



Newsletter

# Yongsel

DEPARTMENT OF REVENUE AND CUSTOMS

MINISTRY OF FINANCE

BHUTAN

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## New regional office for better taxpayer service



Director Sangay Zam and Mr. Jamtsho Tshering, regional director at the opening ceremony of the new regional office

“ Having a regional and customs office in Paro has made paying our taxes more convenient... taxpayer ”

**IN KEEPING** with the royal governments 9th plan objectives in creating an enabling environment for the business sector, the Paro regional revenue and customs office was opened in January 2005 to serve taxpayers from Paro and Ha Dzongkhags.

In recent years, Paro dzongkhag has witnessed many developments especially in the service sector. With the establishment of this regional office it is felt that taxpayers will benefit immensely. As aptly put by a taxpayer, “Having a regional and customs office in Paro has made paying our taxes more convenient. At the same time we also save on the cost of going to Thimphu for clarifications. Sometimes the issues need more time to be sorted out and this means we either have to stay in Thimphu or travel to and fro for many days.”

## Customs Seizures 2004

*This is an extract from the evaluation report being complied by the Customs and Excise Division 2005*

**THE ITEMS** most frequently seized were seen to be tobacco related products, betel nut, confectionaries, garments and stationary items. Goods falling under high duty/sales tax and having a high demand in the market are frequently being smuggled. In 2004 the total value of the goods seized was Nu. 1,084,049. Out of which tobacco products were worth Nu. 165,374. Most of the seizures took place in Phuentsholing and the Kharbandi Checkposts.

The common modus operandi adopted by the party were as per the following methods:

- Non-declaration
- Concealed in van/car
- Concealed under miscellaneous goods
- Transport through unauthorized route
- Using local routes such as footpaths
- Using coolie as means of transport
- Found in the passenger bus
- Evading of BST by means of head load



Betel nuts being smuggled under vegetables

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design  
layout  
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Kaysang W. Samdup

# 11th Annual General Meeting



The participant of the 11th Annual General Meeting - the director, regional directors and concerned officials from the regional offices.

**THE ELEVENTH** Annual General Meeting of the Department of Revenue and Customs was held from January 12-14, 2005, at the DRC Training Center, Thimphu. The Director, Aum Sangay Zam, chaired the Meeting.

As per the agenda the session was started with a presentation of the work plan for 2005, followed by pertinent issues raised by the concerned divisions. In her opening address the participants were reminded by the director to present and discuss issues that would have policy implications. It was pointed out that the various meets such as customs meet, tax meet and revenue meet were the forums during which issues not having policy implication were to be discussed and resolved.

The floor was informed that as instructed by the Honorable Minister of Finance, the National Revenue Report should provide information; such as

duty exempted at source (BSTECS, tax holiday or any other type of revenue foregone by way of exemptions). In addition it was decided that performance indicators of all divisions were to be developed in a consistent format and to be incorporated in the annual national revenue report of the department. In general the performance indicators were to be benchmarked against a base year against which all future indicators will be measured against. Hence the report will indicate the overall efforts made to improve the performance of the department such as total assessments made and number of workshops held with concerned parties etc.

The director also informed the floor that starting from the year 2005, The National Assembly will be in session twice a year, therefore half yearly revenue reporting should be complied in time.

Source: Minutes of the 11<sup>th</sup> AGM

## Indian Excise team in Bhutan for excise refund talks



Director Aum Sangay Zam with the GOI excise delegation team led by Mr. T.R. Rustagi, director general, S N. Ojha, deputy director, R S. Kadian, inspecting officer and concerned officials of DRC

**GOVERNMENT** of India Excise delegation led by Mr. T.R. Rustagi, director general visited Bhutan from 16 February to 2 March 2004 to verify the Royal Government excise refund claim for the year 2001. The two delegations mutually agreed on the sum of Nu.441 million as the excise refund claim for the year 2001.

### The 16th administrative meeting of CONTACT POINTS OF THE RILO A/P

**THE 16TH** Administrative Meeting of Contact Points of the RILO A/P was held in Beijing, P.R. China from 27 to 29 October 2004. Mr. Sangay Wangdi, Deputy Collector of Customs, represented Bhutan. The WCO gave a briefing on its new policies. The RILOs reported on its activities in the past year and exchanged views on how to conduct closer inter-RILO cooperation. Among issues discussed were drug trafficking, tax evasion, cigarette smuggling, chemical precursors, IPR, and CEN.

Source: Asia Pacific Customs News, Issue 20, February 2005.

## WCO ASIA PACIFIC REGIONAL CONTACT POINTS MEETING

**THE 14TH WCO** Asia Pacific Regional Contact Points Meeting was held from 1st to 4th November 2004 in Beijing, China. 44 delegates from Asia and Pacific area attended the meeting. Delegates welcomed the representatives from Afghanistan, who were attended the meeting for the first time as the newest member of WCO. Mr. H.B. Gurung head of Customs and Excise Division, Department of Revenue and Customs, represented Bhutan.

Mr. Liu Yulin, Director General, Head of the WCO Regional Vice Chair Office for Asia and Pacific chaired the four day meeting. Issues discussed ranged from enforcement and trade facilitations initiatives, to capacity building and enhanced communications in the region.

Source: Asia Pacific Customs News, Issue 20, February 2005.



