



INCOME TAX PREPARATION GUIDE FOR PROFESSIONALS

*Statutory Classifications, GP & NP Accounting Frameworks, TDS/PSR Obligations,
and Return Preparation under the Income Tax Act, 2023*

Published By:	Ain Sheba
Official Portal:	dlearned.com
Publication Series:	Income Tax Return Manual 2026 Series
Assessment Year:	2026–2027
Governing Statute:	Income Tax Act, 2023 & Finance Act, 2026

1. Abstract

The taxation of licensed professionals—such as physicians, attorneys, engineers, chartered accountants, and independent consultants—presents distinct statutory and accounting complexities under the **Income Tax Act, 2023**. Professionals frequently operate across dual remuneration channels, earning salaried employment income alongside independent private consultation fees, retainer charges, and institutional service contracts. This comprehensive guide provides an authoritative income tax preparation framework tailored specifically for professionals. It examines the statutory classification of income streams under **Section 32 (Employment/Salary)** and **Section 45–56 (Business or Profession)**, details withholding tax obligations under Tax Deducted at Source (TDS) and Proof of Submission of Return (PSR) mandates under Section 264, establishes a standardized Gross Profit (GP) and Net Profit (NP) Income Statement accounting framework, and delivers a complete model tax computation integrating allowable statutory exemptions, depreciation schedules, and investment tax rebates.

2. Identification of Income Heads for Professionals

Under the Income Tax Act, 2023, individual taxpayers must classify all revenues into specific statutory heads of income. For professionals, earnings typically span three primary streams:

- ❑ **Income from Salary (Section 32):** Applies to institutional appointments, salaried clinical positions, and in-house legal/engineering salaries.
- ❑ **Income from Business or Profession (Section 45–56):** Covers receipts from solo private chambers, independent consultancy practices, design billings, and retainer contracts.
- ❑ **Professional Fees Subject to TDS & Mandatory PSR (Sections 88, 140 & 264):** Regulates institutional and corporate service contracts subject to withholding tax and return submission proofs.

A. Income from Salary (Section 32)

When a professional holds a salaried position—such as a physician employed at a hospital, an engineer at a corporation, or an attorney serving as corporate counsel—remuneration falls under **Section 32 (Income from Salary)**. Gross receipts include basic salary, festival bonuses, incentive bonuses, and monetary values of perquisites (e.g., housing or motor vehicle facilities). Under **Sixth Schedule, Part 1, Paragraph 27**, salaried professionals receive an automatic statutory exemption equal to **one-third (1/3rd) of total employment receipts or BDT 500,000, whichever is lower**. Government sector professionals receive full exemption on medical, house rent, and conveyance allowances under specific S.R.O. notifications, whereas private professionals apply the 1/3rd (max BDT 500k) rule against total gross employment receipts.

B. Consultation Fees as a Solo Practitioner (Section 45–56)

Earnings generated from independent professional practice—such as a solo medical chamber, legal practice, or engineering consultancy firm—are classified under **Income from Business or Profession**

(Section 45–56). Allowable operating deductions (Sections 49–55) include office rent, assistant salaries, utilities, software licensing, site inspection expenses, professional marketing, and equipment depreciation under the Third Schedule. Under **Section 55**, if non-raw material practice expenses exceeding 50% of total expenditure are paid in cash without using banking channels/electronic transfers, 25% of the cash payments will be disallowed as an unallowed deduction.

C. Professional Fees Subject to TDS & Mandatory PSR (Sections 88, 140 & 264)

Corporate entities, hospitals, and government agencies paying professional or technical fees must deduct Tax Deducted at Source (TDS) under Section 88/140 (typically 5% to 10%). Withheld taxes are credited as advance tax paid under **Section 173**. Furthermore, under **Section 264(3)**, professionals must present Proof of Submission of Return (PSR) to renew professional body licenses (BMDRC, Bar Council, IEB, ICAB), receive corporate advisory payments, or renew clinic/hospital operating licenses.

3. Preparing the Professional Income Statement

Structuring a professional Income Statement requires strict segregation between **Direct Costs (Cost of Services)** and **Operating & General Expenses**. Financial performance metrics, specifically **Gross Profit (GP) Margin** and **Net Profit (NP) Margin**, vary substantially depending on whether the professional operates as a Solo Practitioner or in a Collaborative / Fee-Sharing Model.

