



# Rules on the Income Tax Act of the Kingdom of Bhutan 2001

**R**epartment of  
**Revenue & C**ustoms

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ROYAL GOVERNMENT OF BHUTAN  
MINISTRY OF FINANCE  
TASHICHHODZONG

### Foreword

The Ministry of Finance is pleased to bring out 4<sup>th</sup> edition of the Rules on the Income Tax Act of the Kingdom of Bhutan, 2001. This revision was necessary to reflect recent changes mandated by the National Assembly to the Income Tax Act, 2001 as well as to keep pace with changing business and economic conditions that have taken place after implementation of the Income Tax Act in 2001.

The revised Rules supersede all previous circulars, notifications and rules governing Corporate Income Tax, Business Income Tax and Personal Income Tax. The Rules must be read together with the Act, as it follows the same section sequence of the Act for easy cross-reference by the users. Attempts have been made, wherever possible, to keep these Rules simple, easy to understand, and practicable for administrative ease and taxpayers' convenience.

The revised Rules also define the legal responsibilities of the taxpayers as well as the tax authorities. It is the legal responsibility of every taxpayer to make correct and timely payment of taxes, while the legal responsibility of the tax authorities is to assess and collect taxes in a fair, effective, and transparent manner.

The Ministry of Finance hopes that these updated Rules will facilitate better understanding of all procedural and technical aspects concerning Corporate Income Tax, Business Income Tax and Personal Income Tax, to both the taxpayers and the tax administrators, and ensure smooth implementation of the Income Tax Act of the Kingdom of Bhutan, 2001 in the Kingdom.

  
(Namgay Dorji)  
Finance Minister



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In exercise of powers conferred by the Income Tax Act of the Kingdom of Bhutan, 2001 (ACT), the Ministry of Finance (Ministry) hereby frames the following Rules on Corporate Income Tax (CIT), Business Income Tax (BIT) and Personal Income Tax (PIT).

The Rules have been framed only where the Ministry of Finance is empowered by the Act. All references to Parts and Sections in these Rules pertain to the Act and must be read together with the Act.

These Rules shall supersede all previous Circulars, Notifications, and Rules governing Corporate, Business and Personal Income Tax and shall come into force from 1<sup>st</sup> January 2017 unless otherwise specified.

## **PART I**

### **CORPORATE INCOME TAX (CIT)**

#### **1. Tax Holidays and Incentives**

The Ministry of Finance may announce, from time to time, such tax holidays and tax incentives and prescribe the conditions and procedures thereof, in the interest of the public and in line with the government policy.

#### **2. Allowable Deductions**

##### **2.1 General Principle**

Deductions shall be allowed for tax purposes if proper books of accounts are maintained as per the provisions under Rule No. 5 of the General Provisions.

In order to qualify as an allowable deduction an expense must be incurred solely and exclusively for the purpose of the business and transactions done on an arm's length basis<sup>1</sup>. All expenses must be supported by objective evidences such as purchase invoices, money receipts or other legally valid documents.

Where only part of an expense has been incurred for the purpose of business or company, then only that part of the expenses shall be allowed as a deduction in the calculation of taxable profit.

Any expenses charged in excess of the limits prescribed under these Rules shall be added back to Net Profit and subject to tax.

- Allowable deductions are grouped into the following broad categories:
- Direct Costs
- Employment Expenses
- Overhead Expenses
- Sales & Marketing Expenses
- Bad debts
- Miscellaneous/General Expenses.

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<sup>1</sup> *Arms length's basis mean transactions at the prevailing market conditions and where there is no conflict of interest.*

- Fixed Assets & Depreciation
- Interest Payments

## 2.2 Direct Costs

All direct costs incurred solely for the purpose of the business and associated with the operation of the enterprise are allowable deductions. Direct costs are those costs, which can be directly attributed to the generation of income. e.g. raw materials purchased by manufacturing industries.

## 2.3 Employment Expenses

Employment expenses means salary, wages, labour permit fees and allowances paid in money or money's worth to an employee in relation to his or her employment and includes pay and any benefits provided free of cost or at a concessional rate by an employer.

### 2.3.1 Salary

Salary means pay, allowances and includes benefits provided free of cost or at a concessional rate to an employee who is employed full time in the business.

Salary shall be allowed as deductible expense only up to the maximum ceiling prescribed below and on the fulfilment of the following conditions:

- All information and documentary evidence are available regarding the payment of salary,
- The employee is a regular employee of the company or business,
- The employee is actually working with the company or business and
- The employee is actually located at the appropriate place of work.

(per month)

Category	BIT
Large	50,000
Medium	40,000
Small	30,000
Cottage/micro	20,000

Note:

- The salary limits shall not apply to incorporated companies with effect from the 1st of January 2003.
- The above limits may be enhanced for technical experts and highly professional employees with the prior approval of the Ministry.
- The categorisation of companies and businesses shall be as per categorisation given in Annexure I.

### 2.3.2 Wages

Wages means payments made to an individual who is not a regular employee of an organisation.

### 2.3.3 Benefits

Benefits means benefits provided by an employer to its employee such as education facilities, accommodation, domestic services, holiday trips, tiffin allowances, telephone facilities, medical benefits. Benefits shall be treated as tax-deductible expenses provided that it is clubbed under salary and is within the prescribed limits. Such benefits shall be valued at the actual cost incurred by the employer, or as agreed in the Service Manual of the organisation or in accordance with the employment contract. If actual costs incurred apply to more than one employee, the total cost shall be allocated on a pro rata basis.

Benefits provided free of cost or at a concessional rate to an employee should be valued as follows:

#### a) Accommodation

Accommodation provided free or at a concessional rate by an employer to its employee is a deductible expense if it is within the salary limit prescribed in Rule No.2.3.1. Valuation of accommodation shall be:

- The actual cost incurred by the employer in providing the accommodation, or 30% of the employee's basic salary if the cost cannot be determined.
- The actual concessional rate provided to the employee, or 30% of the employee's salary less the rent being charged by the employer if the cost cannot be determined.

#### b) Domestic Service

Domestic services provided by an employer to its employee is a deductible expense if it is within the prescribed salary limit. The valuation of domestic services provided free of cost should be done on the actual cost incurred by the employer in providing the service.

#### c) Gas, Electricity and Water Supplies

Gas, electricity and water supplies provided free or at a concessional rate to an employee is a deductible expense. The valuation of such benefits shall be the actual cost incurred by the employer in providing such benefits. Where the cost cannot be determined, 2% of the employee's basic salary shall be taken as the cost of the benefits.

#### d) Conveyance or Transport Facility

Conveyance or transport facility provided free or at a concessional rate to an employee is a deductible expense. Valuation of such benefits shall be the actual cost incurred by the employer in providing such benefits.

However, bus services provided for daily transport of staff to work place shall not form part of the salary.

**e) Telephone facilities**

Telephone facilities provided to an employee is a deductible expense. The value of such benefit shall be the actual cost incurred by the employers in providing the facilities to the employee.

However, where such benefits cannot be segregated between private and business use, 50% of the total expense shall be treated as benefits for PIT purposes.

**2.3.4 Bonus**

The term 'bonus' includes all incentives or productivity related payments made to an employee. Bonuses paid shall be allowed as a deduction subject to fulfilment of the following conditions:

- a) The amount is reasonable with regard to the employee's pay and conditions of service,
- b) The amount is consistent with the practice in other similar enterprises; and,
- c) The total bonus payable is limited to 10% of the assessed net profit or 3 months basic pay per employee, whichever is lower.

However, in the case of an unincorporated business, bonus paid to a business proprietor, partner, or their immediate family (father, mother, spouse or children) shall not be allowed as deduction for tax purposes.

**2.3.5 Contribution to Provident Fund and Gratuity Fund**

Contributions made by an employer to the Provident Fund & Gratuity Fund for the benefit of the employees are allowable deductions subject to the following conditions:

- a) Such contributions are invested with a financial institution in a separate account as PF and GF Account and
- b) The limits to be applied to this expenditure must be consistent with the Service Manual of the company or business. If no such Service Manual exists, then the Civil Service Rules shall apply.

In cases where the eventual pay out to the employee upon his or her retirement is less than the guaranteed amount in the Service Manual, any additional amount contributed thereof by the employer to make up the guaranteed amount shall be allowed as deduction. Contributions not payable due to termination of services shall be added back to the Net profit and subject to tax.

**2.3.6 Staff Welfare Expenses**

Staff welfare expenses means provision of canteen and recreational facilities to employees within the business premises and shall be allowed on an actual basis.

### **2.3.7 Medical Expenses**

Actual cost of treatment of an employee outside Bhutan shall be allowed as tax deductible expense subject to the following conditions:

- a) The expenses are in respect to an employee only, and;
- b) Medical treatment shall be as per the National Guideline for Patient Referral issued by the Government from time to time

### **2.3.8 Human Resource Development Expenses**

Expenses incurred for Human Resource Development of employees shall be allowed as deductible expense provided such expenses are incurred for the purpose of upgrading and developing the employees' craft, supervisory and technical skills or increasing the productivity or quality of its products.

If such expenses exceed 1% of the assessed turnover, then the full expenditure must be spread equally over a period of three years starting from the year the expense is incurred.

## **2.4 Overhead Expenses**

### **2.4.1 Preliminary Expenses**

Preliminary expenses mean all legitimate expenses incurred prior to the commencement of a business or in connection with the extension of an existing business. Such expenses incurred may be spread equally and allowed as deduction over the first 3 years of operation. Examples of these expenses include feasibility studies, market surveys, engineering services, project reports, and legal fees.

### **2.4.2 Research & Development**

Research and development is defined as "use of scientific or technical know-how" to produce new or substantially improved materials, mechanisms, products, processes, systems or services. Research and development shall be allowed as deduction subject to the following conditions:

- a) Research and development cost not exceeding 2% of the assessed turnover will be allowed as a deductible expense;
- b) Research and development cost exceeding 2% of the assessed turnover will be treated as capital expenditure. The full amount of the cost will be capitalised and depreciated in three subsequent years immediately following the income year and
- c) Any cost of buying machinery, inventory, stock in trade and immovable property acquired for the use of research and development shall be depreciated in accordance with the ordinary rules of depreciation as referred to under Rule No. 4 of this Part.

### **2.4.3 General Office Expenditure**

The following items of general expenditure incurred for the purpose of the business shall be treated as allowable deductions:

- Printing & stationery;
- Postage & telegram expenses;
- Telephone, trunk call & telex charges;
- User charges;
- Administrative fees and charges;
- Any other expenses of similar nature.

#### **2.4.4 Insurance Premium**

Insurance premium paid for any assets owned by an enterprise is an allowable deduction, provided that the asset is owned / registered and used for the purpose of the business.

Insurance premium paid for employees to protect against occupational risks and hazards at their work place shall be allowed as deduction.

#### **2.4.5 Maintenance & Repair Costs**

Maintenance & repair costs refer to current repairs of buildings and other assets owned and used for the purpose of the business. The asset must be shown in the balance sheet and included in the taxpayer's fixed asset register.

Current repair costs refer to any cost incurred to maintain the asset in a consistent working condition, without changing the nature of the asset. Only current repair costs shall be treated as revenue expenditure.

Major repair/enhancement work that modifies or significantly improves the asset, such that the original nature of the asset is altered, must be treated as capital expenditure and depreciated accordingly.

Where a taxpayer purchases an asset, but that asset requires additional expenditure to bring it to a useable condition, such additional expenditure must be capitalised as part of the cost of the asset.

Where a worn out asset is replaced with a new asset, the cost of the new asset must be capitalised.

Where an asset is upgraded, i.e. its nature is fundamentally altered, the associated cost must be capitalised.

#### **2.4.6 Hire of Plant, Machinery & Vehicles**

The hire cost of plant, machinery and vehicles plus any associated costs referred to in the lease agreement shall be treated as an allowable deduction, provided that the expenditure is incurred for the purpose of business and the services are availed from another tax entity.

#### **2.4.7 Rent of Land & Buildings**

Rental of property used for business purposes along with associated costs referred to in the lease agreement shall be treated as an allowable deduction, provided that the expenditure is incurred for the purpose of business and the services are availed from another tax entity.

#### **2.4.8 Municipal and Motor Vehicle Tax**

Municipal and motor vehicle tax shall be allowed as tax deductions provided that the asset is owned and used for the purpose of business. However, motor vehicles tax paid by licensed/registered transport companies/businesses shall be adjusted against their final tax liability.

#### **2.4.9 Licence Registration & Renewal Fees**

License registration and renewal fees are allowable deductions. However, this provision only applies to fees related to licenses issued and renewed by authorised agencies. All other fees that are sometimes referred to as 'license fees' including auction rights such as liquor license fees, mining rights are not covered under this provision and not allowed as deductions.

#### **2.4.10 Legal & Professional Fees/Expenses**

All fees and expenses related to legal and professional work carried out on behalf of an enterprise for the purpose of business are allowed as deductions.

#### **2.4.11 Annual Membership Fees & Subscriptions**

Any membership fees paid or subscriptions made to any organisation or association relevant to the business shall be allowed as deductions.

#### **2.4.12 Interest on Loans**

Interest on loans shall be allowed as deductions subject to the conditions and procedures prescribed below:

- a) Loans are taken from a recognised financial institution and within the maximum limit of debt equity ratio of 3:1, i.e. the total borrowings for tax purposes shall not exceed thrice the paid up capital of the company; Borrowings include all types of capital loans (e.g. debentures, term loans etc.), plus any working capital borrowings (e.g. bank overdrafts). Capital includes paid up share capital (CIT taxpayers) or owners' investment (BIT taxpayers), plus any retained profit reserves.
- b) For the purpose of debt equity ratio calculation, the average debt and equity over a period of twelve months shall be considered.
- c) The loan must be taken in the name of the companies/business and for the purpose of the said business;
- d) Interest paid on loans transacted between holding and subsidiary companies at prevailing market conditions is an allowable deduction provided it is shown as income of the recipient company;



- e) Interest paid prior to the commissioning of a project (or commencement of a business) shall be capitalised, and depreciated as part of the asset and
- f) Interest paid on security deposits shall be treated as taxable income in the books of the recipient company, and as an expense for the company making the payment.

## **2.5 Sales & Marketing Expenses**

Sales and marketing expenses means expenses incurred for promotion of sales and include expenses such as commission, entertainment, publicity, advertisement etc.

### **2.5.1 Commission**

Commission paid on purchase transactions is an allowable deduction as it forms part of the purchase payment for goods or services. However, such commissions must be clearly stated in the documentation relating to the purchase.

Commission paid to a sales agent is an allowable deduction provided that the commission is clearly stated in all relevant bills, invoices and cash memos, or a special agreement in writing between the parties exists and is properly recorded in the books of accounts.

### **2.5.2 Entertainment**

Entertainment expenses refer to hospitality and gifts provided to existing or potential clients or customers, agents or suppliers. Entertainment expenses directly related to sales promotion of the business shall be allowed as deductions on actual expenses or 2% of the assessed Net Profit, whichever is lower.

### **2.5.3 Publicity & Advertisement**

Publicity expenses such as printing of brochures and advertisement through media and magazines shall be allowed as deductions on an actual basis or 2% of the assessed Gross Profit, whichever is lower.

## **2.6 Bad Debts**

Bad debts shall be allowed as deductions subject to the fulfilment of the following conditions:

### **2.6.1 Bad debts up to Nu. 25,000 per Debtor**

A bad debt of Nu. 25,000 or less per debtor shall be allowed as deduction on the fulfilment of the following conditions:

- a) Tax has been paid on such debts in a previous year;
- b) The debt is not less than 5 years old; and
- c) Bad debt shall be incorporated as income if recovered in the subsequent years; or

- d) Where the debtor is declared bankrupt under the Bankruptcy Act of the Kingdom of Bhutan; or,
- e) Scheme of arrangement is made under the supervision of a judge.
- f) In the case of financial institutions, bad debts below Nu.100,000 per debtor may be written off if the conditions above are met.

#### **2.6.2 Bad debts exceeding Nu. 25,000 per Debtor**

Bad debts exceeding Nu. 25,000 per debtor shall be allowed as deductions on the fulfilment of the following conditions:

- a) Tax has been paid on such debts in the relevant previous year;
- b) Judicial recourse has been exhausted in respect of the debt;
- c) Bad debt shall be incorporated as income if recovered in the subsequent years; or
- d) Where the debtor is declared bankrupt under the Bankruptcy Act of the Kingdom of Bhutan, or
- e) Scheme of arrangement is made under the supervision of a Judge.

### **2.7 Miscellaneous and General Expenses**

#### **2.7.1 Accidental Loss**

Accidental loss means loss due to events such as theft, fire, earthquake, flood and road accidents. Documentary evidences such as police report and Court order must support accidental losses, if applicable. Accidental losses for the purpose of taxation shall be treated as follows:

- a) Revenue losses shall be allowed as deductions and revenue receipts/compensation as taxable income.
- b) Capital losses shall be treated as per Rule No. 4.6 of this Part.

#### **2.7.2 Stock Obsolescence**

Stock obsolescence shall not be allowed as deductions unless the obsolescence is due to unforeseen circumstances and the taxpayer was not in a position to avoid it. Conditions to be fulfilled for the above exceptions are:

- a) Maintenance of a proper stock inventory register and
- b) Proper records showing disposal and sale of the obsolete stock.

#### **2.7.3 Stock Shortages**

Stock shortages due to unavoidable circumstances within an industry average shall be allowed as deduction subject to maintenance of proper book of accounts. Shortages due to negligence shall not be allowed as deductions for tax purposes.

#### **2.7.4 Bhutan Sales Tax (BST)/Customs Duty**

BST or Customs Duty paid on assets shall be capitalised and depreciated as per Rule No. 4 of this Part.

However, BST collected on sale of domestic goods and services such as BST on hotels, restaurant, beer, cement and entertainment services shall not be allowed as deductions.

#### **2.7.5 Carriage & Freight Charges**

Carriage and freight expenses incurred for business purposes shall be allowed as deductions. However, such charges incurred for initial transportation of fixed assets to its place of use shall be capitalised and depreciated accordingly.

#### **2.7.6 Donations**

Donations made to organisations exempted by the Ministry shall be allowed as deductions subject to the condition that such donation is supported by relevant documents.

Further donations for purposes such as;

- a) A Relief Fund for natural calamities in Bhutan.
- b) For the preservation and promotion of Religion and Culture in Bhutan
- c) For the promotion of Sports, Educational and Scientific activities in Bhutan,

Shall be allowed as deductions, subject to the condition that such purposes have the approval of the Government/Ministry and is supported by the relevant documents.

Note:

However the total donation under point 1 and 2 of this section shall be allowed as tax deductible expenditure upto a maximum limit of 5% of the assessed Net Profit.

### **2.8 Carry Forward and Offset of Losses**

Losses sustained during an income year can be carried forward and adjusted against the profits of the three subsequent income years of the same business.

Once a loss has been used to reduce taxable profits, it cannot be used again in future years.

In all cases, losses of one company cannot be used to offset the taxable Net profit of another company.

Record of losses carried forward must be maintained and submitted along with the Income Tax Return.

### **2.9 Assets acquired through Grant**

Receipt of grants whether in cash or in kind from the government or from a donor directly or through the government indirectly shall be taxed as follows:

- a) Revenue related grants received for day-to-day functioning of the organisation shall be treated as taxable income and all expenses related to such grants shall be allowed as deductions.
- b) Receipt of capital related grants shall not be subject to tax and expenses incurred in relation to capital related grants (including depreciation) shall not be allowed as deductions. Capital grants, for the purpose of these Rules, means grants received in kind in the form of land, building, plant and machinery, equipment, vehicles, tools, etc or in cash to purchase land, building, plant and machinery, equipment, vehicles, tools, working capital such as stock and raw materials.

However, direct expenses including depreciation shall be allowed as deduction provided:

- The grant is treated as capital reserves at comparable costs in the case of fully owned government corporations.
- The grant is treated as capital/equity contribution of the government and shares of equivalent value are issued to the government in the case of partially owned government corporations.
- The grant is treated as loan from the government as per terms and conditions prescribed by the Ministry of Finance in the case of private companies/businesses.

#### **2.10 Immovable Leased Assets**

Assets owned, fixtures erected, and substantial improvements made on leased land shall be, for the purpose of these Rules, deemed to be owned by the lessee subject to the fulfilment of the following conditions.

- a) There should be a valid lease agreement executed between the lessor and the lessee, and the agreement should be for a term period extending more than five years.
- b) Depreciation shall be allowed only to the extent of investment made by the lessee.
- c) The lessee, on expiry of the lease, shall be deemed to have disposed of such fixtures and improvements, gains on which shall be taxable, and losses deductible.
- d) The lessor after the expiry of the lease shall be allowed depreciation on such improvements or fixtures provided consideration equivalent to such assets have been paid to the lessee, and registered as the lessors' assets.
- e) In determining an amount to be claimed as depreciation of assets and improvements on leased land, the total investment made by a lessee shall be apportioned over the term of the lease as stipulated in the agreement.

- f) Where the lease is renewed, extended or continued pursuant to an option exercisable by a lessee, the remainder of the value of investment made shall be spread over the remaining term of the lease.

## **2.11 Lease Rent**

Lease rent payable by a lessee to a lessor as consideration for the property leased is a deductible expense. The payment of lease rent in lump sum amount must be spread evenly over the period of the lease, while payment of lease rent on an annual basis shall be as per the amount scheduled in the lease agreement.

## **2.12 Deductions not Allowed for Tax Purposes**

The following expenses shall not be allowed as deductions:

- Domestic and private expenses on food, clothing, marriage etc.;
- Personal administrative fees of employees;
- Payments of dividend or profit distributions to share holders, partners and proprietors before tax;
- Creation of or adjustments to reserves. Creation of provisions for bad debts/advances except for financial institutions.
- Life and/or health insurance premiums except for schemes that have been approved by the Government.
- Business, Corporate and Personal Income Tax.
- Penalties, fines, penal interest, forfeiture, etc.
- Donations other than those authorised by the Ministry.
- Bad debts not fulfilling the conditions under the Act;
- Any sum, by whatever name called, payable for the use of license or permit through public auction or tender;
- Any other expenses not related to the business.

## **3. Deductions and Carry Forward of loss by the debtor when the debt is forgiven**

When a debt is forgiven by a creditor, both the debtor and creditor shall make the following adjustments in the books of accounts:

- a) Debtor cannot carry forward as a loss the forgiven amount.
- b) Where conditions laid down in Section 19, Chapter 5, Part I of the Income Tax Act of the Kingdom of Bhutan, 2001 are not fulfilled, the creditor cannot treat the forgiven debt as a loss. Such debt shall be added back to the taxable Net Profit.

## **4. Depreciation**

Fixed assets, for the purpose of these Rules, are assets that are intended for use within the enterprise on a continuous basis for more than one accounting period.

### **4.1 Depreciation of Fixed Assets**

The Rules regarding depreciation of fixed assets are as follows:

- a) Depreciation on assets purchased and owned by the taxpayer and used for the purpose of the business, except antiques, works of art and land, will be allowed

as deduction, subject to the maximum depreciation rates prescribed in Annexure II.

