

## **Custom and Excise Act of the Kingdom of Bhutan 2000** under revision

### **Custom**

#### **Clearance of Imported Goods**

#### **Import License**

- Import of goods from third countries, other than those brought as bonafide baggage including unaccompanied baggage by travelers or goods brought through Posts and Courier, or those arriving directly into Bhutan by air shall require Import Licenses issued by the Ministry of Finance. (The responsibility of issuing import license will be transferred to the Department of Trade, Ministry of Trade and Industry shortly)
- Any person importing any goods other than those mentioned in (a) above into Bhutan without an Import License, or brings goods of a value, kind, quality or quantity grossly different from that specified in the Import License shall be liable to fines and penalties as per the provision laid down under Sections 10 and 16 of the General Provision of the Sales Tax, Customs and Excise Act 2000.

#### **Documentation**

Prior to the arrival of the goods, the following documents in original shall be handed over by the importer or his authorized agent, as the case may be, to the concerned Regional Revenue and Customs Office (RRCO) in Bhutan, or the Liaison and Transit Office (LTO) in Kolkata.

- Customs copy of Import License, where applicable;
- Special permits in original copy in case of restricted goods, where applicable;
- Bill of Lading/Airway Bill/ duly endorsed by the importer;
- Invoice attested by the bank through which payment has been made, where applicable;
- Packing List;
- Certificate of Origin; and
- Marine/Air/Transit insurance policy where applicable.

#### **Import Duty Exemption Certificate**

Importers exempted from payment of duties shall apply for duty exemption certificate in CD Form-I to the Department of Revenue & Customs. If the Department is satisfied with the information given in the application, import duty exemption certificate shall be issued by it. It shall be produced to the Customs authorities at the time of clearance of goods.

#### **Storage of Goods in a Departmental Warehouse**

An importer or his authorized agent shall clear the goods from the Customs within seven working days of issuance of notice by the Customs authorities of the arrival of goods. If goods are not cleared within the above grace period, storing charges as per prescribed rates, shall be levied from the date of the issue of the arrival notice.

The Customs authorities may dispose off the goods through public auction or tender. if any imported goods are not cleared from the Customs control by the importer within 90 days including holidays from the date of arrival.

## Customs Clearance

- The importer or his authorized agent shall present to the Customs authorities, the Import Declaration Form given in CD Form-III at the time of clearing the goods from the Customs.
- The Import Declaration form shall contain the full particulars of the imported goods and shall bear a declaration by the importer as to the truth of its contents, which must be supported by a duplicate copy of the shipping documents and the invoice, attested by a bank.
- Wherever necessary the Customs Officer shall carry out a physical verification of the goods.
- If satisfied with the verification, the Customs Officer shall make an order permitting clearance of the goods on realization of Customs duty and Sales tax as per the Bhutan Trade Classification, Bhutan Sales Tax Schedule and Customs Tariff and any other applicable charges.
- Where an importer has appointed a clearing agent, all correspondences and the release of goods shall be done through the concerned clearing agent.

## Agency Commission and Service Charges

Goods imported through a territory of India are cleared and transported under bond to the designated customs station in Bhutan. Goods may be cleared by the importer or by a clearing agent appointed by the importer. The following fees shall be collected by the Department as per the provision laid down under Section 37 of General Provisions of Sales Tax, Customs and Excise Acts 2000:

- Agency commission @ 1% on CIF value on goods cleared by the Department: and
- Service charge @ 0.25% on CIF value of goods cleared by the Customs clearing agents.

## Re-import of Goods

Any imported goods exported out of Bhutan shall be allowed to be re-imported free of customs duty and taxes, provided that:

- At the time of export of such articles, a declaration was made to Customs authorities in form as prescribed under Export Declaration Form given in GP Form-II, and the same is presented to the Customs for clearance on re-importation;
- The Custom Officer is satisfied that the articles are the same and have not undergone any alteration and repair; and
- Any alteration and repair of such article however, shall be liable to Customs duty and taxes on the cost of alteration and material used for repair.

## Replacement of Goods

Any goods imported on replacement of previously imported goods due to goods being defective, obsolete, damaged, or any other conditions shall be subject to levy of duty.

## Export Clearance

### Documentation

Except in case of bonafide baggage and goods exported by post, export of goods shall be permitted on presentation of following documents to the Customs.

- Export Declaration Form as prescribed GP Form-II;
- Commercial invoice;

- Packing list;
- Certificate of origin issued by the Ministry of Trade and Industry;
- Insurance documents, if any;
- Shipping bill; and
- Export license/permit.

## Declaration

The exporter of any goods shall present the Export Declaration Form (**GP Form-II**) and Shipping Bill as prescribed under **CD Form IV** duly filled up and present the same to the Customs officer. The export declaration form shall contain true and full particulars of the export goods and shall bear a declaration as to the truth of its contents.

The Customs Officer, on being satisfied with the declaration made after examination of the goods, if necessary, shall ensure the following:

- The goods are covered by license/permit, where applicable; any restricted and prohibited goods including religious artifacts such as statues, books and paintings must be accompanied by a permit for export; and
- Export duty and taxes, if any, have been paid and the goods have been sealed, he may pass an order permitting clearance of goods for export.

## Valuation

Valuation on export goods shall be on Free on Board (FOB) exit point in Bhutan.

## Re-export of Goods on Transfer of Residence

Person shifting their residence on completion of their assignment in Bhutan shall produce the goods to the Customs authorities along with a copy of the shipping bill and a packing list. The Customs Officer, after examination of goods where necessary shall seal the goods and issue permission for re-export on collection of sealing and strapping fees as mentioned in below.

## Sealing and Strapping Fees

For sealing and strapping of any goods, a containers or a vehicle, sealing and strapping fee as per the rates prescribed below shall be charged and collected by the Department:

- Plastic material Nu. 50 per package/carton up to a length 3ft, breadth 2ft and height 1ft.
- Plastic material Nu. 75 per package/carton above a length 3ft, breadth 2ft and height 1ft.
- Steel material Nu. 75 per package/carton up to a length 3ft, breadth 2ft and height 1ft.
- Steel material Nu. 100 per package/carton above a length 3ft, breadth 2ft and height 1ft.
- Container/ vehicle sealing charges Nu. 100 per seal.

## Registration of Customs Clearing Agents

### Condition to be fulfilled by an Applicant

In order to become a Customs clearing and forwarding agent, the following conditions are required to be fulfilled by the applicant:

- He shall be a Bhutanese national and shall produce a tax clearance certificate of no dues to the Royal Government.
- He shall disclose to the satisfaction of the customs authorities that he is financially viable and in support thereof he shall produce a certificate issued by a bank or such other proof acceptable to the Customs authorities.
- He shall deposit a sum of Nu. 1,00,000 in the form of bank guarantee.
- He shall be required to have thorough knowledge of relevant Customs laws, Rules & procedures as laid down in Customs Act and Rules thereto.
- He shall be required to have a furnished office with telecommunication network and computer facilities.
- The application shall be made in GP Form-III.

## **Scrutiny of an Application**

On receipt of the application, the Customs authorities may make enquiries for verification of the particulars set out in the application and also such other enquiries as the Customs authorities may deem necessary. If the Customs authorities are satisfied that the applicant fulfills the requirement of the registration, the issue of trade license/permit by the Ministry of Trade and Industry shall be recommended.

## **Registration**

- Upon issuance of a trade license/permit based on the recommendation of the Department of Revenue & Customs, the said applicant may be so registered as an authorized Customs clearing agent. The registration shall be done in GP Form-IV.
- The registration shall be valid for a period of three years. On expiry of the validity period, the Department of Revenue & Customs, may, renew the registration for a period of three years provided:
  - The performance of the authorized Clearing Agent is found to be satisfactory.
  - The authorized Clearing Agent has not violated any of the obligations specified below.

## **Obligations of Customs Clearing Agent**

An authorized Customs Clearing Agent shall

- Obtain an authorization from each of the consignees for whom it has been appointed to act as agent for clearance of goods through the Customs;
- Advise his client to comply with the provisions of the Act and in case of non-compliance, shall bring the matter to the notice of the Customs authorities;
- Not withhold information relating to assessment and clearance of imported goods communicated by any officer of Customs from a client who is entitled to such information;
- Not withhold any information relating to assessment and clearance of imported goods from the assessing officer;
- Not procure or misuse any restricted information from the Department or any other office of the Royal Government;
- Not attempt to influence the conduct of any official of Customs in any matter pending before such official or his subordinates by the use of threat, false execution, duress or offer of any special inducement or promise of advantage or by the bestowing of any gift or favour or other things of value;

- Maintain proper records and accounts in such forms and manner as may be directed by the Customs authorities and submit them for inspection whenever required and not tamper with any official documents;
- Ensure that all documents prepared or presented by him are strictly in accordance with the legal requirements and contain no false or misleading information;
- Ensure that he discharges his duties as clearing agent with integrity and efficiency both to Customs and his client;
- Enter into an agreement with the Department and comply strictly with the conditions laid down in it;
- If the goods are pilfered, lost, damaged or abandoned while in transit to Bhutan, the customs duty applicable shall be realized from the concerned clearing agent. In addition, any other liabilities payable to the Royal Government of Bhutan and the Government of India shall also be realized from them;
- Any change in the terms of Trade and Commerce Agreement between the Royal Government of Bhutan and the Government of India may automatically entail a change likewise in the terms of these conditions; and
- The clearing agent shall pay applicable customs duties, taxes, 0.25% service charge on the CIF value of goods and other charges if any and furnish the following documents for release of goods from the Customs control:
  - Importer's copy of Import license;
  - Bill of lading/airway bill;
  - Invoice attested by the bank through which payment has been made;
  - Packing list;
  - Certificate of origin;
  - Insurance policy documents;
  - Import duty exemption certificate and Bhutan Sales Tax Exemption Certificate wherever applicable; and
  - Import declaration form duly filled up in all respects.
  - Where a Bhutanese clearing agent has appointed or authorised an Indian clearing agent to clear goods in India, he shall be fully responsible for all acts of Indian clearing agents and also ensure that the Indian agent completes the following formalities:
    - Authorisation for clearance of goods in India shall be issued by the Bhutanese clearing agent to the Indian clearing agent for each consignment;
    - The authorized Indian clearing agent shall approach the Liaison & Transit Office, (LTO) or Regional Office along with the original shipping documents, original import license and a letter of authority issued by the Bhutanese clearing agent;
    - If the documents are found to be in order, the LTO or RRCO shall authorise the concerned clearing agent for clearance of goods;
    - The clearing agent shall keep the LTO or RRCO fully informed with regard to the progress in the clearance activities;
    - The clearing agent shall obtain the road documents from the LTO before the dispatch of the goods to Bhutan;
    - In case demurrages are incurred on goods, the same shall be directly settled by the clearing agent with the importer and the Department shall have no arbitration role in the dispute;
    - Wherever necessary, the clearing agent shall employ surveyors at ports to conduct surveys on the goods before they are dispatched to Bhutan;
    - The clearing agent shall produce transit insurance documents to the LTO prior to the dispatch of the goods to Bhutan;
    - All goods, which are not of a full truck load, shall be deposited either in the Bhutan Customs warehouse or in the warehouse approved by the Customs authorities of India. The clearing agents, under no circumstances, shall be permitted to store any goods in other storage place. The storage charges shall be realized from the concerned clearing agent as per the prescribed rates;

- The clearing agent shall complete the cross border formalities with the Indian Customs authorities in keeping with the Protocol to the Trade and Commerce Agreement between Royal Government of Bhutan and the Government of India; and
- The clearing agent shall submit to the Liaison and Transit Office, the road documents duly signed by the designated Customs Office in Bhutan and the Indian Customs authorities within one month from the date of clearance from the Indian Customs.

## **Forfeiture of Security Deposit**

Any violation of the above conditions or any provisions of the Customs Act and Trade and Commerce Agreement shall lead to forfeiture of the security deposit, liability for payment of duties and taxes including fines and penalties by the agent as per Chapter 4 of the General Provisions of the Bhutan sales Tax, Customs and Excise Act, 2000.

## **De-registration/Cancellation**

The Department may revoke the registration of an authorized Clearing Agent on any of the following grounds:

- failure to comply with any of the provisions of the Act and these Rules; and
- mis-conduct which renders him unfit to act as clearing agents;

Provided that no such revocation shall be made unless a notice has been issued to the authorized clearing agent informing him of the grounds.

## **Designated Customs Stations: Entry and Exit of Conveyance and Goods**

Any conveyance carrying goods or any goods entering or leaving Bhutan shall enter or leave only through the following designated Customs stations only:

### **A. Authorized Customs entry and exit points through which goods may be imported or exported between and Bhutan:**

- Regional Revenue and Customs Office, Phuentsholing
  - Phuentsholing
- Regional Revenue and Customs Office, Samtse
  - Samtse (R)
  - Gomtu (R)
  - Pugli (R)
  - Bindu (R)
  - Tashijong (R)
  - Jitti (R)
  - Hourey khola (S)
- Regional Revenue and Customs Office, Thimphu
  - Paro (Airport)
- Regional Revenue and Customs Office, Gelephu
  - Gelephu (R)
  - Sarpang (R)
  - Kalikhola (R)
  - Bhutan Ghat (S)
  - Panbang (S)

- Regional Revenue and Customs Office, Samdrup Jongkha
  - Samdrup Jongkha (R)
  - Bhangtar (R)
  - Nanglam (R)
  - Daifam (R)
  - Samrang (S)
  - Chowki (S)

Note:

R = Regular

S = Seasonal

### **B. Authorised entry and exit points in India and Bhutan for movement of goods of third country origin through Indian territories:**

<b>Bhutanese Side</b>	<b>Indian side</b>
1 Phuentsholing-	Jaigaon, West Bengal
2 Samtse-	Chamurchi, West Bengal
3 Gelephu-	Hathisar, Assam
4 Sarpang-	Ulta Pani, Assam
5 Samdrup Jongkha-	Darranga, Assam
6 Paro-	Calcutta and Delhi

#### **Other exit and entry points in India:**

1 Calcutta-	air and sea port
2 Haldia-	sea port
3 Dhubri-	riverine route (Bangladesh)
4 Raxaul-	road/rail route (Nepal)
5 Panitanki-	road route (Nepal)
6 Changrabandh-	road route (Bangladesh)
7 Delhi-	air route

### **C. The following are the interior or second Customs check posts:**

- Rinchening in Phuentsholing
- Aie Bridge/Chisao Pani in Gelephu
- Ranibagan in Sarpang
- Pinchinang in Samdrup Jongkha.

## **Operation of Customs, Public and Private Warehouses**

### **Departmental Warehouse of Customs**

- On arrival of goods in Bhutan, imported goods may be temporarily stored in a Departmental warehouse;
- No storage charges shall be levied if goods are cleared within seven days of issue of arrival notice by the Customs authorities;
- If goods are not cleared within seven days, storing charges shall be levied from the date of issuance of arrival notice as per the prescribed rates;

- Within 90 days of arrival of goods in the departmental warehouse, the owner or the importer may move the goods to the Public or Private warehouse after obtaining approval from the Customs authorities; and
- If any goods are not cleared from the departmental warehouse by the importer within 90 days including holidays from the date of arrival, the Customs authorities may dispose off the goods through public auction or tender in accordance with Rule 6 of General Provisions of these Rules.

## **Public Warehouse**

The Department may approve a public warehouse at any working station wherein dutiable or taxable goods may be deposited without payment of duty or tax. The approval shall however be subject to the fulfillment of the following conditions:

- Submission of detailed plan and description of the warehouse;
- The warehouse is secured for storing dutiable goods and there is no danger of theft, loss or deterioration of goods;
- The warehouse shall be kept under the joint lock of the Department and the private warehouse operator.

## **Private Warehouse**

The Department may also permit the storage of dutiable goods in a private warehouse of an importer at any working station in respect of which facilities for deposit in a public warehouse are not available. However, the deposit of dutiable goods in a private warehouse shall be subject to the following conditions:

- The importer or his authorised agent shall give in writing to the Customs authorities for deposit of dutiable goods in a private warehouse;
- The warehouse is secured for storing dutiable goods and there is no danger of theft, loss or deterioration of goods; and
- The importer shall furnish bond twice the value of customs duty and taxes leviable. The bond amount shall be realised if the goods are removed intentionally, by theft or due to any other reasons.

## **Control of Goods**

- All goods stored in a Public and Private warehouses shall remain under joint lock of the Department and the warehouse management;
- Entry, removal of goods, packing or re-packing, inspections, taking samples, changing container, or any other act shall be done only with the permission and supervision of the Customs Officer;
- The Customs Officer shall have access to the entire part of a warehouse and be empowered to examine the goods therein; and
- The Private warehouse shall submit monthly statements to the Customs authorities of goods warehoused and released.

## **Owner's Right to Warehoused Goods**

With the permission of the Customs Officer and on payment of prescribed fees, the owner of the goods may either before or after warehousing:

- inspect the goods;
- separate damaged or deteriorated goods from the rest;

- sort the goods or change their container for the purpose of preservation, sale, export, or disposal or transport of the goods;
- deal with the goods and their containers in such manner as may be necessary to prevent loss or deterioration or damage to the goods; or
- show the goods for sale.

## **Clearance of Warehoused Goods**

On presentation of the import declaration form and on completion of the formalities in accordance with Rule 4 of these Rules and on payment of duties, taxes, rent and any other fees, warehoused goods may be cleared by the importer or his authorized agent.

## **Transfer of Goods from one Warehouse to another**

The owner of warehoused goods may remove and transport the goods underbond from one warehouse to another with the permission of the Customs Officer. Application for movement of warehoused goods shall be made by the owner or his agent to the Customs authorities in CD Form-V.

## **Storage Period for Goods in a Public and Private Warehouse**

- Imported goods may be stored in a public and private warehouse by the importer for period of 1 year from the date of its warehousing. However, capital goods intended for export oriented unit may be warehoused for a period of five years.
- The Head of the Department may allow goods to remain in a warehouse for a period longer than as prescribed under 8 (a) above on a written request by the importer.

## **Damage or Deterioration of Goods in a Warehouse**

The Department shall not be responsible for any damage or deterioration of goods in a warehouse.

