

Excise

Exemption of Excise Duty and Exemption Procedures

- On satisfaction and in the public interest, the Department of Revenue & Customs (DRC) may exempt any agency or person from payment of excise duty. Such exemptions include the excisable goods purchased by the foreign diplomatic missions, international organisations, their privileged personnel and armed forces.
- Excise duty may also be exempted for certain organisations within the quota approved by DRC. Exemption of excise duty on the quantity required per occasion or annually has to be obtained in the prescribed excise **Form XVIII** (issued by concerned RRCO only) before the actual removal of the product from the warehouse.
- All cases for exemption of excise duty shall be submitted to DRC by the head of the concerned organisation at least one week before the actual procurement.

Excise Tariff & Fees

Excise Duty Rates

Excise duty on domestically manufactured products shall be levied on **ad-valorem rates** at ex-factory price. Presently excise duty is levied on alcoholic beverages only. The rate of duty ranges from **20% to 60%** ad-valorem as per the tariff schedule given below.

Excise Duty Tariff Schedule

Sl.No	Brand	Unit in ml/litre	Excise Duty ad-valorem
1.	Coronation Silver Jubilee whisky	750	20 %
2.	Apple Brandy	750	20 %
3.	Khambu Brandy	750	20 %
4.	Apple Wine	650	20 %
5.	Miniature set	300	20 %
6.	Special Courier whisky	750	30 %
7.	Royal Supreme whisky	750	30 %
8.	Coronation Silver Jubilee Rum	750	30 %
9.	Liqueurs	375	30 %
10.	Dragon D/Rum	750	50 %
11.	Dragon D/ Rum	375	50 %
12.	Rock Bee Brandy	750	50 %
13.	Black Mountain whisky	750	60 %
14.	Black Mountain whisky	375	60 %
15.	Jachung Brandy	750	60 %
16.	Jachung Brandy	375	60 %
17.	Changta whisky	750	60 %

18.	Changta whisky	375	60 %
19.	Bhutan D/Rum	750	60 %
20.	Snow Line Gin	750	60 %
21.	Crystal Dry Gin	750	60 %
22.	Crystal Dry Gin	375	60 %
23.	Pacham Gin	750	60 %
24.	Pacham Gin	375	60 %
25.	Spiced liquors	750	60 %
26.	Spiced liquors	375	60 %
27.	XXX Rum	750	60 %
28.	XXX Rum	375	60 %
29.	60 Under proof (gallon)	4.5	60 %

Excise Fees

- **Fees for liquor export**

Vend fee - Nu. 6/- per case containing 750 ml or 375 ml bottle
 Bottling fees - Nu10/- per case containing 750 ml or 375 ml bottle

- **Excise permit fees**

The excise permit fees for import of beer shall be Nu.150/-per permit.

- **Liquor shop license fees**

License fees for liquor shops shall be determined through the highest bid offered by the eligible bidder during the open auction conducted by DRC from time to time and approved by the Auction Committee. The amounts of such fees are subject to changes on subsequent auction/tender or re-tender.

Permit Systems for Import Export & Transport of Excisable Goods.

Excise Import and Export Procedures

Export procedures

- The authorised agency intending to export alcoholic beverages should submit an application to the concerned Regional Revenue and Customs Office (RRCO).
- The application for export of alcoholic beverages to India should be accompanied by a permit issued by the concerned excise authorities authorising the import and has to be submitted to the concerned RRCO for approval not less than 24 hours prior to the time of export.
- Any permit for export of alcoholic beverages to countries other than India shall be issued by the Customs Authorities.
- The exporter shall be bound by certain other conditions such as security deposit, deposit of other fees & charges and submission of a landing certificate of the exported consignment within the

period specified under each permit.

