

**Performance Indicator Report**  
for the  
Assessment Year Ending 31<sup>st</sup> December  
2005

Tax Administration Division  
Department of Revenue & Customs, HQs  
15 May 2006

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## FOREWORD

The Tax Administration Division is pleased to present its second Annual Performance Indicators Report covering for the assessment year ending 31<sup>st</sup> December 2005. As usual, in this report we review and reflect upon our performances and activities in the past one year to bring greater effectiveness, efficiency, and equity in tax the administration policies and procedures.

This report brings out a series of qualitative and quantitative tabulations covering issues such as the type of taxes administered, revenue achievements, new administrative initiatives undertaken, and challenges facing the division at the practical level. This report is broadly presented in four parts; Part I covers the organisational set up of the division including staff, taxpayer profiles, and new administrative initiatives during the year; Part II covers an overview of direct taxes; Part III covers revenue performance during the year, that is, collection from Business Income Tax (BIT), Corporate Income Tax (CIT), Personal Income Tax (PIT), and Sales Tax (ST) at the point of sale; and finally Part IV briefly covers Tax Incentives details.

The figures presented in this report pertain to 2004 income year collection, assessment for which was carried out as of December 2005. It is a calendar year based reporting hence will not correspond with the National Revenue Report figures. The readers should take note of this difference. It is our sincere hope that this report will prove useful to the regional offices for strategic planning and monitoring of revenue collection in their regions as well as in the overall revenue management and planning purposes at the national level.

Our sincere thanks are due to our Honorable Director for her unwavering support and guidance to the Division, and to all Regional Directors, Tax Heads, and the hard working staff of the Division in RRCOs for their help and contribution in the publication of this report. This report would not have been possible without their continued support and cooperation.

With best of regards,

Head  
Tax Administration Division,

## **Our Vision**

We aim to develop an effective tax system that serves as a basis for fiscal policy tool to regulate the economy, constantly adapting to the changes, and contribute to the growth of the economy through mobilization of national revenue.

## **Our Mission**

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

## **Our Values**

We are guided by integrity, dedication and professionalism in dealing with taxpayers, fostering mutual confidence, and treating everyone with respect and civility.

## **Our Functional Mandate and Strategies**

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

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

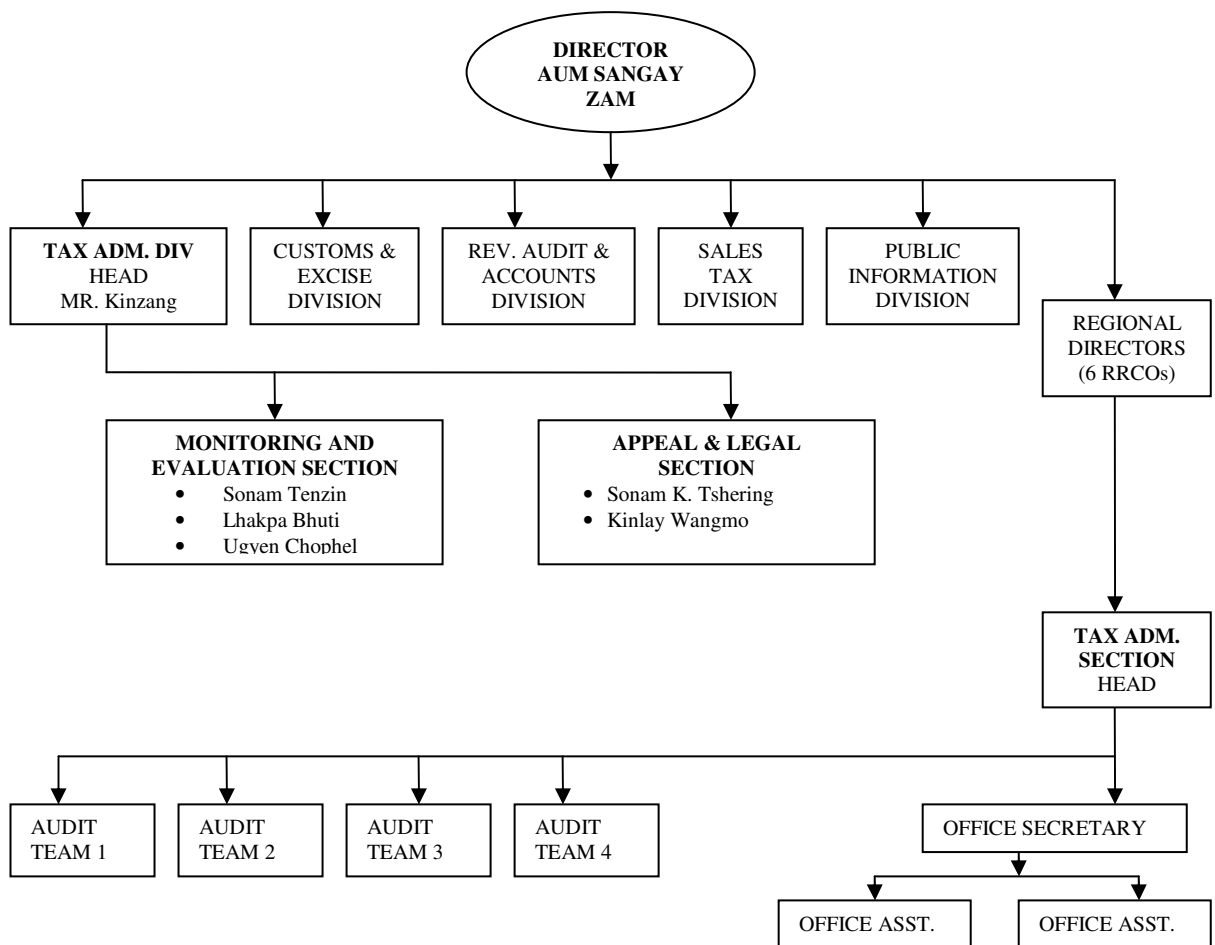
Further, maintaining a high degree of integrity and the morale of our staff is our major operational strategy. In order to achieve this, we try and put in place an effective policy framework, risk-based control structures, and a strong culture of accountability in our work. We remain fully dedicated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

# PART I

## ORGANIZATIONAL STRUCTURE

### 1.1 ORGANISATIONAL SET UP

The organizational set up is structured along the functional lines to achieve better work coordination, efficiency, and effectiveness in the overall administration and collection of national revenues. Tax Administration Division, HQ has two sections; viz. Monitoring & Evaluation Section, and Appeal & Legal Section. Sales Tax function, which was previously under the tax division, was separated in Jan 2006 to further strengthen its administration and monitoring in the regions.



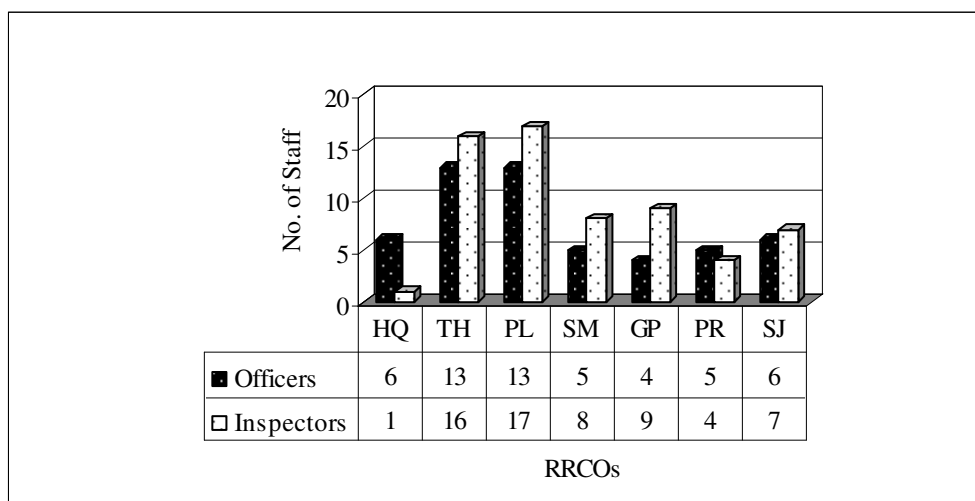
The department currently has six regional offices including a new regional office in Paro, which was established in Jan 2005. Paro and Haa dzongkhags, previously under RRCO Thimphu, are now covered under RRCO Paro to ease administrative burden and facilitate better taxpayer services. Table 1 below shows the administrative jurisdictions of the six RRCOs.