Delegates of the 14th Regional Contact Points Meeting

# TAX PROFILE at a glance

*This is an extract from the performance indicator report 2005*

RRCOs	PIT	CIT	BIT			Total	% distribution
			Non estimated	Estimated	Non op		
Thimphu	5098	27	571	3922	427	10045	46%
Phuntsholing	2497	20	268	1013	183	3981	18%
Samtse	574	6	141	858	29	1608	7%
Gelephu	922	4	59	1744	323	3052	14%
S/Jonkha	1409	8	97	1415	363	3292	15%
<b>Total</b>	<b>10500</b>	<b>65</b>	<b>1136</b>	<b>8952</b>	<b>1325</b>	<b>21978</b>	<b>100%</b>
%	48%	0.3%		52%		100%	

## Tax Administration Section HQ.

**THERE ARE 21, 978** registered taxpayers in the Kingdom as per the records of assessment year ending 31 December 2004. Out of which 10,500 are Personal Income Taxpayers (PIT), 11,413 are Business Income Taxpayers(BIT) and 65 Corporate Income Taxpayers(CIT).

### Number of taxpayers under the five RRCOs

Regionally, a majority of the taxpayers i.e. 46% of the total taxpayers are registered under the Thimphu Regional Office, followed by the Phuentsholing Regional Office with 18%. This indicates that most taxpayers are located in the capital city, followed by the Phuentsholing Region. However, due to the relatively high population density at these two municipalities, these percentages reflect a high percentage of PIT taxpayers and trading units located at Thimphu and Phuentsholing and not revenue collection.

In reality, the actual revenue collected may not necessarily follow in this order due to location of certain high revenue earning industries (e.g. Chukha Hydro Power Corp, Penden Cement Authority, etc.) in certain regions only.

### Overall Tax Revenue Collection

Tax revenue for the Income Year 2003 from CIT, BIT and PIT amounted to Nu. 1232.49 million, which is a modest growth of 9.4% from Nu. 1126.44 in the previous income year. Factors contributing to this growth include compulsory desk assessment, effective tax auditing methods and clearing of backlog cases as far back from Income Year 1995. The share of total tax revenue from each source of income is shown in the graph.

### Corporate Income Tax

CIT constitutes about 83% of total revenue. Total CIT collection reached 1023.4 million, a 7% increase over the previous years collection of Nu. 955.16 million.

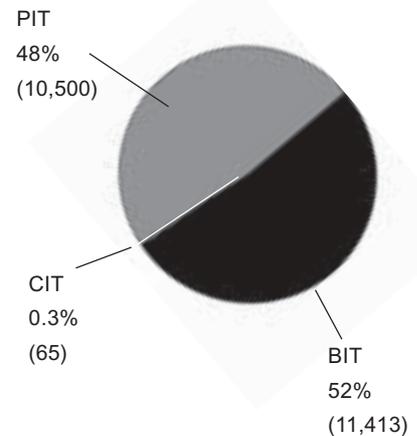
### Business Income Tax

BIT collection has been categorized into two based on type of filing i.e. units maintaining books of accounts and those units not maintaining accounts and whose annual taxes are estimated. Total BIT collection for the Income Year 2003 recorded Nu. 139.75 million, with 22% increase over the previous years collection of Nu. 114.21 million. Almost 80% of the total BIT collection comes from 9% of the total BIT taxpayers submitting accounts while remaining 91% majority are estimated units contributed only 21% of the total BIT revenue. While the overall collection recorded an increase, a certain drop in the collection recorded in the three RRCOS of Gelephu, Samtse and P/ling were due to security related problems in the South.

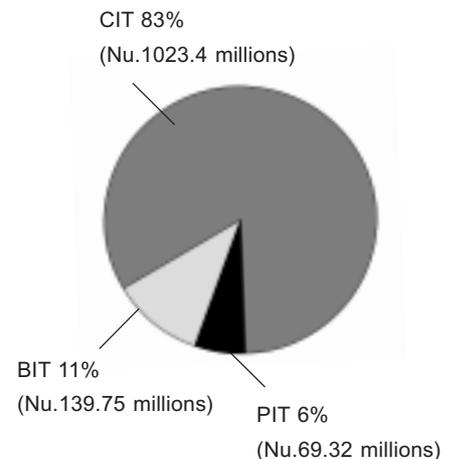
### Personal Income Tax

The net PIT collection recorded in the second year was Nu. 69.32 million, an increase of 24% (Nu. 12.25 million) from Nu. 57.06 million in the previous year. Factors contributing to this growth include effective tax deducted at source(TDS) collection, high dividend payouts to individual shareholders during the year, and sustained collection efforts by RRCOs.

**Taxpayer's composition**



**Tax revenue composition**





Continued from previous issue

# CORRUPTION & GOVERNANCE

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



*Strong law must be followed by strong action and implementation ... this must be the first measure in combating corruption of any types.*

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

**FINALLY**, recent experience in the Asian and Pacific region and also empirical evidence indicate that corruption has a strong negative impact on economic and social growth:

- Corruption can add between 20 percent to 100 percent in extreme cases to the procurement of government goods and services.
- Foreign investments are diverted to more transparent and predictable investment sites thereby depriving the country from productive investments and future growth.
- In countries where corruption is endemic, senior enterprise managers spend as much time dealing with government officials as opposed to less than 5 percent where corruption is not the problem (ADB, 2000).

The indirect costs of corruption are much greater. Scarce resources are squandered on uneconomical projects because of their potential to generate lucrative pay off and priority sectors suffer and public interest compromised. In extreme cases, corruption can contribute to political instability and regime collapses as seen in countries in Africa and Asia.

## Combating corruption – possible measures

Various studies have indicated that there are both direct and indirect costs of corruption, which are very harmful to economic development and political stability. Therefore, combating corruption and identifying measures to combat corruption is a first part of economic development policy since economic development cannot take place without cleaning the system first. Many studies have been done in this area

and some general measures were identified. However, no specific measure can be prescribed to solve the general problem of corruption. We must identify the type of corruption (political or economic) and accordingly measures need to be put in place.