- b) For unincorporated businesses, where an asset is owned by the taxpayer and it is used in the business, depreciation expenses shall be allowed only for the portion of the asset used in the business. e.g. Mr. X owns a 5 storied building (ground+ four) which he converts to a Hotel. The hotel covers four floors and the ground floor is used to let out as shop space. For the purpose of taxation, depreciation expense shall be allowed only for the four floors of the building being used as a hotel. The income from the ground floor from shop space will not form a part of his Business Income, but would be his personal income accountable under PIT.
- c) Depreciation shall be calculated on the Straight Line Method (SLM) on an asset at the end of the year.
- d) Assets purchased during the year shall be depreciated on a pro rata basis from the date of purchase.
- e) Assets disposed off during the year shall not be depreciated in the year of disposal and the difference between the sale proceeds and the written down value at the beginning of the year shall be declared in the profit and loss account.
- f) Small assets costing up to Nu. 25,000 in total per taxpayer in each income year may be written off. e.g. calculator, blow/rod heater, fans and the like.
- g) Maintenance of an asset register for all types of assets is mandatory, and must include details of each individual fixed asset owned by the business or company.
- h) Fully depreciated assets that are still in use must be recorded in the asset register at a value of Nu.1 for identification purposes.

The depreciation rates given in Annexure II are the maximum limits allowed. Where a taxpayer applies a lower depreciation rate than that prescribed in Annexure II, the taxpayer will be permitted to make a clear adjustment on the tax return. However, if this adjustment is not made, the tax officer will not be responsible for increasing the depreciation claim on the taxpayer's behalf, and should accept the lower amount charged in the accounts.

Where business premises are closed for a considerable period or more than 180 days in one income year, no depreciation of assets will be allowed during that time.

In order to claim depreciation, the following conditions must be fulfilled:

- The asset must be purchased and registered in the name of the business or company.
- The asset must be intended exclusively for use of the business or company.
- Proper books of accounts must be maintained, including a complete fixed asset register containing details of each individual asset for which depreciation is claimed.
- Where the asset is only partially used by the business, then only an appropriate portion of the depreciation can be charged for tax purposes.

#### **4.2 Maintenance & Repair of Fixed Assets**

Expenses for the maintenance and repair of fixed assets are classed as operating expenses and should be written off in the year the work is carried out. However, if the maintenance or repair substantially enhances the value of an asset then that expenditure shall be capitalised and depreciated accordingly.

#### **4.3 Fixed Asset Additions**

Where a new asset is purchased and delivered during the income year, depreciation must be charged on a pro rata basis.

#### **4.4 Fixed Asset Disposals**

When a fixed asset is sold, the profit earned or loss sustained is part of the taxable Net profit or loss of the business or company. The correct profit or loss on disposal is calculated by deducting the net book value of the asset from the actual sales proceeds. Where disposal is not as per market conditions, a tax officer shall have the right to determine the residual value.

#### **4.5 Appreciation of Fixed Assets**

If the revaluation of the assets of a business, result in a higher value than that previously shown in the accounts, then the increase in value must be declared as taxable income in the profit and loss account. However, where no depreciation is claimed on this increased value in the profit and loss account, then the increase in value of the asset need not be declared as taxable income in the profit and loss account.

#### **4.6 Loss of Fixed Assets due to Theft, Fire and Natural Calamities**

Loss of fixed assets due to theft, fire and natural calamities such as earthquake and flood may be written off in the books of accounts. The value of the asset to be written off shall be equivalent to the written down value as on 31st December of the previous year. No depreciation shall be allowed on such fixed assets in the year that it is written off.

#### **4.7 Depreciation Rates**

Depreciation shall be allowed every income year up to the maximum rates prescribed in Annexure II.

### **5. Rates & Calculation of Income Tax**

The rate and calculation of tax shall be as per the Rules prescribed below:

#### **5.1 Full Tax Liability**

Companies registered under the Companies Act of the Kingdom of Bhutan shall pay Corporate Income Tax (CIT) at the rate of 30% of the Net profit. Net profit for the purpose of calculating the tax shall be the Gross income minus the allowable deductions under these Rules.

## **5.2 Limited Tax Liability**

The rates of income for companies under limited tax liability shall be as follows:

- a) Permanent Establishment at the rate of 30 percent of the net profit;
- b) Contractors and consultants at the rate of 3 percent of the contract value;
- c) Income from interest and royalty at the rate of 5 percent of the gross amount; and
- d) Income from dividend at the rate of 10 percent of the gross amount.

The taxes rates under Rule No. 5.2 (b), (c) and (d) are final taxes and separate tax returns need not be filed.

## **5.3 Time Limit for Payments**

All companies shall pay their tax on a self-assessment basis to the Regional Revenue & Customs Office (RRCO) before the 31st of March following the end of the income year (1st January to 31st December). Provisional taxes paid by way of tax deducted at source (TDS) and advance tax shall be paid as per Rules No. 4.2.1, 4.2.2 and 4.2.3 of the General Provisions.

## **5.4 Adjustment of Provisional Taxes**

Advance tax, taxes paid on a quarterly basis and Taxes deducted at source shall be adjusted in the following manner:

- a) Advance Tax shall be adjusted at the time of filing of tax return against provisional tax payable provided accounts are submitted.
- b) Taxes paid on a quarterly basis shall be adjusted at the time of filing of tax return provided revenue receipts are produced.
- c) TDS shall be adjusted
  - At the time of advance tax payment;
  - At the time of provisional tax payment;
  - At the time of final tax payment.
  - provided accounts have been submitted (BIT/CIT taxpayers) and TDS certificates produced.

Provisional taxes paid in excess of final taxes shall be refunded as per Section 23 of General Provisions of the Income Tax Act of the Kingdom of Bhutan, 2001.

## **5.5 Interest on Outstanding Tax**

Any taxes not paid to the RGOB shall result in fines and penalties at the rate of 24% per annum from the due date.

# **6. Registration of Taxpayers and Filing of Tax Return**

## **6.1 Tax Registration**

All companies shall register with the RRCO where its registered Head Office is located within 3 months from the date of its incorporation.

Companies can register with the RRCO, either by submitting the FORM CIT 1 manually or through the online RAMIS system.



Location of RRCOs and their area or jurisdictions are indicated below:

Sl. No.	Regional Revenue & Customs Office	Dzongkhags
1	Thimphu	Thimphu, Punakha, Wangdue Phodrang and Gasa
2	Phuentsholing	Chukha
3	Samtse	Samtse
4	Gelephu	Sarpang, Tsirang, Dagana & Zhemgang
5	Samdrup Jongkhar	Samdrup Jongkhar, & Pema Gatshel,
6	Paro	Paro and Haa
7	Mongar	Mongar, Lhuentse, Trashigang & Trashiyangtse
8	Bumthang	Bumthang & Trongsa

Upon registering with the RRCO, a Tax Payer Number (TPN) shall be allocated to the company. The TPN number allotted shall be used to identify all transactions of the company and must be quoted as a reference in all correspondences with the Department.

## 6.2 Change of Registration from One RRCO to Another

Registration must be changed from one RRCO to another on submission of a written application by a taxpayer no later than 2 months before the end of the income year.

The concerned RRCO must convey the decisions in writing within one month from the date of receipt of application.

Permission may be given if the location of the business has moved to another region.

Where permission for transfer of a taxpayer's registration from one RRCO to another is given, the unit must obtain a Tax Clearance Certificate from the previous RRCO, showing the old registration details and tax status. The previous RRCO shall be responsible for submitting a copy of all tax records to the new RRCO.

## 7. Filing of Income Tax Return

All companies must submit their return, on a self-assessment basis, to the RRCO of registration before the 31st March following the end of the income year.

Tax return must have the following documents:

- Annual Corporate Income Tax Return as per FORM CIT-2.
- Copy of Statutory Audit Report or Provisional Financial Statements;<sup>2</sup>
- Evidence of any taxes paid in instalments or TDS as per Rule No. 5.4 of this Part.

Failure to file the income tax return as required shall result in fines and penalties as per Chapter 5 of the General Provisions of the Income Tax Act of the Kingdom of Bhutan, 2001.

<sup>2</sup> The submission of statutory audit report is mandatory. Wherein Provisional Financial Statements have been submitted due to the statutory audit being pending during the time of filing tax returns, the Company shall ensure that the statutory audit reports are submitted after the completion of the statutory audit.

## **8. Correction of Tax Return**

A taxpayer may correct their tax return within 15 days from the date of submission of tax return on genuine grounds and reasons acceptable to the RRCO. The correction of returns shall be limited to arithmetical errors and accounts heads and must be applied in writing to the Regional Director.

### **8.1 Postponement of Filing**

Where a taxpayer is unable to submit the tax return within the due date, the Regional Director of the concerned RRCO may extend the time limit up to 31st May provided that:

- The taxpayer submits written request for extension before 20th March.
- Postponement of filing shall not postpone the payment of tax. In such case, the taxpayer shall make a suitable provisional tax payment equal to tax paid in the previous year or the self-estimated tax, whichever is higher.

Request for extension beyond 31st May shall be forwarded by the RRCO to the DRCHQ. DRCHQ may extend the time limit up to 31st August, in exceptional cases, provided the request is received by RRCO within the 20th of May.

## **PART II**

### **BUSINESS INCOME TAX (BIT)**

In addition to Rules under this Part, Rules framed for Part I of the Act shall also be applicable to Part II until and unless it is specifically excluded.

#### **1. Business under the Same Ownership**

Where a taxpayer owns several businesses under the trading sector, each business shall be treated as a separate or independent taxable entity, and the losses incurred in one taxable entity cannot be offset against the profit of another entity.

For the purpose of taxation, multiple trade licenses under the trading sector (wholesale or retail trade activity or both wholesale and retail trade activity) operating under the same roof or from the same outlet, under the same ownership maybe categorised as one business (single taxable entity).

Trading licenses (wholesale or retail trade activity or both wholesale and retail trade activity) under the same ownership, operating from the different outlet or different locations shall be treated as different businesses (separate taxable entity).

Businesses under the manufacturing and service sector may be treated as one taxable entity irrespective of their geographical locations provided that the following conditions are fulfilled:

- Registered as a single tax entity under the same ownership.
- Same activity under the manufacturing and service sector.
- Consolidated accounts are submitted.

Notwithstanding the above Rules, where the nature of the business requires several licences to be operated under one roof irrespective of the activity of licenses and such activities are complimentary to one another, these licenses maybe treated as a single business (same taxable entity) provided that the licences are under the same ownership. e.g. Approved three star hotels will have several licences with different activities (restaurant, bar, handicrafts, fitness centre, money changer etc) operating under one roof which may-be treated as one business unit (single taxable entity) for the purpose of taxation.

#### **2. Rates & Calculation of Income Tax**

The rate and calculation of tax shall be as per the Rules prescribed below:

##### **2.1 Full Tax Liability**

All unincorporated businesses issued with a licence by the issuing Authority shall pay Business Income Tax (BIT) at the rate of 30% of the Net profit. Net profit for the purpose of calculating the tax shall be the Gross income minus the allowable deductions under these Rules.

##### **2.2 Limited Tax Liability**

The rates of income for businesses under limited tax liability shall be as follows:

- a) Permanent Establishment at the rate of 30 percent of the net profit;
- b) Contractors and consultants at the rate of 3 percent of the contract value;
- c) Income from interest and royalty at the rate of 5 percent of the gross amount;  
and
- d) Income from dividend at the rate of 10 percent of the gross amount.

The taxes rates under Rule No. 2.2 (b), (c) and (d) are final taxes and separate tax returns need not be filed.

### **2.3 Time Limit for Payments**

All businesses shall pay their tax on a self-assessment basis to the RRCO of registration before the 31st March following the end of the income year (1st January to 31st December). However, provisional taxes paid by way of TDS and tax paid quarterly shall be paid as per Rule No. 4 2.1, 4.2.2 and 4.2.3 of the General Provisions.

### **2.4 Adjustment of Provisional Taxes**

Advance tax, taxes paid on a quarterly basis and TDS shall be adjusted in the following manner:

- a) Advance Tax shall be adjusted at the time of filing of tax return against provisional tax payable provided accounts are submitted.
- b) Taxes paid on a quarterly basis shall be adjusted at the time of filing of the tax return provided revenue receipts are produced.
- c) TDS shall be adjusted
  - At the time of advance tax payment;
  - At the time of provisional tax payment;
  - At the time of final tax payment;

provided accounts have been submitted (BIT/CIT taxpayers) and TDS certificates produced (BIT/CIT/PIT taxpayers).

Provisional taxes paid in excess of final tax shall be refunded as per Section 23 of General Provisions of the Income Tax Act of the Kingdom of Bhutan, 2001.

### **2.5 Interest on Outstanding Tax**

Any taxes not paid to the RGOB shall result in fines and penalties at the rate of 24% per annum from the due date.

## **3. Tax Registration**

### **3.1 Registration**

All businesses are required to be registered with the RRCO from where trade license or permit is issued or wherever the Head Office is located, within 3 months from the date of obtaining such a trade license or permit.

Registration shall be done with the nearest RRCO by using FORM BIT-1.

Businesses can register with the RRCO, either by submitting the FORM BIT 1 manually or through the online RAMIS system.

**Location of RRCO and their areas of jurisdiction are indicated below:**

Sl. No.	Regional Revenue & Customs Office	Dzongkhags
1	Thimphu	Thimphu, Punakha, Wangdue Phodrang and Gasa
2	Phuentsholing	Chukha
3	Samtse	Samtse
4	Gelephu	Sarpang, Tsirang, Dagana & Zhemgang
5	Samdrup Jongkhar	Samdrup Jongkhar, & Pema Gatshel,
6	Paro	Paro and Haa
7	Mongar	Mongar, Lhuentse, Trashigang & Trashiyangtse
8	Bumthang	Bumthang & Trongsa

Upon receipt of FORM BIT-1, the RRCO shall register and allocate a Tax Payer Number (TPN) to the business. The TPN number allotted shall be used to identify all tax transactions relating to that taxpaying unit and must be quoted as a reference in all correspondences with the Department.

### **3.2 Change of Registration from One RRCO to Another**

Registration may be changed from one RRCO to another on submission of a written application by a taxpayer no later than 2 months before the end of the income year.

The concerned RRCO must convey the decisions in writing within one month from the date of receipt of application.

Permission may be given if the location of the business has moved to another region.

Where permission for transfer of a taxpayer's registration from one RRCO to another is given, the unit must obtain a Tax Clearance Certificate from the previous RRCO, showing the old registration details and tax status. This certificate must be submitted to the new RRCO. The previous RRCO is responsible for submitting a copy of all tax records to the new RRCO.

## **4. Filing of Income Tax Return**

All businesses must submit their tax return, on a self-assessment basis, to the concerned RRCO before the 31st March following the end of the income year. Tax return must have the following documents:

- Annual Business Income Tax Return as per FORM BIT-2.
- Annual Accounts as per Rule No. 5.1 of the General Provisions.
- Evidences of any taxes paid in instalments or TDS as per Rule No. 2.4 of this Part.
- Such income tax should bear the name, signature, seal and address of the license holder and the accountant who has prepared the accounts.

Failure to file the income tax returns as required shall result in fines and penalties as per the provisions under Chapter 5 of the General Provisions of the Income Tax Act of the Kingdom of Bhutan, 2001.

## **5. Correction of Tax Return**

A taxpayer may correct the tax return within 15 days from the date of submission of tax return on genuine ground and reasons acceptable to the RRCO. The correction of returns shall be limited to arithmetical errors and accounts heads and must be applied in writing to the Regional Director.

### **5.1 Postponement of Filing**

Where a taxpayer is unable to submit the Tax Return within the due date, the Regional Director of the concerned RRCO may extend the time limit up to 31st May provided that:

- The taxpayer submits a written request for extension before the 20th March.
- Postponement of filing shall not postpone the payment of tax. In such case, the taxpayer shall make a suitable provisional tax payment equal to tax paid in the previous year or the self estimated tax, whichever is higher.

Request for extension beyond 31st May shall be forwarded by the RRCO to the DRCHQ. DRCHQ may extend the time limit up to 31st August, in exceptional cases, provided the request is received by RRCO within the 20th of May.

## PART III PERSONAL INCOME TAX (PIT)

### Definitions:

- a) Gross Income means total income from a particular income source before specific deduction(s)/exemption.
- b) Specific Deduction(s)/Exemption(s) mean deductions/exemption(s) allowable against a specified source of income.
- c) Total Gross Income means total income from all sources under PIT before specific deductions/exemption(s).
- d) Adjusted Gross Income means gross income after allowing specific deduction(s)/exemption.
- e) Total Adjusted Gross Income means total of the adjusted gross income(s) from all income sources.
- f) General Deductions mean deductions allowable against total adjusted gross income to arrive at Net Taxable Income.
- g) Net Taxable Income means total adjusted gross income after allowing general deductions. Tax rates are applied to Net Taxable Income to arrive at the Tax Amount.

### 1. Tax Liability

#### 1.1 Liability to Tax

Persons having personal income exceeding Nu. 200,000 per annum shall be liable to be taxed under Personal Income Tax (PIT). Personal income means income derived from the following sources:

- Salary income from employment and non-licensed consultancy fees (refer Rule No. 2.1 of this Part).
- Rental Income from real property in Bhutan (refer Rule No. 2.2 of this Part).
- Dividend from sources in Bhutan (refer Rule No. 2.3 of this Part).
- Income from cash crops in (refer Rule No. 2.4 of this Part).
- Income from other sources in Bhutan (refer Rule No. 2.5 of this Part).

*The amended provision of the Rule No. 1.1 shall have effect from 1<sup>st</sup> January 2016.*

#### 1.2 Citizen

Citizen means an individual possessing the citizenship of the Kingdom of Bhutan.

#### 1.3 Resident

Resident means any person whose stay in the Kingdom of Bhutan during an income year is equal to or more than 6 months. Income year means the calendar year starting 1st January and ending 31st December.

Any person whose stay in the Kingdom is less than 6 months in an income year shall be covered under Rule No. 1.4 of this Part.

#### 1.4 Any Other Person having Personal Income from Sources in Bhutan

Any person not a citizen or a resident but having personal income from sources in Bhutan or for the work performed in Bhutan shall be liable to pay PIT. Income from

sources in Bhutan means income earned from taxable sources in Bhutan or income earned for work performed in Bhutan.

## **1.5 Taxation in the Case of Income of a Deceased Person, Married Couples and Minors**

Income of deceased persons, married couples and minors shall be taxed according to the following procedures:

### **1.5.1 Income of Deceased Persons**

Where a person dies during the income year, his legal representative shall be liable to pay any income tax or other sum payable, which the deceased would have been liable to pay, in the same manner and to the same extent. The legal representative shall for the purpose of personal income tax, be deemed to be an assessee. However before deeming the legal representative of the deceased to be an assessee, a notice to that effect would have to be obtained from the concerned court and submitted to and approved by the Department.

The legal representative is liable for all liabilities of the deceased person, upto the extent to which the estate of the deceased is capable of meeting the liability and only until the estate of the deceased person has been administered to the legal heirs.

Where no legal representative has been appointed for the deceased person, any beneficiary enjoying the income of the deceased shall be liable to pay income tax.

### **1.5.2 Married Couples**

Married couples shall be taxed separately. Income earned from joint ownership of assets shall be divided equally unless otherwise specified in a written agreement.

### **1.5.3 Minor**

Minor means an individual below 18 years of age.

- a) Income of a minor shall be clubbed with one of the parents' income for the purpose of determining personal income. A minor's income may be clubbed with either one of the parents' incomes provided both the parents have taxable sources of income. Where only one of the minor's parents has a taxable source of income, the minor's income shall be clubbed with that parent.
- b) However once a minor has clubbed his or her income with either one of the parents, then they will not be allowed to club their income with the other parent, in subsequent years.
- c) Where a minor has a guardian appointed by the Court, the minor's income shall be taxed separately. Responsibility for filing the tax returns and payment of tax shall be on the guardian appointed by the Court.



- d) A minor having personal income from property inherited by way of will shall be taxed separately. Properties inherited by way of will means any property inherited by will from a deceased person and where parents or guardians appointed by the Court have no right to sell, transfer or dispose of the property.

## **1.6 Members of Diplomatic Mission and Consular Posts**

Notwithstanding the provisions under Section 3, Part III of the Income Tax Act of the Kingdom of Bhutan, 2001 the following shall be liable for PIT:

- a) Bhutanese citizens working in Bhutan for Diplomatic Missions and International Organisations, e.g. UN Agencies and donor/externally supported projects.
- b) Persons other than Bhutanese citizens not covered under fiscal privileges of members of Diplomatic Missions or Consular Posts under the General Provisions of International Law or persons under the provision of special agreements.

## **1.7 Exemption from Tax**

A religious institution or organisation, charitable institution, trust body, trust fund or a body of persons shall be exempt from PIT provided the following conditions are fulfilled:

Such organisations are approved by the government and established in the Kingdom of Bhutan.

- a) Is not operated or conducted for profit.
- b) Is established exclusively for religious worship or advancement of religion or for charitable purposes and or is in the interest of the general public.
- c) Management and control is done through a board consisting of minimum three members.
- d) Proper books of accounts are maintained.

To avail of tax exemptions, such organisations are required to be registered with the Department and shall furnish any relevant information to the tax authorities or any other authorised agency of the Government on written request.

## **2. Income Liable to Tax**

### **2.1 Salary Income from Employment**

Salary means pay, wages, allowances, remuneration, leaves encashment, share of profit received by an employee and includes benefits received free or at a concessional rate. Salary income shall be taxed on an accrual basis.

Gross salary income means a total of pay, wages, sitting fees, allowances, bonus, commission, and benefits as valued under Rule No. 2.3.3 of Part I.

Adjusted Gross Salary Income means the Gross Salary Income after specific deductions/exemptions.

Where an individual earns salary income from more than one employer during the same income year, all salaries shall be added to the Gross Salary Income. Consultancy fees received by a non-licensed consultant shall be treated as salary and be subject to tax.

However, the following incomes shall be excluded from the computation of salary income provided they are within government rates:

- Leave travel concession.
- Travel allowances and daily allowances given while on tours.
- Transfer grants and transportation costs given on transfers.
- Foreign Allowance and Representational Grant given to the civil servants of the Royal government employees stationed outside the country.<sup>3</sup>
- Stipend received by trainees, exchange students and living allowances received by volunteers working in Bhutan.<sup>4</sup>

#### 2.1.1 Specific Deductions

The following deductions shall be allowed as deductions from gross salary income:

- (a) **General Provident Fund (GPF)** contributions made to a pension plans maintained with a financial institution. The maximum deductible rate of the contribution shall be limited to the rate of the scheme maintained by the National Pension & Provident Fund Bureau, when;
  - i. pension plan is maintained with a Financial Institution in Bhutan other than the NPPF; or
  - ii. the pension plan is maintained outside Bhutan for an employee who is on a deputation in Bhutan.
- (b) **Group Insurance Scheme (GIS)** contributions maintained with Insurance Companies within Bhutan. The maximum deductible contribution shall be as per Annexure I of the Group Savings & Insurance Scheme Guidelines, 2016.<sup>5</sup> For the Group Insurance Scheme for pensioners maintained under the Lotedh Scheme by the NPPF, 50% of the contribution shall be deductible.

#### 2.1.2 Payment of Tax

Tax shall be deducted at source (TDS) by the employer at the rate prescribed in Annexure III in accordance with the procedures laid down in Rule No. 4.2.2 (a) of the General Provisions.

Where an employer is not under any legal obligation to deduct tax at source from its employees, the individual, i.e. the employee, shall be responsible for

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<sup>3</sup> 82<sup>nd</sup> Session of National Assembly, June 2004

<sup>4</sup> National Budget Report Financial Year 2002-2003 & the 80<sup>th</sup> Session of National Assembly June 2002.

<sup>5</sup> GPF & GIS as per 80<sup>th</sup> Session of National Assembly, June 2002

paying tax as per rates prescribed in Annexure III to the RRCO on a quarterly basis.