Income Statement Component	Solo Practitioner Model	Collaborative / Fee-Sharing Model
Gross Professional Receipts	BDT 6,000,000 (100%)	BDT 9,000,000 (100%)
Less: Direct Costs / Cost of Services	BDT 200,000 (Direct Consumables)	BDT 3,000,000 (Fee-Sharing Payouts)
GROSS PROFIT (GP)	BDT 5,800,000 (GP Margin: 96.7%)	BDT 6,000,000 (GP Margin: 66.7%)
Less: Operating & General Expenses	BDT 1,400,000 (Rent, Staff, Utils)	BDT 1,600,000 (Rent, Admin, Utils)
NET PROFIT (NP / Taxable Income)	BDT 4,400,000 (NP Margin: 73.3%)	BDT 4,400,000 (NP Margin: 48.9%)
Tax Audit Profile	Low GP Risk / High Margin Focus	Requires TDS Proof for Fee-Shares

Comprehensive Sample Financial Statement & Tax Calculation

Financial Statement & Tax Computation Schedule (AY 2026–2027)	Amount (BDT)
--	--------------

I. Income from Salary (Section 32): Gross Institutional Remuneration	1,500,000
Less: Statutory Exemption (1/3rd or Max BDT 500,000) [Sixth Sched, Part 1, P27]	(500,000)
Taxable Salary Income	1,000,000
II. Income from Business or Profession (Section 45–56): Gross Receipts	8,500,000
Less: Direct Costs / Fee-Sharing Disbursements	(1,800,000)
GROSS PROFIT (GP) [GP Margin: 78.8%]	6,700,000
Less: Operating Expenses (Rent, Staff Salaries, Utilities, Depreciation)	(1,300,000)
NET PROFIT (NP) / Professional Taxable Income [NP Margin: 63.5%]	5,400,000
III. Income from Financial Assets (Section 62–65): Bank Deposit Interest	200,000
TOTAL TAXABLE INCOME (Sum of I + II + III)	6,600,000
Gross Income Tax Payable (Regular Individual Slabs)	1,590,000
Less: Investment Tax Rebate (Section 78) [3% of Income / 10% Inv / Max 750k]	(150,000)
Net Tax Payable After Rebate	1,440,000
Less: TDS Withheld on Salary & Professional Fees (Section 88/140)	(300,000)
Less: TDS Deducted on Bank Interest	(20,000)
Less: Advance Tax Paid in 4 Installments (Section 154)	(250,000)
NET BALANCE TAX PAYABLE WITH RETURN (Section 173)	870,000

2. Case Study 1: Civil Engineer Practice

Source Reference: Nirdeshika 2026–2027 (Example 4, Pages 96–97)

Profile: Mr. Pradeep is a senior Civil Engineer providing structural design and project supervision consultancy to private companies, non-governmental institutions, and public sector projects. He deposits all consultation receipts directly into his bank account and utilizes a personal vehicle for site inspections.

Income Line Item / Calculation Breakdown	Amount (BDT)
Consultancy Fees from 3 Private Companies (3 × BDT 12,000 × 12 months)	BDT 4,32,000
Consultancy Fees from 3 Non-Governmental Institutions (3 × BDT 10,000 × 12 months)	BDT 3,60,000
Consultancy Fees from 2 Public/Govt Projects (2 × BDT 8,000 × 12 months)	BDT 1,92,000
Other Direct Structural Design & Project Consultation Billings	BDT 8,16,000
GROSS PROFESSIONAL RECEIPTS (REVENUE)	BDT 18,00,000
Less: Allowable Operating Expenses (Driver salary, fuel, office rent, staff)	(BDT 10,08,000)
NET TAXABLE PROFESSIONAL INCOME (NP)	BDT 7,92,000

Engineer Tax Liability Calculation (AY 2026–2027):

- First BDT 4,50,000 (Special War-Wounded / Gazetted Freedom Fighter Threshold) @ 0% = BDT 0
- Next BDT 3,00,000 @ 10% = BDT 30,000
- Remaining BDT 42,000 (out of BDT 7,92,000 Net Income) @ 15% = BDT 6,300
- Total Income Tax Payable: BDT 36,300.

3. Case Study 2: Professional Singer / Vocal Artist

Source Reference: Nirdeshika 2026–2027 (Example 12, Pages 67–68)

Profile: Ms. Mili Roy is a professional vocalist who operates a music performance academy ('Songitangon'). She earns revenue from live concert performances, studio broadcasting, and TV/Radio honorariums.

