



# Yongsel

*Newsletter*

OF REVENUE AND CUSTOMS DEPARTMENT

MINISTRY OF FINANCE

BHUTAN

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**ISSUE 11**

## **TRAINING ON HARMONISED SYSTEM AND WTO VALUATION AGREEMENT**



***The Hon'ble Finance Secretary, Director of DRC and Resource Persons from Malaysia with the course participants***

An in country training program on Harmonized System of Nomenclature (HSN) and WTO Valuation Agreement started from 21 May, 2001 and will end on June 15, 2001. This training program is the first of its kind to be ever conducted in the country with resource persons from outside the country. It is also the first Training Program jointly conducted by AKMAL, Royal Customs Academy Malaysia and the Department of Revenue & Customs. Danida funds the course while resource persons deliver lectures free of cost.

The objective of the training is to impart in-depth and comprehensive knowledge in these subjects:

- HSN which is important for facilitation of smooth international trade, collection, comparison and analysis of trade statistics
- provisions of WTO Valuation Agreement as these are also incorporated in the new Customs Rules.

The training program aims to draw greater participation so that more officials could be benefited.

## **Harmonised System of Nomenclature Course**

A total of 40 participants attended the first part of the course on Harmonized System of Nomenclature from 21 May – June 1, 2001 at BCCI Conference Hall. Participants included senior officials from the Head Office and Customs officials from all regional offices, checkpoints and Liaison and Transit office and Customs Clearing Agents.

During the inaugural session, the Hon'ble Finance Secretary, Dasho Wangdi Norbu, graced the Opening Ceremony. In the opening address, the Chief Guest stressed on the importance and use of Harmonized System of Nomenclature (HSN) and Valuation that these are the most important areas in customs. With regard to valuation, he highlighted that Bhutan being in the process of acceding to the membership of World Trade Organization and World Customs Organization, the need for adopting the WTO Valuation Agreement which is being used by most of the countries today, was greatly felt.

## TRAINING ON HARMONISED SYSTEM AND WTO VALUATION AGREEMENT

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### **Feedback on the HS Nomenclature course**

According to some of the participants, they found the course very interesting, useful and related to their daily work especially at the check post. They said they gained a lot of knowledge as they did not have much idea on the classification with no training in such field earlier.

According to the Resource Persons from Malaysia, they said that there were very good overall response from the course participants and said that they absorbed well and whatever delivered was quite well understood. They said they tried to deliver the class in the simplest way as majority of the participants had no background and came from different levels of posts. According to Mr. Roslan, he said, that the participants were very attentive and took keen interest on the subject and hope that with the knowledge gained from the course, they will classify goods correctly and be able to use in their work.

### **For the WTO Valuation course, another group of resource persons who are senior officials arrived from Customs Headquarter, Malaysia.**

According to Mr. Ibrahim, "this is a very good program as everyone is involved for the course including senior officers as well as dealing officers from field. It is a very good strategy and step as everyone will have knowledge on the subject for policy and decision making purpose". He also mentioned that Bhutan has enough time to prepare for WTO valuation and thus the course will give more opportunity to people to learn on the subject. He remarked that it is the starting point to form a Core Group for the Revenue & Customs Department and therefore it is very important for each officer/dealing official to know the procedures and methods very well. He added that WTO is a concept that has been made to fa-

cilitate international trade with less customs procedures and clearance facilities at the same time duty appropriately collected.

In general, the resource persons feedback was that the participants are giving fullest cooperation and taking keen interest on the subject. However they said that DRC need data bases at every check post and therefore should be computerised in the long run. They also gave suggestions to form a Technical Committee, Post Audit Clearance Unit and Preventive Section. Even in Malaysia, the WTO valuation was effected from January 1, 2001 though the groundwork was started since 1995.

### **Feedback on WTO valuation course :**

The participants said that the course is very interesting and gained very good knowledge. They said that it would be beneficial and very useful when the WTO valuation is implemented.

Over all, the participants commented that the course was well organised and resource persons delivered their lecture very well as they all have many years of experience in these related field. They said they look forward to attending such type of trainings in the future to upgrade their knowledge and keep abreast of such system in keeping with international norms and standard.

In conclusion, the resource persons said that this was their first trip to Bhutan and that they are very happy to visit a very beautiful country. They thanked the Department of Revenue and Customs for the good facility and hospitality. They appreciated being invited to share their experience and said 'hopefully it is a beginning of more co-operations and sharing of experience in the future'.

### **Resource Persons for HS Nomenclature Course:**

**Mr. Roslan Bin Yusuf**, 49, Senior Assistant Director, Head of Classification, Management Board in Customs Headquarter. He has 25 years of experience in Customs service in various fields and has attended many seminars organised by WCO on Classification in ASEAN and also was actively involved in making the Rule of Origin and ASEAN Tariff Nomenclature.

**Mr. MD Jazam Bin Md. Yasin**, 49, Senior Assistant Director, Technical Division in Customs Headquarter. He joined Customs in 1982 and has 25 years of experience in different technical fields related to customs.

**Mr. Hassan Bin Ahmad**, 50, Assistant Director, Lecturer in Classification at AKMAL, Malaysia. He has 25 years of experience in Customs of which he was in customs headquarter for 20 years and 5 years in AKMAL.

### **Resource Persons for WTO Valuation Course:**

**Mr. Ibrahim Bin Kaimi**, 50, Senior Assistant Director, joined Customs in 1972 and currently is in the Post Clearance Audit in Customs Headquarter. He has over 29 years experience in Customs.

**Mr. Govindran Mutosamy**, 45, Assistant Director, joined Royal Customs Malaysia in 1980. He has over 5 years experience in Valuation (WTO) and is in Customs Headquarter, Malaysia. He has over 21 years working experience in Customs.

