



Newsletter

Yongsel

DEPARTMENT OF REVENUE AND CUSTOMS

MINISTRY OF FINANCE

BHUTAN

January to December 2003

ISSUE 14

New director from within the department

AUM SANGAY ZAM, being congratulated by the former director of DRC Mr. Nima Wangdi at the formal takeover ceremony held on 9 January 2004.



Background...

AS a young commerce graduate Aum Sangay Zam joined the civil service in April 1983 as a trainee officer and was posted to what was then known as the Revenue Division under the Ministry of Finance. Her next stint was in the motor vehicle unit followed by a posting in the tax section - handling desk/field assessment and collection of taxes.

In 1986 the Revenue Division was merged with the Department of Customs to form the Division of Revenue and Customs. For three years she headed the administration and finance section. In 1989 she was made the head of the Revenue Accounts Section. 1992 saw her heading the policy and planning unit during which time the 1992 taxation policy was drawn up and implemented. From 1994 till her formal appointment as the director she headed the tax administration division at headquarters.

The tax administration under her able leadership has made remarkable progress over the last few years. It was genuinely felt and expressed (by the officials and staff of DRC) "we are very happy to have a boss appointed from our own department...the whole department will certainly benefit from her dynamic and inspiring leadership." PIS ☺

MR. NIMA WANGDI APPOINTED AS THE DIRECTOR OF DEPARTMENT OF AID & DEBT MANAGEMENT

WE WISH Mr. Nima Wangdi success in his new posting as the director of the Department of Aid & Debt Management. During his tenure as the director of the Department of Revenue and Customs, Personal Income Tax was introduced and successfully implemented. Further, the department has seen positive development in terms of enhancement of information technology and institutional strengthening, keeping in line with the country's mandate of good governance. PIS ☺



In this Issue

New Director appointed.....1	Administration & personnel.....8
News in brief.....2-3	HRD.....9-10
Articles.....4-5	Humour.....11
Comments from the field.....6-7	Regional tour.....12

NEWSLETTER TEAM

Layout/design/photographs/
editor
Kaysang W. Samdup
Compilation
Suresh Gurung

10th Annual General Meeting



The Tenth Annual General Meeting of the Department of Revenue and Customs was held from November 24-27, 2003, at the DRC Training Center, Thimphu. The Director, Mr. Nima Wangdi, chaired the Meeting.

THE DIRECTOR, regional directors and concerned officials from the regions, Customs office Kolcutta and headquarters, attended the 10th AGM. In his opening address the director expressed his appreciation to the militia volunteers from DRC. He assured the militia volunteers that members of their family would have the department's full support whenever required.

The director also remarked that the Department of Revenue and Customs plays a very significant role in the

economic and social development of the country as it not only affects the whole country but people at large.

He added that, "As civil servants, the officials in the department have an extra role to play and all should understand the government objectives and policies. It is important to keep government policies in mind and support the government in whatever manner possible." The director while pointing out on the current situation, advised the staff particularly those posted at the customs

“As civil servants, the officials in the department have an extra role to play and all should understand the government objectives and policies. It is important to keep government policies in mind and support the government in whatever manner possible. ”

Director, Nima Wangdi

checkpoints to be extra cautious and vigilant while checking vehicles and goods in order to prevent any possibility of smuggling of arms and ammunition as security is the main concern of the nation at the moment.

This year the AGM focused mainly on policy and general issues as it was felt that all specific issues should be restricted to the concerned division meets conducted during the year.

Source: Minutes of the 10th AGM

PIS

SUCCESSFUL IMPLEMENTATION OF DANIDA PROJECT

IMPLEMENTATION of the DANIDA Project Phase II for Institutional Strengthening of Department of Revenue & Customs started from March 1998. The budget was set at DKK 16,000,000 for a period of five years coinciding with the 8th Five Year Plan of the Royal Government of Bhutan. (RGOB).

The objective of the project was towards capacity building of DRC comprising of human resource development, technical assistance, office equipment, computers and computerization of systems and

purchase of vehicle. During this period, DRC benefited significantly in terms of developing and strengthening its institutional capacity. The national revenue recorded a steady growth enabling the RGOB to maintain a fiscal balance between recurrent expenditure and revenue receipts.

The DANIDA Project Phase II – “Institutional Strengthening of DRC”, completed successfully on December 2003. To further enhance institutional growth a new project from DANIDA under “Support to Core Fiscal Institution” for a

period of five years coinciding with the 9th Five Year plan of the Royal Government of Bhutan was granted with the budget set at DKK 5.0 million. The new project was implemented from July 2003, under which four activities have been identified viz:

- | Computer Hardware
- | System Development
- | Training (Ex – In Country Training)
- | Taxpayer Awareness

Yangchen Chhoedon,
Danida Project Coordinator



The First Customs and Excise Meet



THE FIRST CUSTOMS AND EXCISE MEET was held from 16 to 18 September 2003 at the DRC training center. All regional directors, customs/excise heads of regional offices, officials from customs/excise division and concerned tax and revenue audit officials from headquarters attended.

The main objective was to improve and streamline customs procedures at the field level. Discussions on the Act and Rules on the Sales Tax, Customs and Excise Act of the Kingdom of Bhutan 2000 also took place in order to ensure that they are implemented in a uniform manner in all customs stations.

The participants found the 'meet' to be very productive and useful forum where pertinent issues could be discussed, clarified and resolved. ☪

The First Revenue Meet



THE FIRST REVENUE ACCOUNTS & AUDIT MEET was held from the 26th of January 2004 for three days with the meeting concluding on the 28th of January. All the Regional Directors, Division Heads, senior officers from the Head Office and the Revenue Accounts & Audit heads of the regional offices attended the meeting. The meeting provided a platform for discussing wide-ranging issues from revenue forecasting to review of existing accounting procedures, new proposal for direct deposit of revenue, review of the audit and accounting manual, which received full support. The revenue projection for the fiscal year 2003-2004 was reviewed at both the Regional and National level and the regional offices were urged to make concerted efforts towards achieving the targets set against each of their regions. The Head Office also made preliminary revenue forecast for the FY 2004-2005 on the basis of the presentation made by the Regional Offices.