For citizens and residents, TDS or tax paid on a quarterly basis shall be adjusted against their final tax liability at the time of filing the tax return. For persons other than a citizen and resident, TDS or tax paid by the individual on a quarterly basis shall be treated as final tax and returns need not be filed.

## **2.2 Rental Income from Real Property in Bhutan**

Real property means land, building, houses, factory buildings, warehouses and any other structures earning rental income. Rental income from real property shall be taxed on an accrual basis.

Gross Rental Income means total rental income from real property during an income year before specific deduction(s)/exemption.

Adjusted Gross Rental income means Gross Rental Income from real property after specific deductions/exemptions mentioned under Rule No. 2.2.1 of this Part.

### **2.2.1 Specific Deductions/Exemption(s)**

The following expenses shall be allowed as deductions from rental income,

- a) Interest paid on borrowings provided that the loan
  - Is in the name of the taxpayer (property owner);
  - Is taken for the purpose of construction or purchase of the real property generating rental income and these are specifically stated in the loan documents;
  - Is taken from a recognised financial institution; and
  - Is supported by relevant documents.
- b) 20% of the Gross Rental Income shall be allowed as deductions for repairs and maintenance expenses.
- c) Actual municipal taxes and urban house taxes paid, if supported by documents such as money receipts.
- d) Insurance premium paid to a recognised insurance company, if supported by documents.

#### **Exceptions**

The above deductions shall not be allowed for self-occupied units and for real property not generating rental income. However, in the case of property remaining vacant up to a period of three months in an income year the above deductions shall be allowed provided, the conditions laid down under Rule No. 2.2.2 of this Part, are fulfilled.

### **2.2.2 Exemption from Tax**

- a) One dwelling unit used for self-occupation shall be exempt from tax. However, in the case of married couples only one unit shall be exempted. Married couples residing in separate locations due to employment related

reasons shall be allowed to claim tax deduction for one dwelling unit each for self occupation upon presentation of the proof of employment and that units are actually self-occupied subject to the conditions under Rule No. 2.2.1.<sup>6</sup>

- b) Any property remaining vacant shall be exempted from PIT subject to the fulfilment of the following conditions:
- The property has remained vacant and there was no rental income.
  - The RRCO of registration has been informed in writing of the property remaining vacant within fifteen days.
  - Documentary proof to let out the said property is produced.
  - Property kept vacant and not covered under (a) and (b) above shall be deemed as property let out and rent will be calculated on the fair market price.

### **2.2.3 Payment of Tax**

Government, Semi Government, NGOs, Companies or Business entities shall withhold TDS at the rate of 5% on the gross rental income payments made by them as per Rule No. 4.2.2 (b) of the General Provisions.

Where rental income is received from persons other than those mentioned above, individuals receiving the income shall be responsible for declaring at the time of filing.

TDS shall be adjusted against their final tax liability at the time of filing the tax return.

## **2.3 Dividend Income**

Dividend income means any income earned from holding of shares in a company registered in Bhutan. However, such income does not include dividends received in the form of bonus shares. Dividend shall be taxed on a receipt basis.

Gross Dividend income means total dividend income during an income year before specific deduction(s)/exemption.

Adjusted Dividend Income means gross dividend income after specific deductions as mentioned under Rules No. 2.3.1 and 2.3.2 of this Part.

### **2.3.1 Specific Deductions**

Interest paid on borrowings shall be allowed as deductions provided that the loan:

- a) Is in the name of the taxpayer (shareholder);
- b) Is taken for the purchase of shares and this is specifically stated in the loan document;

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<sup>6</sup> National Budget Report, Financial Year 2002-2003 & the 80<sup>th</sup> Session of National Assembly, June 2002.

- c) Is taken from a recognised financial institution; and
- d) Is supported by relevant documents.

### 2.3.2 Specific Exemption

Total Dividend Income up to Nu. 10,000 per annum per taxpayer shall be exempted.

### 2.3.3 Payment of Tax

A company paying dividend to its shareholders shall at the time of payment shall deduct tax on dividend income at source as per rates prescribed below and deposit to the concerned RRCO in accordance with Rule No. 4.2.2(c) of the General Provisions.

Citizens or residents	Dividend Nu. 10,000 or below	No deductions
	Dividend Nu. 10,001 & above	10% of the Total Dividend Income
Person other than citizens or residents	10% on the Total Dividend Income as final tax and tax returns need not be filed.	

## 2.4 Income from Cash Crop

Income from cash crop means income from apple, orange and cardamom orchards. Income from cash crop shall be taxed on an accrual basis.

Gross Income from Cash Crop means total income from cash crops during an income year before specific deduction(s).

Adjusted Gross Income from Cash Crop means gross income from cash crop after specific deductions as mentioned under Rule No. 2.4.1 of this Part.

### 2.4.1 Specific Deductions

30% of the Gross Income from Cash Crop shall be allowed as deduction.

### 2.4.2 Payment of Tax

Payment of tax on income from cash crop shall be at the time of filing the tax return.

## 2.5 Income from Other Sources

Income from other sources means income derived from the following sources:

- a) Income from hire of privately owned vehicles, but excluding trucks and taxis.
- b) Income from hire of privately owned plant and machinery.
- c) Income from intellectual property rights.

Intellectual property means income from copyrights, patent, trademark, design, model or any artistic or scientific work. Income from other sources shall be taxed on an accrual basis.

Gross Income from Other Sources means total income from other sources during an income year before specific deductions/exemption.

Adjusted Gross Income from Other Sources means gross income from other sources after specific deductions /exemption mentioned under Rule No. 2.5.1 of this Part.

### **2.5.1 Specific Deduction**

30% of the Gross Income from Other Sources shall be allowed as deductions.

### **2.5.2 Payment of Tax**

Government, Semi Government, NGOs, Companies or Business entities shall withhold TDS at the rate of 5% on the gross income from other sources on payments made by them as per Rule No. 4.2.2 (e) of the General Provisions.

Where income from other sources is paid by persons other than those mentioned above, individuals receiving the income shall be responsible for declaring the income so received, at the time of filing.

For citizens and residents TDS shall be adjusted against their final tax liability at the time of filing the tax return. For persons other than a citizens or residents, TDS shall be treated as final tax and returns need not be filed.

## **3. General Deductions**

General Deductions shall be given from the Total Adjusted Gross Income in the manner prescribed below:

### **3.1 Insurance Premium<sup>7</sup>**

Insurance premium paid to a recognised Insurance Company in Bhutan for the insurance of a taxpayer's life under the following schemes shall be allowed as deduction:

1. Limited Payment Life Insurance (Whole Life Insurance Policy)
2. Silver Jubilee Term Insurance
3. Term Insurance
4. New Life Annuity Scheme

However, in respect of the below mentioned Insurance schemes covering both life and savings; only 50% of the premium paid shall be allowed as deductions subject to a maximum deduction of Nu.50,000 per annum per taxpayer:

1. Double Endowment
2. Double Cover Endowment
3. Education Annuity
4. Children Anticipated Policy
5. Endowment Assurance

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<sup>7</sup> Insurance Premium deduction as per National Budget Report, Financial Year 2002-2003 & the 80<sup>th</sup> Session of National Assembly June 2002.

6. Money Back Policy
7. Ashi Nangsa Living Policy
8. Millennium Education Policy
9. Endowment Assurance Plan for Minors
10. Double Cover Endowment Plan-without profit
11. Drongseb Kuendrel Tshe-sog Ngensung
12. Endowment Plan for Senior Citizens-with guaranteed additions
13. Pho-Mo Joint Life Endowment Assurance
14. Gaki Pelzom Life Policy
15. Ten-Tsai Mangual Ngenchoel
16. Quendue Ngensung Life Policy

### **3.2 Donations**

Donations made to organisations exempted by the Ministry shall be allowed as deductions upto a limit of 5% of the Total Adjusted Gross income and subject to the condition that such donations are supported by relevant documents.

Further, donations for purposes such as;

- i. A Relief Fund for natural calamities in Bhutan.
- ii. For the preservation and promotion of Religion and Culture in Bhutan and
- iii. For the promotion of Sports, Educational and Scientific activities in Bhutan,

shall be allowed as deductions, subject to the condition that such purposes have the approval of the Government/Ministry, is supported by the relevant documents and such donations are less than 5% of the Adjusted Gross income.

### **3.3 Education Expense**

3.3.1 Education expense for dependent children (own or legally adopted) shall be allowed as deduction from the total adjusted gross income as per the following conditions:

- a) The actual cost of education incurred shall be allowed as deduction up to a maximum limit of Nu. 150, 000 per child provided, that the claim is supported by relevant documents.
- b) Both Parents cannot claim the allowance for the same dependent child.
- c) Where children above the age of 18 years start earning, either as an employee or through a profession or business, the individual can no longer be considered a dependent and neither can his status revert to dependent for the purpose of taxation.
- d) For children having been awarded scholarship, the deductible education expense shall be only on account of the uncovered portion of the education expense.

- 3.3.2 If the individual availing privately financed education is a taxpayer, then the cost of education shall be allowed as tax deductible expenditure, limited to the actual cost of education or Nu. 150,000, whichever is lower per individual.<sup>8</sup>

*The amended Rule No. 3.3 shall have effect from 1<sup>st</sup> January 2016.*

#### 4. Net Taxable Income

Net Taxable Income means the Total Adjusted Gross Income from the following personal incomes after general deductions:

- a) Gross salary income after deductions under Rules No. 2.1.1
- b) Rental income from real property after specific deduction(s)/exemption under Rules No. 2.2.1 and 2.2.2 of this Part;
- c) Dividend income from shareholdings after specific deduction(s)/exemption under Rules No. 2.3.1 and 2.3.2 of this Part;
- d) Income from cash crop after specific deduction(s) under Rule No. 2.4.1 of this Part;
- e) Income from other sources after specific deduction(s) under Rule No. 2.5.1 of this Part.

Citizens and residents shall be taxed on the Net Taxable Income arrived from (a), (b), (c), (d) and (e) after general deductions under Rule No. 3 of this Part. The tax rates and slabs given under Rule No. 5 of this Part shall be applied on Net Taxable Income to calculate the Tax Amount.

#### 5. Tax Rates

The Net Taxable Income as per Rule No. 4 of this Part shall be liable for PIT as per the rates given below.

Sl. No	Net Taxable Income	Tax rates
1.	Where the Net Taxable Income does not exceed Nu. 200,000	Nil
2.	Where the Net Taxable Income exceeds Nu. 200,000 but does not exceed Nu. 250,000.	10% on the amount by which the Net Taxable Income exceeds Nu. 200,000
3.	Where the Net Taxable Income exceeds Nu. 250,000 but does not exceed Nu. 500,000.	Nu. 5,000 plus 15% on the amount by which the Net Taxable Income exceeds Nu. 250,000
4	Where the Net Taxable Income exceeds Nu. 500,000 but does not exceed Nu. 1,000,000.	Nu. 42,500 plus 20% on the amount by which the Net Taxable Income exceeds Nu. 500,000
5	Where the Net Taxable Income exceeds Nu. 1,000,000	Nu. 142,500 plus 25% on the amount by which the Net Taxable Income exceeds Nu. 1,000,000

*The amended tax rates under Rule No. 5 shall have effect from 1<sup>st</sup> January 2016.*

<sup>8</sup> National Budget Report, Financial Year 2002-2003 & the 80<sup>th</sup> Session of National Assembly, June 2002.



## **6. Set Off and Carry Forward**

### **6.1 Adjustment of TDS and Taxes Paid Quarterly**

TDS and tax paid quarterly for the purpose of PIT shall be adjusted as follows:

- a) TDS and tax paid quarterly from salary income, rental income, dividend income, interest income and income from other sources shall be adjusted against the Tax Amount at the time of filing for a citizen and a resident as per Rule No. 4 of the General Provisions.
- b) For a person other than a citizen or a resident, TDS and taxes paid quarterly shall be treated as final PIT and such persons shall not be required to file income tax return.

### **6.2 Set Off**

Set off and adjustment of personal income for the computation of Net Taxable Income shall be as follows:

- a) Deficit from one income may be adjusted against another income provided the incomes are from the same source. Example: deficit from rental income of one property may be adjusted against the rental income from another house.
- b) Deficit from one source shall not be adjusted against the income from another source. Example: Deficit from rental income will not be allowed to be adjusted against the income from salary or any other source.

Deficit means specific deductions/exemption exceeding the Gross Income.

### **6.3 Carry Forward of Losses**

Carry forward of loss or deficit from one income year to another or adjustment against the income of the subsequent year shall not be allowed under PIT.

## **7. Registration of Taxpayers and Filing of Tax Return**

### **7.1 Tax Registration**

All citizens above 18 years of age and residents having personal income from one or more of the sources during an income year shall register as per the procedures given below:

- a) Individuals may register with RRCO's either through the online RAMIS system or filling in the FORM PIT-1 and submitting it manually to the RRCO.
- b) A person must mention in the Registration the RRCO where he/she would like to be registered as a taxpayer.
- c) Citizen ID No./Resident Permit Number issued by the Department of Immigration and Census shall be used as the key identification number for registration and must be used as a reference for all future tax transactions.

Location of RRCOs and their area of jurisdiction are indicated below:

<b>Sl. No.</b>	<b>Regional Revenue &amp; Customs Office</b>	<b>Dzongkhags</b>
1	Thimphu	Thimphu, Punakha, Wangdue Phodrang and

		Gasa
2	Phuentsholing	Chukha
3	Samtse	Samtse
4	Gelephu	Sarpang, Tsirang, Dagana & Zhemgang
5	Samdrup Jongkhar	Samdrup Jongkhar, & Pema Gatshel,
6	Paro	Paro and Haa
7	Mongar	Mongar, Lhuentse, Trashigang & Trashiyangtse
8	Bumthang	Bumthang & Trongsa

## 7.2 Change of Registration from One RRCO to Another

Registration may be changed from one RRCO to another on submission of a written application by a taxpayer, no later than 2 months before the end of the income year.

The concerned RRCO must convey the decisions in writing within one month from the date of receipt of application. Permission may be given if the location of the business has moved to another region.

Where permission for transfer of a taxpayer's registration from one RRCO to another is given, the unit person must obtain a Tax Clearance Certificate from the previous RRCO, showing the old registration details and tax status. This certificate must be submitted to the new RRCO. The previous RRCO shall be responsible for submitting a copy of all tax records to the new RRCO.

## 7.3 Cancellation of PIT Registration

For PIT purposes, cancellation of registration takes place when a person dies or migrates. In such cases, an authorised representative or the taxpayer shall inform the concerned RRCO and obtain a Tax Clearance Certificate. A Tax Clearance Certificate shall be issued to the taxpayer by the RRCO.

## 7.4 Filing of Income Tax Return

All citizens above 18 years of age and residents having taxable personal income as mentioned under Rule No. 1.1 of this Part or their authorised representatives or persons claiming refund shall file the tax return either online through RAMIS or as per FORM PIT-2 at the RRCO of registration before 1st March following the income year.

All tax return forms must contain full and correct information regarding the income and deductions and must be accompanied by relevant documents such as money receipts and TDS certificates for adjustment of TDS and taxes paid half yearly/quarterly.

Failure to file the income tax return as required shall result in fines and penalties as per Chapter 5 of the General Provisions of the Income Tax Act of the Kingdom of Bhutan, 2001.

### **7.5 Persons other than Citizens or Residents**

Any person not a citizen or a resident but having personal income from sources in Bhutan or from work performed in Bhutan, TDS paid shall be treated as the final PIT and tax returns need not be filed. Where taxes have not been deducted at source, such person shall be required to file the tax return like a citizen or resident.

### **7.6 Correction of Tax Return**

Taxpayers may correct their tax return within 15 days from the date of submission of tax return on genuine grounds and reasons acceptable to the RRCO. The correction of returns shall be limited to arithmetical errors and accounts heads and must be applied in writing to the Regional Director.

### **7.7 Postponement of Filing**

Where a taxpayer is unable to submit the tax return within the due date, the Regional Director of the concerned RRCO may extend the time limit up to 1st May provided that:

- The taxpayer submits a written request for extension before 20th February for PIT.
- Postponement of filing shall not postpone the payment of tax. In such cases, the taxpayer shall make a suitable provisional tax payment equal to or more than the tax paid in the previous year.

Request for extension beyond 1st May shall be forwarded by the RRCO to the DRCHQ. DRCHQ may extend the time limit up to 1st August, in exceptional cases.

### **7.8 Payment of Tax**

Citizens or residents shall pay PIT on a self-assessment basis at the time of filing the tax return. TDS/tax paid half yearly or quarterly shall be adjusted against the tax liability and any payment in excess shall be refunded as per Section 23 of the General Provisions of the Income Tax Act of the Kingdom of Bhutan, 2001.

## GENERAL PROVISIONS

The Rules under this Part shall be applicable to all taxpayers be they under Corporate Income Tax, Business Income Tax or Personal Income Tax.

### 1. Assessment

#### 1.1 Assessment Authority

The Department of Revenue and Customs through its Regional Revenue and Customs Offices shall be responsible for assessment of taxes.

All companies (FORM CIT-2), businesses (FORM BIT-2) and individuals (FORM PIT-2) shall submit their tax returns on a self-declared assessment basis to the RRCO where they are registered as a taxpayer. Upon receipt of the tax return, the RRCO may carry out the assessment in one or more of the following ways:

#### 1.2 Advance Assessment

An Advance assessment may be carried out by the Department in advance of the normal due date of filing a tax return in the following cases;

- a) Taxpayer has ceased to carry on the business, or the tax authority has reason to believe that a taxpayer will cease to carry on business, before the end of tax year; or
- b) Taxpayer is about to leave the country permanently; or
- c) Taxpayer has been declared bankrupt, gone into liquidation, or otherwise ceased to exist; or
- d) Taxpayer has died;

#### 1.3 Desk Assessment

Desk assessment shall be carried out when the tax return is submitted or within 90 days thereafter. Desk assessment shall include a logical check, an arithmetical check on the figures submitted, and a 'reasonableness' check on the level of self-declared assessed tax. If any error or omission is found, the tax officer has the right to reject the tax return but shall collect the tax based on the self-declaration assessment. In such case, the taxpayer shall be informed in writing stating clearly the reasons for rejection.

On completion of desk assessment, the RRCO may issue a demand notice for CIT, BIT units and for PIT taxpayers showing the full tax liability, any tax payments made and the balance payable.

Any additional tax due/payable after the due date of filing (CIT/BIT on 31st March and PIT on 1st March) shall result in fines and penalties at the rate of 24% per annum.

#### 1.4 Field Assessment

If the desk assessment is not satisfactory, a field assessment may be carried out. Where a field assessment is required, the taxpayer shall be informed of the field

assessment at least 2 weeks before the commencement of the field assessment. A field assessment must be completed within 2 years from the submission of tax returns. Reasons for field assessment may be:

- The desk assessment suggested missing or inadequate documentation.
- The desk assessment suggested that either adjustment or refund of provisional taxes is required.
- Loss incurred under normal circumstance and declared in the tax return.
- Where field assessment of the unit has not been carried out for the last 3 years.

Field assessment is completed by the RRCO as follows:

- Where no further tax liability is identified as a result of the assessment process, the tax officer shall issue a final assessment notice, indicating that no further tax payment is required for that income year.
- Where an assessment results in an additional tax liability, a final assessment notice and demand notice for CIT, BIT units and for PIT taxpayers shall be issued showing the full tax liability, any tax payments made and the balance payable.
- Where an assessment results in a reduced tax liability, the excess tax paid will be refunded, provided that the following conditions have been fulfilled:
  - All outstanding tax assessments have been completed and finalised.
  - There are no outstanding taxes, fines and penalties and interest against the unit or other units under the same ownership. Excess taxes refundable shall be adjusted against outstanding taxes if not already recovered.
  - There are no outstanding debts to the RGOB.

Adjustments against other outstanding taxes can be made at the RRCO level, but actual monetary refunds must always be authorised by DRCHQ.

Any additional tax due/payable after the due date of filing (CIT/BIT on 31st March, PIT on 1st March) shall result in a penal interest at the rate of 24% per annum.

### **1.5 Estimated Assessment**

A tax officer shall make an estimated assessment in the following cases:

- Tax return has not been submitted within the prescribed time limit and no time extension request has been made and approved.
- A tax return has been rejected during desk assessment, and a valid re-submission has not been received.
- A business or company has failed to keep proper accounting records as required under Rule No. 5 of this Part.

Estimated assessment shall be based on one or more of the following:

- Tax returns filed for the last three years.
- Import and export figures available with the Department.
- Information from third parties such as customers.

- Taxes paid by other similar units.
- Taxes paid on an estimated basis in the previous year plus an appropriate increase.
- Any other information available on the taxpayer.

Estimated assessment is completed by the RRCO as follows:

- The tax officer shall issue a demand notice as per for CIT, BIT units and for PIT taxpayers, showing the full tax liability, any tax payments made and the balance payable.
- The demand notice must clearly state the basis upon which the estimated assessment was finalised.

Any additional tax due/payable after the due date of filing (CIT/BIT on 31st March, PIT on 1st March) shall result in a penal interest at the rate of 24% per annum.

### **1.6 Reassessment**

A reassessment may take place at any time within 5 years from the end of the income year, and shall be on any of the following grounds:

- Upon request from a taxpayer as a part of the appeal procedure.
- Upon request from the tax authorities where an appeal case cannot be concluded without further investigation.
- Upon request from a RRCO or DRCHQ where there are reasonable grounds.

Reassessment is completed by the RRCO as mentioned in Rule No.1.4 above.

Any additional tax due/payable after the due date of filing (CIT/BIT on 31st March, PIT on 1st March) shall result in a penal interest at the rate of 24% per annum.

### **1.7 Fines and Penalties**

Failure to comply with the above Rules No. 1.2 to 1.6 shall result in fines and penalties as mentioned in Chapter 5 of the General Provisions of the Income Tax Act of the Kingdom of Bhutan, 2001.

## **2. Transfer and Closure of Business**

### **2.1 Winding up of company**

A company being wound up or liquidated shall be liable to tax in accordance with the provisions under the Companies Act of the Kingdom of Bhutan, 2000.

### **2.2 Transfer and Closure of Business**

Liability to tax as a result of transfer or closure of a business shall be as follows:

#### **(a) Change of Business Ownership**

Both the previous owner and the new owner shall report change of ownership of a business in writing to the concerned RRCO. License shall also be transferred through the Authorised Government agency on submission of Tax Clearance Certificate for companies and for businesses issued by the RRCO.

Where the change of ownership has not been reported, the new owner shall be responsible for settlement of all outstanding tax liabilities.

**(b) Business Closure**

When closing a business unit, the following procedures must be adhered to:

- The taxpayer must notify the RRCO at least 2 months before the date of closure.
- The taxpayer shall submit the final accounts till date and make provisions for the remaining 2 months.
- The taxpayer (companies and businesses) shall obtain a Tax Clearance Certificate from the concerned RRCO.

Where the above provisions have not been adhered to, the outstanding taxes shall be borne by:

- The sitting Board of Directors before winding up of the Company;
- The licence holder, in the case of unincorporated businesses irrespective of the status of the licence.

**3. Double taxation relief**

Relief from double taxation shall be accorded in accordance with double taxation avoidance agreements entered into and the provisions laid down under;

**3.1 In order to be eligible for relief from double taxation, the following conditions should be fulfilled:**

- a) A double taxation Avoidance Agreement should exist between Bhutan and the foreign country where tax has been withheld or levied, and
- b) The person claiming the relief should have been a tax resident of Bhutan for the relevant income year: and
- c) Tax has been paid or is payable on the same income in the foreign jurisdiction; and
- d) The income is subject to taxation in Bhutan.

