



**ROYAL GOVERNMENT OF BHUTAN  
MINISTRY OF FINANCE  
TASHICHHODZONG**

**Foreword**

The Ministry of Finance is pleased to bring out 2<sup>nd</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 82<sup>nd</sup> session of 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 supercede 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.

**(Wangdi Norbu)**  
**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 supercede all previous Circulars, Notifications, and Rules governing Corporate, Business and Personal Income Tax and shall come into force from 1<sup>st</sup> January 2005.

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

### **1 Rule No.1 Tax Holidays and Incentives (Chapter 3, also applicable to Part II: BIT)**

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 of the government policy in vogue.

### **2 Rule No. 2 Allowable Deductions (Chapter 4, also applicable to Part II: BIT)**

#### **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. 4 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\*. 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.
- Fixed Assets & Depreciation
- Interest Payments

*\*Arms length's basis mean transactions at the prevailing market conditions and where there is no conflict of interest.*

## 2.2 Direct Costs (Section 11)

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 (Section 12)

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 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.

Category	BIT
Large	30,000
Medium	20,000
Small	15,000
Cottage/micro	5,000

#### Note:

- a. The salary limits shall not apply to incorporated companies with effect from the 1<sup>st</sup> of January 2003.
- b. The above limits may be enhanced for technical experts and highly professional employees with the prior approval of the Ministry.
- c. 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 2 months basic pay per employee, whichever is lower.

However, in the case of a business not registered under the Companies Act, 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**

Medical expenses for treatment of an employee shall be allowed as deduction subject to the following conditions:

- a) Medical expenses are in respect to an employee only;
- b) Prior recommendation must be obtained from the Referral Committee of the Health Ministry for treatment outside Bhutan and
- c) Maximum expenses allowed shall be the actual cost of the treatment up to a maximum limit of Nu. 50,000 per annum per employee.

### **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 (Section 13)**

### **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 refers 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 Trade Licence Registration & Renewal Fees**

Trade licence registration and renewal fees are allowable deductions. However, this provision only applies to fees related to trade licenses issued and renewed by Ministry of Trade and Industry (MTI). All other fees that are sometimes referred to as 'license fees' including auction rights such as liquor licence fees, mining rights are not covered under this provision, and are 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) The loan must be taken in the name of the companies/business and for the purpose of the said business;



- c) 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;
- d) 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
- e) 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 (Section 14)**

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 Income, whichever is lower.

## **2.6 Bad Debts (Section 15)**

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.

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 a previous year,
- b) Judicial recourse has been exhausted in respect of the debt, 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.

## **2.7 Miscellaneous and General Expenses (Section 16)**

### **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 deductions 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**

1. 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.

2. 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 (Section 17)**

Losses sustained during an income year can be carried forward and adjusted against future profits of the same business for a maximum period of 3 years.

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 fulfillment 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 to be depreciated on such improvements or fixtures provided consideration equivalent to such assets have been paid to the lessee, and registered as the lessors' assets.

### **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 (Section 18)**

The following are examples of expenses not allowed as deductions:

- Personal expenses on food, clothing, marriage etc. These expenses are not for the purpose of the business.
- Personal administrative fees of employees and their families (e.g. identity cards, citizenship cards, etc.). These expenses are not for the purpose of the business.
- Payments of dividend or profit distributions to share holders, partners and proprietors.
- Creation of or adjustments to reserves except in specific cases.
- 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 RGOB.
- Business Income Tax, Corporate Income Tax and Personal Income Tax.
- Penalties, fines, penal interest, forfeiture, etc.
- Donations other than those authorised by the Ministry.
- Interest on loans from private sources.
- Interest on loans taken to pay dividend.

### **3 Rule No. 3 Deductions and Carry Forward of loss by the debtor when the debt is forgiven (Chapter 5, Section 20)**

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 Rule No.4 Depreciation (Chapter 6)**

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) Depreciation shall be calculated on the Straight Line Method (SLM) on an asset at the end of the year.
- c) Assets purchased during the year shall be depreciated on a pro rata basis from the date of purchase.
- d) 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.
- e) 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.
- f) 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.
- g) 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 also.

#### **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 31<sup>st</sup> 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 Rule No. 5 Rates & Calculation of Income Tax (Chapter 9, Section 46)**

#### **5.1 Calculation of Tax**

All 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 Time Limit for Payments**

All companies shall pay their tax on a self-declared basis to the Regional Revenue & Customs Office (RRCO) before the **31<sup>st</sup> March** following the end of the income year (1<sup>st</sup> January to 31<sup>st</sup> December). However, provisional taxes paid by way of tax deducted at source (TDS) and advance tax shall be paid as per Rules No. 3.2.1, 3.2.2 and 3.2.3 of the General Provisions.

#### **5.3 Adjustment of Provisional Taxes**

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

- b) **Advance Tax** shall be adjusted at the time of filing of tax return against provisional tax payable provided accounts are submitted.
- c) **Taxes paid on a quarterly basis** shall be adjusted at the time of filing of tax return provided revenue receipts are produced.
- d) **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 taxes shall be refunded as per Section 23 of General Provisions of the Income Tax Act of the Kingdom of Bhutan, 2001.

#### 5.4 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 Rule No. 6 Registration of Taxpayers and Filing of Tax Return (Chapter 10)

#### 6.1 Tax Registration (Section 47)

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

Registration must be done with the nearest RRCO by using **FORM CIT-1**.

Location of RRCOs and their area or 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, Bumthang and Trongsa
5	Samdrup Jongkhar	Samdrup Jongkhar, Trashigang, Pema Gatshel, Lhuentse, Tashi Yangtse and Mongar
6	Paro	Paro and Haa

Upon receipt of **FORM CIT-1**, the RRCO shall register and allocate a Tax Payer Number (TPN) 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 (**FORM CIT-4**) from the previous RRCO, showing the old registration details and tax status. The old TPN and RRCO must be recorded for references. The previous RRCO shall be responsible for submitting a copy of all tax records to the new RRCO.

## **7 Rule No. 7 Filing of Income Tax Return (Section 48)**

All companies must submit their return, on a self-assessed basis, to the RRCO of registration before the 31<sup>st</sup> 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**.
- Annual Accounts as per Rule No. 4 of the General Provision
- Evidence of any taxes paid in instalments or TDS as per Rule No. 5.3 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.

## **8 Rule No. 8 Correction of Tax Return (Section 51)**

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 31<sup>st</sup> May provided that:

- The taxpayer submits written request for extension before 20<sup>th</sup> 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 31<sup>st</sup> May shall be forwarded by the RRCO to the DRCHQ. DRCHQ may extend the time limit up to 31<sup>st</sup> August, in exceptional cases, provided the request is received by RRCO within the 20<sup>th</sup> 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 Rule No. 1 Business under the Same Ownership (Section 8)**

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.

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.

#### **2 Rule No. 2 Rates & Calculation of Income Tax (Section 13)**

##### **2.1 Calculation of Tax**

All businesses 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. Deductions shall be allowed as per Rule No.2, Part I of these Rules.

##### **2.2 Time Limit for Payments**

All businesses shall pay their tax on a self-declared basis to the RRCO of registration before the **31<sup>st</sup> March** following the end of the income year (1<sup>st</sup> January to 31<sup>st</sup> December). However, provisional taxes paid by way of TDS and tax paid quarterly shall be paid as per Rule No. 3 of the General Provisions.

##### **2.3 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.

## 2.4 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 Rule No. 3 Tax Registration (Section 14)

### 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 RRCP by using **FORM BIT-1**.

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, Bumthang and Trongsa
5	Samdrup Jongkhar	Samdrup Jongkhar, Trashigang, Pema Gatshel, Lhuentse, Tashi Yangtse and Mongar
6	Paro	Paro and Haa

Upon receipt of **FORM BIT-1**, 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 BIT-4** from the previous RRCO, showing the old registration details and tax status. This certificate must be submitted to the new RRCO before a new TPN can be obtained. The old TPN and RRCO must be recorded for reference. The previous RRCO is responsible for submitting a copy of all tax records to the new RRCO.

## 4 Rule No. 4 Filing of Income Tax Return (Section 15)

All businesses must submit their tax return, on a self-assessed basis, to the concerned RRCO before the 31<sup>st</sup> 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. 4 of the General Provisions.
- Evidences of any taxes paid in instalments or TDS as per Rule No. 2.3 of this Part.
- Such income tax should bear the **name, signature, seal and address** of 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 Rule No. 5 Correction of Tax Return (Section 18)**

A taxpayer may correct is unable to submit the tax return within 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 31<sup>st</sup> May provide that::

- The taxpayer submits a written request for extension before the 20<sup>th</sup> 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, which ever is higher.

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

### 1 Rule No. 1 Tax Liability (Chapter 1)

#### 1.1 Liability to Tax (Section 1)

Persons having personal income exceeding Nu. 100,000 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 (refer Rule No. 2.2 of this Part).
- Dividend income from shareholdings (refer Rule No. 2.3 of this Part).
- Interest income from fixed deposits (refer Rule No. 2.4 of this Part).
- Cash crop income from apple, orange and cardamom orchards (refer Rule No. 2.5 of this Part).
- Income from other sources (refer Rule No. 2.6 of this Part).

#### 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 1<sup>st</sup> January and ending 31<sup>st</sup> 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 (Section 2)**

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.

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.

- b) 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.
- c) 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 (Section 3)**

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.
- Is not operated or conducted for profit.
- Is established exclusively for religious worship or advancement of religion or for charitable purposes and or is in the interest of the general public.
- Management and control is done through a board consisting of minimum three members.
- 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 Rule No. 2 Income Liable to Tax (Chapter 3)**

### **2.1 Salary Income from Employment (Section 5)**

Salary means pay, wages, allowances, remuneration, leave 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 Salary Income shall be the same as the Gross Salary Income.

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.

### 2.1.1 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. 3.2.2 (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 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

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:

- 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 or expansion** 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.
- 20% of the Gross Rental Income shall be allowed as deductions for repairs and maintenance expenses.
- Actual municipal taxes and urban house taxes paid, if supported by documents such as money receipts.
- 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.
- 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. 3.2.2 (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:

- Is in the name of the taxpayer (shareholder);
- Is taken for the purchase of shares and this is specifically stated in the loan document;
- Is taken from a recognised financial institution; and
- 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 deduct tax on dividend income at source as per rates prescribed below and deposit to the concerned RRCO in accordance with Rule No. 3.2.2(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 Interest Income from Fixed Deposits (Section 9)

Interest income means interest earned from fixed deposits held with a financial institution in Bhutan. Interest income shall be taxed on a receipt basis.

Gross Interest Income means total interest income during an income year before specific exemption.

Adjusted Interest Income means gross interest income after specific deductions/exemption mentioned under Rule No. 2.4.1 of this Part.

### 2.4.1 Specific Exemption

Total interest income up to Nu.10,000 per annum per taxpayer from fixed deposits shall be exempted.

