

VISION

To develop an effective tax systems that will serve as a fiscal policy tool to regulate the economy; adapt to changes, and contribute to the growth of the economy through the mobilization of national revenue.

MISSION

To raise national revenues for the government in a fair and equitable manner by encouraging voluntary compliance to the rules and providing efficient taxpayer services.

VALUES

To be guided by values such as integrity, dedication and professionalism in dealing with taxpayers, fostering mutual confidence, and treating all taxpayers with respect and civility.

FUNCTIONAL MANDATE AND STRATEGIES

The Tax Administration Division is directly responsible for the formulation and implementation of income tax rules and regulations, assessment, collection and monitoring of direct taxes, reviewing and recommending tax policy changes to the Ministry of Finance.

As tax administrators, we continuously strive to develop an effective tax system that will serve as a fiscal policy tool for the government to manage and regulate the economy from time to time. In doing so, we remain guided by the principles of equity, fairness, and efficiency in our endeavors to mobilize adequate revenue for the government. We also ensure that the department has the capacity to collect taxes efficiently and effectively at minimum cost through impartial service to taxpayers.

Further, maintaining a high degree of integrity and morale of our staff is a major operational strategy. To this end, we strive to put in place an effective policy framework, risk-based control mechanisms and a strong culture of accountability in our work. We remain fully dedicated both in our spirit and actions to contribute towards achieving the national goal of self reliance by mobilizing adequate internal revenue to the government every year.

FOREWORD

The Performance Indicator Report of Tax Administration Division for the Income 2015 is an exhaustive and statistical compendium on the performance of the division in its core areas such as assessment, collection and other administrative initiatives. The report covers income years (IY) 2015.

The report is organized in five parts; Part I gives an overall organizational structure up of the division including staffing, qualification and training details and new developments and initiatives undertaken during the year; Part II discusses overview on direct taxes, and taxpayers highlights. Part III covers revenue performance for the income year assessment highlights and appeals. Finally, Part IV provides an update on units under tax holiday and exempted category.

All readers must note that the figures presented in this report may differ from the figures reported in the National Revenue Report. This is due to difference in the reporting period. The former is reported on an IY/calendar year basis, while the later is on a fiscal year basis.

The Division would like to thank and acknowledge the support and guidance of the Hon'ble Director, Regional Directors, Tax Heads and all the hard working tax officials in the eight regional offices for their unwavering support and assistance in publishing this report. We hope that the readers will find this report useful in planning, monitoring, reviewing strengths and weaknesses, and taking appropriate measures to further strengthen the administration in their respective regions.

Gyeltshen

Collector

Tax Administration Division

DRC, HQ

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Introduction

The main objectives of the tax administration as a government agency is improving revenue performance and efficiently and effectively collecting taxes. However, these objectives of enhancing tax revenue collection are met with many administrative and legislative challenges. This however, would not deter tax officials working under tax administration. The administration is staffed with capable, hardworking and dedicated officials with well defined strategies. Computerization of tax administration was felt as an important tool to achieve full efficiency in administration's working. The web based application system called Revenue Administration Management Information System (RAMIS) introduced from IY 2015 is still under the stabilization process. Once it is fully stabilized with all the features fully functional, it will facilitate the administration in achieving its objectives. .

1.1 Organizational Structure

The Income tax division is mandated by the Income Tax Act of Kingdom of Bhutan and stated mission and vision of Department of Revenue & Customs. The organizational set up of the division is set up in accordance with the requirements and the mandates of the Income Tax Act. The structure is aimed to improve coordination, improve efficiency, maintain high degree of integrity, professionalism and effective delivery of taxpayer service. It is further aimed at successfully implementing and enforcing Tax laws in the country.

The Income Tax Division is headed by a Collector. At the head office, the division has three sections namely Monitoring and Evaluation section looking after the human resources under the division, Tax appeal section monitoring the appeal and related case and TDS and RAMIS section looking after TDS and system issues.

At RRCO level, under the direct super vision of the regional director, the income tax section is headed by a Joint collector. The section constitutes of an office secretary who carries out the functioning of the office and looks after TDS and RAMIS while others are formed in audit teams and involved in tax assessments and enforcement of tax law.

1.1 Organizational Set Up

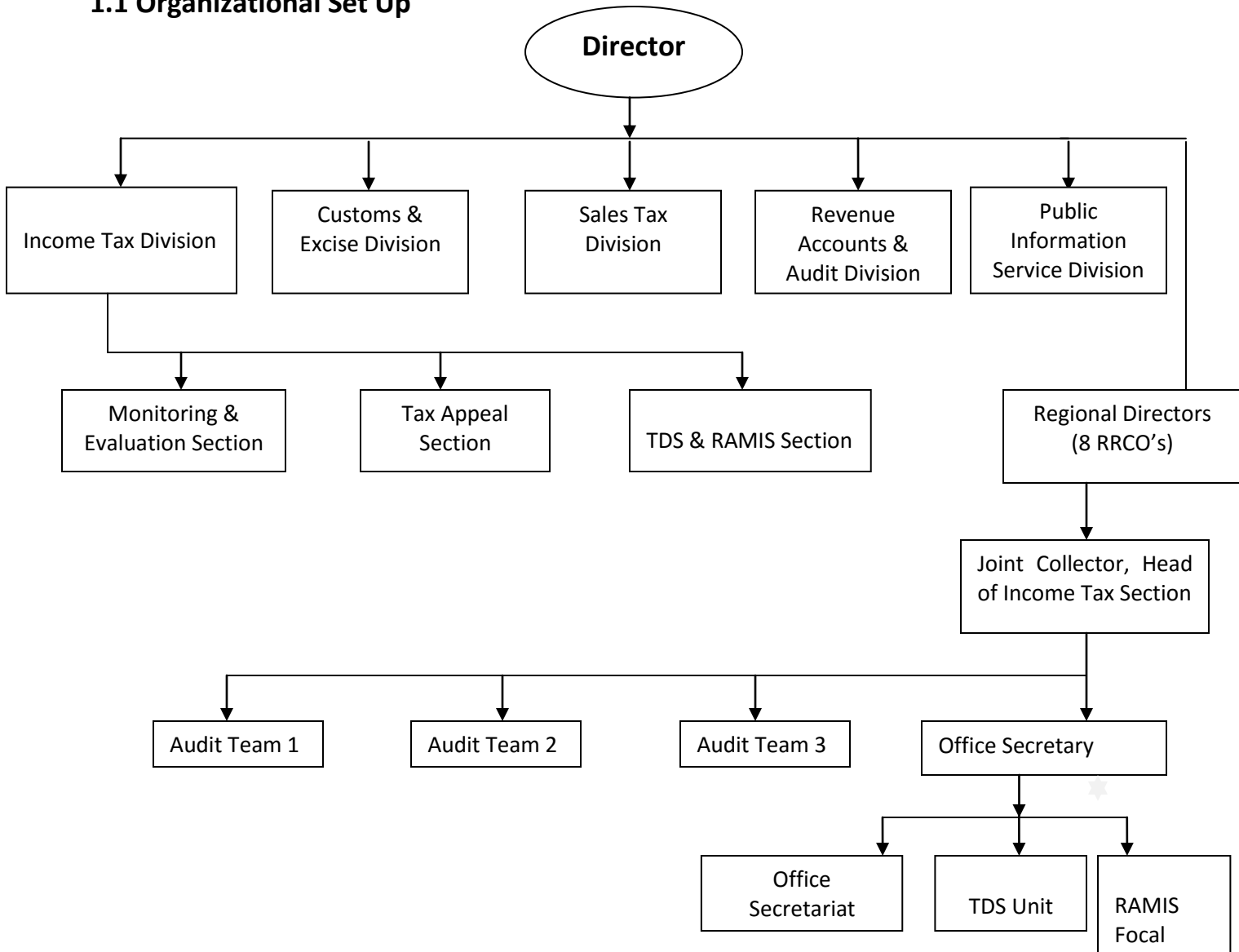


Table 1: Administrative Jurisdiction of the Eight Regional Revenue & Customs Offices (RRCOs)

As of date there are eight tax sections each in eight RRCOs. The taxpayers of all twenty Dzongkhags are covered by the eight RRCOs as tabulated below.

Regional Office	Coverage	Dzongkhag
Thimphu	4 Western Dzongkhags	Thimphu, Punakha, Wangdiphodrang & Gasa
Paro	2 Western Dzongkhags	Paro & Haa
Phuentsholing	1 Southern Dzongkhag	Chukha
Gelephu	3 Southern & 1 Central Dzongkhag	Dagana, Sarpang, Tsirang & Zhemgang
Samtse	1 Southern Dzongkhag	Samtse
Mongar	4 Eastern Dzongkhags	Mongar, Lhuentse, Trashigang & Trashiyangtse
Bumthang	2 Central Dzongkhags	Bumthang & Trongsa
Samdrupjongkhar	2 South Eastern Dzongkhags	Samdrupjongkhar & Pemagatshel

1.2 STAFF STRENGTH

The tax officials are proportionately distributed in accordance to the volume of work load and number of taxpayer alike. RRCO Thimphu and RRCO Phuentsholing have the highest number of staff with 33 officials each. On contrary, Bumthang has the least constituting of 6 officials only. As of 30th September 2016, the Income Tax Division had total staff strength of 129 officials, comprising of 71 tax officers ranging from P5 to P1 level and 58 tax Inspectors in Supervisory and support.

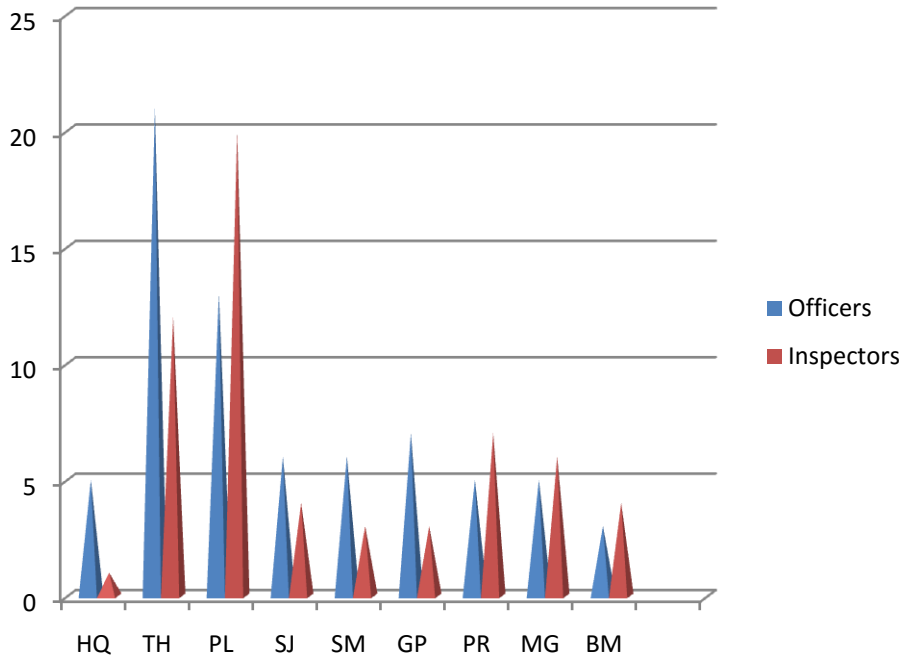
As per the 11th Five Year Plan, the approved manpower strength of the Income Tax Division including those working in the eight RRCOs is 171 Officials. The table below shows the approved, existing and the gap in manpower of the Income Tax Division as of 30th September 2016.

