

Banking Regulation and Policy Department  
Bangladesh Bank  
Head Office, Dhaka

BRPD Circular No. -11

12 December 2011  
Date -----  
28 Agrahayan 1418

Chief Executive/Managing Director of  
all banking companies working in Bangladesh

Dear Sir(s),

**Regarding Maintenance of Deferred Tax Accounts**

Please refer to BRPD Circular No. 6, dated 31 July 2011.

For the purpose of reflecting actual financial status, while recognizing the Deferred Tax Asset and Liabilities in the financial statements banks are instructed to follow the rules as mentioned below:

1. Deferred Tax Asset may be recognized complying with the Bangladesh Accounting Standards (BAS) on the expenses for which, according to the income tax law, a future tax benefit will be received. However, a description on Deferred Tax Asset should be provided in “Notes to the Accounts” section of the Financial Statements (i.e. basis and method of calculation, amount, expected time of adjustment etc.);
2. Deferred Tax Liabilities must be recognized for those items which are mentioned to recognize in Bangladesh Accounting Standards;
3. Following instructions are to be followed if Deferred Tax Asset is calculated and recognized based on the provisions against classified loan, advances or investments (in case of banks operating under Islamic Shariah):
  - a) Amount of the net income after tax increased due to recognition of deferred tax asset on such provisions will not be distributed as dividend;
  - b) The amount of deferred tax asset recognized on such provisions should be deducted while calculating the Regulatory Eligible Capital of the Statement of Capital Adequacy Requirement of Annual Financial Report and Statement submitted to Bangladesh Bank;
  - c) A description should be provided regarding deferred tax asset recognized on loan loss provisions in the Notes to the financial Statement section of the Financial Statements (i.e. amount, method of calculation, year of origin, amount recognized and realized in current year etc.).

This circular is issued with the authority vested under section 45 of the Bank Companies Act, 1991, which shall take effect immediately cancelling BRPD Circular No. 06 dated 31 July 2011.

Yours Faithfully,  
Sd/-

(K. M. Abdul Wadood)  
General Manager  
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