### 2.4.2 Payment of Tax

A financial institution paying interest to its clients shall deduct tax on interest income at source at the rate of 5% at the time of payment or at the time the interest is credited to the client's account as per rates prescribed below, and shall deposit to the concerned RRCO in accordance with Rule No. 3.2.2(d) of the General Provisions.

Citizens or residents	Interest Nu. 10,000 or below	No deductions
	Interest Nu. 10,001 & above	5% of Total Interest Income
Person other than citizens or residents	5% on the Total Interest Income as final tax and tax returns need not be filed.	

## 2.5 Income from Cash Crop (Section 10)

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. 2.5.1 of this Part.

### 2.5.1 Specific Deductions

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

### 2.5.2 Payment of Tax

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

## **2.6 Income from Other Sources (Section 11)**

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

- Income from hire of privately owned vehicles, but excluding trucks and taxis.
- Income from hire of privately owned plant and machinery.
- 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. 2.6.1 of this Part.

### **2.6.1 Specific Deduction**

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

### **2.6.2 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. 3.2.2(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 Rule No. 3 General Deductions (Section 12)**

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

### **3.1 Insurance Premium**

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. Whole Life Insurance Policy
2. Silver Jubilee Term Insurance
3. Term Insurance

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 premium 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
6. Money Back Policy
7. Ashi Nangsa Living Policy
8. Millennium Education Policy
9. Endowment Assurance Plan for Minors

### **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 Allowance**

Education allowance for dependent children (own or legally adopted), being the actual cost of education incurred outside Bhutan, shall be allowed as deductions from total adjusted Gross Income up to a maximum limit of Nu. 50,000 per child provided the claim is supported by relevant document.

Education allowance for dependent children (own or legally adopted), being the actual cost of education incurred within Bhutan, shall be allowed as deduction up to a maximum limit of Nu. 50,000 provided the claim is supported by relevant documents or as per limits prescribed by the Ministry provided the proof of a child attending school is produced. The limit referred above shall be prescribed annually by the Ministry.

Both Parents cannot claim the allowance for the same dependent child.

## **4 Rule No. 4 Net Taxable Income (Section 13)**

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

- a) Gross salary income;
- 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) Interest income from fixed deposits after specific deduction(s) under Rule No. 2.4.1 of this Part;

- e) Income from cash crop after specific deduction(s) under Rule No.2.5.1of this Part;
- f) Income from other sources after specific deduction(s) under Rule No.2.6.1of this Part.

Citizens and residents shall be taxed on the Net Taxable Income arrived from (a), (b), (c), (d), (e), and (f) 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 Rule No. 5 Tax Rates (Section 14)

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. 100,000	Nil
2	Where the Net Taxable Income exceeds Nu. 100,000 but does not exceed Nu. 250,000.	10% on the amount by which the Net Taxable Income exceeds Nu. 100,000
3	Where the Net Taxable Income exceeds Nu. 250,000 but does not exceed Nu. 500,000.	Nu. 15,000 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. 52,500 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. 152,500 plus 25% on the amount by which the Net Taxable Income exceeds Nu. 1,000,000

## 6 Rule No. 6 Set Off and Carry Forward (Section 15)

### 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. 3of 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:

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.*

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 Rule No. 7 Registration of Taxpayers and Filing of Tax Return (Chapter 4)**

### **7.1 Tax Registration (Section 16)**

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) The PIT registration **FORM PIT-1** may be obtained from any RRCO.
- b) The completed form shall be submitted at the earliest to any of the RRCOs mentioned below. A person must mention in the Registration Form the RRCO where he/she would like to be registered as a taxpayer. This may be any one of the RRCOs where the person has a source of income.
- c) Married couples must choose the same RRCO for registration.
- d) 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, Bumthang, and Trongsa.
5	Samdrup Jongkhar	Samdrup Jongkhar, Trashigang, Pema Gatshel, Lhuentse, Tashi Yangtse and Mongar
6	Paro	Paro and Haa

### **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 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 before a new TPN number can be obtained. The old TPN number and RRCO must be recorded for reference. 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 as per **FORM PIT-2** at the RRCO of registration before 1<sup>st</sup> 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 1<sup>st</sup> May provided that:

- The taxpayer submits a written request for extension before 20<sup>th</sup> 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 1<sup>st</sup> May shall be forwarded by the RRCO to the DRCHQ. DRCHQ may extend the time limit up to 1<sup>st</sup> August, in exceptional cases.

#### **7.8 Payment of Tax**

All companies, businesses, citizens or residents shall pay PIT on a self-declared 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 Rule No. 1 Assessment (Chapter 2)

#### 1.1 Assessment Authority (Section 3)

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 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 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 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. 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 31<sup>st</sup> March and PIT on 1<sup>st</sup> March) shall result in fines and penalties at the rate of 24% per annum.

#### 1.3 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 DRCHO.

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

#### **1.4 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. 4 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 31<sup>st</sup> March, PIT on 1<sup>st</sup> March) shall result in a penal interest at the rate of 24% per annum.

#### **1.5 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.1.3 above.

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

## **1.6 Fines and Penalties (Chapter 5)**

Failure to comply with the above Rules No. 1.2 to 1.5 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 Rule No. 2 Transfer and Closure of Business (Section 6)**

### **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:

#### **2.1.1 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. Trade/Industrial License shall also be transferred through the Ministry of Trade and Industry (MTI) 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.

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

## **3 Rule No. 3 Collection (Chapter 3)**

### **3.1 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.

### **3.2 Payment of Tax**

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

### 3.2.1 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
31 <sup>st</sup> 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 31<sup>st</sup> March, 30<sup>th</sup> June, 30<sup>th</sup> September and 31<sup>st</sup> December of the income year.

### 3.2.2 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 3.2.2(a))
2	Government, Semi government & Non-government organisations, Companies and Businesses,	Rental Income (3.2.2(b))
3	Companies	Dividend (refer 3.2.2(c))
4	Financial Institutions	Interest (refer 3.2.2(d))
5	Department of Tourism	Tour Income (refer 3.2.2(f))
6	Contract Awarder	Contract income (refer 3.2.2(g))
7	Government, Semi government & Non-government organisations, Companies, and Businesses,	Other Income (refer 3.2.2(e))

#### 3.2.2(a) Salary Income (Section 12)

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 10<sup>th</sup> 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.

### 3.2.2(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 10<sup>th</sup> 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.

### 3.2.2(c) Dividend Income (Section 13)

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 10<sup>th</sup> 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 31<sup>st</sup> 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.

### 3.2.2(d) Interest Income (Section 14)

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 10<sup>th</sup> of the month following the date of deduction as per **FORM IT-4**.

Citizens and residents	Interest Nu. 10,000 or below	No Deductions
	Interest Nu. 10,001 & above	5% of the Total Interest Income
Persons other than citizens and residents	5% on the Total Interest Income as final tax and returns need not be filed.	
CIT & BIT units	5% on the Total Interest Income	

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

- Maintain proper accounting records.

- Submit yearly accounts before December 31<sup>st</sup> 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.

### **3.2.2(e) Other Income (Section 16)**

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 10<sup>th</sup> 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.

### **3.2.2(f) TDS from National Tour Operators (Section 17)**

The Department of Tourism (DOT) 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 10<sup>th</sup> 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.

### **3.2.2(g) Contractors (Section 18)**

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:

#### **a) 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 10<sup>th</sup> of the month following the date of deduction as per **FORM IT-7** with a copy to the contractor.

#### **b) 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 10<sup>th</sup> of the month following the date of deduction as per **FORM IT-7** with a copy to the contractor.

### 3.2.3 Tax Paid when Filing Annual Tax Return

Companies and businesses shall file their annual tax returns at the latest by March 31<sup>st</sup> and individuals at the latest by March 1<sup>st</sup> 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.

## 4 Rule No. 4 Information, Control and Documentation (Chapter 4)

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**.

### 4.1 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.

### 4.2 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.

#### **4.3 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.

### **5 Rule No. 5 Recovery Measures (Chapter 6)**

#### **5.1 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.

##### **5.1.1 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 DRCHO is required if the payback period is longer than 12 months.

##### **5.1.2 Restraint on Asset**

Where a taxpayer defaults the payment of tax dues as per the agreement under Rule No. 5.1.1 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.

##### **5.1.3 Executing Bond**

Notwithstanding Rule No. 5.1.2 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.

##### **5.1.4 Detention of Assets**

Assets restrained under Rule No. 5.1.2 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:

- a) After obtaining prior approval from head of the Department;
- b) After fixing the reserved value of asset to be disposed of;

- c) By an Auction Committee comprising at least two officers from the RRCO, and two representatives from the concerned Dzongkhag;
- d) Under the chairmanship of the Regional Director and
- e) By notifying at least two weeks before the date of auction by the RRCO.

#### **5.1.5 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.

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

Notwithstanding Rules No. 5.1.1, 5.1.2, 5.1.3, 5.1.4, 5.1.5; the Department through the Ministry of Finance shall recommend to the concerned authority for cancellation of a taxpayer's licence.

### **6 Rule No 6 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:

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

#### **6.1 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.



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REGIONAL REVENUE & CUSTOMS OFFICE**

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**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) Joint Venture Company
- d) Foreign Company

**3. LICENSE DETAILS AND ACTIVITIES**

	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 /SUBSIDIARY UNITS**

	<b>TPN</b>	<b>Name of the unit</b>	<b>Town/City</b>	<b>Post Box No</b>	<b>Phone No</b>	<b>Fax No.</b>

**If required, please use additional sheet.**

*Note: Any change in the above information must be informed to the RRCD 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 Chairperson:** \_\_\_\_\_

**Name of the Chairperson:** \_\_\_\_\_

**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 CORPORATE INCOME TAX RETURN**

**ANNUAL CORPORATE INCOME TAX RETURN FOR THE 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 \_\_\_\_\_.

- Annual Accounts in Standard Format.
- 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 .

I/We declare that the records submitted herewith are true and correct in every respect, to the best of my/our knowledge and belief.