**Mr. Abd. Malik Bin Mohamad**, 46, Assistant Director, joined Customs since 1979. Prior to his joining the Customs Department he was in the teaching profession for 3 years. He has over 22 years of experience in Customs in the Import and Export Section and in Inland Tax. ■

## VISIT OF DANISH DELEGATION

A three member Danish Delegation from the Ministry of Taxation in Denmark were in Bhutan as guests of the Department of Revenue and Customs from 8- 14 January, 2001. The Delegation comprising of Mr Erik Blegvad Andersen, Deputy Permanent Secretary and his spouse Mrs. Frida Nokken and Mr. Preban Kristiansen, Vice Director of Central Customs and Tax Administration were invited to Bhutan under the twining arrangement requirement for DRC and the Danish Ministry of Taxation under the Phase II DANIDA Project for Institutional Strengthening of DRC.

During the visit, as an exchange of information on January 9, 2001, a presentation of the Danish Tax System and Bhutanese Tax System was made at the Royal Banquet Hall by the Delegation and DRC respectively. The delegation also visited the Thimphu Regional Office and a dinner was also hosted by the Finance Secretary.

Besides other places, the delegation also visited Dodena, Tango, the National Institute of Traditional Medicine,

the National Library, in and around Thimphu. Overnight excursions included visits to places such as Phobjikha, Gangtey valley, Punakha Dzong, Chimme Lhakhang with a final overnight stop at Paro where they visited the Rinpung Dzong and the National Museum.

### **YONGSEL interviewed the Delegation briefly before their departure.....**

*Yongsel: What is the purpose of your visit?*

Official Bhutanese/Danish government taxation exchange of experience. Good Governance Project.

*Yongsel: What was your impression on Bhutan before your arrival? How has it been different?*

Very limited. Bhutan is a beautiful, dignified country with a great potential. Unspoiled by tourism, very kind, gentle and friendly people.

*Yongsel: What are your views on the Bhutanese Tax system?*

Simple but well adapted to the actual political and economic stage.

*Yongsel: How do you compare the computerized systems in DRC with that of your country?*

We had only a very short chance to gather information about DRC computerization levels. But found solid progress and skills.

*Yongsel: What do you find interesting during your stay in Bhutan?*

The genuinely kind and friendly people with traditions from 100 years back and yet well educated, modern facilities with great respect of Bhutanese culture and religion. An outstanding experience, once in a lifetime.

*Yongsel: Did you face any major difficulties? With what memory do you leave this country?*

No difficulties whatsoever. All the best we ever experienced travelling all over the world.

*Yongsel: Any message to the employees of DRC who would be reading the newsletter?*

Your engagement in the creation of a modern society with due respect of your traditions and unique country and people is impressive and outstanding.

## EXPERIENCE AS A TAX COLLECTOR

### **The trouble with tax collection is how to make a taxpayer happy about paying taxes.....**

As a tax collector, the nature of our work involves with assessment and collection of taxes, computing taxes, determining taxes for who do not maintain books of accounts and meeting various types of taxpayers throughout the year.

While assessing the estimated BIT collection we encounter with various individuals, using all the possible social weapons in the battle to pay lesser taxes. The BIT assessment team is accompanied by the Gup and Tshokpas of the business community who reports details on number of children, husband,

wife and also on alcoholic or drug addicted husband, death or sickness or accidents in the family, divorce cases and even the little mishaps that took place. This is tax declaration I suppose. The point to note here is that actual declaration on the volume of business activities is very rare and almost silent. Collection is always accompanied with folded hands, tears in eyes, fumes of anger or curses and in some cases they bargain that they will give better next year. The only thing assured to us is that the tax payer will never agree with the sum we have fixed, when they finally agree, the few words chanted are "thab mei, zhung gi ba sho zhay da lu, phue go, zhung rang dhen".

**Reasonableness of taxes...**We try to reason out that the tax imposed is very reasonable to the volume of business but.... to a taxpayer, reasonableness means exemption, or at par with the minimum payer irrespective of the size and volume of business.

Then we argue that the possible solution to arrive at a reasonable tax could be done if they had maintained a simple account but lack of education and expertise is put right at the front for not accepting such solution. Then stock was used as alternate but what is displayed is often argued as old unsold stock piled over the years or is hidden before the assessment team arrives.

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## MEMORIES OF MY STAY IN BHUTAN



*Mr.S.K.Ghosh, Assistant Finance Officer from Revenue Accounts and Audit Division,*

*Head Office, retired on 31<sup>st</sup> January 2001 after working in the Department for over 29 years. He comes from Calcutta, India and was first was appointed in the Royal Government of Bhutan on July 10<sup>th</sup> 1972 at Lhotsham Chichap Office of Sarpang Dzongkhag.*

*In this article below, Mr.Ghosh shares some of his old-time experience and describes what he has seen and encountered during his working tenure in Bhutan.*

### **First appointment...**

Initially I came at Kokrojar (Assam) to visit my uncle and I heard about Bhutan.

I came to Bhutan sometime in December 1971 and stayed for a few days on a visit. I met the then Commissioner of Southern Bhutan and he offered me the service under his kind control and officially I joined on 10<sup>th</sup> July 1972 in the government service. My initial pay was Nu.325 i.e. basic pay Nu.175 and daily allowance (DA) Nu.150. I chose to work in Bhutan as I preferred the atmosphere and I liked the place specially Sarpang and decided to join in the service. I had joined first in the Lhotsham Chichap Office at Sarpang. I was then 25 years old. This was my first career in service. I learnt in Calcutta and obtained Commerce Degree (B.Com) from Calcutta University.