## **Disposal of Warehoused Goods**

If warehoused goods are not cleared within the period as prescribed under Rule 8.8 above, they shall be disposed off by the Department through public auction or tender as per Rule 6 of General Provisions of these Rules.

## **Import, Sale and Transfer of Vehicles**

### **Import**

- No vehicles of third country origin of any type shall be imported into Bhutan without an import license issued by the Royal Government of Bhutan.
- Import of third country vehicles, including gifts and prizes received or won abroad, will be subject to Customs duty and Sales tax.
- Privileged personnel of foreign Diplomatic Missions and International agencies, within 12 months of their arrival in Bhutan are permitted to import or acquire a vehicle locally on duty exempt basis.
- Import of vehicles on duty exempt basis by eligible civil servants including those posted abroad shall be governed by Foreign Vehicle Allotment Rules 1994 or such amendments made by the Ministry of Finance from time to time.

- Import of second hand vehicles shall not be permitted except for officials of Foreign Diplomatic Missions and International Organizations and expert who may bring in their used vehicles along with them on their transfer to Bhutan subject to re-export on repatriation as per 3 (e) below.
- Import of used vehicles by Bhutanese nationals, temporarily stationed abroad, shall be permitted, only if the following conditions are fulfilled:
  - A Bhutanese national has worked in a third country for a period of at least two years;
  - The vehicle must be procured and registered in his/her name in the country of residence at least one year prior to its importation into Bhutan; and
  - The vehicle procured abroad, is new and not second hand.
  - Duty and sales tax applicable shall be payable.

### **Sale and Transfer of Duty Exempt Vehicles**

- Transfer of ownership of vehicles (by sale or gift) imported or acquired without payment of Customs duty and taxes to non-privileged person shall be subject to payment of Customs duty, taxes and charges.
- Sale of such vehicles shall attract Customs Duty and taxes on depreciated value at the rate of 20% per annum on straight-line value method. The value for the purpose of allowing depreciation shall be the prevailing CIF value for similar vehicles less duties and taxes as charged by the dealer in the country at the time of effecting sale.
- The period for the purpose of allowing depreciation shall be from the date of registration of vehicles in Bhutan. However, for used vehicles brought into Bhutan by the privileged Bhutanese nationals on duty/tax exempt basis, the date of purchase of such vehicles by the privileged personnel in the country of residence shall be taken for the purpose of allowing depreciation. Transfer of ownership of vehicle shall be effected only on payment of duty, taxes and other charges to the Department. No new registration of new vehicles or transfer of ownership of any vehicles shall be effected by the Road Safety and Transport Authority without the clearance from the Department.
- The buyer shall be liable to pay the Customs duty and Sales tax.
- No customs duty and Sales tax shall be levied if a vehicle is sold after a period of five years from the date of its registration.

### **Disposal of tax/duty exempted Vehicles by Officials of Diplomatic Missions, International Organisations and Experts on Completion of their Assignment in Bhutan.**

- They can re-export their imported vehicles on completion of their assignment in Bhutan.
- It can be sold on duty and tax exempt basis to another privileged person serving in Bhutan, with clearance from the Department of Revenue and Customs, provided the buyer has not already imported or placed order for importation of a vehicle.
- It can be sold on duty and tax exempt basis to a Bhutanese official holding vehicle allotment quota.
- It can be sold in the open market subject to fulfillment of the conditions laid down in 2 above.
- Used vehicles brought on their posting to Bhutan shall not be permitted to be sold or transferred to any Bhutanese or privileged persons by sale or gift and shall have to be re-exported on repatriation. Such vehicles if left behind in Bhutan shall be confiscated.
- Any vehicles left behind in Bhutan on completion their assignment and not transferred to another person residing in Bhutan prior to his departure may be confiscated.

### **Vehicles of Diplomatic Missions and International Organisations**

Vehicles of the Diplomatic Missions and International organizations, if purchased by a non-privileged or is not a Government organization authorized by the Ministry of Finance shall be governed as per the rules laid out in and mentioned in Rule 2 above.

## Unauthorised Importation of Vehicles

Any third country vehicles imported without an authorization into Bhutan by any person or organization shall be confiscated without any notice.

## Transfer of foreign Vehicles Outside Bhutan

Transfer of foreign vehicle outside Bhutan by gift or sale is not permissible. A No Objection Certificate shall be issued in case of transfer of personnel of Diplomatic Missions, International Agencies and Bhutan foreign services personnel from Bhutan.

## Procedure for Movement of Goods in Transit

The owner or his authorised agent shall declare the goods to the concerned Regional Revenue and Customs Office or its authorised check post for obtaining a Transit Permit as prescribed in GP Form-VI for the movement of goods from one part of Bhutan to another through Indian territories.

- The Customs Officer, on verification of documents and examination of goods, where necessary, shall issue the Transit Permit in duplicate. If more than one vehicle is engaged for carriage of one consignment, the owner shall produce bill, invoice or consignment note separately for each vehicle. In such cases, transit permit shall be issued for each vehicle.
- On arrival of the goods to the Customs check post at the entry point in Bhutan, the owner or his authorised agent shall present both the copies of the transit permit to the Customs authorities. The Customs Officer at the Customs check post shall, if necessary, verify the documents and examine the goods before their clearance in order to ensure that the goods are the same.

## Overtime Fees

Over time service fees at the rates prescribed in table below shall be paid by the person who requests for the services of any officials of the Department of Revenue and Customs on account of whose request, the services of any officials have to be made available. These fees shall be levied for the services rendered by the officials beyond the prescribed working hours and on holidays as per the rates prescribed below and on fulfillment of the following conditions:

Grade	Fees per hour on any working days	Fees per hour on any holidays
X and Above	Nu.60	Nu.120
XI and below	Nu.40	Nu.80

- The minimum chargeable hour for the overtime service fee shall be one hour.
- Conveyance, where necessary shall be provided by the individuals requiring the services of the officials from the Department.

## Documentation Fees

Documentation fee of Nu.50 per transaction shall be charged for any work conducted beyond normal working hours.

### Free Baggage Allowance for Passengers

- Bhutanese passport holders and any other national working as a regular employee in Bhutan and resident in the country arriving with a baggage shall be permitted to bring in personal items up to the assessed value as mentioned below without payment of duties and taxes:
  - Cigarettes: 1 carton subject to **100 percent Customs Duty and 100 percent Sales Tax**
  - Spirits: 2 bottles, each bottle not larger than one litre.
  - Perfume: 1 bottle, not larger than 2 ounces.
  - Gold: 50 grams
  - Silver: 1 kilogram
  - Clothing items: Maximum of 10 pieces each of type of clothing whether stitched or unstitched and
  - Other household or personal goods including electronics and bedding shall be limited to one piece each.
  - Items of gifts and presents shall be included in the above free allowance.
- Goods exceeding the above limit shall attract customs duty, even if the value of the goods is less than US\$ 1,000.
- Gold and silver in excess of the quantity as mentioned in serial No. 1(e) and 1(f) above shall require prior permission from the Royal Monetary Authority and shall be subject to levy of Customs duty.
- Goods imported in commercial quantity shall not be covered under free baggage allowance.
- Free baggage allowance shall not be eligible to passengers below the age of 15 years.

### Free Baggage Allowance for Aircrew Members

Aircrew members on official duty shall be permitted to bring articles up to the value of US\$ 20 per trip.

### Free Baggage Allowance for Tourists

A tourist shall be allowed to import temporarily free of Customs duty his personal effects and articles reasonably required for the visit, provided that the items imported are for personal use and that the items imported will be re-exported on his leaving Bhutan.

### Article of High Value and Procedure for its Import and Re-export

A tourist shall be allowed to import articles of high value such as sound recording equipment, film projectors slides and film for demonstration, professional equipment, instrument and appliances like video recorders, provided that the tourist on his arrival shall declare all his dutiable goods in the Passenger Declaration Form prescribed in CD Form-VII and produce the same at the time of his departure. On examination, if a Customs Officer finds any of the items are missing from the declared form, such articles shall attract Customs duty and taxes at the prevailing market rate in Bhutan.

### Allowance for Cigarettes and Drinks

A tourist shall be allowed to import free from Customs duty, used articles of personal wear and regular use including cigarettes, tobacco, alcoholic drinks or a combination of these items subject to the following ceilings.

- Cigarettes: 2 cartons subject to **100 percent Customs Duty and 100 percent Sales Tax.**
- Cigars: 2 boxes or 50 pieces subject to **100 percent Customs Duty and 100 percent Sales Tax.**

- Spirits: 2 bottles, each bottle not larger than one litre.

## **Transfer of Residence**

- **Personal Effects**

A national of Bhutan who has been staying abroad for longer than 12 months, on a bonafide transfer of residence to Bhutan, shall be allowed to import his used personal household effects other than electronic items in reasonable quantity without payment of duty. All other items including electronics goods and vehicles shall be subject to customs duty and will be assessed on depreciated value @ 20% per annum on straight-line value method.

The concession available under this rule shall not be extended to more than one person in a family, unless it is proved to the satisfaction of the Customs Officer that the separate member of the family claiming these facilities was staying abroad independently and maintaining a separate residence.

- **Professional Equipment**

In case of bonafide transfer of a scientist, doctor, engineer or person engaged in any other profession, he shall be allowed to import free of Customs duty, professional equipment ordinarily required by him for his profession in addition to items mentioned in Rule 10. (a) above.

## **Baggage of Deceased Persons**

Notwithstanding the provisions of this rule, personal articles and household effects of a Bhutanese national who dies abroad shall be allowed to be imported free of Customs duty, if it is proved to the satisfaction of the Customs Officer that the goods sought to be imported are the bonafide personal goods and personal effects and were in use and possession of the deceased abroad.

## **Baggage of Foreign Privileged Persons in Bhutan**

Accompanied baggage of foreign privileged persons in Bhutan shall be treated in accordance with the provisions laid down under Rule Import and Disposal of goods by Privileged personnel of Diplomatic Missions and International Organizations of these Rules. Such baggage may not be subject to Customs examination. However, any major article exceeding US\$ 1,000 in value shall have to be declared in **CD Form-III**.

## **Landing of Unaccompanied Baggage**

- The provision of this rule shall apply to unaccompanied baggage of a passenger; provided that such baggage is shipped or dispatched from abroad within 30 days preceding or following the arrival of the passenger in Bhutan.
- The Customs authorities, on being satisfied that dispatch of the baggage beyond the period of 30 days is for any bonafide reason, may condone the period as deemed fit.

## **Unaccompanied Baggage arriving by Air**

The owner of the baggage or his authorized agent shall produce the following documents to the Liaison and Transit Office in Calcutta or the designated Customs Office in Bhutan:

- Consignment note along with a delivery order from the concerned airline.

- Packing list
- Invoice/value declared for the Customs purpose.
- Letter of authorization.
- Original passport in case of Bhutanese national and photocopy of the passport in case of foreigners in Bhutan.

## Unaccompanied Baggage arriving by Sea

Except for import license/permit, all other documents mentioned above shall be required for clearance of unaccompanied baggage arriving by sea. The consignor must be the same person as the consignee.

## Declaration

- All arriving aircrew shall declare the dutiable goods if any in their possession to the Customs authorities at the time of their arrival.
- All arriving passengers shall be liable to declare the contents of the baggage to the Customs authorities in the Passenger Declaration Form as prescribed in **CD Form-VII**.
- All arriving and departing passengers including aircrew members shall be liable to declare to Customs if they are carrying any currency exceeding amount equivalent to US\$ 5000.
- All departing passengers including aircrew members shall be required to declare any restricted goods for export along with a required permit.
- Any religious artifacts including statues, books and paintings must be stamped with the appropriate seal permitting its export.

## Foreign Post Parcel

### Exemption of Customs Duty for Post Parcels

Import of any goods as gift through a foreign post parcel up to assessed value US\$ 100 shall be exempted from the Customs duty and taxes and no import license/permit shall be necessary provided that:

- a person resident in Bhutan does not receive such gifts more than twice a year;
- such a gift does not consist of alcohol, alcohol beverages or any prohibited or restricted goods;
- such a gift is sent to a private person by or on behalf of another private person resident abroad; and
- such a gift consists only of goods for personal use and nature and quantity of the goods imported are such that it is not of commercial nature.

## Import and Disposal of Goods by the Privilege Personal of Diplomatic Missions and International Organization

### Privileges and Facilities to the Diplomatic Missions and Officials

The following diplomatic officials shall enjoy the diplomatic privileges and facilities:

- Ambassador
- Minister
- Counsellor
- First, Second and Third Secretary
- Attache

All issues relating to Diplomats shall be routed through the Ministry of Foreign Affairs, Royal Government of Bhutan.

## Diplomatic Officials-Exemption from Duties

Upon posting to a mission in Bhutan, diplomatic officials are entitled to bring duty free import as baggage or cargo subject to import license; durable and consumable household and personal effects. They are also entitled to bring on arrival or import subsequently within 12 months of their arrival one motor vehicle free from customs duties and other taxes. Only one set under each category of durable personal effects as per the under mentioned list shall be permitted to be imported free of duty as baggage or cargo and the same goods shall not be permitted to be imported for a second time during the total tenure of a diplomatic official.

- Personal and household effects shall include the following items:
  - clothing
  - furniture
  - household and kitchen appliances
  - television sets; video cassettes recorder; stereo set; camera; video camera; radio- 1 set of each
  - refrigerator and freezer - 1 No. each
  - oil or electric heater - 3 Nos.
  - vacuum cleaner - 1 No.
  - washing machine - 1 No.
  - computer, other similar items or professional equipment and gadgets in quantities not exceeding one of each
- In addition, diplomats are permitted to include in their first shipment liquor, tobacco, foodstuffs and cosmetics worth up to a maximum of US\$ 3000.
- Besides the above import privileges, the diplomatic officials are entitled to import, or purchase from the local duty free stores, free of duty, and against payment in convertible currency, items of consumable nature namely foodstuffs, medicines, liquor, tobacco, and minor household appliances as follows per annum:

	<b>Hard drinks</b>	<b>Light drinks</b>	<b>Tobacco Products</b>	<b>Household consumables</b>	<b>Total value</b>
Ambassador	US \$ 8,000	US \$ 2,000	As per requirement	As per requirement	US \$ 10,000
Minister, Counselor and 1st Secretary	US \$ 4,000	US \$ 1,000	US \$ 1,000	US \$ 3,000	US \$ 9,000
2nd,3th Secretary and other diplomats	US \$ 2,000	US \$ 500	US \$ 500	US \$ 2,000	US \$ 5,000

- If at any time imports from countries other than India are arranged through an agency of the Government of Bhutan, payment of the cost thereof shall be made in convertible currency.

## Non-Diplomatic Officials - Exemption from Customs Duty

On first arrival, non-diplomatic officials are entitled to bring as baggage or cargo subject to import license, one set of each of the durable household and personal effects free from Customs duty as given in 1.4.2(a) of these Rules. Import of household or personal effects made subsequently shall be subject to import license and levy of Customs Duty and other taxes.

## Disposal of Goods other than Motor vehicles Imported Free of Duty

Diplomatic and non diplomatic officials, on their repatriation from Bhutan may, re-export durable and consumable household and personal effects or such goods may be disposed off in Bhutan with the prior approval of the Department in the following manner:

- Durable goods may be sold free of Customs duty to:
  - a Diplomatic Mission or any other exempt organizations
  - any other exempted individuals entitled to such exemption provided that the official has not already imported free of duty or obtained import license/permit for duty free import of similar goods.
- Used consumable items with an import value of less than US\$ 500 each may be disposed of directly in open market free of duty.
- Major items other than those mentioned in (b) above with an import value more than US\$ 500, if disposed off to a non-privileged person shall be liable to customs duty. The customs duty shall be levied on the depreciated value of the items @ 20% per annum on straight-line method.

## Disposal of Vehicles Imported Free of Duty and Tax

Disposal of vehicle imported by Diplomatic Missions and their officials shall be governed by the provisions laid down under Rules on Import and Sale of Third Country Origin Vehicles.

## Administrative Responsibility

All privileges and facilities under these rules shall be extended through the concerned employing agency which shall also be responsible for ensuring full compliance of these regulations by their officials at all times. The concerned employing agency shall also inform the Department of the arrival and departure of their officials.

## Import of Firearms and Ammunition

Import of firearms and ammunition is restricted as per the Firearms Act in force.

## Privileges and Facilities to the Officials of United Nations, International Agencies and Experts

The privileges and import facilities to be accorded to the Resident Representative of the UNDP and its International staff in Bhutan, other expert assigned to Bhutan under aid Programmes of the United Nations and its agencies and international staff under bilateral agreements with foreign countries shall be governed by the following regulations:

## Exemption from Duties

Within 12 months of posting in Bhutan, they are entitled to bring as baggage or to import as cargo subject to import license, durable and consumable household and personal effects from any country of origin, free from Customs duty and other taxes. Subject to import license they are also entitled to bring on arrival, or import subsequently within 12 months of their arrival one motor vehicle free from customs duties. Only one set under each category of durable personal effects as per the under mentioned list shall be permitted to be imported free of duty as baggage or cargo and the same goods shall not be permitted to be imported for a second time during the total tenure of such privileged officials.

- Personal and household effects shall include the following items:
  - clothing

- furniture
- household and kitchen appliances
- television sets; video cassettes recorder; stereo set; camera; video camera; radio- 1 set of each
- refrigerator and freezer - 1 No. each
- oil or electric heater - 3 Nos.
- vacuum cleaner - 1 No.
- washing machine - 1 No.
- computer, other similar items or professional equipment and gadgets in quantities not exceeding one of each
- In addition, aforesaid International staff or experts are permitted to include in their first shipment liquor, tobacco, foodstuffs and cosmetics worth up to a maximum of US\$ 3000.
- Besides the above import privileges, International staff and experts are entitled to import, or purchase from the local duty free stores, free of duty, and against payment in convertible currency, items of consumable nature namely foodstuffs, medicines, liquor, tobacco, and minor household appliances as follows per annum:

	<b>Hard drinks</b>	<b>Light drinks</b>	<b>Tobacco Products</b>	<b>Household consumables</b>	<b>Total value</b>
UNDP Resident Representative	US \$ 8,000	US \$ 2,000	As per requirement	As per requirement	US \$ 10,000
Other International Agency Heads	US \$ 4,000	US \$ 1,000	US \$ 1,000	US \$ 3,000	US \$ 9,000
UN Officials and Other experts	US \$ 2,000	US \$ 500	US \$ 500	US \$ 2,000	US \$ 5,000

### **Disposal of Goods other than Motor vehicles Imported Free of Duty**

Privileged persons, on their repatriation from Bhutan may, re-export durable and consumable household and personal effects or such goods may be disposed off in Bhutan with the prior approval of the Department in the following manner:

- Durable goods may be sold free of Customs duty to:
  - An international organisation or any other exempt organizations
  - any other exempted individuals entitled to such exemption provided that the official has not already imported free of duty or obtained import license/permit for duty free import of similar goods.
- Used consumable items with an import value of less than US\$ 500 each may be disposed of directly in open market free of duty.