**Authorized Signatory:** \_\_\_\_\_  
**Name & Designation:** \_\_\_\_\_  
**Date:** \_\_\_\_\_

**FORM CIT 2**

**CIT Standard Accounts Format**

*In the format shown below, dd/mm/20vv represents the day/month/year of the end of the current accounting period; 19vv 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
<i>Total Sales</i>	1	XXXX	YYYY
		-----	-----
<b>TOTAL INCOME</b>		XXXX	YYYY
<i>Less: Direct Expenses</i>	3	XXXX	YYYY
		-----	-----
<b>GROSS PROFIT</b>		XXXX	YYYY
<i>Other Income</i>	2	XXXX	YYYY
<i>Less: Selling Expenses</i>	4	XXXX	YYYY
<i>Less: Administration Expenses</i>	5	XXXX	YYYY
<i>Less: Depreciation for year</i>	14	XXXX	YYYY
<i>Less: Other Financial Expenses</i>	6	XXXX	YYYY
<i>Less: Interest Paid</i>		XXXX	YYYY
		-----	-----
<b>NET PROFIT FOR THE YEAR</b>	(#)	XXXX	YYYY
<i>Add: Inadmissible expenses for tax purposes</i>			
<i>Direct</i>	7	XXXX	YYYY
<i>Selling</i>	8	XXXX	YYYY
<i>Administration</i>	9	XXXX	YYYY
<i>Financial Expenses</i>	10	XXXX	YYYY
<i>Appropriations</i>	11	XXXX	YYYY
<b>INITIAL SELF ASSESSED PROFIT FOR YEAR (A)</b>		XXXX	YYYY
<i>Add</i>			
<i>Bonus Limit @ 10% = Amount Disallowed 12</i>		XXXX	YYYY
<i>Ent/Staff Welfare Limit @ 2% = Amount Disallowed 13</i>		XXXX	YYYY
<b>SELF ASSESSED TAXABLE PROFIT</b>		XXXX	YYYY
<i>Less tax allowed losses carried forward</i>		(XXXX)	(YYYY)
<b>FINAL SELF ASSESSED TAXABLE PROFIT (B)</b>		XXXX	YYYY
<b>SELF-DECLARED CIT @ 30% of B</b>	(*)	XXXX	YYYY
<i>Less Amounts Already Paid:</i>			
<i>Advance Taxes</i>		(XXXX)	(YYYY)
<i>CIT Withheld at Source</i>		(XXXX)	(YYYY)
		-----	-----
<b>BALANCE CIT PAYABLE</b>		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 CIT-2 CIT 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*

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

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

*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*

**Schedule 1: Total Sales**

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

**FORM CIT 2**

**CIT Standard Accounts Format**

**Schedule 2: Other Income**

	<i>20vv</i> <i>Nu'000</i>	<i>20vu</i> <i>Nu'000</i>
<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
 <i>TOTAL OTHER INCOME</i>	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.*

	<i>20vv</i> <i>Nu'000</i>	<i>20vu</i> <i>Nu'000</i>
<i>Opening Stock</i>	XXXX	YYYY
<i>Less: Closing Stock</i>	(XXXX)	(YYYY)
<i>Stock Movement</i>	XXXX	YYYY
<i>Opening Work in Progress</i>	XXXX	YYYY
<i>Less: Closing Work in progress</i>	(XXXX)	(YYYY)
<i>Work in Progress Movement</i>	XXXX	YYYY
 <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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<i>Direct 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 Direct Expenses:</i>			
<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.*

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

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**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
<b>TOTAL Financial Expenses</b>	XXXX	YYYY
	=====	=====

**Schedule 7: Inadmissible Direct Expenses**

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

**Schedule 8: Inadmissible Selling Expenses**

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

**Schedule 9: Inadmissible Administration Expenses**

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



**FORM CIT 2 CIT 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><i>Total bonuses to be disallowed</i></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>	<b>XXXX</b>	<b>YYYY</b>
	==	==

**FORM CIT 2**

**CIT Standard Accounts Format**

**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	<u>(XXXX)</u>	<u>(YYYY)</u>
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**

<i>Total Ent/Staff Welfare to be disallowed</i>		
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
<i>Additions in the year:</i>		
..... Date Rate		
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
<i>Less:</i>		
<i>Disposals in the year</i>		
..... Date Rate		
.....	(XXXX)	(YYYY)
.....	(XXXX)	(YYYY)
.....	(XXXX)	(YYYY)
.....	(XXXX)	(YYYY)
Cost brought forward from previous year	XXXX	YYYY
 <i>Cost carried forward to next year</i>	 ----- XXXX	 ----- YYYY
	=====	=====

**Depreciation for year:**

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

**FORM CIT 2**

**CIT Standard Accounts Format**

<i>TOTAL DEPRECIATION FOR YEAR</i>			-----	-----
			XXXX	YYYY
<i>Less: Depreciation on Disposals</i>				
<i>Disposals:</i>	<i>Date</i>	<i>Rate</i>		
.....	.....	.....	(XXXX)	(YYYY)
.....	.....	.....	(XXXX)	(YYYY)
.....	.....	.....	(XXXX)	(YYYY)
.....	.....	.....	(XXXX)	(YYYY)
.....	.....	.....	(XXXX)	(YYYY)
<i>Depreciation brought forward from last year</i>			XXXX	YYYY
<i>Depreciation carried forward to next year</i>			-----	-----
			XXXX	YYYY
			=====	=====
<i>Net Book Value brought forward from last year</i>			XXXX	YYYY
			=====	=====
<b>NET BOOK VALUE CARRIED FORWARD TO NEXT YEAR</b>			XXXX	YYYY
			=====	=====

**Schedule 15: Current Assets**

	<i>20vv</i>	<i>20vu</i>	
	<i>Nu'000</i>	<i>Nu'000</i>	
<i>Cash</i>	XXXX	YYYY	
<i>Bank</i>	XXXX	YYYY	
<i>Sundry Debtors:</i>			
.....	XXXX	YYYY	
.....	XXXX	YYYY	
.....	XXXX	YYYY	
.....	XXXX	YYYY	
<i>Less: Provisions</i>	XXXX)	(YYYY)	
<i>Total Sundry Debtors</i>		XXXX	YYYY
<i>Closing Stock:</i>			
.....	XXXX	YYYY	
.....	XXXX	YYYY	
.....	XXXX	YYYY	
.....	XXXX	YYYY	
<i>Total Closing Stock</i>	XXXX	YYYY	
<i>Prepayments:</i>			
.....	XXXX	YYYY	
.....	XXXX	YYYY	
.....	XXXX	YYYY	
.....	XXXX	YYYY	
.....	XXXX	YYYY	
<i>Total Prepayments</i>	XXXX	YYYY	
<i>Other Current Assets:</i>			
.....	XXXX	YYYY	
.....	XXXX	YYYY	
.....	XXXX	YYYY	
.....	XXXX	YYYY	
.....	XXXX	YYYY	

**FORM CIT 2**

**CIT Standard Accounts Format**

<i>Total Other</i>	XXXX	YYYY
	-----	-----
<b>TOTAL CURRENT ASSETS</b>	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
		-----	-----
<b>TOTAL CURRENT LIABILITIES</b>		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</i> (A)		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	

**FORM CIT 2**

**CIT Standard Accounts Format**

.....	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	
 <i>TOTAL LONG TERM CAPITAL (A+B+C)</i>		-----	-----
		XXXX	YYYY
		-----	-----

**Schedule 18: Long Term Loans**

<i>Long Term Loans:</i>			
<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. DETAILS OF BUSINESS**

- a) Name of the Business \_\_\_\_\_
- b) Type of Business                      Trading        Service        Manufacturing
- c) Investment Range
- |                                   |                          |
|-----------------------------------|--------------------------|
| Nu. 100 million and above         | <input type="checkbox"/> |
| Nu. 10 million to Nu. 100 million | <input type="checkbox"/> |
| Nu. 5 million to Nu. 10 million   | <input type="checkbox"/> |
| Nu. 3 million to Nu. 5 million    | <input type="checkbox"/> |
| Nu. 1 million to Nu. 3 million    | <input type="checkbox"/> |
| Less than Nu. 1 million           | <input type="checkbox"/> |
- d) Registered Address of the Business \_\_\_\_\_
- Street Name \_\_\_\_\_ Post Box No. \_\_\_\_\_ Dzongkhag \_\_\_\_\_
- Gwog \_\_\_\_\_ Village \_\_\_\_\_ PhoneNo. \_\_\_\_\_
- Fax No. \_\_\_\_\_ Email address \_\_\_\_\_

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

- Sole Proprietorship
- Partnership

**3. OWNERSHIP DETAILS**

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 \_\_\_\_\_

**5. LICENSE DETAILS AND ACTIVITIES**

	License No.	Date of Issue	Nature of Activity

If required, please use additional sheet.

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

	TPN/ Entity Code	Name of the Unit	Address	Post Box No.	Phone No.	Fax 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**

**FORM BIT-2**

**ANNUAL BUSINESS INCOME TAX RETURN**

**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.

I/We declare that the records submitted herewith are true and correct in every respect, to the best of my/our knowledge and belief.

**Authorized Signatory** \_\_\_\_\_  
**Name & Designation:** \_\_\_\_\_  
**Date:** \_\_\_\_\_



**FORM BIT 2**

**BIT Standard Accounts Format**

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; YYYYY 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
		-----	-----
<b>TOTAL INCOME</b>		XXXX	YYYY
Less: Direct Expenses	3	XXXX	YYYY
		-----	-----
<b>GROSS PROFIT</b>		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	YYYY
Less: Other Financial Expenses	6	XXXX	YYYY
Less: Interest Paid		XXXX	YYYY
		-----	-----
<b>NET PROFIT FOR THE YEAR</b>	(#)	XXXX	YYYY
Add: Inadmissible expenses for tax purposes			
Direct	7	XXXX	YYYY
Selling	8	XXXX	YYYY
Administration	9	XXXX	YYYY
Financial Expenses	10	XXXX	YYYY
Appropriations	11	XXXX	YYYY
<b>INITIAL SELF ASSESSED PROFIT FOR YEAR (A)</b>		XXXX	YYYY
Add			
Bonus Limit @ 10% = Amount Disallowed 12		XXXX	YYYY
Ent/Staff Welfare Limit @ 2% = Amount Disallowed 13		XXXX	YYYY
<b>SELF ASSESSED TAXABLE PROFIT</b>		XXXX	YYYY
Less tax allowed losses carried forward		(XXXX)	(YYYY)
<b>FINAL SELF ASSESSED TAXABLE PROFIT (B)</b>		XXXX	YYYY
<b>SELF-DECLARED BIT/BIT @ 30% of B (*)</b>		XXXX	YYYY
Less Amounts Already Paid:			
Advance Taxes		(XXXX)	(YYYY)
BIT Withheld at Source		(XXXX)	(YYYY)
		-----	-----
<b>BALANCE BIT PAYABLE</b>		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>		<b>XXXX</b>	<b>YYYY</b>
Less: Current Liabilities	16	XXXX	YYYY
		-----	-----
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>XXXX</b>	<b>YYYY</b>
		===	===
<i>Financed By:</i>			
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>		<b>XXXX</b>	<b>YYYY</b>
		====	====

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>	<b>XXXX</b>	<b>YYYY</b>
	-----	-----
	XXXX	YYYY

**FORM BIT 2**

**BIT Standard Accounts Format**

**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
 <i>TOTAL OTHER INCOME</i>		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>	(XXXX)	(YYYY)	
<i>Stock Movement</i>	XXXX	YYYY	
<i>Opening Work in Progress</i>	XXXX	YYYY	
<i>Less: Closing Work in progress</i>	(XXXX)	(YYYY)	
<i>Work in Progress Movement</i>	XXXX	YYYY	
 <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