The theory that any form of restrictions empowers the public officials to use their discretions and authority resulting in transfer of resources from private to public officials need to be tackled by way of market liberalization. Liberalization of licensing regimes and foreign exchange markets, removal of subsidies and quotas and lowering of taxes and duties or removing exemptions and incentives from taxes are some of the measures. Generally, all restrictions serving as barriers to free market competitions and any form of restrictions giving authority to public servants are to be avoided. High taxes and duties need to be carefully examined since it makes taxpayer cheaper to pay off the tax collectors than to pay the taxes.

In the public administration area, initiatives on civil service reforms focusing on salaries since low salary leaves no alternatives but to earn their living from other income – income from bribe. The reason that developed countries has less degree of corruption is because civil servants are paid enough. However, this is found to be very costly to developing countries and also there is no certainty that the high salary will stop civil servants from resorting to other incomes or “giving people enough money” so that they will less likely to “sell their souls to the devils”. But the question here is how much is to be given to satisfy the human

needs or in other words taking back the souls from the devils is a difficult task. Often civil servants resort to corruption due to low morale and uncertain prospects for career developments and insufficient linkages of merit and promotion. Therefore, career plans and meritorious promotions and incentives linked with the productivity and merit need to be put in place. Other areas would include procurement reforms since this is one of the areas identified having potential to trade between the public servants and private enterprise.

Strengthening legislature and judicial procedures and improving financial management is one of the key components in combating corruption. Legislation outlawing the bribery of public official is a necessary requirement. However, in most of the countries infected with corruption is not because they lack strong legislation of law in place but because of weak enforcement or no follow-up action. Therefore having the law and not following with action tantamount to the same level. Strong law must be followed by strong action and implementation and my opinion is this must be the first measure in combating corruption of any types.

The most recent talked about measures in combating corruption is liberalization of press and enabling journalist to write more freely about corruption and corrupt practices around. By taking such responsibilities, people are made aware of their rights and start questioning the government or authority for better transparency, accountability and responsibility. Media must increased information flows between countries of anti corruption efforts in other countries and create public awareness so that people becomes less willing to tolerate systematic abuses at home. The end result of free press will eventually make the government accountable. Accountable government irrespective of the form of government is the medicine to cure the disease of corruption.



# REVISED KYOTO CONVENTION ON CUSTOMS MODERNIZATION

## One of the WCO instruments to trade facilitation

*Mr. Sonam Dorji, Assistant Collector, presently posted in DRC Head Quarters answers some pertinent questions on the Revised Kyoto Convention.*

### What is the Revised Kyoto Convention?

The Revised Kyoto Convention is an amendment to the Kyoto Convention, formally known as the "International Convention on the Simplification and Harmonization of Customs Procedures". It is an international instrument maintained by the World Customs Organization (WCO) offering countries a comprehensive, coherent solution for the simplification and harmonization of their customs procedures.

### When was the original Convention created and implemented?

The Kyoto Convention was established in Kyoto, Japan, on May 18, 1973 and entered into force on September 25, 1974.

### Why was the original Kyoto Convention created?

One of the main aims of the WCO, since its inception, has been to secure the highest degree of harmony and uniformity in the customs systems of its member countries.

### When was the Revised Kyoto Convention created and implemented?

The Revised Kyoto was unanimously adopted in June 1999 by the 114 customs administrations that attend the WCO's 94<sup>th</sup> Session.

### Why was the original Kyoto Convention revised?

Since its implementation in 1974 the growth in international cargo, developments in information technology and a highly competitive international business environment have created conflict with traditional customs methods and procedures. As a result, the WCO revised and updated the Kyoto Convention to ensure that it meets the current demands of international trade.

### What revisions were made to the original Kyoto Convention?

The revision preserves many of the elements of the original Kyoto Convention, together with new elements to meet current conditions, and it is restructured to improve the harmonization of practices.

The primary revisions follow:

- The core customs policies and procedures have been reorganized so that they are now found in a General Annex. Implementation of the standards set out in the General Annex is mandatory for countries that accede.
- New core concepts such as the obligations to automate data systems, to cooperate with trade, and to implement risk management techniques have been incorporated.
- A mechanism is provided to maintain and update the Kyoto Convention (Management Committee to review and update the Convention at regular intervals).
- Detailed guidelines and best practices to assist countries in understanding how to implement the Kyoto Convention are provided in the Guidelines to the Convention.

### How do countries implement the Revised Kyoto Convention?

Contacting Parties are obligated to bring the Standards, Transitional Standards and Recommended Practices that they have accepted into force nationally. Standards must be implemented within 36 months of ratification, while transitional standards have a 60-month implementation period. Contracting Parties' national legislation must include at least the basic rules from the General Annex, with

detailed regulations for their implementation. National legislation should include the conditions under which the customs procedures will be accomplished. Customs administrations are obliged to ensure that their regulations are transparent, predictable, consistent and reliable.

### Will implementation of the Revised Kyoto Convention allow customs administrations to maintain controls while focusing on trade facilitation?

The standards in the Revised Kyoto promote harmonized common procedures that enable customs to be more efficient in carrying out enforcement and revenue functions, and are vital to improved trade facilitation. Enforcement, compliance, and security functions are inseparable from trade facilitation in modern customs procedures, which are needed to address high volumes and rapid movement of goods. Implementing the Revised Kyoto will therefore enable more countries to have effective security and enforcement practices, while bringing improvements in trade facilitation.

