 2020, and then rises by about 6% in 2021.

2.5 Different Functions of the organizations

Internal Departments of B-Trac Technologies Ltd

1.Finance

2.Partner Management (B2B)

3.Partner Management (B2C)

4.Supply Chain

5.Product Management

6.Business Development

7. Marketing

8. Service

9. Solution

2.6 MIS Analysis

To record all the data of different departments they use. In this software, all the transactions are recorded by the respective personnel from each department. For example, product purchase data, sales data, purchase and sales return data, list of vendors, list of accounts receivables and payables, daily cashflow, list of expenses etc. Consequently, it generates several types of master report that helps the employees to perform their work with efficiency.

Some of the examples of master data are,

Warehouse Audit Report: This report represents the present balance of the products that are stored in the warehouse. In addition to that, it also provides the ageing period of the products.

Master Sales Report: In this report all the sales data of the company are accumulated along with invoice date, customer name and address, sales, and discount price etc.

Master Purchase Report: This report accumulates all the purchase data of the company along with invoice date, BOE number and date, import details etc.

Master Partner Report: All the information of customers like their name, designation, contact number, address, NID details etc. are recorded.

Moreover, SAP is used to create necessary documents like invoice, Debit Note, Credit Note. In addition to that, it generates periodical financial analysis of the company like monthly, quarterly, annually. So, the advantages of using SAP is many and it's too worthy to speak for the company since the confidential data are recorded in this system.

2.7 SWOT Analysis of BTTL



Figure 21 SWOT Analysis

2.8 Analysis of Porter Five Forces



Figure 22 Porter Five Forces

Chapter 3

3.1 Project Part: Analysis of VAT collection, distribution, and audit of BTTL

BTTL is sensibly following all regulations and acts provided by the government as per as described in 'BD VAT System'. With my findings and working experience as a VAT executive I will try to cover all the necessary descriptions which will provide a detailed idea of the VAT collection, distribution, and audit of my respective company.

3.2 Background

VAT stands for Value Added Tax, which is a tax that is applied to the value added at each stage of the production and distribution of goods and services. In Bangladesh, VAT is governed by the VAT Act 1991 and the VAT Rules 1991.

The standard VAT rate in Bangladesh is 15%, but certain goods and services may be subject to a reduced rate or exempt from VAT altogether. For example, necessities like rice, vegetables, and fish are exempt from VAT, while some essential medicines and healthcare services are subject to a reduced rate of 5%.

Businesses in Bangladesh are required to register for VAT if their annual Vatable turnover exceeds 80 lakh BDT. Once registered, they must charge VAT on their vatable sales and submit the collected VAT to the government on a regular basis, usually every month. In addition to that, they deposit this money into the government treasury account. They can also claim back the VAT they pay on their business expenses, such as raw materials and import of equipment and products, as input tax credit.

In addition to the standard VAT, Supplementary Duty (SD) is a type of excise tax applied to certain luxury goods and services such as cigarettes, alcohol, and cars. The SD rates vary depending on the product or service as well.

Overall, VAT is an important source of revenue for the government and helps to fund public services and development programs.

(Government, National Board of Revenue (NBR), Bangladesh, 2011)

3.3 Objectives

This report aims to present the method and steps that are followed for VAT collection and distribution as well as for the audit completion of B-Trac Technologies Ltd. Followingly, it focuses on five objectives.

Objective#1: To find out the VAT regulations relevant for B-Trac Technologies Ltd.

Method: Internal information of B-Trac Technologies Ltd.

Highlights of findings related to objective#1

- a) VAT registration requirements.
- b) VAT invoicing requirements, VAT rates.
- c) VAT reporting requirements and VAT compliance requirements.

Objective#2: To investigate the VAT calculation and collection methods.

Method: Discussion with the supervisor.

Highlights of findings related to objective:

- a) Ad Valorem Basis, value Addition & composite Basis.
- b) Self-Assessment & E-VAT System.
- c) VAT Withholding at Source, VAT on Imports and Audit.

OBJECTIVE#3: To understand the approaches related to VAT distribution to the government treasury by B-Trac Technologies Ltd.