### **The office of Lhotsham Chichap**

I joined in the office of Lhotsham Chichap, Sarpang i.e. Commissioner Office at Southern Bhutan. This office controlled all Dzongkhags/Dungkhags located under southern/eastern belt of the country. The Lhotsham Chichap Office was controlled directly by the Ministry of Finance and was an independent unit of the Royal Government of Bhutan.

In those days all the offices viz. Hydrel, PWD, Forest etc. were controlled by the Lhotsham Chichap Office and also all types of development work of Southern belt were being carried out under the control by that office. There was no Revenue Office as such and Customs was an independent unit under the Ministry of Finance. It is difficult to give any comments on the comparison of the present department with the previous one as no Revenue office existed at all when I joined in the Ministry of Finance during the early 70s.

At that time, in southern/eastern belt, there were SDO offices i.e. Sub Division Offices which were all controlled by the Lhotsham Chichap Office of Sarpang. The responsibilities of present DRC and Lhotsham Chichap Office was quite different. The office was called as civil office of the RGOB.

### **Worked with a number of Bosses**

I have worked under so many Dashos and senior officials during my service period. Some of the names are mentioned below; *Lyonpo D.Tshering*, the then Finance Secretary of Ministry of Finance  
*Dasho Pema Tenzin*, the then Head of Revenue Division  
*Dasho K.B.Basnet*, Director of Revenue Division  
*Dasho Tshering Wangdi*, Director General of Revenue & Customs Division  
*Dasho Bap Kesang*, Joint Secretary of Revenue & Customs Division  
*Dasho Nima Wangdi*, present Director of Revenue & Customs Department.

### **Changes seen during my entire work experience**

I have seen lot of changes in Bhutan during my entire service period and through my work experience. So many Acts, Policies, Rules & Regulations have been framed and adopted in Royal Government in the interest of the public of Bhutan which are helping the people of Bhutan for safeguard-

ing their better living and protecting the future generation of the kingdom.

In seeing the recent trend of economic growth of the country, I feel that the Department of Revenue & Customs will be one of the most important and a big department in the next 20 years.

### **Memorable day**

The first day visit in Sarpang i.e. sometime in December 1971 was the most memorable day for me. On seeing beauty of nature, I was really overwhelmed and taken in by the unique place with unique culture and decided to stay in the country. I had never seen such natural beauty before coming to Bhutan.

*I leave this beautiful country after working and living here in Thimphu for over 29 years. I have visited most of the places in Bhutan specially all southern/eastern belt on different jobs assigned by the respective Heads of the department. During my entire service period i.e.10<sup>th</sup> July 1972 to 31<sup>st</sup> January 2001, I have not faced any major difficulties of any nature. In fact it is worth mentioning here that during my service period, I got help and assistance from all my senior officers and colleagues which I will not forget in my life. I had a good relationship with all my colleagues. Most importantly I had a very good association with most of the people which I will never forget. At the time of leaving Bhutan, I really feel bad as I will miss all my Bhutanese friends. I will never forget my Bhutanese friends and associations and I shall always cherish the memories of my stay in the beautiful Kingdom of Bhutan. Lastly, I wish the DRC members to do your best on behalf of this deserving department.*

### **Tashi Delek!**

*S.K.Ghosh  
Asstt.Finance Officer*



*Mr Anand Raj Naidu, VSA came to Bhutan and joined the Department in September 1999 for a term of two years. He was attached to the Tax Administration, Head Office. He will be completing his term in August 2001 and return to New Zealand with his newly wed Bhutanese wife. The staff of DRC wish Anand “ Good Luck” in his new posting back home.*

*In this article below he shares his views, impression of Bhutan and his experiences during his stay as VSA in Bhutan.*

Amongst the midst of the clouds, far - far away in the Himalayas about 2500 meters above the sea level exists the hustle and bustle capital of Bhutan – Thimphu. If we were visiting there about 42 years ago we would be climbing all the way from the foothills of India, meeting tribal people and it would probably take us six days and seven nights (pun intended) to reach there. I may not be a Harrison Ford but if I let my imagination run then I do feel like one. I was also told before my departure from New Zealand that Bhutan wants to sustain its culture and also develop with caution.

As you enter Thimphu, you find well organized departments, well made roads, Mobile phones, Mercedes Cars, Prado Jeeps, Toyota Hilux's, Japanese import cars, Indian assembled cars, shopping arcades, three & four star hotels, cable TV (28 channels), kelvinator fridge's, microwave ovens, electronic washing machines, modern electronic equipment's, cybercafe's, Karaoke bar and a supermarket.

Alas I am nearly back home. Looking at the pace of development that has taken place I then become baffled. I start to question my self on whether this country really does require our (as in VSA's) help.

There was once a famous poet who wrote “life is like a bed of roses and people represent the smell, etc, etc...” and then he concluded abruptly by saying, “then you wake up”. To me this signified my perception of my assignment.

My name is Anand Raj Naidu. I was sent from New Zealand as a VSA volunteer to work as a finance officer in the taxation department in Bhutan. My responsibilities were to look at the corporate and business income tax institutions, identify ways to streamline the procedures for tax assessment and collections and review tax policies together with my Bhutanese counterpart. The job sounded very exciting and the feeling that you will be involved in the development phase of revision of a tax system sounded equally challenging.

During my briefing I was led to belief that I would have difficulty in obtaining good brushes, toilet paper and other necessary items important for us westerners. So believe me I came prepared within the *very generous* 50-kg shipping weight allowed by VSA.