**Table 1 Regional Offices and their Administrative Jurisdiction**

RRCO	Coverage	Dzongkhag
Thimphu	4 Northern Dzongkhags	Thimphu, Punakha, Wangdi Phodrang, and Gasa
Paro	2 Northern Dzongkhags	Paro and Haa
P/ling	1 Southern Dzongkhags	Chukha
Gelephu	6 Central and Southern Dzongkhags	Trongsa, Sarpang, Tsirang, Bumthang, Zhemgang and Dagana
Samtse	1 Southwest Dzongkhag	Samtse
S/Jongkha	6 Southern and Eastern dzongkhags	Mongar, Trashigang, Bumthang, Samdrup Jongkhar, Lhuentse, Pema Gatshel, and Trashi Yangtse

## 1.2 STAFF STRENGTH

Tax Administration Division has a total of 114 staff comprising 52 officers and 62 inspectors as of the period ending 31<sup>st</sup> Dec 2005. This is an increase of 19% from 96 in the previous year. The manpower allocation is based on revenue potential, the number and type of taxpayers in each region. The recruitment at the inspector's level is higher this year, thereby changing the officer to inspector ratio to almost 1:2 from 1:1 in the previous year. The detailed distribution of staff is shown in the graph below:



**Figure 1 Staff Distribution**



### 1.3 QUALIFICATION

Upgrading knowledge and skills of the staff is a key to strengthening the institutional capacity of the division. Currently the division has 12 officers with master's degree, 37 officers with bachelors' degree, 51 inspectors are with class XII qualification, and another 12 inspectors with class 10 qualification indicating the availability of well qualified staff in the division. Two officers are currently pursuing masters degree in MBA and public finance in Thailand and Australia. The minimum qualification requirement for officer level entry in the division is B-Com degree or equivalent while it is pre university level or class XII for inspector's level.

**Table 2 Qualification Details**

**Table 2: Qualification Details as of 31st Dec 2005**

	Qualification Details					Total
	Masters Degree	Bachelors Degree	Class XII	Class X	Pursuing Masters	
HQ	4	2	0	1	0	7
Thimphu	4	8	13	3	1	29
P/ling	3	9	15	2	1	30
Samste	1	4	7	1	0	13
Gelephu	0	4	7	2	0	13
Paro	0	4	5	0	0	9
S/Jonkha	0	6	4	3	0	13
<b>Total</b>	<b>12</b>	<b>37</b>	<b>51</b>	<b>12</b>	<b>2</b>	<b>114</b>

### 1.4 SIGNIFICANT INITIATIVES DURING THE YEAR

Improving voluntary compliance through tax awareness programs and improving taxpayer services is at the core of our operations. A series of taxpayer workshops were conducted on the Income Tax Act and Rules and basic book keeping covering almost all 20 dzongkhags. Alongside, the Division also conducted induction courses to the new recruits as well as a number of refresher courses to upgrade the skills and knowledge of the existing staff.

#### 1.4.1 Taxpayer Education Programs

- For small business houses, a basic book keeping workshop was conducted in at least three dzongkhags of Thimphu, Wangdi and Punakha under RRCO Thimphu in June

2005. A total of 162 small business units were briefed on basic book keeping skills including other tax filing requirements and procedures. The workshop was funded by DANIDA.

- A separate round of workshops was also conducted for tax withholding agencies in all six regional offices to educate them on TDS rules and procedures required to be observed under Revenue Management Systems (RMS).

#### **1.4.2 Internal Workshops/ Trainings**

- To resolve practical problems faced in the field and more importantly to ensure uniform implementation of the Income Tax Act & Rules across the region, the fifth Annual Tax Officer's Meet was held from 6<sup>th</sup> – 8<sup>th</sup> July, 2005. The meet was also used to set performance standards for the division as a whole, besides reviewing and discussing rules and procedures, sharing field experiences of each region, and other personnel and administrative issues of the division.
- Recognizing the significant role played by the construction sector in the economy, and to therefore enhance the technical knowledge and understanding of civil works, a three day training course on Construction Management & Valuation under DANIDA funding was conducted in October 2005. It was held at the DRC training centre in Thimphu with resource speakers from Ministry of Works and Human Settlements, and a total of 27 mid to senior level officers and inspectors from all six RRCOs attended the course.
- The Division also conducted 'Tally Accounting Training' in October 2005 to familiarize tax officers in computer accounting software widely used by private firms. A total of 29 officers and 32 inspectors from all RRCOs attended the course.

#### **1.4.3 Revision and Publication of Rules and Manuals**

- Following the enactment of the Income Tax Act in 2001, the revision to Bhutan Tax Manual, 1998 was carried out during the period. About 500 copies of the Revised Edition were published and distributed to the regions. The revision was necessary to

mainly ensure uniform implementation of the Income Tax Act and Rules across the regions, and also to reflect the administrative and procedural changes brought about by the Income Tax Act in the overall administration of direct taxes.

- Along with the above revision, the revision to the Income Tax Rules was also carried out. The 2<sup>nd</sup> Edition of the Rules on the Income Tax Act was printed and distributed to all RRCOs and concerned agencies, and made available to the public for sale through Kuensel outlet shops in Thimphu.

#### **1.4.4 Avoidance of Double Taxation Agreement**

- Owing to increased globalization, the cooperation with tax administrations all over the world has become an important focus. In this context, Tax Administration Division under the aegis of MoF initiated the move for entering into the SAARC limited multilateral agreement on avoidance of double taxation and mutual administrative assistance in tax matters. The primary objective of this agreement is to help promote economic cooperation amongst the SAARC member countries through avoidance of double taxation among member nations and mutual assistance in tax related matters. The agreement, which is limited in scope, is in the final stages of negotiations with the member countries and covers only salary income (of teachers, professors and research scholars) and stipend for students.
- The Draft Model on DTA, as approved by the 288<sup>th</sup> Session of the Coordination Committee Meeting of the Council of Ministers (CCM), has been forwarded to the Indian Embassy through the MoFA for final negotiations with the Government of India. The Draft Model on DTA, like any other DTA, aims to avoid double taxation on dividend, interest income, business profits, shipping and air transport, any other incomes covered under the agreement.

## **PART II**

### **DIRECT TAXATION**

#### **2.1 OVERVIEW ON DIRECT TAXATION**

The system of direct taxation as it is known today existed in Bhutan since ancient times. It used to be collected either in kind or in the form of labor contribution. However, with the start of planned economic development in 1960, a monetized taxation system was introduced making taxation a major policy instrument to promote growth, regulate external trade, and ensure equitable distribution of income.

Since then, two major policy and administrative reforms were carried out; one in 1989, and the other in 1992. Subsequently, Personal Income Tax was introduced and enacted a comprehensive legislation on direct taxes in 2001 -**The Income Tax Act of the Kingdom of Bhutan, 2001**. It is the main legal authority under which the department administers and collects taxes in the kingdom.

#### **2.2 TYPES OF DIRECT TAXES & RATES**

Three main types of taxes administered and collected by the Division include:

##### **Corporate Income Tax (CIT)**

CIT is a corporation tax. It is levied at 30% on the net profit. CIT is payable by those entities registered under the Company's Act of the Kingdom of Bhutan, 2000.

##### **Business Income Tax (BIT)**

BIT is a non-corporate business tax levied at 30% on the net profit. It is payable by all non-corporate business entities licensed by Ministry of Trade & Industries (MTI).

##### **Personal Income Tax (PIT)**

PIT is a tax levied on personal incomes of an individual comprising salary income, rental income, dividend income, cash crop income, interest income and income from other sources. It is levied at the following progressive rates as shown below.

**Table 3 Types of Direct Taxes and Rates**

Direct Taxes	Income	Rates
CIT	Net Profit	30%
BIT	Net Profit	30%
PIT	Up to Nu. 100,000	0%
	Nu. 100,001 to Nu. 250,000	6%
	Nu. 250,001 to Nu. 500,000	9%
	Nu. 500,001 to Nu. 1000,000	12%
	Nu. 1000,001 & above	15%

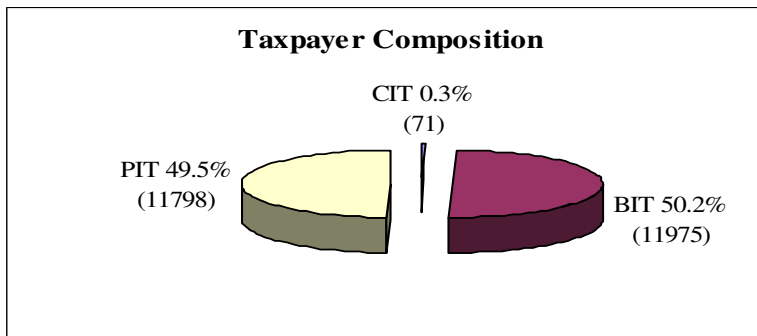
**Health Contribution**

Health Contribution is a nominal charge levied at 1% of the monthly salary from all salaried employees, for provision of free health services in the Kingdom.