**FORM BIT 2 BIT Standard Accounts Format**

<i>Direct 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 Direct Expenses:</i>			
<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.*

	<i>20vv</i>	<i>20vu</i>
	<i>Nu'000</i>	<i>Nu'000</i>
 <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

**BIT FORM 2****BIT Standard Accounts Format**

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

**FORM BIT 2**

**BIT Standard Accounts Format**

**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
<b>TOTAL Financial Expenses</b>	XXXX =====	YYYY =====

**Schedule 7: Inadmissible Direct Expenses**

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

**Schedule 8: Inadmissible Selling Expenses**

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

**Schedule 9: Inadmissible Administration Expenses**

	20vv Nu'000	20vu Nu'000
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
<b>TOTAL</b>	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>	XXXX	YYYY
<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>	XXXX	YYYY
<i>Donations Inadmissible</i>	XXXX	YYYY
<i>Interest Allowable</i>	XXXX	YYYY
<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>	XXXX	YYYY
<i>NP from which 10% value is calculated</i>	XXXX	YYYY
<i>Bonus Allowable as per 10% rule</i>	XXXX	YYYY
<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>	XXXX	YYYY

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

**FORM BIT 2**

**BIT Standard Accounts Format**

**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	<u>(XXXX)</u>	<u>(YYYY)</u>
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>	<b>Date</b>	<b>Rate</b>		
.....	.....	.....	XXXX	YYYY
.....	.....	.....	XXXX	YYYY
.....	.....	.....	XXXX	YYYY
.....	.....	.....	XXXX	YYYY
<b>Less:</b>				
<b>Disposals in the year</b>	<b>Date</b>	<b>Rate</b>		
.....	.....	.....	(XXXX)	(YYYY)
.....	.....	.....	(XXXX)	(YYYY)
.....	.....	.....	(XXXX)	(YYYY)
.....	.....	.....	(XXXX)	(YYYY)
<b>Cost brought forward from previous year</b>			XXXX	YYYY
			-----	-----
<b>Cost carried forward to next year</b>			<b>XXXX</b>	<b>YYYY</b>
			=====	=====
 <b>Depreciation for year:</b>				
<b>Asset:</b>	<b>Cost</b>	<b>Rate</b>		
.....	.....	.....	XXXX	YYYY
.....	.....	.....	XXXX	YYYY
.....	.....	.....	XXXX	YYYY
.....	.....	.....	XXXX	YYYY
.....	.....	.....	XXXX	YYYY
.....	.....	.....	XXXX	YYYY
.....	.....	.....	XXXX	YYYY



**FORM BIT 2**

**BIT Standard Accounts Format**

<i>TOTAL DEPRECIATION FOR YEAR</i>			-----	-----
			XXXX	YYYY
<i>Less: Depreciation on Disposals</i>				
<i>Disposals:</i>	<i>Date</i>	<i>Rate</i>		
.....	.....	.....	(XXXX)	(YYYY)
.....	.....	.....	(XXXX)	(YYYY)
.....	.....	.....	(XXXX)	(YYYY)
.....	.....	.....	(XXXX)	(YYYY)
.....	.....	.....	(XXXX)	(YYYY)
<i>Depreciation brought forward from last year</i>			XXXX	YYYY
<i>Depreciation carried forward to next year</i>			-----	-----
			XXXX	YYYY
			=====	=====
<i>Net Book Value brought forward from last year</i>			XXXX	YYYY
			=====	=====
<b>NET BOOK VALUE CARRIED FORWARD TO NEXT YEAR</b>			XXXX	YYYY
			=====	=====

**Schedule 15: Current Assets**

		<i>20vv</i>	<i>20vu</i>
		<i>Nu'000</i>	<i>Nu'000</i>
<i>Cash</i>		XXXX	YYYY
<i>Bank</i>		XXXX	YYYY
<i>Sundry Debtors:</i>			
.....		XXXX	YYYY
.....		XXXX	YYYY
.....		XXXX	YYYY
.....		XXXX	YYYY
<i>Less: Provisions</i>		XXXX)	(YYYY)
<i>Total Sundry Debtors</i>		XXXX	YYYY
<i>Closing Stock:</i>			
.....		XXXX	YYYY
.....		XXXX	YYYY
.....		XXXX	YYYY
.....		XXXX	YYYY
<i>Total Closing Stock</i>		XXXX	YYYY
<i>Prepayments:</i>			
.....		XXXX	YYYY
.....		XXXX	YYYY
.....		XXXX	YYYY
.....		XXXX	YYYY
.....		XXXX	YYYY
<i>Total Prepayments</i>		XXXX	YYYY
<i>Other Current Assets:</i>			
.....		XXXX	YYYY
.....		XXXX	YYYY
.....		XXXX	YYYY
.....		XXXX	YYYY
.....		XXXX	YYYY

**FORM BIT 2**

**BIT Standard Accounts Format**

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

**FORM BIT 2**

**BIT Standard Accounts Format**

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

**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
<b>Total Long Term Loans (A)</b>	<b>XXXX</b>	<b>YYY</b>
<i>Donor Financing (Liability):</i>		
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
<b>Total Donor Financing (liability) (B)</b>	<b>XXXX</b>	<b>YYYY</b>
<i>Other Financing (Liability):</i>		
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
.....	XXXX	YYYY
<b>Total Other (C)</b>	<b>XXXX</b>	<b>YYYY</b>
<b>TOTAL LONG TERM LOAN (A+B+C)</b>	<b>XXXX</b>	<b>YYYY</b>



**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.

Sl 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

	Name of Child	Date of Birth	Sources 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) Interest income   
e) Cash crop Income   
f) 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

**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.

**FORM PIT-2****PERSONAL INCOME TAX RETURN**

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


**ROYAL GOVERNMENT OF BHUTAN  
REGIONAL REVENUE & CUSTOMS OFFICE**
**1. TAXPAYERS PARTICULARS (Please fill the following)**

Name: (write in block letters) a. Permanent address:  b. Present address: Telephone No:	Citizen ID No/ Residence permit No
	Nationality:
	Date/Year of birth:

**2. MARITAL STATUS**

Are you married? Please tick yes or no Yes <input type="checkbox"/> No <input type="checkbox"/>	
If married, please fill in spouse's particulars:	
Spouse's Name:  Telephone No:	Previous Place of Registration:
	Citizen ID Number/ Residence Permit No
	Nationality:

If required, please use additional sheet.

**3. DETAILS OF CHILDREN**

Does your Tax Return include income of children below 18 years of age? If yes please enter their details.		
<b>Child's Name:</b>	<b>Date of Birth</b>	<b>Source of Income included in the Return</b>

If required, please use additional sheet.

#### 4. INCOME COMPUTATION WORKSHEET

##### 4.1 GROSS INCOME FROM SALARY AND CONSULTANCY SERVICES (If you have/had income from salary or consultant fees, please fill in the following)

Employer's name and address:	Basic Salary x12 months		
	Allowances		
	Bonus		
	Fees		
	Employer's TPN or ACS code:	Commission	
	Any other Benefits		
Employer's name and address: (If you have more than one employer)	Basic SalaryX12months		
	Allowances		
	Bonus		
	Fees		
	Employer's TPN or ACS code:	Commission	
	Any other Benefits		
Employer's name and address: (If you have more than two employers)	Basic SalaryX12 months		
	Allowances		
	Bonus		
	Fees		
	Employer's TPN or ACS code:	Commission	
	Any other Benefits		
AGI (i): Add the totals from employers to give Gross Salary Income (Transfer the amount to Table No 5)			

If required, please use additional sheet.

##### 4.2 GROSS INCOME FROM RENTAL PROPERTY [(If you own rental property/properties and have a rental income, please fill in the following (Rental property includes land, building and houses used for rental purpose)]

Type of Property	Plot No./Thram No.	No of Units/ No of Plots	Location	Property's Rental Income
<b>A: Gross Rental Income for all properties (add the above)</b>				
<b>B1: Interest paid on loans (enclose bank statement)</b>				
<b>B2: Repair and maintenance (20 %) of A</b>				
<b>B3: Insurance Premiums</b>				
<b>B4: Local taxes</b>				
<b>B: Total Specific Deductions/Exemption (add the four above: B = B1+B2+B3+B4)</b>				
<b>AGI (ii) Adjusted Gross Rental Income (A – B) (If positive, transfer the amount to Table No 5)</b>				

If required, please use additional sheet.



**4.3 GROSS INCOME FROM DIVIDEND** (If you have received dividend, please fill in the following)

Name of Company	TPN	Share Certificate No.	No. of Shares	Face Value of Shares	Dividend
<b>A: Gross Dividend Income from all companies (add the above)</b>					
<b>B1: Interest paid on loans (enclose loan documents)</b>					
<b>B2: Exemption</b>					<b>10,000</b>
<b>B: Total Specific deductions/Exemption (add the two above B= B1 + B2)</b>					
<b>AGI (iii) Adjusted Gross Dividend Income (A – B) (If positive, transfer the amount to Table No 5)</b>					

If required, please use additional sheet.

**4.4 GROSS INCOME FROM INTEREST** (If you have fixed deposit accounts with a financial institution, please fill in the following)

Financial Institutions	Single or Joint Account	Account No.	Interest Received
<b>A: Gross Interest from all Financial Institutions. (add the above)</b>			
<b>B: Specific Deductions/Exemption</b>			<b>10,000</b>
<b>AGI (iv) Adjusted Gross Interest Income (A – B) (If positive, transfer the amount to Table No 5)</b>			

If required, please use additional sheet.

**4.5 GROSS INCOME FROM CASH CROP** (If you own any orchards (apple, orange and cardamom), please fill in the following)

Type of orchard	Plot No./Thram No	Locations	Gross Income from Sales
<b>A: Gross Income from all Orchards (add the above)</b>			
<b>B: Specific Deduction/Exemption (30 % of A)</b>			
<b>AGI (v) Adjusted Gross Income from Cash Crops (A – B) (If positive, transfer the amount to Table No 5)</b>			

If required, please use additional sheet.

**4.6 GROSS INCOME FROM OTHER SOURCES** (If you have received any income from other sources, please fill in the following)

Type of Income	Name and Address of person from whom received	TPN or ACS Code	Income
<b>A: Gross Income from all other Sources (add the above)</b>			
<b>B: Specific Deduction/Exemption (30 % of A)</b>			
<b>AGI (vi) Adjusted Gross Income from Other Sources (A – B) (If positive, transfer the amount to Table 5)</b>			

If required, please use additional sheet.

**5. TOTAL OF YOUR ADJUSTED GROSS INCOME** (Transfer Adjusted Gross Incomes from the preceding worksheets numbered AGI (i), AGI (ii), AGI (iii), AGI (iv), AGI (v), AGI (vi) to the table below to arrive at your NET TAXABLE INCOME.