Discussions were also carried out exhaustively on streamlining the refund procedure including a proposal for making direct deposits of revenue, which was presented and endorsed for further research and discussion with stakeholders concerned. The revenue account heads was also reviewed for proper classification and to improve the reporting system on national revenue. The targets were also set for reviewing and updating the Revenue Accounting Manual and the Audit Manual. Issues concerning training, posting, and regional issues on revenue matters all received attention and were discussed extensively. In short, the First Annual Revenue Meet was undoubtedly a success, which was made possible by the active participation of the Regional Offices. ☪

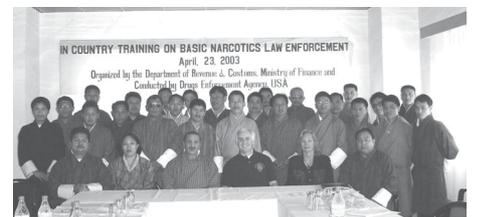
OFFICIALS FROM JAPANESE CUSTOMS ADMINISTRATION VISIT BHUTAN



A team comprising of three members from the Japan Customs Administration visited Bhutan from March 24-28, to evaluate Technical Assistance Program of Japanese Customs Administration to Bhutan Customs from 1975 till date.

The members of the team were Mr. Seiro Sannomiya, Leader of delegation, Ms Yoko Odashima, Director of International Co-operation, Customs Training Centre and Mr. Yoshikazu Fukushima, Officer in Yokohama Customs. After this evaluation mission, Bhutan Customs has started getting International courses of Japan offered to any WCO member countries under Japanese Technical Assistance program. ☪

WORKSHOP ON BASIC NARCOTICS LAW ENFORCEMENT CONDUCTED BY THE DEA & FBI



Three member team lead by Mr. Davis Timothy, Special Agent, Ms Maureen O, Keefe, Diversion Investigator from Drugs Enforcement Administration, USA and Mr. John Timothy Dwyer, Legal Attaché, FBI Agent visited Bhutan to conduct a one day workshop on Basic Narcotics Law Enforcement on April 23, 2003. Senior Officials from DRC Head Office and Regional Office attended the workshop. ☪

Tax, for whose benefit!

Phuntso Dorji, Trainee Officer,
Customs Section - RRCO, Thimphu

Most Bhutanese haven't yet understood the rationale behind imposing Tax. "Why do we have to pay Tax?" "What's the use of this Tax?" the taxpayer's grumble. Inadequate knowledge on the subject (Tax) is the main reason for these complaints as many fail to comprehend the core concept of levying taxes. So, through this article I hope to give a brief overview to taxpayers, illustrating only two main functions, *Public Finance and Equity*, which is the primary reason as to "Why government collect taxes?"

In the words of Plehn, "Taxes are general and compulsory contributions of wealth levied upon persons, natural or corporate, to defray the expenses incurred in conferring common benefits upon residents of the State." By "Common benefit", we mean the benefit of the society as a whole, not for any particular individual. Now, how can tax benefit the society as a whole?

Public Finance

Government has to perform a large number of functions, which are concerned, with the social and economic welfare of its people. Economic and social progress largely depends on its government's ability to generate sufficient revenues to finance an expanding programme of essential, non-revenue yielding public services such as health, education, transport, communication, protective functions (defense and, law & order) and other components of the economic and social infrastructure.

Private entrepreneurs are least interested in these welfare activities as it requires huge capital investment and is not a lucrative business. To meet the expenditure of welfare activities, social

and economic, the government must have sufficient public revenue for which it levies different kinds of taxes on the people. The government reimburses the tax collected from the people by spending it for the "general welfare of the citizens of the state." Ultimately, it is us who is commonly benefiting in the short run as well as in the long run.

Equity

Inequalities of income and wealth create social cleavages, leads to economic and political instability, and stand in the way of economic development. On the one hand, the few rich roll in wealth and misuse their income on conspicuous consumption and inventories, real estate, gold, foreign exchange, speculation, etc., while on the other hand, the masses groan under abject poverty and misery. So, taxation is to remove these inequalities and direct the misdirected and misused resources into productive channels for economic development.

The government levies more taxes on the rich people in order to reduce, if not to remove, the inequalities of income and wealth. The taxes collected are spent by the government for the welfare of the public in general. This further helps

in reducing the income gap between the rich and the poor.

Conclusion

If we understand tax from these two perspectives, it's worth contributing, as ultimate beneficiary are the contributors. The effectiveness of the benefit will depend upon the efficiency of the tax system and its administration. Lack of tax morality and absence of an efficient and honest administration prevents taxation policy from being an effective instrument. On the other hand, the 'political will' to carry out development plans must also include the political will to extract public revenue from the most accessible sources to finance development projects. Where the former is absent, so too will be the latter.

Ability to collect taxes for public expenditure programmes and to use the tax system on a basis for modifying the distribution of personal incomes will depend not only on the enactment of appropriate tax legislation but, more importantly, on the efficiency and integrity of the tax authorities who must implement these laws bearing in mind the social and economic welfare of the people.



Relationship between corruption and economic development and to what extents can corruption be controlled through institutional reform?

CORRUPTION & GOVERNANCE

This article is an extract from an assignment paper, University of London, UK.
Kinzang, head of tax administration

Continued from last edition:

It is very difficult to point out the nature of relationship shared between corruption and economic development in a true sense, since there is no specific method as to its explanation. However, most of the studies carried out so far and to some extent by looking at empirical evidence, it appears to indicate that there is a negative relationship (correlation) between corruption and economic performance. To see some empirical evidence confirming or rejecting this hypothesis, the most notable studies was carried out by Paulo Mauro (1995) based on regression analysis and it shows a negative correlation between corruption and economic growth.

The other important question that can be asked is why developing countries are more corrupt than developed countries? To answer that we have to look from economic corruption such as demand supply imbalances which is partly due to poverty and partly due to economic transition and primitive accumulation. The other aspect is political corruption and allocation of resources by state for its political stability.

Coming to the effect of corruption, it is generally believed that corruption has a uniform negative effect on economic performance, which is very doubtful looking at empirical level and comparing the country having the same scale of corruption at the same time but different degree of economic performance. Example South Korea and India had almost the same scale of corruption in the 1970's but the economic performance of these two countries during the same time was quite different.