Major items other than those mentioned in (b) above with an import value more than US\$ 500, if disposed off to a non-privileged person shall be liable to customs duty. The customs duty shall be levied on the depreciated value of the items @ 20% per annum on straight-line method.

### **Disposal of Vehicles Imported Free of Duty and Tax**

Disposal of vehicle imported by International Organizations and their privileged officials shall be governed by the provisions laid down under Rules on Import and Sale of Third Country Origin Vehicles.

### **Administrative Responsibility**

All privileges and facilities under these rules shall be extended through the concerned employing agency which shall also be responsible to ensure full compliance of these regulations by their officials at all times. The concerned employing agency shall also inform the Department of the arrival and departure of their officials.

## **Import of Firearms and Ammunitions**

Import of Firearms and ammunitions is restricted as per the Firearms Act in force.

## **Privileges and Facilities to the International Voluntary Organizations Assigned to Bhutan**

The following privileges and facilities shall be accorded to members of International Voluntary Organisations unless specified otherwise:

### **Consumable and Household Effects**

During the period of first 12 months of assignment the volunteers assigned to Bhutan are permitted to import free of duty their personal and household effects subject to import License.

- Personal and household effects shall include the following items:
  - clothing
  - furniture
  - household and kitchen appliances
  - television sets; video cassettes recorder; stereo set; camera; video camera; radio- 1 set of each
  - refrigerator and freezer - 1 No. each
  - oil or electric heater - 3 Nos.
  - vacuum cleaner - 1 No.
  - washing machine - 1 No.
  - computer, other similar items or professional equipment and gadgets in quantities not exceeding one of each
- In addition the aforesaid volunteers are permitted to include in their first shipment, liquor, tobacco, foodstuffs and cosmetics worth up to a maximum of US\$ 3,000.
- Besides the import privileges, members of International Voluntary Organisations are entitled to purchase from the local duty free stores, free of duty, and against payment in convertible currency, items of consumable nature namely foodstuffs, medicines, liquor, tobacco, cosmetics, books, and periodicals, toilet and articles, minor household appliances, etc. during their tenure in Bhutan subject to limits prescribed under Rule 1.8.1 of these Rules for civil servants on a calendar year basis:
- Volunteers who are paid in local currency may purchase the above items in equivalent local currency from the local duty free store.

### **Disposal of Goods Imported Free of Duty**

Volunteers, on their repatriation from Bhutan may, re-export durable and consumable household and personal effects or such goods may be disposed with the prior approval of the Department in the manner as laid down in Rule 1.4.4 of these Rules.

### **Administrative Responsibility**

All privileges and facilities under these rules shall be extended through the concerned employing agency which shall also be responsible to ensure full compliance of these regulations by their officials at all times.

The concerned employing agency shall also inform the Department of the arrival and departure of their officials.

## Import of Firearms and Ammunitions

Import of Firearms and ammunitions is restricted as per the Firearms Act in force.

### Import of Goods on Behalf of an Exempt Organization

In case of import by an importer on behalf of an exempt organisation, import license shall be issued in the name of the importer and the importer shall pay the customs duty at the time of import. However in cases where the import duty exemption certificate is produced by the importer, goods may be released on duty exempt basis. In cases where the Customs duty has already been paid at the time of import, the customs duty so paid shall be refunded to the exempt organisation on fulfilment of the following procedures:

- Applications for customs duty refund must be submitted to the Department as per GP Form- I.
- Refund claims shall be made only by an exempt organisation and not by the importer.
- Claims must be made within 6 months from the date of payment of customs duty. Claims after the expiry of 6 months from the payment of customs duty shall not be entertained.
- Claims must be routed through the concerned RRCO where the customs duty was originally paid.
- All claims must be accompanied by Import Declaration Form CD Form-III, import duty exemption Certificate CD Form-II, relevant bills, invoices and revenue receipts proving that customs duty has been paid at the time of import.
- The concerned RRCO shall verify the claims and confirm whether the duty amount has been deposited with the RGR account or not before forwarding the claims to the DRCHO for payment.
- The DRCHQ shall make refund payment directly to an exempt organisation in their account.

### Restricted and Prohibited Goods

#### Import restriction

The import of following categories of goods into Bhutan are restricted and application for license to import these goods shall be accompanied by a special permission [ in original ] issued by the concerned agency listed against the categories of goods :

	<b>Restricted goods</b>	<b>Responsible Agencies</b>
1	Arms & ammunition	Royal Bhutan Army
2	Explosives and explosive devices	Ministry of Home Affairs
3	Live animals and their products or by products	Ministry of Agriculture
4	Plant and plant materials	Ministry of Agriculture
5	Industrial and toxic wastes and residues	National Environment Commission/Ministry of Trade & Industry
6	Wireless and remote sensing tele- communication and broadcasting equipment	Ministry of Communication

7	Scraps as notified by the National Environment Commission Secretariat	National Environment Commission
8	Used or second hand goods, vehicles, machinery and equipment	Ministry of Trade & Industry
9	Any other goods which do not have market in Bhutan	Ministry of Trade & Industry
10	Drugs & pharmaceutical products	Ministry of Health & Education/ Ministry of Agriculture [in case of import of narcotics & psychotropic substances, the Department of Revenue & Customs shall issue import permits based on the recommendation of the Health Department.]
11	Chemical and fertilizers	Ministry of Agriculture
12	Plastic packing materials	Ministry of Trade & Industry
13	Gold & silver in excess of free baggage allowance	Royal Monetary Authority of Bhutan
14	Any other goods which are restricted by any other laws and regulations in force	Ministry of Trade & Industry

## Import prohibitions

The import of following goods into Bhutan shall be prohibited.

- Narcotics and psychotropic drugs and substances;
- Pornographic materials; and
- Any other goods which are prohibited by any laws or international conventions or treaties to which Bhutan is a signatory.

## Export prohibitions

The export of following shall be prohibited.

- Animals and plants classified as endangered species and their parts and products;
- Antiques such as zee, religious artifacts and any other items as notified by the Royal Government;
- Narcotics and psychotropic drugs and substances; and
- Any other goods which are prohibited by any other laws in force.

## Detention, Seizure and Confiscation

### Detention

- Where goods liable for tax or duty are incorrectly declared or the value of the goods under-invoiced, such goods may be liable for detention.
- Where an officer of the Department has reason to believe that the goods have been illegally imported or exported, the officer shall have the power to detain the goods for further inquiry.

## **Seizure**

- Restricted and prohibited goods, or goods imported, exported or sold without prescribed documents, permit or pass, shall be seized or confiscated.
- Where taxable, dutiable, restricted or prohibited goods are unloaded or attempted to be unloaded without authorization, or removed from an area or a warehouse without permission, goods shall be considered illegal and seized or confiscated.
- Where a person or entity fails to produce documentary evidence for the taxes and duties paid thereof, the officer of the Department shall seize such goods.

## **Confiscation**

- Goods requiring import licenses or permits shall be confiscated if imported without required import licenses or permits.
- Any goods imported, exported or sold contrary to the restrictions or prohibition under this Act shall be liable for confiscation.
- A conveyance shall be confiscated on the commission of following offences:
- Concealment and smuggling of goods; or
- Goods liable for seizure or confiscation are thrown from the conveyance or refusing to stop when asked.
- Goods detained, seized or confiscated may include any documents, records or articles relevant to an enquiry.

## **Fines and Penalties**

Fines and penalties shall be levied in the following manner:

### **Late payment of tax**

A penal interest at the rate of 24% per annum on the amount of tax due in addition to the tax in arrears shall be imposed to the assessee on failure to pay Sales Tax, Customs & Excise duty due payable to the Government.

### **Failure to maintain books of accounts and documents**

Depending on the size and nature of the business, a fine ranging from Nu.1000 to Nu.100,000 shall be imposed for failure to maintain books of accounts, documents or furnish information as may be required by the Government.

### **Failure to comply with the notice**

A fine of Nu.500 to Nu.5,000 for each default shall be imposed for failure to comply with the notice issued by the Department to furnish evidence and produce books of accounts or any other documents.

### **Collecting agent**

Collecting agent responsible for the collection and remittance of Sales Tax, Customs and Excise duty shall be liable for penalties as follows-

- Failure to collect the whole or part of tax or duty as required under this Act shall pay a penal interest at the rate of 24 per cent per annum on the amount due in addition to the tax or duty in arrears; and
- Failure to deposit the tax or duty collected as required under this Act, shall pay penal interest at the rate of 24 per cent per annum from the due date it is required to be deposited in addition to the tax or duty in arrears.

### **Under-invoicing, non-declaration or concealment etc.**

A fine of 50 per cent of the value of the goods in addition to the amount of Sales Tax, Customs and Excise duty shall be imposed for the commission of following offences:

- Under-invoicing or non-declaration of either the value or quantity of goods or services sold in case of sales tax;
- Non-declaration, mis-declaration or concealment of goods;
- Misuse of tax or duty exemption; or
- Misuse of any permits.

### **Prosecutions**

Notwithstanding the provision of fines and penalties under this Act, the offender shall be liable for a term of imprisonment ranging from 3 months to 6 years for the commission of following offences-

- Dealing with seized assets in contravention of the order made by the Department;
- Smuggling of contraband if not specified in any other laws;
- Willful act or omission to collect tax or duty at source or pay tax or duty to the Government;
- Willful act or omission to produce books of accounts and documents;
- Making a false statement or deliver a false account; or
- Abet or attempt to abet any offence under the provisions of this Act.

## **Settlement of Disputes and Appeals**

### **Appeal**

- A person or business entity may appeal an assessment of Sales Tax, Customs or Excise duty or any other decision passed by an officer of the Department.
- Filing an appeal against an assessment, does not postpone the date for depositing the Sales Tax or duty.
- An appeal shall be admitted only if the undisputed part of the Sales Tax or duty has been deposited.
- Where the order in appeal does not reverse or the appeal is otherwise unsuccessful, the appellant shall be liable for the disputed amount along with the penal interest of 24 per cent per annum from the due date.

### **Appeal procedure**

- The Appeal shall be filed before the Appeal Committee within 30 days from the date of the issue of demand notice or seizure notice.

- The Appeal Committee at the Regional Office shall pass its decision within 30 days from the date of filing an appeal.
- Where an Appeal Committee fails or does not pass a decision within 30 days of filing an appeal, a person or entity may appeal to the Appeal Committee at the Head Office.
- The decision of the Appeal Committee of the Regional Office may be appealed to the Appeal Committee at the Head Office within 30 days from the date of a decision has been passed.
- The Appeal Committee at the Head Office shall pass its decision within 60 days from the date of filing an appeal.
- Where an Appeal Committee fails or does not pass a decision within 60 days of filing an appeal, a person or entity may appeal to the Appeal Board.
- The decision of the Appeal Committee of the Head Office may be appealed to the Appeal Board within 60 days from the date a decision has been passed.
- The Appeal Board shall pass its decision within 60 days from the date of filing an appeal.
- The decision of the Appeal Board may be appealed to the Court of Law within 30 days from the date a decision has been passed.
- Where an Appeal Board fails or does not pass a decision within 60 days of filing an appeal, a person or entity may appeal to the Court of Law.
- Any decisions passed thereto by the Appeal committee or the Board shall be in writing.

### **Appeal to the Courts**

- Nothing in the provisions of appeal under this Act shall bar a person from filing an appeal to the Court of Law.

**NOTE: Publications on Sales Tax, Customs and Excise Act and Rules are available for sale in all Regional Revenue and Customs Offices.**

## Clearance of Imported Goods

### Import License

- Import of goods from third countries, other than those brought as bonafide baggage including unaccompanied baggage by travelers or goods brought through Posts and Courier, or those arriving directly into Bhutan by air shall require Import Licenses issued by the Ministry of Finance. (The responsibility of issuing import license will be transferred to the Department of Trade, Ministry of Trade and Industry shortly)
- Any person importing any goods other than those mentioned in (a) above into Bhutan without an Import License, or brings goods of a value, kind, quality or quantity grossly different from that specified in the Import License shall be liable to fines and penalties as per the provision laid down under Sections 10 and 16 of the General Provision of the Sales Tax, Customs and Excise Act 2000.

### Documentation

Prior to the arrival of the goods, the following documents in original shall be handed over by the importer or his authorized agent, as the case may be, to the concerned Regional Revenue and Customs Office (RRCO) in Bhutan, or the Liaison and Transit Office (LTO) in Kolkata.

- Customs copy of Import License, where applicable;
- Special permits in original copy in case of restricted goods, where applicable;
- Bill of Lading/Airway Bill/ duly endorsed by the importer;
- Invoice attested by the bank through which payment has been made, where applicable;
- Packing List;
- Certificate of Origin; and
- Marine/Air/Transit insurance policy where applicable.

### Import Duty Exemption Certificate

Importers exempted from payment of duties shall apply for duty exemption certificate in CD Form-I to the Department of Revenue & Customs. If the Department is satisfied with the information given in the application, import duty exemption certificate shall be issued by it. It shall be produced to the Customs authorities at the time of clearance of goods.

### Storage of Goods in a Departmental Warehouse

An importer or his authorized agent shall clear the goods from the Customs within seven working days of issuance of notice by the Customs authorities of the arrival of goods. If goods are not cleared within the above grace period, storing charges as per prescribed rates, shall be levied from the date of the issue of the arrival notice.

The Customs authorities may dispose off the goods through public auction or tender. If any imported goods are not cleared from the Customs control by the importer within 90 days including holidays from the date of arrival.

### Customs Clearance

- The importer or his authorized agent shall present to the Customs authorities, the Import Declaration Form given in CD Form-III at the time of clearing the goods from the Customs.

- The Import Declaration form shall contain the full particulars of the imported goods and shall bear a declaration by the importer as to the truth of its contents, which must be supported by a duplicate copy of the shipping documents and the invoice, attested by a bank.
- Wherever necessary the Customs Officer shall carry out a physical verification of the goods.
- If satisfied with the verification, the Customs Officer shall make an order permitting clearance of the goods on realization of Customs duty and Sales tax as per the Bhutan Trade Classification, Bhutan Sales Tax Schedule and Customs Tariff and any other applicable charges.
- Where an importer has appointed a clearing agent, all correspondences and the release of goods shall be done through the concerned clearing agent.

## Agency Commission and Service Charges

Goods imported through a territory of India are cleared and transported under bond to the designated customs station in Bhutan. Goods may be cleared by the importer or by a clearing agent appointed by the importer. The following fees shall be collected by the Department as per the provision laid down under Section 37 of General Provisions of Sales Tax, Customs and Excise Acts 2000:

- Agency commission @ 1% on CIF value on goods cleared by the Department: and
- Service charge @ 0.25% on CIF value of goods cleared by the Customs clearing agents.

## Re-import of Goods

Any imported goods exported out of Bhutan shall be allowed to be re-imported free of customs duty and taxes, provided that:

- At the time of export of such articles, a declaration was made to Customs authorities in form as prescribed under Export Declaration Form given in GP Form-II, and the same is presented to the Customs for clearance on re-importation;
- The Custom Officer is satisfied that the articles are the same and have not undergone any alteration and repair; and
- Any alteration and repair of such article however, shall be liable to Customs duty and taxes on the cost of alteration and material used for repair.

## Replacement of Goods

Any goods imported on replacement of previously imported goods due to goods being defective, obsolete, damaged, or any other conditions shall be subject to levy of duty.

## Export Clearance

### Documentation

Except in case of bonafide baggage and goods exported by post, export of goods shall be permitted on presentation of following documents to the Customs.

- Export Declaration Form as prescribed GP Form-II;
- Commercial invoice;
- Packing list;
- Certificate of origin issued by the Ministry of Trade and Industry;
- Insurance documents, if any;
- Shipping bill; and

- Export license/permit.

## Declaration

The exporter of any goods shall present the Export Declaration Form (**GP Form-II**) and Shipping Bill as prescribed under **CD Form IV** duly filled up and present the same to the Customs officer. The export declaration form shall contain true and full particulars of the export goods and shall bear a declaration as to the truth of its contents.

The Customs Officer, on being satisfied with the declaration made after examination of the goods, if necessary, shall ensure the following:

- The goods are covered by license/permit, where applicable; any restricted and prohibited goods including religious artifacts such as statues, books and paintings must be accompanied by a permit for export; and
- Export duty and taxes, if any, have been paid and the goods have been sealed, he may pass an order permitting clearance of goods for export.

## Valuation

Valuation on export goods shall be on Free on Board (FOB) exit point in Bhutan.

## Re-export of Goods on Transfer of Residence

Person shifting their residence on completion of their assignment in Bhutan shall produce the goods to the Customs authorities along with a copy of the shipping bill and a packing list. The Customs Officer, after examination of goods where necessary shall seal the goods and issue permission for re-export on collection of sealing and strapping fees as mentioned in below.

## Sealing and Strapping Fees

For sealing and strapping of any goods, a containers or a vehicle, sealing and strapping fee as per the rates prescribed below shall be charged and collected by the Department:

- Plastic material Nu. 50 per package/carton up to a length 3ft, breadth 2ft and height 1ft.
- Plastic material Nu. 75 per package/carton above a length 3ft, breadth 2ft and height 1ft.
- Steel material Nu. 75 per package/carton up to a length 3ft, breadth 2ft and height 1ft.
- Steel material Nu. 100 per package/carton above a length 3ft, breadth 2ft and height 1ft.
- Container/ vehicle sealing charges Nu. 100 per seal.