**3.2** If a resident person derives taxable foreign source income in respect of which the person has paid foreign income tax, the person shall be allowed a foreign tax credit of an amount, equal to the lesser of:

- (a) A foreign income tax paid; or
- (b) Income tax payable under the Income Tax Act in respect of the taxable foreign-source income.

**3.3** For the purposes of Rule 3.2(b) of these Rules, income tax payable under this Rule in respect of taxable foreign-source income derived by a resident person in an income year is computed by applying the average rate of Bhutanese income tax applicable to the person for the year, against the net foreign-source income of the person for the year.

- 3.4** For Part I (CIT) & Part II (BIT) taxpayers, the foreign tax credit for each category of foreign source income shall be calculated separately for an income year.
- 3.5** When Rule 3.2 applies, deductions are apportioned for the purposes of paragraph (ii) of the definition of “net foreign-source income” in Rule 3.7(b) on the basis that the business income that is foreign source income and the other foreign-source income are separate classes of income.
- 3.6** If a foreign tax credit allowed to a resident person for an income year exceeds the tax payable by the person for that year, the excess of the amount shall neither be refunded nor be carried forward to the next income year.
- 3.7** Under these Rules on double taxation relief:
- (a) **Average rate of Bhutanese Income Tax**, in relation to a resident person for an income year, means the percentage of the Bhutanese Income Tax payable by the person for the year, before the allowance of any tax credit under this Rule.
  - (b) **Foreign income tax means** income tax, including withholding tax on income, imposed by the Government of a foreign country, but does not include penalty or interest payable in respect of such tax.
  - (c) **Net foreign-source income**, in relation to a resident person for an income year, means the total taxable foreign-source income of the person for the year, as reduced by:
    - (i) any deductions to the person under this Rule for the year that relate exclusively to the derivation of the taxable foreign-source income; and
    - (ii) any other deductions allowed to the person under this Rule for the year that are reasonably apportioned to the derivation of taxable foreign-source income.

#### **4. Collection**

##### **4.1 Collection Authority**

The Department of Revenue and Customs through its Regional Revenue & Customs Office and withholding agencies shall be responsible for the collection of taxes as per the provisions given under this Rule.

##### **4.2 Payment of Tax**

Taxpayers shall pay taxes to the RRCO in one or more of the following ways as mentioned below:

###### **4.2.1 Taxes paid during the income year**

- a) Advance Taxes



All companies and large and medium businesses shall pay advance tax as follows:

Due date	Advance Tax amount
31st August	30% BIT/CIT based on half yearly Profit and Loss account, or where half yearly accounts cannot be submitted on reasonable grounds, 50% of the BIT/CIT paid in the previous year

**b) Tax Paid on Quarterly basis**

Individuals employed by an employer not liable to deduct tax at source shall pay tax in 4 equal instalments during the income year by computing their annual tax liability and dividing it into 4 instalments. The tax must be deposited with the RRCO where the individual is registered as a taxpayer on 31st March, 30th June, 30th September and 31st December of the income year.

**4.2.2 Tax Deducted at Source (TDS)**

TDS is a preliminary estimate of a person's annual tax liability and shall be adjusted against the final tax at the time of filing the annual tax return unless otherwise specified. The withholding agencies are responsible for deducting and depositing TDS as below:

Sl.No.	Withholding Agency	Sources
1	Employer	Salary (refer 4.2.2(a))
2	Government, Semi government & Non-government organisations, Companies and Businesses,	Rental Income (4.2.2(b))
3	Companies	Dividend (refer 4.2.2(c))
4	Financial Institutions	Interest (refer 4.2.2(d))
5	Department of Tourism	Tour Income (refer 4.2.2(f))
6	Contract Awarder	Contract income (refer 4.2.2(g))
7	Government, Semi government & Non-government organisations, Companies, and Businesses,	Other Income (refer 4.2.2(e))

**(a) Salary Income**

Salary income includes fees paid to non-licensed freelance consultants. The employer shall deduct tax at source (TDS) on salary income at the time of disbursement as per schedule prescribed in Annexure III. The amount so deducted shall be deposited with the nearest RRCO or to a RGR account on or before the 10th of the month following the date of deduction as per FORM IT-1.

The tax deducted at source shall be adjusted against the person's tax liability, therefore, the employer must:

- Maintain proper accounting records.
- Submit monthly and yearly information to the RRCO where the employer is registered as a taxpayer as per FORM IT-1.
- Ensure that the retirement benefits are paid only on production of Tax Clearance Certificates issued by a RRCO.

For persons other than a citizen or a resident, the TDS is final and tax returns need not be filed.

Failure to comply with the above Rules shall result in fines and penalties as mentioned in Chapter 5 of the General Provisions of the Income Tax Act of the Kingdom of Bhutan, 2001.

#### **(b) Rental Income**

A corporate or business entity or a government, semi-government, non-government organisation hiring real property as defined under Rule No. 2.2 of Part III, of these Rules shall at the time of payment deduct tax at source (TDS) at the rate of 5% of the gross rental payment. The amount so deducted shall be deposited to the concerned RRCO on or before the 10th of the month following the date of deduction as per FORM IT-2.

The tax deducted at source shall be adjusted against the person's final tax liability; therefore, all withholding agencies must maintain proper accounting records.

Failure to comply with the above Rules will result in fines and penalties as per Chapter 5 of General Provisions of the Income Tax Act of the Kingdom of Bhutan, 2001.

#### **(c) Dividend Income**

A company paying dividend to its shareholders shall at the time of payment deduct tax on dividend income at source as per rates prescribed below and deposit it to the concerned RRCO on or before the 10th of the month following the date of deduction as per FORM IT-3.

Citizens and residents	Dividend Nu. 10,000 or below	No Deductions
	Dividend Nu. 10,001 & above	10% of the Total Dividend Income
Persons other than citizens and residents	10% on the Total Dividend Income as final tax, and return need not be filed.	
CIT & BIT units	10% on the Total Dividend Income	

The tax deducted at source shall be adjusted against the persons final tax liability, therefore, the company must:

- Maintain proper accounting records.
- Submit yearly accounts before December 31st to the RRCO as per FORM IT-3.

Failure to comply with the above Rules will result in fines and penalties as per the provisions under Chapter 5 of the Income Tax Act of the Kingdom of Bhutan, 2001.

**d) Interest Income**

A financial institution paying interest to its clients shall deduct tax on interest income at source at the time the interest is paid or credited to the client's account as per rates prescribed below. TDS must be deposited to the concerned RRCO on or before the 10th of the month following the date of deduction as per FORM IT-4

Persons other than citizens and residents	5% on the Total Interest Income as final tax and returns need not be filed.
Foreign Companies & Branches	5% of the total interest income
CIT & BIT units	5% on the Total Interest Income

The tax deducted at source shall be adjusted against the final tax liability of companies and businesses under the purview of Full Tax Liability, therefore, the financial institutions must:

- Maintain proper accounting records.
- Submit yearly accounts before December 31st to the RRCO as per FORM IT-4.

Failure to comply with the above Rules will result in fines and penalties as per Chapter 5 of General Provisions of the Income Tax Act of the Kingdom of Bhutan, 2001.

**(e) Other Income**

A corporate or business entity or a government, semi-government, non-government organisation hiring vehicles, plant, machinery or paying for the use of intellectual property from an individual or another tax entity shall at the time of payment deduct tax at source at the rate of 5% of the gross payment, and shall deposit the tax to the concerned RRCO on or before the 10th of the month following the date of deduction as per FORM IT-5.

The tax deducted at source shall be adjusted against the person's final tax liability, therefore, all withholding agencies must maintain proper accounting records.

Failure to comply with the above Rules will result in fines and penalties as per Chapter 5 of General Provisions of the Income Tax Act of the Kingdom of Bhutan, 2001.

**(f) TDS from National Tour Operators**

The Tourism Council of Bhutan (TCB) shall deduct tax at source at the rate of 2% of the Tour Income, and shall deposit the tax in a RGR account on or before 10th of the month following the date of deduction as per FORM IT-6 with a copy to the tour operator.

The tax deducted at source will be adjusted against the tour operator's final tax liability, therefore, the tour operators must maintain proper accounting records. Failure to comply with the above Rules will result in fines and penalties as per Chapter 5 of General Provisions of the Income Tax Act of the Kingdom of Bhutan, 2001.

**(g) Contractors**

Tax shall be deducted at source for construction, logging work, management contracts, supplies, transportation, consultancy and other professional services by a contract awarder in the manner prescribed below:

**i. Contractors under Full Tax Liability**

The contract awarder shall:

- Deduct contractor's tax at source at the rate of 2% of the gross amount on the day of payment. The amount so deducted shall be adjusted against the contractor's final tax liability.
- TDS must be deposited into a RGR account or to the concerned RRCO on or before 10th of the month following the date of deduction as per FORM IT-7 with a copy to the contractor.

**ii. Contractors under Limited Tax Liability**

The contract awarder shall:

- Deduct contractor's tax at source at the rate of 3% of the gross amount on the day of payment as final tax of the contractor.
- TDS must be deposited into a RGR account or to the concerned RRCO on or before 10th of the month following the date of deduction as per FORM IT-7 with a copy to the contractor.

#### **4.2.3 Tax Paid when Filing Annual Tax Return**

Companies and businesses shall file their annual tax returns at the latest by March 31st and individuals at the latest by March 1st in the year following the income year. Advance tax, tax paid on a quarterly basis and TDS shall be adjusted provided accounts have been submitted (CIT/BIT taxpayers) and TDS deduction certificates produced (CIT/BIT/PIT taxpayers) in the following manner:

- a) Advance Tax shall be adjusted at the time of filing of tax return against provisional tax payable provided accounts are submitted.
- b) Taxes paid on a quarterly basis shall be adjusted at the time of filing of tax return provided revenue receipts are produced.
- c) TDS shall be adjusted
  - At the time of advance tax payment;
  - At the time of provisional tax payment;
  - At the time of final tax payment.

### **5. Information, Control and Documentation**

All registered companies and business units shall maintain proper accounting records. The following sections are intended to provide a guideline as to what constitutes 'proper accounting records' for different categories of CIT/BIT taxpayers.

The specific book of accounts to be maintained by a taxpayer depends on the category of unit to which the taxpayer belongs. The categorisation of companies and business shall be in accordance with the categorization given in Annexure I.

#### **5.1 Companies, Large and Medium Business units**

All companies, large and medium business units regardless of their size must maintain the following books of account and associated records:

- Trial Balance;
- Manufacturing & Trading Accounts;
- Profit & Loss Accounts;
- Balance Sheet;
- General/Nominal Ledger;
- Cash Book, Bank Statements, and Bank Reconciliation Statements;
- Sales Ledger, Registers and Supporting bills, Cash Memos and Receipts;
- Purchase Ledger, Registers and Supporting Bills, Receipts and Vouchers;
- Journal Book;
- Fixed Asset Register;
- Stock Register.

#### **5.2 Small, Cottage/Micro Business Units**

Small businesses must maintain basic accounting records to ensure that all transactions are recorded. Therefore, for such businesses records such as cashbook, a daily list of sales summarised monthly & annually, cash memos, and purchase invoice may be maintained. However, where these records are not available, annual tax assessment shall be done on an estimated basis as per Rule No. 1.5 of the General Provisions.

### **5.3 Information from Third Parties**

All public and private entities and individuals, on written request by a Regional Director or the Head of the Department, shall furnish any relevant information on a taxpayer. The request for information shall be made when a RRCO requires the information to determine tax liability of a taxpayer.

## **6. Recovery Measures**

### **6.1 General**

The following recovery measures shall be used when a company, business or person:

- Has not paid tax within the due date; or
- Has not deducted tax at source within due date; or
- Has not paid fines and penalties.

#### **6.1.1 Agreement**

The RRCO shall enter into an agreement with a taxpayer for recovery of tax dues and claims. The agreement shall specify dues, terms of payments, mode of payment etc. Prior approval of the DRCHQ is required if the payback period is longer than 12 months.

#### **6.1.2 Restraint on Asset**

Where a taxpayer defaults the payment of tax dues as per the agreement under Rule No. 6.1.1 above, the RRCO shall put a restraint on the taxpayer's property, or income from the taxpayer's property covering sufficiently the amount of outstanding tax/claims as mentioned below:

- a) Issue a restraint order as per FORM IT-8 to the taxpayer stating clearly the grounds for restraint.
- b) Notify the general public and the concerned authorities of the property being restrained and the right to subsequent claims where third parties have prior claims to the property/income.
- c) Register details of the property/assets/income restrained in the Restraint Book.
- d) Enter into further agreement stipulating faster recovery of dues.

If a taxpayer settles tax dues, the RRCO shall inform the taxpayer stating clearly that his/her dues have been cleared and the restraint order shall be annulled thereafter.

#### **6.1.3 Executing Bond**

Notwithstanding Rule No. 6.1.2 above, the RRCO may execute a bond or security issued by another person or entity in cases where:

- The taxpayer's liquidity is poor; or
- The taxpayer does not own sufficient assets or other security to cover the tax dues; or
- The tax due is high compared to income from his business; or

- The tax authority has reason to believe that the taxpayer may leave the country.
- If the bond or security is redeemed, the RRCO shall adjust the tax dues/outstanding and refund the excess amount, if any.

#### **6.1.4 Detention of Assets**

Assets restrained under Rule No. 6.1.2 above may be detained if a taxpayer fails or has failed to settle his/her tax dues as per conditions set out thereto. Once detained, the assets may be auctioned and disposed off by the RRCO:

- After obtaining prior approval from head of the Department;
- After fixing the reserved value of asset to be disposed of;
- By an Auction Committee comprising at least two officers from the RRCO, and two representatives from the concerned Dzongkhag;
- Under the chairmanship of the Regional Director and
- By notifying at least two weeks before the date of auction by the RRCO.

#### **6.1.5 Adjustment of Auction Proceeds against Tax Dues**

The proceeds from the auction shall be adjusted against the duties and taxes due, interest and fines as well as costs of detaining the assets and the auction thereof. The RRCO shall inform the taxpayer of the adjustment in writing and refund the excess amount, if any, to the taxpayer.

#### **6.1.6 Suspension and Cancellation of Business License**

Notwithstanding Rules No. 6.1.1, 6.1.2, 6.1.3, 6.1.4, 6.1.5; the Department through the Ministry of Finance shall recommend to the concerned authority for cancellation of a taxpayer's licence.

### **7. Tax Clearance Certificate**

A Tax Clearance Certificate for companies, for business units and for individuals must be obtained from a RRCO where they are registered as a taxpayer in the following cases:

- Before leaving the country for 6 months or more;
- At the time of obtaining and renewal of licence or bidding for any works and service contracts;
- At the time of transfer of ownership or location of business; or
- At the time of closing of a business.

#### **7.1 Issue of Tax Clearance Certificate**

A Tax Clearance Certificate shall be issued provided:

- There are no outstanding taxes due to the government; or
- A person/entity does not have taxable income.



ROYAL GOVERNMENT OF BHUTAN  
REGIONAL REVENUE & CUSTOMS OFFICE

---

Date: \_\_\_\_\_

## 1. DETAILS OF COMPANY

- a) Name of Company: \_\_\_\_\_
- b) Registered Address of Company: \_\_\_\_\_
- Dzongkhag \_\_\_\_\_ Town/City \_\_\_\_\_
- Street Name: \_\_\_\_\_
- Post Box No \_\_\_\_\_ Phone No. \_\_\_\_\_
- Fax No. \_\_\_\_\_ Email address: \_\_\_\_\_

## 2. TYPE OF OWNERSHIP (please tick)

- a) Private Company ☐
- b) Government Company ☐
- c) Listed Company ☐
- d) Foreign Company ☐

## 3. LICENSE DETAILS AND ACTIVITIES

Sl. No	License No.	Date of Issue	Nature of Activity

If required, please use additional sheet.

## 4. COMPANY REGISTRATION DETAILS

- a) Registration No: \_\_\_\_\_
- b) Date of Registration: \_\_\_\_\_

## 5. NO. OF REGULAR EMPLOYEES (including those at branch units)

Number: \_\_\_\_\_



6. **ADDRESS OF BRANCH**

Sl. No	Name of the unit	Town/City	Post Box No	Phone No	Fax No.
1					
2					
3					
4					
5					

If required, please use additional sheet.

Note: Any change in the above information must be informed to the RRCO of registration within one month of the change.

I hereby declare that the above information is true and correct to the best of my knowledge.

Signature of the Chief Executive Officer: \_\_\_\_\_

Name of the Chief Executive Officer: \_\_\_\_\_

Documents Attached:

- i. Certificate of Incorporation
- ii. Licence Copies
- iii. Name and address of Board of Directors

FOR OFFICIAL USE ONLY

You are hereby allocated a Tax Payer Number (TPN) \_\_\_\_\_ by the Regional Revenue Customs Office \_\_\_\_\_ on \_\_\_\_\_ day \_\_\_\_\_ month \_\_\_\_\_ year.

You are requested to use your TPN in all your correspondences with us.

Yours faithfully,

Name & Signature of the Issuing Authority

**FORM CIT – 2****ANNUAL INCOME TAX RETURNS**

ANNUAL CORPORATE INCOME TAX RETURNS FOR THE INCOME YEAR \_ \_ \_ \_

From: Name of MD: \_\_\_\_\_

Name of Company: \_\_\_\_\_

License Nos.: \_\_\_\_\_

TPN: \_\_\_\_\_

Date: \_\_\_\_\_

To: The Regional Director,  
Regional Revenue & Customs Office,  
\_\_\_\_\_

Please find attached the following documents relating to Corporate Income Tax for the Income Year \_\_\_\_\_.

- Self Assessment sheet (Adjustment of taxable Profit/Loss) inline with the Income Tax Act & Rules
- Statutory Audit Report/ Provisional Financial Statements
- Money Receipts for Advance Taxes already paid or CIT withheld at source.
- Cash/Cheque No \_\_\_\_\_ dated \_\_\_\_\_ for Nu. (figures)  
(words)  
only in payment of Self-Declared Corporate Income Tax .

We, hereby declare that the records submitted herewith are true and meet the obligations as required under the Income Tax Act & Rules. Any additional taxes arising as a result of the records being otherwise or as a result of shortcomings in meeting the obligations as required under the Income Tax Act & Rules shall be paid along with the penalties as provided in the Income Tax Act.

Affix  
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StampAffix  
Legal  
StampSignature  
Name of Chief Executive Officer:  
Date:Signature:  
Name of Chief Finance Officer:  
Date:

**FORM BIT-1**
**BIT REGISTRATION**


ROYAL GOVERNMENT OF BHUTAN  
REGIONAL REVENUE & CUSTOMS OFFICE

---

Date: \_\_\_\_\_

**1. DETAILS OF BUSINESS**

a) Name of the Business \_\_\_\_\_

b) Type of Business ☐ Trading    Service ☐ Manufacturing    ☐

c) Investment Range

Nu. 100 million and above ☐

Nu. 10 million to Nu. 100 million ☐

Nu. 5 million to Nu. 10 million ☐

Nu. 3 million to Nu. 5 million ☐

Nu. 1 million to Nu. 3 million ☐

Less than Nu. 1 million ☐

b) Registered Address of the Business: \_\_\_\_\_

Street Name \_\_\_\_\_ Post Box No. \_\_\_\_\_

Dzongkhag \_\_\_\_\_ Gewog \_\_\_\_\_ Village \_\_\_\_\_

Phone No. \_\_\_\_\_ Fax No. \_\_\_\_\_

Email address \_\_\_\_\_

**2. TYPE OF OWNERSHIP (please tick)**

Sole Proprietorship ☐

Partnership ☐

**3. OWNERSHIP DETAILS**

Sl. No	Name	Citizenship ID No	TPN No	Telephone No

Name \_\_\_\_\_ Sex \_\_\_\_\_ Date of Birth/Year \_\_\_\_\_

Citizen ID Card No./Resident Permit No. \_\_\_\_\_ Nationality \_\_\_\_\_

Street Name \_\_\_\_\_ Post Box No. \_\_\_\_\_ Fax No. \_\_\_\_\_  
Village \_\_\_\_\_ Gewog \_\_\_\_\_ Dzongkhag \_\_\_\_\_.

If a business has more than one owner, same details should be filled in a separate sheet.

4. **DATE OF BUSINESS ESTABLISHMENT**

Date \_\_\_\_\_ Month \_\_\_\_\_

Year \_\_\_\_\_

1. **LICENSE DETAILS AND ACTIVITIES**

Sl. No	License No	Date of Issue	Nature of Activity

If required, please use additional sheet.

2. **OTHER BUSINESSES OWNED BY THE OWNER**

Sl. No	TPN	Name of the Business	License No	Address	Phone No

If required, please use additional sheet.

Note: Any change in the above information must be informed to the RRCO of registration within one month of the change.

I hereby declare that the above information is true and correct to the best of my knowledge.

Signature of the Owner: \_\_\_\_\_

Name of the Owner: \_\_\_\_\_

**FOR OFFICIAL USE ONLY**

You are hereby allocated a Tax Payer Number (TPN) \_\_\_\_\_ by the Regional Revenue Customs Office \_\_\_\_\_ on \_\_\_\_\_ day \_\_\_\_\_ month \_\_\_\_\_ year.

You are requested to use your TPN in all your correspondences with us.

Yours faithfully,

Name & Signature of the Issuing Authority

ANNUAL BUSINESS INCOME TAX RETURN FOR THE YEAR \_\_\_\_\_

From: Name of Proprietor: \_\_\_\_\_  
Name of Business: \_\_\_\_\_  
\_\_\_\_\_  
License Nos. \_\_\_\_\_  
TPN/Entity Code No. \_\_\_\_\_  
Date \_\_\_\_\_

To: The Regional Director  
Regional Revenue & Customs Office  
\_\_\_\_\_

Please find attached the following documents relating to Business Income Tax for the Tax Year \_\_\_\_\_:

- Annual Accounts in Standard Format.
- Money Receipts for Advance Taxes already paid or BIT withheld at source.
- Cash/Cheque No. \_\_\_\_\_ dated \_\_\_\_\_ for Nu.(figures) \_\_\_\_\_ (words) \_\_\_\_\_ only in payment of Self-Declared Business Income Tax.

We, hereby declare that the records submitted herewith are true and meet the obligations as required under the Income Tax Act & Rules. Any additional taxes arising as a result of the records being otherwise or as a result of shortcomings in meeting the obligations as required under the Income Tax Act & Rules shall be paid along with the penalties as provided in the Income Tax Act.

Affix  
Legal  
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Affix  
Legal  
Stamp

Signature  
Name License Holder:  
Date:

Signature:  
Name of Accountant:  
Date:

In the format shown below, dd/mm/20vv represents the day/month/year of the end of the current accounting period; 19vu represents the end of the previous accounting period (of the same duration); XXXX are current year values; YYYY are prior year values.