To get into more detail, we need to look at the type (nature) of corruption rather than at the scale or quantity of corruption because different type of corruption has different effect on economic performance.

1: Bribe from social actors to public officials

The first is the bribe from social actors (usually private) to state officials (public officials) in exchange of rights. The effect of corruption through bribe has a negative and at the most neutral value enhancing. It is generally believed that the bribe, which is a rent seeking expenditure, reduces investments by transferring or resources that would have been invested in more productive areas. The reason is not very strong since it is would entirely depended upon the choice of the rent receiver (in this case public officials) whether it is invested in the economically productive investment or luxury consumption. On the other hand, there is no certainty that the capitalist or social actor would always invest in the productive economy. Quite often these bribe would even been wasted on luxury consumption if bribing were not required. Therefore, we cannot generalize capitalist as productive investor and public officials as unproductive investor.

2: Transfer of rights

The second effect of corruption is the transfer of rights from public officials to capitalist in return of bribe. This depends on the nature of transfer whether it is value enhancing or value reducing. If the transfer of rights results in negative economic implications, corruption is bad for economic development. On the other hand if such transfer led to economic development, then corruption at the least has no negative implications. The reason why South Korea developed faster than India in the 70's with almost same level of corruption could be explained by this argument.

Is corruption really all that bad for economic development?

In earlier decades, some scholars argued that corruption had a beneficial impact upon economic development. They argued that money used as bribe could be used as productive investment capital when it reaches in the hand of the receiver and therefore becomes a multiplier capital in the economy. Further,



in countries where public sector wages are often low and in some cases may not even be enough to live on, it was natural to augment their salaries by other means. It was alleged that corruption could advance economic efficiency by helping to restore artificial and administratively determined prices to market-clearing levels. Others argued that corruption played a useful role in allowing cumbersome administrative procedures to be bypassed, or in transferring resources from wealthy individuals and corporations/private sectors to those of more modest means.

Corruption also serves as an incentive to work harder and saves time to clear projects without normal delays thereby speeding economic activities. Others argued that bribing takes place only when bribing is cheaper than waiting in queues to be served or in other words, bribing is cost beneficial. Still others maintained that corruption is a natural stage of development and therefore, prepare to face it rather than slow down the rate of development in trying to prevent it.

More recent research carried out by different scholars, Transparency International, IMF, World Bank and Asian Development Bank has demonstrated that there are serious flaws in these perspectives. First, such arguments often refers to the benefits stemming from specific illicit acts and do not consider the systemic impact of corruption. Although a given incident or transaction (example: jumping queues) can have positive results, it may also generate negative externalities that degrade the performance of the system as a whole and compromise the economy's long-term dynamic efficiencies. Second, many of the alleged benefits from corruption only appear as such against the background of a public sector that is failing to perform effectively. The experience of some countries (Singapore example) indicates that patient and persistent efforts towards improved sector management are likely to result in greater benefits over time than tolerating relatively high level of corruption to compensate for these deficiencies (example South Korea). Corruption is indiscriminate, in that it encourages people to avoid both good regulations and bad.

Most recent empirical work indicates that it often extracts a significant cost upon the development process. Empirical studies also paints a disturbing picture of resources lost, squandered, or devoted to sub optimal uses. Comparative impact studies of corruption upon various countries indicate that it can play a significant role in reducing their overall GDP and in diverting FDI to more stable, less corruption sites. Further, corruptions are often borne disproportionately by the poor, while the provisions of public goods and services are skewed towards the rich, the powerful, and the politically well connected.

To be continued

ON THE JOB TRAINING



*Ugen Chhophel, Kencho Dorji, Tshering Penjor, Kush Chetri, Leki Dhendup, Phuntsho Dorji
Ms. Kinley Om, Ms. Chimi Dem, Ms. Bumpa Lhamo, Ms. Pema Dekar*

This article is an attempt to express the things I have learnt during my one and half month posting in the Regional Revenue and Customs Office, Phuntsholing.

“Organizations learn through individuals who learn. Individual learning does not guarantee organizational learning. But, without it no organizational learning occurs.”

ON 16TH OF OCTOBER, five of the PGCFM trainees of RIM joined the Regional Revenue and Customs office in Phuntsholing for our on-the-job-training attachment. A schedule of work to be done and our attachment to different divisions of the organization was framed and given to us. For the first two weeks, I was attached to the import section of the Division of Customs and Excise.

The goods that are imported from the countries other than India, by ship had to be examined and verified by Revenue and Customs in Phuntsholing. In this section I learnt how to carry out the physical verification, levy and assess the tax on the goods. There was much noise and commotion in this section while the office (excise section) next to it was quiet and free most of the time. The busy schedule helped me learn how to work under pressure. The interactions with clearing agents and importers helped me learn to deal with people.

I was attached to the excise section for the next one week to learn about duty and tax assessment of the domestically manufactured liquors. Since there is limited number of manufacturing units in Bhutan, the excise division deals mostly with locally manufactured liquors.

For the remaining two weeks I was attached to the BIT and CIT section of tax division. I learnt the system, structure and the functioning of the tax administration. For assessing BIT and CIT of business units and corporate bodies, the tax officials need to have a strong footing on the financial statements, the most important being the Profit and Loss account of the company. Both desk assessment and field assessment are carried out for BIT and CIT in order to collect the right amount of tax and to penalize the tax evaders and avoiders. Going out for field assessment made me realize the importance of teamwork. It is very successful when a responsible and a capable leader is there as teamleader. There should be full cooperation and commitment from the team members as we can't all be captains, some of us have to be crew.

The OJT period has been a learning process where my existing knowledge has been enriched and new knowledge has been developed. Knowledge acquisition and development was facilitated by the positive attitude of the Revenue and Customs management employees towards us. They were very helpful in guiding and giving direction in doing the work properly.

To achieve the organizational goal, satisfy the clients and to fulfill our own goals, learning process should be continuous. And then only organizational learning will occur. While the OJT has been very effective in helping us learn about the work, I feel that it can still be improved.

SUGGESTION

I would like to suggest that a proper orientation be given prior to starting OJT. It should include an introduction about the organization, a guided tour of the different

sections and introduction to officials with whom we will be working with. It would also help if there was a proper job description so that one can concentrate on acquiring the necessary knowledge and skills during the OJT to be efficient and effective in our jobs.