Table 2: Manpower Approved and Existing Summary

	Officers	Inspectors	Total
11th FYP Approved Manpower Strength	95	76	171
Existing Manpower Strength	71	58	129
Gap	24	18	42

Against the approved strength of 171 officials, the Income Tax Division has existing strength of 129 officials. The division is in short of 24 tax officers and 18 tax inspectors. Overall the division is in short of 42 officials from approved strength. Although the Income Tax Division has been allotted with officers on yearly basis, the Division has constantly been facing shortage of manpower from the approved list mainly arising due to movement of officials and yearly increase in overall workload in the Division. The shortage which spread across the RRCO has hugely impacted efficiency in delivery of required services to the taxpayers. The following figure shows the staff distribution among the RRCOs.

Figure 1: Staff Distribution



	HQ	TH	PL	SJ	SM	GP	PR	MG	BM
Officers	5	21	13	6	6	7	5	5	3
Inspectors	1	12	20	4	3	3	7	6	3

1.3 QUALIFICATION

It has always been the top priority of the government and the Department in particular to build strong, dynamic and capable civil servants to ensure professionalism and quality services. To meet these requirements, the government has set minimum requirements for recruitment of civil servants. The minimum qualification requirement for officer level entry in the division is bachelor degree with Post Graduate Diploma in Financial Management (PGDFM) from RIM. As of 30th September, 2016, the division is staffed with 17 officers with masters' degree, 50 officers with PGDFM, 12 officials with bachelor's degree and 46 officials with diploma and certificates. The qualification details and its distribution among RRCOs are given in the table below.

Table 3: Qualification Details

RRCO	Masters Degree	Bachelors Degree (PGDFM)	Bachelors Degree	Class XII and below	Pursuing Masters	Pursuing Under Graduate*	Total
Head Quarter	4	1	0	1	0	0	6
Thimphu	5	15	3	9	1	0	33
Phuentsholing	2	10	1	16	1	2	32
Samdrup Jongkhar	1	5	3	1	0	0	10
Samtse	0	5	2	3	0	0	10
Gelephu	2	4	1	3	0	0	10
Paro	2	3	1	6	0	0	12
Mongar	1	4	0	6	0	0	11
Bumthang	0	3	1	2	0	0	6
Total	17	50	12	46	2	2	129

* Under Graduate Studies

1.4 TRAINING

To keep abreast with ever changing working condition, skills enhancing trainings are essential in ensuring high work productivity and changing attitudes and behaviors of the employees. The nature of work, requirement of high professionalism, complexity and risks involved requires high end trainings.

Table 4: Training Details

RRCO	OECD Korea	SAARC Countries	Others	In-house	Total
Head Office	0	2	1	0	3
Thimphu	2	0	0	0	2
P/ling	0	0	1	0	1
Samtse	1	0	0	0	1
Gelephu	1	1	0	0	2
S/Jongkhar	1	1	0	0	2
Paro	0	1	0	0	1
Mongar	0	2	0	0	2
Bumthang	0	0	0	0	0
Total	5	7	2	0	14

Out of 129 working tax officials, 5 tax officials availed trainings on cost sharing basis at South Korea, 7 officials attended short trainings coordinated by SAARC Nations and 2 officials attended ad hoc trainings offered by

various other countries during the period of 12 months (January 1 till December 31, 2015). This constitutes 10.85% of the tax officials trained during the year.

1.5 RECENT INITIATIVES

1.5.1 Revision of Personal Income Tax exemption and education expenses limit.

During the 7th Session of the Second Parliament, following revisions were made to the Personal Income Tax.

1. Enhanced the basic exemption limit from Nu. 100,000 per annum to Nu. 200,000 per annum;
2. Enhanced the education expense limit from Nu. 50,000 per child per annum to Nu. 150,000 per child per annum.

The basic exemption limit was revised to meet the rising cost of living and also to provide relief to the lower and middle income earners. Similarly, enhancement in education expense limit by three folds would not only provide relief to parents from taxation but would also enable the parents to provide quality education for their children. The revision would also reduce the administrative burden to the department.

Based on the actual PIT data for IY 2014, the expected revenue shortfall due to increase in basic exemption limit and education expense limit is **Nu.484.34 million**. A total of **46,105 taxpayers** would either file zero return or would go out of the tax bracket.

The revision will come into effect from Income Year 2016.

1.5.2 Proposal for entering into Double Taxation Avoidance Agreement (DTAA) with the Government of the Kingdom of Thailand.

Bhutan proposed for entering into Double Taxation Avoidance Agreement with the Government of the Kingdom Thailand. A formal acceptance of the proposal to enter into **Double Taxation Avoidance Agreement (DTAA)** is awaited from the Government of Thailand. The DTAA is expected to minimize/eliminate the incidence of double taxation with aspect to taxes on income and encourage investments flows furthering the economic ties and cooperation.

PART II

OVERVIEW OF DIRECT TAXES

2.1 TYPES OF DIRECT TAXES & RATES

The biggest milestone was achieved in 2001 when a comprehensive law on direct taxes-‘Income Tax Act of the Kingdom of Bhutan 2001’ was enacted together with introduction of Personal Income Tax. By virtue of this Act, the Division is being bestowed upon with the authority to collect taxes in Bhutan.

Accordingly, taxpayers are categorized into CIT payers, BIT payers and PIT payers.

i. Corporate Income Tax (CIT)

CIT is a corporate tax levied at the rate of 30% on net profit. CIT is levied on those entities that are registered as a company under the Companies Act of the Kingdom of Bhutan, 2001.

ii. Business Income Tax (BIT)

BIT is levied on the unincorporated business entities that operate with a license issued by the government. BIT is levied at the rate of 30% on net profit.

iii. Personal Income Tax (PIT)

Personal Income Tax is levied on the individuals earning income from the six sources, namely, salary income, rental income, dividend income, interest income, cash crop income and income from other sources, exceeding Nu. 100,000 per annum. PIT is levied at the progressive rate as shown in the table below.

Table 5: PIT Rate and Income Slab

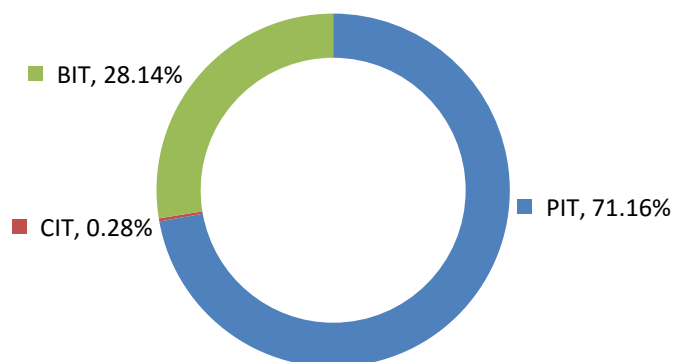
Income Slab	Rates
Up to Nu. 100,000	0%
Nu. 100,001 - 250,000	10%
Nu. 250,001 - 500,000	15%
Nu. 500,001 - 1,000,000	20%
Nu. 1,000,000 and above	25%

2.2 TAXPAYER HIGHLIGHTS

As of August 31, 2016 RAMIS report recorded a total of 109,880 registered taxpayers with the Department for the Income Year 2015, recording a growth of 7.32% over the previous year’s total of 102,384 taxpayers. Among the three categories of taxpayer, PIT recorded the highest increase with 8.59%, followed by CIT with 7.34%, while BIT increased with only 1.29% as compared to previous year. RRCO Thimphu recorded the highest taxpayer growth of 38.45% largely owing to drastic increase in number of PIT filers. This clearly indicates that

introduction of RAMIS system has helped streamline tax filing requirements in Bhutan. On contrary, RRCO Bumthang registered the least taxpayer growth with 3.89 % over the previous year.

Figure 2: Taxpayer Composition



In terms of taxpayer composition, Personal Income Tax (PIT) payers constituted the highest number of taxpayers with 71.16% amongst the total registered taxpayers. Business Income taxpayers constituted 28.14% while Corporate Income taxpayers' constituted 0.28% of the total registered taxpayers. The income year 2015 saw 78,649 PIT filers, 30924 BIT filers and 307 CIT filers totaling to 109,880 filers.

Table 6: Taxpayer Details

RRCOS	Personal Income Tax (PIT)		Corporate Income Tax (CIT)		Business Income Tax (BIT)				Total	% of total taxpayers
	DRC window	Online Filer	DRC window	Online filer	Book of Accounts	Online	Estimated	Non-Operational		
Thimphu	18,680.00	11,802.00	153	17	1,406.00	73	6,247	3,314	41,692.00	38.45
Phuntsholing	7,815.00	7,262.00	65	2	367	5	3,279	368	19,163.00	17.96
Samtse	2,643.00	1,729.00	6	4	162	21	1,701	102	6,368.00	5.69
Gelephu	2,542.00	6,011.00	6	4	118	22	3,791	739	13,233.00	10.83
S/Jongkhar	2,353.00	3,415.00	8	9	118	55	1,982	144	8,084.00	7.23
Paro	3,778.00	1,395.00	13	4	289	4	1,358	140	6,981.00	6.62
Mongar	2,071.00	4,420.00	-	14	47	96	3,304	247	10,199.00	9.32
Bumthang	866.00	1,867.00	1	1	41	6	1,064	314	4,160.00	3.89

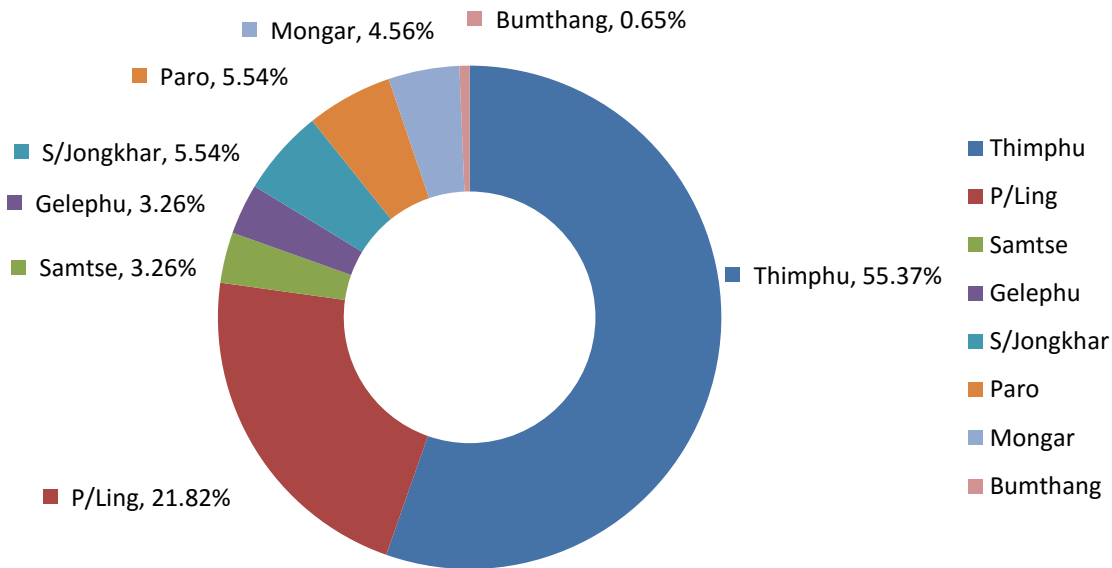
	40,748.00	37,901.00	252.00	55.00	2,548.00	282.00	22,726.00	5,368.00	109,880.00	100
Total	78,649.00			307			30,924.00		109,880.00	

Corporate Income Tax Units

CIT payers are those entities incorporated under the Company’s Act of the Kingdom of Bhutan, 2000. A total of 307 CIT taxpayers were registered with the department accounting for 0.29% of the total taxpayers for Income Year 2015. During the income year, CIT entities registered a growth of 7.34% over the previous year.

