



འོང་འབབ་དང་ཅ་དམ་ལས་ཁུངས།  
དངུལ་རྩིས་ལྷན་ཁག།  
**DEPARTMENT OF REVENUE & CUSTOMS**  
**MINISTRY OF FINANCE**  
**THIMPHU**

**Guidelines on Percentage Application of Investment Allowance**

As the Minister of Finance, I am pleased to announce the issuance of the Investment Allowance Slabs and treatment of IA under part I, chapter 3 of the Fiscal Incentives Act of Bhutan 2021. This treatment slab is intended to provide clarity and transparency on the government's investment policy and the incentives available to investors.

The Investment Allowance Slab will help to promote investment in various sectors of the economy, which will lead to increased economic activity, job creation, and ultimately, economic growth. The treatment guidelines will also help to ensure that investments are directed towards sectors that are critical to the development of the country.

**Methods**

Taking into account the reference from the framework for the conceptual underpinning of FIA 2021, the **IA Slab** is designed in such to maximise the net investment effect, net job creation and productivity spill overs while keeping the social cost to the minimum. The illustration below shall form the basis for granting IA:

<b>Sl. No.</b>	<b>Investment Range</b>	<b>Investment Allowance</b>
<b>1</b>	Nu. 0 – 5 million	100 %
<b>2</b>	Nu. 5 million – 10 million	50% of the amount exceeding Nu. 5 m + Nu. 5 m
<b>3</b>	Nu. 10 million – 40 million	25% of the amount exceeding Nu. 10 m + Nu. 7.5 m
<b>4</b>	Nu. 40 million and above	5% of the amount exceeding Nu. 40 m + Nu. 15 m

**Treatment of IA**

Any investment made in any projects for the promotion and development of any of the High Priority Sectors, projects for research and developments, projects for energy efficiency and projects to develop and improve digital services shall be eligible for investment allowance as long as the investment are incurred on the items listed in the Schedule of Items provided conditions laid out under Chapter 3 of the Rules on the Fiscal Incentives Act of Bhutan 2021 are fulfilled. The treatment of IA percentage and range shall be as follows:

1. The investment up to Nu. 5 million shall be eligible for 100 percent investment allowance.



འོང་འབབ་དང་ཅ་དམ་ལས་ཁུངས།  
དངུལ་རྩིས་ལྷན་ཁག།

**DEPARTMENT OF REVENUE & CUSTOMS**  
**MINISTRY OF FINANCE**  
**THIMPHU**

2. The investment ranging from Nu. 5 million to Nu. 10 million shall be eligible for investment allowance of 50 percent of amount exceeding Nu. 5 million over and above lumpsum amount of Nu. 5 million. The maximum allowance shall be limited to Nu. 7.5 million if the investment is incurred to the maximum of Nu. 10 million.
3. The investment ranging from Nu. 10 million to Nu. 40 million shall be eligible for investment allowance of 25 percent of the amount exceeding Nu. 10 million over and above lumpsum amount of Nu. 7.5 million. The maximum allowance shall be limited to Nu. 15 million if the investment incurred is to the maximum of Nu. 40 million.
4. The investment over and above Nu. 40 million shall be eligible for investment allowance of 5 percent of the amount exceeding Nu. 40 million over and above lumpsum amount of Nu. 15 million. There shall not be any maximum allowance if the investment is made beyond Nu. 40 million.

**Namgay Tshering**  
**Finance Minister**  
**Ministry of Finance**  
**Royal Government of Bhutan**