



**CONSOLIDATION OF
GOODS AND SERVICES TAX ACT OF
BHUTAN 2020 AND AMENDMENT THEREOF**

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**Consolidation of Goods and
Services Tax Act of Bhutan
2020 and Amendment
thereof**

CONSOLIDATION OF GOODS AND SERVICES TAX ACT OF BHUTAN 2020 AND AMENDMENTS THEREOF:

This document constitutes a consolidation of the Goods and Services Tax Act of Bhutan 2020, incorporating all amendments made to the principal legislation subsequent to its enactment. The consolidation presents the law as it stands at the stated date of consolidation, reflecting the current legal position.

NATURE AND PURPOSE OF THIS CONSOLIDATION

This consolidation has been prepared to:

1. Present the Goods and Services Tax Act of Bhutan 2020 in its current form, incorporating all amendments made thereto;
2. Provide a comprehensive and accessible version of the legislation as it applies at the stated consolidation date;
3. Facilitate reference to and understanding of the current state of the law governing goods and services tax in Bhutan.

LIMITATION OF LEGAL EFFECT

While this consolidation is presumed to be accurate, it does not constitute the authoritative legal text. In case of any discrepancy, the original Act and its formally published amendments shall prevail.

Date of Consolidation: September 2025.

Consolidation Prepared By: BITS/GST Project Office, DRC, MoF.

Last Amendment Incorporated: Goods and Services Tax Act of Bhutan 2021, 2022 and 2025.

CONTENTS

PREAMBLE	e
PART I GOODS AND SERVICES TAX	1
CHAPTER 1 PRELIMINARY	2
CHAPTER 2 AUTHORITY, STRUCTURE, FUNCTIONS AND POWERS	5
CHAPTER 3 LIABILITY FOR GST	6
CHAPTER 4 VALUATION AND APPLICATION OF GST	8
CHAPTER 5 EXEMPTION AND ZERO-RATING	11
CHAPTER 6 INPUT TAX CREDITS	12
CHAPTER 7 ACCOUNTING FOR GST	14
CHAPTER 8 PAYMENT OF GST	16
CHAPTER 9 REFUNDS OF NET AMOUNTS	18
CHAPTER 10 REGISTRATION	19
CHAPTER 11 SUPPLY	21
CHAPTER 12 PLACE OF TAXATION	23
CHAPTER 13 TAX PERIOD	26
CHAPTER 14 ADJUSTMENTS	29
CHAPTER 15 PARTICULAR TYPES OF TRANSACTIONS ..	38
CHAPTER 16 NON-RESIDENTS AND FOREIGN BRANCHES	
CHAPTER 17 TRAVEL AGENTS AND TOUR OPERATORS.	49
CHAPTER 18 REFUNDS TO SPECIFIC CLASSES OF PERSON	50
CHAPTER 19 PARTICULAR CATEGORIES OF PERSONS...	52
CHAPTER 20 OTHER IMPORTS AND SUPPLY	54

PART II EXCISE EQUALIZATION TAX <i>[Repealed by section 5 (1) of the Excise Tax Act of Bhutan 2025]</i>	59
CHAPTER 21[Repealed].....	60
CHAPTER 22[Repealed].....	62
PART II TAX ADMINISTRATION	64
CHAPTER 23 TAX INVOICES AND RECORD-KEEPING.....	65
CHAPTER 24 ASSESSMENTS.....	66
CHAPTER 25 OBJECTION, REVIEW AND APPEAL.....	68
CHAPTER 26 RECOVERY OF UNPAID AMOUNTS.....	76
CHAPTER 27 LATE PAYMENT PENALTY, ADMINISTRATIVE PENALTIES AND OFFENCES	81
CHAPTER 28 ENFORCEMENT	85
CHAPTER 29 MISCELLANEOUS	91
CHAPTER 30 DEFINITIONS	101
PART III SCHEDULE OF RATE AND OTHER PROVISIONS	136
SCHEDULE I GST RATE.....	137
SCHEDULE II GST REGISTRATION THRESHOLD	137
SCHEDULE III OUT OF SCOPE PAYMENTS TO GOVERNMENT ENTITIES	137
SCHEDULE IV SUPPLIES AND IMPORTS EXEMPT FROM GST	138
SCHEDULE V ZERO-RATED SUPPLIES	144
SCHEDULE VI <i>[Repealed by section 5 (1) of the Excise Tax Act of Bhutan 2025]</i>	149
SCHEDULE VII FINES, PENALTIES AND OFFENCES.....	153

SCHEDULE VIII[<i>Repealed by section 4 (1) of the GST</i> <i>(Amendment) Act of Bhutan 2025</i>]	154
SCHEDULE IX REVIEWABLE DECISIONS	154
SCHEDULE X TRANSITION	155

PREAMBLE

ASPIRING towards modernization of the taxation system to facilitate the development of a vibrant economy;

BROADENING the taxation base to raise adequate internal revenue to finance developmental plans and programs for achieving the goals of self-sufficiency and Gross National Happiness;

CONSIDERING an efficient domestic revenue mobilization through a dynamic, fairer, simpler and inclusive taxation system;

DISCERNING consumerism of harmful products to curtail damage to health, economy, environment and spirituality; and

EMBRACING the fundamental best practices of the taxation system to suit the ever-changing business environment and facilitate international trade, commerce and investment.

The Parliament of the Kingdom of Bhutan hereby enacts as follows:

PART I
GOODS AND SERVICES TAX

CHAPTER 1 PRELIMINARY

Title

1. This Act is the Goods and Services Tax Act of Bhutan 2020.

Commencement

2. This Act comes into force on the 13th day of the 11th month of the Wood Female Snake Year corresponding to the 1st day of January of 2026. *[Amended by section 2 of the GST (Amendment) Act of Bhutan 2025]*

Savings

Despite anything to the contrary in any other law for the time being in force, including section 46B of the Public Finance Act of Bhutan 2007¹, the provisions of this Act shall come into force on the 13th day of the 11th month of the Wood Female Snake Year corresponding to the 1st Day of January 2026, and shall not apply retroactively. *[New section inserted by section 3 of the GST (Amendment) Act of Bhutan 2025]*

Repeal

This Act Repeals:

- (1) Part IV, SCHEDULE VIII of the Goods and Services Tax Act of Bhutan 2020;
- (2) Sections 5 and 6 of the Tax (Amendment) Act of Bhutan 2020;

¹ New section as inserted by the Public Finance (Amendment) Act of Bhutan 2012.

