

## PAYING TAXES

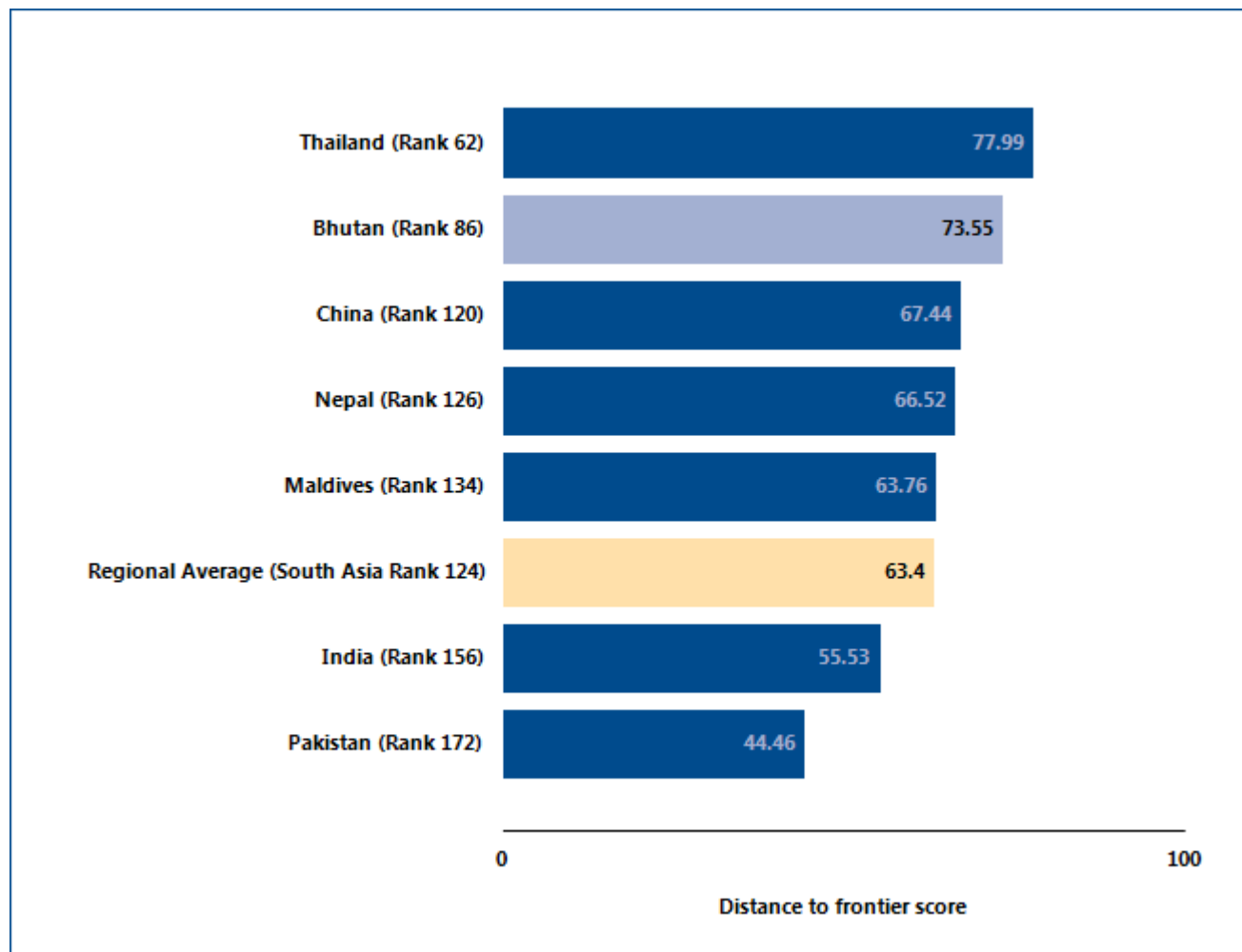
### Where does the economy stand today?

What is the administrative burden of complying with taxes in Bhutan—and how much do firms pay in taxes? On average, firms make 19.0 tax payments a year, spend 274.0 hours a year filing, preparing and paying taxes and pay total taxes amounting to 38.7% of profit (see the summary at the end of this chapter for details). Most indicator sets refer to a case scenario in the largest business city of an economy, except for 11 economies for which the data are a population-weighted average of the

2 largest business cities. See the chapter on distance to frontier and ease of doing business ranking at the end of this profile for more details.

Globally, Bhutan stands at 86 in the ranking of 189 economies on the ease of paying taxes (figure 8.1). The rankings for comparator economies and the regional average ranking provide other useful information for assessing the tax compliance burden for businesses in Bhutan.

Figure 8.1 How Bhutan and comparator economies rank on the ease of paying taxes



Source: Doing Business database.

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### What are the details?

The indicators reported here for Bhutan are based on the taxes and contributions that would be paid by a standardized case study company used by *Doing Business* in collecting the data (see the section in this chapter on what the indicators cover). Tax practitioners are asked to review a set of financial statements as well as a standardized list of assumptions and transactions that the company completed during its 2nd year of operation. Respondents are asked how much taxes and mandatory contributions the business must pay and how these taxes are filed and paid.

#### LOCATION OF STANDARDIZED COMPANY

**City: Thimphu**

The taxes and contributions paid are listed in the summary below, along with the associated number of payments, time and tax rate.

Table 8.2 Summary of tax rates and administration

Tax or mandatory contribution	Payments (number)	Notes on payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% of profit)	Notes on total tax rate
Corporate income tax	2		250	30%	taxable profit	37.2	
Property tax	1		0	BTN 75	per unit	1	
Business license	1		0	varies from BTN 500 to 25,000	size of building and land	0.3	
Vehicle tax	1		0	BTN 13,000	fixed fee	0.2	
Tax on interest	0		0	5%	interest income	0.1	
Personal income tax	13		24	various rates	gross salaries	0	withheld
Stamp duty	1		0	BTN 10	per signature	0	small amount
Employee paid - Health insurance	0	paid jointly	0	1%	gross salaries	0	withheld
Totals	19.0		274.0			38.7	

Source: *Doing Business* database.