## Registration of Customs Clearing Agents

### Condition to be fulfilled by an Applicant

In order to become a Customs clearing and forwarding agent, the following conditions are required to be fulfilled by the applicant:

- He shall be a Bhutanese national and shall produce a tax clearance certificate of no dues to the Royal Government.
- He shall disclose to the satisfaction of the customs authorities that he is financially viable and in

support thereof he shall produce a certificate issued by a bank or such other proof acceptable to the Customs authorities.

- He shall deposit a sum of Nu. 1,00,000 in the form of bank guarantee.
- He shall be required to have thorough knowledge of relevant Customs laws, Rules & procedures as laid down in Customs Act and Rules thereto.
- He shall be required to have a furnished office with telecommunication network and computer facilities.
- The application shall be made in GP Form-III.

## Scrutiny of an Application

On receipt of the application, the Customs authorities may make enquiries for verification of the particulars set out in the application and also such other enquiries as the Customs authorities may deem necessary. If the Customs authorities are satisfied that the applicant fulfills the requirement of the registration, the issue of trade license/permit by the Ministry of Trade and Industry shall be recommended.

## Registration

- Upon issuance of a trade license/permit based on the recommendation of the Department of Revenue & Customs, the said applicant may be so registered as an authorized Customs clearing agent. The registration shall be done in GP Form-IV.
- The registration shall be valid for a period of three years. On expiry of the validity period, the Department of Revenue & Customs, may, renew the registration for a period of three years provided:
  - The performance of the authorized Clearing Agent is found to be satisfactory.
  - The authorized Clearing Agent has not violated any of the obligations specified below.

## Obligations of Customs Clearing Agent

An authorized Customs Clearing Agent shall

- Obtain an authorization from each of the consignees for whom it has been appointed to act as agent for clearance of goods through the Customs;
- Advise his client to comply with the provisions of the Act and in case of non-compliance, shall bring the matter to the notice of the Customs authorities;
- Not withhold information relating to assessment and clearance of imported goods communicated by any officer of Customs from a client who is entitled to such information;
- Not withhold any information relating to assessment and clearance of imported goods from the assessing officer;
- Not procure or misuse any restricted information from the Department or any other office of the Royal Government;
- Not attempt to influence the conduct of any official of Customs in any matter pending before such official or his subordinates by the use of threat, false execution, duress or offer of any special inducement or promise of advantage or by the bestowing of any gift or favour or other things of value;
- Maintain proper records and accounts in such forms and manner as may be directed by the Customs authorities and submit them for inspection whenever required and not tamper with any official documents;
- Ensure that all documents prepared or presented by him are strictly in accordance with the legal requirements and contain no false or misleading information;
- Ensure that he discharges his duties as clearing agent with integrity and efficiency both to

Customs and his client;

- Enter into an agreement with the Department and comply strictly with the conditions laid down in it;
- If the goods are pilfered, lost, damaged or abandoned while in transit to Bhutan, the customs duty applicable shall be realized from the concerned clearing agent. In addition, any other liabilities payable to the Royal Government of Bhutan and the Government of India shall also be realized from them;
- Any change in the terms of Trade and Commerce Agreement between the Royal Government of Bhutan and the Government of India may automatically entail a change likewise in the terms of these conditions; and
- The clearing agent shall pay applicable customs duties, taxes, 0.25% service charge on the CIF value of goods and other charges if any and furnish the following documents for release of goods from the Customs control:
  - Importer's copy of Import license;
  - Bill of lading/airway bill;
  - Invoice attested by the bank through which payment has been made;
  - Packing list;
  - Certificate of origin;
  - Insurance policy documents;
  - Import duty exemption certificate and Bhutan Sales Tax Exemption Certificate wherever applicable; and
  - Import declaration form duly filled up in all respects.
  - Where a Bhutanese clearing agent has appointed or authorised an Indian clearing agent to clear goods in India, he shall be fully responsible for all acts of Indian clearing agents and also ensure that the Indian agent completes the following formalities:
    - Authorisation for clearance of goods in India shall be issued by the Bhutanese clearing agent to the Indian clearing agent for each consignment;
    - The authorized Indian clearing agent shall approach the Liaison & Transit Office, (LTO) or Regional Office along with the original shipping documents, original import license and a letter of authority issued by the Bhutanese clearing agent;
    - If the documents are found to be in order, the LTO or RRCO shall authorise the concerned clearing agent for clearance of goods;
    - The clearing agent shall keep the LTO or RRCO fully informed with regard to the progress in the clearance activities;
    - The clearing agent shall obtain the road documents from the LTO before the dispatch of the goods to Bhutan;
    - In case demurrages are incurred on goods, the same shall be directly settled by the clearing agent with the importer and the Department shall have no arbitration role in the dispute;
    - Wherever necessary, the clearing agent shall employ surveyors at ports to conduct surveys on the goods before they are dispatched to Bhutan;
    - The clearing agent shall produce transit insurance documents to the LTO prior to the dispatch of the goods to Bhutan;
    - All goods, which are not of a full truck load, shall be deposited either in the Bhutan Customs warehouse or in the warehouse approved by the Customs authorities of India. The clearing agents, under no circumstances, shall be permitted to store any goods in other storage place. The storage charges shall be realized from the concerned clearing agent as per the prescribed rates;
    - The clearing agent shall complete the cross border formalities with the Indian Customs authorities in keeping with the Protocol to the Trade and Commerce Agreement between Royal Government of Bhutan and the Government of India; and
    - The clearing agent shall submit to the Liaison and Transit Office, the road documents duly signed by the designated Customs Office in Bhutan and the Indian Customs authorities within one month from the date of clearance from the

Indian Customs.

## **Forfeiture of Security Deposit**

Any violation of the above conditions or any provisions of the Customs Act and Trade and Commerce Agreement shall lead to forfeiture of the security deposit, liability for payment of duties and taxes including fines and penalties by the agent as per Chapter 4 of the General Provisions of the Bhutan sales Tax, Customs and Excise Act, 2000.

## **De-registration/Cancellation**

The Department may revoke the registration of an authorized Clearing Agent on any of the following grounds:

- failure to comply with any of the provisions of the Act and these Rules; and
- mis-conduct which renders him unfit to act as clearing agents;

Provided that no such revocation shall be made unless a notice has been issued to the authorized clearing agent informing him of the grounds.

## **Designated Customs Stations: Entry and Exit of Conveyance and Goods**

Any conveyance carrying goods or any goods entering or leaving Bhutan shall enter or leave only through the following designated Customs stations only:

### **A. Authorized Customs entry and exit points through which goods may be imported or exported between and Bhutan:**

- Regional Revenue and Customs Office, Phuentsholing
  - Phuentsholing
- Regional Revenue and Customs Office, Samtse
  - Samtse (R)
  - Gomtu (R)
  - Pugli (R)
  - Bindu (R)
  - Tashijong (R)
  - Jitti (R)
  - Hourey khola (S)
- Regional Revenue and Customs Office, Thimphu
  - Paro (Airport)
- Regional Revenue and Customs Office, Gelephu
  - Gelephu (R)
  - Sarpang (R)
  - Kalikhola (R)
  - Bhutan Ghat (S)
  - Panbang (S)
- Regional Revenue and Customs Office, Samdrup Jongkha
  - Samdrup Jongkha (R)
  - Bhangtar (R)
  - Nanglam (R)
  - Daifam (R)
  - Samrang (S)

- Chowki (S)

Note:

R = Regular

S = Seasonal

### **B. Authorised entry and exit points in India and Bhutan for movement of goods of third country origin through Indian territories:**

<b>Bhutanese Side</b>	<b>Indian side</b>
1 Phuentsholing-	Jaigaon, West Bengal
2 Samtse-	Chamurchi, West Bengal
3 Gelephu-	Hathisar, Assam
4 Sarpang-	Ulta Pani, Assam
5 Samdrup Jongkha-	Darranga, Assam
6 Paro-	Calcutta and Delhi

#### **Other exit and entry points in India:**

1 Calcutta-	air and sea port
2 Haldia-	sea port
3 Dhubri-	riverine route (Bangladesh)
4 Raxaul-	road/rail route (Nepal)
5 Panitanki-	road route (Nepal)
6 Changrabandh-	road route (Bangladesh)
7 Delhi-	air route

### **C. The following are the interior or second Customs check posts:**

- Rinchening in Phuentsholing
- Aie Bridge/Chisao Pani in Gelephu
- Ranibagan in Sarpang
- Pinchinang in Samdrup Jongkha.

## **Operation of Customs, Public and Private Warehouses**

### **Departmental Warehouse of Customs**

- On arrival of goods in Bhutan, imported goods may be temporarily stored in a Departmental warehouse;
- No storage charges shall be levied if goods are cleared within seven days of issue of arrival notice by the Customs authorities;
- If goods are not cleared within seven days, storing charges shall be levied from the date of issuance of arrival notice as per the prescribed rates;
- Within 90 days of arrival of goods in the departmental warehouse, the owner or the importer may move the goods to the Public or Private warehouse after obtaining approval from the Customs authorities; and
- If any goods are not cleared from the departmental warehouse by the importer within 90 days including holidays from the date of arrival, the Customs authorities may dispose off the goods through public auction or tender in accordance with Rule 6 of General Provisions of these Rules.

## Public Warehouse

The Department may approve a public warehouse at any working station wherein dutiable or taxable goods may be deposited without payment of duty or tax. The approval shall however be subject to the fulfillment of the following conditions:

- Submission of detailed plan and description of the warehouse;
- The warehouse is secured for storing dutiable goods and there is no danger of theft, loss or deterioration of goods;
- The warehouse shall be kept under the joint lock of the Department and the private warehouse operator.

## Private Warehouse

The Department may also permit the storage of dutiable goods in a private warehouse of an importer at any working station in respect of which facilities for deposit in a public warehouse are not available. However, the deposit of dutiable goods in a private warehouse shall be subject to the following conditions:

- The importer or his authorised agent shall give in writing to the Customs authorities for deposit of dutiable goods in a private warehouse;
- The warehouse is secured for storing dutiable goods and there is no danger of theft, loss or deterioration of goods; and
- The importer shall furnish bond twice the value of customs duty and taxes leviable. The bond amount shall be realised if the goods are removed intentionally, by theft or due to any other reasons.

## Control of Goods

- All goods stored in a Public and Private warehouses shall remain under joint lock of the Department and the warehouse management;
- Entry, removal of goods, packing or re-packing, inspections, taking samples, changing container, or any other act shall be done only with the permission and supervision of the Customs Officer;
- The Customs Officer shall have access to the entire part of a warehouse and be empowered to examine the goods therein; and
- The Private warehouse shall submit monthly statements to the Customs authorities of goods warehoused and released.

## Owner's Right to Warehoused Goods

With the permission of the Customs Officer and on payment of prescribed fees, the owner of the goods may either before or after warehousing:

- inspect the goods;
- separate damaged or deteriorated goods from the rest;
- sort the goods or change their container for the purpose of preservation, sale, export, or disposal or transport of the goods;
- deal with the goods and their containers in such manner as may be necessary to prevent loss or deterioration or damage to the goods; or
- show the goods for sale.

## Clearance of Warehoused Goods

On presentation of the import declaration form and on completion of the formalities in accordance with Rule 4 of these Rules and on payment of duties, taxes, rent and any other fees, warehoused goods may be cleared by the importer or his authorized agent.

## Transfer of Goods from one Warehouse to another

The owner of warehoused goods may remove and transport the goods underbond from one warehouse to another with the permission of the Customs Officer. Application for movement of warehoused goods shall be made by the owner or his agent to the Customs authorities in CD Form-V.

## Storage Period for Goods in a Public and Private Warehouse

- Imported goods may be stored in a public and private warehouse by the importer for period of 1 year from the date of its warehousing. However, capital goods intended for export oriented unit may be warehoused for a period of five years.
- The Head of the Department may allow goods to remain in a warehouse for a period longer than as prescribed under 8 (a) above on a written request by the importer.

## Damage or Deterioration of Goods in a Warehouse

The Department shall not be responsible for any damage or deterioration of goods in a warehouse.

## Disposal of Warehoused Goods

If warehoused goods are not cleared within the period as prescribed under Rule 8.8 above, they shall be disposed off by the Department through public auction or tender as per Rule 6 of General Provisions of these Rules.

## Import, Sale and Transfer of Vehicles

### Import

- No vehicles of third country origin of any type shall be imported into Bhutan without an import license issued by the Royal Government of Bhutan.
- Import of third country vehicles, including gifts and prizes received or won abroad, will be subject to Customs duty and Sales tax.
- Privileged personnel of foreign Diplomatic Missions and International agencies, within 12 months of their arrival in Bhutan are permitted to import or acquire a vehicle locally on duty exempt basis.
- Import of vehicles on duty exempt basis by eligible civil servants including those posted abroad shall be governed by Foreign Vehicle Allotment Rules 1994 or such amendments made by the Ministry of Finance from time to time.
- Import of second hand vehicles shall not be permitted except for officials of Foreign Diplomatic Missions and International Organizations and expert who may bring in their used vehicles along with them on their transfer to Bhutan subject to re-export on repatriation as per 3 (e) below.
- Import of used vehicles by Bhutanese nationals, temporarily stationed abroad, shall be permitted, only if the following conditions are fulfilled:
  - A Bhutanese national has worked in a third country for a period of at least two years;
  - The vehicle must be procured and registered in his/her name in the country of residence at least one year prior to its importation into Bhutan; and

- The vehicle procured abroad, is new and not second hand.
- Duty and sales tax applicable shall be payable.

### **Sale and Transfer of Duty Exempt Vehicles**

- Transfer of ownership of vehicles (by sale or gift) imported or acquired without payment of Customs duty and taxes to non-privileged person shall be subject to payment of Customs duty, taxes and charges.
- Sale of such vehicles shall attract Customs Duty and taxes on depreciated value at the rate of 20% per annum on straight-line value method. The value for the purpose of allowing depreciation shall be the prevailing CIF value for similar vehicles less duties and taxes as charged by the dealer in the country at the time of effecting sale.
- The period for the purpose of allowing depreciation shall be from the date of registration of vehicles in Bhutan. However, for used vehicles brought into Bhutan by the privileged Bhutanese nationals on duty/tax exempt basis, the date of purchase of such vehicles by the privileged personnel in the country of residence shall be taken for the purpose of allowing depreciation. Transfer of ownership of vehicle shall be effected only on payment of duty, taxes and other charges to the Department. No new registration of new vehicles or transfer of ownership of any vehicles shall be effected by the Road Safety and Transport Authority without the clearance from the Department.
- The buyer shall be liable to pay the Customs duty and Sales tax.
- No customs duty and Sales tax shall be levied if a vehicle is sold after a period of five years from the date of its registration.

### **Disposal of tax/duty exempted Vehicles by Officials of Diplomatic Missions, International Organisations and Experts on Completion of their Assignment in Bhutan.**

- They can re-export their imported vehicles on completion of their assignment in Bhutan.
- It can be sold on duty and tax exempt basis to another privileged person serving in Bhutan, with clearance from the Department of Revenue and Customs, provided the buyer has not already imported or placed order for importation of a vehicle.
- It can be sold on duty and tax exempt basis to a Bhutanese official holding vehicle allotment quota.
- It can be sold in the open market subject to fulfillment of the conditions laid down in 2 above.
- Used vehicles brought on their posting to Bhutan shall not be permitted to be sold or transferred to any Bhutanese or privileged persons by sale or gift and shall have to be re-exported on repatriation. Such vehicles if left behind in Bhutan shall be confiscated.
- Any vehicles left behind in Bhutan on completion their assignment and not transferred to another person residing in Bhutan prior to his departure may be confiscated.

### **Vehicles of Diplomatic Missions and International Organisations**

Vehicles of the Diplomatic Missions and International organizations, if purchased by a non-privileged or is not a Government organization authorized by the Ministry of Finance shall be governed as per the rules laid out in and mentioned in Rule 2 above.

### **Unauthorised Importation of Vehicles**

Any third country vehicles imported without an authorization into Bhutan by any person or organization shall be confiscated without any notice.

## Transfer of foreign Vehicles Outside Bhutan

Transfer of foreign vehicle outside Bhutan by gift or sale is not permissible. A No Objection Certificate shall be issued in case of transfer of personnel of Diplomatic Missions, International Agencies and Bhutan foreign services personnel from Bhutan.

### Procedure for Movement of Goods in Transit

The owner or his authorised agent shall declare the goods to the concerned Regional Revenue and Customs Office or its authorised check post for obtaining a Transit Permit as prescribed in GP Form-VI for the movement of goods from one part of Bhutan to another through Indian territories.

- The Customs Officer, on verification of documents and examination of goods, where necessary, shall issue the Transit Permit in duplicate. If more than one vehicle is engaged for carriage of one consignment, the owner shall produce bill, invoice or consignment note separately for each vehicle. In such cases, transit permit shall be issued for each vehicle.
- On arrival of the goods to the Customs check post at the entry point in Bhutan, the owner or his authorised agent shall present both the copies of the transit permit to the Customs authorities. The Customs Officer at the Customs check post shall, if necessary, verify the documents and examine the goods before their clearance in order to ensure that the goods are the same.

### Overtime Fees

Over time service fees at the rates prescribed in table below shall be paid by the person who requests for the services of any officials of the Department of Revenue and Customs on account of whose request, the services of any officials have to be made available. These fees shall be levied for the services rendered by the officials beyond the prescribed working hours and on holidays as per the rates prescribed below and on fulfillment of the following conditions:

Grade	Fees per hour on any working days	Fees per hour on any holidays
X and Above	Nu.60	Nu.120
XI and below	Nu.40	Nu.80

- The minimum chargeable hour for the overtime service fee shall be one hour.
- Conveyance, where necessary shall be provided by the individuals requiring the services of the officials from the Department.

### Documentation Fees

Documentation fee of Nu.50 per transaction shall be charged for any work conducted beyond normal working hours.