**2.3 TAXPAYER HIGHLIGHTS**

Depending on the types of direct taxes, taxpayers have been accordingly categorized into three viz. Corporate Income Taxpayers, Business Income Taxpayers and Personal Income Taxpayers.

The registered taxpayers for the assessment year ending 31<sup>st</sup> of December 2005 recorded a total of 23,844 taxpayers, noting an increase of 8% from the previous income year. The increase under PIT notched the highest at 12% followed by CIT at 9% and BIT at 5%.



**Figure 2 Taxpayer Composition**

In terms of composition, CIT payers constituted 0.3% of the total taxpayers while BIT and PIT payers constituted 50.2% and 49.5% respectively. Among RRCOs, Thimphu

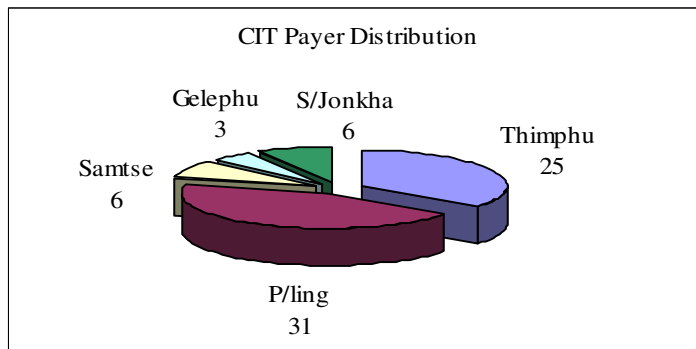
and P/ling recorded the highest number of taxpayer registrations at 36% and 18% respectively.

**Table 4 Taxpayer Details**

RRCOs	PIT	CIT	BIT			Total	% Distribution
			Account Filers	Non Accounts Filers	Non Operational		
Thimphu	5003	25	620	2273	734	8655	36%
P/ling	2775	31	278	1200	111	4395	18%
Samtse	663	6	155	560	166	1550	7%
Gelephu	1027	3	63	2534	4	3631	15%
S/Jonkha	1699	6	117	2222	161	4205	18%
Paro	631	0	48	655	74	1408	6%
<b>Total</b>	<b>11798</b>	<b>71</b>	<b>1281</b>	<b>9444</b>	<b>1250</b>	<b>23844</b>	<b>100%</b>
%	49.5%	0.3%		50.2%		100%	

### 2.3.1 CIT PAYERS

CIT payers are those entities incorporated under the Company’s Act of the Kingdom of Bhutan, 2000 including semi and state owned corporations. The total number of CIT payers during income year 2004 increased to 71 from 65 in the previous year accounting for about 0.3% of the total taxpayers located mostly in P/ling and Thimphu. There are no CIT units under RRCO Paro.

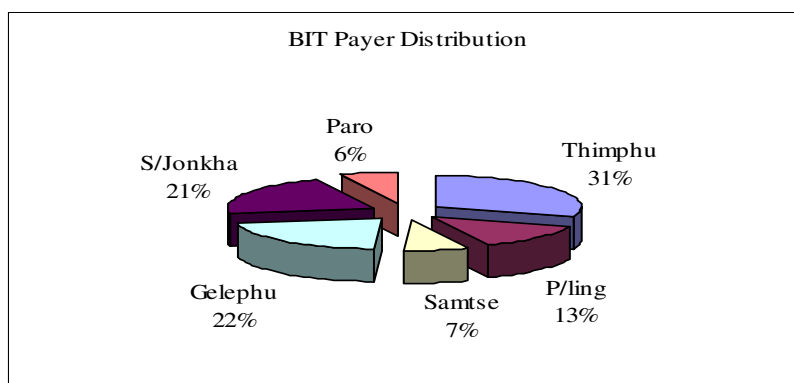


**Figure 3 CIT Payer Distribution**

### 2.3.2 BIT PAYERS

BIT payers include all small scale business entities such as retail outlets, small hotels, restaurants, grocery stores etc. holding a valid trade license issued by MTI. BIT

accounted for 50.2% of the total taxpayers with major taxpayers registered under Thimphu and Gelephu followed by S/Jonkha region as shown in the graph below.



**Figure 4 BIT Payer Distribution**

For monitoring purposes, BIT payers have been further categorized into account filers (those who submit books of accounts) and non account filers (estimated units). Out of a total of 11975 BIT payers recorded for the period, 79% accounted for as non account filers, 11% as account filers, and the remaining 10% as non operational units (see table below for details). The number of account filers, despite a number of book keeping workshops conducted, increased only by 145 units while non account filers had proliferated by 492 units over the previous income year.

**Table 5 BIT Profile**

RRCOs	Accounts Filers	Non Account Filers	Non Operational	Total
Thimphu	620	2273	734	3627
P/ling	278	1200	111	1589
Samtse	155	560	166	881
Gelephu	63	2534	4	2601
S/Jonkha	117	2222	161	2500
Paro	48	655	74	777
<b>Total</b>	<b>1281</b>	<b>9444</b>	<b>1250</b>	<b>11975</b>
%	11%	79%	10%	100%

Notwithstanding the administrative difficulty involved in collecting taxes from non account filers, or estimating taxes in the absence of the books of accounts, the division adopts the following standard methods to determine a correct amount of tax as far as possible:

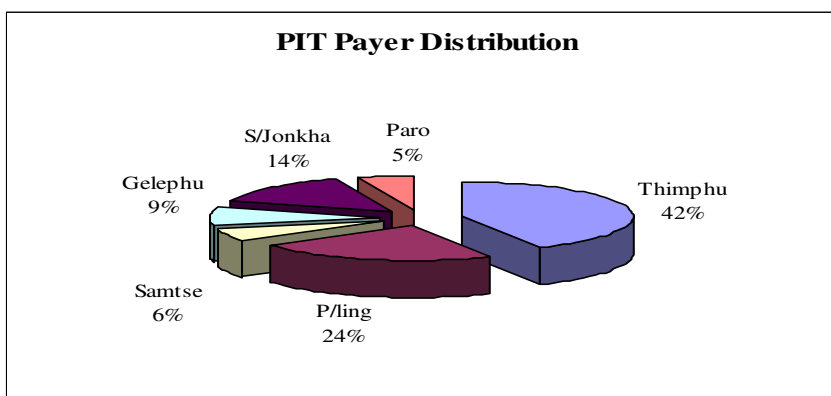
- Import Information

- TDS records
- Previous years tax payments
- Taxes paid by other similar units
- Information collected from taxpayers themselves

The division is poised to continue with rigorous tax education programs and workshops to upgrade non account filers into account filers so that tax collection is accounts based and not arbitrary in nature.

### 2.3.3 PIT PAYERS

Individuals earning personal income more than Nu.100, 000 per annum from any of the six sources of incomes under PIT are termed as PIT payers. A total of 11798 individuals have filed returns for the income year 2004, registering an increase of 12% over the previous year's filing record of 10500 returns. The taxpayer concentration follows the same pattern as CIT and BIT with maximum registration under RRCO Thimphu and P/ling.



**Figure 5 PIT Payer Distribution**

Income source wise analysis<sup>1</sup> in each RRCO suggested 88% of the total PIT payers as salaried income earners while rental, dividend, interest, and other income earners recorded as low as 8% and 1% respectively.

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<sup>1</sup>For the purpose of this report tax payers with multiple sources of income have been categorized under those sources where income declared is maximum.