Import procedures

- All goods imported under the excise permits shall be recorded in the entry check post in Bhutan.
- In case of a permit issued to any distillery for import of spirit, a landing certificate of the quantity receipt each time will be issued by the concerned excise authorities at the distillery/warehouse.
- If the spirit has not been supplied or short supplied, a certificate to this effect should be obtained from the excise authorities, at the place of import for proper maintenance of stock account.
- No permit shall be issued for import of any drugs substances unless specific authorisation has been obtained from the Ministry of Health Services.

Export & Import Procedures for Alcoholic Beverages.

Permits for Import, Export and Transport of Alcoholic Beverages.

Specific excise permit forms as per the Rules on the Sales Tax, Customs & Excise Act of the Kingdom of Bhutan 2000 will be issued for the import, export and transport of alcoholic beverages.

- **Excise permit** under the prescribed excise **Form(s) No. VI, VII and XVII** (issued by concerned RRCO only) shall be issued for import of bottled alcohol (beer), spirit and narcotics & psychotropic substances from India. Import of any type of alcoholic beverages from countries other than India shall require a permit issued by the Customs Authorities.
- **Under-bond permits** shall be issued by the excise authorities in the prescribed excise **Form(s) No. IX A and IX B** (issued by concerned RRCO only) for under-bond transfer of bottled liquors and spirits from one warehouse to another.
- **A transit permit** in the prescribed excise **Form No. X** (issued by concerned RRCO only) shall be issued by the excise authorities for transport of excise duty paid alcoholic beverages within Bhutan or from Bhutan to Bhutan through the Indian territories. In both the cases the permit shall indicate therein the place of issue, destination and route through which places the consignment will be transited. The movement of alcoholic beverages from Bhutan to Bhutan through the Indian territories of West Bengal and Assam is permitted under the special arrangements between Bhutan and the respective State Governments of India.
- The Canteen Stores Department (CSD) and paramilitary forces in India are considered as the main importers of Bhutanese liquor products. **Excise permit** under the prescribed excise **Form No. XII** (issued by concerned RRCO only) shall be issued for export of alcoholic beverages to the above organisations as well as the exports on special permits issued by the Indian Excise Authorities.

Excise Control Mechanisms for on Manufacture, Storage, Underbond Transfer & Removal for Sales & Export

Registration of Factories, Distilleries and Warehouses

Application for registration

- It will be mandatory for the applicant to obtain **Business Identifier Code Number (BIC)** from the concerned RRCO before applying for the registration.
- Factories, distilleries and designated warehouse engaged in production or storage of excisable goods should be registered with the concerned Regional Revenue & Customs Office (RRCO).
- The application for registration should be made in the prescribed excise **Form XV**.
- The owner/agent of a factory, distillery or a warehouse having more than one premise will be

required to apply for separate registration for each premise.

Registration

- On fulfilment of the required formalities by the applicant, the concerned Regional Revenue & Customs Office will issue a certificate of registration.
- The certificate will contain all necessary binding guidelines on transfer of ownership, change of location and on winding up of the business etc.

General procedures

- The manufacturers are to ensure that quality and content of the manufactured products are in keeping with the specification and the standard declared to the consumer.
- A monthly statement of principal raw materials (main ingredients to be used during manufacture) received, used for production and the quantity of dutiable goods manufactured, sold and inter-unit transfer under bond of the same should be furnished by the manufacturer to the excise officer under the prescribed excise **Form IV**.
- The manufacturer of a new exercisable product (including the sale/marketing) shall be required to furnish the list of the products manufactured, with details of manufacturing cost, cost of packaging, any discounts declared by them and the price fixed for the sale of goods to the Department of Revenue & Customs under excise **Form I**.
- The head of the Department of Revenue & Customs shall approve the labels used by the manufacturer of distillery and brewery products. Each label of alcoholic beverages for supply to defence forces should be marked with the legend **For Consumption of Defence Services/Canteen Service only**.
- Transfer of spirit and finished products from one unit to another has to be covered by a permit issued by the Excise Officer.
- Assessment of duty has to be completed and excise duty/fees wherever necessary deposited for sale or export of dutiable goods from the warehouse.