- (3) Sections 4 and 5 of the Tax Act of Bhutan 2022; and
 - (4) Sales Tax Rate under Schedule 1 of the Tax Act of Bhutan 2022. *[New section inserted by section 4 of the GST (Amendment) Act of Bhutan 2025]*
3. The provisions under: *[Amended by section 5 of the GST(Amendment) Act of Bhutan 2025]*
- (1) Chapter 7, Accounting for GST;
 - (2) Chapter 8, Payment of GST;
 - (3) Chapter 9, Refund of net amount; and
 - (4) Chapter 10, Registration

comes into force from the 13th day of the 11th month of the Wood Female Snake Year corresponding to the 1st day of January 2026. *[Amended by section 5 of the GST (Amendment) Act of Bhutan 2025]*

Extent

4. This Act extends to the whole of Bhutan.

Repeal

5. This Act repeals the following provisions from the 13th day of the 11th month of the Wood Female Snake Year corresponding to the 1st day of January 2026: *[Amended by section 6 of the GST (Amendment) Act of Bhutan 2025]*

- (1) Part I, Part III, general provisions and Annexure IV of the Sales Tax, Customs and Excise Act of the Kingdom of Bhutan 2000;
- (2) Schedule A (sales tax rate-proposed ST), and Schedule B (excise duty rate- proposed Excise Duty Rate) of the Tax Revision Act 2011;
- (3) Sections 1-11 and sections 32-56 of the Sales Tax, Customs and Excise (Amendment) Act of Bhutan 2012;
- (4) Chapter 5.2.2, Annexure I (sales tax rate) and Annexure II (sales tax rate) of the Tax Act 2014;
- (5) Annexure III (sales tax rate) of the Revised Taxes and Levies Act of Bhutan 2016;
- (6) Sales Tax rates of Bhutan Trade Classification and Tariff Schedule 2017; and
- (7) Annexure I (sales tax rate) of the Tax (Amendment) Act of Bhutan 2020.

Supersession

6. This Act supersedes all laws, rules and regulations, notifications and circulars that are inconsistent with the provisions of this Act, except the Constitution of the Kingdom of Bhutan, or as otherwise specified herein.

CHAPTER 2

AUTHORITY, STRUCTURE, FUNCTIONS AND POWERS

Authority

7. The Department of Revenue and Customs under the Ministry shall be the authority for the implementation and administration of this Act.

Organizational structure

8. The Ministry is the responsible body for all matters concerning Goods and Services Tax (GST). *[Amended by section 7 of the GST (Amendment) Act of Bhutan 2025]*
9. The Department headed by a Director shall be the immediate authority for the overall management and administration of GST. *[Amended by section 8 of the GST (Amendment) Act of Bhutan 2025]*

Functions of the Department

10. It shall be the responsibility of the Department to carry out the following functions, but not limited to:
 - (1) administer and implement this Act and rules and regulations thereof;
 - (2) assist the Ministry, Regional Offices and other agencies in matters relating to the smooth administration of GST and; *[Amended by section 9 of the GST (Amendment) Act of Bhutan 2025]*

- (3) analyse information and devise risk management systems;
- (4) implement planning and monitoring;
- (5) streamline procedures for effective administration;
- (6) carry out assessment and collection, and enforcement of GST; and *[Amended by section 10 of the GST (Amendment) Act of Bhutan 2025]*
- (7) review the application of objections and appeals.

Powers

11. For the efficient implementation of this Act:

- (1) the Ministry is empowered with the following powers;
 - (a) authorize rules and regulations; and
 - (b) develop and review procedures, standards, criteria, and forms to make GST dynamic and simple. *[Amended by section 11 of the GST (Amendment) Act of Bhutan 2025]*
- (2) the Department is empowered to exercise the powers set out in this Act and the rules and regulations prescribed under this Act.

CHAPTER 3 LIABILITY FOR GST

Applicability of GST

12. GST shall be applicable on taxable supplies and taxable imports.

13. Except for those items listed under Schedule III, all amounts paid to a government entity shall be treated as consideration for a supply made by the government entity.

Person liable to pay GST

14. The person liable for GST is:
- (1) subject to sections 14(3) and (4), the supplier in case of a taxable supply made within Bhutan;
 - (2) the importer in case of a taxable import;
 - (3) the purchaser in case of a taxable supply of imported Business to Business (B2B) services; or
 - (4) in the case of a taxable supply of imported Business to Consumer (B2C) services:
 - (a) the operator of the electronic distribution platform, if the supply is made through a single electronic distribution platform;
 - (b) the operator as determined and prescribed in the rules and regulations under this Act, if the supply is made through more than one electronic distribution platform; or
 - (c) the supplier, if the supply is not made through an electronic distribution platform.
15. The person is liable for the GST under section 14 of this Act regardless of whether the Department makes an assessment.

GST rate

16. The person liable for GST under section 14 of this Act shall pay GST at a rate prescribed under Schedule I and Schedule V of this Act.

CHAPTER 4 VALUATION AND APPLICATION OF GST

Value of taxable supplies

17. The value of a taxable supply made in Bhutan and a taxable supply of imported B2C services shall be the consideration of supply reduced by the amount equal to the tax fraction of that consideration.
18. The value of a taxable supply of imported B2B services shall be the consideration for the supply.

Value of non-taxable supplies

19. The value of a non-taxable supply shall be the consideration for the supply excluding GST.

Value of supplies for no consideration

20. The value of a supply for no consideration shall be nil.

Value of certain supplies by approved not-for-profit organizations in response to unconditional gifts

21. Where an approved not-for-profit organization (the donee), gives recognition or acknowledgement in response to an unconditional gift of goods, services, immovable property, or money by another person (the

donor), the value of the supplies by the donor and the donee shall be nil.

Value of supplies to related persons

22. Notwithstanding sections 17 to 20 of this Act where a person makes a supply to a customer who is a related person:

(1) if the supply is:

- (a) a taxable supply that is made in Bhutan;
- (b) a supply of imported B2C services; and in either case:
- (c) the customer would not be entitled to a full input tax credit for the acquisition of the supply; or
- (d) made for no consideration, or for a consideration that is lower than the fair market value,

the value of the supply shall be the fair market value of the supply reduced by the tax fraction of the fair market value;

(2) if the supply is a taxable supply of imported B2B services, the value of the supply shall be the fair market value of the supply if:

- (a) the customer would not be entitled to a full input tax credit for the acquisition of the service supplied; or

- (b) the supply is made for no consideration, or for a consideration that is lower than the fair market value;
- (3) if the supply is not a taxable supply, the value of the supply shall be the fair market value of the supply.

Value for imports and re-imported goods

Value of import

23. The value of an import of goods shall be:

- (1) the value of the goods for the purposes of customs duty under the Customs Act of Bhutan 2017, whether or not duty is payable on the import;
- (2) the amount of any customs duty payable on the import; and
- (3) to the extent not included under section 23(1):
 - (a) the cost of insurance and freight incurred in bringing the goods to Bhutan; and
 - (b) the amounts of any tax or fee, other than customs duty and GST, payable on the import of the goods.

Value of re-imported goods

24. The value of re-imported goods shall be:

- (1) such amount attributable to the repair, maintenance, cleaning, renovation, modification,

- treatment and other physical processes which increased the value of the reimported goods;
- (2) the amount of any customs duty payable on the re-import of the goods; and
 - (3) to the extent not included under section 24(1), the amounts of any tax or fee other than customs duty and GST payable on the import of the goods.

Computation of GST

- 25. The amount of GST payable shall be computed by applying the GST rate prescribed under Schedule I of this Act to the value of the supply or import.