### Is the Revised Kyoto Convention adapted to the needs of developing countries?

Encouraging national economic growth is one of the key objectives for developing countries. Simplifying the procedures to move goods across borders will reduce administrative barriers, thereby encouraging more international trade and investment, which spur economic growth. Simplified procedures also help small and medium-sized enterprises to become involved in international trade. A number of developing countries played an active role during the revision of the Revised Kyoto. This has ensured that the revised provisions address their particular concerns.

*Continued on page 8*



## Think Locally but Act Globally: A sensitisation note on Ozone Depleting Substance.

*Gyeltshen (P), Asstt. Director, Tax Admn. Section, RRCO, Phuentsholing*

I had the privilege to attend a workshop on Import and Monitoring of Ozone Depleting Substance at NACEN, Faridabad from 15<sup>th</sup> February to 18<sup>th</sup> February 2005. Through “Yongsel”, I would like to take this opportunity in sharing some information on ODS not as an experts on ozone but mainly to sensitise the esteemed readers on Ozone Depleting Substance (ODS) and its deteriorating affect on our environment.

ODS, the abbreviated form of Ozone Depleting Substance was first heard in the above workshop with revelation to know on substances that are classified as ODS. The science on ozone defines ozone as a gas composed of ozone molecule consisting of three atoms of oxygen. Ozone layer is the term used to describe presence of ozone molecules in the stratosphere, which ultimately acts as filter and protects the human being and the entire environment from ultraviolet radiation emanated from the sun. The devastating affect it has on our ozone layer has then pricked in to my mind when we were made to run through some of the pictures taken for demonstration and to abet the lecture. Pictures demonstrating suppression on the immune system by UV rays leading to so many health hazard ranging from skin cancer to eye cataracts on human being, changes in chemical composition of several species of plants and also on the aquatic animals are scintillating at the same time scaffolding too.

The Ozone depleting substances are basically chlorinated, fluorinated or brominated hydrocarbons which includes chlorofluorocarbons (CFCs), hydro chlorofluorocarbons (HCFCs), Halons, methyl Bromide, hydrobromofluorocarbons (HBFCs) etc, etc... However, all these chemicals are used either in refrigeration and air-conditioning, in fire fighting sector, in blowing up foams, in aerosols, solvents etc. that makes our life comfortable but compromising with the environment.

The Montreal Protocol adopted in 1987 after Vienna Convention in 1985 was basically aimed to reduce and eventually eliminate the emission of man-made ODS based on the precautionary principle. Under this protocol, developing countries are classified as Article 5 countries and the developed countries as Article 2 countries. A multilateral Fund is created to help the developing countries finance the cost of meeting the Protocol requirements and to promote accelerated phase out of ODS production and consumption.

Bhutan being one of the Article 5 countries has lately rectified to Montreal Protocol during the 82<sup>nd</sup> National Assembly and the institutional and legal framework is yet to come up for implementation purpose. Being obligatory on the part of parties to the Protocol, Bhutan will also have to come up with her national response and obligation in phasing out ODS consumption, strategies to tackle existing ODS containing equipments etc.

In the process of materializing the goals and objectives of Montreal Protocol, customs officials including several stakeholders have a colossal task ahead in combating illegal trade of ODS which in the market has become cheaper in price compared to the substitutes.

The United Nations Environment Programme is generous in assisting and facilitating the customs officials in detecting the ODS and ODS containing mixtures by providing ODS detecting equipments free of cost. I was told by the resource speakers that Bhutan will also receive such equipments to facilitate customs officials at the entry point to identify ODS. Bhutan's requirement of ODS is met entirely through import and this has put even more load on the stakeholders especially customs at the entry points to monitor and be more vigilant to control illegal trade. The country being sandwiched between two giant producer of ODS

in Asia Pacific region can be even used as a market to dispose off ozone depleting substances produced by the neighbouring countries thereby again promoting illegal trade.

The customs officials along with other stakeholders have to be sensitised on the possible methods of smuggling ODS and prevention of illegal trade while at the same time ensuring themselves proper safety in coordination and assistance from NEC. Through adequate sensitisations and of course through national commitments and response, Bhutan will contribute globally in at least replacing the ozone molecule to make this world a better place to live.



*Kesang Deki,  
Head of  
Tax Admn. Section  
RRCO, Phuentsholing*

### DID U KNOW!

#### 1971

Customs department was established

#### 1978

Customs checkpost opened at Phuentsholing, Chengmari, Samtse, Sipsoo, Sarpang, Kalikhola, Gelephu, and Samdrup Jongkhar.

#### 1982

Earlier motor vehicle, excise and revenue were separate divisions/departments. In 1982 excise, motor vehicle and revenue were merged as revenue division.

#### 1986

Prior to 1986 customs and revenue were two different division/department. In 1986 the two were merged to form the department of revenue & customs

# BUSY... BUSY... BUSY... TAX SEASON

**Mr. Ugen Namgyal**

Regional Director, Regional Revenue and Customs Office, Thimphu



## Personal Income Tax (PIT)

*It was yet again another very hectic and busy season for both taxpayers and tax officials of RRCO Thimphu.*

**THE CONFERENCE HALL** was converted into a PIT filing room and 9 workstations were created for 5 tax officers & 4 tax inspectors. It was observed that PIT taxpayers trickled in from the 1st week of January 2005 with a dozen or so taxpayers reporting in a day. By the third week of February the numbers swelled to more than 300 in a day. This year each taxpayer was given a number as soon as they arrived and had to wait for their number to be called. This was done to reduce overcrowding and to provide a fair service, 'first come ...first served' Hopefully, it was a valuable lesson learned by taxpayers who tend to leave everything to the last remaining days.

The tax officers and tax inspectors who received the bulk of the returns worked professionally and strictly enforced the rules & guidelines without fear and bias. They provided assistance to taxpayers in filling up returns and educating them on the rules - working overtime in the evenings and on the weekends. Looking back now 90% had filed within the due date, barring taxpayers on time extension and the few late filers.