Method: Consultation with head of Finance.

Highlights of findings related to objective:

- a) Declaration of prices of the imported product by using Mushak 4.3.
- b) Prepare a summary of VAT return by maintaining Mushak9.1(monthly).
- c) Deposit sales VAT (VDS) and VAT on warehouse rent and VAT payment on suppliers to the government treasury (monthly).

Objective#4: To identify steps of VAT Audit.

Method: Internal information of B-Trac Technologies Ltd, Information of Customs, Excise & VAT office.

Highlights of findings related to objective

- a) Notification, preparation, entrance meeting
- b) Fieldwork, audit findings, VAT Audit, audit Report
- c) Assessment and Recovery, appeals, exit meeting, follow-up.

Objective#5:

To find out the challenges and scope of development on collection, distribution, and audit of VAT.

Method: Consultation with supervisor.

Highlights of findings related to objective:

- a) Informal economy, low compliance, inefficient administration, complex laws, weak IT infrastructure; and VAT-payer education, simplification of VAT SROs, strengthening administration, use of technology, enforcement of laws.
- b) Lack of transparency, inequitable distribution, weak institutional capacity, limited public participation, and transparency and accountability, equitable distribution, institutional capacity, public participation, monitoring and evaluation.
- c) Limited resources, complex VAT law, lack of compliance, high levels of corruption; and strengthening the legal framework, investing in technology, increasing public awareness, developing human resources.

3.3.1 **OBJECTIVE#1: To find out the VAT regulations relevant for B-Trac Technologies Ltd.**

BTTL is required to comply with Value Added Tax (VAT) regulations in Bangladesh. Here are some of the key VAT regulations:

- ✚ **VAT registration:** The current limit of VAT registration is BDT 80 Lakh, so any business with an annual turnover of BDT 80 Lakh or more is required to register for VAT in Bangladesh. Most importantly, the VAT-able annual turnover will be taken into consideration. The annual turnover (2014-2023) of BTTL is as follows:

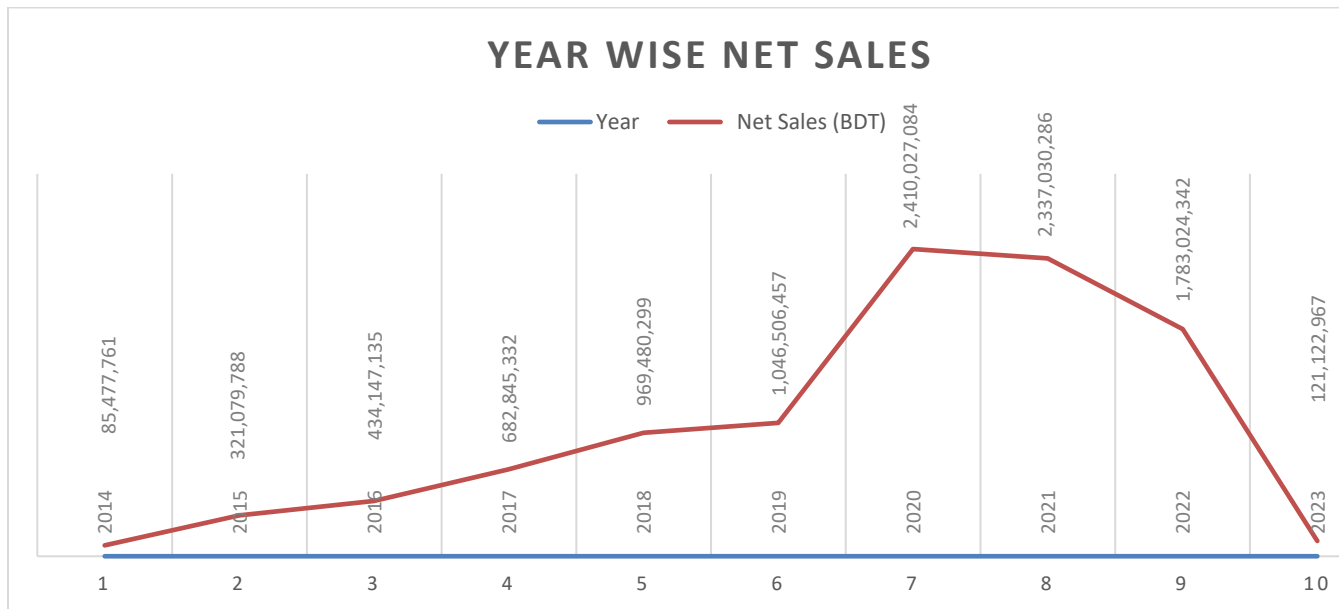


Figure 23 Net Sales (Yearly) (B-Trac Technologies Ltd, 2014)