### Baggage

#### Free Baggage Allowance for Passengers

- Bhutanese passport holders and any other national working as a regular employee in Bhutan and resident in the country arriving with a baggage shall be permitted to bring in personal items up to the assessed value as mentioned below without payment of duties and taxes:

- Cigarettes: 1 carton subject to **100 percent Customs Duty and 100 percent Sales Tax**
- Spirits: 2 bottles, each bottle not larger than one litre.
- Perfume: 1 bottle, not larger than 2 ounces.
- Gold: 50 grams
- Silver: 1 kilogram
- Clothing items: Maximum of 10 pieces each of type of clothing whether stitched or unstitched and
- Other household or personal goods including electronics and bedding shall be limited to one piece each.
- Items of gifts and presents shall be included in the above free allowance.
- Goods exceeding the above limit shall attract customs duty, even if the value of the goods is less than US\$ 1,000.
- Gold and silver in excess of the quantity as mentioned in serial No. 1(e) and 1(f) above shall require prior permission from the Royal Monetary Authority and shall be subject to levy of Customs duty.
- Goods imported in commercial quantity shall not be covered under free baggage allowance.
- Free baggage allowance shall not be eligible to passengers below the age of 15 years.

### **Free Baggage Allowance for Aircrew Members**

Aircrew members on official duty shall be permitted to bring articles up to the value of US\$ 20 per trip.

### **Free Baggage Allowance for Tourists**

A tourist shall be allowed to import temporarily free of Customs duty his personal effects and articles reasonably required for the visit, provided that the items imported are for personal use and that the items imported will be re-exported on his leaving Bhutan.

### **Article of High Value and Procedure for its Import and Re-export**

A tourist shall be allowed to import articles of high value such as sound recording equipment, film projectors slides and film for demonstration, professional equipment, instrument and appliances like video recorders, provided that the tourist on his arrival shall declare all his dutiable goods in the Passenger Declaration Form prescribed in CD Form-VII and produce the same at the time of his departure. On examination, if a Customs Officer finds any of the items are missing from the declared form, such articles shall attract Customs duty and taxes at the prevailing market rate in Bhutan.

### **Allowance for Cigarettes and Drinks**

A tourist shall be allowed to import free from Customs duty, used articles of personal wear and regular use including cigarettes, tobacco, alcoholic drinks or a combination of these items subject to the following ceilings.

- Cigarettes: 2 cartons subject to **100 percent Customs Duty and 100 percent Sales Tax.**
- Cigars: 2 boxes or 50 pieces subject to **100 percent Customs Duty and 100 percent Sales Tax.**
- Spirits: 2 bottles, each bottle not larger than one litre.

### **Transfer of Residence**

- **Personal Effects**

A national of Bhutan who has been staying abroad for longer than 12 months, on a bonafide transfer of residence to Bhutan, shall be allowed to import his used personal household effects other than electronic items in reasonable quantity without payment of duty. All other items including electronics goods and vehicles shall be subject to customs duty and will be assessed on depreciated value @ 20% per annum on straight-line value method.

The concession available under this rule shall not be extended to more than one person in a family, unless it is proved to the satisfaction of the Customs Officer that the separate member of the family claiming these facilities was staying abroad independently and maintaining a separate residence.

- **Professional Equipment**

In case of bonafide transfer of a scientist, doctor, engineer or person engaged in any other profession, he shall be allowed to import free of Customs duty, professional equipment ordinarily required by him for his profession in addition to items mentioned in Rule 10. (a) above.

## **Baggage of Deceased Persons**

Notwithstanding the provisions of this rule, personal articles and household effects of a Bhutanese national who dies abroad shall be allowed to be imported free of Customs duty, if it is proved to the satisfaction of the Customs Officer that the goods sought to be imported are the bonafide personal goods and personal effects and were in use and possession of the deceased abroad.

## **Baggage of Foreign Privileged Persons in Bhutan**

Accompanied baggage of foreign privileged persons in Bhutan shall be treated in accordance with the provisions laid down under Rule Import and Disposal of goods by Privileged personnel of Diplomatic Missions and International Organizations of these Rules. Such baggage may not be subject to Customs examination. However, any major article exceeding US\$ 1,000 in value shall have to be declared in **CD Form-III**.

## **Landing of Unaccompanied Baggage**

- The provision of this rule shall apply to unaccompanied baggage of a passenger; provided that such baggage is shipped or dispatched from abroad within 30 days preceding or following the arrival of the passenger in Bhutan.
- The Customs authorities, on being satisfied that dispatch of the baggage beyond the period of 30 days is for any bonafide reason, may condone the period as deemed fit.

## **Unaccompanied Baggage arriving by Air**

The owner of the baggage or his authorized agent shall produce the following documents to the Liaison and Transit Office in Calcutta or the designated Customs Office in Bhutan:

- Consignment note along with a delivery order from the concerned airline.
- Packing list
- Invoice/value declared for the Customs purpose.
- Letter of authorization.
- Original passport in case of Bhutanese national and photocopy of the passport in case of foreigners in Bhutan.

## Unaccompanied Baggage arriving by Sea

Except for import license/permit, all other documents mentioned above shall be required for clearance of unaccompanied baggage arriving by sea. The consignor must be the same person as the consignee.

### Declaration

- All arriving aircrew shall declare the dutiable goods if any in their possession to the Customs authorities at the time of their arrival.
- All arriving passengers shall be liable to declare the contents of the baggage to the Customs authorities in the Passenger Declaration Form as prescribed in **CD Form-VII**.
- All arriving and departing passengers including aircrew members shall be liable to declare to Customs if they are carrying any currency exceeding amount equivalent to US\$ 5000.
- All departing passengers including aircrew members shall be required to declare any restricted goods for export along with a required permit.
- Any religious artifacts including statues, books and paintings must be stamped with the appropriate seal permitting its export.

## Foreign Post Parcel

### Exemption of Customs Duty for Post Parcels

Import of any goods as gift through a foreign post parcel up to assessed value US\$ 100 shall be exempted from the Customs duty and taxes and no import license/permit shall be necessary provided that:

- a person resident in Bhutan does not receive such gifts more than twice a year;
- such a gift does not consist of alcohol, alcohol beverages or any prohibited or restricted goods;
- such a gift is sent to a private person by or on behalf of another private person resident abroad; and
- such a gift consists only of goods for personal use and nature and quantity of the goods imported are such that it is not of commercial nature.

## Import and Disposal of Goods by the Privilege Personal of Diplomatic Missions and International Organization

### Privileges and Facilities to the Diplomatic Missions and Officials

The following diplomatic officials shall enjoy the diplomatic privileges and facilities:

- Ambassador
- Minister
- Counsellor
- First, Second and Third Secretary
- Attache

All issues relating to Diplomats shall be routed through the Ministry of Foreign Affairs, Royal Government of Bhutan.

## Diplomatic Officials-Exemption from Duties

Upon posting to a mission in Bhutan, diplomatic officials are entitled to bring duty free import as baggage or cargo subject to import license; durable and consumable household and personal effects. They are also entitled to bring on arrival or import subsequently within 12 months of their arrival one motor vehicle free from customs duties and other taxes. Only one set under each category of durable personal effects as per the under mentioned list shall be permitted to be imported free of duty as baggage or cargo and the same goods shall not be permitted to be imported for a second time during the total tenure of a diplomatic official.

- Personal and household effects shall include the following items:
  - clothing
  - furniture
  - household and kitchen appliances
  - television sets; video cassettes recorder; stereo set; camera; video camera; radio- 1 set of each
  - refrigerator and freezer - 1 No. each
  - oil or electric heater - 3 Nos.
  - vacuum cleaner - 1 No.
  - washing machine - 1 No.
  - computer, other similar items or professional equipment and gadgets in quantities not exceeding one of each
- In addition, diplomats are permitted to include in their first shipment liquor, tobacco, foodstuffs and cosmetics worth up to a maximum of US\$ 3000.
- Besides the above import privileges, the diplomatic officials are entitled to import, or purchase from the local duty free stores, free of duty, and against payment in convertible currency, items of consumable nature namely foodstuffs, medicines, liquor, tobacco, and minor household appliances as follows per annum:

	<b>Hard drinks</b>	<b>Light drinks</b>	<b>Tobacco Products</b>	<b>Household consumables</b>	<b>Total value</b>
Ambassador	US \$ 8,000	US \$ 2,000	As per requirement	As per requirement	US \$ 10,000
Minister, Counselor and 1st Secretary	US \$ 4,000	US \$ 1,000	US \$ 1,000	US \$ 3,000	US \$ 9,000
2nd,3th Secretary and other diplomats	US \$ 2,000	US \$ 500	US \$ 500	US \$ 2,000	US \$ 5,000

- If at any time imports from countries other than India are arranged through an agency of the Government of Bhutan, payment of the cost thereof shall be made in convertible currency.

## Non-Diplomatic Officials - Exemption from Customs Duty

On first arrival, non-diplomatic officials are entitled to bring as baggage or cargo subject to import license, one set of each of the durable household and personal effects free from Customs duty as given in 1.4.2(a) of these Rules. Import of household or personal effects made subsequently shall be subject to import license and levy of Customs Duty and other taxes.

## **Disposal of Goods other than Motor vehicles Imported Free of Duty**

Diplomatic and non diplomatic officials, on their repatriation from Bhutan may, re-export durable and consumable household and personal effects or such goods may be disposed off in Bhutan with the prior approval of the Department in the following manner:

- Durable goods may be sold free of Customs duty to:
  - a Diplomatic Mission or any other exempt organizations
  - any other exempted individuals entitled to such exemption provided that the official has not already imported free of duty or obtained import license/permit for duty free import of similar goods.
- Used consumable items with an import value of less than US\$ 500 each may be disposed of directly in open market free of duty.
- Major items other than those mentioned in (b) above with an import value more than US\$ 500, if disposed off to a non-privileged person shall be liable to customs duty. The customs duty shall be levied on the depreciated value of the items @ 20% per annum on straight-line method.

## **Disposal of Vehicles Imported Free of Duty and Tax**

Disposal of vehicle imported by Diplomatic Missions and their officials shall be governed by the provisions laid down under Rules on Import and Sale of Third Country Origin Vehicles.

## **Administrative Responsibility**

All privileges and facilities under these rules shall be extended through the concerned employing agency which shall also be responsible for ensuring full compliance of these regulations by their officials at all times. The concerned employing agency shall also inform the Department of the arrival and departure of their officials.

## **Import of Firearms and Ammunition**

Import of firearms and ammunition is restricted as per the Firearms Act in force.

## **Privileges and Facilities to the Officials of United Nations, International Agencies and Experts**

The privileges and import facilities to be accorded to the Resident Representative of the UNDP and its International staff in Bhutan, other expert assigned to Bhutan under aid Programmes of the United Nations and its agencies and international staff under bilateral agreements with foreign countries shall be governed by the following regulations:

## **Exemption from Duties**

Within 12 months of posting in Bhutan, they are entitled to bring as baggage or to import as cargo subject to import license, durable and consumable household and personal effects from any country of origin, free from Customs duty and other taxes. Subject to import license they are also entitled to bring on arrival, or import subsequently within 12 months of their arrival one motor vehicle free from customs duties. Only one set under each category of durable personal effects as per the under mentioned list shall be permitted to be imported free of duty as baggage or cargo and the same goods shall not be permitted to be imported for a second time during the total tenure of such privileged officials.

- Personal and household effects shall include the following items:
  - clothing
  - furniture
  - household and kitchen appliances
  - television sets; video cassettes recorder; stereo set; camera; video camera; radio- 1 set of each
  - refrigerator and freezer - 1 No. each
  - oil or electric heater - 3 Nos.
  - vacuum cleaner - 1 No.
  - washing machine - 1 No.
  - computer, other similar items or professional equipment and gadgets in quantities not exceeding one of each
- In addition, aforesaid International staff or experts are permitted to include in their first shipment liquor, tobacco, foodstuffs and cosmetics worth up to a maximum of US\$ 3000.
- Besides the above import privileges, International staff and experts are entitled to import, or purchase from the local duty free stores, free of duty, and against payment in convertible currency, items of consumable nature namely foodstuffs, medicines, liquor, tobacco, and minor household appliances as follows per annum:

	<b>Hard drinks</b>	<b>Light drinks</b>	<b>Tobacco Products</b>	<b>Household consumables</b>	<b>Total value</b>
UNDP Resident Representative	US \$ 8,000	US \$ 2,000	As per requirement	As per requirement	US \$ 10,000
Other International Agency Heads	US \$ 4,000	US \$ 1,000	US \$ 1,000	US \$ 3,000	US \$ 9,000
UN Officials and Other experts	US \$ 2,000	US \$ 500	US \$ 500	US \$ 2,000	US \$ 5,000

### **Disposal of Goods other than Motor vehicles Imported Free of Duty**

Privileged persons, on their repatriation from Bhutan may, re-export durable and consumable household and personal effects or such goods may be disposed off in Bhutan with the prior approval of the Department in the following manner:

- Durable goods may be sold free of Customs duty to:
  - An international organisation or any other exempt organizations
  - any other exempted individuals entitled to such exemption provided that the official has not already imported free of duty or obtained import license/permit for duty free import of similar goods.
- Used consumable items with an import value of less than US\$ 500 each may be disposed of directly in open market free of duty.

Major items other than those mentioned in (b) above with an import value more than US\$ 500, if disposed off to a non-privileged person shall be liable to customs duty. The customs duty shall be levied on the depreciated value of the items @ 20% per annum on straight-line method.

### **Disposal of Vehicles Imported Free of Duty and Tax**

Disposal of vehicle imported by International Organizations and their privileged officials shall be governed

by the provisions laid down under Rules on Import and Sale of Third Country Origin Vehicles.

## **Administrative Responsibility**

All privileges and facilities under these rules shall be extended through the concerned employing agency which shall also be responsible to ensure full compliance of these regulations by their officials at all times. The concerned employing agency shall also inform the Department of the arrival and departure of their officials.

## **Import of Firearms and Ammunitions**

Import of Firearms and ammunitions is restricted as per the Firearms Act in force.

## **Privileges and Facilities to the International Voluntary Organizations Assigned to Bhutan**

The following privileges and facilities shall be accorded to members of International Voluntary Organisations unless specified otherwise:

## **Consumable and Household Effects**

During the period of first 12 months of assignment the volunteers assigned to Bhutan are permitted to import free of duty their personal and household effects subject to import License.

- Personal and household effects shall include the following items:
  - clothing
  - furniture
  - household and kitchen appliances
  - television sets; video cassettes recorder; stereo set; camera; video camera; radio- 1 set of each
  - refrigerator and freezer - 1 No. each
  - oil or electric heater - 3 Nos.
  - vacuum cleaner - 1 No.
  - washing machine - 1 No.
  - computer, other similar items or professional equipment and gadgets in quantities not exceeding one of each
- In addition the aforesaid volunteers are permitted to include in their first shipment, liquor, tobacco, foodstuffs and cosmetics worth up to a maximum of US\$ 3,000.
- Besides the import privileges, members of International Voluntary Organisations are entitled to purchase from the local duty free stores, free of duty, and against payment in convertible currency, items of consumable nature namely foodstuffs, medicines, liquor, tobacco, cosmetics, books, and periodicals, toilet and articles, minor household appliances, etc. during their tenure in Bhutan subject to limits prescribed under Rule 1.8.1 of these Rules for civil servants on a calendar year basis:
- Volunteers who are paid in local currency may purchase the above items in equivalent local currency from the local duty free store.

## **Disposal of Goods Imported Free of Duty**

Volunteers, on their repatriation from Bhutan may, re-export durable and consumable household and personal effects or such goods may be disposed with the prior approval of the Department in the manner as laid down in Rule 1.4.4 of these Rules.

## Administrative Responsibility

All privileges and facilities under these rules shall be extended through the concerned employing agency which shall also be responsible to ensure full compliance of these regulations by their officials at all times. The concerned employing agency shall also inform the Department of the arrival and departure of their officials.

## Import of Firearms and Ammunitions

Import of Firearms and ammunitions is restricted as per the Firearms Act in force.

## Import of Goods on Behalf of an Exempt Organization

In case of import by an importer on behalf of an exempt organisation, import license shall be issued in the name of the importer and the importer shall pay the customs duty at the time of import. However in cases where the import duty exemption certificate is produced by the importer, goods may be released on duty exempt basis. In cases where the Customs duty has already been paid at the time of import, the customs duty so paid shall be refunded to the exempt organisation on fulfilment of the following procedures:

- Applications for customs duty refund must be submitted to the Department as per GP Form- I.
- Refund claims shall be made only by an exempt organisation and not by the importer.
- Claims must be made within 6 months from the date of payment of customs duty. Claims after the expiry of 6 months from the payment of customs duty shall not be entertained.
- Claims must be routed through the concerned RRCO where the customs duty was originally paid.
- All claims must be accompanied by Import Declaration Form CD Form-III, import duty exemption Certificate CD Form-II, relevant bills, invoices and revenue receipts proving that customs duty has been paid at the time of import.
- The concerned RRCO shall verify the claims and confirm whether the duty amount has been deposited with the RGR account or not before forwarding the claims to the DRCHO for payment.
- The DRCHQ shall make refund payment directly to an exempt organisation in their account.

## Restricted and Prohibited Goods

### Import restriction

The import of following categories of goods into Bhutan are restricted and application for license to import these goods shall be accompanied by a special permission [ in original ] issued by the concerned agency listed against the categories of goods :

	<b>Restricted goods</b>	<b>Responsible Agencies</b>
1	Arms & ammunition	Royal Bhutan Army
2	Explosives and explosive devices	Ministry of Home Affairs
3	Live animals and their products or by products	Ministry of Agriculture
4	Plant and plant materials	Ministry of Agriculture
5	Industrial and toxic wastes and residues	National Environment Commission/Ministry of Trade & Industry

6	Wireless and remote sensing tele- communication and broadcasting equipment	Ministry of Communication
7	Scraps as notified by the National Environment Commission Secretariat	National Environment Commission
8	Used or second hand goods, vehicles, machinery and equipment	Ministry of Trade & Industry
9	Any other goods which do not have market in Bhutan	Ministry of Trade & Industry
10	Drugs & pharmaceutical products	Ministry of Health & Education/ Ministry of Agriculture [in case of import of narcotics & psychotropic substances, the Department of Revenue & Customs shall issue import permits based on the recommendation of the Health Department.]
11	Chemical and fertilizers	Ministry of Agriculture
12	Plastic packing materials	Ministry of Trade & Industry
13	Gold & silver in excess of free baggage allowance	Royal Monetary Authority of Bhutan
14	Any other goods which are restricted by any other laws and regulations in force	Ministry of Trade & Industry

## Import prohibitions

The import of following goods into Bhutan shall be prohibited.