Overall, I had a good experience during my OJT. 

ON-JOB-TRAINING

October 16th – November 30th, 2003.

*Phuntsho Dorji) Trainee Officer,
Customs Section, RRCO, Thimphu.*

THIS YEAR, fifteen post-graduate trainees from RIM were on OJT with the department - attached to various regional offices for two months from October 16th to November 30th, 2003. These trainees were the earmarked officers who joined the department officially with effect from 1st January 2004.

Regional Revenue and Customs Office (RRCO), Thimphu, had three OJT trainees who were assigned under the supervision of Mr. Ugyen Namgyel, Deputy Director. Trainees were attached with all the sections in order to make them learn and understand the inter linkages of the work. At least for a month, individual trainees were kept under their respective assigned division allotted by the head office.

For the entire month of October, trainees were attached in their assigned division where extensive guidance and training were given. One was sent to Customs Office at Paro International Airport and the other two were kept with the Tax Section. During the second month of OJT, November, all three trainees were attached to various sections of the regional offices Revenue, Excise, Tax, and Customs in order to give them a broader picture of the work involved.

On completion of their OJT, trainees expressed that the practical knowledge they gained was equally important in line to theoretical knowledge, as these two issues go hand in hand. They also admitted that there is high degree of risk and temptation involved under such working environment and that's when they understood why every head and officials of the Department of Revenue and Customs emphasized on *“Integrity”* during the briefings. 



Ms Meenu Rai submitted this essay as a class assignment during the 'Specialization course for 8th batch induction course.'

Introduction of PIT in Bhutan as a well thought policy by Royal Government of Bhutan.

IN MY OPINION, the introduction of PIT in Bhutan is a well thought policy by Royal Government of Bhutan.

Bhutan is a developing country and receives support in the form of loan, grants, donations etc...from other countries for many of its developmental programs. It is seen that the country still has a long way to go to achieve its goal of "self-sufficiency." Bhutan is waiting for the time to come when she can proudly stand on her own with minimum support from other countries.

Now the questions arise - for how long can Bhutan depend on external aid? And for how long will they be willing to help us? It is high time now for Bhutan to think and act for a brighter and safer future. To think and act means, implement strategies to enable us to stand on our own (raising of funds/revenue through taxes) and put into action (start working now) is what Bhutan should do. And we are happy that Bhutan has started doing that with the introduction of PIT. It is always a risk to be dependent on others - if for some reason they stop giving aid/funds/help then think of the position we will be in -many of our activities could come to a standstill. For example take the case of the construction industry. Many of the developmental activities involve building of infrastructure ensuring jobs and business for the private sector. If these activities come to a stop everyone will be affected.

After knowing all these things (above points) and the consequences I can strongly support that introduction of PIT in Bhutan is a well thought policy by the government. I am also aware that it might take quite some time for people to understand the advantages and benefits of PIT.

Lets talk briefly on who is liable for PIT and what are the sources of Income, which comes under PIT. Citizen of Bhutan, resident and any other person who is earning Personal Income more than 100,000 per annum shall be liable to be taxed under PIT from the following six sources.

- 1) Salary Income
- 2) Rental Income
- 3) Dividend Income
- 4) Cash Crop Income
- 5) Interest Income
- 6) Income from other sources.

Last year, collection from PIT did contribute positively to the national revenue and it is expected to improve year by year. PIT not only enhances the revenue but also helps to reduce the gap between the rich and the poor. What we can see today in most countries is; that rich are very rich and powerful while the poor remain poor. But we don't want this to happen in Bhutan. What our Government is aiming at is equal power and right.

In Bhutan any individual who is earning Personal Income exceeding Nu.100,000 per annum from the above mentioned six sources should pay PIT. Only certain organizations are exempted provided they fulfill all the criteria's laid down in the Act/Rules of the personal income tax. No one can avoid paying PIT.

There may be some disadvantages for few people who are liable for PIT but we should think of the majority and welfare of the country

Take an example of salary income. Income from salary means everything received in money or monies worth including non-licensed consultant fee for an employer in Bhutan or for work performed in Bhutan for an employer abroad. No one can hide his/her salary income and avoid paying tax. If someone does not disclose/try to hide the tax, we can find or get information from his firm/agency.

It is the same with the other sources also. Take other examples of Rental Income or Cash Crop income. People

who are earning more income are the ones with lots of rental properties. We know in Bhutan especially Thimphu, that a housing problem exists. These rich people (landlords) take advantage of it and charge high rent and soon there will be no way for poor people to find affordable housing. But if government taxed them and with that revenue built government houses for public to rent at cheaper rates - then there will be less chance for housing problems. In cash crop; rich people/farmers with income exceeding Nu.100,000 per annum own most of the big orchards. When few farmers are rich they will have all the power and will. They will do what they want and start taking advantage of the laborers, making them work on low wages etc.

Then on the other hand take the case of a small shop...their profits may be very little but they have to pay business tax. So on one hand we may have a rich landlord earning very well but not paying any taxes and on the other hand a small business unit earning very little but still paying taxes. Hence it is seen that PIT can bring about fairness to the taxation system.

Moreover the tax revenue collected is utilized in many government developmental projects such as the construction of hospitals, schools, roads etc., which benefits all. Government taxes helps public as a whole and also for development of the country.

I would say PIT is an important source of revenue in Bhutan. There may be some disadvantages for few people who are liable for PIT but we should think of the majority and welfare of the country. Royal Government must encourage and continue to educate people on PIT and let them know the advantages of it. When we pay tax we should feel that we owe something to government and in turn the government will provide for us.

Therefore the government should even look into more sources to collect revenue and bridge the gap between rich and poor. We should be standing on own and not be dependent on others. So every one should understand and be willing to pay PIT for the benefit of all.