CHAPTER 5 EXEMPTION AND ZERO-RATING

Exempt supplies and imports

- 26. GST shall not be applicable on an exempt supply or exempt import as prescribed under Schedule IV of this Act.
- 27. The supplier or importer shall not be entitled to input tax credits to the extent that an acquisition or import is for the purpose of making an exempt supply or exempt import.

Zero-rated supplies and imports

- 28. GST shall be applicable at the rate of zero percent on a zero-rated supply or a zero-rated import as prescribed under Schedule V of this Act.

29. The supplier or importer shall be entitled to input tax credits to the extent that an acquisition or import is for the purpose of making a zero-rated supply or a zero-rated import.

Variation of exempt or zero-rated supplies and imports

30. The categories of exempt and zero-rated supplies and imports may be varied, through amendment of Schedule IV and Schedule V by the Parliament.

Zero-rated and exempt supplies

31. A supply shall be treated as zero-rated if the supply would be both exempt and zero-rated.

CHAPTER 6 INPUT TAX CREDITS

General conditions for input tax credits

32. Unless provided in this Act, a taxable person shall be allowed a credit for an amount of input tax incurred subject to the condition that:
- (1) the goods, services, or immovable property on which the input tax was incurred were acquired or imported by the person:
 - (a) in the course of the person's economic activity; and
 - (b) for the purpose of making taxable supplies; and
 - (2) the person paid, or is liable to pay:

- (a) the consideration for the taxable supply; or
- (b) the GST imposed on the import.

Input tax on imported B2B services

33. The GST on a taxable supply of imported B2B services shall be payable by the customer who shall be treated as incurring both output tax and input tax, but subject to this Act, the customer shall be allowed an input tax credit for that supply provided the customer has accounted for the output tax.

Specific restrictions on input tax credits

34. Subject to section 35 of this Act, a taxable person shall not be allowed an input tax credit for:
- (1) an acquisition of goods, services, or immovable property, to the extent that it is used to provide entertainment, unless the person's economic activity involves providing entertainment and the entertainment is provided in the ordinary course of that economic activity;
 - (2) an acquisition of a membership or right of entry for any person in or to a club, association, or society of a sporting, social, or recreational nature;
 - (3) an acquisition of a lottery supply;
 - (4) an acquisition or import of a passenger vehicle;
or

- (5) an acquisition or importation of goods or services used directly in connection with a passenger vehicle.
- 35. The restrictions in section 34 of this Act shall not apply to acquisitions or imports to the extent that they are used to provide remuneration to employees, the supply of which is taxable under section 135 of this Act.

Partial input tax credits

- 36. Where a taxable person incurs input tax on goods, services, or immovable property acquired or imported in the course of the person's economic activity but used partly for the purpose of making taxable supplies, an input tax credit shall be allowed only to the extent that the input tax was incurred for the purpose of making taxable supplies.
- 37. Computation of input tax credits allowed to a person for input tax incurred on inputs acquired or imported for making taxable supplies including partial input tax credits shall be as per the rules and regulations prescribed under this Act.

CHAPTER 7 ACCOUNTING FOR GST

GST return

- 38. A taxable person shall, no later than thirty days after the end of each tax period, file a GST return reflecting the person's net amount for the period.

39. A person who is not a taxable person but required to pay an amount of GST under this Act shall file a return within the period prescribed in the rules and regulations under this Act.
40. A taxable person may amend a return to increase a net amount within five years after the end of the tax period, but the amendment does not prevent the application of late payment penalty, administrative penalties or GST penalties. *[Amended by section 12 of the GST (Amendment) Act of Bhutan 2025]*
41. A taxable person may amend a return to reduce a net amount within one year after the end of the tax period.

Return filing on self-assessment

42. The person shall self-assess the GST applicable and file their return. *[Amended by section 13 of the GST (Amendment) Act of Bhutan 2025]*
43. The Department may consider the self-assessed tax as final without making an assessment but reserving the right to make an assessment where necessary to ensure the correct amount of GST is paid.

Computation of net amount for GST return

44. The net amount of GST payable by a taxable person in relation to a tax period shall be computed by:
 - (1) adding all the output tax payable for the tax period;

- (2) subtracting all allowable input tax credits for the tax period; and
- (3) further adjusting the amount by:
 - (a) adding all increasing adjustments for the tax period; and
 - (b) subtracting all decreasing adjustments for the tax period.

45. For the purposes of section 44 of this Act:

- (1) the tax period in which GST is payable, input tax credits are allowed, and adjustments required or allowed to be made shall be determined under Chapter 14 and Chapter 15 of this Act; and
- (2) the person shall be permitted input tax credits or addition or subtraction of adjustments even if the output tax payable for the period is nil.

CHAPTER 8

PAYMENT OF GST

Payment of positive net amount

46. If the net amount for a tax period is a positive amount it shall be paid by the taxable person at the time of filing the GST return for the tax period prescribed, or by such other time as the Department may determine for a particular person where necessary for the protection of the revenue as per the rules and regulations under this Act, unless the Department has approved deferral of payment.

Payment of GST on imports

47. GST payable on a taxable import shall be paid at the time of customs clearance as prescribed under the Customs Act of Bhutan 2017 and the rules and regulations thereof.
48. If the importer fails to declare the goods to Customs, the GST shall be payable at the time the goods should have been declared under the Customs Act of Bhutan 2017 and the rules and regulations thereof.
49. The Department may:
 - (1) collect GST payable on imports through postal and courier services at the time of customs clearance; or
 - (2) authorise agents to collect GST as per the rules and regulations prescribed under this Act.

Declaration

50. All imported and exported goods, whether GST is applicable or exempted, shall be declared to the Department at the customs station or customs area as per customs clearance procedures prescribed under the Customs Act of Bhutan 2017 and the rules and regulations thereof wherever relevant.
51. Goods imported as gifts through postal and courier services shall be given GST free allowance as per the rules and regulations prescribed under this Act.

52. Unless a contrary intention appears, the provisions of the Customs Act of Bhutan 2017 and the rules and regulations thereof shall apply to the extent that they are relevant to the payment of GST on taxable imports, and otherwise this Act shall apply.

CHAPTER 9

REFUNDS OF NET AMOUNTS

Refunds without carry forward

53. Subject to conditions prescribed by the rules and regulations under this Act, a taxable person shall be entitled to a refund of a negative net amount for a tax period.
54. A taxable person who is entitled, under section 53 of this Act, to a refund of a negative net amount may:
- (1) request a refund of the amount in their GST return;
or
 - (2) choose to carry forward the amount to another tax period until such time as the person requests a refund of the amount in a GST return.

Carry forward of negative net amount

55. A registered person shall carry forward the negative net amount for a tax period to a subsequent tax period or may apply for a refund either in full or part of the amount as per the rules and regulations prescribed under this Act.