- ✚ From the above graph, it is evident that BTTL’s Annual Turnover has already met the VAT registration requirements and so they are practicing VAT from the beginning of their business.

- ✚ **VAT rates:** The standard VAT rate is 15%, but certain goods and services are subject to a reduced rate of 5%. BTTL Practices both 15% on the sale of multi-function printers, Monitors above 22 inches, Wireless presenter etc. and 5% on the sale of Accessories like

speaker, headset, webcam, and Ups etc. Moreover, these rates are fixed based on the SROs, provided by the government after every fiscal year.

- ✚ VAT invoices: BTTL issues VAT invoices for all sales made in Bangladesh. These invoices contain specific information, for instance the name and address of the customer, the VAT registration number of the company, VAT amount and the total amount.

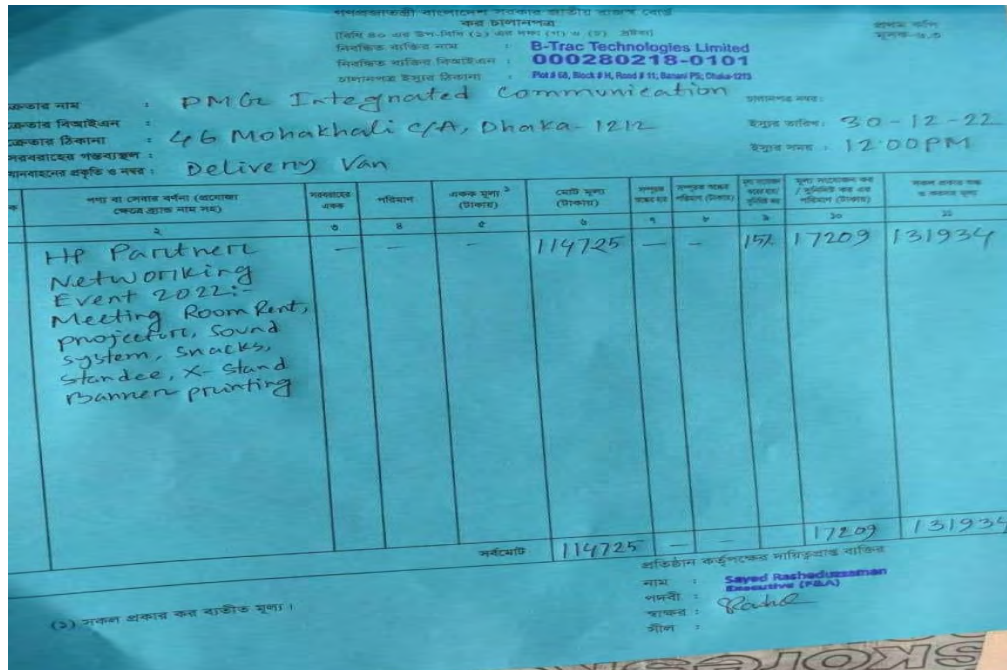


Figure 24 VAT Mushak (B-Trac Technologies Ltd, 2014)

- ✚ VAT returns: For every company it is mandatory to submit VAT returns monthly in respect to its annual turnover. These returns must be filed electronically using the online VAT system as well as submitted manually and filed by the 15th day of the following month. Hence, for a one-day delay, BDT 200 will be posted as VAT penalty for the companies all over BD. BTTL submits VAT return both manually by Submitting the printed copy to the Mohakhali VAT office and electronically through posting on the online portal.
- ✚ VAT refunds: If a company incurs VAT on its purchases or imports, it enters the eligibility list of claiming VAT refund. However, the company must follow specific procedures to claim a refund, and there are strict deadlines for doing so. In addition to that, BTTL claim

input tax credit (ITC) for the VAT paid on their purchases of goods (imports) and services used in their business. This ITC can be offset against the VAT collected from their sales.