As I entered Paro for the first time, coming outside from the plane, I felt that I had indeed gone back slightly in time and was in a unique oriental paradise. From the beautiful landscape, I could understand why this place was called the last shangri la. Then our programme director – Mr. Roger Redpath along the amazing windy and narrow roads drove me to the capital. I was glad that I had a strong stomach and thank goodness I reached the capital without puking. That was my entry into Bhutan.

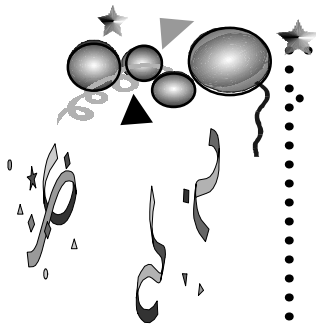
Now I am about three months away from finishing my contract and it is the correct time to have a flashback on my achievements. If you live in a country for a while, the beauty of the terrain's and landscape seems normal to you until you have left the country or when you hear some tourists show awe towards it. During my tenure I would sometimes feel that the mountains and valleys only surrounded me and I would miss the beautiful beaches in Fiji Islands and okay to good beaches in New Zealand. I have done enough philosophizing and I should really get down to the details. To me personally this country has been the last Shangri la to its thorough meaning. I have met the girl of my dreams and my life. I have

been appreciated for my work done and also importantly I have been instrumental in bringing cricket as a recognised sport in to Bhutan (I even had my name recognised by the International Cricket Council in their monthly magazine as a coordinator of cricket in Bhutan).

In the department I have had the opportunity of doing the following work. For the first six months I spent more of my time trying to understand the culture and the tax system practically applied in Bhutan. I tried to analyze how much of the written work was applied in the field. Later on I had been involved in the drafting stages of the tax legislation. I had done various field audits with the regional staffs in Thimphu and Phuentsholing working especially in areas of constructions, financial institution and trading sector. I had also taught with short spans the Certificate Financial Management, Diploma Financial Management, postgraduate Certificate Financial Management, Department of Revenue & Customs and Ministry Of Finance candidates in the Royal Institute of Management. My focus was mainly on the areas of basic accounting principles and assessment procedures. I had also worked together with my colleagues on doing a feasibility study on how to move BST from point of entry to the point of sale. Currently I am working with my colleagues on designing a course on how to streamline the assessment processes to ensure effective tax collection.

I have to now review whether I have been working within the boundaries of VSA goals. I feel that I have and my need was warranted. Though development is happening at a fast pace, the method of dealing with that progress should be thought of carefully. This is the reason why I was brought here and, think I have done well. So I have learnt an important lesson of not judging the book by its cover. I appreciate what has happened in my life and I would like to end this article by saying Tashi Delek (Good fortune).

■



## Congratulations July 2000 promotions



“Let us, then, be up and doing,  
With a heart for any fate;  
Still achieving, still pursuing,  
Learn to labor and to wait.”

-HENRY WADSWORTH  
LONGFELLOW

Name	Designation	Grade	Place
1. Pema Yangzome	Under Secretary	VI	Thimphu
2. Sonam Tenzin	Asstt. Director	VII	HQ, DRC
3. Tshering Norbu	Dy. Inspector	XIII	Thimphu
4. Phuntsho Deki	Computer Operator	XIII	Thimphu
5. Rinchen Dorji	Dy. Inspector	XIII	Phuentsholing
6. Roma Tamang	UDC	XIII	Phuentsholing
7. Namgay Dukpa	Dy. Inspector	XIII	Phuentsholing
8. Dawa Gyeltshen	Dy. Inspector	XIII	Phuentsholing
9. Sonam Topgyal	UDC	XIII	Lottery Directorate
10. Shanti Dhital	UDC	XIII	Lottery Directorate
11. Tharchen Dorji	Dy. Inspector	XIII	Samdrup Jongkhar
12. Sangay Wangchuk	Asstt. Accountant	XIII	Samdrup Jongkhar
13. Sangay Dorji	Asstt. Inspector	XIV	Phuentsholing
14. Sonam Dorji	Asstt. Inspector	XIV	Phuentsholing
15. Mickle Chhetri	LDC-I	XIV	Phuentsholing
16. Tshewang Rinzin	Asstt. Inspector	XIV	Phuentsholing
17. Chhador Tshering	Asstt. Inspector	XIV	Samdrup Jongkhar
18. Karma Deling	Asstt. Inspector	XIV	Samdrup Jongkhar
19. Ugyen Tenzin	Asstt. Inspector	XIV	Samdrup Jongkhar
20. Sangay Wangmo	LDC-I	XIV	Samdrup Jongkhar
21. Bal Bahadur Tamang	Jr. Inspector	XV	Samtse
22. Rajesh Pradhan	Driver	XV	Phuentsholing
23. Dawa Penjor	Driver	XV	HQ, DRC
24. Karma Yangzom	LDC-II	XVI	Thimphu
25. Chama Rinchen	WBO	XVII	P/ling
26. Sonam Gyeltshen	Peon	GSC-I	Thimphu
27. Damcho Norbu	Peon	GSC-I	Phuentsholing

### ELECTRONIC FILING SYSTEM

Ms Sonja Davidsen, Tax Advisor, has initiated the groundwork for the electronic filing system for the Department. The main objective is to have a standardized and improved filing system in the Department. The management in the head office had a series of meetings and the different Divisions are yet to finalise the filing index. It is expected to be implemented from July 2001. Once it is successfully implemented in the Head Office, the electronic filing system will be adapted in the Regional Offices.

### MANAGEMENT COORDINATION MEETING

The Management Coordination Meeting is held in the Head Office every month. During the meeting each Division reports on the progress of monthly

office activities, project activities and follow up on the pending work and thrashes out core problems. During the last meeting held in April 2001, one of the main outcome was that the pending audit issues with the Royal Audit Authority were discussed in detail in the management.