- Narcotics and psychotropic drugs and substances;
- Pornographic materials; and
- Any other goods which are prohibited by any laws or international conventions or treaties to which Bhutan is a signatory.

## Export prohibitions

The export of following shall be prohibited.

- Animals and plants classified as endangered species and their parts and products;
- Antiques such as zee, religious artifacts and any other items as notified by the Royal Government;
- Narcotics and psychotropic drugs and substances; and
- Any other goods which are prohibited by any other laws in force.

## Detention, Seizure and Confiscation

## Detention

- Where goods liable for tax or duty are incorrectly declared or the value of the goods under-invoiced, such goods may be liable for detention.
- Where an officer of the Department has reason to believe that the goods have been illegally imported or exported, the officer shall have the power to detain the goods for further inquiry.

## Seizure

- Restricted and prohibited goods, or goods imported, exported or sold without prescribed documents, permit or pass, shall be seized or confiscated.
- Where taxable, dutiable, restricted or prohibited goods are unloaded or attempted to be unloaded without authorization, or removed from an area or a warehouse without permission, goods shall be considered illegal and seized or confiscated.
- Where a person or entity fails to produce documentary evidence for the taxes and duties paid thereof, the officer of the Department shall seize such goods.

## Confiscation

- Goods requiring import licenses or permits shall be confiscated if imported without required import licenses or permits.
- Any goods imported, exported or sold contrary to the restrictions or prohibition under this Act shall be liable for confiscation.
- A conveyance shall be confiscated on the commission of following offences:
  - Concealment and smuggling of goods; or
  - Goods liable for seizure or confiscation are thrown from the conveyance or refusing to stop when asked.
- Goods detained, seized or confiscated may include any documents, records or articles relevant to an enquiry.

## Fines and Penalties

Fines and penalties shall be levied in the following manner:

### Late payment of tax

A penal interest at the rate of 24% per annum on the amount of tax due in addition to the tax in arrears shall be imposed to the assessee on failure to pay Sales Tax, Customs & Excise duty due payable to the Government.

### Failure to maintain books of accounts and documents

Depending on the size and nature of the business, a fine ranging from Nu.1000 to Nu.100,000 shall be imposed for failure to maintain books of accounts, documents or furnish information as may be required by the Government.

### Failure to comply with the notice

A fine of Nu.500 to Nu.5,000 for each default shall be imposed for failure to comply with the notice issued by the Department to furnish evidence and produce books of accounts or any other documents.

## Collecting agent

Collecting agent responsible for the collection and remittance of Sales Tax, Customs and Excise duty shall be liable for penalties as follows-

- Failure to collect the whole or part of tax or duty as required under this Act shall pay a penal interest at the rate of 24 per cent per annum on the amount due in addition to the tax or duty in arrears; and
- Failure to deposit the tax or duty collected as required under this Act, shall pay penal interest at the rate of 24 per cent per annum from the due date it is required to be deposited in addition to the tax or duty in arrears.

## Under-invoicing, non-declaration or concealment etc.

A fine of 50 per cent of the value of the goods in addition to the amount of Sales Tax, Customs and Excise duty shall be imposed for the commission of following offences:

- Under-invoicing or non-declaration of either the value or quantity of goods or services sold in case of sales tax;
- Non-declaration, mis-declaration or concealment of goods;
- Misuse of tax or duty exemption; or
- Misuse of any permits.

## Prosecutions

Notwithstanding the provision of fines and penalties under this Act, the offender shall be liable for a term of imprisonment ranging from 3 months to 6 years for the commission of following offences-

- Dealing with seized assets in contravention of the order made by the Department;
- Smuggling of contraband if not specified in any other laws;
- Willful act or omission to collect tax or duty at source or pay tax or duty to the Government;
- Willful act or omission to produce books of accounts and documents;
- Making a false statement or deliver a false account; or
- Abet or attempt to abet any offence under the provisions of this Act.

## Settlement of Disputes and Appeals

### Appeal

- A person or business entity may appeal an assessment of Sales Tax, Customs or Excise duty or any other decision passed by an officer of the Department.
- Filing an appeal against an assessment, does not postpone the date for depositing the Sales Tax or duty.
- An appeal shall be admitted only if the undisputed part of the Sales Tax or duty has been deposited.
- Where the order in appeal does not reverse or the appeal is otherwise unsuccessful, the appellant shall be liable for the disputed amount along with the penal interest of 24 per cent per annum from the due date.

## Appeal procedure

- The Appeal shall be filed before the Appeal Committee within 30 days from the date of the issue

### Clearance of Imported Goods

- The Appeal Committee at the Regional Office shall pass its decision within 30 days from the date of filing an appeal.

### Import License

- Where an Appeal Committee fails or does not pass a decision within 30 days of filing an appeal, a person or entity may appeal to the Appeal Committee at the Head Office.
- Import of goods from third countries, other than those brought as bonafide baggage including unaccompanied baggage by travelers or goods brought through Posts and Courier, or those arriving directly into Bhutan by air shall require Import Licenses issued by the Ministry of Finance. The Appeal Committee at the Head Office shall pass its decision within 60 days from the date of filing an appeal.
- Where an Appeal Committee fails or does not pass a decision within 60 days of filing an appeal, a person or entity may appeal to the Appeal Board.
- Any person importing any goods other than those mentioned in (a) above into Bhutan without an Import License or brings goods of a variety, kind, quality or quantity grossly different from that specified in the Import License shall be liable to fines and penalties as per the provision laid down under Sections 10 and 16 of the General Provision of the Sales Tax, Customs and Excise Act 2000.
- The Appeal Board shall pass its decision within 60 days from the date of filing an appeal.
- The decision of the Appeal Board may be appealed to the Court of Law within 30 days from the date a decision has been passed.

### Documentation

- Where an Appeal Board fails or does not pass a decision within 60 days of filing an appeal, a person or entity may appeal to the Court of Law.
- Any decisions passed thereto by the Appeal committee or the Board shall be in writing.

## Appeal to the Courts

- Nothing in the provisions of appeal under this Act shall bar a person from filing an appeal to the Court of Law.

**NOTE: Publications on Sales Tax, Customs and Excise Act and Rules are available for sale in all Regional Revenue and Customs Offices.**

Prior to the arrival of the goods, the following documents in original shall be handed over by the importer or his authorized agent, as the case may be, to the concerned Regional Revenue and Customs Office (RRCO) in Bhutan, or the Liaison and Transit Office (LTO) in Kolkata.

- Customs copy of Import License, where applicable;
- Special permits in original copy in case of restricted goods, where applicable;
- Bill of Lading/Airway Bill/ duly endorsed by the importer;
- Invoice attested by the bank through which payment has been made, where applicable;
- Packing List;
- Certificate of Origin; and
- Marine/Air/Transit insurance policy where applicable.

### **Import Duty Exemption Certificate**

Importers exempted from payment of duties shall apply for duty exemption certificate in CD Form-I to the Department of Revenue & Customs. If the Department is satisfied with the information given in the application, import duty exemption certificate shall be issued by it. It shall be produced to the Customs authorities at the time of clearance of goods.

### **Storage of Goods in a Departmental Warehouse**

An importer or his authorized agent shall clear the goods from the Customs within seven working days of issuance of notice by the Customs authorities of the arrival of goods. If goods are not cleared within the above grace period, storing charges as per prescribed rates, shall be levied from the date of the issue of the arrival notice.

The Customs authorities may dispose off the goods through public auction or tender. If any imported goods are not cleared from the Customs control by the importer within 90 days including holidays from the date of arrival.

### **Customs Clearance**

- The importer or his authorized agent shall present to the Customs authorities, the Import Declaration Form given in CD Form-III at the time of clearing the goods from the Customs.
- The Import Declaration form shall contain the full particulars of the imported goods and shall bear a declaration by the importer as to the truth of its contents, which must be supported by a duplicate copy of the shipping documents and the invoice, attested by a bank.
- Wherever necessary the Customs Officer shall carry out a physical verification of the goods.
- If satisfied with the verification, the Customs Officer shall make an order permitting clearance of the goods on realization of Customs duty and Sales tax as per the Bhutan Trade Classification, Bhutan Sales Tax Schedule and Customs Tariff and any other applicable charges.
- Where an importer has appointed a clearing agent, all correspondences and the release of goods shall be done through the concerned clearing agent.

### **Agency Commission and Service Charges**

Goods imported through a territory of India are cleared and transported under bond to the designated customs station in Bhutan. Goods may be cleared by the importer or by a clearing agent appointed by the importer. The following fees shall be collected by the Department as per the provision laid down under Section 37 of General Provisions of Sales Tax, Customs and Excise Acts 2000:

- Agency commission @ 1% on CIF value on goods cleared by the Department: and
- Service charge @ 0.25% on CIF value of goods cleared by the Customs clearing agents.

## Re-import of Goods

Any imported goods exported out of Bhutan shall be allowed to be re-imported free of customs duty and taxes, provided that:

- At the time of export of such articles, a declaration was made to Customs authorities in form as prescribed under Export Declaration Form given in GP Form-II, and the same is presented to the Customs for clearance on re-importation;
- The Custom Officer is satisfied that the articles are the same and have not undergone any alteration and repair; and
- Any alteration and repair of such article however, shall be liable to Customs duty and taxes on the cost of alteration and material used for repair.

## Replacement of Goods

Any goods imported on replacement of previously imported goods due to goods being defective, obsolete, damaged, or any other conditions shall be subject to levy of duty.

## Export Clearance

### Documentation

Except in case of bonafide baggage and goods exported by post, export of goods shall be permitted on presentation of following documents to the Customs.

- Export Declaration Form as prescribed GP Form-II;
- Commercial invoice;
- Packing list;
- Certificate of origin issued by the Ministry of Trade and Industry;
- Insurance documents, if any;
- Shipping bill; and
- Export license/permit.

### Declaration

The exporter of any goods shall present the Export Declaration Form (**GP Form-II**) and Shipping Bill as prescribed under **CD Form IV** duly filled up and present the same to the Customs officer. The export declaration form shall contain true and full particulars of the export goods and shall bear a declaration as to the truth of its contents.

The Customs Officer, on being satisfied with the declaration made after examination of the goods, if necessary, shall ensure the following:

- The goods are covered by license/permit, where applicable; any restricted and prohibited goods including religious artifacts such as statues, books and paintings must be accompanied by a permit for export; and
- Export duty and taxes, if any, have been paid and the goods have been sealed, he may pass an

order permitting clearance of goods for export.

## Valuation

Valuation on export goods shall be on Free on Board (FOB) exit point in Bhutan.

## Re-export of Goods on Transfer of Residence

Person shifting their residence on completion of their assignment in Bhutan shall produce the goods to the Customs authorities along with a copy of the shipping bill and a packing list. The Customs Officer, after examination of goods where necessary shall seal the goods and issue permission for re-export on collection of sealing and strapping fees as mentioned in below.

## Sealing and Strapping Fees

For sealing and strapping of any goods, a containers or a vehicle, sealing and strapping fee as per the rates prescribed below shall be charged and collected by the Department:

- Plastic material Nu. 50 per package/carton up to a length 3ft, breadth 2ft and height 1ft.
- Plastic material Nu. 75 per package/carton above a length 3ft, breadth 2ft and height 1ft.
- Steel material Nu. 75 per package/carton up to a length 3ft, breadth 2ft and height 1ft.
- Steel material Nu. 100 per package/carton above a length 3ft, breadth 2ft and height 1ft.
- Container/ vehicle sealing charges Nu. 100 per seal.

## Registration of Customs Clearing Agents

### Condition to be fulfilled by an Applicant

In order to become a Customs clearing and forwarding agent, the following conditions are required to be fulfilled by the applicant:

- He shall be a Bhutanese national and shall produce a tax clearance certificate of no dues to the Royal Government.
- He shall disclose to the satisfaction of the customs authorities that he is financially viable and in support thereof he shall produce a certificate issued by a bank or such other proof acceptable to the Customs authorities.
- He shall deposit a sum of Nu. 1,00,000 in the form of bank guarantee.
- He shall be required to have thorough knowledge of relevant Customs laws, Rules & procedures as laid down in Customs Act and Rules thereto.
- He shall be required to have a furnished office with telecommunication network and computer facilities.
- The application shall be made in GP Form-III.

### Scrutiny of an Application

On receipt of the application, the Customs authorities may make enquiries for verification of the particulars set out in the application and also such other enquiries as the Customs authorities may deem necessary. If the Customs authorities are satisfied that the applicant fulfills the requirement of the registration, the issue of trade license/permit by the Ministry of Trade and Industry shall be recommended.

## Registration

- Upon issuance of a trade license/permit based on the recommendation of the Department of Revenue & Customs, the said applicant may be so registered as an authorized Customs clearing agent. The registration shall be done in GP Form-IV.
- The registration shall be valid for a period of three years. On expiry of the validity period, the Department of Revenue & Customs, may, renew the registration for a period of three years provided:
  - The performance of the authorized Clearing Agent is found to be satisfactory.
  - The authorized Clearing Agent has not violated any of the obligations specified below.

## Obligations of Customs Clearing Agent

An authorized Customs Clearing Agent shall

- Obtain an authorization from each of the consignees for whom it has been appointed to act as agent for clearance of goods through the Customs;
- Advise his client to comply with the provisions of the Act and in case of non-compliance, shall bring the matter to the notice of the Customs authorities;
- Not withhold information relating to assessment and clearance of imported goods communicated by any officer of Customs from a client who is entitled to such information;
- Not withhold any information relating to assessment and clearance of imported goods from the assessing officer;
- Not procure or misuse any restricted information from the Department or any other office of the Royal Government;
- Not attempt to influence the conduct of any official of Customs in any matter pending before such official or his subordinates by the use of threat, false execution, duress or offer of any special inducement or promise of advantage or by the bestowing of any gift or favour or other things of value;
- Maintain proper records and accounts in such forms and manner as may be directed by the Customs authorities and submit them for inspection whenever required and not tamper with any official documents;
- Ensure that all documents prepared or presented by him are strictly in accordance with the legal requirements and contain no false or misleading information;
- Ensure that he discharges his duties as clearing agent with integrity and efficiency both to Customs and his client;
- Enter into an agreement with the Department and comply strictly with the conditions laid down in it;
- If the goods are pilfered, lost, damaged or abandoned while in transit to Bhutan, the customs duty applicable shall be realized from the concerned clearing agent. In addition, any other liabilities payable to the Royal Government of Bhutan and the Government of India shall also be realized from them;
- Any change in the terms of Trade and Commerce Agreement between the Royal Government of Bhutan and the Government of India may automatically entail a change likewise in the terms of these conditions; and
- The clearing agent shall pay applicable customs duties, taxes, 0.25% service charge on the CIF value of goods and other charges if any and furnish the following documents for release of goods from the Customs control:
  - Importer's copy of Import license;
  - Bill of lading/airway bill;
  - Invoice attested by the bank through which payment has been made;
  - Packing list;

- Certificate of origin;
- Insurance policy documents;
- Import duty exemption certificate and Bhutan Sales Tax Exemption Certificate wherever applicable; and
- Import declaration form duly filled up in all respects.
- Where a Bhutanese clearing agent has appointed or authorised an Indian clearing agent to clear goods in India, he shall be fully responsible for all acts of Indian clearing agents and also ensure that the Indian agent completes the following formalities:
  - Authorisation for clearance of goods in India shall be issued by the Bhutanese clearing agent to the Indian clearing agent for each consignment;
  - The authorized Indian clearing agent shall approach the Liaison & Transit Office, (LTO) or Regional Office along with the original shipping documents, original import license and a letter of authority issued by the Bhutanese clearing agent;
  - If the documents are found to be in order, the LTO or RRCO shall authorise the concerned clearing agent for clearance of goods;
  - The clearing agent shall keep the LTO or RRCO fully informed with regard to the progress in the clearance activities;
  - The clearing agent shall obtain the road documents from the LTO before the dispatch of the goods to Bhutan;
  - In case demurrages are incurred on goods, the same shall be directly settled by the clearing agent with the importer and the Department shall have no arbitration role in the dispute;
  - Wherever necessary, the clearing agent shall employ surveyors at ports to conduct surveys on the goods before they are dispatched to Bhutan;
  - The clearing agent shall produce transit insurance documents to the LTO prior to the dispatch of the goods to Bhutan;
  - All goods, which are not of a full truck load, shall be deposited either in the Bhutan Customs warehouse or in the warehouse approved by the Customs authorities of India. The clearing agents, under no circumstances, shall be permitted to store any goods in other storage place. The storage charges shall be realized from the concerned clearing agent as per the prescribed rates;
  - The clearing agent shall complete the cross border formalities with the Indian Customs authorities in keeping with the Protocol to the Trade and Commerce Agreement between Royal Government of Bhutan and the Government of India; and
  - The clearing agent shall submit to the Liaison and Transit Office, the road documents duly signed by the designated Customs Office in Bhutan and the Indian Customs authorities within one month from the date of clearance from the Indian Customs.

### **Forfeiture of Security Deposit**

Any violation of the above conditions or any provisions of the Customs Act and Trade and Commerce Agreement shall lead to forfeiture of the security deposit, liability for payment of duties and taxes including fines and penalties by the agent as per Chapter 4 of the General Provisions of the Bhutan sales Tax, Customs and Excise Act, 2000.

### **De-registration/Cancellation**

The Department may revoke the registration of an authorized Clearing Agent on any of the following grounds:

- failure to comply with any of the provisions of the Act and these Rules; and

- mis-conduct which renders him unfit to act as clearing agents;

Provided that no such revocation shall be made unless a notice has been issued to the authorized clearing agent informing him of the grounds.