- ✚ VAT compliance: It is compulsory for every registered company to comply with all VAT regulations and SROs in Bangladesh. This includes keeping accurate records of all sales and purchases as well as maintaining proper documentation to support respective documents like VAT returns, Price Declaration form, other VAT Books like Mushak 6.3, Mushak 6.2.1 etc.
- ✚ VAT penalties: Any registered company will be subject to penalties and fines for non-compliance with VAT regulations. These penalties may include late filing penalties, highlighting approximated sales and purchase data late payment penalties, posting inaccurate company data, and penalties for failing to register for VAT etc.
- ✚ It's important for businesses operating in Bangladesh to stay up to date on the VAT regulations and requirements to ensure compliance and avoid penalties or fines. Consulting with a VAT professional will successfully the fair participation of VAT obligations.
- ✚ To sum up, it can be said that if the VAT regulations are maintained in a proper way by each company, it will gradually generate revenue for govt., ensure compliance, provide transparency and accountability, promote fairness, encourage investment and economic growth, support social programs.

3.3.2 OBJECTIVE#2: To investigate the VAT calculation and collection methods.

Value Added Tax (VAT) in Bangladesh is calculated based on the invoice value of the products or services. The various VAT computation techniques utilized in Bangladesh are as follows:

- ✚ **Ad Valorem Basis**: Under this method, VAT is calculated as a percentage of the value of goods or services. The standard VAT rate in Bangladesh is 15%. For example, if the invoice value of goods is BDT 500,000, the VAT payable would be BDT 75,000 (15% of BDT 500,000).

(ICAB, 2020)

✚ **Value Addition Basis:** This method calculates VAT based on the value added at each stage of production and distribution. The VAT payable is the difference between the output VAT (VAT charged on sales) and the input VAT (VAT paid on purchases). For example, if a manufacturer purchases raw materials for BDT 75,000 and adds sales value of BDT 40,000, the output VAT at 15% would be BDT 6000 (15% of BDT 40,000) and the input VAT would be BDT 11250 (15% of BDT 75,000). The net VAT payable would be BDT 5250 (output VAT - input VAT).

✚ **Composite Basis:** This method is applicable to small businesses with an annual turnover of less than BDT 3 million. VAT is charged at a flat rate of 4% on the total invoice value of goods or services.

It is important to note that VAT payment is made by the end-consumer and is collected by businesses on behalf of the government. Businesses are required to register for VAT with the NBR and issue VAT invoices to their customers. The NBR also provides guidance and support to businesses on VAT compliance and calculation.

Moreover, NBR is responsible for collecting VAT in Bangladesh. Here are some of the VAT collection methods used in Bangladesh:

✚ **Self-Assessment System:** Under this system, businesses are required to assess their own VAT liability and file their returns on a monthly or quarterly basis. Moreover, the NBR conducts regular audits to ensure that businesses are reporting their VAT liabilities fairly.

✚ **Electronic VAT (e-VAT) System:** This is an online system for filing VAT returns and paying VAT. Businesses can register for e-VAT on the NBR website and file their returns and payments online.

(ICAB, 2020)

✚ **VAT Withholding at Source:** Certain types of businesses are required to withhold VAT from payments made to suppliers and transfer the VAT to the government. This method ensures that the VAT is collected at the source and consequently, reduces the risk of non-compliance by suppliers.

✚ **VAT on Imports:** VAT is collected on imports at the time of entry into Bangladesh. The importer is responsible for paying the VAT to the government.

✚ **VAT Audit and Investigation:** The NBR conducts audits and investigations to ensure that businesses are complying with VAT laws and regulations. Moreover, it is mandatory for every business to go through a VAT audit after each financial year. Non-compliant businesses will eventually face penalties and fines.