### POSITION CLASSIFICATION FORM

As per the instruction of the Royal Civil Service Commission (RCSC), all ministries and departments had to submit Position Classification Form to RCSC. Position Classification is process of grouping together positions that are similar with respect to duties and responsibilities so that they can be treated the same way for purpose of determining appropriate position title, minimum recruitment and selection

qualification, equitable compensation/salary grade allocations and other personnel actions. It is based on the principle of Equal Pay for Equal Work.

This activity is a part of the restructuring exercise of the government taken up during the year 2000.

### MILESTONES

#### RETIRED:

Mr. S.K. Ghosh, Assistant Finance Officer from Revenue Accounts and Audit Division, DRC retired on 31<sup>st</sup> January 2001 after rendering over 29 years of dedicated service to the department. Mr. Ghosh alias Ghosh Dorji (Bhutanese name) is very hard working and sincere. He was first was appointed in the Royal Government of Bhutan on July 10, 1972.

*The Staff of DRC wish Good Luck in his new venture!*

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## Ex-Country Training: November to March 2001

### Trainings funded by Danida, RGOB and other Agencies

**Course on Import & Export procedures, passenger & cargo handling/clearance at Royal Customs Academy (AKMAL), Malaysia: November 14 - 24, 2000 - funded by Danida**

1.	Mr. Phuntsho Tobgay	Dy. Director	DRC, HQ
2.	Mr. Karma Dorji	Asst. Inspector	DRC, HQ
3.	Mr. Kesang	Asst. Inspector	RRCO, P/Ling
4.	Mr. Tendang Wangdi	Jr. Inspector	RRCO, P/Ling
5.	Mr. Tshewang Rinzin	Asst. Inspector	RRCO, P/Ling
6.	Mr. Lhab Tshering	Asst. Inspector	RRCO, P/Ling
7.	Mr. Dorji Wangdi	Dy. Inspector	RRCO, S/Jong
8.	Mr. Pema Wangchuk	Asst. Inspector	RRCO, S/Jong
9.	Mr. Pem Norbu	Asst. Inspector	RRCO, P/Ling
10.	Mr. Tshering Nidup	Asst. Inspector	RRCO, Samtse
11.	Mr. Phurba Thinley	Asst. Inspector	RRCO, Samtse
12.	Mr. Kesang Jigme	Asst. Inspector	RRCO, Gelephu
13.	Mr. Rajen Thapa	Jr. Inspector	RRCO, Gelephu
14.	Mr. Jangchuck Dorji	Asst. Inspector	LTO, Calcutta
15.	Mr. Chencho Dorji	Asst. Inspector	LTO, Calcutta

**Course on Effective Approach in Passenger Examination at the Royal Customs Academy (AKMAL), Malaysia: January 29 to February 10, 2001 – funded by Danida**

1.	Mr. Sonam Dorji	Superintendent	RRCO, Gelephu
2.	Mr. Rinjay	Dy. Superintendent	RRCO, Thimphu

**Customs Management Technique Course conducted by Customs Administration at IRS, Singapore: February 26 - March 3, 2001 – funded by Singapore Colombo Plan**

1.	Mr. Zamtsho Tshering	Joint Director	DRC, HQ
2.	Mr. S.P Pradhan	Dy. Collector	DRC, HQ

**Study tour on Control Procedures of Factory, Distillery & Warehouse at Colombo, Srilanka: March 18 - April 3, 2001- funded by Danida**

1.	Mr. B.R. Pokhrel	Dy. Director	DRC, HQ
2.	Mr. Dechen Dorji	Excise Inspector	RRCO, Samtse

**Seminar on Customs Valuation & Commercial Fraud at National Academy of Customs, Excise & Narcotics (NACEN), New Delhi: March 19 - 31, 2001 – funded by Government of India and Royal Government of Bhutan**

1.	Mr. Karma Tshulthrim	Under Secretary	DRC, HQ
2.	Mrs. Yeshey Sedon	Superintendent	RRCO, Thimphu

**Workshop on Precursor Control for Senior Regulatory and Law Enforcement Officials from SAARC countries at New Delhi, India from May 8 – 10, 2001 – funded by UNDCP**

1.	Mr. Rinjay	Dy. Superintendent	RRCO, Thimphu
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**Ex-country Training information source: HRD & Personnel Section**

### In-Country Training: January - June 2001

#### 1. Induction Course: March 5 - June 29, 2001, funded by Danida

The Induction Course for the fifth batch of Customs and Excise inspector trainees commenced from March 5, 2001 at the RIM, Simtokha. They have completed the Specialisation Course on Customs and Excise. The different Divisions also took classes to familiarize them with the functions of different divisions and systems. Currently they are on the job training at RRCO Thimphu.

#### 2. BACS System Administrator Training from 7 – 31 May, 2001 funded by Danida

M/S Strabus, BACS developer, conducted the training on BACS Administration at the Regional Revenue & Customs Office Gelephu. Ten computer programmers of the department and regional offices attended the course who will be the BACS administrators. The course will help in the maintenance of the system once BACS is implemented.

*Coming up..... During September 2001, M/S Strabus will be conducting the users training course to familiarise the users with the BACS system.*

#### 3. Course on HS Nomenclature and WTO Valuation : May 21 – June 15, 2001 conducted jointly by the Department of Revenue and Customs of Bhutan with the Malaysian Customs Administration- funded by Danida. ■

### QUOTES

*The purpose of education is to replace an empty mind with an open one.*

**- MALCOM FORBES**

*Education is an admirable thing, but it is well to remember from time that nothing that is worth knowing can be taught.*

**- OSCAR WILDE**



# AROUND THE DIVISIONS - HQ

## Tax Administration Division

*Taxation Policy 1992:* Suggestions from the Annual General Meeting of the department has been compiled and put for further revision of the Taxation Policy 1992.