JULY 2003 PROMOTIONS

No.	Name	Designation	Grade	Place
1.	J.B. Tamang	Dy. Collector	V	S/Jongkha
2.	Wangchuk Thayey	Under Secretary	VI	Kolkatta
3.	Gyeltshen	Asstt. Director	VII	P/Ling
4.	Sonam K. Tshering	Asstt. Director	VII	DRC, HQ
5.	Tshewang Dendup	Programmer	IX	DRC, HQ
6.	Yeshi Dorji	Asst. Tax Officer	X	Samtse
7.	Sonam	Asst. Tax Officer	X	P/Ling
8.	Dechen Tshomo	Accountant	XI	P/Ling
9.	Indra Bahadur Rai	Accountant	XII	P/Ling
10.	Sankhaman Subba	Dy. Inspector	XIII	S/Jongkha
11.	Pema Gyembo	Dy. Inspector	XIII	S/Jongkha
12.	Tshering Nidup	Dy. Inspector	XIII	Gelephu
13.	Yeshi Tshering	Dy. Inspector	XIII	Gelephu
14.	Indraman Rai	Dy. Inspector	XIII	Gelephu
15.	Pema Gyeltshen	Dy. Inspector	XIII	P/Ling
16.	Pasang Lepcha	Dy. Inspector	XIII	P/Ling
17.	Buchu Gurung	Dy. Inspector	XIII	P/Ling
18.	Rinchen Dorji	Dy. Inspector	XIII	Samtse
19.	Dorji Thinley	Dy. Inspector	XIII	S/Jongkha
20.	Pema Jamtsho	Asst. Inspector	XIV	Thimphu
21.	Tshewang Norbu	Asst. Inspector	XV	S/Jongkha
22.	Chhophel	Revenue Officer	VIII	P/Gatshel Dzongkhag Bumthang Dzongkhag Trashigang Dzongkhag Thimphu Dzongkhag Paro Dzongkhag Samtse Dzongkhag Chukha Dzongkhag
23.	Sacha Wangdi	Revenue Asst.	X	
24.	Wangdi	Revenue Asst.	XI	
25.	Mindu Dorji	Revenue Asst.	XI	
26.	Khandu Tshewang	Revenue Asst.	XII	
27.	Pema	Revenue Asst.	XIII	
28.	Tshewang Tashi	Revenue Asst.	XIII	

JANUARY 2003 PROMOTIONS

No.	Name	Designation	Grade	Place
1.	Yonten Namgyel	Dy. Director	V	Thimphu
2.	Kinzang	Under Secretary	VI	DRC, HQ
3.	Sonam Jamtsho	Under Secretary	VI	Samtse
4.	Namgyel Wangchuk	Asst. Director	VII	Thimphu
5.	Ugyen Norbu	Asst. Director	VII	Thimphu
6.	Anil Pradhan	Asst. Director	VII	Samtse
7.	Tshering Lham Dorji	Asst. Director	VII	P/Ling
8.	R.S. Tamang	Sales Tax Officer	IX	Thimphu
9.	Samdrup Phuntsho	Chief Accountant	IX	Thimphu
10.	Neeta Pradhan	DCA	X	Thimphu
11.	Karma Jigme	Inspector	XI	P/Ling
12.	Kinley	Inspector	XI	P/Ling
13.	Tshering Dhendup	Inspector	XI	P/Ling
14.	Lobzang Dorji	Inspector	XII	Gelephu
15.	Ugyen Chozom	Stenographer	XII	Thimphu
16.	Tshewang Namgyal	Revenue Asstt.	XII	Punakha Dzongkhag Gelephu
17.	Karma Dorji	Asstt. Inspector	XIII	Gelephu
18.	Kelzang Jigme	Asstt. Inspector	XIII	Gelephu
19.	Sangay Tshering	Dy. Inspector	XIII	S/Jongkha
20.	Pema Dhendup	Revenue Asstt.	XIII	Trongsa Dzongkhag S/Jongkha
21.	Ugyen Dorji	Dzongkha Clerk	XIV	S/Jongkha
22.	Damber Kumari Raj	LDC	XIV	S/Jongkha
23.	Damber Bahadur Gh	Asstt. Inspector	XIV	S/Jongkha
24.	Sherub Gyeltshen	Jr. Inspector	XV	Thimphu

LIST OF NEW PGCFM GRADUATES POSTINGS

No.	Name	Designation Posting	Place of
1.	Pema Dekar	Suptd. of Cus & Exc	DRC, HQ
2.	Ugen Chhophel	Tax Officer	DRC, HQ
3.	Kinley Wangmo	Tax Officer	DRC, HQ
4.	Leki Dendup	Tax Officer	RRCO, P/Ling
5.	Chhimi Dem	Tax Officer	RRCO, Thim
6.	Kencho Dorji	Tax Officer	RRCO, P/Ling
7.	Bumpa Lhamo	Suptd. of Cus & Exc	RRCO, P/Ling
8.	Tshering Penjor	Tax Officer	RRCO, Sam
9.	Phuntsho Dorji	Suptd. of Cus & Exc	RRCO, Thim
10.	Kush Chhetri	Suptd. of Cus & Exc	RRCO, P/Ling

Milestones

Resigned

Mrs. Pema Yangzom, Under Secretary, RRCCO, Thimphu, on 30th August 2003.

Mr. Kinzang Wangdi, Messenger, RRCCO, Thimphu, on 1st April 2004

Superannuation

Mr. R.B. Raghavan, Finance Officer, LTO, Kolkata, on 17.2.2003

Expired

Mr. Tshewang Norbu, Asst Inspector, RRCCO, S/Jongkha, on 12.9.2003.

Mr. Yeshey Jamtsho, Jr. Inspector, RRCCO, Samtse, in 2003

Mr. Jigme Norbu Tamang, Asst. Supt, RRCCO, P/Ling on 12.4.2003

Terminated

Mr. Raju Kafly, Asst. Supt, RRCCO, P/Ling, on 1.11.2003

Mr. Nima Tshering, Asst. Inspector, RRCCO, P/Ling on 23.8.2002

Transfer

Mr. Nima Wangdi, Director, DRC, HQ to DADM on 1.12.2003

Mr. Karma Loday, Sr. Accountant, RRCCO, Gelephu to RSTA on 1.7.2003

Mrs. Neeta Pradhan, DCA, RRCCO, Thimphu to MOC on 1.7.2003

Total Staff Strength of DRC - March 2004

Sl. No.	Office	Staff Strength
1	Head Office	42
2	RRCCO, Thimphu	69
3	RRCCO, Phuentsholing	117
4	RRCCO, Samtse	59
5	RRCCO, Gelephu	46
6	RRCCO, S/Jongkha	51
7	LTO, Kolkata	12
8	Lottery Office, P/Ling	12
9	Duty Free Shop	8
Total		416

Dear Reader,

The views expressed herein are solely that of the author and do not in any way represent that of the department.