(ICAB, 2020)

Overall, the VAT collection methods in Bangladesh aim to ensure that businesses are reporting and paying their VAT liabilities correctly, and to minimize the risk of non-compliance and revenue loss for the government.

3.3.3 OBJECTIVE#3: To understand the approaches related to VAT distribution to the government treasury by B-Trac Technologies Ltd.

BTTL imports their products from different country manufacturers and distributes them all over the country. So, they pay VAT on their imported products as well as collect VAT on their sales. From my research, I have found that they follow multiple steps to complete their VAT related activities.

3.3.3.1 Preparing Mushak 4.3 (Price Declaration)

It is mandatory for every registered company to file input-output coefficient in form prior to manufacture or to supply of goods to divisional office. BTTL submit this form whenever they import new products in which they practiced 15% VAT at input stage (import stage).

This form is prepared based on different prices which are Bundle price, dealer price and current market price. As the responsible person, we compare these prices and decide to

come up with a new price for the products. Basically, we try to add 33.34% for the products, sometimes it was not possible for us to add 33.34% for the products as often we find out there is a dramatic change in the market prices. As we are selling, we need to declare the products' prices in accordance with their market prices. Sometimes we even add both less than 5% and more than 33.34% to match the prices we paid at the input stage along with the market prices.

3.3.3.2 VDS (Deduction/Collection)

VDS stands for Value deducted at source also known as withholding VAT which means if a supplier makes a supply, which is not exempted, the entity shall withhold VAT at source at specified rate as determined by the rule from the consideration payable to the supplier. **(ICAB, 2020)**

In this regard, BTTL practices 7.5%, 5% or even 10% VAT rate as per as discussions with their suppliers. Prominently, adjustments to the VDS amount shall be made within the next 6 months of the transaction. As per the S.R.O, any person responsible for deducting VAT at source shall be liable to deposit to the treasury which will be considered as a reference to the payment of the respective supplier. (Government, SRO 163, 2022)

At the collection of VDS, we get treasury challan copy along with Mushak 6.6 (VDS Certificate) form the respective withholding entity to whom we have sold our products at a specified rate which is below than the standard rate (15%). Followingly, for the VDS payment, as a withholding entity we provide similar documents to our suppliers.

- Adjustment for Withholding VAT (VDS)
 - i. For supplier- Decreasing adjustment shall be made in the VAT return. Moreover, the adjustments shall be made within the tax period in which payable tax on supply is paid within the 6 months from the transacted period.
 - ii. For Withholding Entity- Increasing adjustment shall be made in the relevant month's VAT return. Significantly, deposited VDS shall be adjusted with relevant months net VAT liability.

3.3.3.3 Preparing Mushak 9.1 (Monthly)

Every registered and enlisted company is required to file VAT return in Mushak 9.1 and Mushak 9.2 (for Turnover Tax) respectively which provides a summary of tax liability for a certain period. Especially, following things are represented in the VAT return,

- Aggregation of sales
- Accounts of payable taxes
- Aggregation of purchases
- Accounts of deduction at source (Rebate)
- Final accounts and balance
- Accounts of deduction by supplier at source (**ICAB, 2020**)

According to SRO section 64 & Rule 47, submission of VAT return should be made no later than 15 days, meaning every enlisted company are bound to submit their respective returns within 15 days at the beginning of every month. (Government, National Board of Revenue (NBR), Bangladesh, 2011)

Followingly, BTTL prepare their VAT returns by mentioning details on imported products, VAT exempted & non exempted products, standard rated goods (on which 15% VAT is practiced), trading rated goods (on which 5% VAT is practiced) etc. They prepare different notes as per as described in the SROs to provide detailed information about their transacted products. Most importantly, these notes are the references that help the respective custom officer to justify our submitted VAT return. The top notes are described as follows:

- ✚ Note 3- Here, we described the sold products on which VAT is not practiced.
- ✚ Note 5- We use this note to list the sold products (Standard rated products) on which we practiced 15% VAT.
- ✚ Note 8- In this note we present the sold products (Trading rated products) on which we practiced 5% VAT.
- ✚ Note 13- Here, we record the imported products for which we are not paying

VAT. Besides, these products are exempted both at input stage (import) and output stage (Sale).