*Sales Tax:* The collection of sales tax on beer has been shifted to point of sales with effect from April 1<sup>st</sup> as a part of the effort to shift the collection of sales tax from the point of entry to sales.

## Customs & Excise Division

The Head of Customs & Excise, Mr Zamtsho Tshering undertook the Regional Tour. During the tour, he visited all the check posts including the remote check posts in all regional offices.

Trade Statistic Report (TIS) for the year 1999 has been published and circulated.

## Revenue Audit & Accounts

National Revenue Report for Fiscal Year 1999-2000 has been published and circulated. The half yearly National Revenue Receipt for the first half of Fiscal Year 2000-2001 was also compiled.

The Division was busy resolving the audit memos raised by the Royal Audit Authority on the Department and Regional Revenue & Customs Offices. After making substantial process a meeting with RAA and DRC was initiated and subsequently the issue of audit clearance has now resumed.

The revised revenue projections for the next year and the 9<sup>th</sup> FYP has also been prepared for further submission to the Royal Government.

## Information Division



### Computer Section:

*BACS status:* With the completion of development by March 2001, training aspect and system acceptance along with the implementation will continue till September 2001.

Mr. Otto Vie, a Danish IT Consultant completed the quality assessment control exercise on BACS that was prepared by M/S Strabus and presented the report and findings to the Management during January 2001.

*LAN:* LAN along with proxy server has been successfully set up in the Headquarter Regional Offices at Gelephu and Samdup Jongkhar. As for Paro Customs, it was decided to take up jointly with other various agencies on the set up of LAN facility there.

The work on setting up WAN between MOF, DRC, DBA and DADM has also started and is expected to complete by end of June 2001.

### Public Information Services (PIS):

Besides giving tax awareness information through radio and newspaper, PIS has also started advertisements in television starting from beginning of the year 2001. The section is working towards bringing out a booklet on "DRC at a Glance" which will contain general information of the department and its functions.

PIS is also preparing information display board for the Paro Airport Customs in coordination with Customs and currently the section is engaged with coordination of training equipment for the in-country training on HSN and WTO Valuation at BCCI Hall.

## LEGAL UNIT:

In the Head Office, a Legal Unit has been established starting from January 2001. The unit will be responsible for all legal matters and litigant cases of the department in co-ordination with the Tax and Customs Division. Currently Mr. Khandu Dorji, Customs Inspector, has been appointed in this new unit.

## DUTY FREE SHOP:

The new four-storeyed Duty Free Shop complex is completed and the interior part is expected to complete during the next half of the year and the Duty Free Shop in the new complex operational before the end of the year.

The Thimphu Regional Revenue & Customs Office will be shifting to the new complex first floor and above. ■



## RRCO: Thimphu

### Book Keeping and TDS Workshop

The RRCO, Thimphu in collaboration with Entrepreneurship Promotion Centre, MTI conducted workshop on basic book keeping and TDS for the taxpayers under Thimphu regional office. The main objective of the workshop was to teach basic book keeping for the taxpayers who are not maintaining books of accounts and also to clarify on the 3% and 2% Tax Deducted at Source (TDS) and to explain the rationale for such deductions.

*The workshop was conducted covering all six Dzongkhags as follows:*

➔ 19-22 December, 2000 EPC Training Hall, for taxpayers of Thimphu.

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➡ 29 - 30 2000 Y.T Conference Hall at Lobeyssa for taxpayers of Punakha, Wangdue and Gasa.

➡ 3 - 4 January, 2001 at NIE Hall, for taxpayers of Paro and Haa.

A total number of 250 taxpayers participated in the workshop. We also hope to have more workshops of such kind to educate our taxpayers. ■

**Reported by: Namgay Wangchuk**  
**Tax officer**

### **RRCO: Gelephu**

#### **Export Tax on orange transactions:**

Restrictions were imposed for the movement of Bhutanese vehicle including buses through the Indian territory as a result of the attack on our Bhutanese two buses during last December at Gossaigaon in Assam, India. However, private vehicles carrying oranges and other goods are issued with Export Declaration Form to transport the goods at their own risk to the Indian states and Bangladesh. Due to the risks involved, the orange exporters had chosen to transport their oranges through the lateral route via Phuentsholing to India.

This practice involves total exemption from export tax as no tax is applicable for which oranges are transported from one region to another within Bhutan. This ultimately reduces the total collection of revenue for the particular region from where the goods have originated the export tax is collected at the point of export. This year the following orange transactions had been recorded at Rinchening check post dispatched from Gelephu region for the period from December 2000 to February 2001:

December 2000

24,27,650 nos. of oranges, 10,886 pons of oranges

1,321 boxes and 4 tonnes of oranges

**January 2001**

1,55,18,710 no. of oranges, 15,067 boxes

of oranges

76,235 ponds of oranges and 53,470 kgs

of oranges

February 2001

68,02,970 nos. of oranges, 5,707 boxes of oranges

18,491 ponds of oranges and 7,600 kgs of oranges

Besides, people of Bhur and other neighboring villages after their prolonged lounge had completed a new bridge over Bhur Chhu, hoping that upon its completion, business transaction will be smoothened and increase the revenue collection. But unfortunately, due to the last monsoon flush flood, there has been severe damages which hampered the transportation of cash crops to India during the peak season and this has affected the collection of Sarpang and Ranibagan checkposts. Likewise, we don't know what would happen tomorrow?