CHAPTER 10 REGISTRATION

Registration threshold

56. The registration turnover threshold shall be as prescribed under Schedule II of this Act.

Persons exceeding the registration turnover threshold

57. A person shall register for GST within thirty days of the following month if:
- (1) the person's turnover was equal to or greater than the registration turnover threshold in the previous twelve months period;
 - (2) the person's turnover was equal to or greater than one half of the registration turnover threshold in the previous six months period; or
 - (3) based on reasonable grounds, the person's annual turnover is expected to be equal to or exceed the registration turnover threshold in the upcoming twelve months.
58. Sections 57(1) and 57(2) of this Act shall not apply if the Department is satisfied that the person's annual turnover will not be equal to or exceed the registration turnover threshold in the upcoming twelve months.

Government entities

59. A government entity shall be registered for GST, irrespective of turnover, unless exempted under this Act or the rules and regulations prescribed under this Act.

Voluntary registration

60. A person who has turnover below the registration turnover threshold may also apply for GST registration, subject to the rules and regulations prescribed under this Act.

Compulsory registration

61. Where the Department has objective evidence that a person is required to be registered for GST and that person has not applied for registration within the prescribed period, the Department shall:
- (1) notify the person to register; or
 - (2) register the person and advise them that they are registered.
62. The application process for registration, obligations, and cancellation shall be as per the rules and regulations prescribed under this Act.

CHAPTER 11

SUPPLY

Supply

63. For the purposes of this Act, a supply of anything, except money, that is capable of being supplied shall be considered as a supply, and every supply shall be categorized as:
- (1) a supply of goods;
 - (2) a supply of services; or
 - (3) a supply of immovable property.

Supply of goods

64. A supply of goods shall include but not be limited to:
- (1) a sale, exchange, or transfer of the right to dispose of goods as owner, including under a hire purchase agreement; and
 - (2) a lease, hire, or right of use granted in relation to goods, including a supply of goods under a finance lease.

Treatment of supplies as single or multiple supplies

65. To determine the treatment of one or more supply, the following criteria shall be taken into account:
- (1) every supply shall be treated as distinct and independent;

- (2) a supply that comprises a single supply from an economic, commercial, or technical point of view shall not be artificially split;
- (3) the essential features of the transaction shall be ascertained in order to determine whether the customer is being supplied with several distinct principal supplies or with a single supply;
- (4) a supply is treated as a single supply if the supply of one or more goods or services constitutes the principal supply, in which case the supply of the other goods or services (“ancillary or incidental supplies”) is treated as part of the principal supply;
- (5) a supply is treated as an ancillary or incidental supply if it does not constitute the supply of the principal goods or services, but the goods or services are merely used for or form part of the accomplishment of the principal supply.

Progressive or periodic supply

- 66. Each part of a progressive or periodic supply shall be treated as a separate supply.
- 67. If the progressive or periodic parts of a progressive or periodic supply are not readily identifiable, the supply shall be treated as a series of separate supplies each corresponding to the proportion of the supply to which each separate part of the consideration relates.

CHAPTER 12

PLACE OF TAXATION

Destination principle

- 68. This Act imposes GST in accordance with the destination principle, under which GST is imposed only on consumption in Bhutan.
- 69. This Act gives effect to the destination principle by:
 - (1) defining which supplies are treated as made in Bhutan under sections 72 to 78 of this Act: and
 - (2) zero-rating such of those supplies as would be expected to be consumed outside Bhutan under Schedule V.
- 70. In some cases, the GST payable on supplies by non-residents is reverse charged to the customer in order to facilitate collection of the GST payable.
- 71. This Act does not require a taxable person to determine where a supply is to be consumed, but instead sections 72 to 78 and Schedule V of this Act set out criteria that are intended to predict the place of consumption of supplies.

Supply by resident or supplier established in Bhutan

- 72. A supply by a resident shall be treated as a supply made in Bhutan.
- 73. A supply by a non-resident shall be treated as a supply made in Bhutan if the non-resident carries on

an economic activity at or through a fixed place in Bhutan and the supply is made:

- (1) in the course of that economic activity; or
- (2) at or through that fixed place.

Other supplies by non-residents

74. Notwithstanding section 73 of this Act, each of the following supplies by a non-resident shall be treated as a supply made in Bhutan:

- (1) a supply of immovable property, if the land to which the property relates is in Bhutan;
- (2) a supply of goods, if:
 - (a) the goods are delivered or made available in Bhutan; or
 - (b) the goods are installed or assembled in Bhutan by, or under a contract with, the supplier;
- (3) a supply of water, gas, oil, electricity, or thermal energy through a pipeline, cable, or other continuous distribution network to a person in Bhutan;
- (4) a supply of any of the following services:
 - (a) services physically performed by a person who is in Bhutan;
 - (b) services directly related to land located in Bhutan; or
 - (c) other services that are imported B2B services or imported B2C services.

75. For the purpose of section 74(2)(a) of this Act, goods supplied by a non-resident after they are imported, but before they have been entered for use in Bhutan, shall be treated as having been delivered or made available outside Bhutan.

Supplier and customer registered

76. A supply of a service shall be treated as having been made in Bhutan if a non-resident who is a registered person supplies the service to a customer that is also a registered person.
77. Section 76 of this Act shall not apply if the customer is a nonresident who carries on an economic activity at or through a fixed place outside Bhutan and the supply is made:
- (1) for the purposes of that economic activity; or
 - (2) to that fixed place.

Progressive or periodic supplies

78. Where a progressive or periodic supply is deemed to be a series of separate supplies, the place of supply of each such supply shall be determined separately.

CHAPTER 13

TAX PERIOD

Accounting for GST, input tax credits and adjustments

79. A taxable person is required to bring to account GST, input tax credits and adjustments in their GST return for a tax period.
80. GST, input tax credits and adjustments shall, subject to the rules and regulations prescribed under this Act, be brought to account in a GST return for a tax period, as follows:
- (1) GST on a supply shall be brought to account in the tax period in which the GST becomes payable under sections 81 to 84 of this Act;
 - (2) input tax credits shall be brought to account in the tax period specified in sections 85 and 86 of this Act; and
 - (3) increasing adjustments and decreasing adjustments shall be brought to account in the tax period specified in CHAPTER 14 of this Act.

GST payable on a supply

81. Subject to sections 82 and 83 of this Act , the GST imposed on a taxable supply shall become payable at the earlier of:
- (1) the time when an invoice for the supply is issued by the supplier; or

- (2) the time when any part of the consideration for the supply is paid.

Progressive or periodic supply

82. Where a progressive or periodic supply is treated as a series of separate supplies under section 66 and 78 of this Act, any GST imposed on each such supply shall become payable at the earliest of:
 - (1) if the supplier issues a separate invoice for each supply, the time when the invoice is issued;
 - (2) the time when any part of the consideration for the supply is paid; or
 - (3) the time when payment of the consideration for the supply is due.

Other supplies

83. Some or the whole of the GST on a supply becomes payable at a later time than would otherwise apply under sections 81 and 82 of this Act for:
 - (1) a taxable supply that is subject to a statutory cooling off period under a law;
 - (2) a taxable supply that occurs before the total consideration for the supply is certain;
 - (3) a taxable supply made under an agreement that provides for retention of some or all of the consideration until certain conditions are met; or
 - (4) a taxable supply for which the correct GST treatment will not be known until a later time.