- ✚ Note 15- To prepare this note we search out the imported products on which we pay 15% VAT at input stage as well as will be paying 15% VAT at output stage.
- ✚ Note 22- In this note, we record the imported products on which we pay 15% VAT at input stage and don't consider VAT payment at the output stage.
- ✚ Note 29- Under this note, we make a directory of the payments which are made by the parties to whom we sell our products at a VAT rate which is less than the standard VAT rate, i.e.- 5%, 7.5%. These payments by the parties are also known as VDS collection.
- ✚ Note 58 – This note represents the payment details and amount of money we deposited to the government treasury. Often, we deposit to the treasury for several reasons, they are:
 - i. We directly deposit the VAT amount which we are bound to pay on warehouse rent and office rent.
 - ii. Also, we submit our VDS payments by depositing them into the treasury.
 - iii. We submit penalty payment into the treasury which is quite unusual unless we are penalized by the government.

3.3.3.4 VAT distribution to the government Treasury

Bangla Trac Technologies Limited follow the following procedures for VAT distribution in the government treasury as outlined below:

- At first, they collect VAT (Sales VAT) from their customers at the point of sale as per the applicable VAT rates (5%, 15%) determined by the government.
- In addition to that, they maintain records of the VAT collected, including the amount, date of collection, and customer information in their documentation system.

- Followingly, they prepare periodic VAT returns based on the records of VAT collected and report the total VAT liability to the National Board of Revenue (NBR) as per the prescribed reporting period.
- Essentially, they calculate the total VAT liability based on the VAT returns and make the payment to the government treasury through approved methods, such as electronic funds transfer or other authorized means like depositing money into the treasury account, as specified by the NBR.

3.3.4 OBJECTIVE#4: To identify steps of VAT Audit.

The Commissioner or Director General may operate an investigation to check whether the taxpayer is obeying all the SRO's and maintaining their economic activities as same as they are performing in their respective market.

✚ Notification: The National Board of Revenue (NBR) will typically notify the business that it has been selected for a VAT audit. The notification will include the scope and time frame of the audit.

✚ Preparation: The business must prepare for the audit by gathering all necessary financial records and documents, such as invoices, receipts, and bank statements

✚ Entrance meeting: Before the audit begins, there will be an entrance meeting between the auditors and the business's representatives. The purpose of this meeting is to discuss the scope and objectives of the audit, as well as to establish a schedule and the procedures that will be followed.

✚ Fieldwork: This is the actual audit process. The auditors will review the business's financial records and transactions to ensure that it has properly accounted for and paid the correct amount of VAT. The audit may include interviews with employees, examination of supporting documents, and verification of VAT returns.

✚ Audit findings: After the fieldwork is completed, the auditors will prepare a

report that summarizes their findings. This report will include any errors or discrepancies that were found, as well as recommendations for corrective actions.

- ✚ VAT Audit: During the VAT Audit, the VAT authority will verify the accuracy of the VAT records and returns submitted by the VAT-payer. The VAT authority may also examine the VAT-payer's stock, inventory, and other relevant documents like VAT invoices, Price declaration form, Input-output Co-efficient of products.
- ✚ Audit Report: After completing the VAT Audit, the VAT authority will prepare an VAT audit report and report will contain the findings of the audit, including any discrepancies or non-compliances found during the audit.
- ✚ Assessment and Recovery: If the VAT authority finds any discrepancies or non-compliances during the VAT Audit, they may assess the additional VAT liability or penalty. Next, the VAT-payer needs to pay the assessed amount within the specified time frame. Otherwise, the VAT authority may initiate recovery proceedings.
- ✚ Appeals: If the VAT-payer disagrees with the assessment or penalty imposed by the VAT authority, they can file an appeal to the VAT Commissioner within 30 days of receiving the assessment order.
- ✚ Exit meeting: The exit meeting is held between the auditors and the business's representatives to discuss the audit findings and recommendations. The business will have an opportunity to respond to the findings and to provide any additional information.
- ✚ Follow-up: After the exit meeting, the auditors may require the business to provide additional information or may request further meetings to resolve any outstanding issues. The business will need to take corrective action to address any errors or discrepancies that were identified during the audit.