55.38% of the CIT taxpayers are registered with RRCO Thimphu followed by RRCO Phuentsholing with 21.84%. The balance 21.86% is spread across the other six RRCOs with RRCO Bumthang having least registered CIT taxpayers at 2 companies. It constituted only 0.65% of the overall CIT tax payers.

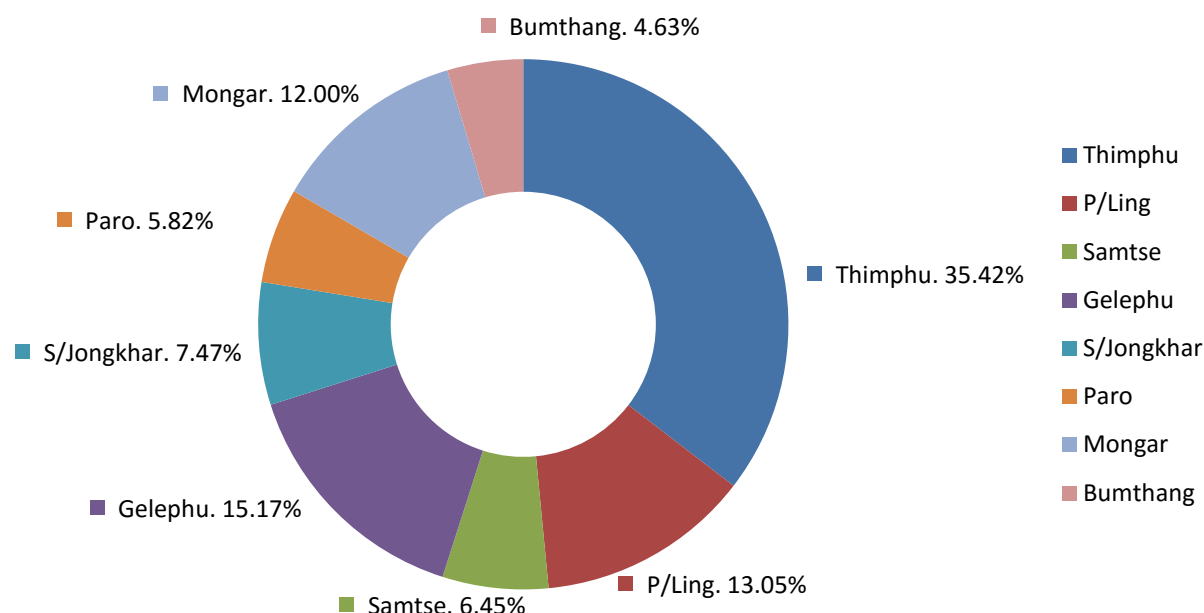
Figure 3: Distribution of CIT Entities



Business Income Tax Units payers

Business Income Tax (BIT) is levied on unincorporated businesses that are operating with a license or permit issued by relevant Government Authorities. The category includes sole proprietorships & partnerships with sizes varying from large to micro businesses. During the Income Year 2015, BIT entities constituted 28.14% of the total registered tax filers. It saw an increase by 1.28% as compared to income year 2014. Among eight RRCOs, RRCO Guelephu recorded a highest growth in BIT entities notching up by 13.82% followed by RRCO Samtse with an increased growth of 13.03%. RRCO Phuentsholing also recorded a growth of 9.03%. RRCO Thimphu recorded a marginal growth of only 0.01%. On contrary RRCO Paro, Bhumthang, Mongar and Smdrup Jongkhar recorded a fall by 11.16%, 8.18%, 6.60% and 5.86% respectively. Such reduction in BIT taxpayers can mainly be attributed to updating of BIT information into RAMIS, as the updating into RAMIS was not complete as on 30/06/2016.

Figure 4: Distribution of BIT Entities



Collection of BIT is made using two methods namely, non-estimate where the taxpaying entity maintains and submits books of accounts during the time of filing taxes. Under this method, taxes are computed scientifically. The other method is through estimated assessment also known as presumptive taxation. For the purpose of monitoring and collection, Business Income Tax entities are further categorized into entities that pay taxes based on book of accounts and entities that pay taxes based on estimation filing. From the total business entities that are in operation, 90.46% of the BIT entities pay their taxes based on estimation whereas only 9.54% of the BIT entities file their taxes based on book of accounts. Entities filing taxes based on books of accounts increased by 0.12% and BIT entities filing on estimated basis increase by only 1.28% during income year 2015 as compared to the previous income year.

Table 7: BIT Entities Profile

RRCO	Book of Accounts	Online	Estimated	Non-Operational	Total	% Distribution	% Increase
Thimphu	1,406	73	6,247	3,314	11,040	35.70%	0.01%
P/Ling	367	5	3,279	368	4,019	13.16%	9.03%
Samtse	162	21	1,701	102	1,986	6.50%	13.03%
Gelephu	118	22	3,791	739	4,670	15.29%	13.82%
S/Jongkhar	118	55	1,982	144	2,299	7.53%	-5.82%
Paro	289	4	1,358	140	1,791	5.86%	-11.16%
Mongar	47	96	3,304	247	3,694	12.09%	-6.60%
Bumthang	41	6	1,064	314	1,425	4.66%	-8.18%
Total	2,548.00	282	22,726	5,368	30,924	100%	1.23%

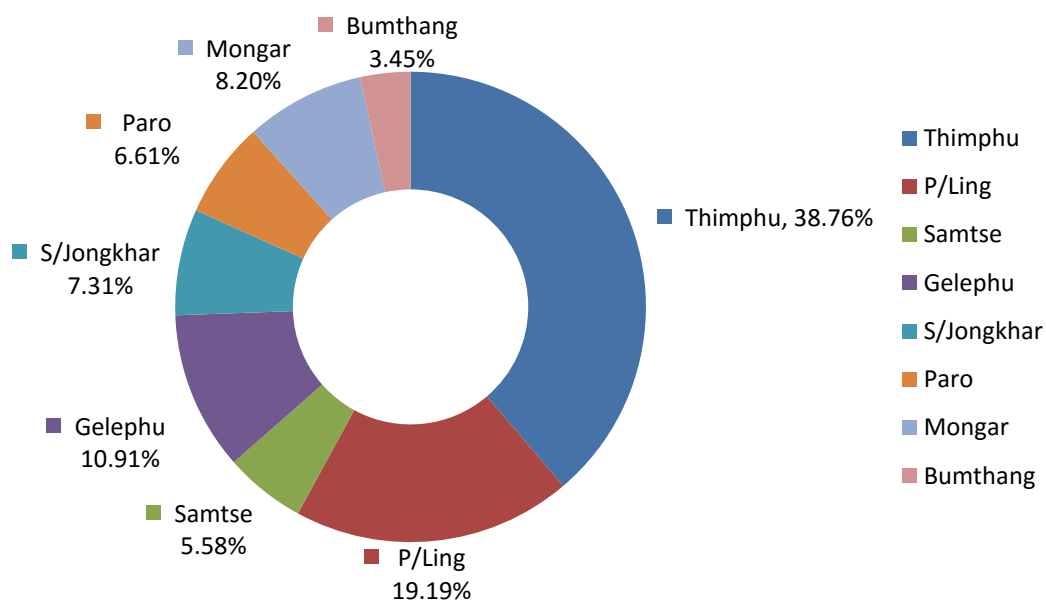
Although the Income Tax Act of Kingdom of Bhutan, 2001 requires payment of BIT based of books of accounts, exception to this requirements are authorized by General Provisions, Chapter 2, Section 4.3 of the Income Tax Act. Rules on the Income Tax Act, General Provision, Section 1.4 clearly spell out the cases where the tax officials could collect taxes on estimated basis. These assessments usually rely on the following information:

- Import & Export Information available with the Department
- Tax Returns filed for the last three years;
- Tax Deducted at Source (TDS) Records;
- Taxes paid on Estimation in the preceding years;
- Taxes paid by other similar entities,
- Information provided by the taxpayer and gathered from third parties.

Personal Income Taxpayers (PIT)

The Income Tax Act identifies six sources of income where PIT is applicable on individuals. Income from Salary, Real Property, Dividends, Interest Income, Cash Crops and Other sources are the six sources covered under PIT. Income year 2015 saw 78,649 PIT filers recording an increase of 8.59% as compared to income year 2014. The RRCO Thimphu had 30,482 PIT filers constituting 38.56% of the total PIT filers for income year 2015 making it the region with highest PIT filers. RRCO Phuentsholing recorded second highest with 115,077 filers accounting to 19.19% of the total PIT filers. With only 2,683 registered PIT filers, RRCO Bumthang recorded lowest number of filers among the eight RRCOs, which accounted for only 3.45% of the total PIT Filers for the income year 2015.

Figure 5: Distribution of PIT Taxpayers



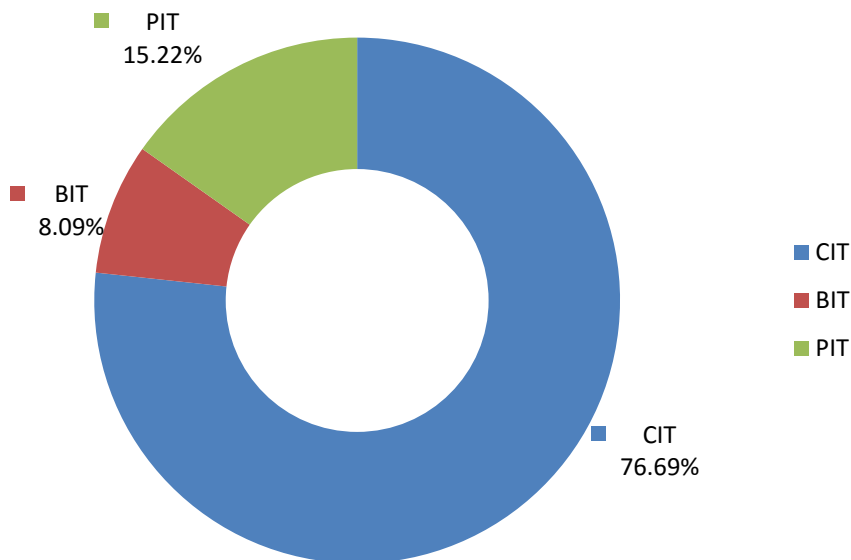
PART III TAX REVENUE HIGHLIGHTS

3.1 OVERALL TAX COLLECTION

During the income year 2015, a sum of Nu. 9,749.85 million Was collected from BIT, CIT and PIT recording an increase of 13.89% amounting to Nu. 1,189.21 million in addition to the total tax collected during the previous income year of Nu.8,560.64 .