**Table 6 PIT Profile**

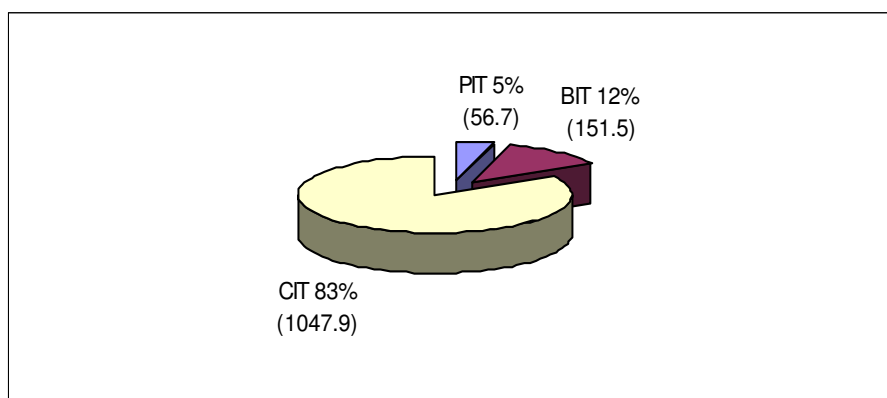
Income Source	RRCOs						Total	% Income Distribution
	Thimphu	P/ling	Samtse	Gelephu	S/Jongkha	Paro		
Salary	4229	2564	617	945	1517	562	10434	88%
Rental	564	123	37	67	123	45	959	8%
Dividend	55	19	3	4	25	4	110	1%
Interest	84	32	5	2	28	6	157	1%
Cash Crop	26	2	1	9	4	9	51	0%
Other income	45	35	0	0	2	5	87	1%
<b>Total</b>	<b>5003</b>	<b>2775</b>	<b>663</b>	<b>1027</b>	<b>1699</b>	<b>631</b>	<b>11798</b>	<b>100%</b>
% Distribution	42%	24%	6%	9%	14%	5%	100%	

The number of salaried earners saw an increase of 3% over the previous year, while a slight decrease was noted under other income source earners. Maximum PIT filers were under Thimphu at 42%, followed by 24% under RRCO Pling, 14% under RRCO S/Jongkha, 9% under RRCO Gelephu, 6% under RRCO Samtse and 5% under RRCO Paro.

## PART - III REVENUE HIGHLIGHTS

### 3.1 OVERALL TAX REVENUE COLLECTION<sup>2</sup>

Overall tax revenue collection from CIT, BIT and PIT for the income year 2004 amounted to Nu.1246.3 million, posting an increase of more than 1% from Nu.1232.49 million in the previous year. The increased collection came mainly from CIT and BIT, bolstered by improved assessment methods, introduction of compulsory desk assessment, and clearing of backlog assessments. However, PIT collection saw 18% decrease from the previous year's collection levels due to tax rate reduction in 2004.



**Figure 6. Tax Revenue Composition**

The share of CIT and BIT to the total revenue in 2004 income year had increased to 83% and 12% respectively comparing to the income year 2003. However, the share of PIT, owing to the rate reduction in 2004, had decreased by 1% from 6% in the previous year. Around 84% of the total revenue came from 0.3% of the taxpayers while contribution from 99% of the taxpayers accounted for only 16% indicating asymmetric revenue contribution.

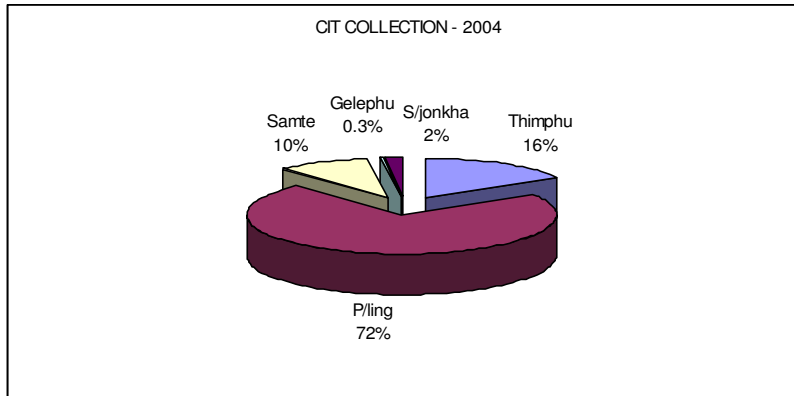
### 3.2 CIT COLLECTION

CIT constituted about 83% of the total direct tax revenue for the income year recording 1.4% increase over the previous year's collection of Nu.1023.43 million. Improved assessment and collection efforts, among others, were the contributing factors for the

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<sup>2</sup> Tax collection figures reflected in this report differs from figures reflected in the revenue report since this report is based on calendar year while the revenue report is based on fiscal year.

increase. P/ling region saw the highest collection at 72% of the total CIT revenue followed by RRCO Thimphu at 16%, RRCO Samtse at 10%, RRCO S/Jonkha at 2%, and RRCO Gelephu 0.3%.



**Figure 7 CIT Collection**

However, comparing to the previous income year, the collection under RRCO, P/ling had decreased due mainly to reduced power exports to India by CHPC, corporatization of Bhutan Power Corporation, increased production costs owing to domestic power tariff revision (maximum demand charge), and competition from India in case of BFAL and BCCL. Further, as per the 2002 Tax Incentives Package, dollar export earning to the extent of Nu. 4.18 million from BFAL was tax exempted.

**Table 7 Comparative CIT collection**

RRCOs	No of units		NoP <sup>3</sup>		Amount in million Nu.			(03-04) % +/-
	2003	2004	2003	2004	2002	2003	2004	
Thimphu	27	25	0	0	93.17	111.46	140.96	26%
P/ling	20	31	0	4	733.54	779.01	771.61	-1%
Samtse	6	6	0	0	110.01	104.64	103.25	-1%
Gelephu	4	3	0	0	2.31	2.43	3.31	36%
S/jonkha	8	6	1	0	16.14	25.89	18.98	-27%
<b>Total</b>	<b>65</b>	<b>71</b>	<b>1</b>	<b>4</b>	<b>955.16</b>	<b>1,023.43</b>	<b>1038.11</b>	<b>1%</b>

PCAL under RRCO Samtse also noted 11% decrease in CIT contribution this year due to poor sales turnover and increased cost of raw materials such as coal and gypsum which had reportedly gone up as high as by 26%. CIT increase under RRCO Gelephu, one of the highest among RRCOs, was contributed by increased profitability of AWP branch coupled with reduced overhead expenses. BNB and Bhutan Telecom, both under

<sup>3</sup> NoP: Non Operational Unit

Thimphu, made a significant contribution this year by 44% and 41% increase respectively over the previous income year.

### 3.2.1 TOP FIVE CIT PAYERS

Among corporate bodies, CHPC continued to contribute the highest share of revenue to the government, followed by PCAL, BOB, Bhutan Telecom and BFAL. While the top five positions remained the same in 2004, their overall contribution had in fact decreased by 2% due to the reasons cited above.

**Table 8 Top Five CIT Payers**

SL. No.	Unit Name	Gross Income	Net Taxable Income	Tax Amount	RRCO
1	Chukha Hydro Power Corp. Ltd	2,447,220,847	1,889,991,644	566,997,493	Pling
2	Penden Cement Authority Ltd	884,569,726	257,682,601	77,304,781	Samtse
3	Bank Of Bhutan	661,547,637	233,387,060	70,016,118	Pling
4	Bhutan Telecom	619,541,506	197,407,861	59,222,358	Thimphu
5	Bhutan Ferro Alloys Ltd	963,634,900	124,868,195	37,460,458	Pling

The share of their contribution accounted for 78% of the total CIT collection.

### 3.3 BIT COLLECTION

BIT collection is categorized into two; that is, the collection from those BIT units maintaining proper books of accounts and those not maintaining books of accounts whose annual taxes are estimated. This distinction is necessary to ensure fairness and equity especially in estimated collection and for monitoring purposes.

Total BIT collection for the year amounted to Nu. 151.5 million with 8% increase over the previous year's collection of Nu.139.75 million. Almost 80% of the total BIT collection came from 11% of the total BIT taxpayers, that is, those submitting books of accounts while the remaining 90%, majority of which are estimated units, contributed only 21% of the total BIT revenue.

The collection from the account based increased by 8% while there was 10% increase in estimated collection over the previous year. The decreased collection under RRCO S/Jongkhar and Gelephu was due mainly to BIT exemptions given to the disturbed areas of Pangbang, Kalikhola, Diafam, and Nanglam while RRCO Thimphu's decrease was

due to the separation of Paro and Haa Dzongkhags which is now accounted for separately under RRCO, Paro.

**Table 9 Comparative BIT Collection (Amount in Nu. Million)**

RRCOs	Account based Collection			Estimated Collection			Total Collection		
	2003	2004	% Change	2003	2004	% Change	2003	2004	% change
Thimphu	59.1	55.4	-6%	13.9	12.8	-8%	73	68.2	-7%
P/ling	40	49.4	24%	3.5	5.12	48%	43.5	54.6	26%
Samtse	3.5	7.4	112%	0.8	1.27	66%	4.2	8.6	104%
Gelephu	2.6	2	-24%	4.8	5.26	10%	7.3	7.2	-2%
S/Jonkha	5.2	4.2	-20%	6.5	4.52	-30%	11.7	8.7	-26%
Paro		0.97			3.21			4.2	
<b>Total</b>	<b>110.4</b>	<b>119</b>	<b>8%</b>	<b>29.35</b>	<b>32.2</b>	<b>10%</b>	<b>140</b>	<b>151.5</b>	<b>8%</b>
% of total BIT			79%		21%			100%	

### 3.3.1 TOP FIVE BIT PAYERS

Druk Hotel, one of the business branches under TCC ranked as the top BIT payer for the year followed by Tandin Cables. All the top 5 taxpayers are located in P/ling.