In conclusion, VAT Audit is an essential process for ensuring the compliance of VAT laws and SROs in Bangladesh. Significantly, the VAT Audit process helps to detect any discrepancies or non-compliances in the VAT records and returns of a VAT-payer and ensures that they fulfill their VAT obligations. The audit process can be complex and time-consuming, but it's important for businesses to provide all the references accordingly to shorten the audit time frame as well as the provided references should justify the fact that they are complying with VAT regulations and avoiding penalties or fines.

3.3.5 OBJECTIVE#5: To find out the challenges and scope of development on collection, distribution, and audit of VAT.

Value Added Tax (VAT) is an important source of revenue for the government of Bangladesh. However, the collection of VAT in Bangladesh faces several challenges that can hinder the effective administration of the VAT system.

- Some of the key challenges that Bangladesh faces in VAT collection include:
- ✚ Informal economy: Bangladesh has a large informal economy, which makes it difficult to monitor and collect VAT from businesses operating outside of the formal sector.
- ✚ Low compliance: Many businesses in Bangladesh do not comply with VAT regulations, resulting in a practice of low VAT rates which eventually result in low collection of VAT revenue for the government.
- ✚ Inefficient administration: The VAT administration in Bangladesh suffers from a lack of resources, infrastructure, and trained personnel, which can lead to delays and errors in the VAT process.
- ✚ Complex tax laws: The VAT laws in Bangladesh are complex, with multiple tax rates and exemptions, which can lead to confusion and misinterpretation by businesses.
- ✚ Weak IT infrastructure: The tax administration in Bangladesh relies heavily on

paper-based systems, which can be time-consuming and prone to errors.

- To address these challenges, there is a need for the development of VAT collection in Bangladesh. The following are some potential areas for development:
 - ✚ VAT-payer education: The government of Bangladesh should invest in VAT-payer education programs to raise awareness about the importance of paying VAT and the benefits of complying with regulations and SROs as well as penalty and fines.
 - ✚ Simplification of tax laws: The VAT laws in Bangladesh should be simplified to reduce confusion and misinterpretation by businesses.
 - ✚ Strengthening administration: The government of Bangladesh should provide more resources, infrastructure, and training for VAT officials to improve the efficiency and effectiveness of the tax administration.
 - ✚ Use of technology: The use of technology, such as electronic filing and payment systems, can help streamline the VAT collection process and reduce errors and delays.
 - ✚ Enforcement of tax laws: The government of Bangladesh should enforce VAT laws rigorously to encourage compliance and deter VAT evasion.

(ICAB, 2020)

Overall, the development of VAT collection in Bangladesh requires a joined and effective effort from the government, businesses, and VAT-payers to ensure the effective administration of the system and the continued growth of the economy.

The distribution of Value Added Tax (VAT) revenue is an important aspect of the tax system in Bangladesh, as it affects the allocation of resources and the provision of public services. However, the distribution of VAT revenue in Bangladesh faces several challenges that can hinder the effective allocation of resources.

- Some of the key challenges that Bangladesh faces in VAT revenue distribution

include:

- ✚ Lack of transparency: There is a lack of transparency in the distribution of VAT revenue, which can lead to misallocation of resources and corruption.
- ✚ Inequitable distribution: The distribution of VAT revenue is not always equitable, as some regions or sectors may receive a disproportionate share of the revenue.
- ✚ Weak institutional capacity: The institutions responsible for the distribution of VAT revenue in Bangladesh suffer from a lack of resources and capacity, which can lead to delays and errors in the distribution process.
- ✚ Limited public participation: The public has limited participation in the distribution process, which can lead to a lack of accountability and transparency.
- To address these challenges, there is a need for the development of VAT revenue distribution in Bangladesh. The following are some potential areas for development:
 - ✚ Transparency and accountability: The government of Bangladesh should increase transparency and accountability in the distribution process using clear guidelines, public disclosure of information, and independent oversight.
 - ✚ Equitable distribution: The government of Bangladesh should ensure that VAT revenue is distributed equitably across regions and sectors, based on clear and objective criteria.
 - ✚ Institutional capacity: The institutions responsible for VAT revenue distribution in Bangladesh should be strengthened through resources, training, and capacity-building.
 - ✚ Public participation: The public should be given a greater role in the distribution process, through public consultations, feedback mechanisms, and other forms of participation.