Editor.

IN-COUNTRY TRAINING PROGRAMS HELD AT DRC TRAINING CENTRE FOR THE YEAR 2003

Sl. No.	course	Number of participants	Duration	Funding Agency	Resource persons	Remarks
1	WTO Valuation	31	5 days, Feb 24-28 03	WCO & Japanese Customs Administration	Dr. Sato Soei & Mr. Nonoyama, Japanese Customs Officials	Training arranged through Technical assistance program of WCO
2	Basic Narcotics Law Enforcement	20	1 day, April 23, 2003	RGOB & Drugs Enforcement Administration, USA	Mr. Davis Timothy, Special Agent, Ms. Maureen, SA & Mr. John Timothy Dwyer, Legal Attache, FBI, New Delhi	Training arranged through the assistance from Drugs Enforcement Administration, New Delhi
3	Tax Audit Techniques	25	5 days, May 5 -9, 03	RGOB	Mr. Harry G. Holland, Economist, IMF Washington	Training conducted by IMF
4	Revenue Forecasting	22	5 days, May 5 -9, 03	RGOB	Mr. John R. King, Economist & Mr. Todd D. Mattina, Economist, IMF Washington	Training conducted by IMF
5	Proper maintenance of documents for Excise Duty Refund	20	1 day, June 22, 03	RGOB	Mr. S.N. Ohja, Deputy Director, DGICCE, New Delhi	Training conducted during verification of Excise Duty documents from GOI
6	First Customs & Excise Meet	36	3 days, Sept 16 -18, 03	RGOB	xxx	As a follow up of 9th AGM, Customs Meet was held to discuss issues on Customs, Sales Tax & Excise.
7	Workshop on Sales Tax and Customs Manual	30	5 days, Sept 29, 03 - Oct, 03	Danida Project	Senior officials of Sales Tax, Customs from DRC Head Office and Phuentsholing	Training was conducted in Phuentsholing due to user training on RMS in Thimphu, however all co-ordination was done from the Training Centre
8	User training on Revenue Management System [TMS module]	35	10 day, Sept 9 - 17, 03 and Oct 2-4,03	Danida Project	Druk Information Technology	Testing newly developed system by the Tax Officials of DRC
9	User training on Revenue Management System [RAS module]	25	8 days, Sept 18 -29, 03	Danida Project	Druk Information Technology	Testing newly developed system by the Revenue Accounts & Audit Officials of DRC
10	Demonstration of RMS to the External User Agencies	47	1 day, Sept 30, 03	Danida Project	Druk Information Technology & DRC officials	External User Agencies from Punakha, Gasa, Haa, Wangdi, Thimphu, Paro & Haa attended the demonstration
11	10th Annual General Meeting	50	5 days, Nov 24 -28, 03	RGOB	xxx	Senior Officials of DRC Head office and Regional Offices & LTO, Kolkatta attended the meeting.
12	Crash course for PGCFM Graduates	15	8 days, Dec 1 -10, 03	RGOB	DRC Officials from Head Office	RIM Semtokha placed 15 candidates selected for DRC in on the job training
13	User Acceptance Test on RMS	40	10 days, Dec 8 - 19, 03	Danida Project	Druk Information Technology	Final acceptancy test of RMS by a committee comprising members from Head Office and Regional Offices
14	Specialization course for 8th batch Induction course	30	6 months, Nov 14, 03 - May 13, 04	RGOB	Senior officials of Tax Customs, Revenue Accounts & Audit from DRC Head Office and Regional Offices	Basic foundation course - 4 months, Specialisation of DRC - 6 months & 2 months advance course and one year OJT in the Regional Offices.

EX-COUNTRY TRAINING

No.	Name	Designation	Name of the Course	Duration	Place/country	Source of funding
1.	Mr. Sonam Dorji	Superintendent	Indian Revenue Service	Feb 2003	Faridabad, India	Colombo Plan
2.	Ms. Yeshey Seldon	Superintendent	Masters	2 years from April 2003	Yokohama, Japan	WCO
3.	Mr. J.B. Tamang	Assistant Collector	Narcotic law enforcement	18-31 March 2003	AKMAL, Malaysia	MTCP
4.	Mr. Chewang Jamtsho	Superintendent	Customs Fruad	20-31 May 2003	AKMAL, Malaysia	MTCP
5.	Mr. S.P. Pradhan	Deputy Collector	Training Management	29 May to 14 June 2003	Colombo, Sri Lanka	UNDCP
6.	Ms. Karma Tshomo	Under Secretary	Training Management	29 June to 14 June 2003	Japan	WCO/JTCP
7.	Mr. Karma Dardor	Superintendent	Customs Clearance	27 Aug to 27 Sept. 2003	Japan	Japan Technical Cooperation Program
8.	Ms Pem Bidha	Senior Tax Officer	Valuation and Post Clearance Audit	27 Aug to 27 Sept. 2003	Japan	JTCP
9.	Mr. Wangchuk Thayey	Assistant Collector of Customs	38 th WCO Fellowship Program	22 Sept to 31 Oct 2003	WCO Headquarters, Brussels & Japan	WCO/JTCP
10.	Mr. Chewang Jamtsho	Suptd. Of Customs	Enforcement & Intelligence Management	8 Oct to 8 Nov 2003	Japan	JTCP
11.	Ms Tshewang Dolma	Deputy Supt.	Customs Administration	26 Aug to 11 Nov 2003	Japan	JICA
12.	Mr. Tshewang Dendup	Comp Programmer	Information Technology	12 to 28 Nov 2003	Japan	JTCP
13.	Mr. Chewang Jamcho	Superintendent	Enforcement and Intelligence Management	8 Oct to 8 Nov 04	CTI, Japan	JTCP
14.	Mr. Anok Kumar Rai	Sr. Tax Officer	General Tax Administration	12 June to 23 July 2002	National Tax Academy, Malaysia	MTCP
15.	Mr. Ugyen Wangdi(Jr)	Sr. Tax Officer	Tailore made	11 to 18 Dec. 2002	National Tax Academy, Malaysia	DANIDA
16.	Mr. Karma Lhatu	Sr. Tax Officer	Tailore made	11 to 18 Dec. 2002	National Tax Academy, Malaysia	DANIDA
17.	Ms. Lhakpa Bhuti	Sr. Tax Officer	Tailore made	11 to 18 Dec. 2002	National Tax Academy, Malaysia	DANIDA
18.	Mr. Tandin Dorji	Tax Inspector	Tailore made	11 to 18 Dec. 2002	National Tax Academy, Malaysia	DANIDA
19.	Mr. Sudesh Pradhan	Tax Inspector	Tailore made	11 to 18 Dec. 2002	National Tax Academy, Malaysia	DANIDA
20.	Mr. Chado	Tax Inspector	Tailore made	11 to 18 Dec. 2002	National Tax Academy, Malaysia	DANIDA
21.	Ms. Rashmi Sharma	Tax Inspector	Tailore made	11 to 18 Dec. 2002	National Tax Academy, Malaysia	DANIDA