84. The time for payment of GST in these cases shall be as per the rules and regulations prescribed under this Act.

Accounting of input tax credits

Timing of input tax credits

85. Where a taxable person is allowed an input tax credit, the tax period in which the credit may be included in the calculations in section 44 of this Act shall be:
- 1) in the case of an input tax credit relating to a taxable supply: the tax period in which an invoice for the supply is issued by the supplier or any part of the consideration for the supply is paid, whichever is the earlier; or
 - 2) in the case of an import: the tax period in which the GST on the import was paid.
86. If a taxable person does not claim the input tax credit in the period referred to in section 85 of this Act, the input tax credit may be claimed in any of the tax periods ending in the subsequent twelve months.
87. A taxable person is required to hold the documents required to claim input tax credits at the time of filing the person's GST return as per the rules and regulations prescribed under this Act.

CHAPTER 14 ADJUSTMENTS

Post-supply adjustments increasing GST

88. If an adjustment event has the effect that the GST previously paid by the supplier is less than the actual GST payable on the supply:
- (1) the supplier shall:
 - (a) make an increasing adjustment equal to the amount of the tax difference; and
 - (b) issue an adjustment note as per the rules and regulations prescribed under this Act to the customer within seven days of becoming aware of the adjustment event;
 - (2) if the customer is a taxable person, the customer shall be allowed a decreasing adjustment calculated in accordance with section 90 of this Act.

Post-supply adjustments decreasing GST

89. If an adjustment event has the effect that the GST previously paid by the supplier exceeds the actual GST payable on the supply:
- (1) the supplier:
 - (a) subject to the limitations set out in section 91 of this Act, shall be allowed a decreasing adjustment equal to the amount of the tax difference; and

- (b) shall issue an adjustment note to the customer within seven days of becoming aware of the event;
- (2) if the customer is a taxable person, the customer shall make an increasing adjustment calculated in accordance with section 90 of this Act.

Amount of adjustments for customer

90. An increasing or decreasing adjustment that a customer is required or allowed to make is calculated as follows:
- (1) the amount of the difference, if the customer was entitled to a full input tax credit for the acquisition of the supply; or
 - (2) an appropriate proportion of the amount of the difference, if the customer was entitled to a credit for only part of the input tax on the acquisition of the supply.

Limitations on adjustments

91. No decreasing adjustment shall be allowed under section 88 and 89 of this Act unless:
- (1) for a customer: the customer holds an adjustment note issued by the supplier at the time when the customer submits its GST return for the tax period in which the adjustment is claimed; and
 - (2) for a supplier:

- (a) the supplier has issued an adjustment note to the customer and retained a copy in its own records; and
- (b) if the customer is not a registered person, the supplier has repaid the excess GST to the customer, whether in cash or as a credit against any amount owing to the supplier by the customer.

92. For the purposes of section 91(2)(b) of this Act:

- (1) if a supplier refunds part or the whole of the price paid as a result of an adjustment event referred to in Section 337(2)(a), (b) or (c) of the definition of adjustment event of this Act: the amount so refunded to the customer shall be presumed to include a GST amount equal to the tax fraction of the amount refunded, unless there is contrary evidence; and
- (2) if a supplier refunds an amount due to an adjustment event covered by section 337(2)(d) of the definition of adjustment event of this Act: the amount refunded shall be presumed to be the GST amount that is no longer payable, unless there is contrary evidence.

Timing of adjustments

93. An increasing adjustment that a taxable person is required to make under section 88 shall be made in the tax period in which the taxable person becomes aware of the adjustment event.

94. A decreasing adjustment for a taxable person under section 88 or 89 of this Act shall be allowed:
- (1) for a supplier: in the tax period in which the supplier issues the adjustment note; or
 - (2) for a customer: in the tax period in which the customer becomes aware of the adjustment event or in any of the tax periods ending in the subsequent twelve months.

Imported B2B services

95. If an adjustment event occurs in relation to a supply of imported B2B services, the purchaser of the services shall be treated as if it were also the supplier of the services.

Post-supply adjustments for bad debts

Application

96. Sections 97 to 99 of this Act shall apply if all or part of the consideration for a taxable supply has not been paid to the supplier.

Decreasing adjustments for supplier

97. The supplier shall be allowed a decreasing adjustment, equal to the tax fraction of the amount that remains unpaid, in the tax period if:
- (1) the customer has been declared bankrupt under the laws related to Bankruptcy or Insolvency; or
 - (2) the supplier has exhausted legal processes for recovery of the debt; and in either case:

- (3) the unpaid part of the consideration payable to the supplier for a taxable supply has been overdue for more than two years; and
- (4) the supplier in its books of account has written off the amount unpaid as a bad debt.

Increasing adjustments for customer

98. The customer shall make an increasing adjustment, equal to the tax fraction of the amount that remains unpaid, in the tax period if:

- (1) the unpaid part of the consideration payable to a supplier for a taxable supply has been overdue for more than two years; or
- (2) the customer has been declared bankrupt under the laws related to Bankruptcy or Insolvency; and in either case; or
- (3) the customer claimed an input tax credit for the supply.

Effect of subsequent payments

99. After a supplier has made an adjustment for a bad debt, or a customer has made an adjustment for an overdue debt, if the supplier is able to recover from the customer either part or the whole of the previously unpaid amount, further adjustments shall be made in order to ensure that:

- (1) for the supplier: the output tax paid is equal to the tax fraction of the consideration actually received; and

- (2) for the customer: the input tax credit is the tax fraction of the consideration actually paid (reduced to the extent, if any, necessary to reflect the input tax credit claimed by the customer).

Adjustments for property applied to a private use

Private use of property

100. Property is treated as applied to a private use if a person consumes it or uses it for purposes other than for the person's economic activity.

Property acquired or imported

101. A taxable person shall make an increasing adjustment if the person:

- (1) is or has been allowed an input tax credit in respect of part or the whole of the input tax incurred on an acquisition or import of property; and
- (2) either:
 - (a) applies the property wholly for private use; or
 - (b) having used the property wholly or partly for an economic activity then uses it for private use from a particular date.

102. The amount of the increasing adjustment shall be the lesser of:

- (1) the amount of the input tax credit the person was allowed for the acquisition or import of the goods; or
- (2) if the property has been used in the person's taxable activity, the tax fraction of the fair market value of the property at the time it is first applied wholly to a private use.

Property modified, improved or produced

103. A taxable person shall make an increasing adjustment in respect of an item of property which the person modified, improved, or produced, if:
 - (1) the person applies that property wholly to a private use; and
 - (2) a supply of that property by the person would have been a taxable supply.
104. The amount of the increasing adjustment shall be the tax fraction of the fair market value of the property at the time it is first applied wholly to a private use.

Partly private use

105. Adjustments shall be made where there is a significant change in the extent to which an acquisition is applied in making exempt supplies or for private purposes in accordance with rules and regulations prescribed under this Act.