**Profit & Loss Account for the year ended dd/mm/20vv**

	Schedule	20vv Nu'000	20vu Nu'000	
Total Sales	1	XXXX	YYYY	
		-----	-----	
TOTAL INCOME		XXXX	YYYY	
Less: Direct Expenses	3	XXXX	YYYY	
		-----	-----	
GROSS PROFIT		XXXX	YYYY	
Other Income	2	XXXX	YYYY	
Less: Selling Expenses	4	XXXX	YYYY	
Less: Administration Expenses	5	XXXX	YYYY	
Less: Depreciation for year	14	XXXX	XXXX	YYYY
Less: Other Financial Expenses	6	XXXX	YYYY	
Less: Interest Paid		XXXX	YYYY	
		-----	-----	
NET PROFIT FOR THE YEAR	(#)	XXXX	YYYY	
Add: Inadmissible expenses for tax purposes				
Direct	7	XXXX	YYYY	
Selling	8	XXXX	YYYY	
Administration	9	XXXX	YYYY	
Financial Expenses	10	XXXX	XXXX	YYYY
Appropriations	11	XXXX	YYYY	
INITIAL SELF ASSESSED PROFIT FOR YEAR (A)		XXXX	YYYY	
Add				
Bonus Limit @ 10% = Amount Disallowed	12	XXXX	XXXX	YYYY
Ent/Staff Welfare Limit @ 2% =Amount Disallowed	13	XXXX	XXXX	YYYY
SELF ASSESSED TAXABLE PROFIT		XXXX	YYYY	
Less tax allowed losses carried forward		(XXXX)	(YYYY)	
FINAL SELF ASSESSED TAXABLE PROFIT (B)		XXXX	YYYY	
SELF-DECLARED BIT/BIT @ 30% of B	(*)	XXXX	YYYY	
Less Amounts Already Paid:				
Advance Taxes		(XXXX)	(YYYY)	
BIT Withheld at Source		(XXXX)	(YYYY)	
		-----	-----	
BALANCE BIT PAYABLE		XXXX	YYYY	
		=====	=====	

Please note that a tax allowed loss could only be carried over for a maximum of three years and then it becomes invalid. An account showing how much loss and to which year the loss relates to needs to be kept.

## FORM BIT 2 BIT Standard Accounts Format

*I/We declare that the information in this document and any attachments is true and correct to the best of my (our) knowledge and belief. Late submission, misleading or false information shall result in fines and penalties as per the Income Tax Act of the Kingdom of Bhutan, 2001 and rules thereto.*

*Name and Signature of owner or authorized signatory and Date*

*Name and Signature of Accountant who prepared the accounts and Date.*

### **Balance Sheet as at dd/mm/20vv**

	Schedule	20vv Nu'000	20vu Nu'000
Fixed Assets	14	XXXX	YYYY
Current Assets	15	XXXX	YYYY
		-----	-----
<b>TOTAL ASSETS</b>		XXXX	YYYY
Less: Current Liabilities	16	XXXX	YYYY
		-----	-----
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		XXXX	YYYY
		===	===
<b>Financed By:</b>			
Long Term Capital	17	XXXX	YYYY
Retained Profit brought forward		XXXX	YYYY
Net Profit for year	(#)	XXXX	YYYY
Less/BIT (*)		(XXXX)	(YYYY)
Plus (minus) any transfers in or (out)		XXXX	YYYY
Retained Profit carried forward		XXXX	YYYY
Long Term Liability	18	XXXX	YYYY
		-----	-----
<b>TOTAL CAPITAL</b>		XXXX	YYYY
		====	====

*I/We declare that the information in this document and any attachments is true and correct to the best of my (our) knowledge and belief. Late submission, misleading or false information shall result in fines and penalties as per the Income Tax Act of the Kingdom of Bhutan, 2001 and rules thereto.*

*Name and Signature of owner or authorized signatory and Date*

*Name and Signature of Accountant who prepared the accounts and Date.*

### **Schedule 1: Total Sales**

	20vv Nu'000	20vu Nu'000
Sales Cash	XXXX	YYYY
Sales Credit	XXXX	YYYY
.....	XXXX	YYYY
<b>TOTAL SALES</b>	-----	-----
	XXXX	YYYY

**Schedule 2: Other Income**

	20vv	20vu
	Nu'000	Nu'000
<i>Interest Income:</i>		
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
<i>Total Interest</i>	XXXX	YYYY
<i>Rent Income:</i>		
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
<i>Total Rent</i>	XXXX	YYYY
<i>Other Income:</i>		
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
<i>Total Other</i>	XXXX	YYYY
	-----	-----
<b>TOTAL OTHER INCOME</b>	XXXX	YYYY
	=====	=====

**Schedule 3: Direct Expenses**

Direct expenses are those expenses, which can be directly related to the production and or purchase of goods for the main line of business of an organization). Listed below are the **some common expenses**, which fall under this head. Please remember that this is not an exhaustive list.

	20vv	20vu
	Nu'000	Nu'000
<i>Opening Stock</i>	XXXX	YYYY
<i>Less: Closing Stock</i>		(YYYY)
<i>Stock Movement</i>	XXXX	YYYY
<i>Opening Work in Progress</i>	XXXX	YYYY
<i>Less: Closing Work in progress</i>		(YYYY)
<i>Work in Progress Movement</i>		XXXX
<i>Direct Purchases:</i>		
<i>Raw Materials</i>	XXXX	YYYY
<i>Components</i>	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
<i>Total Purchases</i>	XXXX	YYYY



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*Direct Staff Costs:*

<i>Permanent Salary Costs</i>	XXXX	YYYY	
<i>Wages</i>	XXXX	YYYY	
<i>Labor Charges</i>	XXXX	YYYY	
.....		XXXX	YYYY
.....		XXXX	YYYY
.....		XXXX	YYYY
.....		XXXX	YYYY
.....		XXXX	YYYY
<i>Total Staff Costs</i>		XXXX	YYYY

*Other Direct Expenses:*

<i>Loading &amp; Unloading</i>		XXXX	YYYY
<i>Carriage Inward</i>	XXXX		YYYY
<i>Bhutan Sales Tax</i>	XXXX		YYYY
<i>Customs Duties</i>	XXXX		YYYY
.....		XXXX	YYYY
.....		XXXX	YYYY
.....		XXXX	YYYY
.....		XXXX	YYYY
.....		XXXX	YYYY
<i>Total Other</i>	XXXX		YYYY
		-----	-----
<i>TOTAL DIRECT EXPENSES</i>		XXXX	YYYY
		===	===

**Schedule 4: Selling Expenses**

(Selling expenses are those expenses incurred while trying to sell or promote a product). Listed below are the **some common expenses**, which fall under this head. Please remember that this is not an exhaustive list.

	20vw Nu'000	20vu Nu'000	
<i>Selling Staff Costs:</i>			
<i>Permanent Salary Costs</i>	XXXX	YYYY	
<i>Wages</i>	XXXX	YYYY	
<i>Labor Charges</i>	XXXX	YYYY	
.....		XXXX	YYYY
.....		XXXX	YYYY
.....		XXXX	YYYY
.....		XXXX	YYYY
.....		XXXX	YYYY
<i>Total Staff Costs</i>		XXXX	YYYY
<i>Other Selling Expenses:</i>			
<i>Travel expenses for selling the product</i>		XXXX	YYYY
<i>Entertaining</i>	XXXX		YYYY
<i>Distribution costs (Transport &amp; Freight)</i>		XXXX	YYYY
<i>Publicity</i>		XXXX	YYYY
<i>Commissions</i>	XXXX		YYYY
.....	XXXX		YYYY
.....	XXXX		YYYY
.....	XXXX		YYYY

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.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
Total Other	XXXX	YYYY
	-----	-----
TOTAL SELLING EXPENSES	XXXX	YYYY
	=====	=====

**Schedule 5: Administration Expenses**

(Administration expenses are those expenses incurred while trying to run or administer a business). Listed below are the **some common expenses**, which fall under this head. Please remember that this is not an exhaustive list.

	20vv Nu'000	20vu Nu'000	
Administration Staff Costs:			
Permanent Salary Costs	XXXX	YYYY	
Wages	XXXX	YYYY	
Labor Charges	XXXX	YYYY	
Staff Welfare	XXXX	YYYY	
Provident/Gratuity Fund	XXXX	YYYY	
Bonus	XXXX	YYYY	
.....	XXXX	YYYY	
.....	XXXX	YYYY	
Total Staff Costs	XXXX	XXXX	YYYY
Other Administration Expenses:			
Donations	XXXX	XXXX	YYYY
Rent	XXXX	XXXX	YYYY
Electricity	XXXX	XXXX	YYYY
Postage	XXXX	XXXX	YYYY
Telephone	XXXX	XXXX	YYYY
Water Charges	XXXX	XXXX	YYYY
Municipal Charges	XXXX	XXXX	YYYY
Stocks write off	XXXX	XXXX	YYYY
Loss on disposal of fixed assets	XXXX	XXXX	YYYY
Staff Training	XXXX	XXXX	YYYY
Audit Fees	XXXX	XXXX	YYYY
Consultancy Fees	XXXX	XXXX	YYYY
Other taxes Paid (excluding BIT)	XXXX	XXXX	YYYY
Other Professional Fees	XXXX	XXXX	YYYY
.....	XXXX	XXXX	YYYY
.....	XXXX	XXXX	YYYY
.....	XXXX	XXXX	YYYY
Total Other	XXXX	XXXX	YYYY
	-----	-----	
TOTAL ADMINISTRATION EXPENSES		XXXX	YYYY
	=====		=====

**Schedule 6: Financial Expenses**

(Financial expenses are those expenses incurred due to the usage of financial (monetary) transactions in the business). Listed below are the **some common expenses**, which fall under this head. Please remember that this is not an exhaustive list.

	20vv Nu'000	20vu Nu'000
Bad Debts	XXXX	YYYY
Bank Charges & other exp.	XXXX	YYYY
Foreign Exchange hedging losses	XXXX	YYYY
Prov. for Bad & Doubtful Debts	XXXX	YYYY
Provision for any Doubtful Advances	XXXX	YYYY
.....	XXXX	YYYY
	-----	-----
TOTAL Financial Expenses	XXXX	YYYY
	=====	=====

**Schedule 7: Inadmissible Direct Expenses**

	20vv Nu'000	20vu Nu'000
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
	-----	-----
TOTAL	XXXX	YYYY
	=====	=====

**Schedule 8: Inadmissible Selling Expenses**

	20vv Nu'000	20vu Nu'000
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
	-----	-----
TOTAL	XXXX	YYYY
	=====	=====

**Schedule 9: Inadmissible Administration Expenses**

	20vv Nu'000	20vu Nu'000
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
	-----	-----
TOTAL	XXXX	YYYY
	=====	=====

FORM BIT 2 BIT Standard Accounts Format

**Schedule 10: Inadmissible Financial Expenses**

	20vv Nu'000	20vu Nu'000
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
	-----	-----
<b>TOTAL</b>	XXXX	YYYY
	=====	=====

**Schedule 11: Appropriations**

	20vv Nu'000	20vu Nu'000
<i>Salary Claimed</i>	XXXX	YYYY
<i>Salary Allowable</i>	<u>XXXX</u>	<u>YYYY</u>
<i>Excess Salary</i>	XXXX	YYYY
<i>Dividends inadmissible as expenses</i>	XXXX	YYYY
<i>Other Appropriations:</i>		
<i>Donations Claimed</i>	XXXX	YYYY
<i>Donations Allowable</i>	<u>XXXX</u>	<u>YYYY</u>
<i>Donations Inadmissible</i>	XXXX	YYYY
<i>Interest Allowable</i>	<u>XXXX</u>	<u>YYYY</u>
<i>Interest Inadmissible</i>	XXXX	YYYY
<i>Income appropriations</i>	XXXX	YYYY
.....	XXXX	YYYY
	-----	-----
<b>TOTAL</b>	XXXX	YYYY
	=====	=====

**Schedule 12: Bonuses disallowed**

	20vv Nu'000	20vu Nu'000
<i>Bonus Claimed</i>	XXXX	YYYY
<i>Initial Assessed Net profit (A)</i>	<u>XXXX</u>	<u>YYYY</u>
<i>NP from which 10% value is calculated</i>	XXXX	YYYY
<i>Bonus Allowable as per 10% rule</i>	<u>XXXX</u>	<u>YYYY</u>
<i>Bonus Claimed:</i>	XXXX	YYYY
<i>Bonus Disallowed due to regulation or inadequate supporting</i>	(XXXX)	(YYYY)
<i>Bonus Allowable as per bookings</i>	<u>XXXX</u>	<u>YYYY</u>

**Only if the bonus allowable as per bookings is greater than the bonus allowable as per the 10% rule then there should be more disallowances to the value of the difference between the bonus allowable as per the bookings and the bonus allowable as per the 10% rule and this should be added to the other bonus disallowance as mentioned below to come to the total bonus disallowed figure**

<u><b>Total bonuses to be disallowed</b></u>		
<i>Bonus Disallowed due to regulation or inadequate supporting</i>	XXXX	YYYY
<i>Bonus Disallowed due to the difference as mentioned above</i>	<u>XXXX</u>	<u>YYYY</u>
<b>Total Bonus disallowed</b>	XXXX	YYYY
	=====	=====

**Schedule 13: Entertainment and Staff Welfare disallowed**

	20vv Nu'000	20vu Nu'000
Ent/Staff Welfare Claimed (club all these exps)	XXXX	YYYY
Initial Assessed Net profit (A)	<u>XXXX</u>	<u>YYYY</u>
NP from which 2% value is calculated	XXXX	YYYY
Ent/Staff Welfare Allowable as per 2% rule	<u>XXXX</u>	<u>YYYY</u>
Ent/Staff Welfare Claimed (club all these exps)	XXXX	YYYY
Ent/Staff Welfare Disallowed due to inadequate supporting	(XXXX)	(YYYY)
Ent/Staff Welfare Allowable as per bookings	<u>XXXX</u>	<u>YYYY</u>

**Only if the Ent/Staff Welfare allowable as per bookings is greater then the Ent/Staff Welfare allowable as per the 2% rule** then there should be more disallowances to the value of the difference between the Ent/Staff Welfare allowable as per the bookings and the Ent/Staff Welfare allowable as per the 10% rule and this should be added to the other Ent/Staff Welfare disallowance as mentioned below to come to the total Ent/Staff Welfare disallowed figure

<u>Total Ent/Staff Welfare to be disallowed</u>		
Ent/Staff Welfare Disallowed due to inadequate supporting	XXXX	YYYY
Ent/Staff Welfare Disallowed due to the difference as mentioned above	<u>XXXX</u>	
<u>YYYY</u>		
<b>Total Ent/Staff Welfare disallowed</b>	<b>XXXX</b>	<b>YYYY</b>

**Schedule 14: Fixed Assets**

	20vv Nu'000	20vu Nu'000
<b>Additions in the year:</b>		
..... Date Rate	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
<b>Less:</b>		
<b>Disposals in the year</b>		
..... Date Rate	(XXXX)	(YYYY)
.....	(XXXX)	(YYYY)
.....	(XXXX)	(YYYY)
.....	(XXXX)	(YYYY)
Cost brought forward from previous year	XXXX	YYYY
Cost carried forward to next year	XXXX	YYYY
	=====	=====

**Depreciation for year:**

Asset:	Cost	Rate		
.....	.....	.....	XXXX	YYYY
.....	.....	.....	XXXX	YYYY
.....	.....	.....	XXXX	YYYY
.....	.....	.....	XXXX	YYYY
.....	.....	.....	XXXX	YYYY
.....	.....	.....	XXXX	YYYY
.....	.....	.....	XXXX	YYYY

*TOTAL DEPRECIATION FOR YEAR*

XXXX

YYYY

*Less: Depreciation on Disposals**Disposals:**Date Rate*

.....	.....	.....	(XXXX)	(YYYY)
.....	.....	.....	(XXXX)	(YYYY)
.....	.....	.....	(XXXX)	(YYYY)
.....	.....	.....	(XXXX)	(YYYY)
.....	.....	.....	(XXXX)	(YYYY)

*Depreciation brought forward from last year*

XXXX

YYYY

*Depreciation carried forward to next year*

XXXX

YYYY

*Net Book Value brought forward from last year*

XXXX

YYYY

*NET BOOK VALUE CARRIED FORWARD TO NEXT YEAR*

XXXX

YYYY

**Schedule 15: Current Assets**20vv  
Nu'00020vu  
Nu'000*Cash*

XXXX

YYYY

*Bank*

XXXX

YYYY

*Sundry Debtors:*

.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY

*Less: Provisions*

XXXX)

(YYYY)

*Total Sundry Debtors*

XXXX

YYYY

*Closing Stock:*

.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
<i>Total Closing Stock</i>	XXXX	YYYY

*Prepayments:*

.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
<i>Total Prepayments</i>	XXXX	YYYY

*Other Current Assets:*

.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY

<i>Total Other</i>	XXXX	YYYY
	-----	-----
<i>TOTAL CURRENT ASSETS</i>	XXXX	YYYY
	=====	=====

**Schedule 16: Current Liabilities**

	<i>20vv</i>	<i>20vu</i>
	<i>Nu'000</i>	<i>Nu'000</i>
<i>Bank Overdraft</i>	XXXX	YYYY
<i>Unpaid Wages</i>	XXXX	YYYY
<i>Unpaid Taxes</i>	XXXX	YYYY
<i>Trade Creditors:</i>		
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
<i>Total Trade Creditors</i>	XXXX	YYYY
<i>Sundry Creditors:</i>		
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
<i>Total Sundry Creditors</i>	XXXX	YYYY
<i>Other Current Liabilities:</i>		
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
<i>Total Other</i>	XXXX	YYYY
	-----	-----
<i>TOTAL CURRENT LIABILITIES</i>		XXXX
	=====	YYYY
		=====

**Schedule 17: Long Term Capital**

	<i>20vv</i>	<i>20vu</i>
	<i>Nu'000</i>	<i>Nu'000</i>
<i>Proprietor's Capital:</i>		
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
<i>Total Proprietor's Capital (A)</i>	XXXX	YYYY
<i>Shareholders Funds:</i>		
<i>Ordinary Shares</i>	XXXX	YYYY
<i>Preference Shares</i>	XXXX	YYYY

.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
<i>Total Shareholders Funds (B)</i>	XXXX	YYYY
 <i>Donor or other Financing: (Capital Grants)</i>		
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
<i>Total Donor or other Financing (Capital Grants) (C)</i>	XXXX	YYYY
	-----	-----
<b>TOTAL LONG TERM CAPITAL (A+B+C)</b>		XXXX
		YYYY
	=====	=====

**Schedule 18: Long Term Loans***Long Term Loans:*

<i>Bank of Bhutan</i>	XXXX	YYYY
<i>Royal Monetary Authority</i>	XXXX	YYYY
<i>Royal Insurance Corporation of Bhutan</i>	XXXX	YYYY
<i>Bhutan Development Finance Corporation</i>	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
<i>Total Long Term Loans (A)</i>	XXXX	YYY
<i>Donor Financing (Liability):</i>		
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
<i>Total Donor Financing (liability) (B)</i>	XXXX	YYYY
 <i>Other Financing (Liability):</i>		
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
<i>Total Other (C)</i>	XXXX	YYYY
	-----	-----
<b>TOTAL LONG TERM LOAN (A+B+C)</b>	XXXX	YYYY





**ROYAL GOVERNMENT OF BHUTAN  
REGIONAL REVENUE & CUSTOMS OFFICE**

Date: \_\_\_\_\_

**1. PERSONAL DETAILS**

Name: \_\_\_\_\_  
 Sex (Male or Female) \_\_\_\_\_  
 Date of Birth: \_\_\_\_\_  
 Occupation: \_\_\_\_\_  
 ID No./Resident Permit No: \_\_\_\_\_  
 Father's Name \_\_\_\_\_  
 Mother's Name \_\_\_\_\_

**2. PERMANANT ADDRESS**

House No: \_\_\_\_\_  
 Thram No: \_\_\_\_\_  
 Village: \_\_\_\_\_  
 Gewog: \_\_\_\_\_  
 Dzongkhag: \_\_\_\_\_  
 Nationality (If not a Bhutanese) \_\_\_\_\_

**3. PRESENT ADDRESS**

Address: \_\_\_\_\_  
 Tel No. (O) \_\_\_\_\_ (R) \_\_\_\_\_  
 Post Box No: \_\_\_\_\_ Fax No: \_\_\_\_\_  
 Email Address: \_\_\_\_\_

**4. MARITAL STATUS**

a) Are you married? (Please tick)  
 Yes ☐  
 No ☐

b) If yes, please fill in the particulars of your spouse.

SI No	Spouse's Name	Citizen ID No./ Resident Permit No.	Region of Registration	Source of Income

If required, please use additional sheet.

5. **CHILDREN'S DETAILS**

Do you have children? (Please tick)

Yes ☐

No ☐

b. If yes, please fill in the particulars of your child/children

Sl. No	Name of Child	Date of Birth	Citizenship ID NO	Source of Income	Income Clubbed with

If required, use additional sheet.

6. **SOURCES OF INCOME**

Do you have any sources of personal income? (Tick)

- a) Salary Income ☐
- b) Rental Income ☐
- c) Dividend Income ☐
- d) Cash crop Income ☐
- e) Income from Other source s ☐

**PLACE OF REGISTRATION**

a. Where do you want to register? (Tick one)

- RRCO, Thimphu ☐
- RRCO, Paro ☐
- RRCO, P/ling ☐
- RRCO, Samste ☐
- RRCO, Gelephu ☐
- RRCO, S/jonkha ☐
- RRCO, Bumthang ☐
- RRCO, Mongar ☐

**TAX PAYERS DECLARATION**

I hereby declare that the information given in this Form is true and correct to the best of my knowledge and belief. In case if any information is found untrue and false, I shall be liable for fines and penalties as per Chapter 5 of the General Provisions of the Income Tax Act of the Kingdom of Bhutan, 2001.

Signature of the Individual: \_\_\_\_\_

Name of the Individual: \_\_\_\_\_

Date: \_\_\_\_\_

**Instructions:**

(Please note instructions numbered below correspond to the numbers in the Form, and it must be read together)

- a) ID Card No/ R. Permit No. refers to Citizen Identity Card Number for Bhutanese citizens, and Resident Permit No is the Resident permit No issued by the Department of Immigration and Census for non Bhutanese.
- b) Permanent Address means the place where your census is registered or where census records are located.
- c) Present address means the place where you are currently residing as a result of work, business etc.
- d) If you are married, fill in the details of your spouse as laid out in Table 4(b). Place of registration means the RRCO where the spouse was previously registered before marriage. As per Part III, Chapter 1, Section 2, of the Income Tax Act of the Kingdom of Bhutan, 2001, all married couples must choose the same RRCO for registration. Source of income refers to source of income of your spouse.
- e) If you have children, fill in the details of your children as laid out in Table 5(b) . Source of income means source of income of your child. Income clubbed with means the name of the parent with whom the child's income has been clubbed with for personal income tax purpose.
- f) Source of income means the source of your personal income, and not of your spouse and children.
- g) Place of registration is the place where you want to register for personal income tax purposes. You can register in only one RRCO as a taxpayer.



## PERSONAL INCOME TAX RETURN FOR THE INCOME YEAR \_\_\_\_\_

**ROYAL GOVERNMENT OF BHUTAN**  
**REGIONAL REVENUE & CUSTOMS OFFICE**
**1. PERSONAL DETAILS OF TAXPAYER:** (Please fill the following)

Name:	TPN: <input type="text"/>
TO BE FILLED IN ONLY IF THERE ARE AMENDMENT/CHANGES TO THE INFORMATION	
CID/Resident Permit No: <input type="text"/>	House No: <input type="text"/>
	Tharm No: <input type="text"/>
Nationality:	Village: <input type="text"/>
	Gewog: <input type="text"/>
Date of Birth:     /     /     (DD/MM/YY)	Dzongkhag: <input type="text"/>
Father's Name:	CURRENT POSTAL ADDRESS
Mother's Name:	Address: <input type="text"/>
Telephone No. (O)	
Mobile No.	Post Box No. <input type="text"/>
Email address:	Dzongkhag <input type="text"/>

**2. MARITAL STATUS**

Spouse Name:	CURRENT POSTAL ADDRESS
CID/Resident Permit No: <input type="text"/>	Address: <input type="text"/>
TPN:	Post Box No: <input type="text"/>
Nationality:	Mobile No: <input type="text"/>

If required, please use additional sheet.