**Table 10 Top Five BIT Payers (Amount in Nu. Million)**

SL. No	Unit Name	Gross Income	Net Taxable Income	Tax Amount	RRCO
1	Hotel Druk	49,031,476	16,859,242	5,057,773	Pling
2	Tandin Cable Industries	200,238,391	16,756,030	5,026,801	Pling
3	TCC BOD/BOC	1,610,097,708	16,716,337	5,014,901	Pling
4	Yuendrung Construction	262,833,691	16,512,342	4,953,702	Pling
5	Choden Wire Drawing Unit	164,884,596	14,211,536	4,263,461	Pling

The share of the top five BIT units accounted for 16% of total BIT collection for the year.

### 3.3.2 ESTIMATED COLLECTION

Total estimated collection for income year 2004 amounted to Nu.32.15 million, posting an increase of 10% over the previous income year. It pertains to those collections made from small businesses where there are no books of accounts maintained and whose annual taxes have been assessed on a best of judgment basis. Its contribution to the total direct tax revenue recorded a mere 2.58% only.

National average collection per estimated unit for the income year 2004 was Nu.4184, with the lowest and highest collection averaging at Nu.1275 and Nu.99757 per taxpayer respectively. The average for income year 2004 had in fact increased by about 36% over the previous income year, while the lowest and highest increase range recorded at 244% and 124% respectively. The average collection was higher in three major commercial dzongkhags of Thimphu, Paro and Pling comparing to other interior dzongkhags.

**Table 11 Average Estimated Collection in 20 Dzongkhags**

RRCO	Dzongkhags	No. of units from whom tax was collected	Actual estimated collection for 2004	% of Total Tax Rev (Nu.1247.80)	Average Tax Collected in 2004	Min. Tax Collected per TP	Max. Tax Collected per TP
<b>Thimphu</b>	Thimphu	1746	10,809,040	0.87%	6,191	750	100,846
	Wangdue	360	1,268,093	0.10%	3,522	500	2,800
	Punakha	137	637,200	0.05%	4,651	500	46,000
	Gasa	30	54,000	0.004%	1,800	600	4,200
	<b>Subtotal</b>	<b>2273</b>	<b>12,768,333</b>	<b>1.02%</b>	<b>5,617</b>	<b>2,350</b>	<b>153,846</b>
<b>Paro</b>	Haa	112	425,463	0.03%	3,799	500	21,000
	Paro	543	2,780,615	0.22%	5,121	500	49,000
	<b>Subtotal</b>	<b>655</b>	<b>3,206,078</b>	<b>0.26%</b>	<b>4,895</b>	<b>1,000</b>	<b>70,000</b>
<b>P/Ling</b>	Chhukha	1200	5,124,498	0.41%	4,270	500	100,000
	<b>Subtotal</b>	<b>1200</b>	<b>5,124,498</b>	<b>0.41%</b>	<b>4,270</b>	<b>500</b>	<b>100,000</b>
<b>Gelephu</b>	Bumthang	427	1,186,963	0.10%	2,780	500	22,500
	Dagana	360	704,823	0.06%	1,958	600	10,800
	Sarpang	912	1,599,798	0.13%	1,754	500	26,000
	Trongsa	215	526,522	0.04%	2,449	500	33,000
	Tsirang	304	588,899	0.05%	1,937	600	21,000
	Zhemgang	316	657,406	0.05%	2,080	500	20,000
<b>Subtotal</b>	<b>2534</b>	<b>5,264,411</b>	<b>0.42%</b>	<b>2,078</b>	<b>500</b>	<b>51,098</b>	
<b>Samtse</b>	Samtse	560	1,265,019	0.10%	2,259	500	51,098
	<b>Subtotal</b>	<b>560</b>	<b>1,265,019</b>	<b>0.10%</b>	<b>2,259</b>	<b>500</b>	<b>51,098</b>
<b>S/Jonkha</b>	Lhuentse	167	289,800	0.02%	1,735	500	9,000
	Mongar	676	854,650	0.07%	1,264	500	35,500
	Tashi Yangtshi	182	388,089	0.03%	2,132	500	20,000
	Tashigang	574	1,159,986	0.09%	2,021	300	70,000
	Pemagts shel	170	458,488	0.04%	2,697	500	10,000
	S/Jongkhar	453	1,371,610	0.11%	3,028	500	28,000
	<b>Subtotal</b>	<b>2222</b>	<b>4,522,623</b>	<b>0.36%</b>	<b>2,035</b>	<b>2,800</b>	<b>172,500</b>
<b>OVERALL</b>		<b>9444</b>	<b>32,150,962</b>	<b>2.58%</b>	<b>4,184</b>	<b>1,275</b>	<b>99,757</b>

Among RRCOs, the contribution to the total direct tax revenue from Thimphu region was the highest at 1.04%, followed by RRCO Gelephu at 0.43%, P/ling at 0.42%, S/Jonkha at 0.37%, Paro and Samtse at 0.26% and 0.10% respectively.

### 3.4 PIT COLLECTION

The net PIT collection for the income year amounted to only Nu.56.7 million. The decrease is mainly due to the exemption of foreign allowance and PIT rate reduction by 40% following the 82<sup>nd</sup> session of the National Assembly resolution held in July 2004. Although, the collection for the year was expected to be reduced by the same percentage, the actual decrease noted was 18% only due to increased number of PIT taxpayers from 10500 in 2003 to 11798 in 2004.

**Table 12 PIT Collection** **(Amount in Millions Nu.)**

RRCOs	PIT			% (+ -) 02-03	% Total 2003	% (+ -) 03-04	% Total 2004
	2002	2003	2004				
Thimphu	33.5	32.0	24.6	-4%	46%	-23%	43%
P/ling	14.7	29.2	23.0	99%	42%	-21%	41%
Samte	2.1	1.3	1.4	-36%	2%	6%	2%
Gelephu	1.9	1.0	1.3	-46%	1%	24%	2%
S/jonkha	4.9	5.8	3.1	17%	8%	-47%	5%
Paro			3.4	-	0%	-	6%
<b>Total</b>	<b>57.06</b>	<b>69.32</b>	<b>56.7</b>	<b>21%</b>	<b>100%</b>	<b>-18%</b>	<b>100%</b>

RRCO, Thimphu and P/ling contributed about 43% and 41% of the total PIT revenue while contributions under other RRCOs were in the order of 6%, 5% and 2% respectively. Maximum PIT payers located are in Thimphu and P/ling, and their contribution amounted to more than 80% of the total PIT revenue. The top ten PIT payers contributed about 21% of the total PIT collection.

#### 3.4.1 INCOME SLAB WISE ANALYSIS

*The middle-income group, constituting about 93% of the total PIT payers contributed 30% of the total PIT revenue (Nu. 16.92 million) while the contribution from 7% of the total PIT payers, -constituting the high-income group- contributed 70% of the total PIT revenue (Nu. 30.12 million) for the year.*

Of the six sources of income under PIT, about 47% of the total PIT collection came from salary income alone.

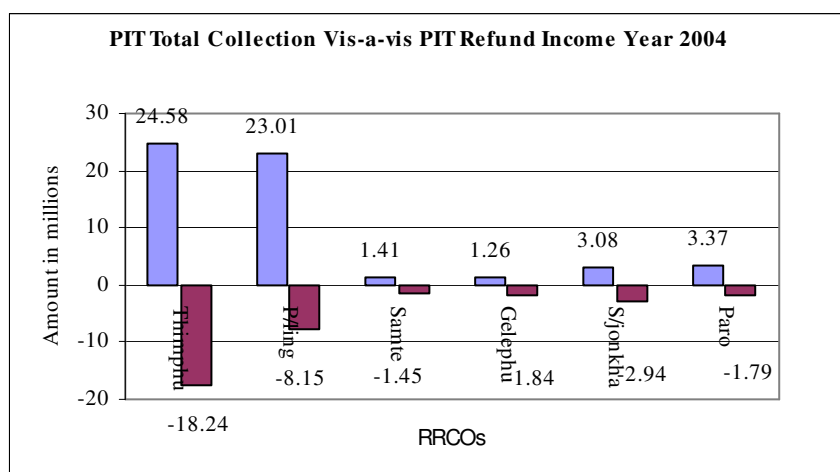
**Table 13 PIT Analysis** (Amount in Millions Nu)

PIT Collection by Income Slab wise				
Income Slab	Tax Rates	No. of Taxpayers	Tax Amount	% of Tax Paid
0-100000	0%	3453	-	0%
100001-250000	6%	7506	16.82	30%
250001-500000	9%	621	12.13	21%
500001-1000000	12%	151	7.71	14%
1000001- Over	15%	67	19.99	35%
<b>Total</b>		<b>11798</b>	<b>56.65</b>	<b>100%</b>

The number of top PIT payers with annual income more than one million a year had increased to 67 from 51 in the previous income year. However, their share of contribution to the total PIT revenue had remained same which could be attributed to decrease in PIT rates.