CIT to the total tax collection continues to remain the highest with 76.66% amounting to Nu. 7,472.38 million followed by PIT with 15.22% amounting to Nu.1,484.04 million and BIT with 8.09% amounting to Nu. 788.43 million. During income year 2015, overall direct taxes accounted an increase by 13.89% to the Government revenue compared to the direct taxes collected during the previous income year.

Figure 6: Tax Revenue Composition (in million Ngultrum)



3.2 CIT COLLECTION

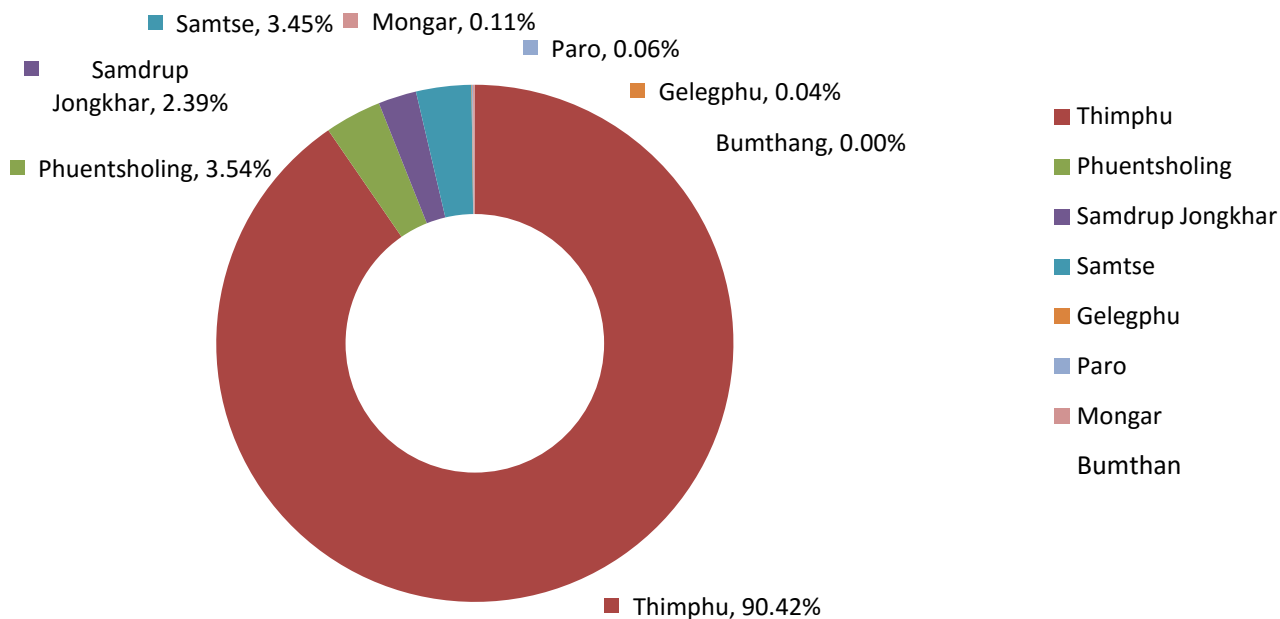
The total collection under Corporate Income Tax constituted 75.01% of the total direct tax revenue for the income year 2016, recording an increase by 11.91% over the previous IY's collection of Nu. 5,697.2 Million. The increase in CIT collection was significantly contributed by RRCO Thimphu, P/ling, Samtse and S/jongkhar. The increase in CIT is attributed due to improved performance by DGPC, DHI, Bhutan Power Corporation Ltd. and improved tax compliance by other tax entities. The increase in collection can also be attributed to introduction of RMIS for tax collection.

Table 8: Comparative CIT Collection

RRCOs	Number of Units		Tax Amount		%of Tax Aount2015	%+- 2014-2015
	2014	2015	2014	2015	2015	2014-2015
Thimphu	154	170	5,547,765,135.73	6,760,970,112.61	90.42%	22%
Phuentsholing	64	67	450,427,784.64	264,583,839.86	3.54%	-41%
Samdrup Jongkhar	15	17	145,373,603.65	178,345,450.96	2.39%	23%
Samtse	8	10	425,522,243.93	258,258,026.83	3.45%	-39%
Gelephu	5	10	25,117,940.99	3,005,505.57	0.04%	-88%
Paro	17	17	5,220,118.65	4,310,309.41	0.06%	-17%
Mongar	13	14	15,168,458.39	7,906,545.42	0.11%	-48%
Bumthang	3	2	0	-	00%	00%
	279	307	6,614,595,285.98	7,477,379,790.66	100%	

RRCO Thimphu continues to record the highest CIT collection at 86% followed by RRCO Phuentsholing at 5.84% and Samtse at 4.05%. RRCO Gelephu has the highest percentage increase of 65.53% followed by RRCO Thimphu with 38.76% followed by RRCO Phuentsholing with 34.78%. RRCO Samtse, RRCO Samdrup Jongkhar, RRCO Mongar had recorded a positive growth in CIT collection in comparison to the previous IY. RRCO Paro recorded the negative growth in CIT collection for the year 2013 due to loss sustained by M/s Drukair Corporation Ltd.

Figure 7: Region-wise CIT Collection



3.2.1 TOP FIVE CIT PAYERS

Although CIT payment by M/s Druk Green Power Corporation reduced by 27.25 million, however, it managed to retain its position as the top revenue contributor to the Royal Government of Bhutan contributing Nu.2,161,528,617.68 in income year 2015. The lead was followed by M/s Druk Holding & Investment Limited contributing Nu. 1,855,561,774.21 accounting an increase of Nu. 189.424 Million and BPC contributing 519.784 million. BNBL occupied the 4th position which was held by BoBL during the income year 2014. . BoBL was relegated to fifth position.

Table 9: Top Five CIT Entities

Sl#	Unit Name	Income Year 2015	Income Year2014	Difference	% change	Total % CIT contribution	RRCO
1	DGPCL	2,161,528,617.68	2,188,780,827.77	-27,252,210.09	-1.26%	30%	Thimphu
2	DHIL	1,855,561,774.21	1,666,136,926.50	189,424,847.71	11.37%	20%	Thimphu
3	BPCL	519,783,722.00	415,284,847.00	104,498,875.00	25.16%	10%	Thimphu
4	BNBL	446,039,472.09	313,038,295.75	133,001,176.34	42.49%	5%	Thimphu
5	BOBL	372,584,951.09	323,297,614.09	49,287,337.00	15.25%	3%	Thimphu
			4,906,538,511.00	448,960,025.96			

DGPC contributed 30% of the total CIT followed DHIL with 20%, BPCL with 10%, BNBL with 5% and BOBL with 3% respectively. The top five CIT payers contributed 45% of the total CIT for the income year 2015. On completion of tax assessment of the top five CIT contributors, CIT is likely to increase although the sequencing of the top 5 taxpayers are less likely to change.

3.3 : BIT COLLECTION

The total Business Income Tax collection for the year amounted to Nu. 609.72 million. This has recorded an increase by Nu.73.92 million recording a growth by 13.80% as compared to income year 2014. Although BIT entities submitting books of accounts constituted only 8.59% of the total registered BIT payers, it contributed around 76.56 % of the total BIT collection. On the other hand, BIT payers who settled their taxes by estimated assessment contributed only 23.44% despite the fact that it constituted about 91.41 % of the total registered BIT payers. A total of 5,958 entities reported as non-operational and 14,321 small and micro sized businesses located in rural areas were exempted from tax during the income year 2015.

Table 10: Comparative BIT Collection

RRCOS	Account filers(Tax Amount)Adv SD		Estimated (Tax amount		Total tax Amount		% of Tax Amt 2015	%+-2014-2015
	2014	2015	2014	2015	2014	2015	2015	2014-15
Thimphu	223,991,005.05	280,311,075.50	48,117,690.00	82,600,518.50	272,108,695.05	362,911,594.00	46.03%	33.37%
P/ling	228,650,776.66	236,348,085.40	31,490,328.00	35,776,274.50	260,141,104.66	272,124,359.90	34.51%	4.61%
Samtse	31,132,574.51	37,066,942.55	1,306,125.00	2,417,064.37	32,438,699.51	39,484,006.92	5.01%	21.72%
Gelephu	15,138,595.06	9,702,138.75	5,774,598.00	10,113,298.64	20,913,193.06	19,815,437.39	2.51%	-5.25%
S/Jongkhar	26,852,718.19	27,999,130.21	4,335,557.00	5,908,740.23	31,188,275.00	33,907,870.44	4.30%	8.72%
Paro	22,481,550.33	19,694,067.57	3,285,409.00	8,824,361.60	25,766,959.33	28,518,429.17	3.62%	10.68%
Mongar	22,830,261.91	14,290,461.94	5,386,435.00	5,148,274.39	28,216,696.91	19,438,736.33	2.47%	-31.11%
Bumthang	6,605,561.17	6,083,746.06	5,963,557.52	6,147,907.06	11,947,106.17	12,231,653.12	1.55%	2.38%
	577,683,042.88	631,495,647.98	105,659,699.52	156,936,439.29	682,720,729.69	788,432,087.27	100%	

RRCO Thimphu continues to be the highest contributor of BIT revenue under estimated assessment while RRCO Phuentsholing took over the position of highest BIT contributor under account filing category. However, RRCO Thimphu remained overall highest BIT contributor contributing about 46.03% of the total BIT collected for income year 2015. The overall lead was followed RRCO Phuentsholing accounting 34.51% of total BIT revenue. RRCO Samtse increased its BIT revenue collection by 100% as compared to income year 2014.

However, during the income year 2015 RRCO Mongar recorded the highest negative growth with -31.11%. The negative growth was mainly due to huge number of BIT account filers especially construction units claiming refund and submission of loss accounts during the year

3.3.1 TOP FIVE BIT ENTITIES

Although BIT collection from M/s Tashi Corporate Management & Consultancy registered with RRCO, P/Ling reduced by about Nu.2 million, it remained the highest BIT contributing entity for the income year 2015. The unit contributed Nu. 40,551,656.76 accounting for 5% of the total collection made from overall account filers. M/s Samphel Marketing Agent was the second highest BIT payer replacing BoD (TCC) who got relegated to fourth highest during income year 2015. The entity contributed Nu. 22,089,780.73 accounting for 4% of the total BIT contribution to the Royal Government Revenue. M/s Lhaki Cement was the third highest contributor followed by M/s BOD (TCC) with a contribution of Nu. 16,314,250.17 and M/s Sherzom Beer Agency made it to the top 5 for the income year 2015 paying a BIT of Nu.13,932,922.80 respectively.