- ✚ Monitoring and evaluation: The distribution process should be regularly monitored and evaluated to identify areas for improvement and ensure that the revenue is being used effectively.

(ICAB, 2020)

Overall, the development of VAT revenue distribution in Bangladesh requires a joined effort from the government, civil society, and other stakeholders to ensure that resources are allocated equitably and efficiently, and that the public receives the services and benefits to which they are entitled.

The audit of VAT in Bangladesh involves examining the accuracy and completeness of VAT returns filed by VAT-payers, as well as verifying their compliance with the VAT laws and regulations.

- Some of the key challenges in the audit of VAT in Bangladesh include:

- ✚ Limited resources: The NBR faces significant resource constraints in terms of manpower, technology, and funding. As a result, it is difficult for the NBR to conduct comprehensive audits of all taxpayers.

- ✚ Complex VAT law: The VAT law in Bangladesh is complex and constantly evolving. It requires a high level of expertise to understand and interpret the law and its implications for different sectors and industries.

- ✚ Lack of compliance: Many businesses in Bangladesh do not comply with VAT regulations, either due to a lack of awareness or intentional non-compliance. This makes it difficult for the NBR to ensure that all businesses are paying the correct amount of VAT.

- ✚ High levels of corruption: Corruption is a pervasive problem in Bangladesh and can make it difficult to conduct effective audits of businesses.

- Despite these challenges, the scope of development in the audit of VAT in Bangladesh is significant. There is a growing awareness of the importance of VAT compliance among businesses, and the NBR is taking steps to improve its capacity to conduct audits. Some of

the areas where development is possible include:

- ✚ Strengthening the legal framework: The VAT law and regulations can be strengthened to make them clearer and more concise, and to address some of the ambiguities and loopholes that currently exist.
- ✚ Investing in technology: The NBR can invest in technology to improve its data management and analysis capabilities, which can help identify potential areas of non-compliance.
- ✚ Increasing public awareness: The NBR can work to increase public awareness on the importance of maintaining VAT compliance and the consequences of non-compliance.
- ✚ Developing human resources: The NBR can invest in training and development programs to build the capacity of its staffs and officers and ensure that they have included the expertise which is needed to conduct effective audits.

(ICAB, 2020)

Overall, the audit of VAT in Bangladesh is a complex and challenging task, but one that is critical for ensuring that businesses are paying the correct amount of tax and contributing to the country's economic development. With the right investments in resources and capacity building, there is significant potential to improve the effectiveness of the audit process and increase compliance among taxpayers.

3.4 Recommendations

To be frank with the fact, VAT management is a complex system. In addition to that, every financial year there comes 'changes on previously declared SROs', "newly declared SROs". As a VAT representative, it is quite challenging to be updated with these changes. So, after declaration of budget, it is obvious that there will be modification and adjustments on VAT procedures, collection, and distribution.

Moreover, I had submitted a proposal to the top-level management about arranging VAT software

which will gradually create all the VAT related books correspondingly in respect to posted data. Fortunately, I was lucky enough to describe the advantages of keeping VAT software as well as receiving positive responses from the management. From my work experience, I am recommending it is essential to keep VAT software for a company which is living with numerous amounts of data. As it will gradually save time for the VAT representative and eventually, he can focus on other crucial activities like AT refund calculation, rebate, and refund calculation etc. So, using VAT software will enable the VAT representative to act faster and smartly since by using that software he can generate the relevant VAT books and references with just a click.

Besides, BTTL may arrange paid training program on VAT SROs, particularly after every budget it is compulsory for the VAT representative to pay a descriptive visit on them. So, I believe training program will motivate the representatives as well as increase productivity.

Last not the least, I must say working on VAT is too challenging to speak. But, as far as a person is determined to accept challenges and barriers, he will be rewarded accordingly.

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