### 3.5 TAX REFUND

From a gross direct revenue collection of Nu.1233.37 million for the income year, about 3% of it was refunded. PIT refund claim was noted as the highest at Nu. 34.41 million, which is an increase of 148% over Nu.13.88 million in the previous year. This was mainly due to the exemption of foreign allowances, reduction in tax rates and other general deductions viz. education allowance, donation, life insurance claims, etc. CIT and BIT refunds were, on the other hand, almost negligible for the year.



**Figure 8 PIT Total Collection Vis-à-vis PIT Refund**



RRCOs where revenue collection and taxpayer registration was high, refund claims were also high, and vice versa

### 3.6 TAX OUTSTANDING

Tax outstanding ratio, as a percentage of total collection recorded 2.4% for the income year 2004 compared to 4.1% and 5% in the previous income years (2003 & 2002) indicating improved collection and administration efforts of the division over the years.

**Table 14 Tax Outstanding Profile**

RRCOs	TAX AMOUNT OUTSTANDING			Total Tax Amount	%	Arrears
	PIT	CIT	BIT			
Thimphu	0.257	-	0.64	234.55		0.4%
P/ling	0.074	24.20	12.51	886.71		4.1%
Samte	0.001	2.31	0.99	116.60		2.8%
Gelephu	0.154	-	0.02	12.81		1.3%
S/jonkha	0.586	-	0.11	31.44		2.2%
Paro	-	-	0.28	7.82		3.6%
Total	1.073	26.50	14.55	1,289.94		2.4%
Total Tax Amount	57.79	1066.18	165.97	1289.94		
% Arrears	1.86%	2.49%	8.77%	100.00%		

BIT recorded a high outstanding ratio of 8.7% comparing to CIT & PIT, despite almost 5% reduction in the ratio from 12% in the previous year. CIT outstanding ratio had decreased to 2.5% while PIT outstanding ratio had increased to 1.86% in 2004. Our tax outstanding ratio compares favorably by international standards and can be attributed to the mandatory desk assessment introduced in 2003, improved tax compliance, and rigorous tax education programs conducted by the division.

### 3.7 ASSESSMENT HIGHLIGHTS

The Income Tax Act requires every return to go through desk assessment (DA) within 90 days of the filing of return and field assessment (FA) process compulsorily within a cycle of every two-income year. In compliance with it, RRCOs conducts DA from the 1<sup>st</sup> of April for three months till 30<sup>th</sup> June for BIT & CIT, and from the 2<sup>nd</sup> of March till end of May for PIT, while field assessment is conducted from July through December end. At the DA stage, every return is verified whether FA will be required or not otherwise no further investigation is taken up. The performance of RRCOs vis-à-vis

targets and achievements in DA and FA for the assessment year ending 31<sup>st</sup> December 2005 is given below:

**Table 15 Assessment Status 2004**

	THIMPHU	P/LING	SAMTSE	GELEPHU	S/JONKHA	PARO	OVERALL
<b>PIT</b>							
DA Targetted	5003	2775	602	987	1608	631	11606
DA Finalised	4363	2773	599	987	1595	631	10948
% Finalised	87%	100%	100%	100%	99%	100%	94%
DA pending	640	2	3	0	13	0	658
FA Targetted	23	15	8	8	0	0	54
FA Finalised	23	15	8	7	0	0	53
% Finalised	100%	100%	100%	88%	0	0	98%
FA Pending	0	0	0	1	0	0	1
<b>CIT</b>							
DA Targetted	25	27	6	3	6	0	67
DA Finalised	2	7	6	3	5	0	23
% Finalised	8%	26%	100%	100%	83%	0	34%
DA pending	23	20	0	0	1	0	44
FA Targetted	2	7	6	3	5	0	23
FA Finalised	2	7	3	2	0	0	14
% Finalised	100%	100%	50%	67%	0%	0	61%
FA Pending	0	0	3	1	5	0	9
<b>BIT</b>							
DA Targetted	620	278	155	63	117	48	1,281
DA Finalised	438	255	155	61	95	48	1,052
% Finalised	71%	92%	100%	97%	81%	100%	82%
DA pending	182	23	0	2	22	0	229
FA Targetted	100	115	32	47	74	48	416
FA Finalised	99	114	31	42	58	47	391
% Finalised	99%	99%	97%	89%	78%	98%	94%
FA Pending	1	1	1	5	16	1	25
<b>Overall Coverage</b>							
DA Finalised	85%	99%	100%	100%	98%	100%	93%
DA Pending	845	45	3	2	36	0	931
FA Finalised	99%	99%	91%	88%	73%	98%	93%
FA Pending	1	1	4	7	21	1	35
Tax Officer to Taxpayer ratio	320	152	119	303	350	156	235

## PIT

Out of a total of 11606 PIT returns received for the income year, only 652 returns remained unprocessed due mainly to lack of proper documentation at the time of DA. RRCO P/ling, Samtse, Gelephu and Paro achieved 100% coverage notching up an overall coverage of 94%, which is an improvement of 2% over the previous income year. FA coverage also recorded 100% in all RRCOs except RRCO, Gelephu at 88%. The number of FA selected in 2004 income year was, however, only 54 cases.

## **CIT**

DA coverage for CIT units recorded only 34% as compared to 77% in the previous income year. About 21 cases remained outstanding DA cases for the year. The number of field assessments carried out, on the other hand, recorded only 14 units as compared to 32 units in the previous year. Among regions, RRCO, Gelephu and Samtse achieved 100% coverage in DA, while it was RRCO, Thimphu and P/ling with 100% achievement in FA. However, units identified for FA were low as well.

## **BIT**

BIT assessment coverage in terms of both DA and FA was commendable this year. RRCO, Samtse and Paro outperformed other regions with 100% coverage in DA, while FA coverage in all RRCOs, except RRCO, S/jonkha at 78% and Gelephu at 89%, achieved almost 100% coverage. The outstanding cases at the year end recorded only 229 units for DA and 25 units for FA with 82% and 94% overall coverage respectively.

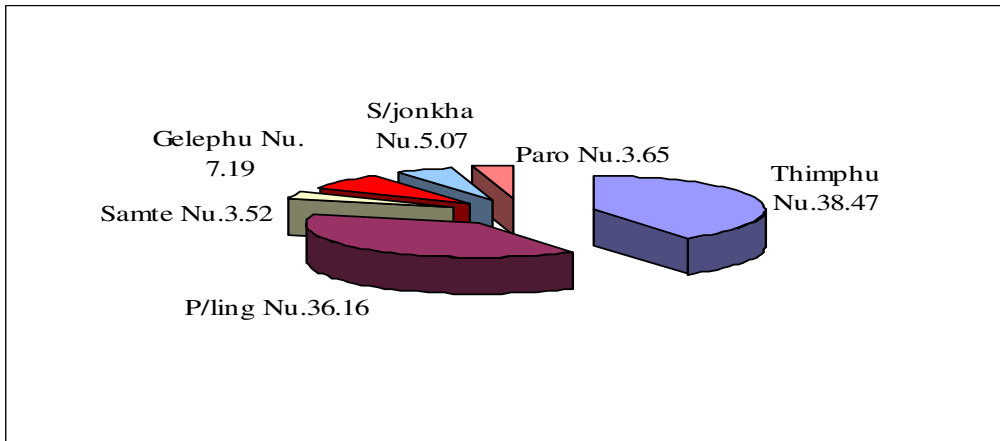
## **Overall**

The overall coverage under DA and FA for all three types of taxes (BIT, PIT, and CIT) at the national level recorded 93%. In general, this was a commendable achievement considering the ambitious performance target that had been set for the division, and resources constraints faced by the RRCOs. In terms of manpower availability, the ratio of assessing officer to taxpayer in 2004 recorded 1:235, that is, one assessing officer for every 235 taxpayers.