Timing of adjustment

106. The increasing adjustment shall be made in the tax period in which the property is first applied to a private use.

Adjustment on becoming registered

Stock-on-hand

107. Upon GST registration, a person shall be allowed a decreasing adjustment in relation to goods on hand if:
- (1) goods have been procured within three months before the date of registration and the goods:
 - (a) were imported by the person and GST has been paid on the import by the person; or
 - (b) were supplied to the person who holds a tax invoice for the supply;
 - (2) the person imported or acquired the goods:
 - (a) in the course of its economic activity; and
 - (b) for the purpose of re-sale or use as raw materials in the production of goods for sale;
 - (3) the person would have been entitled to an input tax credit for the import or acquisition if the person had been a registered person at the time of the import or acquisition.

108. The amount of the decreasing adjustment allowed shall be equal to the lesser of:

- (1) the amount of GST paid by the person on the import, or payable by the supplier; or
- (2) the tax fraction of the fair market value of the goods at the time the person becomes a registered person.

Timing of adjustment

109. A person who is allowed a decreasing adjustment under section 107 of this Act shall make the adjustment in any of the tax periods ending in the first twelve months after the person becomes a registered person.

Notice of adjustment

110. A person making an adjustment under section 107 of this Act shall provide notice of the adjustment and supporting evidence to the Department as per the rules and regulations prescribed under this Act.

Adjustment on cancellation of registration

Increasing adjustment for property on hand

111. On cancellation of registration a person shall make an increasing adjustment in the GST return for property on hand if the person was allowed an input tax credit at the time of acquisition or import of that

property or for anything that has been subsumed into that property.

Amount of increasing adjustment

112. The amount of the adjustment shall be the lesser of:

- (1) the tax fraction of the fair market value of the property on the day preceding the cancellation; or
- (2) that amount, reduced to the extent, if any, to which the person was not allowed an input tax credit in respect of the acquisition or import of that property or, if applicable, on the inputs to the property.

CHAPTER 15 PARTICULAR TYPES OF TRANSACTIONS

Sale of going concern

113. Sections 114 to 117 of this Act apply to the sale of an economic activity as a going concern.

114. An economic activity is sold as a going concern if:

- (1) everything necessary for the continued operation of the economic activity is supplied to the person to whom the economic activity is sold; and
- (2) the purchaser makes the acquisition in the course of, or for, an economic activity it carries on or will carry on, after the sale.

115. Part of an economic activity is itself an economic activity if that part is capable of separate operation.
116. Where a taxable person makes supplies in Bhutan as part of a transaction for the sale of an economic activity as a going concern by that taxable person to another taxable person, the supplies shall be treated as a single supply that is made in Bhutan.
117. For the purposes of working out the supplier's entitlement to input tax credits, any input tax incurred in acquiring goods or services for making the sale shall be:
- (1) if the supplier only makes taxable supplies, treated as relating to those taxable supplies; or
 - (2) in any other case, calculated in accordance with section 37 of this Act.

Prevention of double taxation and non-taxation of supplies of rights

118. Section 119 of this Act shall apply where a supply (“the subsequent supply”) is made on the exercise of a right that was supplied.
119. The consideration for the subsequent supply shall:
- (1) be limited to the additional consideration, if any, given for the subsequent supply or in connection with the exercise of the right, where the supply of the right was a taxable supply; and

- (2) include the consideration given for the supply of the right, where:
 - (a) the supply of the right was not a taxable supply; and
 - (b) the subsequent supply is a taxable supply.

Payments on exercise of rights

120. Where a taxable person (“the supplier”) makes a taxable supply to a person on the exercise of a right and receives or will receive a payment from another person (“the payer”) in respect of the exercise of the right or for the making of the taxable supply:

- (1) the supplier shall be treated as having made a taxable supply to the payer; and
- (2) the amount received or receivable by the supplier shall be treated as consideration for that supply.

Vouchers

121. The calculation of GST and related matters for transactions through a voucher shall be as per the rules and regulations prescribed under this Act.

Lay-by sales

122. Where a taxable supply of goods is made under a lay-by agreement:

- (1) the GST applicable on the supply shall be payable each time when any part of the consideration is paid for the supply; and
- (2) the GST amount payable at each such time shall be the tax fraction of the amount paid.

Vending machines and other devices

123. GST on all taxable supplies made through a vending machine, meter or other automatic device shall be as per the rules and regulations prescribed under this Act.

Telecommunication services

Application

124. Sections 125 to 129 of this Act shall apply to:

- (1) a supply, by a telecommunications provider, of a prepaid telecommunications product; and
- (2) a supply by a person who acts as a telecommunications intermediary in relation to the supply of a prepaid telecommunications product;

but shall not apply to a supply by one telecommunications provider to another telecommunications provider.

Intermediaries acting as principal

125. Where a telecommunications provider supplies a prepaid telecommunications product to a telecommunications intermediary at a discount from the retail price, the consideration for the supply shall be calculated as if the telecommunications intermediary had paid the retail price.
126. Where a telecommunications intermediary buys and on-sells a prepaid telecommunications product:
- (1) the acquisition shall be treated as if it were not an acquisition by the telecommunications intermediary; and
 - (2) the supply shall be treated as if it were not a supply by the telecommunications intermediary to the telecommunications intermediary's customer.
127. Notwithstanding section 126 of this Act, alternative means of evidencing a right to an input tax credit for a person who acquires a prepaid telecommunications product may be specified in the rules and regulations prescribed under this Act.

Intermediaries acting as agent

128. Where a telecommunications provider supplies a prepaid telecommunications product through a telecommunications intermediary acting as agent for the telecommunications provider, the consideration for the supply shall not be reduced by the commission paid to the telecommunications intermediary.

129. Where a telecommunications intermediary supplies the services of acting as agent, whether for a telecommunications provider or another telecommunications intermediary, in relation to the distribution of a prepaid telecommunications product:

- (1) the supply of the services shall be treated as if it were not a supply; and
- (2) the acquisition of the services shall be treated as if it were not an acquisition.

Lottery supplies

Basic concepts

130. The GST applicable on a lottery supply made by a taxable person is the tax fraction of the retail price for the supply.

131. Notwithstanding any other provisions of this Act, a taxable person is not entitled to an input tax credit for an acquisition or import or prize money given as a prize related to a lottery supply.

Intermediaries acting as principal

132. Where a ticket in a lottery, raffle, or similar activity is sold to an intermediary at a discount from the retail price:

- (1) The consideration for the supply shall be calculated as if the intermediary had paid the retail price;
- (2) the acquisition by the intermediary shall be treated as if it were not an acquisition; and
- (3) the re-sale by the intermediary shall be treated as if it were not a supply.

Intermediaries acting as agent

133. Where a taxable person sells a ticket in a lottery, raffle, or similar activity through an intermediary acting as agent for the taxable person, the consideration for the supply by the taxable person shall not be reduced by the commission paid to the intermediary.
134. Where an intermediary supplies the services of acting as agent, whether for a lottery event supplier or another intermediary, in relation to the sale of a ticket in a lottery, raffle, or similar activity:
 - (1) the supply of the services shall be treated as if it were not a supply; and
 - (2) the acquisition of the services shall be treated as if it were not an acquisition.

