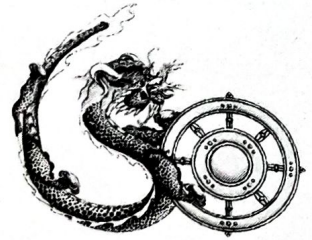




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ROYAL GOVERNMENT OF BHUTAN
MINISTRY OF FINANCE
TASHICHHO DZONG



DRC/TAX-M&E/NOT-01/2020/ 2241

14 May 2020

NOTIFICATION

Sub: Enactment of the Income Tax (Amendment) Act of Bhutan 2020

This is to notify that the 3rd Session of the Third Parliament has enacted the Income Tax (Amendment) Act of Bhutan 2020, amending the Income Tax Act of the Kingdom of Bhutan 2001, and the Revised Taxes and Levies Act of Bhutan 2016.

The Income Tax Act of the Kingdom of Bhutan 2001 is amended as follows:

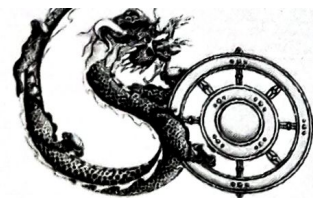
1. Under Section 14.2 of Chapter 4 under Part I, entertainment expenses for tour operators is increased from 5 percent to 8 percent of the assessed net profit.
2. Under Section 14.3 of Chapter 4 under Part I, publicity and advertisement expenses is increased from 2 percent to 5 percent of the assessed gross income.
3. Under Section 45.1 of Chapter 9 under Part I, the word "state enterprise" is added under companies under full tax liability.
4. After section 45.1 of Chapter 9 under Part I, new Section is inserted as:

45.1A The rate of income tax for companies other than the state enterprise under full tax liability shall be 25 percent of the net profit.
5. Under Section 45.2 (a) of Chapter 9 under Part I, rate of tax for permanent establishment is reduced to 25 percent of net profit.
6. Under Section 4.1 of Chapter 2, under Part III, basic exemption limit is enhanced to Nu.300,000.00
7. Section 4.2 (e) of Chapter 2 under Part III is repealed.
8. After section 5.2 of Chapter 3 under Part III, a new section is inserted, namely:

5.3 Notwithstanding section 5.1, pension income shall be exempt from Personal Income Tax.



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9. Under Section 8.3 of Chapter 3, under Part III, total dividend income exemption limit is enhanced to Nu.30,000.00
10. Section 10 of Chapter 3 under Part III is repealed.
11. Under Section 12.2 of Chapter 3 under Part III, allowable deduction for education expenses per child is enhanced to Nu.350,000.00. Education expenses means expenses incurred to educate biological children, legally adopted children or sponsored student.
12. After section 12.2 of Chapter 3 under Part III, a new section is inserted, namely:
- 12.3 The allowable deductions for education expenses shall be Nu.20,000.00 per child in absence of the supporting documents.
13. Section 14 of Chapter 3 under Part III is amended as:

TAXABLE INCOM	TAX RATE
Where the total net taxable income does not exceed Nu.300,000.00	Nil
Where the total net taxable income exceeds Nu.300,000.00 but does not exceed Nu.400,000.00	10% of the amount by which the total net taxable income exceeds Nu.300,000.00
Where the total net taxable income exceeds Nu.400,000.00 but does not exceed Nu.650,000.00	Nu.10,000.00 plus 15% of the amount by which the total net taxable income exceeds Nu.400,000.00
Where the total net taxable income exceeds Nu.650,000.00 but does not exceed Nu.1000,000.00	Nu.47,500.00 plus 20% of the amount by which the total net taxable income exceeds Nu.650,000.00
Where the total net taxable income exceeds Nu.1000,000.00 but does not exceed Nu.1500,000.00	Nu.117,500.00 plus 25% of the amount by which the total net taxable income exceeds Nu.1000,000.00
Where the total net taxable income exceeds Nu.1500,000.00	Nu.242,499.00 plus 30% of the amount by which the total net taxable income exceeds Nu.1500,000.00



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14. After Section 14 of Chapter 3 under Part III, a new Section is inserted, namely:

14A Surcharge

Surcharge at the rate of 10 percent shall be applicable on Personal Income Tax amount if the annual personal income tax is equal to or more than Nu.1,000,000.00. For the purpose of this Act, Surcharge means additional tax levied on tax payable or tax paid for an income year.

Sections 6, 7 and 8 of Chapter 2 of the Revised Taxes and Levies Act of Bhutan 2016 are repealed.

These Amendments shall come into force from the Income Year 2020.


(Namgay Tshering)
FINANCE MINISTER

Copy:

1. Hon'ble Speaker, National Assembly.
2. Hon'ble Chairman, National Council.
3. Cabinet Secretary, Cabinet Secretariat.
4. Auditor General, Royal Audit Authority.
5. Attorney General, Office of the Attorney General.
6. All Government Agencies.
7. Secretary General, BCCI.
8. Director General, Dept. of Revenue & Customs, for necessary action.
9. PPD, Ministry of Finance.
10. The Managing Director, BBS, for public announcement.
11. The Managing Director, Kuensel Corporation, for public announcement.