### Designated Customs Stations: Entry and Exit of Conveyance and Goods

Any conveyance carrying goods or any goods entering or leaving Bhutan shall enter or leave only through the following designated Customs stations only:

#### A. Authorized Customs entry and exit points through which goods may be imported or exported between and Bhutan:

- Regional Revenue and Customs Office, Phuentsholing
  - Phuentsholing
- Regional Revenue and Customs Office, Samtse
  - Samtse (R)
  - Gomtu (R)
  - Pugli (R)
  - Bindu (R)
  - Tashijong (R)
  - Jitti (R)
  - Hourey khola (S)
- Regional Revenue and Customs Office, Thimphu
  - Paro (Airport)
- Regional Revenue and Customs Office, Gelephu
  - Gelephu (R)
  - Sarpang (R)
  - Kalikhola (R)
  - Bhutan Ghat (S)
  - Panbang (S)
- Regional Revenue and Customs Office, Samdrup Jongkha
  - Samdrup Jongkha (R)
  - Bhangtar (R)
  - Nanglam (R)
  - Daifam (R)
  - Samrang (S)
  - Chowki (S)

Note:

R = Regular

S = Seasonal

#### B. Authorised entry and exit points in India and Bhutan for movement of goods of third country origin through Indian territories:

Bhutanese Side	Indian side
1 Phuentsholing-	Jaigaon, West Bengal
2 Samtse-	Chamurchi, West Bengal
3 Gelephu-	Hathisar, Assam
4 Sarpang-	Ulta Pani, Assam
5 Samdrup Jongkha-	Darranga, Assam

6 Paro- Calcutta and Delhi

**Other exit and entry points in India:**

- 1 Calcutta- air and sea port
- 2 Haldia- sea port
- 3 Dhubri- riverine route (Bangladesh)
- 4 Raxaul- road/rail route (Nepal)
- 5 Panitanki- road route (Nepal)
- 6 Changrabandh- road route (Bangladesh)
- 7 Delhi- air route

**C. The following are the interior or second Customs check posts:**

- Rinchening in Phuentsholing
- Aie Bridge/Chisao Pani in Gelephu
- Ranibagan in Sarpang
- Pinchinang in Samdrup Jongkha.

**Operation of Customs, Public and Private Warehouses**

**Departmental Warehouse of Customs**

- On arrival of goods in Bhutan, imported goods may be temporarily stored in a Departmental warehouse;
- No storage charges shall be levied if goods are cleared within seven days of issue of arrival notice by the Customs authorities;
- If goods are not cleared within seven days, storing charges shall be levied from the date of issuance of arrival notice as per the prescribed rates;
- Within 90 days of arrival of goods in the departmental warehouse, the owner or the importer may move the goods to the Public or Private warehouse after obtaining approval from the Customs authorities; and
- If any goods are not cleared from the departmental warehouse by the importer within 90 days including holidays from the date of arrival, the Customs authorities may dispose off the goods through public auction or tender in accordance with Rule 6 of General Provisions of these Rules.

**Public Warehouse**

The Department may approve a public warehouse at any working station wherein dutiable or taxable goods may be deposited without payment of duty or tax. The approval shall however be subject to the fulfillment of the following conditions:

- Submission of detailed plan and description of the warehouse;
- The warehouse is secured for storing dutiable goods and there is no danger of theft, loss or deterioration of goods;
- The warehouse shall be kept under the joint lock of the Department and the private warehouse operator.

**Private Warehouse**

The Department may also permit the storage of dutiable goods in a private warehouse of an importer at

any working station in respect of which facilities for deposit in a public warehouse are not available. However, the deposit of dutiable goods in a private warehouse shall be subject to the following conditions:

- The importer or his authorised agent shall give in writing to the Customs authorities for deposit of dutiable goods in a private warehouse;
- The warehouse is secured for storing dutiable goods and there is no danger of theft, loss or deterioration of goods; and
- The importer shall furnish bond twice the value of customs duty and taxes leviable. The bond amount shall be realised if the goods are removed intentionally, by theft or due to any other reasons.

### **Control of Goods**

- All goods stored in a Public and Private warehouses shall remain under joint lock of the Department and the warehouse management;
- Entry, removal of goods, packing or re-packing, inspections, taking samples, changing container, or any other act shall be done only with the permission and supervision of the Customs Officer;
- The Customs Officer shall have access to the entire part of a warehouse and be empowered to examine the goods therein; and
- The Private warehouse shall submit monthly statements to the Customs authorities of goods warehoused and released.

### **Owner's Right to Warehoused Goods**

With the permission of the Customs Officer and on payment of prescribed fees, the owner of the goods may either before or after warehousing:

- inspect the goods;
- separate damaged or deteriorated goods from the rest;
- sort the goods or change their container for the purpose of preservation, sale, export, or disposal or transport of the goods;
- deal with the goods and their containers in such manner as may be necessary to prevent loss or deterioration or damage to the goods; or
- show the goods for sale.

### **Clearance of Warehoused Goods**

On presentation of the import declaration form and on completion of the formalities in accordance with Rule 4 of these Rules and on payment of duties, taxes, rent and any other fees, warehoused goods may be cleared by the importer or his authorized agent.

### **Transfer of Goods from one Warehouse to another**

The owner of warehoused goods may remove and transport the goods underbond from one warehouse to another with the permission of the Customs Officer. Application for movement of warehoused goods shall be made by the owner or his agent to the Customs authorities in CD Form-V.

### **Storage Period for Goods in a Public and Private Warehouse**

- Imported goods may be stored in a public and private warehouse by the importer for period of 1

year from the date of its warehousing. However, capital goods intended for export oriented unit may be warehoused for a period of five years.

- The Head of the Department may allow goods to remain in a warehouse for a period longer than as prescribed under 8 (a) above on a written request by the importer.

## **Damage or Deterioration of Goods in a Warehouse**

The Department shall not be responsible for any damage or deterioration of goods in a warehouse.

## **Disposal of Warehoused Goods**

If warehoused goods are not cleared within the period as prescribed under Rule 8.8 above, they shall be disposed off by the Department through public auction or tender as per Rule 6 of General Provisions of these Rules.

## **Import, Sale and Transfer of Vehicles**

### **Import**

- No vehicles of third country origin of any type shall be imported into Bhutan without an import license issued by the Royal Government of Bhutan.
- Import of third country vehicles, including gifts and prizes received or won abroad, will be subject to Customs duty and Sales tax.
- Privileged personnel of foreign Diplomatic Missions and International agencies, within 12 months of their arrival in Bhutan are permitted to import or acquire a vehicle locally on duty exempt basis.
- Import of vehicles on duty exempt basis by eligible civil servants including those posted abroad shall be governed by Foreign Vehicle Allotment Rules 1994 or such amendments made by the Ministry of Finance from time to time.
- Import of second hand vehicles shall not be permitted except for officials of Foreign Diplomatic Missions and International Organizations and expert who may bring in their used vehicles along with them on their transfer to Bhutan subject to re-export on repatriation as per 3 (e) below.
- Import of used vehicles by Bhutanese nationals, temporarily stationed abroad, shall be permitted, only if the following conditions are fulfilled:
  - A Bhutanese national has worked in a third country for a period of at least two years;
  - The vehicle must be procured and registered in his/her name in the country of residence at least one year prior to its importation into Bhutan; and
  - The vehicle procured abroad, is new and not second hand.
  - Duty and sales tax applicable shall be payable.

### **Sale and Transfer of Duty Exempt Vehicles**

- Transfer of ownership of vehicles (by sale or gift) imported or acquired without payment of Customs duty and taxes to non-privileged person shall be subject to payment of Customs duty, taxes and charges.
- Sale of such vehicles shall attract Customs Duty and taxes on depreciated value at the rate of 20% per annum on straight-line value method. The value for the purpose of allowing depreciation shall be the prevailing CIF value for similar vehicles less duties and taxes as charged by the dealer in the country at the time of effecting sale.
- The period for the purpose of allowing depreciation shall be from the date of registration of vehicles in Bhutan. However, for used vehicles brought into Bhutan by the privileged Bhutanese nationals on duty/tax exempt basis, the date of purchase of such vehicles by the privileged personnel in the country of residence shall be taken for the purpose of allowing depreciation.

Transfer of ownership of vehicle shall be effected only on payment of duty, taxes and other charges to the Department. No new registration of new vehicles or transfer of ownership of any vehicles shall be effected by the Road Safety and Transport Authority without the clearance from the Department.

- The buyer shall be liable to pay the Customs duty and Sales tax.
- No customs duty and Sales tax shall be levied if a vehicle is sold after a period of five years from the date of its registration.

### **Disposal of tax/duty exempted Vehicles by Officials of Diplomatic Missions, International Organisations and Experts on Completion of their Assignment in Bhutan.**

- They can re-export their imported vehicles on completion of their assignment in Bhutan.
- It can be sold on duty and tax exempt basis to another privileged person serving in Bhutan, with clearance from the Department of Revenue and Customs, provided the buyer has not already imported or placed order for importation of a vehicle.
- It can be sold on duty and tax exempt basis to a Bhutanese official holding vehicle allotment quota.
- It can be sold in the open market subject to fulfillment of the conditions laid down in 2 above.
- Used vehicles brought on their posting to Bhutan shall not be permitted to be sold or transferred to any Bhutanese or privileged persons by sale or gift and shall have to be re-exported on repatriation. Such vehicles if left behind in Bhutan shall be confiscated.
- Any vehicles left behind in Bhutan on completion their assignment and not transferred to another person residing in Bhutan prior to his departure may be confiscated.

### **Vehicles of Diplomatic Missions and International Organisations**

Vehicles of the Diplomatic Missions and International organizations, if purchased by a non-privileged or is not a Government organization authorized by the Ministry of Finance shall be governed as per the rules laid out in and mentioned in Rule 2 above.

### **Unauthorised Importation of Vehicles**

Any third country vehicles imported without an authorization into Bhutan by any person or organization shall be confiscated without any notice.

### **Transfer of foreign Vehicles Outside Bhutan**

Transfer of foreign vehicle outside Bhutan by gift or sale is not permissible. A No Objection Certificate shall be issued in case of transfer of personnel of Diplomatic Missions, International Agencies and Bhutan foreign services personnel from Bhutan.

### **Procedure for Movement of Goods in Transit**

The owner or his authorised agent shall declare the goods to the concerned Regional Revenue and Customs Office or its authorised check post for obtaining a Transit Permit as prescribed in GP Form-VI for the movement of goods from one part of Bhutan to another through Indian territories.

- The Customs Officer, on verification of documents and examination of goods, where necessary, shall issue the Transit Permit in duplicate. If more than one vehicle is engaged for carriage of one consignment, the owner shall produce bill, invoice or consignment note separately for each

vehicle. In such cases, transit permit shall be issued for each vehicle.

- On arrival of the goods to the Customs check post at the entry point in Bhutan, the owner or his authorised agent shall present both the copies of the transit permit to the Customs authorities. The Customs Officer at the Customs check post shall, if necessary, verify the documents and examine the goods before their clearance in order to ensure that the goods are the same.

### Overtime Fees

Over time service fees at the rates prescribed in table below shall be paid by the person who requests for the services of any officials of the Department of Revenue and Customs on account of whose request, the services of any officials have to be made available. These fees shall be levied for the services rendered by the officials beyond the prescribed working hours and on holidays as per the rates prescribed below and on fulfillment of the following conditions:

Grade	Fees per hour on any working days	Fees per hour on any holidays
X and Above	Nu.60	Nu.120
XI and below	Nu.40	Nu.80

- The minimum chargeable hour for the overtime service fee shall be one hour.
- Conveyance, where necessary shall be provided by the individuals requiring the services of the officials from the Department.

### Documentation Fees

Documentation fee of Nu.50 per transaction shall be charged for any work conducted beyond normal working hours.

### Baggage

#### Free Baggage Allowance for Passengers

- Bhutanese passport holders and any other national working as a regular employee in Bhutan and resident in the country arriving with a baggage shall be permitted to bring in personal items up to the assessed value as mentioned below without payment of duties and taxes:
  - Cigarettes: 1 carton subject to **100 percent Customs Duty and 100 percent Sales Tax**
  - Spirits: 2 bottles, each bottle not larger than one litre.
  - Perfume: 1 bottle, not larger than 2 ounces.
  - Gold: 50 grams
  - Silver: 1 kilogram
  - Clothing items: Maximum of 10 pieces each of type of clothing whether stitched or unstitched and
  - Other household or personal goods including electronics and bedding shall be limited to one piece each.
  - Items of gifts and presents shall be included in the above free allowance.
- Goods exceeding the above limit shall attract customs duty, even if the value of the goods is less than US\$ 1,000.
- Gold and silver in excess of the quantity as mentioned in serial No. 1(e) and 1(f) above shall require prior permission from the Royal Monetary Authority and shall be subject to levy of Customs duty.
- Goods imported in commercial quantity shall not be covered under free baggage allowance.
- Free baggage allowance shall not be eligible to passengers below the age of 15 years.

## Free Baggage Allowance for Aircrew Members

Aircrew members on official duty shall be permitted to bring articles up to the value of US\$ 20 per trip.

## Free Baggage Allowance for Tourists

A tourist shall be allowed to import temporarily free of Customs duty his personal effects and articles reasonably required for the visit, provided that the items imported are for personal use and that the items imported will be re-exported on his leaving Bhutan.

## Article of High Value and Procedure for its Import and Re-export

A tourist shall be allowed to import articles of high value such as sound recording equipment, film projectors slides and film for demonstration, professional equipment, instrument and appliances like video recorders, provided that the tourist on his arrival shall declare all his dutiable goods in the Passenger Declaration Form prescribed in CD Form-VII and produce the same at the time of his departure. On examination, if a Customs Officer finds any of the items are missing from the declared form, such articles shall attract Customs duty and taxes at the prevailing market rate in Bhutan.

## Allowance for Cigarettes and Drinks

A tourist shall be allowed to import free from Customs duty, used articles of personal wear and regular use including cigarettes, tobacco, alcoholic drinks or a combination of these items subject to the following ceilings.

- Cigarettes: 2 cartons subject to **100 percent Customs Duty and 100 percent Sales Tax.**
- Cigars: 2 boxes or 50 pieces subject to **100 percent Customs Duty and 100 percent Sales Tax.**
- Spirits: 2 bottles, each bottle not larger than one litre.

## Transfer of Residence

- **Personal Effects**

A national of Bhutan who has been staying abroad for longer than 12 months, on a bonafide transfer of residence to Bhutan, shall be allowed to import his used personal household effects other than electronic items in reasonable quantity without payment of duty. All other items including electronics goods and vehicles shall be subject to customs duty and will be assessed on depreciated value @ 20% per annum on straight-line value method.

The concession available under this rule shall not be extended to more than one person in a family, unless it is proved to the satisfaction of the Customs Officer that the separate member of the family claiming these facilities was staying abroad independently and maintaining a separate residence.

- **Professional Equipment**

In case of bonafide transfer of a scientist, doctor, engineer or person engaged in any other profession, he shall be allowed to import free of Customs duty, professional equipment ordinarily required by him for his profession in addition to items mentioned in Rule 10. (a) above.

## Baggage of Deceased Persons

Notwithstanding the provisions of this rule, personal articles and household effects of a Bhutanese national who dies abroad shall be allowed to be imported free of Customs duty, if it is proved to the satisfaction of the Customs Officer that the goods sought to be imported are the bonafide personal goods and personal effects and were in use and possession of the deceased abroad.

## **Baggage of Foreign Privileged Persons in Bhutan**

Accompanied baggage of foreign privileged persons in Bhutan shall be treated in accordance with the provisions laid down under Rule Import and Disposal of goods by Privileged personnel of Diplomatic Missions and International Organizations of these Rules. Such baggage may not be subject to Customs examination. However, any major article exceeding US\$ 1,000 in value shall have to be declared in **CD Form-III**.

## **Landing of Unaccompanied Baggage**

- The provision of this rule shall apply to unaccompanied baggage of a passenger; provided that such baggage is shipped or dispatched from abroad within 30 days preceding or following the arrival of the passenger in Bhutan.
- The Customs authorities, on being satisfied that dispatch of the baggage beyond the period of 30 days is for any bonafide reason, may condone the period as deemed fit.

## **Unaccompanied Baggage arriving by Air**

The owner of the baggage or his authorized agent shall produce the following documents to the Liaison and Transit Office in Calcutta or the designated Customs Office in Bhutan:

- Consignment note along with a delivery order from the concerned airline.
- Packing list
- Invoice/value declared for the Customs purpose.
- Letter of authorization.
- Original passport in case of Bhutanese national and photocopy of the passport in case of foreigners in Bhutan.

## **Unaccompanied Baggage arriving by Sea**

Except for import license/permit, all other documents mentioned above shall be required for clearance of unaccompanied baggage arriving by sea. The consignor must be the same person as the consignee.

## **Declaration**

- All arriving aircrew shall declare the dutiable goods if any in their possession to the Customs authorities at the time of their arrival.
- All arriving passengers shall be liable to declare the contents of the baggage to the Customs authorities in the Passenger Declaration Form as prescribed in **CD Form-VII**.
- All arriving and departing passengers including aircrew members shall be liable to declare to Customs if they are carrying any currency exceeding amount equivalent to US\$ 5000.
- All departing passengers including aircrew members shall be required to declare any restricted goods for export along with a required permit.
- Any religious artifacts including statues, books and paintings must be stamped with the appropriate seal permitting its export.

## Foreign Post Parcel

### Exemption of Customs Duty for Post Parcels

Import of any goods as gift through a foreign post parcel up to assessed value US\$ 100 shall be exempted from the Customs duty and taxes and no import license/permit shall be necessary provided that:

- a person resident in Bhutan does not receive such gifts more than twice a year;
- such a gift does not consist of alcohol, alcohol beverages or any prohibited or restricted goods;
- such a gift is sent to a private person by or on behalf of another private person resident abroad; and
- such a gift consists only of goods for personal use and nature and quantity of the goods imported are such that it is not of commercial nature.