### **3.8 ASSESSMENT EFFORTS**

Additional revenue raised or collected purely through assessments efforts is taken as a yardstick to measure the effectiveness and efficiency of the division as well as individual RRCO concerned. RRCO, Thimphu continued to outperform other regions posting an additional collection of Nu.38.47 million, although the actual collection had decreased by 3% as compared to the previous income year due to establishment of new regional office at Paro which was previously covered under RRCO Thimphu. RRCO,

P/ling took the second place with an additional collection of Nu.36.16 million with a phenomenal increase of 208% over the previous income year of Nu.11.75 million, followed by RRCO Samtse and Gelephu with 77% and 40% increase respectively. However, RRCO S.Jongkhar noted about 31% decrease in additional collection compared to previous year.



**Figure 9 Assessment Efforts**

Overall assessment efforts for the period registered 7%, which is one of the highest in the region. It increased by 1% from 6% in the previous income year pointing to the fact that 7% of the total revenue is actually collected through administrative and assessment efforts of the division while the other 93% is through voluntary declaration by taxpayers and TDS collections by withholding agencies.

Additional tax collected from BIT through assessment effort noted significantly high compared to additional collection under PIT and CIT, owing to poor compliance with the rules and also non maintenance of the books of accounts in the BIT sector.

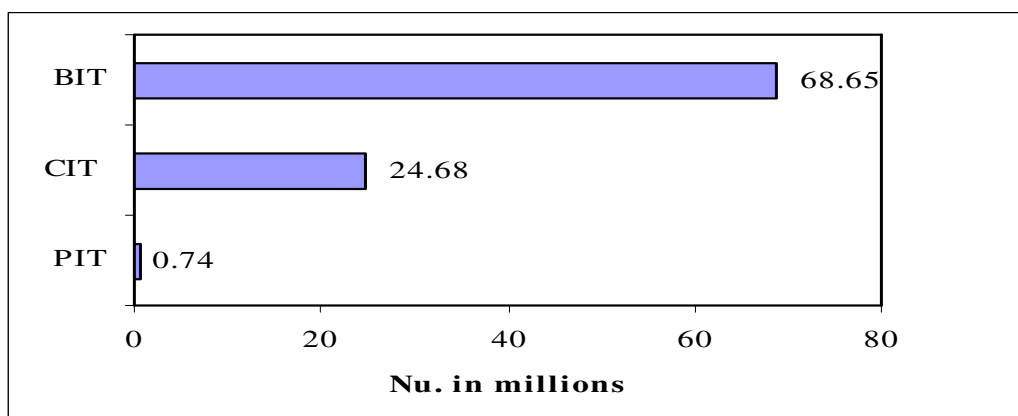


Figure 10 Assessment Effort by Tax Category

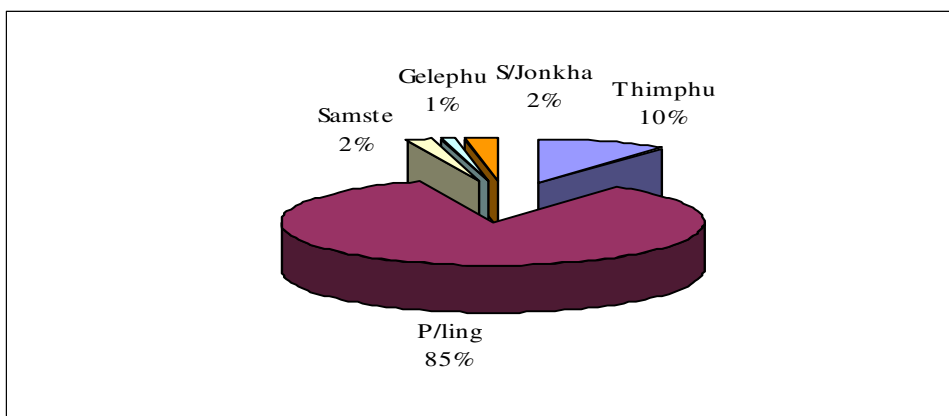
### 3.9 SALES TAX COLLECTION AT POINT OF SALE

Sales tax collection at the point of sale from beer alone contributed more than 80% of the total collection followed by hotels/ restaurants, cable TV and Cinema. Although the overall collection had increased by 55% over the previous year, sales tax from cinema actually dropped by 33% in 2004 due to exemption of local cinemas *which were given for promotion of national language and culture.*

Table 16 ST Collection Source Wise

Source	Sales Tax Collection	% Distribution
Hotels/ Restaurants	32,752,550	14.6%
Cable TV	9,263,675	4.1%
Cinema	815,427	0.4%
Beer	180,846,356	80.9%
<b>Total</b>	<b>223,678,008</b>	<b>100%</b>

Among RRCOs, RRCO, P/ling recorded the highest collection at Nu.162.34 million with 13% increase from the previous year. It constituted around 85% of the total collection.



**Figure 11 Sales Tax Collection Region Wise**

### 3.10 APPEALS

Tax appeals are heard and examined at three stages; RRCO level, HQ level, Ministry level each of which is constituted by a committee. Tax appeals arise when a taxpayer's rights are infringed by actions of the tax authorities or when taxpayers disagree with the assessment report issued by the RRCOs. Most appeals were for the waiver of fines and penalties.

From a total of 135 appeals received during the period, RRCO appeal level resolved 96 cases and the remaining 34 cases were resolved at the HQ level. Maximum appeals came for BIT (69 cases) followed by PIT and CIT at 59 and 7 cases respectively. The total fines imposed during the period amounted to Nu.9 million for non-compliance with the tax Rules and Act, which had gone down by 2%, and the fine amount by 50% indicating improved tax compliance by the taxpayers. Fines and penalties condoned amounted to Nu 2.06 million as compared to Nu.2.35 million in the previous year.

**Table 17 Appeal Details (Amount in Nu. Millions)**

	TAX TYPE			TOTAL
	PIT	CIT	BIT	
Filers	11,606	67	10,725	22,398
Filing Time Extension cases	124	6	59	189
Non Filers	192	-	638	830
Non Operational Taxpayers	-	4	1,250	1,254
Tax Holiday Units	-	9	21	30
Penalty Cases	647	7	653	1,307
Penalty Imposed	0.88	0.14	7.81	9
Penalty Collected	0.41	0.08	1.18	2
No of Evasion Cases	9	0	5	14

No of Tax Delinquent Cases	3	0	2	5
<b>TAX APPEALS</b>				-
No of Appeals Received	59	7	69	135
Appeal Resolved at RRCO Level	39	2	55	96
Amount Waived in appeal at RRCO level	0.19	0.20	1.67	2.06
Appeals Resolved at HQ Level	20	5	9	34
Ongoing Appeals	1	1	3	4

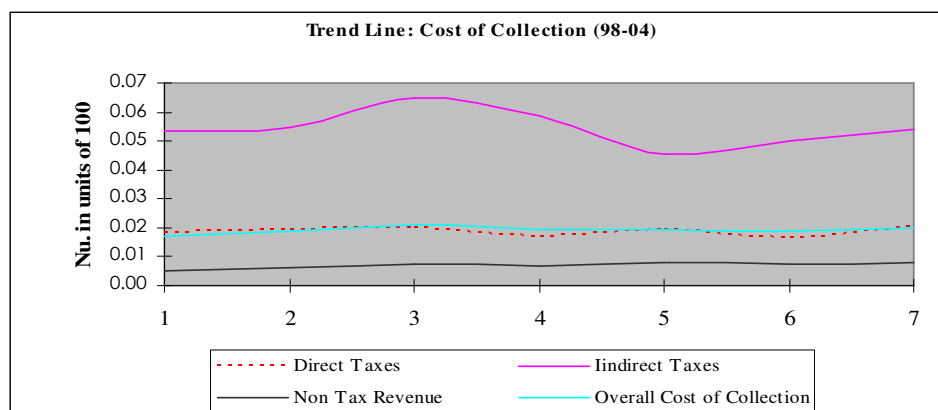
### 3.11 COST OF COLLECTION

Cost of collection, as in any tax system, is a measure for efficiency and effectiveness of the tax administration efforts. Taking into account of all resources<sup>4</sup> spent in operating or collecting revenue, the costs incurred by government for collecting every Ngultrum one revenue has recorded Chetrum 2 for direct tax revenue, Chetrum 5.4 for indirect tax revenue, and Chetrum .80 for non tax revenue.

**Table 18: Cost of Collection details**

	1998	1999	2000	2001	2002	2003	2004
Direct Taxes	0.018	0.019	0.020	0.017	0.019	0.017	0.020
Indirect Taxes	0.053	0.054	0.065	0.059	0.045	0.050	0.054
Non Tax Revenue	0.005	0.006	0.007	0.007	0.008	0.008	0.008
Overall Cost of Collection	0.017	0.019	0.021	0.019	0.019	0.019	0.020

The overall cost of collection, that is, after taking into account of all taxes collected by the department as a whole, had actually gone up by Nu.1 for every 100 ngultrum in income year 2004.