The concept of PIT is now well entrenched in the Bhutanese psyche and most now see it as their moral duty and potential source of revenue for the nation. The equity concept is also easily visible as the structure of PIT is simple and easy to implement. Nonetheless the PIT taxpayers and concerned persons still need to be made aware on certain rules & requirements as observed this time, such as:

- Some taxpayers (where TDS has been deducted) are submitting TDS certificate(s) without the revenue receipt numbers.
- Some accountants are also signing TDS certificates without providing the revenue receipt numbers.
- Some rental owners failed to inform this office within 2 weeks when a house/flat became vacant.
- Request for time extension coming in after 20th February.

This year all late filers were charged Nu.100 per day; it will be adjusted with refund amount. In certain genuine cases late fines were considered. The total PIT collection till date is Nu.29 million against a target of Nu.37 million during the current financial year. Unfortunately due to reduction in PIT rates there will be large volume of refund cases and loss of revenue for the government. The desk assessment and refund of excess PIT is already underway to be completed by June 2005.

## Estimated Business Income Tax (BIT)

**FIVE TAX OFFICERS** assisted by Tax Inspectors were delegated with the responsibility of carrying the assessment of estimated BIT. The standard operating procedures along with checklists were used while receiving tax returns.

The field assessment of micro units is a difficult task as business entities always submit appeals and petitions to reduce their BIT - sort of bargaining. It is also observed that the business unit makes petitions and appeals in regard to the non-operation of the business only at the time of conducting the field assessment and such applications prior to the conduction of the field assessment are rarely done.

Keeping in mind the above-mentioned scenarios, emphasis is now being laid on converting as many estimated BIT to self-declaration system from 2005. The issue that BIT collection will be reduced when units convert to self-declaration is a tax concern in the short term only as in the long-term self-declaration can be monitored through our systems. So the objective of Tax Administration is to bring down the 80% or so estimated BIT to about 60% in the long run (realistic benchmark of 40% is the goal set to be achieved by 2007). At present only 20% of total BIT units maintain accounts.



**REGIONAL  
REVENUE  
AND  
CUSTOMS  
OFFICE  
SAMTSE**



**Sonam Jamtsho**  
*Tax Administration,  
RRCO, Samtse  
(as of Jan 2005 he has  
been transferred  
to Gelephu RRCO)*

**YEAR IN REVIEW- 2004**

**Bookkeeping Workshop**

This office in collaboration with the BCCI, Regional Office, P/ing organized a joint program on bookkeeping for small and medium business entrepreneurs. The three-day program was well received by the business entrepreneurs. The objective of the program has been achieved with most of the business entrepreneurs now being able to maintain the basic books for business information as well as for the tax assessment purpose.

**Poor Orange Yield**

The field visits made by officials of this office to the orange growing areas under Dorokha Dungkha reported that the fruit has been badly hit by diseases and estimated a drastic dip in the orange yield. It has been also felt that this would have a retrospective effect on the PIT and expects a negligible return from the same.

**PCAL Augmentation**

The augmentation of the M/S PCAL, Gomtu has been completed and will be commissioned in January 2005. With this augmentation, this office is expecting a further 10 million (Nu.) increase in the revenue by way of tax and others.

**Assessment Coverage**

With the recent completion of assessment of M/S PCAL, Gomtu, both the desk and field assessment have been completed for the assessment year 2004. This office has no backlog assessment as on date.



**ESTIMATED COLLECTION BARRIER & COMPLIANCE**

**R.B. Dungana**, *Tax Officer, Tax Admn. Section,  
RRCO, Phuentsholing*

**IT WAS INDEED** altogether a new and different experience going for the estimated collection for BIT after a period of 8 years. It was a month long tour starting 3<sup>rd</sup> of January 2005, which might seem a long period for one Dzongkhag.

We started out thinking we would have a comfortable time on our hands but then once we were into it we found we were short of time and had to even work till late evenings beside Saturdays. On our lucky days when around our camp area we had good lunch but when visiting areas far from where we were stationed we had to depend on Maggie. (I might have had my whole year's share of Maggie during this tour).

The question on why we took time this year may arise in some minds. This year for most of the units, we based the assessment on the declaration made by them. We even found out how many pegs a hard drink bottle would have and how many plates of rice a kg of rice would come to.

What was surprising to note was that people's mentality towards taxation has improved ... must be their awareness towards what the government is doing for the benefit of the country. However, still it was observed that people in remote areas have better understanding and compliance than the people living in urban areas. What is in the mind of most people is that they feel that taxes will be increased every year come what may... so they land up arguing and bargaining over the tax assessed.

Some of the taxpayers in Phuentsholing did approach the Regional office with their appeal. When we were shown the list of appellants what was surprising was that there were some units who had not been assessed by the team.

What the assessment team needs is accurate information from the Check posts and with this strengthened I am sure the people will have no room to complain on the taxes assessed and also the team will not be going into the assessment as bulls where we spend time arguing unnecessarily.

*Continued from page 5*

**REVISED KYOTO CONVENTION ON CUSTOMS MODERNIZATION**

**Does the Revised Kyoto Convention help governments to deal with the new challenges of electronic commerce?**

Recognizing the changes in today's business practices and the role of electronic commerce, the Revised Kyoto requires customs administrations to apply information technology to support customs operations, wherever it is cost-effective and efficient for both customs and the trade. It provides administrations with detailed guidelines on how to apply and implement information technology for the clearance of goods, carriers and persons, thus assisting customs administrations to deal with the demands generated by electronic commerce.