Employment benefits

135. Where an employer who is a taxable person makes a taxable supply to an employee as part of the employee's remuneration or as a result of the

employment relationship, the supply shall be treated as:

- (1) an application of the goods by the employer to a private use, if the supply involves the transfer of the right to dispose of the goods as owner to the employee;
- (2) having been made for consideration equal to the fair market value of the supply, for any other kind of supply.

Adjustment for second-hand goods purchased for re-sale

Conditions for adjustment

136. A taxable person (“the dealer”) shall be allowed a decreasing adjustment in respect of second-hand goods purchased by the dealer for sale or exchange, but not for manufacture as per conditions prescribed in the rules and regulations under this Act.

Amount of adjustment

137. The amount of the decreasing adjustment shall be the tax fraction of the consideration paid by the dealer for the purchase of the second-hand goods, calculated using the GST rate applicable to the re-sale value of the goods by the dealer.

Adjustments relating to insurance

Adjustments on making insurance payments

138. An insurer shall be allowed a decreasing adjustment upon making a payment in settlement of an insurance claim, subject to the conditions prescribed in the rules and regulations under this Act.
139. The adjustment shall be made in the GST return for the tax period in which the payment is made.

Adjustments on receiving subrogation payments

140. An insurer shall make an increasing adjustment, in the amount calculated in accordance with the rules and regulations prescribed under this Act, if:
- (1) the insurer recovers an amount as damages as a result of the exercise of rights acquired by subrogation under a contract of insurance; and
 - (2) a decreasing adjustment was allowed to the insurer for the payment to which the recovered amount relates.
141. The adjustment shall be made in the GST return for the tax period in which the amount is received.

Adjustments on receiving insurance payments

142. A taxable person upon receiving an amount in settlement of an insurance claim shall make an

increasing adjustment as per the rules and regulations prescribed under this Act.

Cancelled transactions

143. If a supply or an agreement for a supply is cancelled, but an amount paid by the customer is retained by the supplier, any adjustments as per sections 88 to 95 of this Act shall be adjusted to take account of the amount retained.
144. If a supply, or an agreement for a supply, is cancelled and the supplier recovers an amount from the customer for a breach of contract or otherwise, the amount so recovered shall be treated as consideration for a supply.

CHAPTER 16 NON-RESIDENTS AND FOREIGN BRANCHES

Non-residents

145. Non-residents are required to appoint GST representatives subject to the rules and regulations prescribed under this Act.

Deemed supply of services by foreign branch

146. Where a taxable person carries on economic activities both at a fixed place in Bhutan and at one or more fixed places outside Bhutan:

- (1) the person shall be treated as two separate persons in relation to the economic activities the person carries on inside and outside Bhutan;
- (2) the provision of any benefit in the nature of services from the person outside Bhutan to the person in Bhutan as a result of the activities carried on by the person outside Bhutan shall be deemed to be a supply of imported B2B services to the person in Bhutan; and
- (3) the time of supply shall be determined on the assumption that the supply has been made.

Deemed consideration for deemed supply of services by foreign branch

147. If, within twelve months of the time of making a supply referred to in section 146 of this Act, the person outside Bhutan makes an allocation of costs to the person inside Bhutan in respect of the supply, the allocation of costs shall be treated as consideration for the supply.

Value of deemed supply of services by foreign branch

148. Where a supply referred to in section 146 of this Act is a taxable supply, the value of the supply shall be determined as follows:

- (1) if section 147 of this Act applies, the value of the supply shall be the amount of the costs allocated, reduced by:

- (a) the part, if any, of the amount allocated that represents salary or wages paid to an employee of the person outside Bhutan; and
 - (b) the part, if any, of the amount allocated that represents interest incurred by the person outside Bhutan;
- (2) in any other case, the value of the supply shall be determined as if the supply was made by a non-resident outside Bhutan to a related person in Bhutan.

CHAPTER 17

TRAVEL AGENTS AND TOUR OPERATORS

Application

- 149. The applicability of GST on supplies made by the travel agents is specified in sections 150 to 153 of this Act.
- 150. These provisions apply to travel agents making supplies as principal but not to travel agents arranging for supplies to be made by another person.

Non-resident travel agent's margin

- 151. A supply of Bhutanese tourism supplies, or of a right to receive such supplies, shall not be treated as having been made in Bhutan if the supplier is a non-resident travel agent who is not established in Bhutan and is not a registered person.

Resident travel agent's margin

152. Where a resident travel agent supplies foreign tourism supplies, or rights to receive such supplies, GST shall apply and be computed as per the rules and regulations prescribed under this Act.
153. Section 152 of this Act shall not apply to other supplies, including Bhutanese tourism supplies, made by the travel agent and the entitlement of the travel agent to input tax credits in respect of such other supplies.

CHAPTER 18

REFUNDS TO SPECIFIC CLASSES OF PERSON

Privileged persons and international bodies

154. The Department may refund part or the whole of the input tax incurred on an acquisition or import by:
- (1) a person in accordance with bilateral or multilateral trade agreements signed by the Royal Government of Bhutan;
 - (2) foreign diplomatic missions, international agencies and their employees, but excluding Bhutanese employees, in accordance with:
 - (a) the obligations under relevant international laws, conventions and covenants ratified by the Parliament; or

- (b) the bilateral and multilateral agreements signed by the Royal Government of Bhutan.

- 155. A person or body referred to in section 154 of this Act shall pay GST at the time of import or acquiring the supply of goods or services and may claim a refund through application to the Department.
- 156. A claim for a refund under section 155 of this Act including the time period within which such claim shall be made shall be as per the rules and regulations prescribed under this Act.

GST on sale or transfer of GST exempt goods

- 157. GST shall be payable where a person referred to in section 154 of this Act has imported goods free of GST or has claimed a refund of GST and subsequently sells or transfers the goods to a third person, as per the rules and regulations prescribed under this Act.
- 158. Notwithstanding section 157 of this Act, GST shall not be levied if a motor vehicle is sold or transferred five years after its registration in the name of the person referred to in section 154 of this Act.
- 159. The person shall declare to the Department a transfer or sale of goods made within five years.

Tourists and short-term visitors

160. Tourists and short-term visitors may be refunded a part or the whole of the GST on any supply of goods acquired from a taxable person at the time of departure from Bhutan, subject to the conditions prescribed in the rules and regulations under this Act.

CHAPTER 19 PARTICULAR CATEGORIES OF PERSONS

Death or insolvency of taxable person

161. The estate of a taxable person, as represented by the executor or trustee, shall, for the purposes of this Act, be deemed to be the taxable person in respect of any economic activity previously carried on by the taxable person if, after the death of the taxable person or the sequestration of a taxable person's estate:

- (1) the economic activity is carried on by or on behalf of the executor or trustee of the person's estate; or
- (2) anything is done in connection with the termination of the economic activity.

Mortgagee in possession

162. A mortgagee shall, to the extent of and for the duration that it carries on economic activity previously carried on by the mortgagor in relation to land or other property previously mortgaged by the mortgagor, be deemed to be the mortgagor if:

- (1) the mortgagee takes possession of the land or other property;
- (2) the mortgagor is a taxable person; and
- (3) while in possession of the land or property, the mortgagee carries on the economic activity.