Income Line Item / Computation	BDT 70,00,000
Gross Stage Performance & Concert Contract Fees	(BDT 35,00,000)
Less: Direct Performance Costs (Band team, sound, venue, instruments)	BDT 35,00,000
NET CONCERT & PERFORMANCE INCOME	BDT 4,25,000
TV & Radio Broadcasting Honorarium Received	(BDT 2,50,000)
Less: Statutory Allowance/Exemption on Honorarium	BDT 1,75,000
NET HONORARIUM INCOME	BDT 6,50,000
TOTAL NET TAXABLE PROFESSIONAL INCOME (NP)	

Singer Tax Liability & Return Settlement (AY 2026–2027):

- Female Taxpayer Exemption Threshold: First BDT 4,50,000 @ 0% = BDT 0
- Remaining BDT 2,00,000 @ 10% = BDT 20,000 Gross Tax Liability
- Less: Allowable Investment Tax Rebate (15% on eligible savings) = (BDT 7,200)
- Net Tax After Rebate = BDT 12,800
- Less: Tax Deducted at Source (TDS withheld on TV/Radio bills) = (BDT 2,000)
- Net Balance Payable with Return: BDT 10,800.

4. Case Study 3: Legal Practitioner (With Gross Profit & Net Profit Breakdown)

Profile: Advocate Mr. Rakibul Islam is a High Court practicing lawyer operating 'R Islam & Associates'. His practice earns corporate retainers, litigation trial fees, and legal vetting fees from commercial banks.

Accounting Line Item / Description	Amount (BDT)
Corporate Consultation Fees (4 clients × BDT 25,000/mo × 12 mos)	BDT 12,00,000
Litigation Court Case Fees & Direct Client Retainers	BDT 10,50,000
Legal Opinion & Vetting Fees from Banks (Subject to TDS)	BDT 4,50,000
GROSS PROFESSIONAL RECEIPTS (REVENUE)	BDT 27,00,000
Less: Direct Cost of Services (Per-case fee-shares to Associate Lawyers)(Not monthly paid)	(BDT 5,00,000)
GROSS PROFIT (GP) [GP Margin: 81.48%]	BDT 22,00,000
Less: Chamber Rent & Utilities (BDT 35,000/mo × 12 mos)	(BDT 4,20,000)
Less: Fixed Assistant Staff & Legal Clerk Salaries	(BDT 2,20,000)
Less: Law Books, Legal Research Databases, & Printing	(BDT 1,10,000)
Less: Court Conveyance, Travel, & Bar Association Fees	(BDT 1,50,000)
Less: Third Schedule Depreciation on Computers & Chamber Equipment	(BDT 50,000)
NET PROFIT (NP / TAXABLE INCOME) [NP Margin: 46.30%]	BDT 12,50,000

Lawyer Tax Calculation & Refund Position (General Male Taxpayer = BDT 3,50,000):

- Tax Slabs on Net Profit (BDT 12,50,000):
 - First BDT 3,50,000 @ 0% = BDT 0
 - Next BDT 1,00,000 @ 10% = BDT 10,000
 - Next BDT 4,00,000 @ 15% = BDT 60,000
 - Remaining BDT 4,00,000 @ 20% = BDT 80,000
- Gross Income Tax Payable: BDT 1,50,000
- Less: Investment Tax Rebate (15% on BDT 3,00,000 investment) = (BDT 45,000)
- Net Tax Liability After Rebate: BDT 1,05,000
- Less: TDS Credits Withheld by Corporate Clients & Banks = (BDT 1,65,000)
- Final Return Position: Excess Tax Paid / Refund Claimable of BDT 60,000.

5. Case Study 4: Business Consultant (With GP & NP Breakdown)

Profile: Mr. Tanvir Ahmed is an independent Business & Strategy Consultant offering management coaching, market research, and corporate restructuring services to corporate entities.