**Is it reasonable to expect customs administrations to commit to implementing all of the 600 standards and recommendations and practices contained in the Revised Kyoto?**

The body of the convention (relating to the procedures for its adoption and administration) and the general annex are binding on contracting parties and form the minimum requirement of the contract. This is essential to ensure the harmonization of procedures in all countries that become contracting parties.

However, the specific annexes of recommended practices, dealing with specialized topics such as transit or free zones are optional. In addition, the general annex differentiates between standards and transitional standards; the latter have longer implementation periods. It is clear that many countries will require training and assistance to implement the Revised Kyoto.

**JANUARY 2004 PROMOTIONS**

No.	Name	Designation	Grade	Place
1.	Tshewang Tashi	Dy. Director	V	Gelephu
2.	Karma T. Wangchuk	Dy. Director	V	S/Jongkha
3.	Ganesh Lama	Dy. Director	V	Thimphu
4.	Yangchen Chhoedon	Dy. Director	V	MoF
5.	Sonam Tenzin	Under Secretary	VI	DRC, HQ
6.	Ugyen Kesang	Under Secretary	VI	Gelephu
7.	Gyeltshen Z	Asst. Director	VII	P/Ling
8.	Kipchu Tshering	Asst. Director	VII	P/Ling
9.	Sonam Dorji	Asst. Director	VII	Thimphu
10.	Bishal Rai	Asst. Director	VII	P/Ling
11.	Santosh Bhattari	Asst. Director	VII	S/Jongkha
12.	Anok Kumar Rai	Asst. Director	VII	Samtse
13.	Tshewang Norbu	Asst. Supt.	X	Samtse
14.	Lobzang Dorji	Accountant	XI	P/Ling
15.	Yam Bdr. Gurung	Accountant	XI	Gelephu
16.	Tshewang Dorji	Accountant	XI	DRC, HQ
17.	Passang Tshering	Accountant	XII	DRC, HQ
18.	Dechen Drukpa	Customs Inspector	XII	S/Jongkha
19.	Dorji Khandu	Customs Inspector	XII	S/Jongkha
20.	Tandin Dukpa	Customs Inspector	XII	Samtse
21.	Dorji Wangchuk	Customs Inspector	XII	Samtse
22.	Khandu Dorji	Customs Inspector	XII	Samtse
23.	P.T Lepcha	Customs Inspector	XII	Samtse
24.	Sonam Jamtsho	Tax Inspector	XII	S/Jongkha
25.	Kuenzang Thinley	Dy. Inspector	XIII	S/Jongkha
26.	Dechen Khandu	Dy. Inspector	XIII	Samtse
27.	Dawa Norbu	Asst. Inspector	XIV	S/Jongkha
28.	Pema Yangzom	Dispatcher	XV	DRC, HQ
29.	Tshering Nidup	Driver	XVI	Thimphu

**JULY 2004 PROMOTIONS**

No.	Name	Designation	Grade	Place
1.	Phuntsho Tobgay	Joint. Director	IV	DRC, HQ
2.	Karma Loday	Joint Directort	IV	Thimphu
3.	Palden Tshering	Dy. Director	V	S/Jongkha
4.	Tenzin Norbu	Dy. Director	V	Gelephu
5.	Chuki Lhamo	Programmer	XI	P/Ling
6.	Phuntsho Gyeltshen	Programmer	XI	P/Ling
7.	Tsheten Dorji	Inspector	XI	P/Ling
8.	Karma Chogyel	Dy. Inspector	XII	Samtse
9.	Karma Deling	Asst. Inspector	XIII	P/Ling
10.	Sangay Wangmo	Revenue Clerk	XIII	P/Ling
11.	Sonam Dorji	Asst. Inspector	XIII	Samtse
12.	Mickle Chhetri	UDC	XIII	P/Ling
13.	Dago Tshering	Saleman	XIV	DFS
14.	Nima	Jr. Inspector	XIV	P/Ling
15.	Rajesh Pradhan	Driver	XIV	P/Ling
16.	Dawa Penjor	Driver	XIV	DRC, HQ
17.	B.B Tamang	Jr. Inspector	XIV	Samtse
18.	Tshering Tobgay	WBO	XV	P/Ling
19.	Kinley Wangmo	WBO	XV	P/Ling
20.	Kinley Yangzom	Salewoman	XV	DFS
21.	Namgay Tenzin	WBO	XV	P/Ling
22.	Dawa Tshering	Driver	XVI	Thimphu
23.	Wangda	WBO	XVI	S/Jongkha
24.	Ugyen Tenzin	Driver	XVI	P/Ling

**Total Staff Strength of DRC - March 2004**

Sl. No.	Office	Staff Strength
1	Head Office	45
2	RRCO, Thimphu	48
3	RRCO, Phuentsholing	117
4	RRCO, Samtse	59
5	RRCO, Gelephu	48
6	RRCO, S/Jongkha	53
7	RRCO, Paro	30
8	LTO, Kolkata	13
9	Duty Free Shop	8
<b>Total</b>		<b>421</b>