**Reported by: Pema Wangchen**  
**Superintendent of Customs**

### **RRCO: S/Jongkha**



**Seizure of Copper Assignment:** It was 10AM in the morning on 14<sup>th</sup> November, 2000. There was a long line of trucks with various consignments waiting for their turn to enter Bhutan at Samdrup Jongkhar main checkpost and among the line was a truck loaded with sand. While the driver of the truck rushed towards the RBP counter and then to forest counter for entry, a man with streams of sweat flowing through his cheeks was restlessly waiting for the gate to open.

Customs Officials on duty at first thought, not to bother the man as he looked genial and innocent, but somehow he couldn't hold himself and blankly asked "what is beneath the

sand?". The questions which customs officials usually use to test check the integrity of the importer and as a magical weapon to apprehend them. No sooner the man heard this; it sent him electrical shock. He blushed red and started behaving in a suspicious way. Therefore, to a seasoned Customs In-charge, this type of suspicious behaviour that smugglers usually exhibited was not new and it did not take long to find out the truth.

The truck was then immediately detained and physical verification was carried out in the presence of RBP and Forest Officials which revealed the shocking discovery - there were 9 gunny bags of copper and brass plates hidden beneath the sand to be smuggled into Bhutan by a Bhutanese businessman. Though the man gave various lame reasons for his depraved conduct, the consignment was immediately seized as per the rules and is waiting disposal through auction.

**Reported by: J.B.Tamang,**  
**Asstt. Collector of Customs**

### **RRCO: Samtse**

#### **TDS Workshop**

The Regional Revenue and Customs office Samtse conducted a one-day workshop on the Tax Deducted at Source on January 22, 2001 funded by Danida Project at the NIE Hall. From the Head Office, PIS coordinated and facilitated with the training aid equipment for the workshop.

The Dzongdag of Samtse Dzongkhag, Dasho Sherub Gyaltshen graced the opening ceremony for the workshop. Over 80 participants including taxpayers and officials of government agencies and corporations attended the one day workshop.

Recently, the region conducted series of workshops on Book Keeping follows:

May 24, 2001 at Sibsoo

May 31, 2001 at Gomtu

June 11, 2001 at Samtse. ■

**TRANSFERS:**

During this January 2001, a few of our old staff got transferred to different organisations/offices as follows:

**Ms Rinchen Tshomo**, Deputy Chief Accountant, Tax Administration, DRC, is transferred to Power Department at the Kanglung Branch, Tashigang Dzongkhag. She joined the Department in 1984 in the Sales Tax section under Tax Administration Division. She has worked over 16 years in DRC.

**Ms.Tshering Zangmo**, Accountant, joined the Department since 1986 in the Administration and Accounts Division. She is now transferred to Finance & Accounts Division, NRTI, Lobeyasa with effect from January 2001. She worked in the Department for 14 years.

**Mr. Tshewang Namgay**, Revenue

Clerk, from Rural Tax Unit, DRC is transferred to Punakha Dzongkhag Administration in Revenue Section as now the Revenue Section will be administered by revenue personnel in the Dzongkhags. He joined in the Department in 1981 in the Compilation Section and has worked for 20 years.

**Mr.Gyaltshen**, Asstt. Accountant from Rural Tax Unit, RRCO Gelephu is transferred to Tsirang Dzongkhag. He joined in the Department in 1986 in the Revenue Compilation Section.

**Mr. Tshewang Dorji**, Office Assistant, from Rural Tax Unit, RRCO Samdrup Jongkhar is transferred to the Samdrup Jongkhar Dzongkhag Administration in the Revenue Section. He joined the Department in 1984 in the Revenue Compilation Section and has worked for 16 years.

**TERMINATED**

**Mr.Lungten Dorji**, Dy.Excise Inspector from RRCO Thimphu has been terminated from the service from 31.8.99 due to misappropriation of Excise revenue.

**Mr.Singay Dukpa and Mr.Tsheten Duba**, Assistant Inspectors of RRCO Gelephu, were terminated on 21.11.99 due to the involvement in the misappropriation of revenue in SKO deflection case.

**Mr.Chhoda Dorji**, Revenue Clerk, RRCO Thimphu, has been terminated from the service on 4.1.2001 due to involvement in a litigation case.

**ABSCONDED**

**Mr.A.B.Chhetri**, Sub Inspector, RRCO Gelephu, absconded since 2.11.99 due to the misappropriation of revenue in the SKO deflection scandal. ■

**Regional Staff of Thimphu Joins the Re-storation Force in Taktshang for a Day**

Volunteerism is a valuable gift that we have inherited from our ancestors and even to this date of the new century, it is widely practiced in this beautiful country. To live up with this tradition, a nineteen-member team climbed the steep slopes of the Tiger's Nest (Taktshang) on the morning of 18<sup>th</sup> November 2000, corresponding to the Descending Day of Lord Buddha. The team had a simple mission to give a productive hand in the restoration of the only Taktshang Monastery in the universe, our precious one.

We worked for eight full hours mainly lifting stones and timber from the nearest cable crane site to the construction site and completed the special assignment to clear the unwanted materials from one of the completed monastery so that they could start up with other finishing works. We completed

the assignment given to us very well as we have received notes of appreciation from the local workers and from the officers.

The chilly night by the fire in the open space was also much enjoyed with conversations and debates ranging from taxes, likes and dislikes, family matters and the latest news.

We all called the mission for the restoration a very successful one as each of us got a kind of happiness or a sought of blissfulness which even now is held in our hearts. For this, we would like to thank the Project Management, Taktshang and M/S Etho Metho and and M/S Yangphel Tours and Treks for kindly providing us the transportation.