Accounting Line Item / Description	Amount (BDT)
Corporate Strategy Advisory Bills (Subject to 10% TDS)	BDT 24,00,000
Feasibility & Market Research Project Fees	BDT 12,00,000
SME Growth Coaching Retainers (2 clients × BDT 50,000/mo × 12 mos)	BDT 12,00,000
GROSS PROFESSIONAL RECEIPTS (REVENUE)	BDT 48,00,000
Less: Direct Cost of Services (Sub-contracted Associate Researchers)	(BDT 12,00,000)
GROSS PROFIT (GP) [GP Margin: 75.00%]	BDT 36,00,000
Less: Co-Working Office Space Rent & Connectivity	(BDT 3,60,000)
Less: Executive Assistant Salary	(BDT 3,00,000)
Less: Database Subscriptions & Analytics Software Licenses	(BDT 1,80,000)
Less: Client Meetings, Travel, & Lodging Expenses	(BDT 2,20,000)

Less: Third Schedule Depreciation on Laptops & Furniture (BDT 80,000)

NET PROFIT (NP / TAXABLE INCOME) [NP Margin: 51.25%] BDT 24,60,000

Consultant Tax Settlement Calculation:

- Tax Slabs on Net Profit (BDT 24,60,000):
 - First BDT 3,50,000 @ 0% = BDT 0
 - Next BDT 1,00,000 @ 10% = BDT 10,000
 - Next BDT 4,00,000 @ 15% = BDT 60,000
 - Next BDT 5,00,000 @ 20% = BDT 1,00,000
 - Remaining BDT 11,10,000 @ 25% = BDT 2,77,500
- Gross Income Tax Payable: BDT 4,47,500
- Less: Investment Tax Rebate (3% of total income limit) = (BDT 73,800)
- Net Tax Liability After Rebate: BDT 3,73,700
- Less: TDS Withheld on Advisory Bills (10% on BDT 24,00,000) = (BDT 2,40,000)
- Less: Advance Quarterly Tax Paid (Section 154) = (BDT 1,00,000)
- Net Balance Tax Payable with Return: BDT 33,700.

CRITICAL ACCOUNTING & AUDIT COMPLIANCE NOTE FOR PROFESSIONALS

1. Segregation of Direct Costs vs. Overhead Expenses:

Professional practices provide intellectual services. Direct Costs (Cost of Services) must strictly comprise variable, project-specific fee-sharing paid to associate lawyers, researchers, or external consultants. Fixed overheads (chamber rent, administrative staff, software, depreciation) must be categorized under Operating Expenses to yield Net Profit (NP).

2. Tax Audit Risk & GP Margins:

Tax assessors flag professional returns with abnormally low Gross Profit (GP) margins. If associate professionals receive fixed monthly salaries rather than variable per-case fee-shares, these disbursements must be classified under Operating Expenses (Salaries) rather than Direct Costs.

3. Banking Channel & Section 55 Compliance:

Under Section 55, if professional practice expenses (excluding direct consumables) exceeding 50% of total expenditure are paid in cash without banking channels/electronic transfers, 25% of such cash payments will be disallowed as taxable income. Furthermore, practitioners disbursing fee-shares must comply with mandatory Tax Deducted at Source (TDS) provisions under Sections 88 and 140.

4. Conclusion

Tax return preparation for professionals under the Income Tax Act, 2023 requires meticulous statutory alignment, accurate Gross Profit and Net Profit accounting, and absolute compliance with withholding tax regulations. Professionals must ensure that employment exemptions under Section 32, fee-sharing disbursements in collaborative practices, and advance tax credits under Section 173 are thoroughly supported by bank statements, voucher records, and TDS certificates. Timely submission within the statutory Tax Day deadline (July 1 to September 30) enables professionals to claim the **5% early-filing tax incentive (up to BDT 25,000 rebate)** while maintaining mandatory Proof of Submission of Return (PSR) compliance across all professional and regulatory bodies.



Empowering Professionals with Transparent Tax Management & Compliance Solutions

Official Resource Portal & Publication Details

Official Website: www.dlearned.com

Publisher: Ain Sheba, Dhaka, Bangladesh

Manual Series: Income Tax Return Manual 2026 Series

Chamber : Navan Zohura Square , 28 Kazi Nazrul Ismal Avenue, Banglamotor, Dhaka-1000

Contact : 01912913689

email: admin@dlearned.com

Statutory Notice & Disclaimer:

This preparation guide is published for informational and educational purposes in accordance with the Income Tax Act, 2023 and Finance Act, 2026. In the event of any ambiguity or dispute, official notifications and statutory guidelines issued by the National Board of Revenue (NBR) shall prevail. For professional tax advisory and return filing assistance, visit dlearned.com or contact Ain Sheba.

© 2026 Ain Sheba & dlearned.com. All rights reserved.