**9 FYP approved staff strength 653  
(621+32 dzongkhag revenue clerks)**

**M I L E STONES**

**TRANSFERS**

Yangchen Chhoden  
Deputy director  
Ministry of Finance  
1.7.2004

Dechen Tshomo, Sr. accountant  
Census Central Office, Thimphu  
1.9.2004

**TERMINATION**

Kesang Tobgay, Inspector  
30.11.04

## IN-COUNTRY TRAINING PROGRAMS HELD AT DRC TRAINING CENTRE FOR THE YEAR 2004

Sl.	Course	Number of participants	Duration	Funding Agency	Resource persons
1	1st Revenue Meet	30	26-28 January	DANIDA Project	
2	Viligilance Meet	16	19-20th January	RGOB	DRC
3	Field Visit to Paro Airport	30	1 day	RGOB	DRC
4	System Adm. RMS	18	24Feb to 5 March	DANIDA Project	DRC/DIT
5	External Agencies User Training RAS	40	19-21 April	DANIDA Project	DRC/DIT
6	Focal Persons Meet	15	22-24 March	DANIDA Project	DRC/DIT
7	Stamp Duty Workshop	35	Mar 15	RGOB	-
8	RMS user Training for TDS	40	7-10 June	DANIDA Project	DRC/DIT
9	9th Batch Induction Course	31	2 years July 2004 to June 2006	RGOB	RIM & DRC
10	Excise User Training	Group (1)20	July 28 to August 3	DANIDA Project	DRC
11.	Excise User Training	Group (2)11	9 to 13 August	DANIDA	DRC
12.	4th Tax Officers Meet	45	9 to 13 August	DANIDA	DRC
13.	Post Clearance Audit Meet	8	22 to 28 July	DANIDA	DRC
14.	2nd Customs & Excise Meet	15	Aug 30 to Sept 3	DANIDA	DRC
15.	Extension of Customs meet	15	Sept 6 to 11	DANIDA	DRC
16.	2nd Valuation Meet	15	18 to 20 October	DANIDA	DRC
17.	RMS Compilation Workshop	30	Sept 27 to Oct7	DANIDA	DRC
18.	HS Workshop 2002	15	13 to 16 Dec	DANIDA	DRC
19.	1st Annual Dzongkhag Revenue Official Meet	60	22 to 24 Nov	DANIDA	DRC
20.	Re-fresher Course for IT Programmes	12	January 2004	DANIDA	CMI

## EX-COUNTRY TRAINING/STUDY

No.	Name	Designation	Name of the course	Duration	Place/country	Source of funding
1.	Mr. Karma Tshultrim	Under Secretary	HS Classification II	Jan 14 to Feb 14	Japan	Japan Technical Cooperation Prog
2.	Mr. Yonten Namgyel	Deputy Director	Training Management		AKMAL, Malaysia	
3.	Mr. Jigme Dorji	Superintendent	Commercial Fraud	20-31 June	AKMAL, Malaysia	
4.	Mr. Jambay Dorji	Regional Director	Customs Clearance	25 May 25 June	CTI, Japan	
5.	Mr. Choyzang Tashi	Regional Director	Dry Port Management and Operations	16-27 August	Singapore	
6.	Mr. Ugyen Tshering	Superintendent	Intelligence and Management	25 Aug to 25 Sept	Japan	Japan Customs
7.	Mr. Tandin Wangchen	Superintendent	Training Course on HS	13-30 October	Japan	Japan Customs
8.	Ms Tshering Dem	Superintendent	Attachment to Hokodate Customs	21 Oct to 6 Nov	Japan	Japan Customs
9.	Mr. M.B. Pradhan	Asst. Collector	Customs Techniques	25-28 October	Singapore	
10.	Mr. Deo Raj Gurung	Assistant Suptd.	Regional Basic Drug Enforcement Seminar	29 Nov to 4 Dec	Maldives	Colombo Plan/USA
11.	Mr. Karma	Deputy Suptd.	Regional Basic Drug Enforcement Seminar	29 Nov to 4 Dec	Maldives	Colombo Plan/USA
12.	Mr. Phuntsho Wangdi	Asstt. Collector	ODS		NACEN, Faridabad, India	UNDP
13.	Mr. Gyeltshen	Asstt. Director	ODS			
14.	Mr. Chencho Dorji	Asstt. Inspector	ODS			
15.	Mr. Dorji Khandu	Inspector	ODS		"	"
16.	Mr. Ugen Namgyal	Deputy Director	Tax Treaty	27 Nov to 12 Dec	Tax Academy	Malaysian Technical Cooperation Prog (MTCP)
17.	Mr. Sonam Zangmo	Senior Tax Officer	Tax Enforcement	26 June to 10 July	Tax Academy	MTCP Malaysia
18.	Mr. Wangdi Drugyel	Asst Director	Gen Tax Adm	Sept to Oct	Inland Revenue	Singapore Govt
19.	Mr. Yonten Namgyel	Deputy Director	MA in Public Finance	Feb 2004-18 months	Australia	
20.	Mr. Karma Loday	Regional Director	MA in Public Finance	Feb 2004-18 months	Australia	
21.	Mr. Sonam Karma	Asst Director	MA in Public Finance	Sept - one year	Japan	WCO