SEMINAR/WORKSHOP/MEETING

No.	Name	Designation	Name of the Seminar	Duration	Place/country	Source of funding
1.	Mr. Sangay Wangdi	Deputy Collector of Customs	WCO Symposium on Security & Facilitation on the International Trade Supply Chain	2-4 April 2003	Yokohama, Japan	WCO
2.	Mr. Kesang Dorji	Joint Director	Customs Executive Seminar	9-15 March 2003	Tokyo, Japan	WCO
3.	Mr. H.B. Gurung	Deputy Collector	Regional WTO Workshop	1-4 April 2003	Colombo	WTO
4.	Mr. Tharchen Lhendup	Deputy Collector	Regional Seminar on Revised Kyoto Convention	22-26 Sept. 03	Jakarta, Indonesia	WCO/JTCP
5.	Mr. H.B. Gurung	Deputy Collector	Regional Workshop on Precursor	1-5 Sept. 03	Penang, Malaysia	Colombo Plan
6.	Mr. Karma Tshultrim	Under Secretary	Seminar on Trade Facilitation and Automation	27-31 Oct. 03	Daejeon, Korea	Danida/ host country
7.	Mr. Sonam Gyaltsen	Superintendent	Seminar on HS Related Customs Laboratory Matters	6 to 10 Oct. 03	Kuala Lumpur Malaysia	WCO
8.	Mr. Nima Wangdi	Director	13 th Regional Contact Points Meeting	13 to 17 Oct. 03	New Delhi, India	ROGB
9.	Mr. H. B. Gurung	Deputy Collector	13 th Regional Contact Points Meeting	13 to 17 Oct. 03	New Delhi, India	ROGB
10.	Mr. Chydzang Tashi	Regional Director	13 th Regional Contact Points Meeting	13 to 17 Oct. 03	New Delhi, India	ROGB
11.	Mr. Sangay Wangdi	Deputy Collector	15 th RILO Contact Points Meet and RILO Seminar	25-28 Nov. 03	Tokyo, Japan	ROGB/WCO
12.	Mr. J.B. Tamang	Deputy Collector	Workshop on Customs Modernization	11-26 Nov. 03	Taipei, Taiwan	ICDF
13.	Mr. Phuntsho Wangdi	Superintendent	Workshop on Customs Modernization	11-26 Nov. 03	Taipei, Taiwan	ICDF
14.	Mr. Sangay Wangdi	Deputy Collector	Study tour on Dry Port Management	25 Jan. to 4 Feb. 04	New Delhi & Mumbai	ADB
15.	Mr. Tshewang Dhendup	Comp Programmer	Study tour on Dry Port Management	25 Jan. to 4 Feb. 04	New Delhi & Mumbai	ADB
16.	Mr. Kesang Dorji	Joint Director	High-Level Ministerial Meeting on Elimination of Iodine Deficiency	15-17 Oct. 03	Beijing, China	UNICEF
17.	Mr. Choydzang Tashi	Regional Director	Sub-Regional Corridor Operational Efficiency	2-3 Feb. 04	Bangkok, Thailand	ADB
18.	Mr. Tenzing Norbu	Regional Director	Intensive Course on Antidumping	23-27 Feb. 04	Hanoi, Vietnam	ADB

The last lap of the year that was 2003

Mr.Karma Tshering Wangchuk, RRCO, Samdrup Jongkhar

2003 IN SAMDRUP JONGKHAR started with lots of expectations that the fast gathering war clouds that had gathered momentum would burst. In fact the military conflict was forebodingly imminent by the end of year 2002. However, the peaceful dialogue and diplomatic negotiations failed to solve the militancy problems that had crippled the southern Dzongkhags and its economy. The 15th of December 2003 will go down in the annals of Bhutanese history as a red-letter day. The spill over problems of Indian militants that had set up their camps willy-nilly in our country had been completely routed. Our most benevolent monarch has once again shown the light at the end of the tunnel. There is a silver lining in the dark clouds. RRCO, S/ Jongkhar, too, led by Regional Director was actively involved in the rehabilitation of the evacuees in the event of military action.

Although the past couple of years have been very bad years in terms of collection of taxes in six eastern Dzongkhags, it is hoped to improve in the coming years. The borders with India has remained closed due to threats of retaliatory action. The milling crowd that was the scenes during the golden periods has become a trickle. However, with the passage of times, it is expected to reinvigorate the tempo of business and thus once again generate the feel good factor in all fields

RRCO Gelephu in brief Namgay Tshering, Asstt. Tax Officer

GIVEN THE PROLONGED PROBLEMS in this part of the region, expectations had been low and chances appeared bleak when it came to achievement of revenue target for the FY 2002-03. The Regional Office, however, weathered through all odd seasons and achieved the revenue target, even exceeded it by a little margin. Looking at the present trend, there is a good prospect for future revenue growth given the sheer size of the area covered by the region and developmental activities that are in the pipeline.