**3. DETAILS OF CHILDREN**

Sl. No	Name of Child	CID No.	Tick if the income of the child below 18 years of age is clubbed in the return	Specify the source of income clubbed in the return	Tick if the child is student	Date of Birth
1						
2						
3						

If required, please use additional sheet.

#### 4.1 Gross Income from Salary & Fees

Employer's Name & Address	Income Particulars	Amount	Month	Grand Total
	1. Basic salary			
	2. Salary Allowances			
	3. Bonus			
	4. Salary Arrears			
	5. Consultancy Fees			
	6. Commission			
	7. Sitting Fees			
	8. Leave Encashment			
	Other Allowance/Benefit			
	a. House Rent Allowance			
	b. Telephone/Mobile Allowance			
	c. Conveyance Allowance			
	d. LTC (Exceeding Nu.15,000)			
	e. Any other Allowances			
	9. Gross Total (a+b+c+d+e)			
Gross salary income (1+2+3+4+5+6+7+8+9)				
Less: Specific Deduction (s)				
a. General Provident fund (GPF)				
b. Group insurance scheme (GIS)				
Net salary income				
Adjusted Gross Salary Income AGI (i): Add the totals of net salary income from all employers to arrive at Gross Income from Salary and transfer the amount to Table 5				

4.2 Gross Income from Real Property							
Type of Property	Plot / Tharm No	Location	No of Plots	No of Units	Rental Per Plot per month	Rental Income	Remarks
A: Gross rental income for all properties (add the above)							
Less: Allowable deductions							
B1: Interest paid on loans (Enclose Bank Statements)							
B2: Repair & Maintenance (20% of A)							
B3: Insurance Premium							
B4: Local Taxes (Urban House Tax & Land Tax)							
B: Total Allowable Deductions (B1+B2+B3+B4)							
AGI (ii) Adjusted Gross Rental (A-B. If Positive, transfer the amount to table 5.							

Rental Income Sheet for every plot as provided under Annexure should be filled.

4.3 Gross Income from Dividend					
Name of Company	Share Certificate No	No. of Shares	Face value of Shares	Dividend Declared (%)	Dividend Amount
A: Gross Dividend from all Companies(add the above)					
Less: Specific Deductions					
B1: Exemption				10,000	
B2: Interest on loans for the purchase of shares from a recognised financial institution (enclose Bank statement))					
B: Total Deductions					
AGI (iii) Adjusted Gross Dividend Income (A–B). If positive, transfer the amount to table No 5.					

**4.4 Gross Income from Cash Crop**

Type of Orchard	Plot No	Tharm No	Location	Gross Income from Sales
A: Gross Income from all orchards (add the above)				
B: Specific Deduction/Exemption (30% of A)				
AGI (iv) Adjusted Gross Income from Cash Crops (A – B). If positive, transfer the amount to Table 5.				



#### 4.5 Gross Income from Other Sources

Type of Income	Name and address of person from whom received	TPN or ACS Code	Income
A: Gross Income from all sources (add the above)			
B: Specific Deduction/Exemption (30% of A)			
AGI (v) Adjusted Gross Income from Other Sources (A – B). If positive, transfer the amount to table No 5.			

<b>5. TOTAL OF YOUR ADJUSTED GROSS INCOME [AG(i), AG(ii), AG(iii), AG(iv) &amp; AG(v)]</b>		
Source of Income:	Adjusted Gross Income (Nu.)	Worksheet Nos
1. Adjusted Gross Income from Salary		4.1
2. Adjusted Gross Income from Rental Property		4.2
3. Adjusted Gross Income from Dividends		4.3
4. Adjusted Gross Income from Cash Crops		4.4
5. Adjusted Gross Income from Other Sources		4.5
Total Adjusted Gross Income		
Less: Deductions		
a. Life insurance premium paid (50% of the premium upto a max of Nu. 50,000)		
b. Donations (approved by MoF up to max 5% of Total adjusted gross income)		
c. Education allowance (up to max Nu. 150,000 per child)		
(i) Education Expenses within Bhutan		
(ii) Education Expenses outside Bhutan		
Total deduction		
NET TAXABLE INCOME		

<b>6. CALCULATION OF SELF ASSESSED TAX</b>			
Income Slabs:	Rates	Allocation of Taxable Income	Tax Amount
Upto Nu. 200,000	0	0	
Nu. 200,001-250,000	10%	0+10% of (Net taxable Income -200,000)	
Nu. 250,001-500,000	15%	5,000+15% (Net taxable income-250,000)	
Nu. 500,001-1000,000	20%	42,500+20% of (Net taxable income-500,000)	
Nu.1,000,000 & above	25%	142,500+25% of (Net taxable income - 1,000,000)	

7. TAXES PAID QUARTLERY /TAXES DEDUCTED AT SOURCE	
Income Source	Tax Deducted at Source: Amount
1. Salary	
2. Rental	
3. Dividend	
4. Other Income	
Total TDS (Add the four amounts)	

8. Taxes Payable/Refundable position at the time of filing	
1. Tax Amount (from table 5)	
2. Less Tax Deducted at Source (from table 6)	
Tax Payable/(Refundable)[1-2]	

Taxpayer's Declaration	
<p>I hereby declare that the information given in this Form and the supporting documents attached herewith are true and correct to the best of my knowledge and belief. In case any information is found incorrect, I assume full responsibility thereof and shall be liable for fines and penalties as per Chapter 5 of the General Provisions of the Income Tax Act of the Kingdom of Bhutan, 2001.</p>	
Signature of the Taxpayer	Authorised Representative Date:  Name:  Signature:  CID No.:  Mobile No.:

- A letter of authorization from the taxpayers must be attached.

For Official Use Only
Deposited Vide Money Receipt No:
Money Receipt Date (DD/MM/YY): ____/____/____
Received & Verified by
Name:
Signature:
Designation:

## Instructions on filing PIT Annual Tax Return

### GENERAL INFORMATION

1. WHO MUST FILE A TAX RETURN?
  - A person having income from sources mentioned below in 3 but exceeding Nu.200,000 per annum
  - Minor below 18 years of age having income from sources as mentioned below in 3
  - Resident earning personal income from sources as mentioned below in 3
  - Any other person not a citizen or a resident but having personal income from sources in Bhutan or for work performed in Bhutan.
2. HOW TO FILE?
  - You can file your return online by visiting [www.drc.gov.bt](http://www.drc.gov.bt)
  - Income of minors (individuals under 18 years of age) must be clubbed with one of the parent's income and file together with the parent.
  - Where a minor has a guardian appointed by the Court, income of the minor must be filed separately.
3. WHAT ARE THE SOURCES OF INCOME UNDER PERSONAL INCOME TAX?
  - Salary income from employment or consultancy services.
  - Rental income from properties such as land, building and houses.
  - Dividend income from shareholdings in a company.
  - Cash crop income from apples, oranges and cardamom orchards.
  - Income from other sources such as hiring of privately owned vehicle, plant and machinery, and intellectual property rights.
4. WHERE AND WHEN TO FILE YOUR TAX RETURN?

Tax return must be filed within 1<sup>st</sup> March following the income year at the Regional Revenue & Customs Office (RRCO) where you have registered as a taxpayer.
5. WHAT DOES INCOME YEAR MEAN?

Income year means the calendar year starting 1st January and ending on the 31st December.

### DEFINITIONS

- a) Gross Income means total income from a particular income source before specific deduction(s)/ exemptions.
- b) Specific Deduction(s)/Exemption(s) means deduction(s)/exemption(s) allowable against a specified source of income.
- c) Total Gross Income means total income from all sources under PIT before specific deduction(s)/exemption(s).
- d) Adjusted Gross Income means gross income after allowing specific deduction(s)/ exemption(s).
- e) Total Adjusted Gross Income means total of the adjusted gross income(s) from all income sources.

- f) General Deductions means deductions allowable against total adjusted gross income to arrive at Net Taxable Income.
- g) Net Taxable Income means total adjusted gross income after allowing general deductions. Tax rates are applied to Net Taxable Income to arrive at the Tax Amount.

### TABLE 1 INSTRUCTION

Table 1 requires you to fill in your personal details.

- a) Name is your registered name and it should correspond to the name in your census register.
- b) ID Card No. is your Citizen Identity Card Number for Bhutanese citizens, and Resident Permit No is the Permit No. issued by the Department of Immigration and Census for non-Bhutanese.
- c) Permanent Address means the place where your census is registered or where census records are located.
- d) Present Address is the place where you are currently residing as a result of work, business etc.

### TABLE 2 INSTRUCTIONS

Table 2 requires you to fill in the details of your spouse.

- a) Name is the registered name of your spouse and it should correspond to the name in the census register or Resident Permit No as the case may be.
- b) ID Card No. is your spouse's citizen Identity Card Number if your spouse is Bhutanese citizen, and Resident Permit No. is your spouse's Resident permit No issued by the Department of Immigration and Census if your spouse is non-Bhutanese.
- c) Previous Place of Registration is the place or RRCO where the spouse was previously registered before marriage.

### TABLE 3 INSTRUCTIONS

Table 3 requires you to fill in the details of your children below 18 years of age clubbing their income with your income.

- a) If you have children clubbing income with your income in the annual tax return, please fill in name, date of birth of your child, and source of income included in the return.

### TABLE 4 INSTRUCTIONS

Table 4 requires you to fill in the details of your personal income source wise.

Table 4.1: Gross Income from Salary and Consultancy Services

- a) Name of Employer & Address is the name of the employer(s) from whom you receive your salary income during the income year. Address should include business address and Phone No. of your employer(s).
- b) TPN is the No. allotted by the Department of Revenue & Customs to a company or business unit, and ACS code is the agency code allotted by the Department of Budget and Accounts if your employer is a Government Agency.
- c) Basic Salary is pay and wages as mentioned in your salary statement. It is exclusive of allowances and benefits.
- d) Consultancy Fees is the fees received by non-licensed consultants or freelance consultants. It includes any fee received by you besides your salary.
- e) Bonus is bonus received during the income year, if any.
- f) An allowance is allowances received during the income year. It includes technical, professional, production, flying incentives or allowances.
- g) Benefits are benefits received by you in addition to the ones mentioned above during the income year. It includes any other benefits such as free accommodation, free electricity and gas, paid holidays, free transport, and any form of perks and fringe benefits, remuneration etc. The value of such benefits will be the actual cost incurred by the

employer in providing such benefits to you and it should be converted in terms of money.

- h) Total from Employer is the sum total of basic pay, consultancy fees, bonus, allowances, benefits from a single employer.
- i) Gross Salary is the total of gross salary income received from all employers, if you have more than one employer.
- j) Adjusted Gross Salary Income is the total gross salary income minus the specific deductions (PF and GIS)

Please remember to enclose all supporting documents relating to your salary income such as certificates of TDS, and pay slips from your employer for adjustment and verification at the time of filing.

Table 4.2: Gross Income from Rental Property such as Land, Building and Houses

- a) Type of property is whether property is land, house or building.
- b) Plot No./Thram No. is the No. allotted by City Corporation or Municipal/Dzongkhag.
- c) No of Units/No of Plots is the No of units/plots of the real property generating rental income depending on whether the property is land or building/house.
- d) Location is the location of the real property.
- e) Rental Income is the income received as rent from the real property.
- f) Gross Rental Income is the total amount of income received as rent.
- g) Interest is the interest paid on loans availed for purchase or construction of the real property generating rental income. It must be supported by relevant documents such as loan agreement, bank statement, and receipts.
- h) Repair and Maintenance is 20 % of the gross rental income.
- i) Insurance Premium is the total insurance premiums paid for the real property generating rental income. It must be supported by relevant documents/receipts.
- j) Local Taxes is municipal taxes and urban house taxes paid for the real property generating rental income. It must be supported by relevant documents/receipts.
- k) Specific Deductions/exemption is the total deductions/exemption under rental income.
- l) Adjusted Gross Rental Income is Gross Rental Income after specific deductions/exemption.

Please remember to enclose all supporting documents relating to your rental income such as certificates of TDS for verification and adjustment at the time of filing.

Table 4.3: Gross Income from Shareholdings in a Company

- a) Name of Company is the name of the company from whom you receive your dividend income.
- b) TPN is the company's TPN allotted by the Department of Revenue & Customs.
- c) Share Certificate No. is the number of the share certificate.
- d) No. of Shares is the number of shares owned.
- e) Face Value of Share is the value of share given in the share certificate.
- f) Amount of Dividend is the total amount of dividend received from the shareholdings.
- g) Interest is the interest paid on loans to purchase shares. It must be supported by relevant document/receipts such as loan statements and bank statements.
- h) Gross Dividend Income is the total dividend income received from all your shareholdings.
- i) Adjusted Gross Dividend Income is the gross dividend income after specific deductions/exemption.

Please remember to enclose all supporting documents relating to your Dividend Income such as TDS certificates, bank statements and loan statements for verification at the time of filing.

Table 4.4: Gross Income from Cash Crop orchards (orange, cardamom, apple)

- a) Type of Orchard is whether it is apple, orange or cardamom orchard.
- b) Plot No./Thram No. is the number allotted by municipal corporation/Dzongkhag
- c) Location is the location of your orchard.
- d) Gross Income from sale is the amount received from sale of cash crops.
- e) Deduction is 30% of the gross income from sales.
- f) Adjusted Gross Income from cash crop is the total income from sale of cash crops after specific deductions/exemption.

Please remember to enclose all supporting documents relating to your Income from cash crops for verification and adjustment at the time of filing.

Table 4.5: Gross Income from Other Sources such as hire of privately owned vehicles, plant & machinery, and intellectual property rights

- a) Type of Income is income received from hire of privately owned vehicles, plant & machinery, intellectual property such as copyrights, patents, trademarks etc.
- b) Name and Address of person(s) from whom received is the name and address of person(s) making payments.
- c) TPN is the No. allotted by the Department of Revenue & Customs to a company or business unit, and ACS code is the agency code allotted by the Department of Budget and Accounts if the person(s) making payment is a Government Agency.
- d) Income is the amount of income received by you.
- e) Specific Deductions/Exemption is 30% of the gross income from other sources received by you.
- f) Adjusted Gross Income from Other Sources is the total gross income from other sources after specific deductions/exemption.

Please remember to enclose all supporting documents relating to your Income from other Source such as TDS certificates for verification and adjustment at the time of filing

#### **TABLE 5 INSTRUCTIONS**

Table 5 requires you to add all your Adjusted Gross Incomes by transferring the amounts from Tables 4.1 to 4.5.

- a) Transfer the amounts from Table 4.1 to 4.5, that is, from the last row of the tables numbered AGI (i), AGI (ii), AGI (iii), AGI (iv) and AGI (v) to its respective places in Table 5.
- b) If you have made donations as per Section 12, and claim education allowance as per section 12.1 of the Act, enter the actual amounts. You must attach all relevant documents/receipts to support your claim.
- c) Add all your Adjusted Gross Incomes as transferred from Table 4.1 to 4.5 and deduct donations and education allowance to arrive at your Net Taxable Income



### **TABLE 6 INSTRUCTIONS**

Table 6 requires you to calculate the Tax Amount by applying the rates prescribed in Table 6 on the Net Taxable Income (Table 5). If you have problems in calculating, you can obtain a copy of a computer spreadsheet from your Regional Revenue and Customs Office.

### **TABLE 7 INSTRUCTIONS**

Table 7 requires you to fill in the details of Tax Deducted at Source (TDS) for sources of income mentioned in the Table (that is, salary income, rental income, dividend income, interest income, and income from other sources)

All TDS must be supported by relevant documentary proofs such as TDS certificates.

### **TABLE 8 INSTRUCTIONS**

Table 8 requires you to determine the balance tax payable by you or refundable to you at the time of filing. Deduct all TDS from the Tax Amount as calculated in Table 6. If it is a positive amount it is tax payable by you at the time of filing, and if it is a negative amount, then it is a tax refundable to you by RRCO.

### **IMPORTANT NOTES**

- a) Set off is allowed only within the same source of income, but not between different sources of income.
- b) When you complete filling this Form, please remember to put date and signature and the bank account number.
- c) You will receive a Demand Notice from the concerned RRCO (with additional tax to be paid by you or tax to be refunded to you) after the tax assessment of your return is completed.
- d) If you do not agree with the assessed tax amount you can send a written appeal to the RRCO within 30 days from the date of issue of the Demand Notice along with supporting documents and reasons thereof.
- e) Income of minors (individuals under the age of 18) must be clubbed with one of the parent's income. Where a minor has a guardian appointed by the Court, income of the minor must be filed separately.
- f) Should you find the space provided in the Form is not adequate enough, additional sheets may be used and attach the same along with the return.

## CHECKLIST OF REMINDERS

Have you filled in the details of your personal income correctly in Table 1 to Table 8? To ensure correct declaration and to avoid penalties, please check once again.

✓ Have you enclosed TDS certificates for the following?

- Salary Income ☐
- Rental income ☐
- Dividend Income ☐
- Income from Other sources ☐

✓ Have you enclosed all supporting documents and receipts for

- Interest paid on loans for real property, ☐
- Insurance premium paid for real property, ☐
- Local taxes paid for real property, ☐

Interest paid on loans for buying shares. ☐

✓ Have you transferred the amounts from Table 4.1, 4.2, 4.3, 4.4 and 4.5 correctly to Table 5? To ensure correct computation, please check once again.

✓ Have you enclosed all supporting documents relating to insurance, donations and education allowance? ☐

✓ Have you calculated your Tax Amount correctly in Table 6? ☐

✓ Have you put your bank account number, Name & Signature? ☐

**FORM IT-1**

**MONTHLY SALARY SCHEDULE**

Salary Schedule for the month of \_\_\_\_\_ Year \_\_\_\_\_

Name of the Employer/Organization:

TPN/ACS:

Address:

Sl. No.	Name of Employee	1	2	3	4	5	6	7	8	9
		Citizen I.D / Resident Permit No	TPN	Basic Salary	Benefits/ Allowances	Gross Salary	TDS from Gross Salary	Health Contribution	Total	Remarks

The above amount of Nu. \_\_\_\_\_ is remitted by cash/cheque No. \_\_\_\_\_ dated \_\_\_\_\_ to \_\_\_\_\_ being the deposit of TDS on Salary Income and Health Contribution for the month of \_\_\_\_\_.

Name and Signature of the Disbursing Officer  
Seal of Employer

### Instructions

As per Section 19 of the General Provisions of the Income Tax Act of the Kingdom of Bhutan 2001, this form must be completed and submitted to the concerned Regional Revenue & Customs Office by all employers including RGR accounts holders on a monthly basis. All employers are required to deduct tax at the time of payment as prescribed in Annexure III and deposit to the concerned RRCO on or before the 10th of the following month (for more details see Rule No. 3.2.2 (a) of General Provisions).

- a) Column 1 refers to the Citizen ID of Bhutanese Nationals. Where Citizen ID is "under process" it must be stated in the Remarks Column 10, and a temporary ID No. shall be issued by the RRCO for tax purpose.
- b) Column 2 refers to the Resident/Work Permit No. issued by the Department of Immigration & Census for Non- Bhutanese employees.
- c) Column 3 refers to the employee ID No. issued by the employer if it exists.
- d) Gross Salary in column 6 refers to the basic salary (4) + benefits/allowances. Please note that Salary tax is to be calculated on the Gross Salary.
- e) Benefits/Allowances includes everything received in money or monies worth from the employer but does not include Leave Travel Concession (LTC), Travelling and Daily Allowance (TA/DA) while on tours.
- f) To ensure correct computation of tax and timely refund/adjustment of taxes when the Tax Return is filed, it is of paramount importance that the information submitted is complete and correct.

**FORM IT-2**

**INCOME FROM REAL PROPERTY**

Tax Deducted at Source on Income from Real Property for the month of \_\_\_\_\_ Year \_\_\_\_\_

Name of Withholding Agent:

TPN/ACS:

Address:

Sl. No.	Name & Address	1	2	3	4	5	6	7	8
		Citizen I.D No.	TPN	Type of Property	No of Units	Location	Amount	TDS @5%	Remarks

The above amount of Nu. \_\_\_\_\_ is remitted by cash/cheque No. \_\_\_\_\_ dated \_\_\_\_\_ to \_\_\_\_\_ being the deposit of TDS on Income from Real Property of the person(s) mentioned above.

Name and Signature of the Authorized Signatory  
Seal of Withholding Agent

## Instructions

As per Section 19 of the General Provisions of the Income Tax Act of the Kingdom of Bhutan, 2001, this form must be completed and submitted to the concerned RRCO by all by all government, semi-government, NGO's, company and business entities, including RGR account holders, making rental payments for the hire of real property as defined under Rule No. 3 of the Rules. All withholding agencies are required to deduct TDS at the time of payment @ 5% of the gross payment and deposit the same in to an RGR account or to the concerned RRCO on or before the 10th of the following month (for more details see Rule No. 3.2.2 (b) of General Provisions).

- a) Name & Address refers to the name & address of the person(s) to whom the rental payment is made.
- b) Column 2 refers to whether the property is land, building, house, cottage, factory building etc.
- c) Column 3 refers to No of Plots/Units depending on whether the rented property is land or building/houses.
- d) Column 4 refers to the location of the rented property.
- e) Column 5 refers to the amount of rental income from real property.
- f) To ensure correct computation and timely refund/adjustment of taxes when the Tax Return is filed, it is of paramount importance the information submitted is complete and correct.

**FORM IT-3**

**INCOME FROM DIVIDEND**

Tax Deducted at Source on Income from Dividend for the Year \_\_\_\_\_ declared on \_\_ (DD) \_\_ \_\_ (MM) 20 \_\_ (YY)

Name of Company:

TPN:

Address:

	1	2	3	4	5	6	7	8
Sl. No.	Name of the Shareholder	Citizen I.D No	TPN	No of Shares	Face Value of Shares	Dividend (%)	Dividend Amount	TDS @10%

The above amount of Nu. \_\_\_\_\_ is remitted by cash/cheque No. \_\_\_\_\_ dated \_\_\_\_\_ to \_\_\_\_\_ being the deposit of TDS on Income from Dividend of the person(s) mentioned above.

Name and Signature of the Authorized Signatory of the Company  
Seal of the Company

**Instructions:**

As per Section 19 of the General Provisions of the Income Tax Act of the Kingdom of Bhutan, 2001, all companies distributing dividend to its shareholders must deduct tax at source @ 10% on the day of payment, and deposit the same to the concerned RRCO on or before the 10th of the following month. Please note that for citizens and residents receiving dividend more than Nu. 10,000, and for persons other than citizens and residents deduction shall be on the Total Dividend paid out. However, for citizens and residents receiving dividend income below Nu 10,000, no TDS deduction shall be applied. (for more details see Rule No 3.2.2 (c) of General Provisions of the Rules). This Form must be completed and submitted by all companies distributing dividend and information must be furnished on all shareholders receiving dividend income whether TDS is deducted or not.

- a) Column 1 refers to the Citizen ID of Bhutanese Nationals. Where Citizen ID is "under process" it must be stated and a temporary ID No. shall be issued by the RRCO for tax purpose. Where the recipient is a company or business the TPN or entity code must be provided.
- b) The information indicated in column 1 to 8 are to be furnished as and when dividends are paid.
- c) Information must be furnished on all dividends paid irrespective of the amount, whether there is deduction of TDS or not.
- d) To ensure correct computation of tax and timely refund/adjustment of taxes when the Tax Return is filed, it is of paramount importance the information submitted is complete and correct.