BIT collections made from these top five BIT entities amounted to Nu. 113,871,329.57 accounting 12 % of the total BIT collection and 1.17% of the total direct tax revenue collection respectively for the income year 2015.. The share of the top BIT entities is expected to increase once the final tax liability is ascertained after the assessments. The details of the top five BIT entities are given:

Table 11: Top Five BIT Entities

Sl#	Unit Name	TPN	Tax Amount	RRCO	Remarks
1	Tashi Corporate Management & Consultancy	TAB09087	40,551,656.76	P/ling	SD
2	Samphel Marketing Agent	SAB05992	22,089,780.73	P/ling	SD
3	Lakhi Cement	LAB00261	20,982,718.57	Samtse	SD
4	BOD (TCC)	BAB05901	16,314,250.71	P/ling	SD
5	Sherzom Beer Agency	SAB05901	13,932,922.80	P/ling	SD
			113,871,329.57		

3.3.2 ESTIMATED COLLECTION

An estimated collection of tax method is applied to taxpayers where the taxpayer has failed to maintain proper books of accounts. Such assessment is usually based on any available information with the department, taxpayers or third parties. The method of tax assessment and collection are highly criticized, however the department is left with no option but to finalize the taxes on estimated assessment in accord to the IT Act and Rules thereto.

The total estimated collection during the year amounted to Nu. 156.94 million notching an increase of Nu. 51.9 million over the previous year. It recorded a percentile increase of 49.41% over the income year 2014. This increase can mainly be attributed to the efficient working and streamlining of tax collection through RAMIS. This online system of filing tax has helped the department in plugging revenue leakages while at the same time ensuring proper recording of tax transaction. This has helped the department in efficiently collecting taxes to a great extent.

RRCO Thimphu almost doubled its collection with a collection of nu.82.60 million as compared Nu. 48.12 million during the previous year making it the highest estimated BIT revenue collector among the eight RRCOs. It recorded a 71.65% increase in collection over the previous year. RRCO P/ling recorded the second highest

collection of Nu.31.49 million followed by RRCO Gelephu and RRCO Paro with the collection of Nu. 10.11 million and Nu. 8.82 million respectively. RRCO Samtse recorded the least collection of Nu. 2.42 million. Out of 29,665 registered BIT filers, 26,835 filed taxes through estimated filing of which 5,958 filers did not operate its business during the income year 2015. On the other hand, RRCO Bumthang had the least number of estimated tax entities with only 1,137 tax entities. RRCO Thimphu recorded 9,561 number of registered estimated tax entities which are the highest amongst the other RRCOs.

3.3.3 Forgone taxes and micro tax exemptions

Government initiative of exempting taxes for small and micro business in rural areas beyond the Thromde and Dzongkhag Municipal boundary had seen department forgoing taxes from 11,571 units amounting to Nu. 22,251,834.09 as of 12/05/2016. RRCO Gelephu saw the maximum number of units falling under the tax exempted bracket recording 2,401 units. RRCO Bumthang had least tax exempted unit with only 656 units losing tax revenue of Nu 1,129,050.

Table 12: Forgone taxes under Estimated BIT collection

RRCO	No. tax exempted units (12/05/2016)	Tax Foergone
Thimphu	1,799.00	4,205,265.64
Phuntsholing	1,006.00	2,745,188.57
Samdrup Jongkh	1,026.00	1,922,768.31
Samtse	1,385.00	1,975,230.00
Gelephu	2,401.00	3,268,508.77
Paro	1,085.00	3,089,604.38
Mongar	2,213.00	3,916,218.42
Bumthang	656.00	1,129,050.00
Total	11,571.00	22,251,834.09

3.4 PIT COLLECTION

As of 30/06/2016 PIT collection for the income year 2015 amounted to Nu. 1,484,038,040.69 accounting an increase of 25.19% over the previous year's collection of Nu. 1,185,427,352.18 . The details of PIT collection along with the total PIT payers is given in the table below:

Table 13: PIT Collection

RRCOs	Number of Tax Payers		Tax Amount		Increase in PIT payers	%of share of PIT collection	%+-(Tax Amount 2014-2015)
	2014	2015	2014	2015			
Thimphu	27,821	30,482	633,976,696.50	747,755,566.10	2,661	50.39%	17.95%
Phuentsho	14,578	15,077	191,795,949.50	250,483,369.70	499	16.88%	30.60%
Samdrup J	5,322	5,768	76,453,707.38	101,773,120.30	446	6.86%	33.12%
Samtse	4,187	4,372	43,853,095.32	59,291,777.96	185	4.00%	35.21%
Gelegphu	6,855	8,553	74,272,117.24	97,233,987.49	1,698	6.55%	30.92%
Paro	4,578	5,173	67,916,370.49	96,669,068.05	595	6.51%	42.34%
Mongar	5,823	6,491	62,576,384.30	85,130,999.78	668	5.74%	36.04%
Bumthang	2,395	2,733	34,583,031.55	45,700,151.31	338	3.08%	32.15%
	71,559.00	78,649.00	1,185,427,352.28	1,484,038,040.69	7,090	100.00	25.19%

From the total PIT collection, RRCO Thimphu constituted, for 50.39% followed by RRCO Phuentsholing with 16.88%. RRCO Samdrup Jongkhar, Gelephu and Paro together contributed over 6.5% each and RRCO Mongar contributed 5.74% and RRCO Samtse contributed 4.00% to the total PIT revenue. RRCO Bhumthang was the lowest contribution contributing only 3.08% tot the total PIT revenue. Income year 2015 saw an increase of 7090 PIT filers increasing the overall PIT collection by Nu. 322.67 million over the previous income year.

Table 14: Top 15% PIT payers' contribution

No. of Taxpayers	Percentage (%) of Taxpayers	Tax Amount	% of PIT Paid
800	1%	423,570,559.73	28.03%
1600	2%	521,791,938.97	34.53%
2400	3%	590,381,260.46	39.07%
3200	4%	643,728,178.29	42.60%
4000	5%	687,486,783.73	45.50%
12000	15%	945,362,498.70	45.50%

It was found that top 1% taxpayer constituting of 800 PIT taxpayers contributed Nu.423.57 Million accounting for 28.03% of the total PIT collected for income year 2015 and the top 15% PIT payers totaling to 12,000 taxpayers contributed 45.50% of the total PIT collection for income year 2015 amounting to Nu. 945,362,498.70.

3.5 TAX REFUND

As of 30/06/2016 a total of 47,512 filers were assessed and out of which 44,349 PIT had to be refunded while 3163 had their tax positions payable. A total PIT refund of Nu. 106.12 million was made as on date. RRCO

Thimphu constituted 45.11% amounting to Nu. 47.87 million . The lead was followed by RRCO Phuetsholing with 19.74% amounting to Nu. 20.95 million. RRCO Bumthang had the least number of tax payers assessed. The region refunded an amount of Nu.2.79 million constituting 6.02% of the total refund percentage

A total of 12.85 million were raised as additional tax after assessment of 3163 PIT taxpayers were completed. RRCO Gelephu levied Nu. 5.9 million as additional tax which constituted 45.91% of the total levy making it the highest additional tax collector as on the date. RRCO Thimphu assessed 948 taxpayers levying 3.31 million constituting 25.76% making it the second highest in the table.

Following table depicts the RRCO wise PIT files assessed, assessment status determined as of 30/06/2016

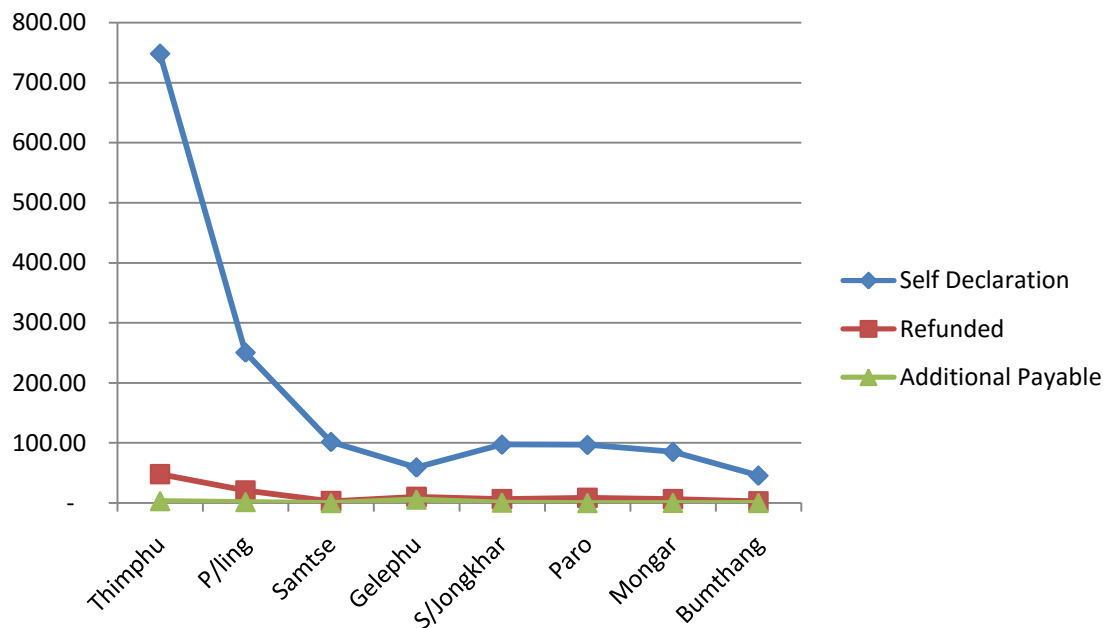
Table 15: Comparative Tax Refund

(Amount in Million Ngultrum)

RRCOs	PIT Refunded for IY 2015 (amount)	Taxpayer Number	% distribution	Additional tax raised for IY 2015 (Amount)	Taxpayer Number	% distribution
Thimphu	47.87	15806	45.11%	3.31	948	25.76%
P/ling	20.95	9763	19.74%	1.84	382	14.32%
Samtse	2.91	1271	2.74%	0.15	56	1.17%
Gelephu	10.29	5232	9.70%	5.9	833	45.91%
S/Jongkhar	6.47	3565	6.10%	0.87	402	6.77%
Paro	8.45	3144	7.96%	0.15	56	1.17%
Mongar	6.39	4055	6.02%	0.41	304	3.19%
Bumthang	2.79	1513	2.63%	0.22	182	1.71%
Total	106.12	44349	100%	12.85	3163	100%

The details of the total PIT collection, additional paid and total PIT refunded under each RRCO are given in the graph below:

Figure 8: Total PIT Collection Vis-à-vis Total PIT refund (in Million Ngultrum)



3.7 Assessment Highlights

The Income Tax Act mandates every tax return to go through either desk assessment (DA) within 90 days of the filing of return or field assessment (FA) once in a cycle of two years.

