# FORM 3: CONCESSIONARY TAX RATES SCHEME APPLICATION FORM FOR EXTENSION OF QUALIFYING PERIOD

1. **Explanation Guide[[1]](#footnote-2)**
2. Please use this form to apply between 1st January 2022 to 31st December 2026 for an extension of the qualifying period (the additional period granted referred to as the “additional qualifying period”) for which your Approved Business will be subject to the concessionary tax rate.
3. An Approved Business is only eligible to apply for an extension **when it has fulfilled all the qualifying conditions set out in its Certificate of Approval**.
4. The Ministry will only approve the extension if it is in the public interest to do so. It will extend the qualifying period specified in the Certificate of Approval by a period not exceeding 5 years, subject to conditions that the Ministry thinks fit. The concessionary tax rate applicable during the period of extension is 15%.
5. **Application Form**
6. **Business Information**

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| 1. Name of Business
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| 1. Tax Payer Number (TPN)
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| 1. Trade License Number and Issue Date
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| 1. Business Address
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| 1. Business Website
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| 1. Contact Tel/Fax
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|  |  |
| 1. Details of Contact Person (Name/Designation)
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| 1. High Priority Sector
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|  |  |
| 1. Qualifying Activities
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| 1. Certificate of Approval Ref. No.
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|  |  |
| 1. Certificate of Approval issuance date
 |  |
|  |  |

1. **Fulfilment of Qualifying Conditions during Qualifying Period**
2. **Employees**

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| 1. Please state the number of additional Bhutanese nationals your business was required to employ by the end of the first 12 months of the qualifying period and thereafter maintain throughout the qualifying period.[[2]](#footnote-3)
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|  |  |
| 1. Please attach evidence of the employment of the required number of additional Bhutanese nationals throughout the qualifying period (e.g. Employment Contract and payroll records, etc.).
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|  |  |
| 1. Please state the minimum total number of employees your business was required to employ by the end of the first 12 months of the qualifying period.[[3]](#footnote-4)
 |  |
|  |  |
| 1. Please state the minimum total number of employees your business was required to maintain after the first 12 months of the qualifying period.[[4]](#footnote-5)
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|  |  |
| 1. Please attach evidence of the total employee headcount in your business throughout the qualifying period (e.g. List of Employees and payroll records, etc.).
 |

1. **Business Spending**

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| --- | --- |
| 1. Please state the annual Business Spending that your business ***was required to*** incur during the qualifying period.[[5]](#footnote-6)
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|  |  |
| 1. Please provide the ***actual business spending*** that your business incurred for each 12-month period during the qualifying period.
 | **Period** | **Actual Business Spending** |
| *e.g. 1 Jun 2022 to 31 May 2023* | *e.g. Nu. 2,500,000* |
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| 1. Please attach evidence of the actual Business Spending per period at the back of this application (e.g. income statement, etc.).
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1. **Other Conditions**

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| --- | --- |
| 1. Please state any other condition stated on the Certificate of Approval.
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|  |  |
| 1. Please provide evidence of fulfilment of these conditions.
 |  |

1. **Qualifying Conditions for Extended Qualifying Period**
2. **Capital Expenditure**

**Instructions**

The business must provide satisfactory evidence of the **specified minimum Capital Expenditure**[[6]](#footnote-7) having been incurred during the original qualifying period.

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| --- | --- |
| 1. Please state the total qualifying Capital Expenditure your business incurred during the original qualifying period
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|  |  |
| 1. Please describe the nature of the expenditure (i.e. what it was incurred on).
 |  |
|  |  |
| 1. Please attach evidence of how the qualifying Capital Expenditure was incurred, as required in Section D.
 |

1. **Employees**

**Instructions**

Please refer to the Annex for:

1. the **minimum number of additional Bhutanese nationals** which your business must employ within the first 12 months of the additional qualifying period;[[7]](#footnote-8) and
2. the **minimum total number of employees** which your business must reach by the end of the first 12 months of the additional qualifying period.[[8]](#footnote-9)

|  |  |
| --- | --- |
| 1. Please specify the number of employees your business currently has, and their corresponding roles.
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|  |  |
| 1. Please specify the number of **additional** Bhutanese employees your business is planning to employ in the next 12 months, and their corresponding roles. (With reference to the instructions above, please consider whether your business is required to hire more than the minimum number in item (i) in order to fulfil the minimum number in item (ii).)
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1. **Business Spending**

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| --- |
| **Instructions**Please refer to the Annex for the **minimum Business Spending**[[9]](#footnote-10) which your business must incur during every 12-month period throughout the additional qualifying period. |

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| 1. Please specify the main types of operating expenditure which your business is expected to incur annually, and their corresponding amounts.
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1. **Declaration**
2. I declare that the information provided in this application form is true and complete.
3. I undertake that, should approval be granted for the extension of the qualifying period, the business shall comply with the following:
	* + - 1. By the end of the first twelve months of the additional qualifying period, the business shall have:
		1. Employed the specified minimum number of Bhutanese nationals as additional employees as compared to the commencement of the additional qualifying period; and
		2. At least the specified minimum total number of employees.
			+ 1. Where the conditions in sub-paragraph (a) have been satisfied, the business shall continue to employ throughout the rest of the additional qualifying period the higher of:

The aggregate number of employees employed by the business after employing the specified minimum number of Bhutanese nationals as additional employees pursuant to sub-paragraph (a)(i); and

The specified minimum total number of employees,

Which in either case shall include the specified minimum number of Bhutanese nationals.

* + - * 1. The business shall incur the minimum Business Spending during each 12-month period within the additional qualifying period.