**FORM IT-4****INCOME FROM INTEREST**

Tax Deducted at Source on Income from Interests for the period \_\_\_\_\_

Name of the Financial Institution:

TPN:

Address:

Branch:

Sl. No	Name & Address of the Account Holder	TPN	A/C No	Total Interest Income	TDS @ 5%

The above amount of Nu. \_\_\_\_\_ is remitted by cash/cheque No. \_\_\_\_\_ dated \_\_\_\_\_ to \_\_\_\_\_ being the deposit of TDS on Income from Interest of the person(s) mentioned above.

Name & Signature of the Authorized Signatory  
Seal of Withholding Agent

**Instructions**

As per Section 19 of the General Provisions of the Income Tax Act of the Kingdom of Bhutan, 2001, all financial institutions paying interest to its accounts holders must deduct tax at source @ 5% at the time of payment or when the interest is credited to the account holder's account, and deposit the same to the concerned RRCO on or before the 10th of the following month. This Form must be completed and submitted by all financial institutions paying interest and information must be furnished on all account holders receiving interest whether TDS is deducted or not.

- a) The Taxpayer Number (TPN) or Agency code must be provided for all account holders receiving interest income
- b) Information must be furnished on all interest paid out irrespective of the amount.
- c) To ensure correct computation of tax and timely refund/adjustment of taxes when the Tax Return is filed, it is of paramount importance that the information submitted is complete and correct.

**FORM IT-5**

**INCOME FROM OTHER SOURCES**

Tax deducted at source on Income from Other Sources for the period \_\_\_\_\_ to \_\_\_\_\_ Year \_\_\_\_\_

Name of the Organization:

TPN/ACS:

Address

Sl. No	Name & Address	1	2	3	4	5	6	7
		Citizen I.D No.	TPN	Account Head	Invoice/Voucher No. & Date	Invoice/Voucher Amount	TDS @ 5%	Remarks

The above amount of Nu. \_\_\_\_\_ is remitted by cash/cheque No. \_\_\_\_\_ dated \_\_\_\_\_ to \_\_\_\_\_ being the deposit of TDS on Income from Other Sources of the person(s) mentioned above.

Name and Signature of the Authorized Signatory  
Seal of Withholding Agent

#### Instructions

As per Section 19 of the General Provisions of the Income Tax Act of the Kingdom of Bhutan, 2001, this form must be completed and submitted to the concerned RRCO by all by all government, semi-government, NGO's, company and business entities, including RGR account holders, deducting tax from payments made to individuals for the hiring of vehicles, plant/machinery and intellectual property rights. All withholding agencies are required to deduct TDS at the time of payment @ 5% of the gross payment and deposit the same in to an RGR account or to the concerned RRCO on or before the 10th of the following month (for more details see Rule No. 3.2.2 (e) of General Provisions).

- a) Column 1 refers to the Citizen ID of Bhutanese Nationals, where Citizen ID is "under process" it must be stated in the Remarks Column 6, a temporary ID No. shall be issued by the RRCO for tax purpose
- b) Column 3 refers to the type of services hired such as hire of vehicle, plant or machinery etc.
- c) To ensure correct computation of tax and timely refund/adjustment of taxes when Tax Return is filed it is of paramount importance the information submitted is complete and correct.

**FORM IT-6****TDS FROM TOUR INCOME**

To  
The Regional Director,  
Regional Revenue & Customs Office,

---

Sir,

Please find below details of payments on account of 2% TDS on tour income.

Sl. No	Name & Address of Operator	TPN	Gross Income Received in Nu.	Amount of Royalty Paid	Net Income	TDS @ 2%

Name & Signature of the Authorized Signatory

**Instructions**

- a) This form is to be filled by the Department of Tourism and forwarded to the nearest RRCO on or before the 10th of the following month.
- b) The amount deducted at source must be deposited into a RGR account immediately or on the day following the receipt of the payment from tourists/agencies abroad.
- c) A copy of the duly filled form must be sent to the tour operator for information.
- d) Failure to comply with the above shall result in fines & penalties as per Chapter 5, Section 34, of the General Provisions of the Income Tax Act of the Kingdom of Bhutan, 2001

**FORM IT-7**

**SCHEDULE OF TDS REMITTANCE FROM CONTRACTORS**

Tax deducted at source on Contract Income for the period \_\_\_\_\_ to \_\_\_\_\_ Year \_\_\_\_\_

Name of the Organization:

TPN/ACS:

Address:

Sl. No	Name of Contractor/Firm & Address	TPN	Description of Work/Supply	Bill/Invoice No & Date	Gross Amount Disbursed	Amount Withheld		If Deposited into RGR Accounts	
						Rate of Tax	Amount (Nu.)	Receipt No. & Date	Challan No & Date
						Total			

The above amount of Nu. \_\_\_\_\_ is remitted by Cash/Cheque/Demand draft No \_\_\_\_\_ dated \_\_\_\_\_ to \_\_\_\_\_ being the deposit of TDS.

Name & Signature of the Disbursing Officer  
Seal of Withholding Agent

## Instructions

As per Section 19 of the General Provisions of the Income Tax Act of the Kingdom of Bhutan, 2001, this form must be completed and submitted to the concerned RRCO by all government, semi-government, NGO's, company and business entities, including RGR account holders, deducting tax from payments made to a company or business for construction, logging work, management contracts, supplies, transportation, consultancy and other professional services. All withholding agencies are required to deduct TDS at the time of payment at the rates mentioned in d) below and deposit the same in to an RGR account or to the concerned RRCO on or before the 10th of the following month (for more details see Rule 3.2.2(g) of the General Provisions of the Rules).

- a) Name of the Contractor/Firm Address is the name and address of the party undertaking the contract.
- b) TPN is the Tax Payer Number of the party undertaking the contract.
- c) TDS is applicable on the Gross Running Bill as well as the Advances paid to the party.
- d) The rate of TDS is 2% for licensed national contractors and 3% for non-national contractors.
- e) Revenue Money Receipt No or Depositing Challan No. is money receipt/deposit No. if you have a separate RGR account and deposit directly.
- f) If one of the payments listed above is the first payment against a contract, please attach a copy of the contract agreement.





**ROYAL GOVERNMENT OF BHUTAN  
REGIONAL REVENUE & CUSTOMS OFFICE**

Ref: \_\_\_\_\_

Sub: \_\_\_\_\_

Date: \_\_\_\_\_

To: \_\_\_\_\_

Address: \_\_\_\_\_

Dear Sir/Madam,

Your tax/duty is overdue with the following amount:

Income year XXXX,	Nu _____
Income year YYYY,	Nu _____
Income year ZZZZ,	Nu _____

Penal interest 24% on Nu ____ from _____ to _____	Nu _____
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Fines and penalties	Nu _____
---------------------	----------

Total	Nu _____
-------	----------

Set-off/Paid	Nu _____
--------------	----------

Remainder due	Nu. _____
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You have defaulted payment of the agreement dated \_\_.\_\_.200\_, and you have not attended the meeting called on \_\_.\_\_.200\_. Therefore, a restraint has been put on your assets as follows:

Date:	Asset Description:	Model:	Year:	Prior claims by 3rd person:
Concerned authorities:				

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.....

You are hereby informed that on the asset(s) mentioned above, you cannot dispose, sell or borrow against the asset without prior approval of the tax authority. If you dispose contrary to the restraint you will be liable to prosecution by the Court with a charge of fraudulent disposition of property by a debtor to the detriment of his creditors.

Penal interest of 24% p.a. is payable until the date of payment. In addition you may be liable for further fines and penalties as per Chapter 5 of the General Provisions of the Income Tax Act of the Kingdom of Bhutan, 2001.

You are requested to take appropriate steps to clear your due tax/duty within 14 days of the date of this letter. If you fail to do so, we may put your restrained asset(s) on auction as of Rule 5 of the General Provisions.

The outstanding tax/duty together with interest will be recovered from the proceeds of the auction, and a surplus, if any, will be paid to you.

You may appeal in writing within 30 days from the date of issue of this letter as per Chapter 7, General Provisions of the Income Tax Act of the Kingdom of Bhutan , 2001.

Yours faithfully

Name & Signature of the Regional Director

Witness of Restraint:	_____	Witness of Restraint:	_____
Name and Address:	_____	Name and Address:	_____
	_____		_____

CC to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## TRC-1 TAX RESIDENCY CERTIFICATE



དངུལ་རྩིས་ལྷན་ཁག།

ROYAL GOVERNMENT OF BHUTAN  
DEPARTMENT OF REVENUE & CUUSTOMS  
MINISTRY OF FINANCE

### REGIONAL REVENUE & CUSTOMS



Ref. No:

Date:

#### TAX RESIDENCY CERTIFICATE (TRS)

Name of Taxpayer	
Address	
Status of the Taxpayer	
Taxpayer Registration Number (TPN)	
Period for which the Certificate is applicable	

In compliance with the Agreement between the Royal Government of Bhutan and the Government of the Republic of India for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, we hereby certify that the above \_\_\_\_\_ is a resident of Bhutan for tax purpose.

This certificate is issued upon the request of the above taxpayer for whichever legal purpose it may serve.

Name : \_\_\_\_\_  
Designation : \_\_\_\_\_, \_\_\_\_\_

Signature

Office  
Seal

**ANNEXURE I****CATEGORIZATION**

SECTOR	CATEGORY	INVESTMENT RANGE	TURNOVER RANGE
Trading	Large	More than Nu. 5 million	More than Nu.10 million
	Medium	Between Nu.3 - 5 million	Between Nu.6 - 10 million
	Small	Between Nu.1 - 3 million	Between Nu.2- 6 million
	Micro	Less than 1 million	Less than 2 million
Manufacturing	Large	More than Nu.100 million	
	Medium	Between Nu. 10 - 100 million	
	Small	Between Nu. 1 - 10 million	
	Cottage	Less than Nu. 1 million	
Service	Large	More than Nu.10 million	More than Nu.20 million
	Medium	Between Nu. 5 - 10 million	Between Nu.10 - 20 million
	Small	Between Nu.1- 5 million	Between Nu.2 - 10 million
	Micro	Less than 1 million	Less than 2 million

**Note:**

- a) All companies and businesses shall be categorized based on fulfillment of either one of the criteria.
- b) Investment means owners contributions/ paid up share capital plus long term loans.
- c) However, the construction sector will be categorized in accordance with the classification made by the Construction Development Board.

## ANNEXURE II DEPRECIATION SCHEDULE

Bloc	Sl.No	Asset type	Maximum Rates
I	INFRASTRUCTURAL FACILITIES		
	1	Building - Permanent - all types	3%
	2	Bridges – Permanent	
	3	Compound walls and Fencing	
	4	Roads – Permanent	
	5	Tube Wells and Deep wells and Water Pipe lines	
	1	Semi Permanent	20%
	2	Temporary	50-100%
II	ELECTRICITY GENERATION AND TRANSMISSION		
	1	Devices for controlling transmission loss	5%
	2	Generator (Hydro)	
	3	Power House Equipments	
	4	Poles & Pillars	
	5	Sub Station Equipment	
	6	Transmission Lines - HT & LT	
	7	Underground Cables	
III	EQUIPMENT		
	1	Audio/Visual Equipments	15%
	2	Computer/Data Processing System	
	3	Deep Freezers/Refrigerators (hotels & General Use)	
	4	Fire Fighting Equipments/System	
	5	Lighting Arresters	
	6	Laboratory Equipments	
	7	LPG Cylinders	
	8	Office Equipments - all types	
	9	Photographic/Reprographic Equipments	
	10	Pollution Control Equipments	
	11	Telephone including PABX system	
	12	Tools and Implements	
	13	Trekking Equipments	
	14	Vacuum Cleaner	
	15	Water Cooler and Water Purifier	
	16	Weighing Machines	
	17	Washing Machines	
IV	FURNITURE, FIXTURES & UTENSILS		
	1	Ceramic and Glass Utensils	15%
	2	Carpets of all types	
	3	Curtains & Heavy Drapes	
	4	Domestic Electrical Appliances and Fixtures	

	5	Furniture of all Kinds	
	6	Mattresses. Pillows and Blankets	
	7	Silver, Steel, and Metallic Cookeries	
V	PLANT & MACHINERY (Including spare parts and accessories)		
	1	Boilers	15%
	2	Cinema Projectors and Screen	
	3	Cranes, Chain and Pulley	
	4	Deep Freezers & Refrigerators (Industrial Purposes)	
	5	Earth Moving Machinery including Bulldozers,	
	6	Scrapers, Excavators, Wheel Loaders, etc	
	7	Fork Lifts	
	8	Industrial Gas Cylinders	
	9	Lifts	
	10	Mining Equipments and Machineries	
	11	Petrol Pump Installation and Tanks	
	12	Printing Machineries	
	13	Rope Way Installation	
	14	Road Rollers	
	15	Railing & Locomotives' Storage Tanks	
	16	Wood Cutting / Processing Machines	
VI	VEHICLES, VESSELS & AIRCRAFTS		
	1	Aircraft including Helicopter	15%
	2	Buses & Vans	
	3	Cycles & Rickshaws	
	4	Light Motor Vehicles including two or three Wheelers	
	5	Trucks & Trailers	
	6	Vessels - Ships, Boats, Rafts, etc	
VII	Small assets costing up to Nu. 25000 in total per taxpayer per income year		Write off

## ANNEXURE – III

## TDS SCHEDULE FOR MONTHLY SALARY INCOME

Monthly Salary		TDS	Monthly Salary		TDS	Monthly Salary		TDS
From	To	Amount	From	To	Amount	From	To	Amount
0	16667	0	21701	21800	562	27001	27100	1357
16668	16700	3	21801	21900	577	27101	27200	1372
16701	16800	13	21901	22000	592	27201	27300	1387
16801	16900	23	22001	22100	607	27301	27400	1402
16901	17000	33	22101	22200	622	27401	27500	1417
17001	17100	43	22201	22300	637	27501	27600	1432
17101	17200	53	22301	22400	652	27601	27700	1447
17201	17300	63	22401	22500	667	27701	27800	1462
17301	17400	73	22501	22600	682	27801	27900	1477
17401	17500	83	22601	22700	697	27901	28000	1492
17501	17600	93	22701	22800	712	28001	28100	1507
17601	17700	103	22801	22900	727	28101	28200	1522
17701	17800	113	22901	23000	742	28201	28300	1537
17801	17900	123	23001	23100	757	28301	28400	1552
17901	18000	133	23101	23200	772	28401	28500	1567
18001	18100	143	23201	23300	787	28501	28600	1582
18101	18200	153	23301	23400	802	28601	28700	1597
18201	18300	163	23401	23500	817	28701	28800	1612
18301	18400	173	23501	23600	832	28801	28900	1627
18401	18500	183	23601	23700	847	28901	29000	1642
18501	18600	193	23701	23800	862	29001	29100	1657
18601	18700	203	23801	23900	877	29101	29200	1672
18701	18800	213	23901	24000	892	29201	29300	1687
18801	18900	223	24001	24100	907	29301	29400	1702
18901	19000	233	24101	24200	922	29401	29500	1717
19001	19100	243	24201	24300	937	29501	29600	1732
19101	19200	253	24301	24400	952	29601	29700	1747
19201	19300	263	24401	24500	967	29701	29800	1762
19301	19400	273	24501	24600	982	29801	29900	1777
19401	19500	283	24601	24700	997	29901	30000	1792
19501	19600	293	24701	24800	1012	30001	30100	1807
19601	19700	303	24801	24900	1027	30101	30200	1822
19701	19800	313	24901	25000	1042	30201	30300	1837
19801	19900	323	25001	25100	1057	30301	30400	1852
19901	20000	333	25101	25200	1072	30401	30500	1867
20001	20100	343	25201	25300	1087	30501	30600	1882
20101	20200	353	25301	25400	1102	30601	30700	1897
20201	20300	363	25401	25500	1117	30701	30800	1912
20301	20400	373	25501	25600	1132	30801	30900	1927
20401	20500	383	25601	25700	1147	30901	31000	1942

Monthly Salary		TDS Amount
From	To	
20501	20600	393
20601	20700	403
20701	20800	413
20801	20833	417
20834	20900	427
20901	21000	442
21001	21100	457
21101	21200	472
21201	21300	487
21301	21400	502
21401	21500	517
21501	21600	532
21601	21700	547
32301	32400	2152
32401	32500	2167
32501	32600	2182
32601	32700	2197
32701	32800	2212
32801	32900	2227
32901	33000	2242
33001	33100	2257
33101	33200	2272
33201	33300	2287
33301	33400	2302
33401	33500	2317
33501	33600	2332
33601	33700	2347
33701	33800	2362
33801	33900	2377
33901	34000	2392
34001	34100	2407
34101	34200	2422
34201	34300	2437
34301	34400	2452
34401	34500	2467
34501	34600	2482
34601	34700	2497
34701	34800	2512
34801	34900	2527
34901	35000	2542
35001	35100	2557

Monthly Salary		TDS Amount
From	To	
25701	25800	1162
25801	25900	1177
25901	26000	1192
26001	26100	1207
26101	26200	1222
26201	26300	1237
26301	26400	1252
26401	26500	1267
26501	26600	1282
26601	26700	1297
26701	26800	1312
26801	26900	1327
26901	27000	1342
37601	37700	2947
37701	37800	2962
37801	37900	2977
37901	38000	2992
38001	38100	3007
38101	38200	3022
38201	38300	3037
38301	38400	3052
38401	38500	3067
38501	38600	3082
38601	38700	3097
38701	38800	3112
38801	38900	3127
38901	39000	3142
39001	39100	3157
39101	39200	3172
39201	39300	3187
39301	39400	3202
39401	39500	3217
39501	39600	3232
39601	39700	3247
39701	39800	3262
39801	39900	3277
39901	40000	3292
40001	40100	3307
40101	40200	3322
40201	40300	3337
40301	40400	3352

Monthly Salary		TDS Amount
From	To	
31001	31100	1957
31101	31200	1972
31201	31300	1987
31301	31400	2002
31401	31500	2017
31501	31600	2032
31601	31700	2047
31701	31800	2062
31801	31900	2077
31901	32000	2092
32001	32100	2107
32101	32200	2122
32201	32300	2137
42801	42900	3788
42901	43000	3808
43001	43100	3828
43101	43200	3848
43201	43300	3868
43301	43400	3888
43401	43500	3908
43501	43600	3928
43601	43700	3948
43701	43800	3968
43801	43900	3988
43901	44000	4008
44001	44100	4028
44101	44200	4048
44201	44300	4068
44301	44400	4088
44401	44500	4108
44501	44600	4128
44601	44700	4148
44701	44800	4168
44801	44900	4188
44901	45000	4208
45001	45100	4228
45101	45200	4248
45201	45300	4268
45301	45400	4288
45401	45500	4308
45501	45600	4328



Monthly Salary		TDS Amount
From	To	
35101	35200	2572
35201	35300	2587
35301	35400	2602
35401	35500	2617
35501	35600	2632
35601	35700	2647
35701	35800	2662
35801	35900	2677
35901	36000	2692
36001	36100	2707
36101	36200	2722
36201	36300	2737
36301	36400	2752
36401	36500	2767
36501	36600	2782
36601	36700	2797
36701	36800	2812
36801	36900	2827
36901	37000	2842
37001	37100	2857
37101	37200	2872
37201	37300	2887
37301	37400	2902
37401	37500	2917
37501	37600	2932
48101	48200	4848
48201	48300	4868
48301	48400	4888
48401	48500	4908
48501	48600	4928
48601	48700	4948
48701	48800	4968
48801	48900	4988
48901	49000	5008
49001	49100	5028
49101	49200	5048
49201	49300	5068
49301	49400	5088
49401	49500	5108
49501	49600	5128
49601	49700	5148

Monthly Salary		TDS Amount
From	To	
40401	40500	3367
40501	40600	3382
40601	40700	3397
40701	40800	3412
40801	40900	3427
40901	41000	3442
41001	41100	3457
41101	41200	3472
41201	41300	3487
41301	41400	3502
41401	41500	3517
41501	41600	3532
41601	41666	3542
41667	41700	3548
41701	41800	3568
41801	41900	3588
41901	42000	3608
42001	42100	3628
42101	42200	3648
42201	42300	3668
42301	42400	3688
42401	42500	3708
42501	42600	3728
42601	42700	3748
42701	42800	3768
53401	53500	5908
53501	53600	5928
53601	53700	5948
53701	53800	5968
53801	53900	5988
53901	54000	6008
54001	54100	6028
54101	54200	6048
54201	54300	6068
54301	54400	6088
54401	54500	6108
54501	54600	6128
54601	54700	6148
54701	54800	6168
54801	54900	6188
54901	55000	6208

Monthly Salary		TDS Amount
From	To	
45601	45700	4348
45701	45800	4368
45801	45900	4388
45901	46000	4408
46001	46100	4428
46101	46200	4448
46201	46300	4468
46301	46400	4488
46401	46500	4508
46501	46600	4528
46601	46700	4548
46701	46800	4568
46801	46900	4588
46901	47000	4608
47001	47100	4628
47101	47200	4648
47201	47300	4668
47301	47400	4688
47401	47500	4708
47501	47600	4728
47601	47700	4748
47701	47800	4768
47801	47900	4788
47901	48000	4808
48001	48100	4828
58701	58800	6968
58801	58900	6988
58901	59000	7008
59001	59100	7028
59101	59200	7048
59201	59300	7068
59301	59400	7088
59401	59500	7108
59501	59600	7128
59601	59700	7148
59701	59800	7168
59801	59900	7188
59901	60000	7208
60001	60100	7228
60101	60200	7248
60201	60300	7268

Monthly Salary		TDS Amount
From	To	
49701	49800	5168
49801	49900	5188
49901	50000	5208
50001	50100	5228
50101	50200	5248
50201	50300	5268
50301	50400	5288
50401	50500	5308
50501	50600	5328
50601	50700	5348
50701	50800	5368
50801	50900	5388
50901	51000	5408
51001	51100	5428
51101	51200	5448
51201	51300	5468
51301	51400	5488
51401	51500	5508
51501	51600	5528
51601	51700	5548
51701	51800	5568
51801	51900	5588
51901	52000	5608
52001	52100	5628
52101	52200	5648
52201	52300	5668
52301	52400	5688
52401	52500	5708
52501	52600	5728
52601	52700	5748
52701	52800	5768
52801	52900	5788
52901	53000	5808
53001	53100	5828
53101	53200	5848
53201	53300	5868
53301	53400	5888
64001	64100	8028
64101	64200	8048
64201	64300	8068
64301	64400	8088

Monthly Salary		TDS Amount
From	To	
55001	55100	6228
55101	55200	6248
55201	55300	6268
55301	55400	6288
55401	55500	6308
55501	55600	6328
55601	55700	6348
55701	55800	6368
55801	55900	6388
55901	56000	6408
56001	56100	6428
56101	56200	6448
56201	56300	6468
56301	56400	6488
56401	56500	6508
56501	56600	6528
56601	56700	6548
56701	56800	6568
56801	56900	6588
56901	57000	6608
57001	57100	6628
57101	57200	6648
57201	57300	6668
57301	57400	6688
57401	57500	6708
57501	57600	6728
57601	57700	6748
57701	57800	6768
57801	57900	6788
57901	58000	6808
58001	58100	6828
58101	58200	6848
58201	58300	6868
58301	58400	6888
58401	58500	6908
58501	58600	6928
58601	58700	6948
69301	69400	9088
69401	69500	9108
69501	69600	9128
69601	69700	9148