Table 16: Assessment coverage 2015

Particulars	Regional Revenue & Customs Offices								Overall
	Thimphu	Phuentsholing	Samtse	Gelephu	S/Jongkhar	Paro	Mongar	Bumthang	
Personal Income Tax (PIT)									
DA Targeted	30,482	15,077	4,372	8,553	5,768	5,173	6,491	2,733	78,649
DA Completed	16,754	12,418	2,436	5,159	5,475	3,527	3,410	1,559	50,738
% Completed	54.96%	82.36%	55.72%	60.32%	94.92%	68.18%	52.53%	57.04%	64.51%
DA Pending	13,728	2,659	1,936	3,394	293	1,646	3,081	1,174	27,911
Corporate Income Tax (CIT)									
FA Targeted	52	42	5	10	5	10	14	3	141
FA Completed	43	15	5	6	5	10	14	0	98
% Completed	82.69	35.71	100	60	100	100	100	0	578.41

FA Pending	9	27	0	4	0	0	0	3	43
Business Income Tax (BIT)									
DA Targeted	9,797	310	78	3,816	0	125	103	65	14,294
DA Completed	9,690	231	58	3,810	0	100	0	0	13,889
% Completed	98.91	74.52	74.36	99.84	0	80	0	0	427.63
DA Pending	107	79	20	6	0	25	103	65	405
FA Targeted	5	80	27	82	30	25	69	0	318
FA Completed	5	63	14	66	15	0	0	0	163
% Completed	100	78.75	51.85	80.49	50	0	0	0	361.09
FA Pending	0	17	13	16	15	25	69	0	155
Tax Officer to Taxpayer Ratio									
Total No. of tax assessment completed	26,492	12,727	2,513	9,041	5,495	3,637	3,424	1,559	64,888
Total No of active tax officials	30	28	9	10	9	8	11	5	110
Tax Officer to assessment completed ratio	883	455	279	904	611	455	311	312	590

During the DA stage, it is expected to confirm logical and arithmetical checks on the figures submitted and reasonableness checks on the level of self declared tax and if required it is examined through FA. Assessments are usually taken up to determine fair and accurate taxes. Desk assessments are usually taken up for PIT filers and small BIT units filing books of accounts. Those CIT filers and BIT entities submitting huge refunds claim, submitting losses and the entities which have not been assessed for past two income years, FA is usually carried out on priority basis.

During the FA, tax officials are involved in three major stages, planning, assessment and issuing of assessment report. At planning stage, tax officials are involved in planning of field assessment, developing a general strategy, division of work, timing and extent of assessment procedures. Field assessment is more comprehensive than Desk Assessment and it is normally carried out at the business premises of the taxpayer.

3.7.1 Desk Assessment (DA)

It is always a requirement that 100% PIT filers are assessed every year. Therefore, every PIT filers during the year is target for DA. As required during income year 2016, 78,469 PIT filers were targeted, for the income earned during the income year 2015. However, out of 78,469 DA targeted, only 50,738 PIT desk assessments were carried out for the income year 2015 as on 33/06/2016.

A total of 14,294 BIT (inclusive of estimated collection) was targeted for Desk assessments of which 50,738 were completed constituting 72.83% of the total assessment targeted. RRCO Gelephu had highest coverage of desk assessment at 99.84% followed by RRCO Thimphu with 98.81%. RRCO Samdrup Jongkhar did not carry out DA on BIT as it was totally concentrated on clearing out its CIT field assessment and FA of large BIT units.

3.7.2 FIELD ASSESSMENT (FA)

As stated, there very remote cases of PIT returns being targeted for filed assessment (FA) for the income year 2015.

In total, 141 CIT entities were targeted for FA and had completed 98 CIT entities. The percentage of completion is recorded at 72.30% for income year 2015 recording more than 10% increase as compared to previous year. Four RRCOs recorded 100% FA achievement of targeted CIT assessment. However the year saw a decrease in number of BIT units targeted for FA. Only 318 BIT units were targeted for FA as compared to 498 targeted during the previous year. Out of the total targeted 318 BIT units for FA, only 163 BIT units were completed accounting to 51.26%. However, percentile completion of FA for BIT units increased by a little over 2% as compared to income year 2014. RRCO Thimphu had the highest completion rate where 5 BIT units were targeted and FA of all the 5 units are completed as well.

3.7.3 Tax Payers to unit assessment ratio.

Overall on an average a tax officer have assessed about 590 CIT, BIT and PIT payers. This is indicative that many assessment remained as back log. The main reason of increasing number of pending cases during income year 2015 was introduction of RMIAS and realization all taxes from RAMIS. It is a general trend that by June all DA of PIT filer must be completed. However, for income year 2015 it was delayed mainly due to the mismatch of TDS deposits, user problems and other system related issues. Other issues like staff shortage has also led to increasing number of pending assessments.

3.8 APPEALS

Tax appeals arise when the taxpayers disagree with one or more findings in the demand notice issued by the RRCOs after the tax assessment.

There are three tiers of appeal. The first tier is at RRCO level followed by Head Office level and at Ministry level (Tax appeal Board). The tax appeals are first reviewed by the Regional Tax Appeal Committee (RTAC) set up at the RRCO level. However, Taxpayers are required to submit the appeals within 30 days from the date of the issue of demand notice. If the taxpayer disagrees with the decision passed by the RTAC, taxpayer can appeal within 30 days to the DRC Appeal Committee for further review. Otherwise the decision of the RTAC is final. Further, if the taxpayer is still not happy with the decisions of the DRC Appeal Committee, he/she can appeal to the Appeal Board at the Ministerial Level within 60 days from the date a decision has been passed by DRC Tax Appeal Committee.

It is imperative to adhere with the time limit prescribed in the IT Act lest the appeal will be rejected. If the decision of the Appeal Board is still not agreeable to the taxpayer, then the taxpayer has the option to appeal to the court of law. However, in no case the taxpayer is barred from filing their appeal directly in a court of law.

During the year, a total of 3981 cases were received by the RRCOs registering a growth of 95.24% over the previous year's total of 2039 registered cases. Out of the total cases received, 1211 were late filers, 2766 filers were imposed with 24% penal interest and 4 cases where levied with concealment fine. Many of the appeal cases pertain to late filing fines and 24% penal interest. 95% of these fines and penalty pertains to levies made to estimated BIT filers and BIT exempted units. Such appeal cases gets resolved at Regional Directors level and does not need to be presented at RTAC level as Regional Director has waiver power of fines and penalties up to Nu 50,000 per case. During the income year 2015 the Regional Directors across the eight RRCOs received allowed a waiver to 3772 cases and RTAC reviewed only 209 appeals of which 142 were on fines and penalties and 67 cases were on disallowances. Of the total number of appeals received, 163 appeals were resolved at RTAC level and remaining 66 cases were forwarded to DRC appeal committee. A total of 20 appeal cases were received by the appeal board during the year 2016. All the appeals pertain to the assessment disallowances and

finances and penalties for assessments carried for taxes filed for income year 2015. An amount of Nu. 5,029,140.86 were waived at RTAC level and Nu. 17,266,124.14 were waived off at DRC appeal committee level. All the appeal procedures and arrival of decision are strictly in line with the Income Tax Act and Rules thereto and as per the prescribed appeal guideline.

Table 17: Appeal Details

Particulars	Type of Tax			Total
	PIT	CIT	BIT	
Filers	60,801.00	273.00	28,346.00	89,420.00
Filing time extension cases	65.00	49.00	259.00	373.00
Non operational taxpayers		19.00	6,732.00	6,751.00
No. of closed files/entities	99.00	2.00	38.00	139.00
No. of late submission fines imposed	150	7	1054	1211
No. of cases where 24% late interest imposed	1337	39	1390	2766
No. of cases where concealment fine imposed	4	0	0	4
Total No. of cases where fines & penalties imposed	1491	46	2444	3981
Amount of late submission fines collected	592,500.00	9,000.00	2,991,194.63	3,592,694.63
Amount of 24% late interest collected	588,499.38	112,849.03	726,894.82	1,428,243.23
Amount of fines collected on concealment	8,203.00	-	-	8,203.00
Total amount of fines and penalties collected	1,189,202.38	121,849.03	3,718,089.45	5,029,140.86
TAX APPEALS				
No of appeals received	45.00	48.00	136.00	209.00
- on fines & penalties	40.00	38.00	84.00	142.00
- on disallowances	5.00	10.00	52.00	67.00
Appeal resolved at RRCO level	33.00	20.00	110.00	163.00
Total Amount waived by RTAC on:				
- Fines & penalties	661,350.54	7,080,405.86	2,083,199.23	9,824,955.63
-Disallowances	-	-	-	-
No. of appeals forwarded to Head Office	12.00	28.00	26.00	66.00
Cases rejected or returned to RRCOs				
Appeal resolved at HQ level	8.00	24.00	20.00	52.00
Amount waived in appeal at HQ level	2,884,777.91	7,107,694.71	7,273,651.52	17,266,124.14
- Fines & penalties	1,799,777.91	5,589,638.21	5,961,849.33	13,351,265.45
-Disallowances	1,085,000	1,518,056.50	1,311,802.19	3,914,858.69
Appeal forwarded to Appeal Board	1	8	11	20

3.10 Cost of collection

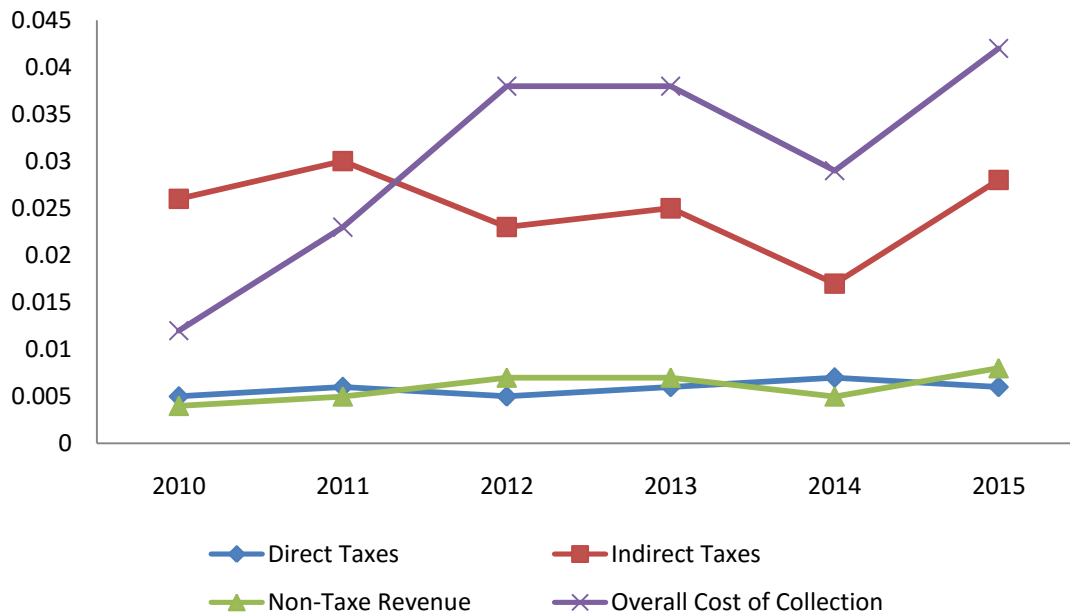
The cost of collection is used to measure the efficiency and effectiveness of the Departments efforts in collection of taxes by taking into account total expenditure incurred vis-à-vis total revenue collected during the period. The cost of collection incurred for collection of 1 ngultrum is about 0.63 chetrum for direct tax revenue, 2.8 chetrum for indirect tax revenue and 0.6 chetrum for non tax revenue.

