

དངུལ་རྩིས་ལྷན་ཁག།

ROYAL GOVERNMENT OF BHUTAN
MINISTRY OF FINANCE
TASHICHHO DZONG



DRC/TAX-A&L/RA/15/ 2410
March 11, 2011

PUBLIC NOTIFICATION

Subject: Amendments to Income Tax Act, 2001

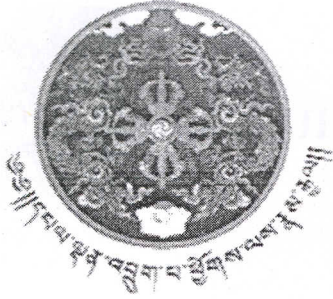
This is to notify all concerned that the following amendments are made to the existing provisions of the Income Tax Act of the Kingdom of Bhutan, 2001.

Existing Provisions

1. Entertainment expenses directly related to sales promotion of the business shall be allowed as deductions on actual expenses incurred or 2 per cent of assessed net profit, whichever is lower. (Part I, Chapter 4, Section 14.2)
2. Tax shall be deducted from contractors under limited tax liability for construction, logging work, transportation, management contracts, consultancy including other professional services and supplies. The tax shall be deducted at the rate of 3 per cent on the gross amount and shall be treated as final. (Section 18.2, Chapter 3, General Provisions)
3. A fine at the rate of 100 per cent of the gross income shall be imposed on non-filing. Non-filing of tax return shall mean tax return not filed after 3 months from the due date. (Chapter 5, section 31, General Provisions)

Amended Provisions

1. **Entertainment expenses** directly related to sales promotion of the business shall be allowed as deductions on actual expenses incurred or 2% of assessed net profit, whichever is lower. *However, it shall be 5% of the assessed net profit or actual expenses incurred, whichever is lower, for tour operating businesses.* (Part I, Chapter 4, Section 14.2)
2. Tax shall be deducted from the **contractors under limited tax liability** for construction, logging work, transportation works, management works, including other services. The tax shall be deducted at the rate of 3% of the gross amount and treated as final. (Chapter 3, Section 18.2, General Provisions)



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3. A fine equal to three times the assessed tax amount or Nu. 50,000 whichever is higher, shall be imposed for **non-filing**. Non-filing of tax return shall mean tax return not filed after 3 months from the due date. (Chapter 5, section 31, General Provisions)

The amendments shall come into effect from **10th February, 2011**. All concerned are requested to take note of the changes made. The amendments are also available on the Ministry's website www.mof.gov.bt .

For any further clarifications, please contact the Department of Revenue and Customs or its regional offices.

Lam Dorji
Secretary

Copy to:

1. Hon'ble Speaker, National Assembly with reference to letter No. NAB-SP/9/2011/91 dated 14th February, 2011.
2. Hon'ble Chairman, National Council.
3. Cabinet Secretary, Cabinet Secretariat, Tashichodzong.
4. Auditor General, Royal Audit Authority.
5. All government agencies.
6. Secretary General, BCCI for information.
7. Director, Department of Revenue and Customs for necessary action.
8. PPD, Ministry of Finance for uploading on MoF web.