Monthly Salary		TDS Amount
From	To	
60301	60400	7288
60401	60500	7308
60501	60600	7328
60601	60700	7348
60701	60800	7368
60801	60900	7388
60901	61000	7408
61001	61100	7428
61101	61200	7448
61201	61300	7468
61301	61400	7488
61401	61500	7508
61501	61600	7528
61601	61700	7548
61701	61800	7568
61801	61900	7588
61901	62000	7608
62001	62100	7628
62101	62200	7648
62201	62300	7668
62301	62400	7688
62401	62500	7708
62501	62600	7728
62601	62700	7748
62701	62800	7768
62801	62900	7788
62901	63000	7808
63001	63100	7828
63101	63200	7848
63201	63300	7868
63301	63400	7888
63401	63500	7908
63501	63600	7928
63601	63700	7948
63701	63800	7968
63801	63900	7988
63901	64000	8008
74601	74700	10148
74701	74800	10168
74801	74900	10188
74901	75000	10208

Monthly Salary		TDS Amount
From	To	
64401	64500	8108
64501	64600	8128
64601	64700	8148
64701	64800	8168
64801	64900	8188
64901	65000	8208
65001	65100	8228
65101	65200	8248
65201	65300	8268
65301	65400	8288
65401	65500	8308
65501	65600	8328
65601	65700	8348
65701	65800	8368
65801	65900	8388
65901	66000	8408
66001	66100	8428
66101	66200	8448
66201	66300	8468
66301	66400	8488
66401	66500	8508
66501	66600	8528
66601	66700	8548
66701	66800	8568
66801	66900	8588
66901	67000	8608
67001	67100	8628
67101	67200	8648
67201	67300	8668
67301	67400	8688
67401	67500	8708
67501	67600	8728
67601	67700	8748
67701	67800	8768
67801	67900	8788
67901	68000	8808
68001	68100	8828
68101	68200	8848
68201	68300	8868
68301	68400	8888
68401	68500	8908

Monthly Salary		TDS Amount
From	To	
69701	69800	9168
69801	69900	9188
69901	70000	9208
70001	70100	9228
70101	70200	9248
70201	70300	9268
70301	70400	9288
70401	70500	9308
70501	70600	9328
70601	70700	9348
70701	70800	9368
70801	70900	9388
70901	71000	9408
71001	71100	9428
71101	71200	9448
71201	71300	9468
71301	71400	9488
71401	71500	9508
71501	71600	9528
71601	71700	9548
71701	71800	9568
71801	71900	9588
71901	72000	9608
72001	72100	9628
72101	72200	9648
72201	72300	9668
72301	72400	9688
72401	72500	9708
72501	72600	9728
72601	72700	9748
72701	72800	9768
72801	72900	9788
72901	73000	9808
73001	73100	9828
73101	73200	9848
73201	73300	9868
73301	73400	9888
73401	73500	9908
73501	73600	9928
73601	73700	9948
73701	73800	9968

Monthly Salary		TDS Amount
From	To	
75001	75100	10228
75101	75200	10248
75201	75300	10268
75301	75400	10288
75401	75500	10308
75501	75600	10328
75601	75700	10348
75701	75800	10368
75801	75900	10388
75901	76000	10408
76001	76100	10428
76101	76200	10448
76201	76300	10468
76301	76400	10488
76401	76500	10508
76501	76600	10528
76601	76700	10548
76701	76800	10568
76801	76900	10588
76901	77000	10608
77001	77100	10628
77101	77200	10648
77201	77300	10668
77301	77400	10688
77401	77500	10708
77501	77600	10728
77601	77700	10748
77701	77800	10768
77801	77900	10788
77901	78000	10808
78001	78100	10828
78101	78200	10848
78201	78300	10868
78301	78400	10888
78401	78500	10908
78501	78600	10928
78601	78700	10948
78701	78800	10968
78801	78900	10988
78901	79000	11008
79001	79100	11028

Monthly Salary		TDS Amount
From	To	
68501	68600	8928
68601	68700	8948
68701	68800	8968
68801	68900	8988
68901	69000	9008
69001	69100	9028
69101	69200	9048
69201	69300	9068
79901	80000	11208
80001	80100	11228
80101	80200	11248
80201	80300	11268
80301	80400	11288
80401	80500	11308
80501	80600	11328
80601	80700	11348
80701	80800	11368
80801	80900	11388
80901	81000	11408
81001	81100	11428
81101	81200	11448
81201	81300	11468
81301	81400	11488
81401	81500	11508
81501	81600	11528
81601	81700	11548
81701	81800	11568
81801	81900	11588
81901	82000	11608
82001	82100	11628
82101	82200	11648
82201	82300	11668
82301	82400	11688
82401	82500	11708
82501	82600	11728
82601	82700	11748
82701	82800	11768
82801	82900	11788
82901	83000	11808
83001	83100	11828
83101	83200	11848

Monthly Salary		TDS Amount
From	To	
73801	73900	9988
73901	74000	10008
74001	74100	10028
74101	74200	10048
74201	74300	10068
74301	74400	10088
74401	74500	10108
74501	74600	10128
85101	85200	12342
85201	85300	12367
85301	85400	12392
85401	85500	12417
85501	85600	12442
85601	85700	12467
85701	85800	12492
85801	85900	12517
85901	86000	12542
86001	86100	12567
86101	86200	12592
86201	86300	12617
86301	86400	12642
86401	86500	12667
86501	86600	12692
86601	86700	12717
86701	86800	12742
86801	86900	12767
86901	87000	12792
87001	87100	12817
87101	87200	12842
87201	87300	12867
87301	87400	12892
87401	87500	12917
87501	87600	12942
87601	87700	12967
87701	87800	12992
87801	87900	13017
87901	88000	13042
88001	88100	13067
88101	88200	13092
88201	88300	13117
88301	88400	13142

Monthly Salary		TDS Amount
From	To	
79101	79200	11048
79201	79300	11068
79301	79400	11088
79401	79500	11108
79501	79600	11128
79601	79700	11148
79701	79800	11168
79801	79900	11188
90401	90500	13667
90501	90600	13692
90601	90700	13717
90701	90800	13742
90801	90900	13767
90901	91000	13792
91001	91100	13817
91101	91200	13842
91201	91300	13867
91301	91400	13892
91401	91500	13917
91501	91600	13942
91601	91700	13967
91701	91800	13992
91801	91900	14017
91901	92000	14042
92001	92100	14067
92101	92200	14092
92201	92300	14117
92301	92400	14142
92401	92500	14167
92501	92600	14192
92601	92700	14217
92701	92800	14242
92801	92900	14267
92901	93000	14292
93001	93100	14317
93101	93200	14342
93201	93300	14367
93301	93400	14392
93401	93500	14417
93501	93600	14442
93601	93700	14467

Monthly Salary		TDS Amount
From	To	
83201	83300	11868
83301	83333	11875
83334	83400	11892
83401	83500	11917
83501	83600	11942
83601	83700	11967
83701	83800	11992
83801	83900	12017
83901	84000	12042
84001	84100	12067
84101	84200	12092
84201	84300	12117
84301	84400	12142
84401	84500	12167
84501	84600	12192
84601	84700	12217
84701	84800	12242
84801	84900	12267
84901	85000	12292
85001	85100	12317
95701	95800	14992
95801	95900	15017
95901	96000	15042
96001	96100	15067
96101	96200	15092
96201	96300	15117
96301	96400	15142
96401	96500	15167
96501	96600	15192
96601	96700	15217
96701	96800	15242
96801	96900	15267
96901	97000	15292
97001	97100	15317
97101	97200	15342
97201	97300	15367
97301	97400	15392
97401	97500	15417
97501	97600	15442
97601	97700	15467
97701	97800	15492

Monthly Salary		TDS Amount
From	To	
88401	88500	13167
88501	88600	13192
88601	88700	13217
88701	88800	13242
88801	88900	13267
88901	89000	13292
89001	89100	13317
89101	89200	13342
89201	89300	13367
89301	89400	13392
89401	89500	13417
89501	89600	13442
89601	89700	13467
89701	89800	13492
89801	89900	13517
89901	90000	13542
90001	90100	13567
90101	90200	13592
90201	90300	13617
90301	90400	13642
101001	101100	16317
101101	101200	16342
101201	101300	16367
101301	101400	16392
101401	101500	16417
101501	101600	16442
101601	101700	16467
101701	101800	16492
101801	101900	16517
101901	102000	16542
102001	102100	16567
102101	102200	16592
102201	102300	16617
102301	102400	16642
102401	102500	16667
102501	102600	16692
102601	102700	16717
102701	102800	16742
102801	102900	16767
102901	103000	16792
103001	103100	16817

Monthly Salary		TDS Amount
From	To	
93701	93800	14492
93801	93900	14517
93901	94000	14542
94001	94100	14567
94101	94200	14592
94201	94300	14617
94301	94400	14642
94401	94500	14667
94501	94600	14692
94601	94700	14717
94701	94800	14742
94801	94900	14767
94901	95000	14792
95001	95100	14817
95101	95200	14842
95201	95300	14867
95301	95400	14892
95401	95500	14917
95501	95600	14942
95601	95700	14967
106301	106400	17642
106401	106500	17667
106501	106600	17692
106601	106700	17717
106701	106800	17742
106801	106900	17767
106901	107000	17792
107001	107100	17817
107101	107200	17842
107201	107300	17867
107301	107400	17892
107401	107500	17917
107501	107600	17942
107601	107700	17967
107701	107800	17992
107801	107900	18017
107901	108000	18042
108001	108100	18067
108101	108200	18092
108201	108300	18117
108301	108400	18142

Monthly Salary		TDS Amount
From	To	
97801	97900	15517
97901	98000	15542
98001	98100	15567
98101	98200	15592
98201	98300	15617
98301	98400	15642
98401	98500	15667
98501	98600	15692
98601	98700	15717
98701	98800	15742
98801	98900	15767
98901	99000	15792
99001	99100	15817
99101	99200	15842
99201	99300	15867
99301	99400	15892
99401	99500	15917
99501	99600	15942
99601	99700	15967
99701	99800	15992
99801	99900	16017
99901	100000	16042
100001	100100	16067
100101	100200	16092
100201	100300	16117
100301	100400	16142
100401	100500	16167
100501	100600	16192
100601	100700	16217
100701	100800	16242
100801	100900	16267
100901	101000	16292
111601	111700	18967
111701	111800	18992
111801	111900	19017
111901	112000	19042
112001	112100	19067
112101	112200	19092
112201	112300	19117
112301	112400	19142
112401	112500	19167

Monthly Salary		TDS Amount
From	To	
103101	103200	16842
103201	103300	16867
103301	103400	16892
103401	103500	16917
103501	103600	16942
103601	103700	16967
103701	103800	16992
103801	103900	17017
103901	104000	17042
104001	104100	17067
104101	104200	17092
104201	104300	17117
104301	104400	17142
104401	104500	17167
104501	104600	17192
104601	104700	17217
104701	104800	17242
104801	104900	17267
104901	105000	17292
105001	105100	17317
105101	105200	17342
105201	105300	17367
105301	105400	17392
105401	105500	17417
105501	105600	17442
105601	105700	17467
105701	105800	17492
105801	105900	17517
105901	106000	17542
106001	106100	17567
106101	106200	17592
106201	106300	17617
116901	117000	20292
117001	117100	20317
117101	117200	20342
117201	117300	20367
117301	117400	20392
117401	117500	20417
117501	117600	20442
117601	117700	20467
117701	117800	20492

Monthly Salary		TDS Amount
From	To	
108401	108500	18167
108501	108600	18192
108601	108700	18217
108701	108800	18242
108801	108900	18267
108901	109000	18292
109001	109100	18317
109101	109200	18342
109201	109300	18367
109301	109400	18392
109401	109500	18417
109501	109600	18442
109601	109700	18467
109701	109800	18492
109801	109900	18517
109901	110000	18542
110001	110100	18567
110101	110200	18592
110201	110300	18617
110301	110400	18642
110401	110500	18667
110501	110600	18692
110601	110700	18717
110701	110800	18742
110801	110900	18767
110901	111000	18792
111001	111100	18817
111101	111200	18842
111201	111300	18867
111301	111400	18892
111401	111500	18917
111501	111600	18942
122201	122300	21617
122301	122400	21642
122401	122500	21667
122501	122600	21692
122601	122700	21717
122701	122800	21742
122801	122900	21767
122901	123000	21792
123001	123100	21817

Monthly Salary		TDS Amount
From	To	
112501	112600	19192
112601	112700	19217
112701	112800	19242
112801	112900	19267
112901	113000	19292
113001	113100	19317
113101	113200	19342
113201	113300	19367
113301	113400	19392
113401	113500	19417
113501	113600	19442
113601	113700	19467
113701	113800	19492
113801	113900	19517
113901	114000	19542
114001	114100	19567
114101	114200	19592
114201	114300	19617
114301	114400	19642
114401	114500	19667
114501	114600	19692
114601	114700	19717
114701	114800	19742
114801	114900	19767
114901	115000	19792
115001	115100	19817
115101	115200	19842
115201	115300	19867
115301	115400	19892
115401	115500	19917
115501	115600	19942
115601	115700	19967
115701	115800	19992
115801	115900	20017
115901	116000	20042
116001	116100	20067
116101	116200	20092
116201	116300	20117
116301	116400	20142
116401	116500	20167
116501	116600	20192

Monthly Salary		TDS Amount
From	To	
117801	117900	20517
117901	118000	20542
118001	118100	20567
118101	118200	20592
118201	118300	20617
118301	118400	20642
118401	118500	20667
118501	118600	20692
118601	118700	20717
118701	118800	20742
118801	118900	20767
118901	119000	20792
119001	119100	20817
119101	119200	20842
119201	119300	20867
119301	119400	20892
119401	119500	20917
119501	119600	20942
119601	119700	20967
119701	119800	20992
119801	119900	21017
119901	120000	21042
120001	120100	21067
120101	120200	21092
120201	120300	21117
120301	120400	21142
120401	120500	21167
120501	120600	21192
120601	120700	21217
120701	120800	21242
120801	120900	21267
120901	121000	21292
121001	121100	21317
121101	121200	21342
121201	121300	21367
121301	121400	21392
121401	121500	21417
121501	121600	21442
121601	121700	21467
121701	121800	21492
121801	121900	21517

Monthly Salary		TDS Amount
From	To	
123101	123200	21842
123201	123300	21867
123301	123400	21892
123401	123500	21917
123501	123600	21942
123601	123700	21967
123701	123800	21992
123801	123900	22017
123901	124000	22042
124001	124100	22067
124101	124200	22092
124201	124300	22117
124301	124400	22142
124401	124500	22167
124501	124600	22192
124601	124700	22217
124701	124800	22242
124801	124900	22267
124901	125000	22292
125001	125100	22317
125101	125200	22342
125201	125300	22367
125301	125400	22392
125401	125500	22417
125501	125600	22442
125601	125700	22467
125701	125800	22492
125801	125900	22517
125901	126000	22542
126001	126100	22567
126101	126200	22592
126201	126300	22617
126301	126400	22642
126401	126500	22667
126501	126600	22692
126601	126700	22717
126701	126800	22742
126801	126900	22767
126901	127000	22792
127001	127100	22817
127101	127200	22842

Monthly Salary		TDS Amount
From	To	
116601	116700	20217
116701	116800	20242
116801	116900	20267
127501	127600	22942
127601	127700	22967
127701	127800	22992
127801	127900	23017
127901	128000	23042
128001	128100	23067
128101	128200	23092
128201	128300	23117
128301	128400	23142
128401	128500	23167
128501	128600	23192
128601	128700	23217
128701	128800	23242
128801	128900	23267
128901	129000	23292
129001	129100	23317
129101	129200	23342
129201	129300	23367
129301	129400	23392
129401	129500	23417
129501	129600	23442
129601	129700	23467
129701	129800	23492
129801	129900	23517
129901	130000	23542
130001	130100	23567
130101	130200	23592
130201	130300	23617
130301	130400	23642
130401	130500	23667
130501	130600	23692
130601	130700	23717
130701	130800	23742
130801	130900	23767
130901	131000	23792
131001	131100	23817
131101	131200	23842
131201	131300	23867

Monthly Salary		TDS Amount
From	To	
121901	122000	21542
122001	122100	21567
122101	122200	21592
132701	132800	24242
132801	132900	24267
132901	133000	24292
133001	133100	24317
133101	133200	24342
133201	133300	24367
133301	133400	24392
133401	133500	24417
133501	133600	24442
133601	133700	24467
133701	133800	24492
133801	133900	24517
133901	134000	24542
134001	134100	24567
134101	134200	24592
134201	134300	24617
134301	134400	24642
134401	134500	24667
134501	134600	24692
134601	134700	24717
134701	134800	24742
134801	134900	24767
134901	135000	24792
135001	135100	24817
135101	135200	24842
135201	135300	24867
135301	135400	24892
135401	135500	24917
135501	135600	24942
135601	135700	24967
135701	135800	24992
135801	135900	25017
135901	136000	25042
136001	136100	25067
136101	136200	25092
136201	136300	25117
136301	136400	25142
136401	136500	25167

Monthly Salary		TDS Amount
From	To	
127201	127300	22867
127301	127400	22892
127401	127500	22917
137901	138000	25542
138001	138100	25567
138101	138200	25592
138201	138300	25617
138301	138400	25642
138401	138500	25667
138501	138600	25692
138601	138700	25717
138701	138800	25742
138801	138900	25767
138901	139000	25792
139001	139100	25817
139101	139200	25842
139201	139300	25867
139301	139400	25892
139401	139500	25917
139501	139600	25942
139601	139700	25967
139701	139800	25992
139801	139900	26017
139901	140000	26042
140001	140100	26067
140101	140200	26092
140201	140300	26117
140301	140400	26142
140401	140500	26167
140501	140600	26192
140601	140700	26217
140701	140800	26242
140801	140900	26267
140901	141000	26292
141001	141100	26317
141101	141200	26342
141201	141300	26367
141301	141400	26392
141401	141500	26417
141501	141600	26442
141601	141700	26467



Monthly Salary		TDS Amount
From	To	
131301	131400	23892
131401	131500	23917
131501	131600	23942
131601	131700	23967
131701	131800	23992
131801	131900	24017
131901	132000	24042
132001	132100	24067
132101	132200	24092
132201	132300	24117
132301	132400	24142
132401	132500	24167
132501	132600	24192
132601	132700	24217
143101	143200	26842
143201	143300	26867
143301	143400	26892
143401	143500	26917
143501	143600	26942
143601	143700	26967
143701	143800	26992
143801	143900	27017
143901	144000	27042
144001	144100	27067
144101	144200	27092
144201	144300	27117
144301	144400	27142
144401	144500	27167
144501	144600	27192
144601	144700	27217
144701	144800	27242
144801	144900	27267
144901	145000	27292
145001	145100	27317
145101	145200	27342
145201	145300	27367
145301	145400	27392
145401	145500	27417
145501	145600	27442
145601	145700	27467
145701	145800	27492

Monthly Salary		TDS Amount
From	To	
136501	136600	25192
136601	136700	25217
136701	136800	25242
136801	136900	25267
136901	137000	25292
137001	137100	25317
137101	137200	25342
137201	137300	25367
137301	137400	25392
137401	137500	25417
137501	137600	25442
137601	137700	25467
137701	137800	25492
137801	137900	25517
148301	148400	28142
148401	148500	28167
148501	148600	28192
148601	148700	28217
148701	148800	28242
148801	148900	28267
148901	149000	28292
149001	149100	28317
149101	149200	28342
149201	149300	28367
149301	149400	28392
149401	149500	28417
149501	149600	28442
149601	149700	28467
149701	149800	28492
149801	149900	28517
149901	150000	28542
150001	150100	28567
150101	150200	28592
150201	150300	28617
150301	150400	28642
150401	150500	28667
150501	150600	28692
150601	150700	28717
150701	150800	28742
150801	150900	28767
150901	151000	28792

Monthly Salary		TDS Amount
From	To	
141701	141800	26492
141801	141900	26517
141901	142000	26542
142001	142100	26567
142101	142200	26592
142201	142300	26617
142301	142400	26642
142401	142500	26667
142501	142600	26692
142601	142700	26717
142701	142800	26742
142801	142900	26767
142901	143000	26792
143001	143100	26817
153501	153600	29442
153601	153700	29467
153701	153800	29492
153801	153900	29517
153901	154000	29542
154001	154100	29567
154101	154200	29592
154201	154300	29617
154301	154400	29642
154401	154500	29667
154501	154600	29692
154601	154700	29717
154701	154800	29742
154801	154900	29767
154901	155000	29792
155001	155100	29817
155101	155200	29842
155201	155300	29867
155301	155400	29892
155401	155500	29917
155501	155600	29942
155601	155700	29967
155701	155800	29992
155801	155900	30017
155901	156000	30042
156001	156100	30067
156101	156200	30092

Monthly Salary		TDS
From	To	Amount
145801	145900	27517
145901	146000	27542
146001	146100	27567
146101	146200	27592
146201	146300	27617
146301	146400	27642
146401	146500	27667
146501	146600	27692
146601	146700	27717
146701	146800	27742
146801	146900	27767
146901	147000	27792
147001	147100	27817
147101	147200	27842
147201	147300	27867
147301	147400	27892
147401	147500	27917
147501	147600	27942
147601	147700	27967
147701	147800	27992
147801	147900	28017
147901	148000	28042
148001	148100	28067
148101	148200	28092
148201	148300	28117

Monthly Salary		TDS
From	To	Amount
151001	151100	28817
151101	151200	28842
151201	151300	28867
151301	151400	28892
151401	151500	28917
151501	151600	28942
151601	151700	28967
151701	151800	28992
151801	151900	29017
151901	152000	29042
152001	152100	29067
152101	152200	29092
152201	152300	29117
152301	152400	29142
152401	152500	29167
152501	152600	29192
152601	152700	29217
152701	152800	29242
152801	152900	29267
152901	153000	29292
153001	153100	29317
153101	153200	29342
153201	153300	29367
153301	153400	29392
153401	153500	29417

Monthly Salary		TDS
From	To	Amount
156201	156300	30117
156301	156400	30142
156401	156500	30167
156501	156600	30192
156601	156700	30217
156701	156800	30242
156801	156900	30267
156901	157000	30292
157001	157100	30317
157101	157200	30342
157201	157300	30367
157301	157400	30392
157401	157500	30417
157501	157600	30442
157601	157700	30467
157701	157800	30492
157801	157900	30517
157901	158000	30542
158001	158100	30567
158101	158200	30592
158201	158300	30617
158301	158400	30642
158401	158500	30667
158501	158600	30692
158601	158700	30717

**How to compute TDS if the monthly salary income (Gross salary minus PF & GIS) exceeds Nu.158,700**

Monthly Salary after subtracting PF and GIS	XXXXX	
( - ) Subtract	83,333	
That gives you	XXXXX	( A )
Multiply A by	25%	
Equals to	XXXXX	( B )
Add to B	11,875	( C )
Monthly TDS to be deducted	( B ) + ( C )	

**Instructions**

- a) All employers must deduct TDS as per rates given in the Schedule at the time of disbursement and deposit the same to the nearest RRCO or into a RGR account on or before the 10th of the following month.
- b) Where an employer is not under any legal obligation to deduct TDS from its employees, the individual that is, the employee shall be responsible for paying the tax as per rates prescribed in the schedule to the concerned RRCO on a quarterly basis.
- c) Failure to deduct/deposit TDS shall result in fines and penalties as per Chapter 5 of the General Provisions of the Income Tax Act of the Kingdom of Bhutan, 2001.
- d) For more details see Rule No. 4.2.2(a) of the General Provisions.

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Ministry of Finance  
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