Table 18: cost of collection 2015

Income Year	2010	2011	2012	2013	2014	2015
Direct Taxes	0.005	0.006	0.005	0.006	0.007	0.006
Indirect Taxes	0.03	0.023	0.026	0.025	0.017	0.028
Non-Tax Revenue	0.004	0.005	0.007	0.007	0.005	0.006
Overall cost of Collection	0.012	0.023	0.038	0.038	0.029	0.040

The cost of collecting Nu 0.1 for direct taxes decreased by 0.1 chetrum and indirect taxes increased by equal amount. The overall cost of collection increased by 1.2 chetrum largely owing to increase in collection of indirect taxes which increased by 2.8 chetrum as compared to previous year.

Figure 9: Trend Line Cost of Collection



PART IV

FISCAL INCENTIVES

4.1 Fiscal Incentives

The Royal Government, with an objective to stimulate private sector growth, generate employment, and attract foreign investments, announced various fiscal incentives on 2nd April 2010. The incentive package is targeted to promote thrust sectors of the economy viz. ICT, Tourism, CSI's, etc for balanced economic growth.

As of 31st September, 2016 there were 14 corporate entities, 31 cottage industries , 12 institutes and colleges 52 hotels and resorts availing tax holidays spread over eight different RRCOs. The sector wise lists of units availing the tax holiday are given in the table below:

List of Corporations/Incorporated companies availing Tax Holiday:

sl.no	Unit Name	Location	From	To	No. of years
1	Assetz	Thimphu			
2	Druk Link Technology	Thimphu	1-Jan-2012	31-Dec-2016	5
3	Data Centre Services Pvt. Ltd.	Thimphu	1-Jan-2013	31/12/2017	5
4	Thimphu Techpark Pvt. Ltd	Thimphu	20/06/2013	19-Jun-2028	15
5	Scan café pvt. Ltd	Thimphu	31-Jul-2013	30-Jul-2023	10
6	The Bhutanese Private Limited	Thimphu	21/02/2012	28/02/2017	5
7	Bhutan Today Private Limited	Thimphu	1-Apr-2012	31/03/2017	5
8	Bhutan Broadcasting Services Ltd.	Thimphu	1-Jan-2014	31/12/2016	3
9	Handicrafts Emporium	Thimphu			
10	Southtech pvt ltd	Thimphu	10-Apr-2015	9-Apr-2025	10
11	Sparkle Technologies	Thimphu	1-Jan-2014	31-Dec-2018	5
12	Green Print	Thimphu	1-Mar-2010	29/02/2025	15
14	Wellness Resort & Convention Centre Projects	Thimphu			10

List of Business Units availing Tax Holiday:

sl.no	Unit Name	Location	From	To	No. of years
1	Tsirang Poultry Co-Operatives	Gelephu	28-Dec-2012	27-Dec-2022	10
2	Bee keepers corporative of Bhutan	Bumthang	2-Mar-2012	1-Mar-2022	10
3	Gelephu Om Detshen	Gelephu	26-Feb-2007	25-Feb-2017	10
4	Lothuen Om Detshen	Gelephu	24/04/2010	23-Apr-2018	8
5	Druk Green Venture	Gelephu	26/11/2012	25-Nov-2022	10
6	Yang Jung Sonam Brick & Fabrication Enterprises	Gelephu	8-Aug-2012	7-Aug-2022	10
7	Bio Plates	Gelephu	15-Apr-2014	14-Apr-2024	10
8	Druk Doors and Windows	Gelephu	21-Dec-2012	20-Dec-2022	10
9	Soel Chu Mineral Drinking Water	P/ling	1-Aug-2014	31-Jul-2024	10
10	RSA carb unit	P/ling	1-Jan-2013	31-Dec-2022	10
11	Shaba Phunsum Milk detshen	Paro	15-Jul-2013	14-Jul-2023	10
12	Karma Home Made wine industry	Paro	30-Jun-2013	29-May-2022	10
13	Rica Tyre & Tread	S/jongkhar	1-Jul-2014	30-Jun-2024	10
14	JK Furniture	Samtse	24/09/2012	23-Sep-2022	10
15	Sengaygang Stone Crushing Plant	Samtse	7-Jan-2013	6-Jan-2023	10
16	Garab Powdering Unit	Samtse	22-Jan-2010	21-Jan-2020	10
17	Shangrila Cold Stores	Thimphu	10-May-2015	9-May-2025	10
18	Yang Building Materials	Thimphu	20/10/2011	19-Oct-2021	10
19	Druk-Care Engineering	Thimphu	30/1/2012	29-Jan-2022	10
20	Dharma Arts and Crafts	Thimphu	1-Jan-2010	31-Dec-2018	9
21	Green Dragon Media	Thimphu	4-Oct-2012	4-Sep-2017	5

22	Abit	Thimphu	16-Jan-2015	15-Jan-2020	5
23	Greener Way	Thimphu	1-Jul-2012	30-Jun-2027	15
24	Sangsel Eco Trade & Environment	Thimphu	1-Jan-2011	31-Dec-2025	15
25	Waste Paper Recycling Unit	Thimphu	1-May-2015	30-Apr-2025	10
26	Highland Wood	Thimphu	4-Mar-2014	3-Mar-2024	10
27	YBM Concrete Products	Thimphu	4-Sep-2015	3-Sep-2025	10
28	Kinz Farm Mushrooms	Thimphu	28-Aug-2015	27-Aug-2025	10
29	Bhu-Org Farm	Gelephu	24-Oct-2015	23-Oct-2025	10
30	Gomphukora water plant	Mongar	6-Dec-2015	5-Dec-2025	10
31	Himalayan Incense	Thimphu	25-Oct-2015	24-Oct-2025	10

List of Institutes and Colleges availing Tax Holiday:

sl.no	Unit Name	Location	From	To	No. of years
1	School for Language & Cultural Studies	Thimphu	01/03/2012/	28-Feb-2027	15
2	Jampel Higher Secondary Schhol	Paro	15/02/2013	14-Feb-2028	15
3	Yoezerling Children House	Paro	11-Mar-2013	10-Mar-2028	15
4	Zhoennu Rigphel Early learning centre	Mongar	9-May-2011	8-May-2026	15
5	Dungsam Academy	S/jongkhar	1-Mar-2013	31-Mar-2028	15
6	Losel Gyatsho Academy	Gelephu	5-Feb-2013	4-Feb-2028	15
7	M/s Utpal Junior Wing	Paro	1-Mar-2015	28-Feb-2030	15
8	Tenzin Higher Secondary School	Paro	1-Jan-2010	31-Jan-2024	14.1m
9	Sherub Reldri Higher Secondary School	Mongar	1-Jan-2010	28th feb 2024	14.2m
10	Kuendrup Higher Secondary School	Gelephu	1-Jan-2011	28th feb 2023	12.2m
11	Yoezerling Higher secondary School	Paro	1-Jan-2011	31/12//2024	13.1m
12	Royal Thimphu College	Thimphu	7-Jan-2009	30/6/2024	15

List of Hotels availing Tax Holiday:

sl.no	Unit Name	Location	From	To	No. of years
1	Haven Resort Private Limited	Paro	11-Jan-2010	30-Oct-2020	10
2	Khangku Resort	Paro	3-Jan-2010	28-Feb-2019	10
3	Tashi Namgay Resort	Paro	1-Jan-2010	31-Dec-2019	10
5	Bhutan Residence	P/Ling	1-Apr-2011	31-Mar-2021	10
6	Rochog Pel Hotel	Thimphu	20/04/2011	19-Mar-2010	10
7	Khang Residence	Thimphu	1-Oct-2011	30-Sep-2021	10
8	Nak Sel Boutique Hotel & Spa Pvt. Ltd.	Paro	1-Sep-2010	31-Aug-2020	10
9	Udumwara Resort	Paro	1-Mar-2011	28-Feb-2021	10
10	Hotel Kuenzang Norling Resort	Bumthang	1-Oct-2011	30-Sep-2021	10
11	Hotel View Point Resort	Bumthang	10-Jan-2011	30-Sep-2021	10
12	Kinzang Zhing Resort	Thimphu	24/09/2012	23-Sep-2022	10
13	Galling Resort	Paro	18/02/2013	17-Feb-2024	10
14	Drukchen Hotel	Paro	20/03/2013	19-Mar-2023	10
15	Hotel Pema Karpo	Thimphu	1-Mar-2013	29-Mar-2023	10
16	Peling Resort	P/ling	6-May-2012	5-May-2022	10
17	Lingkar lodge	Mongar	4-Jan-2013	3-Jan-2028	15
18	Hotel Ser-nya	Thimphu	15-Sep-2013	14-Sep-2023	10
19	Khamsum Inn	Thimphu	20-Feb-2013	19-Feb-2023	10
20	Gangtey Goenpa Lodge	Wangdu	1-Nov-2013	1-Jan-2022	10
21	Punatsangchu Cottage	Thimphu	13/02/2008	2-Dec-2018	10
22	Dorji Elements Hotel	Thimphu	1-Mar-2014	1-Feb-2024	10
23	Hotel Amodhara	Thimphu	15/09/2014	14/09/2024	10
24	Hotel Norbuling	Thimphu	2-Oct-2014	2-Sep-2024	10
25	Drubchhu resort	Thimphu	15/09/2014	14/09/2024	10
26	Namseling Boutique Hotel	Thimphu	16/07/2014	15/07/2024	10

27	Ariya Pvt Ltd	Thimphu	3-Sep-2015	3-Aug-2025	10
28	Vara	Thimphu	22/04/2014	21/04/2024	10
29	Raven's Nest	Paro	10-Apr-2014	9-Apr-2024	10
30	Dhensa Boutique Resort	Thimphu	19-Dec-2013	18-Dec-2023	10
31	Migmar Hotel	Thimphu	1-Jan-2010	30-Sep-2019	9.9m
32	Bhutan Suites	Thimphu	1-Jan-2010	31/04/2019	9.4
33	Ms. Chumey Nature Resort	Bumthang	1-Jan-2010	31-Dec-2018	8
34	MS. Yugharling Resort	Bumthang	1-Jan-2010	30-Sep-2019	9.9m
35	Tenzinling Resort	Paro	1-Jan-2010	30-Sep-2018	8.9m
36	Namgay Heritage Hotel	Thimphu	1-Jan-2010	31-Dec-2019	9.3m
37	Taj Tashi Hotel	Thimphu	1-Jan-2010	31-Dec-2018	8.1m
38	Hotel Kisa	Thimphu	1-Jan-2010	31-Dec-2018	8
39	Hotel Peling	Bumthang	1-Jan-2010	30-Sep-2018	8
40	Bhutan Hotels Pvt Ltd	Thimphu	25-Dec-2014	24-Dec-2024	10
41	The Zone Executive Suites	Thimphu	11-May-2015	10-May-2025	10
42	Gyelsa Boutique Inn	Thimphu	20-Jun-2014	19-Jun-2024	10
43	Hotel Thimphu Towers	Thimphu	1-Apr-2015	31-Mar-2025	10
44	Tashi Yoedling	Thimphu	1-Aug-2015	30-Jul-2025	10
45	Hotel Osel	Thimphu	1-Oct-2014	30-Sep-2024	10
46	Hotel Gakyil	Thimphu	1-Oct-2014	30-Sep-2024	10
47	Park Hotel	P/Ling	15-Jan-2014	15-Jan-2024	10
48	Trogon Villa Hotel	Mongar	9-Dec-2014	8-Dec-2029	15
49	Gakiling Guest House	Thimphu	2-Jul-2012	1-Jul-2022	10
50	Tahsi Namgay Grand	P/Ling	24-Dec-2015	23-Dec-2025	10
51	Mountain Resort	Bumthang	9-Jan-2014	8-Jan-2024	10
52	RKPO Green Resort	Thimphu	19-Feb-2015	18-Feb-2025	10

4.2 Exempted Organizations

Donations made to the following organizations are exempted from taxes as per Rule No.1.7, Part III of the Rules on the Income Tax Act 2001. However, the exemptions are not automatic and shall be required to be registered under the Civil Society Organizations Act and the Religious Organization's Act of Bhutan, 2007. Further these organizations are required to submit books of accounts.