Sources of income:	Net Taxable Income (Nu.)	Worksheet Nos
1. Adjusted Gross Income from Salary		4.1
2. Adjusted Gross Income from Real Property		4.2
3. Adjusted Gross Income from Dividend		4.3
4. Adjusted Gross Income from Interest		4.4
5. Adjusted Gross Income from Cash Crop		4.5
6. Adjusted Gross Income from Other Sources		4.6
<b>TOTAL ADJUSTED GROSS INCOME</b>		
<b>Less: General Deductions</b>		<b>Add 4.1 to 4.6 and minus General Deductions</b>
a. Donations (up to max 5% of Total Adjusted Gross Income) b. Education Allowance (up to max Nu. 50000 p.a)		
<b>NET TAXABLE INCOME</b>		

**6. CALCULATION OF SELF-ASSESSED TAX.** Use the Net Taxable Income above and calculate your TAX AMOUNT.

Income Slabs:	Allocation of Taxable Income	Tax Amount
Up to Nu. 100,000	0	
Nu. 100,001 – 250,000	0 + 6% of (Net Taxable Income – 100,000)	
Nu. 250,001 – 500,000	9,000 + 9% of (Net Taxable Income – 250,000)	
Nu. 500,001 – 1000,000	31,500 + 12% of (Net Taxable Income – 500,000)	
Nu. 1000,001 & above	91,500 + 15% of (Net Taxable Income – 1000,000)	
	<b>TAX AMOUNT</b>	

**7. TAXES PAID QUARTERLY/TAXES DEDUCTED AT SOURCE** (if you have taxes already prepaid or deducted at source, please fill in the following)

<b>Income Source:</b>	<b>Tax Deducted at Source Amount (Nu.):</b>
Salary	
Rental	
Dividend	
Interest	
Other Income	
<b>Total TDS</b> (Add the five amounts above)	

**8. FINAL TAX PAYABLE AT THE TIME OF FILING**

	<b>Tax Amount</b> (from table 6)	
	Less <b>Tax Deducted at Source</b> (from table 7)	
	<b>Tax Payable/Refundable</b> at the time of filing the Tax Return (1-2)	

**TAX PAYERS DECLARATION**

I hereby declare that the information given in this Form and the supporting document 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.

**Taxpayer Account No.** \_\_\_\_\_

**Signature of the taxpayer :** \_\_\_\_\_  
**Authorized representative\*:** \_\_\_\_\_  
**Date :** \_\_\_\_\_

\* A letter of authorization from the taxpayer must be attached.

***For Official Use Only***

Deposited Vide Money Receipt No. \_\_\_\_\_ dated \_\_\_\_\_  
 Month \_\_\_\_\_ Year \_\_\_\_\_.

Received and Verified by \_\_\_\_\_  
 (Name & Signature) \_\_\_\_\_

Remarks \_\_\_\_\_  
 \_\_\_\_\_

***Instructions overleaf***

## Instructions on filing PIT Annual Tax Return

### GENERAL INFORMATION

#### 1. WHO MUST FILE A TAX RETURN?

- A citizen above 18 years of age.
- 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.
- A person having total gross income from sources mentioned below in 3 exceeding Nu. 100,000 per annum.

#### 2. HOW TO FILE?

- Husband and wife must file a separate tax return but at the same RRCO.
- 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.
- Interest income from fixed deposit accounts.
- 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 2003 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 1<sup>st</sup> January and ending on the 31<sup>st</sup> 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.

- 6.2 Name is your registered name and it should correspond to the name in your census register.
- 6.3 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.
- 6.4 Permanent Address means the place where your census is registered or where census records are located.
- 6.5 Present Address is the place where you are currently residing as a result of work, business etc.
- 6.6 If you do not know the date of birth, please mention the year of birth.

### **TABLE 2 INSTRUCTIONS**

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

- h) 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.
- i) 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.
- j) Previous Place of Registration is the place or RRCO where the spouse was previously registered before marriage. All married couples must choose the same RRCO for registration as per Chapter 1, section 2, Part III of the Income Tax Act of the Kingdom of Bhutan, 2001.

### **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**

- 6.7 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).
- 6.8 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.
- 6.9 Basic Salary is pay and wages as mentioned in your salary statement. It is exclusive of allowances and benefits.
- 6.10 Consultancy Fees is the fees received by non-licensed consultants or freelance consultants. It includes any fee received by you besides your salary.
- 6.11 Bonus is bonus received during the income year, if any.
- 6.12 Allowances is allowances received during the income year. It includes technical, professional, production, flying incentives or allowances.
- 6.13 Benefits is 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.

- 6.14 Total from Employer is the sum total of basic pay, consultancy fees, bonus, allowances, benefits from a single employer.
- 6.15 Gross Salary is the total of gross salary income received from all employers, if you have more than one employer. Your gross salary income and Adjusted Gross Salary Income will be the same as there is no deduction under income from salary.

*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.  
TPN is the company's TPN allotted by the Department of Revenue & Customs.
- b) Share Certificate No. is the number of the share certificate.
- c) No. of Shares is the number of shares owned.
- d) Face Value of Share is the value of share given in the share certificate.
- e) Amount of Dividend is the total amount of dividend received from the shareholdings.
- f) 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.
- g) Gross Dividend Income is the total dividend income received from all your shareholdings.
- h) 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 Fixed Deposits**

- a) Name of Financial Institutions is the name of financial institutions where you maintain your fixed deposit accounts.
- b) Type of Account is whether it is a single or joint account.

- c) Account No. is the account number given by the financial institution maintaining your accounts.
- d) Interest is the actual interest received from fixed deposits accounts. It must be supported by relevant documents such as bank statements.
- e) Gross Interest Income is the total interest income received from your fixed deposit accounts.
- f) Adjusted Gross Interest Income is gross interest income after specific deductions/exemption.

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

**Table 4.5: 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 4.6: 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 4.6.

- a) Transfer the amounts from Table 4.1 to 4.6, that is, from the last row of the tables numbered AGI (i), AGI (ii), AGI (iii), AGI (iv), AGI (v), and AGI (vi) to its respective places in Table 5.

- 6.16 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.
- 6.17 Add all your Adjusted Gross Incomes as transferred from Table 4.1 to 4.6 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.
- c) If you have enclosed all necessary documentation along with the your Tax Return, then you can expect to get a Demand Notice from the concerned RRCO (with additional tax to be paid by you or tax to be refunded to you) within 30 days of filing the Tax Return.
- 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) Husband and wife are required to file at the same RRCO.
- g) 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.
- h) 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, please check once again.

- ✓ Have you enclosed TDS certificates for the following?
  - Salary Income
  - Rental income
  - Dividend Income
  - Interest 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 enclosed bank statements for interest income?
  
- ✓ Have you specified whether your fixed deposit account is a single or joint account?
  
- ✓ Have you transferred the amounts from Table 4.1, 4.2, 4.3, 4.4, 4.5, and 4.6 correctly to Table 5? To ensure correct computation, please check once again.
  
- ✓ Have you enclosed all supporting documents relating to donations and education allowance?
  
- ✓ Have you calculated your Tax Amount correctly in Table 6?
  
- ✓ Have you put your 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	10
		Citizen I.D No.	Resident Permit No	Employee ID No.	Basic Salary	Benefit Allowance /	Gross Salary	TDS from Gross Salary	Health Contrib.	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 10<sup>th</sup> 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), Traveling 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 period \_\_\_\_\_ to \_\_\_\_\_ Year \_\_\_\_\_***

Name of Withholding Agent:

TPN/ACS:

Address:

Sl. No.	Name & Address	1	2	3	4	5	6	7
		Citizen I.D No./ TPN	Type of Property	No of Units/Plot Rented	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 10<sup>th</sup> 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 \_\_\_\_\_***

Name of Company:

TPN:

Address:

	1	2	3	4	5	6	7	8
Sl. No.	Name & Address of the Shareholder	Citizen I.D /TPN	Share Certificate No.	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 10<sup>th</sup> 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 1,2,3,4, & 5 must be provided initially for compilation of information. Information in column No. 6,7, & 8 are to be furnished as and when dividends are paid.
- c) Information must be furnished on all dividends paid irrespective of the amount.
- 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 Fixed Deposits for the period \_\_\_\_\_**

Name of the Financial Institution:

TPN:

Address:

Branch:

Sl. No	Name & Address of the Account Holder	Citizen I.D./ TPN	A/C No/ NN.	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 fixed deposit 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 10<sup>th</sup> of the following month. Please note that for citizens and residents receiving interest income more than Nu. 10,000, and for persons other than citizens and residents deduction shall be on the **Total Interest** paid. However, for citizens and residents receiving interest income below Nu 10,000, no TDS deduction shall be applied (for more details see Rule No 3.2.2 (d) of General Provisions of the Rules). This Form must be completed and submitted by all financial institutions paying interest and information must be furnished on all fixed deposit account holders receiving interest whether TDS is deducted or not.

- a) Column 1 refers to the Citizen ID of Bhutanese Nationals, or NN (non national). Where Citizen ID is "under process" it must be stated and a temporary ID No. shall be issued by the RRCO for tax purposes. Where the recipient is a company or business the TPN or entity code must be provided.
- 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
		Citizen I.D No.	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 10<sup>th</sup> 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 2 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 10<sup>th</sup> 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	Entity Code	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
						<b>Total</b>			

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 10<sup>th</sup> 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 CIT,	Nu _____
Income year YYYY CIT,	Nu _____
Income year ZZZZ PIT,	Nu _____
Penal interest 24% on Nu ____ from _____ to _____	Nu _____
Fines and penalties	Nu _____
Total	Nu _____
Set-off/Paid	Nu _____
Remainder due	Nu. _____

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 3 <sup>rd</sup> person:	Concerned authorities:
.....					
.....					
.....					