## SEMINAR/WORKSHOP/MEETING

No. Name	Designation	Name of the seminar workshop/meeting	Duration	Place/country	Source of funding
1. Mr. Sangay Wangdi	Deputy Collector	Study Tour on Dry Port Mgt	25 Jan - 4 Feb	N.Delhi & Mumbai	ADB
2. Mr. T. Dhendup	Computer Prog	Study Tour on Dry Port Mgt	25 Jan - 4 Feb	N.Delhi & Mumbai	ADB
3. Mr. Choyzang Tashi	Regional Director	Sub-Regional Corridor Operational Efficiency	2-3 Feb	Bangkok, Thailand	ADB
4. Mr. Tenzing Norbu	Regional Director	Intensive Course on Antidumping	23-27 Feb	Hanoi, Vietnam	ADB
5. Mr. H.B. Gurung	Deputy Collector	Regional Seminar on Harmonization of Rules of Origin	8-12 March	Manila, Philippines	WCO/Japan Customs
6. Mr. Yeshey Lhendup	Senior Programmer	Regional Seminar & IT Conference	8-12 March	Kuala Lumpur, Malaysia	WCO
7. Aum Sangay Zam	Director	10th Heads of Adm Conference	28 Mar - 1 Apr	Auckland, N. Zealand	RGoB
8. Aum Sangay Zam	Director	Workshop on CITES	26-30 April	Kathmandu, Nepal	WWF& RGoB
9. Mr. Ugyen Tshering	Suptd. of Customs	Workshop on CITES	26-30 April	Kathmandu, Nepal	WWF& RGoB
10. Mr. H.B. Gurung	Deputy Collector	Third Meeting of COE, SAFTA	7-9 June	Colombo	SAARC
11. Aum Sangay Zam	Director	Seminar on Trade Facilitation and Customs Reform	8-10 June	Dhaka, Bangladesh	World Bank
12. Aum Sangay Zam	Director	103/104 Sessions of the Council	24-26 June	Brussels, Belgium	RGoB
13. Mr. H.B. Gurung	Deputy Collector	Fifth Meeting of Group on Customs Cooperation	12-13 Aug	New Delhi, India	SAARC
14. Mr. Karma Tshultrim	Under Secretary	Fifth Meeting of Group on Customs Cooperation	12-13 Aug	New Delhi, India	SAARC
15. Mr. Zamtsho Tshering	Regional Director	Workshop for Heads of Customs Administrations of SAARC on Precursors	14-15 Sept	Male, Maldives	UNODC
16. Mr. Sangay Wangdi	Deputy Collector	Workshop for Heads of Customs Administrations of SAARC on Precursors	14-15 Sept	Male, Maldives	UNODC
17. Mr. H.B. Gurung	Deputy Collector	First Meeting of the Sub-Group on Customs Cooperation	22-23 Sep	Kathmandu, Nepal	SAARC
18. Mr. Tharchin Lhendup	Deputy Collector	Reg Seminar on Customs Valuation, Trade Facilitation and Rules of Origin	27-29 Sep	Yangon, Myanmar	UNDP
19. Mr. Karma Tshultrim	Under Secretary	Fifth Meeting of Committee of Experts	4-6 Oct	Dhaka, Bangladesh	SAARC
20. Mr. Sonam Gyeltshen	Superintendent	Regional Seminar on HS	25-29 Oct	Hanoi, Vietnam	WCO/Japan Customs
21. Mr. Sonam Dorji	Superintendent	Regional Seminar on Kyoto Convention	5-8 Nov	Manila, Philippines	WCO/Japan Customs
22. Mr. H.B. Gurung	Deputy Collector	14th WCO RCP Meeting	1-4 Nov	Beijing, China	Danida Project
23. Mr. Sangay Wangdi	Deputy Collector	16th Administrative Meeting of RILO	27-29 Oct	Beijing, China	Danida Project
24. Mr. Sangay Wangdi	Deputy Collector	Seminar on Intelligence and Intelligence Analysis	24-30 Nov	Sujhou, China	Danida Project/ host country
25. Mr. Karma Pelchen	Deputy Suptd.	Seminar on Intellectual Property Rights	22-27 Nov	Shanghai, China	WCO
26. Mr. H.B. Gurung	Deputy Collector	6th Meeting of Committee of Experts on SAFTA	2-4 Dec	New Delhi, India	SAARC
27. Mr. H.B. Gurung	Deputy Collector	2nd Meeting of Trade Negotiating Committee on BIMST-EC	6-8 Dec	New Delhi, India	
28. Mr. Karma Tshultrim	Under Secretary	2nd Meeting of Group on Customs Cooperation	2-4 Dec	New Delhi, India	Host Country/ SAARC

## FROM THE EDITOR

*The current edition was delayed due to the poor response to the letter sent out in the first week of December 2004 to the regional directors and division heads requesting for articles from their areas. This even led to the questioning of the need for Yongsel during the 11<sup>th</sup> AGM in January 2005. However, it was unanimously decided that the newsletter would continue. Even then, most of the articles were received in the first week of April.*

*Furthermore, all officials and staff can send in your contributions anytime throughout the year, preferably by email [kaysangsamdup@hotmail.com] latest by mid December 2005. In the event timely contributions are not forthcoming, Yongsel will be discontinued.*

*In the future, I hope for a better and timely response. For those who have contributed articles a big thank you.*

Submitted by: Mr. Yeshey Lhendup, head of IT Section & Mr. Sonam Penjor, IT officer,

# Bhutan Automated Customs System (BACS)

THE IT SECTION of the department has now fully taken over the BACS from its contracted developer from November 2004. The development took two years and another two years to streamline the system. BACS has nine modules, which cater to all the requirement of the customs administration procedures.

The system is fully functional in 25 sites and is also being used by the department of trade for issuing import license. Henceforth, the in-house IT section will fully handle BACS related problem like system maintenance, further enhancements etc.

**A much welcomed addition to IT Section**

A BIT graduate Mr. Sonam Penjor from Sherubtse College has joined the department from 1<sup>st</sup> January 2005 as an IT officer.



*BACs Review*



*IT programmers of DRC*



*BACs in use in LTO, Kolkata*

# Revenue Management System (RMS)

THE entire development work of RMS was completed in April 2004. At present RMS is under warranty period till April 2005, after which it will be taken over by the IT section of the department. Series of user training workshops were conducted by DRC in all five regional offices. Participants of the workshop were from DRC revenue officials, revenue collecting agencies and the agencies deducting tax at source.

RMS was implemented in all regional offices from January 2004 and is being used not only in our regional offices but also in the offices of the agencies collecting revenue for the government and agencies deducting tax at source.



*Participants from Samtse*



*RMS User training - Phuentsholing*



*RMS User training - Samdrup Jongkar*