Affix legal stamp

Signature of Applicant

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

Full Name / Designation / Contact Number

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

1. **Documents to be submitted with Application Form**
2. Copy of Application Form for Concessionary Tax Rates Scheme
3. Copy of Certificate of Approval and Letter of Acceptance for Concessionary Tax Rates Scheme
4. Evidence of the employment of additional Bhutanese nationals by the end of the first 12 months and throughout the qualifying period (e.g. Employment Contract and payroll records, etc.)
5. Evidence of the total employee headcount by the end of the first 12 months and throughout the qualifying period (e.g. List of Employees and payroll records, etc.)
6. Evidence of the actual Business Spending per period (e.g. Income statement, List of Operating Expenses, etc.)
7. Supporting evidence of fulfilment of additional conditions in Certificate of Approval
8. Evidence of Capital Expenditure during the original qualifying period (e.g. Sales invoices)
9. Any other relevant supporting documents

*Note: Upon submission of this Application Form, Applicants may be required to submit additional supporting documents as the DRC deems necessary to facilitate the evaluation of the application. The application will only be processed provided that the complete relevant supporting documents are received.*

**Annex**

| **Approved Business Sector** | **Extended Capital Expenditure Condition** | **Extended Employment Condition** | **Extended Business Spending Condition** |
| --- | --- | --- | --- |
| Cottage and Small Industries (CSI) | Minimum capital expenditure of **Nu. 300,000** to have been incurred. | **For Newly Established Businesses:**Employment of:1. a minimum of **1** additional Bhutanese national; and
2. a minimum total of **7** employees

by the end of the first 12-month period.**For Existing Businesses:**Employment of:1. a minimum of **1** additional Bhutanese national; and
2. a minimum total of **13** employees

by the end of the first 12-month period. | Minimum business spending of **Nu. 7,000,000** to be incurred during each 12-month period. |
| Education | Minimum capital expenditure of **Nu. 7,000,000** to have been incurred. | **For Newly Established Businesses:**Employment of:1. a minimum of **6** additional Bhutanese nationals; and
2. a minimum total of **36** employees

by the end of the first 12-month period.**For Existing Businesses:**Employment of:1. a minimum of **4** additional Bhutanese nationals; and
2. a minimum total of **44** employees

by the end of the first 12-month period. | Minimum business spending of **Nu. 15,000,000** to be incurred during each 12-month period. |
| Information and Communication Technology | Minimum capital expenditure of **Nu. 250,000** to have been incurred. | **For Newly Established Businesses:**Employment of:1. a minimum of **4** additional Bhutanese nationals; and
2. a minimum total of **24** employees

by the end of the first 12-month period.**For Existing Businesses:**Employment of:1. a minimum of **4** additional Bhutanese nationals; and
2. a minimum total of **44** employees

by the end of the first 12-month period. | Minimum business spending of **Nu. 2,000,000** to be incurred during each 12-month period. |
| Waste Management and Recycling Business | Minimum capital expenditure of **Nu. 400,000** to have been incurred. | **For Newly Established Businesses:**Employment of:1. a minimum of **2** additional Bhutanese nationals; and
2. a minimum total of **10** employees

by the end of the first 12-month period.**For Existing Businesses:**Employment of:1. a minimum of **2** additional Bhutanese nationals; and
2. a minimum total of **17** employees

by the end of the first 12-month period. | Minimum business spending of **Nu. 1,000,000** to be incurred during each 12-month period. |

1. The information in this application form is provided for your ease of reference. The terms of the Concessionary Tax Rates Scheme are subject to the Fiscal Incentives Act of Bhutan 2021 and the applicable rules. [↑](#footnote-ref-2)
2. As reflected on the Certificate of Approval. [↑](#footnote-ref-3)
3. As reflected on the Certificate of Approval. [↑](#footnote-ref-4)
4. This is the higher of: (i) the aggregate number of employees employed by the business after employing the specified minimum number of Bhutanese nationals as additional employees by the end of the first twelve months of the qualifying period; and (ii) the specified minimum total number of employees to be fulfilled by the end of the first twelve months of the qualifying period. [↑](#footnote-ref-5)
5. As reflected on the Certificate of Approval. [↑](#footnote-ref-6)
6. Capital Expenditure refers to expenditure incurred in acquiring, constructing or maintaining fixed assets located in Bhutan (excluding land) for the purpose of carrying out the qualifying activity. Please refer to Annex for the specified minimum Capital Expenditure that must be incurred for your High Priority Sector.

Please also note that there are different requirements for Newly Established Businesses and Existing Businesses.

“Newly Established Businesses” refer to those which date of commencement of commercial operation is no more than 24 months prior to the date of application for the Concessionary Tax Rates Scheme.

“Existing Businesses” refer to those which date of commencement of commercial operation is more than 24 months prior to the date of application for the Concessionary Tax Rates Scheme. [↑](#footnote-ref-7)
7. A person shall not be regarded as an additional employee if the person was employed by the business or an associated business at any time within the year before the commencement of the additional qualifying period. [↑](#footnote-ref-8)
8. Please refer to the Rules on the Fiscal Incentives Act of Bhutan 2021 for the ongoing employment condition to be maintained throughout the additional qualifying period. [↑](#footnote-ref-9)
9. Business Spending refers to operating expenditure incurred in Bhutan, including but not limited to: (a) Employee remuneration; (b) Rental of land or building; (c) Interest on secured loan; (d) Royalties; (e) Utilities; (f) Insurance; (g) Fees and charges; (h) Publicity and advertisement; (i) Other legitimate expenses allowed as deductions under the Income Tax Act of the Kingdom of Bhutan. For the avoidance of doubt, depreciation is not regarded as business spending. Please refer to Annex for the minimum Business Spending that must be incurred for your High Priority Sector. [↑](#footnote-ref-10)