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:** \_\_\_\_\_  
**Name and Address:** \_\_\_\_\_  
\_\_\_\_\_

**Witness of Restraint:** \_\_\_\_\_  
**Name and Address:** \_\_\_\_\_  
\_\_\_\_\_

**CC to:**  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ANNEXURE I****CATEGORIZATION**

<b>SECTOR</b>	<b>CATEGORY</b>	<b>INVESTMENT RANGE</b>	<b>TURNOVER RANGE</b>
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 categorised based on fulfilment of either one of the criteria.**
- b) **Investment means owners contributions/ paid up share capital plus long term loans.**
- c) **However the construction sector however will be categorised in accordance with the classification made by the Construction Development Board . That is,**
  - a) **All classified "A Class" contractors will be treated as large,**
  - b) **All classified "B Class" contractors will be treated as medium,**
  - c) **All classified "C Class" contractors will be treated as small and**
  - d) **All classified "Petty Class" contractors will be treated as micro.**



**ANNEXURE II DEPRECIATION SCHEDULE**

<b>Bloc</b>	<b>SI.No</b>	<b>Asset type</b>	<b>Maximum Rates</b>
<b>I</b>	<b>INFRASTRUCTURAL FACILITIES</b>		
	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%
<b>II</b>	<b>ELECTRICITY GENERATION AND TRANSMISSION</b>		
	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	
<b>III</b>	<b>EQUIPMENT</b>		
	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	
<b>IV</b>	<b>FURNITURE, FIXTURES &amp; UTENSILS</b>		
	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	
<b>V</b>	<b>PLANT &amp; MACHINERY (Including spare parts and accessories)</b>		
	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	
<b>VI</b>	<b>VEHICLES, VESSELS &amp; AIRCRAFTS</b>		
	1	Aircraft including Helicopter	
	2	Buses & Vans	
	3	Cycles & Rickshaws	
	4	Light Motor Vehicles including two or three Wheelers	15%
	5	Trucks & Trailers	
	6	Vessels - Ships, Boats, Rafts, etc	
<b>VII</b>	<b>Small assets costing up to Nu. 25000 in total per taxpayer per income year</b>		<b>Write off</b>

**ANNEXURE III**

**TDS SCHEDULE FOR MONTHLY SALARY INCOME**

Monthly Salary		TDS Deduction
From	To	
0	8,333	0
8,334	8,400	4
8,401	8,500	10
8,501	8,600	16
8,601	8,700	22
8,701	8,800	28
8,801	8,900	34
8,901	9,000	40
9,001	9,100	46
9,101	9,200	52
9,201	9,300	58
9,301	9,400	64
9,401	9,500	70
9,501	9,600	76
9,601	9,700	82
9,701	9,800	88
9,801	9,900	94
9,901	10,000	100
10,001	10,100	106
10,101	10,200	112
10,201	10,300	118
10,301	10,400	124
10,401	10,500	130
10,501	10,600	136
10,601	10,700	142
10,701	10,800	148
10,801	10,900	154
10,901	11,000	160
11,001	11,100	166
11,101	11,200	172
11,201	11,300	178
11,301	11,400	184
11,401	11,500	190
11,501	11,600	196
11,601	11,700	202
11,701	11,800	208
11,801	11,900	214
11,901	12,000	220
12,001	12,100	226
12,101	12,200	232
12,201	12,300	238
12,301	12,400	244
12,401	12,500	250
12,501	12,600	256
12,601	12,700	262
12,701	12,800	268
12,801	12,900	274

Monthly Salary		TDS Deduction
From	To	
12,901	13,000	280
13,001	13,100	286
13,101	13,200	292
13,201	13,300	298
13,301	13,400	304
13,401	13,500	310
13,501	13,600	316
13,601	13,700	322
13,701	13,800	328
13,801	13,900	334
13,901	14,000	340
14,001	14,100	346
14,101	14,200	352
14,201	14,300	358
14,301	14,400	364
14,401	14,500	370
14,501	14,600	376
14,601	14,700	382
14,701	14,800	388
14,801	14,900	394
14,901	15,000	400
15,001	15,100	406
15,101	15,200	412
15,201	15,300	418
15,301	15,400	424
15,401	15,500	430
15,501	15,600	436
15,601	15,700	442
15,701	15,800	448
15,801	15,900	454
15,901	16,000	460
16,001	16,100	466
16,101	16,200	472
16,201	16,300	478
16,301	16,400	484
16,401	16,500	490
16,501	16,600	496
16,601	16,700	502
16,701	16,800	508
16,801	16,900	514
16,901	17,000	520
17,001	17,100	526
17,101	17,200	532
17,201	17,300	538
17,301	17,400	544
17,401	17,500	550
17,501	17,600	556

Monthly Salary		TDS Deduction
From	To	
17,601	17,700	562
17,701	17,800	568
17,801	17,900	574
17,901	18,000	580
18,001	18,100	586
18,101	18,200	592
18,201	18,300	598
18,301	18,400	604
18,401	18,500	610
18,501	18,600	616
18,601	18,700	622
18,701	18,800	628
18,801	18,900	634
18,901	19,000	640
19,001	19,100	646
19,101	19,200	652
19,201	19,300	658
19,301	19,400	664
19,401	19,500	670
19,501	19,600	676
19,601	19,700	682
19,701	19,800	688
19,801	19,900	694
19,901	20,000	700
20,001	20,100	706
20,101	20,200	712
20,201	20,300	718
20,301	20,400	724
20,401	20,500	730
20,501	20,600	736
20,601	20,700	742
20,701	20,800	748
20,801	20,833	750
20,834	20,900	756
20,901	21,000	765
21,001	21,100	774
21,101	21,200	783
21,201	21,300	792
21,301	21,400	801
21,401	21,500	810
21,501	21,600	819
21,601	21,700	828
21,701	21,800	837
21,801	21,900	846
21,901	22,000	855
22,001	22,100	864
22,101	22,200	873

Monthly Salary		TDS Deduction
From	To	
22,201	22,300	882
22,301	22,400	891
22,401	22,500	900
22,501	22,600	909
22,601	22,700	918
22,701	22,800	927
22,801	22,900	936
22,901	23,000	945
23,001	23,100	954
23,101	23,200	963
23,201	23,300	972
23,301	23,400	981
23,401	23,500	990
23,501	23,600	999
23,601	23,700	1,008
23,701	23,800	1,017
23,801	23,900	1,026
23,901	24,000	1,035
24,001	24,100	1,044
24,101	24,200	1,053
24,201	24,300	1,062
24,301	24,400	1,071
24,401	24,500	1,080
24,501	24,600	1,089
24,601	24,700	1,098
24,701	24,800	1,107
24,801	24,900	1,116
24,901	25,000	1,125
25,001	25,100	1,134
25,101	25,200	1,143
25,201	25,300	1,152
25,301	25,400	1,161
25,401	25,500	1,170
25,501	25,600	1,179
25,601	25,700	1,188
25,701	25,800	1,197
25,801	25,900	1,206
25,901	26,000	1,215
26,001	26,100	1,224
26,101	26,200	1,233
26,201	26,300	1,242
26,301	26,400	1,251
26,401	26,500	1,260
26,501	26,600	1,269
26,601	26,700	1,278
26,701	26,800	1,287
26,801	26,900	1,296

Monthly Salary		TDS Deduction
From	To	
26,901	27,000	1,305
27,001	27,100	1,314
27,101	27,200	1,323
27,201	27,300	1,332
27,301	27,400	1,341
27,401	27,500	1,350
27,501	27,600	1,359
27,601	27,700	1,368
27,701	27,800	1,377
27,801	27,900	1,386
27,901	28,000	1,395
28,001	28,100	1,404
28,101	28,200	1,413
28,201	28,300	1,422
28,301	28,400	1,431
28,401	28,500	1,440
28,501	28,600	1,449
28,601	28,700	1,458
28,701	28,800	1,467
28,801	28,900	1,476
28,901	29,000	1,485
29,001	29,100	1,494
29,101	29,200	1,503
29,201	29,300	1,512
29,301	29,400	1,521
29,401	29,500	1,530
29,501	29,600	1,539
29,601	29,700	1,548
29,701	29,800	1,557
29,801	29,900	1,566
29,901	30,000	1,575
30,001	30,100	1,584
30,101	30,200	1,593
30,201	30,300	1,602
30,301	30,400	1,611
30,401	30,500	1,620
30,501	30,600	1,629
30,601	30,700	1,638
30,701	30,800	1,647
30,801	30,900	1,656
30,901	31,000	1,665
31,001	31,100	1,674
31,101	31,200	1,683
31,201	31,300	1,692
31,301	31,400	1,701
31,401	31,500	1,710
31,501	31,600	1,719
31,601	31,700	1,728

Monthly Salary		TDS Deduction
From	To	
31,701	31,800	1,737
31,801	31,900	1,746
31,901	32,000	1,755
32,001	32,100	1,764
32,101	32,200	1,773
32,201	32,300	1,782
32,301	32,400	1,791
32,401	32,500	1,800
32,501	32,600	1,809
32,601	32,700	1,818
32,701	32,800	1,827
32,801	32,900	1,836
32,901	33,000	1,845
33,001	33,100	1,854
33,101	33,200	1,863
33,201	33,300	1,872
33,301	33,400	1,881
33,401	33,500	1,890
33,501	33,600	1,899
33,601	33,700	1,908
33,701	33,800	1,917
33,801	33,900	1,926
33,901	34,000	1,935
34,001	34,100	1,944
34,101	34,200	1,953
34,201	34,300	1,962
34,301	34,400	1,971
34,401	34,500	1,980
34,501	34,600	1,989
34,601	34,700	1,998
34,701	34,800	2,007
34,801	34,900	2,016
34,901	35,000	2,025
35,001	35,100	2,034
35,101	35,200	2,043
35,201	35,300	2,052
35,301	35,400	2,061
35,401	35,500	2,070
35,501	35,600	2,079
35,601	35,700	2,088
35,701	35,800	2,097
35,801	35,900	2,106
35,901	36,000	2,115
36,001	36,100	2,124
36,101	36,200	2,133
36,201	36,300	2,142
36,301	36,400	2,151
36,401	36,500	2,160

Monthly Salary		TDS Deduction
From	To	
36,501	36,600	2,169
36,601	36,700	2,178
36,701	36,800	2,187
36,801	36,900	2,196
36,901	37,000	2,205
37,001	37,100	2,214
37,101	37,200	2,223
37,201	37,300	2,232
37,301	37,400	2,241
37,401	37,500	2,250
37,501	37,600	2,259
37,601	37,700	2,268
37,701	37,800	2,277
37,801	37,900	2,286
37,901	38,000	2,295
38,001	38,100	2,304
38,101	38,200	2,313
38,201	38,300	2,322
38,301	38,400	2,331
38,401	38,500	2,340
38,501	38,600	2,349
38,601	38,700	2,358
38,701	38,800	2,367
38,801	38,900	2,376
38,901	39,000	2,385
39,001	39,100	2,394
39,101	39,200	2,403
39,201	39,300	2,412
39,301	39,400	2,421
39,401	39,500	2,430
39,501	39,600	2,439
39,601	39,700	2,448
39,701	39,800	2,457
39,801	39,900	2,466
39,901	40,000	2,475
40,001	40,100	2,484
40,101	40,200	2,493
40,201	40,300	2,502
40,301	40,400	2,511
40,401	40,500	2,520
40,501	40,600	2,529
40,601	40,700	2,538
40,701	40,800	2,547
40,801	40,900	2,556
40,901	41,000	2,565
41,001	41,100	2,574
41,101	41,200	2,583
41,201	41,300	2,592