**Reported by: Tashi Pem for the Team  
RRCO: Thimphu**

**A Tax Man**

*Who is he that knocks the door, a friend or a mad thief?  
Does he have any purpose to bang, aloud in the hour so quaint?  
He is a man alike us serving you and our countrymen.  
Why to shun and hate him hell, for he begs for fellow friends?  
He comes to you for he has to feed country's progress and the growth.  
He has to feed his fellow servants and our future children too.  
Amidst rain, empty guts he prays to god to let you grow.  
He begs with you not the gold, but the scrubs that you throw.  
It's for us, so does the fellowmen, not to pull you down to the lane.  
Please help him to build the nation since the nation built you then.*

**Compiled by: S. Bhattarai  
RRCO: S/Jongkhar**



# FUNPAGE

## I DESERVE MORE PUNISHMENT

A custom official was known to be very corrupt and many people have given written complaint against him. He was warned by his superiors and subsequently posted to a small desolate place near a sea-shore by way of punishment for one year. He earned a large amount of money there by hauling up smugglers unloading contraband from their country craft at odd hours. But there was no complaint against the official during this period.

After completion of one year, he was asked to pick his choice for a new posting. He replied "SIR, ONE YEAR PUNISHMENT IS NOT ENOUGH, ACTUALLY I DESERVE MORE."

**Compiled by: Jigme Thinley**  
**Sr. Tax Officer**  
**RRCO:Thimphu**

## STEPS TO BEING THE BEST

'Determine the world standard ... Find the world champion in every process you measure.'

Distinguish what needs to be done from how hard it is to it... if something needs to be done- the difficulty of doing it is irrelevant.'

'Set stretch targets.... There's nothing wrong with asking your people to perform as well as the best in the world. Don't tell them how to do it, though. Their ideas will be better than yours'.

'Never stop... when you get ahead of the pack, you'll want to relax. That's just when they're getting energized by benchmarking against you.'

'Communicate with your employees as if your life depended on it. Get

your people focussed on external reality- customers and competitors. Define a clear vision that creates a sense of urgency. Help them understand the impact of their own behavior.'

Source: Fortune Magazine

## Year 2000 Publications of DRC

Tax Information Pamphlets (Dzongkha and English version):

1. Corporate Income Tax (CIT) and Business Income Tax (BIT)
2. Tax Deducted at Source

Legal Document (Dzongkha and English version):

1. Sales Tax, Customs & Excise Act 2000 of the Kingdom of Bhutan.!!

Annual Reports :

1. Trade Statistic Report 1999
2. National Revenue Report: Fiscal Year 1999-2000

Please send your letters to:



**YONGSEL**  
**Public Information Services**  
**Revenue & Customs**  
**Department Post Box. 211**  
**Thimphu.**

## Letters & Comments

You can send information and article at email address [drchq@druknet.net.bt](mailto:drchq@druknet.net.bt) forwarded to Public Information Services for "YONGSEL publication".

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## EXPERIENCE AS A TAX COLLECTOR

Increasing taxes annually is also not fair as such kind of business is not very stable and sickness or demise of a close family member can directly effect the progress of the business.

Tax collection is a very simple job I suppose most might have thought as such job hardly requires any brilliance but I tell you one surely has to have a kind of talent to make someone part with the money that he/she

dearly held with a smile. The talent to make a taxpayer happy is a difficult one!

My view is that the taxpayer(s) should give up with the idea that tax officers are so called "Bangchen's" of course we should not behave like one.

**By: Tashi Pem**  
**Assistant Director**  
**RRCO, Thimphu**

## CHAIRMAN OF CCM VISITS RRCO, SAMDRUP JONGKHA



**H.E. Finance Minister with the staff of Samdrup Jongkha Regional Office**

January 26, 2001 was a memorable day for RRCO Samdrup-Jongkhar when the Regional Director informed the staff that our Honourable Finance Minister, Chairman of Lhengyel Lhentshog has kindly consented to visit this Office, despite his hectic schedule. Our joy knew no bounds. Every member of staff took it as a moment of pride and privilege. The time was indeed momentous for all of us.

Although the meeting was brief we had an opportunity to highlight all our difficulties to His Excellency. His Excellency in-turn acknowledged our difficulties and further addressed the critical situation that our country is facing with the presence of Indian Militants on our soil. In his address, His Excellency urged that, these are the times that country needs us and our duty is

to oblige its needs. His Excellency also pointed out that, we are among the very few countries in the world that enjoyed the most coveted peace and tranquility.

His Excellency, however, in his brief address complimented the service rendered and efforts put in by the staff of Department of Revenue & Customs, especially those field officials who have contributed so much regardless of any inimical situation.

RRCO also felt honoured when His Excellency graciously conceded for photo-session with the Staff of Regional Office.

We the RRCO family would like to bestow our heartfelt thanks to our Honorable Lyonpo for his invaluable advice, care and support.

**Reported by: Staff of RRCO  
Samdrup Jongkha**

## NEW REGIONAL OFFICE BUILDING AT SAMTSE



**The inaugural of the new office building at Samtse Regional Office**

The Regional Revenue and Customs Office of Samtse now has a new office building.

The Hon'ble Dasha Dzungda of Samtse Dzungkhag graced the formal inauguration and opening of the new office on February 27, 2001.

The officials and the staff of the region shifted to the new building on the same

day. The monks of Samtse Dratshang led by Venerable Lam Neten performed the Lhabsang, Thruesel and Drup for two continuous days. About 60 guests comprising of various government organisations, sector heads and executives of the private organizations were invited for the formal opening ceremony

and had lunch together.

The total cost for the three-storied building amounted to Nu.45 lacs including site development, boundary walls, main gate and the parking area. The construction was completed in one year. Now the office staff boast of good working atmosphere and providing better and quick service to the taxpayers. ■