Self assessment and removal procedures

Provision has been kept under Rule 5.5 of Part III of Rules on the Sales Tax, Customs & Excise Act of the Kingdom of Bhutan 2000 for certain manufacturer(s) to clear dutiable goods from the factory/warehouse under the Self Assessment and Removal Procedure, i.e without the physical supervision of the Excise Authorities under the conditions prescribed below:

- That the records pertaining to the receipt and use of the principal raw materials in the factory are maintained
- That the production and sale records are maintained to the satisfaction of the Department
- That the collected amount of excise duty is deposited to the Government treasury within the time as prescribed by the Department
- Non-compliance of the above procedures shall result in withdrawal of such facility by the Department.

Auction Procedures of Liquor Shop Licenses

Auction Procedure of Liquor Shop License.

- The Department of Revenue & Customs will conduct the auction of liquor shop license through a **committee** comprising of representatives from the Dzongkhags, Ministry of Trade & Industry, RBP, BCCI, DRC and the Army Welfare Project.

- The interested bidders should submit a certificate of eligibility to the Regional Revenue & Customs office (RRCO) before the auction. Any person blacklisted by the Department for having outstanding revenue or through involvement in offences during the course of liquor business in the past or those persons working in the civil service are not allowed to participate in the auction of liquor shop license.
- On fulfilment of the required eligibility criteria, a token number allowing the bidder to participate in the auction will be issued by the concerned RRCO on deposit of the earnest money. The amount shall be notified on or before the time of auction.
- The **Government Reserve Value (GRV)** of each liquor shop as fixed by the Department shall be the base value. Each bidder should offer their bids above the GRV. In case the highest bidder surrenders the bid value, the auction committee shall forfeit their earnest money. In such case, the license shall be awarded to the second highest bidder. In case the second highest bidder rejects the bid, their earnest money will also be forfeited and the particular shop shall be re-auctioned.
- The highest bidder whose bid has been accepted by the committee shall be required to deposit full amount on the fall of hammer. In addition to the bid value, they should also **deposit 20 %** of the bid value as security deposit with the Department. However, if the bid amount exceeds Nu.500,000/- the Department may consider such deposit under instalment basis under an agreement executed with the Department.
- All payment shall be accepted in the form of cash, cash warrant or a bank draft only.

Right to appeal

Any person aggrieved by the decision of the auction committee may submit an appeal to the concerned RRCO under Section 20 of the General Provision of the Sales Tax, Customs & Excise Act 2000.

Fines & Penalties

The excise officer on the spot shall impose the following fines and penalties:

- Fines on distilled illicit liquors (arrah) shall be Nu. 100/- per bottle containing 750ml,
- Fines on fermented grains (Bangchang) shall be Nu.500/- per weight of 20 Kg.
- Fines on other illicit products in liquid or solid form shall be Nu.50/-per bottle of 750 ml or per Kg.
- Fines on sale of liquors obtained free of duty or imported illegally shall be Nu.200/-per bottle irrespective of size.

The offender is liable to imprisonment as per the provision of the Civil and Criminal Court Procedures of the Kingdom of Bhutan. Seized or confiscated illicit liquors (Bangchang and Arrah) shall be destroyed after the fines and penalties have been paid.

All expenses incurred on transport and handling of detained or seized goods shall be borne by the offender on an actual basis. The expenses shall include transportation, loading, storage, packing and any other related costs.

Inspection of illicit liquors and other offences

- Excise inspections on production and sale of illicit liquors shall be conducted within the urban areas and along the highways.
- Upon inspection, if the sale of illicit liquors is detected, the excise authority conducting the field inspection shall confiscate the liquor along with equipment for fermentation and distillation like pots, drums, jars or any other receptacles.
- In addition to above, the excise inspection team shall also confiscate any liquor obtained illegally

and sold in the open market.