The office of the PIT section has been conveniently set up for our taxpayers. The team has completed PIT refund, filing, information collection and data entry for the income year 2002. Judging by the number of PIT Returns that we are receiving for the income year 2003, the taxpayer compliance appears to be encouraging this year. However, a look at the tax returns would still confirm that tax education need to be continued. BIT/CIT field assessment is also almost completed and so far the region has not received any appeal on this front.

Our computer section is at the mercy of the heat in summer, humidity and lightning during monsoon and disruptive power supply. In spite of our utmost care, our machines just fail and at times at crucial hours when we needed them the most. Given the size of the region and the workload, the number of machines that we have appears sufficient. However, this great numbers are just numbers; most of our machine did not prove worthy enough to install RMS. The incident reminded that we assess the capacity of our current stock of machines across the regions and prepare for the future requirements. A stitch in time saves nine.

Regional Revenue and Customs Main Check-Post at Gelephu, now looks magnificent, with the completion of main gate, installation of proper drainage facility (other organizations) and repainting of the check-post offices (RRCO). I feel that similar coordination should be carried out at all check-posts by the concerned organizations, so that proper ambience for the staff and people in transit can be improved.

Phuntsho Dorji, Check-Post, Incharge, Gelephu Main Check-Post

Customs Vigilance is important to deter importers and exporters from smuggling. This is especially relevant in border areas where we have such a huge length of porous border with India. It can also keep our own staff on the toes and minimize the lapses as there is an active second check done by the vigilance team. The vigilance team is an imperative integral component to the Region's risk management approach.

Tshering Nidu, Vigilance Section, RRCO, Gelephu

"Winning is not Everything"



Mathematics

Name of the Casino: Druk Casino

Casino Rule:

Entrance fee – Nu.5 (Compulsory)

Exit fee – Nu.5 (Compulsory)

Phuntsho wanted to play a game, so he went to Druk Casino. He paid an entry fee of Nu.5 and was reminded to pay an exit fee when he leaves the casino. Inside, he played a game and won double the cash he is left with after paying the entry fee. Phuntsho decided to leave and paid Nu.5 on his way out (Exit fee).

On his way home, he decided to go back to the casino and play a game. For the second time he visited Druk Casino paying an entry fee of Nu.5. He played the same game and once again won double the money he is left with after paying the second entry fee. Phuntsho decided to leave again, so left the casino paying an exit fee of Nu.5.

Once outside, Phuntsho checked his cash and found out that he did not have a single cheltrum even after winning two games.

Question: "How much money did Phuntsho carry that results to zero balance?"

First visit:

- Paid an entry fee = Nu.5
- Balance = Nu.11.25 – 5 = Nu.6.25
- Played a game and won double of what is left with him = Nu.6.25
- Double = 6.25 + 6.25 = Nu.12.50
- He left the casino after winning, so paid an exit fee of Nu.5
- Cash left = 12.50 – 5 = Nu.7.50

Second visit:

(Phuntsho's cash balance = Nu.7.50)

- Entry fee = Nu.5
- Balance with him = Nu.7.50 – 5 = Nu.2.50
- Played a game and won double of what is left with him = Nu.2.50
- Double = 2.50 + 2.50 = Nu.5
- Phuntsho left the casino paying an exit fee of Nu.5
- Final Cash Balance
Nu.5 – Nu.5 = 0 (Zero)

Answer:

Phuntsho had a total of Nu.11.25 with him.

never assume

A young executive was leaving the office at 6 p.m when he found the CEO standing in front of a shredder with a piece of paper in his hand. "Listen," said the CEO, "this is a very sensitive and important document, and my secretary has left. Can you make this thing work?" "Certainly, Certainly, Sir" said the young executive. He turned the machine on, inserted the paper, and pressed the start button. "Excellent, excellent!" said the CEO as his paper disappeared inside the machine. "I just need one copy."

Lesson Never, never assume that your BOSS knows everything.

Mr. Karma Tshering Wangchuk, RRCO, Samdrup Jongkhar

REGIONAL TOUR

Tax Administration Division, DRC

For the first time, Tax Administration Division, HQ, carried out an exercise on monitoring and evaluation of tax administration and collection functions in five RRCOs. A team comprising officials from Monitoring & Evaluation Section, Public Information Services, led by Mrs. Sangay Zam (the then Tax Head) visited all five RRCOs from 3rd April to 20th April 2003.

The primary objective of the exercise was to strengthen overall effectiveness and efficiency of the tax administration functions both at RRCOs and DRC, HQ; to ensure that the Income Tax Act and Rules are implemented and enforced uniformly across the regions; to identify issues and constraints in the implementation of the Income Tax Act and the Rules at the field; to review assessment plans and programmes, and other administrative issues and matters.

The outcomes of the three weeks exercise, were:

- 1 Restructuring of tax administrative set up in all five RRCOs from a traditional tax type model to one that is based on functions. A properly designed organisational structure has been put into place in all five RRCOs and the roles and responsibilities of each individual have been redefined in such a manner that reorients accountability at each level of function through an in built mechanism of supervision, monitoring and evaluation.
- 1 Adopting strategic management measures to regularise pending tax assessments and collections, which went as far back as income year 1995. Ways and means to tackle the backlog problem were also decided and deadline was set for all RRCOs clear backlogs by 31st December 2003.
- 1 A standard desk assessment procedure/norm was institutionalized and henceforth made compulsory for RRCOs to conduct desk assessment preceding field assessment; a change in assessment practice from 100% coverage previously to selective assessment based on revenue risks.
- 1 Presentation and review of RMS, that is, new changes introduced in the system such as TPN, Economic classification, and integration with systems, besides functional design and changes. Module-wise presentation was made to RRCOs in detail and sought their feedbacks /suggestions for further development.
- 1 Identification of new parameters to be incorporated in the performance report for national level reporting, such as cost of collection, indicator for measuring quality of tax administration functions, and timeliness of such reports.
- 1 Reviewing estimated tax collection, methods adopted in each region, and gauging taxpayer's reaction on how RRCOs assess and collect taxes.

The exercise, on the whole, was very useful and effective. It was an educational experience especially for those working at the HQ to be able to see actual realities in the field and appreciate the practical difficulties involved in tax assessment and collection by the field staff. To all the staff of RRCOs, the team expresses sincere thanks for making this exercise a success, and for the warm hospitalities extended.