**Figure 12 Trend Line Cost of Collection (98-04)**

The operating cost of indirect tax recorded a little high compared to other forms of taxes as benefits of services provided such as vigilance, trade facilitation, and processing of exemption certificates and smuggling cannot be measured in monetary terms.

<sup>4</sup> Includes recurrent costs, capital costs and Danida project contribution, and the ratio is calculated dividing the total administrative costs incurred by the total revenue collections during the period

**PART IV**  
**TAX HOLIDAYS AND INCENTIVES**

MoF announced Tax holidays and Incentives in January 2003 with a view to stimulate private sector growth and employment generation. Tax holidays for three to seven consecutive years were given to manufacturing industries, information technology training and vocational institutes, hotels, schools and auto mechanical workshops depending on the nature of the business and location.

Total revenue foregone as a result of tax holidays amounted to **Nu. 17,765,040.84** in 2003 and **Nu.34,797,137.84** in 2004. The loss in revenue over the coming years is expected to increase as the number of industries seeking to take advantage of these concessions rise.

However, the tax holidays afforded to the manufacturing sector, if anything, have only led to the establishment of industries seeking to take advantage of the customs duty differential and the impact of the tax holidays on the overall industrialization of the economy has been negligible. No significant levels of investment and employment generations have occurred. Further the tax holidays have given rise to, what we believe are primarily ‘fronted’ establishments, owned and financed by businessmen other than Bhutanese.

As of the 31<sup>st</sup> of December 2005, four corporations, thirteen incorporated and non-incorporated companies, eight hotels and two schools had been given income tax holidays for durations of three to seven years. A complete list of all the units indicating the implied revenue loss is given below:

**Table 19 Corporations Enjoying Tax Holidays**

Unit Name	Location	Years		30% CIT	
		From	To	2003	2004
Bhutan Broadcasting Services	Thimphu	2003	2005	Loss	Loss
Handicrafts Emporium	Thimphu	2002		Loss	314,235
Druk Seed Corporation	Paro	2002		-	-



**Table 20 Incorporated & Non-Incorporated Companies Enjoying Tax Holidays**

Unit Name	Location	Years		30% CIT/BIT	
		From	To	2003	2004
Bhutan Beverages Co. Ltd.	Phuentsholing	2003	2005	Loss	2,688,241
RSA Poly Products Pvt. Ltd.	Phuentsholing	2003	2005	8,928,301	2,145,085
Druk Iron & Steel Industries	Phuentsholing	2004	2007	Loss	-
Rangshar Industries Pvt. Ltd.	Phuentsholing	2004	2007	1,377,518	
Samphel Norbhu Product Pvt. Ltd.	Phuentsholing	2005	2008	-	-
M/s Bhutan Steel Industries Ltd.	Phuentsholing	2003	2006	1,167,678	-
Bhutan GRC	Thimphu	2004	2007	-	Loss
M/s Jigme Polytex	Samtse	2004	2007	2,017,986	-
Majur Oxygen and Gases	Phuentsholing	2003	2005	Loss	Loss
Bhutan Pipes Industries	Phuentsholing	2003	2005	Loss	Loss
Yarkay Poly Products	Phuentsholing	2004	2007	-	2,021,895
M/s Nob Minerals Powder & Chips Units	Samtse	2003	2006	13,539	26,239
M/s Yarkay Jewellery Unit	Phuentsholing	2004	2007	-	Loss

**Table 21 Hotels Enjoying Tax Holidays**

Unit Name	Location	Years		30% BIT/CIT	
		From	To	2003	2004
Rinchenling Lodge	Paro	2004	2007	-	-
Namsay Choling Resorts	Paro	2005	2008	-	-
Mandala Resorts	Paro	2003	2006	Loss	20,000.00
Hotel Holiday Home	Paro	2004	2006	-	-
Hotel Dewachen	Phobjika	2004	2007	-	-
Hotel Joryang	Paro	2004	2007	-	-
Hotel Rigsum	Haa	2004	2007	-	-
Hotel Zhiwaling	Paro	2005	2008	-	-

**Table 22 Schools Enjoying Tax Holidays**

Unit Name	Location	Years		30% BIT	
		From	To	2003	2004
Kuen-Gaa Higher Secondary School	Paro	2004	2009	-	382,077
Yoezerling Pry. School	Paro	2003	2006	Loss	Loss

Tax incentives were also given to income earned in convertible currency accruing from 1<sup>st</sup> of January 2003. The detailed list of the total volume of export earned in convertible currency for last two years is shown below:

**Table 23 List of Export Earnings**

Name of the unit	RRCO	Export earnings		
		2003	2004	Total
Pelden Export	P/ling	1,046,842	10,653,013	11,699,854
Tri-R Export	P/ling	33,752,030	55,590,287	89,342,318

Tashi Export	P/ling	4,453,934	3,038,565	7,492,499
Durga Enterprise	P/ling	2,340,388	7,721,947	10,062,335
Nakchung Enterprise	P/ling	-	11,363,446	11,363,446
Kuenzang Export	P/ling	21,696,776	20,801,232	42,498,008
Peling Export	P/ling	19,442,409	30,126,215	49,568,624
Khandum Import & Export	P/ling	-	5,743,716	5,743,716
Yarab Pvt. Limited	P/ling	10,014,981	7,914,899	17,929,880
Kenpa Pvt. Limited	P/ling	6,888,358	137,767	7,026,125
Lila Export House	Gelephu	6,261,120	2,653,353	8,914,473
Drukyl Export House	Gelephu	85,000	750,910	835,910
Bhutan Fruit Products Pvt. Ltd.	Samtse	114,501,858	116,987,184	231,489,042
Phuel Export House	Samtse	1,806,966	2,292,000	4,098,966
Damzo Export	Samtse	3,480,260	2,090,784	5,571,044
Adhikari Export	Samtse	2,733,241	1,173,058	3,906,299
Chodex Company	Paro	-	5,594,335	5,594,335
M/s Buddha Export House	Thimphu	-	330,628	330,628
De-keeling Export & Import House	Thimphu	-	17,507	17,507
<b>Total</b>		<b>228,504,162</b>	<b>284,980,847</b>	<b>513,485,009</b>

Export tax on oranges, apples and cardamom exports were abolished with effect from 1<sup>st</sup> of July 2002. The export earning from cash crop export to India and Third country are given below:

**Table 24 Cash Crop Export to India**

Cash Crops	Qty in MT( 2003)	INDIA		
		2003	Qty in KGM(2004)	2004
Oranges	2,206,658	18,861,558	1,983,618	12,851,857
Apples	2,976,659	23,185,704	1,063,720	8,667,175
Cardamoms	520,390	62,551,515	397,954	46,613,879
<b>Total</b>	<b>5,703,707</b>	<b>104,598,777</b>	<b>3,445,292</b>	<b>68,132,911</b>

**Table 25 Cash Crop Export to Third Country**

Cash Crops	Qty in MT (2003)	THIRD COUNTRY		
		2003	Qty in KGM(2004)	2004
Oranges	12,317,659	124,071,634	17,589,973	207,186,640
Apples	1,665,195	30,166,611	2,059,249	34,860,876
Cardamoms	-	-	277,340	41,561,263
<b>Total</b>	<b>13,982,854</b>	<b>154,238,245</b>	<b>19,926,562</b>	<b>283,608,779</b>

### Exempted Organizations

Donations made to the following organizations were given as tax deductible expenses under BIT/CIT/PIT as per Rule No.1.7, Part III of the Rules on the Income Tax Act 2001.

- a. Youth Development Fund

- b. Bhutan Health Trust Fund
- c. National Women's Association of Bhutan,
- d. Royal Society for the Protection of Nature
- e. Bhutan Trust Fund
- f. HRH Prince Namgyal Wangchuk Charitable Trust
- g. World Peace Monlam Tshokchen
- h. India-Bhutan Foundation Trust Fund
- i. RENEW
- j. Tarayana Foundation

Similarly, the shareholding and fixed deposits in the name of the following organizations were also exempted from PIT as per Part III Rule No. 1.7 of the Income Tax Rules, 2001.

- a. Royal Government of Bhutan
- b. Royal Bhutan Army
- c. Central Monastic Body
- d. Other monk bodies such as Rabdeys under the administrative control of the Central Monastic Body
- e. Kajung Phunsum Lhakhang, Kurjey, Bumthang
- f. Yum Rani Choing Wangmo Dorji's Trust Fund