## Import and Disposal of Goods by the Privilege Personal of Diplomatic Missions and International Organization

### Privileges and Facilities to the Diplomatic Missions and Officials

The following diplomatic officials shall enjoy the diplomatic privileges and facilities:

- Ambassador
- Minister
- Counsellor
- First, Second and Third Secretary
- Attache

All issues relating to Diplomats shall be routed through the Ministry of Foreign Affairs, Royal Government of Bhutan.

### Diplomatic Officials-Exemption from Duties

Upon posting to a mission in Bhutan, diplomatic officials are entitled to bring duty free import as baggage or cargo subject to import license; durable and consumable household and personal effects. They are also entitled to bring on arrival or import subsequently within 12 months of their arrival one motor vehicle free from customs duties and other taxes. Only one set under each category of durable personal effects as per the under mentioned list shall be permitted to be imported free of duty as baggage or cargo and the same goods shall not be permitted to be imported for a second time during the total tenure of a diplomatic official.

- Personal and household effects shall include the following items:
  - clothing
  - furniture
  - household and kitchen appliances
  - television sets; video cassettes recorder; stereo set; camera; video camera; radio- 1 set of each
  - refrigerator and freezer - 1 No. each
  - oil or electric heater - 3 Nos.
  - vacuum cleaner - 1 No.
  - washing machine - 1 No.
  - computer, other similar items or professional equipment and gadgets in quantities not

exceeding one of each

- In addition, diplomats are permitted to include in their first shipment liquor, tobacco, foodstuffs and cosmetics worth up to a maximum of US\$ 3000.
- Besides the above import privileges, the diplomatic officials are entitled to import, or purchase from the local duty free stores, free of duty, and against payment in convertible currency, items of consumable nature namely foodstuffs, medicines, liquor, tobacco, and minor household appliances as follows per annum:

	<b>Hard drinks</b>	<b>Light drinks</b>	<b>Tobacco Products</b>	<b>Household consumables</b>	<b>Total value</b>
Ambassador	US \$ 8,000	US \$ 2,000	As per requirement	As per requirement	US \$ 10,000
Minister, Counselor and 1st Secretary	US \$ 4,000	US \$ 1,000	US \$ 1,000	US \$ 3,000	US \$ 9,000
2nd,3th Secretary and other diplomats	US \$ 2,000	US \$ 500	US \$ 500	US \$ 2,000	US \$ 5,000

- If at any time imports from countries other than India are arranged through an agency of the Government of Bhutan, payment of the cost thereof shall be made in convertible currency.

### **Non-Diplomatic Officials - Exemption from Customs Duty**

On first arrival, non-diplomatic officials are entitled to bring as baggage or cargo subject to import license, one set of each of the durable household and personal effects free from Customs duty as given in 1.4.2(a) of these Rules. Import of household or personal effects made subsequently shall be subject to import license and levy of Customs Duty and other taxes.

### **Disposal of Goods other than Motor vehicles Imported Free of Duty**

Diplomatic and non diplomatic officials, on their repatriation from Bhutan may, re-export durable and consumable household and personal effects or such goods may be disposed off in Bhutan with the prior approval of the Department in the following manner:

- Durable goods may be sold free of Customs duty to:
  - a Diplomatic Mission or any other exempt organizations
  - any other exempted individuals entitled to such exemption provided that the official has not already imported free of duty or obtained import license/permit for duty free import of similar goods.
- Used consumable items with an import value of less than US\$ 500 each may be disposed of directly in open market free of duty.
- Major items other than those mentioned in (b) above with an import value more than US\$ 500, if disposed off to a non-privileged person shall be liable to customs duty. The customs duty shall be levied on the depreciated value of the items @ 20% per annum on straight-line method.

### **Disposal of Vehicles Imported Free of Duty and Tax**

Disposal of vehicle imported by Diplomatic Missions and their officials shall be governed by the provisions laid down under Rules on Import and Sale of Third Country Origin Vehicles.

## Administrative Responsibility

All privileges and facilities under these rules shall be extended through the concerned employing agency which shall also be responsible for ensuring full compliance of these regulations by their officials at all times. The concerned employing agency shall also inform the Department of the arrival and departure of their officials.

## Import of Firearms and Ammunition

Import of firearms and ammunition is restricted as per the Firearms Act in force.

## Privileges and Facilities to the Officials of United Nations, International Agencies and Experts

The privileges and import facilities to be accorded to the Resident Representative of the UNDP and its International staff in Bhutan, other expert assigned to Bhutan under aid Programmes of the United Nations and its agencies and international staff under bilateral agreements with foreign countries shall be governed by the following regulations:

## Exemption from Duties

Within 12 months of posting in Bhutan, they are entitled to bring as baggage or to import as cargo subject to import license, durable and consumable household and personal effects from any country of origin, free from Customs duty and other taxes. Subject to import license they are also entitled to bring on arrival, or import subsequently within 12 months of their arrival one motor vehicle free from customs duties. Only one set under each category of durable personal effects as per the under mentioned list shall be permitted to be imported free of duty as baggage or cargo and the same goods shall not be permitted to be imported for a second time during the total tenure of such privileged officials.

- Personal and household effects shall include the following items:
  - clothing
  - furniture
  - household and kitchen appliances
  - television sets; video cassettes recorder; stereo set; camera; video camera; radio- 1 set of each
  - refrigerator and freezer - 1 No. each
  - oil or electric heater - 3 Nos.
  - vacuum cleaner - 1 No.
  - washing machine - 1 No.
  - computer, other similar items or professional equipment and gadgets in quantities not exceeding one of each
- In addition, aforesaid International staff or experts are permitted to include in their first shipment liquor, tobacco, foodstuffs and cosmetics worth up to a maximum of US\$ 3000.
- Besides the above import privileges, International staff and experts are entitled to import, or purchase from the local duty free stores, free of duty, and against payment in convertible currency, items of consumable nature namely foodstuffs, medicines, liquor, tobacco, and minor household appliances as follows per annum:

	<b>Hard drinks</b>	<b>Light drinks</b>	<b>Tobacco Products</b>	<b>Household consumables</b>	<b>Total value</b>
UNDP Resident	US \$	US \$	As per	As per requirement	US \$

Representative	8,000	2,000	requirement		10,000
Other International Agency Heads	US \$ 4,000	US \$ 1,000	US \$ 1,000	US \$ 3,000	US \$ 9,000
UN Officials and Other experts	US \$ 2,000	US \$ 500	US \$ 500	US \$ 2,000	US \$ 5,000

## Disposal of Goods other than Motor vehicles Imported Free of Duty

Privileged persons, on their repatriation from Bhutan may, re-export durable and consumable household and personal effects or such goods may be disposed off in Bhutan with the prior approval of the Department in the following manner:

- Durable goods may be sold free of Customs duty to:
  - An international organisation or any other exempt organizations
  - any other exempted individuals entitled to such exemption provided that the official has not already imported free of duty or obtained import license/permit for duty free import of similar goods.
- Used consumable items with an import value of less than US\$ 500 each may be disposed of directly in open market free of duty.

Major items other than those mentioned in (b) above with an import value more than US\$ 500, if disposed off to a non-privileged person shall be liable to customs duty. The customs duty shall be levied on the depreciated value of the items @ 20% per annum on straight-line method.

## Disposal of Vehicles Imported Free of Duty and Tax

Disposal of vehicle imported by International Organizations and their privileged officials shall be governed by the provisions laid down under Rules on Import and Sale of Third Country Origin Vehicles.

## Administrative Responsibility

All privileges and facilities under these rules shall be extended through the concerned employing agency which shall also be responsible to ensure full compliance of these regulations by their officials at all times. The concerned employing agency shall also inform the Department of the arrival and departure of their officials.

## Import of Firearms and Ammunitions

Import of Firearms and ammunitions is restricted as per the Firearms Act in force.

## Privileges and Facilities to the International Voluntary Organizations Assigned to Bhutan

The following privileges and facilities shall be accorded to members of International Voluntary Organisations unless specified otherwise:

### Consumable and Household Effects

During the period of first 12 months of assignment the volunteers assigned to Bhutan are permitted to import free of duty their personal and household effects subject to import License.

- Personal and household effects shall include the following items:
  - clothing
  - furniture
  - household and kitchen appliances
  - television sets; video cassettes recorder; stereo set; camera; video camera; radio- 1 set of each
  - refrigerator and freezer - 1 No. each
  - oil or electric heater - 3 Nos.
  - vacuum cleaner - 1 No.
  - washing machine - 1 No.
  - computer, other similar items or professional equipment and gadgets in quantities not exceeding one of each
- In addition the aforesaid volunteers are permitted to include in their first shipment, liquor, tobacco, foodstuffs and cosmetics worth up to a maximum of US\$ 3,000.
- Besides the import privileges, members of International Voluntary Organisations are entitled to purchase from the local duty free stores, free of duty, and against payment in convertible currency, items of consumable nature namely foodstuffs, medicines, liquor, tobacco, cosmetics, books, and periodicals, toilet and articles, minor household appliances, etc. during their tenure in Bhutan subject to limits prescribed under Rule 1.8.1 of these Rules for civil servants on a calendar year basis:
- Volunteers who are paid in local currency may purchase the above items in equivalent local currency from the local duty free store.

## **Disposal of Goods Imported Free of Duty**

Volunteers, on their repatriation from Bhutan may, re-export durable and consumable household and personal effects or such goods may be disposed with the prior approval of the Department in the manner as laid down in Rule 1.4.4 of these Rules.

## **Administrative Responsibility**

All privileges and facilities under these rules shall be extended through the concerned employing agency which shall also be responsible to ensure full compliance of these regulations by their officials at all times. The concerned employing agency shall also inform the Department of the arrival and departure of their officials.

## **Import of Firearms and Ammunitions**

Import of Firearms and ammunitions is restricted as per the Firearms Act in force.

## **Import of Goods on Behalf of an Exempt Organization**

In case of import by an importer on behalf of an exempt organisation, import license shall be issued in the name of the importer and the importer shall pay the customs duty at the time of import. However in cases where the import duty exemption certificate is produced by the importer, goods may be released on duty exempt basis. In cases where the Customs duty has already been paid at the time of import, the customs duty so paid shall be refunded to the exempt organisation on fulfilment of the following procedures:

- Applications for customs duty refund must be submitted to the Department as per GP Form- I.
- Refund claims shall be made only by an exempt organisation and not by the importer.
- Claims must be made within 6 months from the date of payment of customs duty. Claims after the

expiry of 6 months from the payment of customs duty shall not be entertained.

- Claims must be routed through the concerned RRCO where the customs duty was originally paid.
- All claims must be accompanied by Import Declaration Form CD Form-III, import duty exemption Certificate CD Form-II, relevant bills, invoices and revenue receipts proving that customs duty has been paid at the time of import.
- The concerned RRCO shall verify the claims and confirm whether the duty amount has been deposited with the RGR account or not before forwarding the claims to the DRCHO for payment.
- The DRCHQ shall make refund payment directly to an exempt organisation in their account.

## Restricted and Prohibited Goods

### Import restriction

The import of following categories of goods into Bhutan are restricted and application for license to import these goods shall be accompanied by a special permission [ in original ] issued by the concerned agency listed against the categories of goods :

	Restricted goods	Responsible Agencies
1	Arms & ammunition	Royal Bhutan Army
2	Explosives and explosive devices	Ministry of Home Affairs
3	Live animals and their products or by products	Ministry of Agriculture
4	Plant and plant materials	Ministry of Agriculture
5	Industrial and toxic wastes and residues	National Environment Commission/Ministry of Trade & Industry
6	Wireless and remote sensing tele- communication and broadcasting equipment	Ministry of Communication
7	Scraps as notified by the National Environment Commission Secretariat	National Environment Commission
8	Used or second hand goods, vehicles, machinery and equipment	Ministry of Trade & Industry
9	Any other goods which do not have market in Bhutan	Ministry of Trade & Industry
10	Drugs & pharmaceutical products	Ministry of Health & Education/ Ministry of Agriculture [in case of import of narcotics & psychotropic substances, the Department of Revenue & Customs shall issue import permits based on the recommendation of the Health Department.]
11	Chemical and fertilizers	Ministry of Agriculture
12	Plastic packing materials	Ministry of Trade & Industry
13	Gold & silver in excess of free baggage allowance	Royal Monetary Authority of Bhutan

14 Any other goods which are restricted by any other laws and regulations in force	Ministry of Trade & Industry
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## Import prohibitions

The import of following goods into Bhutan shall be prohibited.

- Narcotics and psychotropic drugs and substances;
- Pornographic materials; and
- Any other goods which are prohibited by any laws or international conventions or treaties to which Bhutan is a signatory.

## Export prohibitions

The export of following shall be prohibited.

- Animals and plants classified as endangered species and their parts and products;
- Antiques such as zee, religious artifacts and any other items as notified by the Royal Government;
- Narcotics and psychotropic drugs and substances; and
- Any other goods which are prohibited by any other laws in force.

## Detention, Seizure and Confiscation

### Detention

- Where goods liable for tax or duty are incorrectly declared or the value of the goods under-invoiced, such goods may be liable for detention.
- Where an officer of the Department has reason to believe that the goods have been illegally imported or exported, the officer shall have the power to detain the goods for further inquiry.

### Seizure

- Restricted and prohibited goods, or goods imported, exported or sold without prescribed documents, permit or pass, shall be seized or confiscated.
- Where taxable, dutiable, restricted or prohibited goods are unloaded or attempted to be unloaded without authorization, or removed from an area or a warehouse without permission, goods shall be considered illegal and seized or confiscated.
- Where a person or entity fails to produce documentary evidence for the taxes and duties paid thereof, the officer of the Department shall seize such goods.

### Confiscation

- Goods requiring import licenses or permits shall be confiscated if imported without required import licenses or permits.
- Any goods imported, exported or sold contrary to the restrictions or prohibition under this Act shall be liable for confiscation.
- A conveyance shall be confiscated on the commission of following offences:
- Concealment and smuggling of goods; or

- Goods liable for seizure or confiscation are thrown from the conveyance or refusing to stop when asked.
- Goods detained, seized or confiscated may include any documents, records or articles relevant to an enquiry.

## **Fines and Penalties**

Fines and penalties shall be levied in the following manner:

### **Late payment of tax**

A penal interest at the rate of 24% per annum on the amount of tax due in addition to the tax in arrears shall be imposed to the assessee on failure to pay Sales Tax, Customs & Excise duty due payable to the Government.

### **Failure to maintain books of accounts and documents**

Depending on the size and nature of the business, a fine ranging from Nu.1000 to Nu.100,000 shall be imposed for failure to maintain books of accounts, documents or furnish information as may be required by the Government.

### **Failure to comply with the notice**

A fine of Nu.500 to Nu.5,000 for each default shall be imposed for failure to comply with the notice issued by the Department to furnish evidence and produce books of accounts or any other documents.

### **Collecting agent**

Collecting agent responsible for the collection and remittance of Sales Tax, Customs and Excise duty shall be liable for penalties as follows-

- Failure to collect the whole or part of tax or duty as required under this Act shall pay a penal interest at the rate of 24 per cent per annum on the amount due in addition to the tax or duty in arrears; and
- Failure to deposit the tax or duty collected as required under this Act, shall pay penal interest at the rate of 24 per cent per annum from the due date it is required to be deposited in addition to the tax or duty in arrears.

### **Under-invoicing, non-declaration or concealment etc.**

A fine of 50 per cent of the value of the goods in addition to the amount of Sales Tax, Customs and Excise duty shall be imposed for the commission of following offences:

- Under-invoicing or non-declaration of either the value or quantity of goods or services sold in case of sales tax;
- Non-declaration, mis-declaration or concealment of goods;
- Misuse of tax or duty exemption; or
- Misuse of any permits.

## **Prosecutions**

Notwithstanding the provision of fines and penalties under this Act, the offender shall be liable for a term of imprisonment ranging from 3 months to 6 years for the commission of following offences-

- Dealing with seized assets in contravention of the order made by the Department;
- Smuggling of contraband if not specified in any other laws;
- Willful act or omission to collect tax or duty at source or pay tax or duty to the Government;
- Willful act or omission to produce books of accounts and documents;
- Making a false statement or deliver a false account; or
- Abet or attempt to abet any offence under the provisions of this Act.

## Settlement of Disputes and Appeals

### Appeal

- A person or business entity may appeal an assessment of Sales Tax, Customs or Excise duty or any other decision passed by an officer of the Department.
- Filing an appeal against an assessment, does not postpone the date for depositing the Sales Tax or duty.
- An appeal shall be admitted only if the undisputed part of the Sales Tax or duty has been deposited.
- Where the order in appeal does not reverse or the appeal is otherwise unsuccessful, the appellant shall be liable for the disputed amount along with the penal interest of 24 per cent per annum from the due date.

### Appeal procedure

- The Appeal shall be filed before the Appeal Committee within 30 days from the date of the issue of demand notice or seizure notice.
- The Appeal Committee at the Regional Office shall pass its decision within 30 days from the date of filing an appeal.
- Where an Appeal Committee fails or does not pass a decision within 30 days of filing an appeal, a person or entity may appeal to the Appeal Committee at the Head Office.
- The decision of the Appeal Committee of the Regional Office may be appealed to the Appeal Committee at the Head Office within 30 days from the date of a decision has been passed.
- The Appeal Committee at the Head Office shall pass its decision within 60 days from the date of filing an appeal.
- Where an Appeal Committee fails or does not pass a decision within 60 days of filing an appeal, a person or entity may appeal to the Appeal Board.
- The decision of the Appeal Committee of the Head Office may be appealed to the Appeal Board within 60 days from the date a decision has been passed.
- The Appeal Board shall pass its decision within 60 days from the date of filing an appeal.
- The decision of the Appeal Board may be appealed to the Court of Law within 30 days from the date a decision has been passed.
- Where an Appeal Board fails or does not pass a decision within 60 days of filing an appeal, a person or entity may appeal to the Court of Law.
- Any decisions passed thereto by the Appeal committee or the Board shall be in writing.

### Appeal to the Courts

- Nothing in the provisions of appeal under this Act shall bar a person from filing an appeal to the Court of Law.

**NOTE: Publications on Sales Tax, Customs and Excise Act and Rules are available for sale in all Regional Revenue and Customs Offices.**