Monthly Salary		TDS Deduction
From	To	
41,301	41,400	2,601
41,401	41,500	2,610
41,501	41,600	2,619
41,601	41,666	2,625
41,667	41,700	2,629
41,701	41,800	2,641
41,801	41,900	2,653
41,901	42,000	2,665
42,001	42,100	2,677
42,101	42,200	2,689
42,201	42,300	2,701
42,301	42,400	2,713
42,401	42,500	2,725
42,501	42,600	2,737
42,601	42,700	2,749
42,701	42,800	2,761
42,801	42,900	2,773
42,901	43,000	2,785
43,001	43,100	2,797
43,101	43,200	2,809
43,201	43,300	2,821
43,301	43,400	2,833
43,401	43,500	2,845
43,501	43,600	2,857
43,601	43,700	2,869
43,701	43,800	2,881
43,801	43,900	2,893
43,901	44,000	2,905
44,001	44,100	2,917
44,101	44,200	2,929
44,201	44,300	2,941
44,301	44,400	2,953
44,401	44,500	2,965
44,501	44,600	2,977
44,601	44,700	2,989
44,701	44,800	3,001
44,801	44,900	3,013
44,901	45,000	3,025
45,001	45,100	3,037
45,101	45,200	3,049
45,201	45,300	3,061
45,301	45,400	3,073
45,401	45,500	3,085
45,501	45,600	3,097
45,601	45,700	3,109
45,701	45,800	3,121
45,801	45,900	3,133
45,901	46,000	3,145

Monthly Salary		TDS Deduction
From	To	
46,001	46,100	3,157
46,101	46,200	3,169
46,201	46,300	3,181
46,301	46,400	3,193
46,401	46,500	3,205
46,501	46,600	3,217
46,601	46,700	3,229
46,701	46,800	3,241
46,801	46,900	3,253
46,901	47,000	3,265
47,001	47,100	3,277
47,101	47,200	3,289
47,201	47,300	3,301
47,301	47,400	3,313
47,401	47,500	3,325
47,501	47,600	3,337
47,601	47,700	3,349
47,701	47,800	3,361
47,801	47,900	3,373
47,901	48,000	3,385
48,001	48,100	3,397
48,101	48,200	3,409
48,201	48,300	3,421
48,301	48,400	3,433
48,401	48,500	3,445
48,501	48,600	3,457
48,601	48,700	3,469
48,701	48,800	3,481
48,801	48,900	3,493
48,901	49,000	3,505
49,001	49,100	3,517
49,101	49,200	3,529
49,201	49,300	3,541
49,301	49,400	3,553
49,401	49,500	3,565
49,501	49,600	3,577
49,601	49,700	3,589
49,701	49,800	3,601
49,801	49,900	3,613
49,901	50,000	3,625
50,001	50,100	3,637
50,101	50,200	3,649
50,201	50,300	3,661
50,301	50,400	3,673
50,401	50,500	3,685
50,501	50,600	3,697
50,601	50,700	3,709
50,701	50,800	3,721

Monthly Salary		TDS Deduction
From	To	
50,801	50,900	3,733
50,901	51,000	3,745
51,001	51,100	3,757
51,101	51,200	3,769
51,201	51,300	3,781
51,301	51,400	3,793
51,401	51,500	3,805
51,501	51,600	3,817
51,601	51,700	3,829
51,701	51,800	3,841
51,801	51,900	3,853
51,901	52,000	3,865
52,001	52,100	3,877
52,101	52,200	3,889
52,201	52,300	3,901
52,301	52,400	3,913
52,401	52,500	3,925
52,501	52,600	3,937
52,601	52,700	3,949
52,701	52,800	3,961
52,801	52,900	3,973
52,901	53,000	3,985
53,001	53,100	3,997
53,101	53,200	4,009
53,201	53,300	4,021
53,301	53,400	4,033
53,401	53,500	4,045
53,501	53,600	4,057
53,601	53,700	4,069
53,701	53,800	4,081
53,801	53,900	4,093
53,901	54,000	4,105
54,001	54,100	4,117
54,101	54,200	4,129
54,201	54,300	4,141
54,301	54,400	4,153
54,401	54,500	4,165
54,501	54,600	4,177
54,601	54,700	4,189
54,701	54,800	4,201
54,801	54,900	4,213
54,901	55,000	4,225
55,001	55,100	4,237
55,101	55,200	4,249
55,201	55,300	4,261
55,301	55,400	4,273
55,401	55,500	4,285
55,501	55,600	4,297

Monthly Salary		TDS Deduction
From	To	
55,601	55,700	4,309
55,701	55,800	4,321
55,801	55,900	4,333
55,901	56,000	4,345
56,001	56,100	4,357
56,101	56,200	4,369
56,201	56,300	4,381
56,301	56,400	4,393
56,401	56,500	4,405
56,501	56,600	4,417
56,601	56,700	4,429
56,701	56,800	4,441
56,801	56,900	4,453
56,901	57,000	4,465
57,001	57,100	4,477
57,101	57,200	4,489
57,201	57,300	4,501
57,301	57,400	4,513
57,401	57,500	4,525
57,501	57,600	4,537
57,601	57,700	4,549
57,701	57,800	4,561
57,801	57,900	4,573
57,901	58,000	4,585
58,001	58,100	4,597
58,101	58,200	4,609
58,201	58,300	4,621
58,301	58,400	4,633
58,401	58,500	4,645
58,501	58,600	4,657
58,601	58,700	4,669
58,701	58,800	4,681
58,801	58,900	4,693
58,901	59,000	4,705
59,001	59,100	4,717
59,101	59,200	4,729
59,201	59,300	4,741
59,301	59,400	4,753
59,401	59,500	4,765
59,501	59,600	4,777
59,601	59,700	4,789
59,701	59,800	4,801
59,801	59,900	4,813
59,901	60,000	4,825
60,001	60,100	4,837
60,101	60,200	4,849
60,201	60,300	4,861
60,301	60,400	4,873

Monthly Salary		TDS Deduction
From	To	
60,401	60,500	4,885
60,501	60,600	4,897
60,601	60,700	4,909
60,701	60,800	4,921
60,801	60,900	4,933
60,901	61,000	4,945
61,001	61,100	4,957
61,101	61,200	4,969
61,201	61,300	4,981
61,301	61,400	4,993
61,401	61,500	5,005
61,501	61,600	5,017
61,601	61,700	5,029
61,701	61,800	5,041
61,801	61,900	5,053
61,901	62,000	5,065
62,001	62,100	5,077
62,101	62,200	5,089
62,201	62,300	5,101
62,301	62,400	5,113
62,401	62,500	5,125
62,501	62,600	5,137
62,601	62,700	5,149
62,701	62,800	5,161
62,801	62,900	5,173
62,901	63,000	5,185
63,001	63,100	5,197
63,101	63,200	5,209
63,201	63,300	5,221
63,301	63,400	5,233
63,401	63,500	5,245
63,501	63,600	5,257
63,601	63,700	5,269
63,701	63,800	5,281
63,801	63,900	5,293
63,901	64,000	5,305
64,001	64,100	5,317
64,101	64,200	5,329
64,201	64,300	5,341
64,301	64,400	5,353
64,401	64,500	5,365
64,501	64,600	5,377
64,601	64,700	5,389
64,701	64,800	5,401
64,801	64,900	5,413
64,901	65,000	5,425
65,001	65,100	5,437
65,101	65,200	5,449

Monthly Salary		TDS Deduction
From	To	
65,201	65,300	5,461
65,301	65,400	5,473
65,401	65,500	5,485
65,501	65,600	5,497
65,601	65,700	5,509
65,701	65,800	5,521
65,801	65,900	5,533
65,901	66,000	5,545
66,001	66,100	5,557
66,101	66,200	5,569
66,201	66,300	5,581
66,301	66,400	5,593
66,401	66,500	5,605
66,501	66,600	5,617
66,601	66,700	5,629
66,701	66,800	5,641
66,801	66,900	5,653
66,901	67,000	5,665
67,001	67,100	5,677
67,101	67,200	5,689
67,201	67,300	5,701
67,301	67,400	5,713
67,401	67,500	5,725
67,501	67,600	5,737
67,601	67,700	5,749
67,701	67,800	5,761
67,801	67,900	5,773
67,901	68,000	5,785
68,001	68,100	5,797
68,101	68,200	5,809
68,201	68,300	5,821
68,301	68,400	5,833
68,401	68,500	5,845
68,501	68,600	5,857
68,601	68,700	5,869
68,701	68,800	5,881
68,801	68,900	5,893
68,901	69,000	5,905
69,001	69,100	5,917
69,101	69,200	5,929
69,201	69,300	5,941
69,301	69,400	5,953
69,401	69,500	5,965
69,501	69,600	5,977
69,601	69,700	5,989
69,701	69,800	6,001
69,801	69,900	6,013
69,901	70,000	6,025
70,001	70,100	6,037

Monthly Salary		TDS Deduction
From	To	
70,101	70,200	6,049
70,201	70,300	6,061
70,301	70,400	6,073
70,401	70,500	6,085
70,501	70,600	6,097
70,601	70,700	6,109
70,701	70,800	6,121
70,801	70,900	6,133
70,901	71,000	6,145
71,001	71,100	6,157
71,101	71,200	6,169
71,201	71,300	6,181
71,301	71,400	6,193
71,401	71,500	6,205
71,501	71,600	6,217
71,601	71,700	6,229
71,701	71,800	6,241
71,801	71,900	6,253
71,901	72,000	6,265
72,001	72,100	6,277
72,101	72,200	6,289
72,201	72,300	6,301
72,301	72,400	6,313
72,401	72,500	6,325
72,501	72,600	6,337
72,601	72,700	6,349
72,701	72,800	6,361
72,801	72,900	6,373
72,901	73,000	6,385
73,001	73,100	6,397
73,101	73,200	6,409
73,201	73,300	6,421
73,301	73,400	6,433
73,401	73,500	6,445
73,501	73,600	6,457
73,601	73,700	6,469
73,701	73,800	6,481
73,801	73,900	6,493
73,901	74,000	6,505
74,001	74,100	6,517
74,101	74,200	6,529
74,201	74,300	6,541
74,301	74,400	6,553
74,401	74,500	6,565
74,501	74,600	6,577
74,601	74,700	6,589
74,701	74,800	6,601
74,801	74,900	6,613
74,901	75,000	6,625

Monthly Salary		TDS Deduction
From	To	
75,001	75,100	6,637
75,101	75,200	6,649
75,201	75,300	6,661
75,301	75,400	6,673
75,401	75,500	6,685
75,501	75,600	6,697
75,601	75,700	6,709
75,701	75,800	6,721
75,801	75,900	6,733
75,901	76,000	6,745
76,001	76,100	6,757
76,101	76,200	6,769
76,201	76,300	6,781
76,301	76,400	6,793
76,401	76,500	6,805
76,501	76,600	6,817
76,601	76,700	6,829
76,701	76,800	6,841
76,801	76,900	6,853
76,901	77,000	6,865
77,001	77,100	6,877
77,101	77,200	6,889
77,201	77,300	6,901
77,301	77,400	6,913
77,401	77,500	6,925
77,501	77,600	6,937
77,601	77,700	6,949
77,701	77,800	6,961
77,801	77,900	6,973
77,901	78,000	6,985
78,001	78,100	6,997
78,101	78,200	7,009
78,201	78,300	7,021
78,301	78,400	7,033
78,401	78,500	7,045
78,501	78,600	7,057
78,601	78,700	7,069
78,701	78,800	7,081
78,801	78,900	7,093
78,901	79,000	7,105
79,001	79,100	7,117
79,101	79,200	7,129
79,201	79,300	7,141
79,301	79,400	7,153
79,401	79,500	7,165
79,501	79,600	7,177
79,601	79,700	7,189
79,701	79,800	7,201
79,801	79,900	7,213