Public Benefit Organization (PBO) registered with CSO Authority

SI	Orgn. Code	Organization Name	RRCO
1	E22	DrakTsho Vocational Training Centre for Special Children & Youth	Thimphu
2	E23	Disabled Persons' Association of Bhutan	
3	E24	Bhutan Centre for Media And Democracy	Thimphu
4	E25	Bhutan Association of Women Entrepreneurs	Thimphu
5	E29	Ability Bhutan Society	Thimphu
6	E30	Chithuen Phendhey Association	
7	E31	Lhomon Society	Thimphu
8	E32	Lhak-Sam	Thimphu
9	E35	Phuentsholing Sports Association	
10	E36	Royal Textile Academy of Bhutan	Thimphu
11	E37	The Loden Foundation	Thimphu
12	E62	GNH Centre Bhutan	Thimphu
13	E63	Bhutan Kidney Foundation	Thimphu
14	E64	Bhutan Center for Nature Conservation	Thimphu
15	E68	Royal Society for Protection of Nature	Thimphu
16	E01	RENEW	Thimphu
17	E70	Tarayana Foundation	Thimphu
18	E72	Bhutan Youth Development Fund	Thimphu
19	E78	SAARC Business Association of Home Based Workers (SABAH Bhutan)	Thimphu
20	E85	Menjung Foundation	Thimphu
21	E86	The Rural Education Foundation	Thimphu
22	E91	Bhutan Film Association	Thimphu
23	E92	Royal Society for protection and care of animals	Thimphu
24	E94	Bhutan Transparency Initiative	Thimphu
25	E35	Phuntsholing Sports Association	P/ling
26	E95	Journalist Association of Bhutan	Thimphu
27	E97	Hotel & Restaurant Association of Bhutan	Thimphu
28	E98	Ogyen Choling Foundation	B/Thang

29	E03	Jangsa Animal Saving Trust	Thimphu
30	E99	Construction Association of Bhutan	Thimphu
31	E100	Vast Bhutan	Thimphu
32	E106	Remoen	Thimphu
33	E105	Clean Bhutan	Thimphu
34	E102	Bhutan Cancer Society	Thimphu
35	E35	Phuntholing Sports Association	P/ling

Exempt Organizations registered with CSO Authority

SI	Orgn.Code	Organisation Name	RRCO	Approval No	Date
1	E19	Bhutan Trust Fund for Environmental Conservation	Thimphu	DRC/TAX-A&L/EX/18/20115061	25/05/2011
2	E73	Bhutan Health Trust Fund	Thimphu	DRC/TAX-PIT(EX)/NGO/2003-918	21/03/2003
3	E74	HRH Prince Nangyal Wangchuk Charitable Trust	Thimphu	DRC/TAX-EX/2003-3976	12/5/2004
5	E76	India-Bhutan Foundation Trust Fund	Thimphu	DRC/TAX-EX/2005/449	5/8/2005
6	E81	Bhutan Chamber of Commerce and Industry (BCCI)	Thimphu	DRC-TAX/EXEMPT-ORG/2013/2024	18/12/2013
7	E83	National Women's Association of Bhutan	Thimphu	DRC/TAX-PIT(EX)/NGO/2003-918	21/03/2003
8	E88	Kidu Foundation	Thimphu	DRC-TAX/A&L/EX/(A)-18/2011/106	8/7/2011

Exempt Organizations registered with CRO

SI	Orgn.Code	Organisation Name	RRCO	Approval No	Date
1	E05	Rangjung Foundation	Thimphu	DRC/TAX/A&L-EX/2010/489	4/8/2010
2	E12	Ati Foundation	Thimphu	DRC-TAX/A&L-EX/18(B)/2012/949	5/9/2012
3	E14	Jamyang Khenpa (Dungkar Foundation)	Thimphu	DRC/TAX-A&L/EX(B)/18/2011/2640	5/1/2012
4	E16	Tshokey Dorji Foundation	Thimphu	DRC/TAX-A&L/EX/2010/820	26/08/2010
5	E17	Dungyel Rangdroel Drupchen Trust Fund	Thimphu	DRC/TAX-A&L/EX/2010/1911	27/10/2010
6	E18	Padma Fellowship	Thimphu	DRC/TAX-A&L/EX/18/2011/5107	27/05/2011
7	E20	Ton Chhos Khor	Paro	DRC/TAX-A&L/EX/18/2011/5362	3/6/2011
8	E21	Ngajur Gomdey	Thimphu	DRC/TAX-A&L/EX(B)/18/2011/641	15/08/2011
9	E26	Lhendup Choeling Choetshog	Thimphu	DRC/TAX-A&L/EX(B)/18/2011/2124	22/11/2011
10	E33	Hindu Dharma Samudaya of Bhutan	Thimphu	DRC/TAX-A&L/EX/2010/1909	8/11/2010
11	E38	Wangchuck Jueden Tshogpa	Thimphu	DRC/TAX-A&L/EX/18(B)/199	11/7/2012
12	E39	Ugyen Pema Zangthog Pelri Choetshog	Thimphu	DRC/TAX-A&L/EX/18(B)/293	18/07/2012
13	E42	Ewam Menjong Phendey Choetshog	Paro	DRC-TAX/A&L-EX(18)B/468	1/8/2012
14	E50	Kuenzang Woesel Choling Choetshog	Thimphu	DRC-TAX/A&L-EX/18(B)/2012/1488	16/10/2012
15	E56	Semchen Tshethar Choetshog	Thimphu	DRC-TAX/A&L-EX/18(B)/2012/847	29/08/2012
16	E58	Druk Ani Zhitshog	Thimphu	DRC-TAX/A&L-EX/18(B)/2012/622	14/08/2012

17	E59	Chethuen Nangpai Zhabtog Choetshog	Mongar	DRC-TAX/A&L-EX/18(B)/2012/1012	7/9/2012
18	E60	Drolma Yoezer Khachab Ling Choetshog	Thimphu	DRC-TAX/A&L-EX/18(B)/2012/1174	19/09/2012
19	E61	Karma Dubdey Ani Gonpai Choedey	Bumthang	DRC-TAX/A&L-EX/18(B)/2012/1298	3/10/2012
20	E40	Padling Choeki Ga Tshal	Thimphu	DRC-TAX/A&L-EX/18B/2013/2776	20/02/2013
21	E44	Padtselling Jangchubpelri Sanga Dorji Thekpa Choetshog	Thimphu	DRC-TAX/A&L-EX/18B/2013/2817	1/3/2013
22	E65	Padma Sambhawa Foundation	S/Jongkhar	DRC-TAX/A&L-EX/18B/2013/3446	15/04/2013
23	E41	Dudjom Foundation	Thimphu	DRC/TAX/A&L-EX/18B/2013/3805	9/5/2013
24	E69	Sangye Migyur Ling Foundation	Phuntsholing	DRC/TAX/A&L-EX/18B/2013/90	9/7/2013
25	E27	Drodul Phendey Ling Choetshog	Gelephu	DRC/TAX-A&L/EX/18B/2013/245	24/07/2013
26	E79	Wamgoen Choetshog	Thimphu	DRC/TAX-A&L/EX/18B/2013/1574	4/11/2013
27	E80	Arya Taray Foundation	Thimphu	DRC/TAX-A&L/EX/18B/2013/1841	3/12/2013
28	E82	Pelri Pema Choling Choetshog	Thimphu	DRC/TAX- A&L/EX/18B/2014/2244	1/7/2014
29	E84	Thonphu Goenpa	S/Jongkhar	DRC/TAX- A&L/EX/18B/2014/3652	5/29/2014
30	E87	Rigde Maha Guru Choetshog	S/Jongkhar	DRC/TAX- A&L/EX/18B/2014/335	8/4/2014
31	E88	Shechen Dharma Society	Thimphu	DRC/TAX- A&L/EX/18B/2014/607	9/1/2014
32	E89	Deling Tesarling choetshog	S/Jongkhar	DRC/TAX- A&L/EX/18B/2014/886	9/26/2014
33	E90	Nyingma Foundation	Thimphu	DRC/TAX- A&L/EX/18B/2014/1264	11/10/2014
34	E93	Semchen Tshethar Tshogppa	Thimphu	DRC/TAX- A&L/EX/18B/2014/1390	12/2/2014
35	E96	Tingzin Drawai Choetshok	S/Jongkhar	DRC/TAX- A&L/EX/18B/2014/3051	2/9/2015
36	E101	Dorji Lingpa Foundation	Thimphu	DRC/TAXA&L/EX/18B/2015/486 7	6/3/2015
37	E103	Druk Khamdrak Chilkhar Sangag Chhoeling Trust	Thimphu	DRC/TAXA&L/EX/18B/2015/673	8/19/2015
38	E104	Jamgoen Foundation	Thimphu	DRC/TAXA&L/EX/18B/2015/786	8/31/2015
39	E107	Drodhuel Pema Karai Terling Choetshok	Thimphu	DRC/TAXA&L/EX/18B/2015/869	9/7/2015
40	E108	Dongag Kunzang Choeling	Thimphu	DRC/TAXA&L/EX/18B/2015/105 4	9/29/2015
41	E109	Sang-Ngag Chhoekhor Dho-Ngag Tenpaling Choetshok	Thimphu	DRC/TAXA&L/EX/18B/2015/106 6	9/29/2015
42	E112	Cheya Rashang Goendey Choetshog	Mongar	DRC/TAXA&L/EX/18B/2015/163 8	12/8/2015
43	E111	Samten Chhoezangling Choetshog	Mongar	DRC/TAXA&L/EX/18B/2015/163 9	12/8/2015
44	E110	Kadakling Choetshok	Thimphu	DRC/TAXA&L/EX/18B/2015/129 1	10/30/2015
45	E67	Samdrup Goen Choetshog	Thimphu	DRC/Tax- A&L/EX/18B/2014/2953	3/25/2014