Monthly Salary		TDS Deduction
From	To	
79,901	80,000	7,225
80,001	80,100	7,237
80,101	80,200	7,249
80,201	80,300	7,261
80,301	80,400	7,273
80,401	80,500	7,285
80,501	80,600	7,297
80,601	80,700	7,309
80,701	80,800	7,321
80,801	80,900	7,333
80,901	81,000	7,345
81,001	81,100	7,357
81,101	81,200	7,369
81,201	81,300	7,381
81,301	81,400	7,393
81,401	81,500	7,405
81,501	81,600	7,417
81,601	81,700	7,429
81,701	81,800	7,441
81,801	81,900	7,453
81,901	82,000	7,465
82,001	82,100	7,477
82,101	82,200	7,489
82,201	82,300	7,501
82,301	82,400	7,513
82,401	82,500	7,525
82,501	82,600	7,537
82,601	82,700	7,549
82,701	82,800	7,561
82,801	82,900	7,573
82,901	83,000	7,585
83,001	83,100	7,597
83,101	83,200	7,609
83,201	83,300	7,621
83,301	83,333	7,625
83,334	83,400	7,635
83,401	83,500	7,650
83,501	83,600	7,665
83,601	83,700	7,680
83,701	83,800	7,695
83,801	83,900	7,710
83,901	84,000	7,725
84,001	84,100	7,740
84,101	84,200	7,755
84,201	84,300	7,770
84,301	84,400	7,785
84,401	84,500	7,800
84,501	84,600	7,815
84,601	84,700	7,830

Monthly Salary		TDS Deduction
From	To	
84,701	84,800	7,845
84,801	84,900	7,860
84,901	85,000	7,875
85,001	85,100	7,890
85,101	85,200	7,905
85,201	85,300	7,920
85,301	85,400	7,935
85,401	85,500	7,950
85,501	85,600	7,965
85,601	85,700	7,980
85,701	85,800	7,995
85,801	85,900	8,010
85,901	86,000	8,025
86,001	86,100	8,040
86,101	86,200	8,055
86,201	86,300	8,070
86,301	86,400	8,085
86,401	86,500	8,100
86,501	86,600	8,115
86,601	86,700	8,130
86,701	86,800	8,145
86,801	86,900	8,160
86,901	87,000	8,175
87,001	87,100	8,190
87,101	87,200	8,205
87,201	87,300	8,220
87,301	87,400	8,235
87,401	87,500	8,250
87,501	87,600	8,265
87,601	87,700	8,280
87,701	87,800	8,295
87,801	87,900	8,310
87,901	88,000	8,325
88,001	88,100	8,340
88,101	88,200	8,355
88,201	88,300	8,370
88,301	88,400	8,385
88,401	88,500	8,400
88,501	88,600	8,415
88,601	88,700	8,430
88,701	88,800	8,445
88,801	88,900	8,460
88,901	89,000	8,475
89,001	89,100	8,490
89,101	89,200	8,505
89,201	89,300	8,520
89,301	89,400	8,535
89,401	89,500	8,550

Monthly Salary		TDS Deduction
From	To	
89,501	89,600	8,565
89,601	89,700	8,580
89,701	89,800	8,595
89,801	89,900	8,610
89,901	90,000	8,625
90,001	90,100	8,640
90,101	90,200	8,655
90,201	90,300	8,670
90,301	90,400	8,685
90,401	90,500	8,700
90,501	90,600	8,715
90,601	90,700	8,730
90,701	90,800	8,745
90,801	90,900	8,760
90,901	91,000	8,775
91,001	91,100	8,790
91,101	91,200	8,805
91,201	91,300	8,820
91,301	91,400	8,835
91,401	91,500	8,850
91,501	91,600	8,865
91,601	91,700	8,880
91,701	91,800	8,895
91,801	91,900	8,910
91,901	92,000	8,925
92,001	92,100	8,940
92,101	92,200	8,955
92,201	92,300	8,970
92,301	92,400	8,985
92,401	92,500	9,000
92,501	92,600	9,015
92,601	92,700	9,030
92,701	92,800	9,045
92,801	92,900	9,060
92,901	93,000	9,075
93,001	93,100	9,090
93,101	93,200	9,105
93,201	93,300	9,120
93,301	93,400	9,135
93,401	93,500	9,150
93,501	93,600	9,165
93,601	93,700	9,180
93,701	93,800	9,195
93,801	93,900	9,210
93,901	94,000	9,225
94,001	94,100	9,240
94,101	94,200	9,255
94,201	94,300	9,270

Monthly Salary		TDS Deduction
From	To	
94,301	94,400	9,285
94,401	94,500	9,300
94,501	94,600	9,315
94,601	94,700	9,330
94,701	94,800	9,345
94,801	94,900	9,360
94,901	95,000	9,375
95,001	95,100	9,390
95,101	95,200	9,405
95,201	95,300	9,420
95,301	95,400	9,435
95,401	95,500	9,450
95,501	95,600	9,465
95,601	95,700	9,480
95,701	95,800	9,495
95,801	95,900	9,510
95,901	96,000	9,525
96,001	96,100	9,540
96,101	96,200	9,555
96,201	96,300	9,570
96,301	96,400	9,585
96,401	96,500	9,600
96,501	96,600	9,615
96,601	96,700	9,630
96,701	96,800	9,645
96,801	96,900	9,660
96,901	97,000	9,675
97,001	97,100	9,690
97,101	97,200	9,705
97,201	97,300	9,720
97,301	97,400	9,735
97,401	97,500	9,750
97,501	97,600	9,765
97,601	97,700	9,780
97,701	97,800	9,795
97,801	97,900	9,810
97,901	98,000	9,825
98,001	98,100	9,840
98,101	98,200	9,855
98,201	98,300	9,870
98,301	98,400	9,885
98,401	98,500	9,900
98,501	98,600	9,915
98,601	98,700	9,930
98,701	98,800	9,945
98,801	98,900	9,960
98,901	99,000	9,975
99,001	99,100	9,990

Monthly Salary		TDS Deduction
From	To	
99,101	99,200	10,005
99,201	99,300	10,020
99,301	99,400	10,035
99,401	99,500	10,050
99,501	99,600	10,065
99,601	99,700	10,080
99,701	99,800	10,095
99,801	99,900	10,110
99,901	100,000	10,125
100,001	100,100	10,140
100,101	100,200	10,155
100,201	100,300	10,170
100,301	100,400	10,185
100,401	100,500	10,200
100,501	100,600	10,215
100,601	100,700	10,230
100,701	100,800	10,245
100,801	100,900	10,260
100,901	101,000	10,275
101,001	101,100	10,290
101,101	101,200	10,305
101,201	101,300	10,320
101,301	101,400	10,335
101,401	101,500	10,350
101,501	101,600	10,365
101,601	101,700	10,380
101,701	101,800	10,395
101,801	101,900	10,410
101,901	102,000	10,425
102,001	102,100	10,440
102,101	102,200	10,455
102,201	102,300	10,470
102,301	102,400	10,485
102,401	102,500	10,500
102,501	102,600	10,515
102,601	102,700	10,530
102,701	102,800	10,545
102,801	102,900	10,560
102,901	103,000	10,575
103,001	103,100	10,590
103,101	103,200	10,605
103,201	103,300	10,620
103,301	103,400	10,635
103,401	103,500	10,650
103,501	103,600	10,665
103,601	103,700	10,680
103,701	103,800	10,695
103,801	103,900	10,710

Monthly Salary		TDS Deduction
From	To	
103,901	104,000	10,725
104,001	104,100	10,740
104,101	104,200	10,755
104,201	104,300	10,770
104,301	104,400	10,785
104,401	104,500	10,800
104,501	104,600	10,815
104,601	104,700	10,830
104,701	104,800	10,845
104,801	104,900	10,860
104,901	105,000	10,875
105,001	105,100	10,890
105,101	105,200	10,905
105,201	105,300	10,920
105,301	105,400	10,935
105,401	105,500	10,950
105,501	105,600	10,965
105,601	105,700	10,980
105,701	105,800	10,995
105,801	105,900	11,010
105,901	106,000	11,025
106,001	106,100	11,040
106,101	106,200	11,055
106,201	106,300	11,070
106,301	106,400	11,085
106,401	106,500	11,100
106,501	106,600	11,115
106,601	106,700	11,130
106,701	106,800	11,145
106,801	106,900	11,160
106,901	107,000	11,175
107,001	107,100	11,190
107,101	107,200	11,205
107,201	107,300	11,220
107,301	107,400	11,235
107,401	107,500	11,250
107,501	107,600	11,265
107,601	107,700	11,280
107,701	107,800	11,295
107,801	107,900	11,310
107,901	108,000	11,325
108,001	108,100	11,340
108,101	108,200	11,355
108,201	108,300	11,370
108,301	108,400	11,385
108,401	108,500	11,400
108,501	108,600	11,415
108,601	108,700	11,430

Monthly Salary		TDS Deduction
From	To	
108,701	108,800	11,445
108,801	108,900	11,460
108,901	109,000	11,475
109,001	109,100	11,490
109,101	109,200	11,505
109,201	109,300	11,520
109,301	109,400	11,535
109,401	109,500	11,550
109,501	109,600	11,565
109,601	109,700	11,580
109,701	109,800	11,595
109,801	109,900	11,610
109,901	110,000	11,625
110,001	110,100	11,640
110,101	110,200	11,655
110,201	110,300	11,670
110,301	110,400	11,685
110,401	110,500	11,700
110,501	110,600	11,715
110,601	110,700	11,730
110,701	110,800	11,745
110,801	110,900	11,760
110,901	111,000	11,775
111,001	111,100	11,790
111,101	111,200	11,805
111,201	111,300	11,820
111,301	111,400	11,835
111,401	111,500	11,850
111,501	111,600	11,865
111,601	111,700	11,880
111,701	111,800	11,895
111,801	111,900	11,910
111,901	112,000	11,925
112,001	112,100	11,940
112,101	112,200	11,955
112,201	112,300	11,970
112,301	112,400	11,985
112,401	112,500	12,000
112,501	112,600	12,015
112,601	112,700	12,030
112,701	112,800	12,045
112,801	112,900	12,060
112,901	113,000	12,075
113,001	113,100	12,090
113,101	113,200	12,105
113,201	113,300	12,120
113,301	113,400	12,135
113,401	113,500	12,150

Monthly Salary		TDS Deduction
From	To	
113,501	113,600	12,165
113,601	113,700	12,180
113,701	113,800	12,195
113,801	113,900	12,210



#### 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. 3.2.2(a) of the General Provisions.