Sale of property of a debtor

163. Where a creditor supplies the property of a debtor to a third person in full or partial satisfaction of a debt owed by the debtor to the creditor:

- (1) the supply to the third person shall be treated as having made by the debtor and its GST status shall be determined accordingly;
- (2) the creditor shall be liable to pay the GST, if any, payable on the supply and that GST shall be payable in priority to:
 - (a) satisfaction of the debt; and
 - (b) return to the debtor or any other person of any part of the proceeds that is surplus to the debt.

164. A representative of a creditor making the supply of the property of the debtor shall be liable for the GST under section 163 of this Act.

165. A creditor or representative who is required to pay GST as a result of section 163 of this Act shall pay

the GST as per the rules and regulations prescribed under this Act.

Continuity of partnerships or unincorporated associations

166. A partnership or association shall, for the purposes of this Act, be deemed to be the same, where a partnership or association is dissolved and a new partnership or association is formed, as a result of the retirement, withdrawal or admission of new partners provided that:

- (1) the new partnership or association continues to carry on the economic activity that was carried on by the dissolved partnership or association; and
- (2) the Department, having regard to the circumstances of the case, does not direct otherwise.

CHAPTER 20 OTHER IMPORTS AND SUPPLY

Temporary imports of goods

167. Goods shall be allowed to be admitted under temporary admission without payment of GST subject to conditions prescribed in the rules and regulations under this Act.

Deferral of GST on imports

168. Deferral of GST payable by a taxable person on an import shall be allowed until the date for filing the person's GST return for the tax period subject to conditions prescribed in the rules and regulations under this Act.

GST on conveyance in customs area

169. GST shall not be payable on a conveyance entering a customs area carrying passengers or imported goods if such conveyance exits Bhutan within a period as permitted by the Department or by any other laws in force.

Replacement of goods

170. GST shall not be payable on the import of replacement goods if:
- (1) a person has paid GST on an import or purchase of goods, which is not refunded;
 - (2) the goods are defective, obsolete, damaged or do not conform to specifications agreed between the supplier and the person;
 - (3) the replacement goods are supplied by the supplier without additional charge;
 - (4) the person imports the identical replacement goods; and
 - (5) the person re-imports the goods within time period specified under the Customs Act of

Bhutan 2017 or the rules and regulations prescribed under that Act.

Ineligible refunds on re-export

171. Refund of GST shall not be allowed on re-export of goods.

Purchase return of Goods

172. GST shall not be payable on goods returned to the supplier by the customer.

Abandoned goods

173. GST shall not be payable on an import of goods that are abandoned before customs clearance from a customs station or customs area.
174. Notwithstanding section 173 of this Act if a person disposes of abandoned goods, GST shall be applicable.

GST on lost or pilfered goods

175. GST shall not be levied on an import of goods on production of documentary evidence to the satisfaction of the Department where:
- (1) the goods are lost or pilfered in transit;
 - (2) the goods are not released from a customs station or customs area.

GST on damaged or deteriorated goods

176. If goods are damaged or deteriorated before it is released from a customs station or customs area, or before the goods are supplied, GST shall be levied on such reduced value of the damaged or deteriorated goods.
177. Notwithstanding section 176 of this Act, if goods are damaged or deteriorated due to willful act or omission or negligence of a person, GST shall be levied on the value of the goods without regard to the damage or deterioration.

Import of goods as samples

178. GST shall not be levied on an import of goods as free samples as per the conditions prescribed in the rules and regulations under this Act.

Liability for transit and transshipment

179. In the event of loss of goods or goods not crossing the designated customs station due to intentional diversion, the owner of the goods in transit shall be liable to pay GST to Customs at the time the goods would have been declared if they were not lost or diverted.

Liability for transit and transshipment within Bhutan

180. The owner of the goods shall be liable to pay GST for goods in transit and transshipment, in the event of loss of the goods due to negligence, default or any

willful act or omission after declaration at a customs station or area but without payment of GST.

PART II
EXCISE
EQUALIZATION TAX
[Repealed by section 5 (1)
of the Excise Tax Act of
Bhutan 2025]

CHAPTER 21

181. *[Repealed by section 5 (1) of the Excise Tax Act of Bhutan 2025]*
182. *[Repealed by section 5 (1) of the Excise Tax Act of Bhutan 2025]*
183. *[Repealed by section 5 (1) of the Excise Tax Act of Bhutan 2025]*
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- (3) *[Repealed by section 5 (1) of the Excise Tax Act of Bhutan 2025]*
- (4) *[Repealed by section 5 (1) of the Excise Tax Act of Bhutan 2025]*
- (5) *[Repealed by section 5 (1) of the Excise Tax Act of Bhutan 2025]*
- 189. *[Repealed by section 5 (1) of the Excise Tax Act of Bhutan 2025]*
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198. *[Repealed by section 5 (1) of the Excise Tax Act of Bhutan 2025]*
199. *[Repealed by section 5 (1) of the Excise Tax Act of Bhutan 2025]*

CHAPTER 22

200. *[Repealed by section 5 (1) of the Excise Tax Act of Bhutan 2025]*
201. *[Repealed by section 5 (1) of the Excise Tax Act of Bhutan 2025]*
202. *[Repealed by section 5 (1) of the Excise Tax Act of Bhutan 2025]*
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207. *[Repealed by section 5 (1) of the Excise Tax Act of Bhutan 2025]*
208. *[Repealed by section 5 (1) of the Excise Tax Act of Bhutan 2025]*

PART II

TAX ADMINISTRATION

*[Amended by section 14 of the GST (Amendment) Act of Bhutan
2025]*

CHAPTER 23

TAX INVOICES AND RECORD-KEEPING

Tax invoice and adjustment note

209. Subject to the rules and regulations prescribed under this Act, a registered person who makes a taxable supply shall issue a serially numbered tax invoice for every supply. Where required an adjustment note referencing the tax invoice shall be provided to the customer and a copy shall be retained by the supplier.

Record keeping

210. Taxable persons shall keep records to enable determination of their liabilities and entitlements as prescribed in the rules and regulations under this Act.
211. Records required to be kept by a taxable person under section 210 of this Act shall be retained for a period of five years from the end of the relevant tax period and shall be produced if required by the Department.
212. The Department may issue a notice to a taxpayer to retain particular records for a longer period if deemed necessary as per the rules and regulations prescribed under this Act.

CHAPTER 24 ASSESSMENTS

Assessment

213. An assessment means the ascertainment of a taxpayer's liability by the department arising under this Act for:

- (1) tax for a tax period or on import;
- (2) late payment penalty;
- (3) an administrative penalty; or
- (4) a penalty for a GST offence. *[Amended by section 15 of the GST (Amendment) Act of Bhutan 2025]*

214. An assessment may also be made:

- (1) before the end of a tax period, or for part of a tax period, to ensure payment of an amount that is or may become payable is paid by a person within the specified period as per this Act;
- (2) on an estimated basis, where the taxpayer does not hold sufficient records to ascertain the tax liability or the entitlement of a person.

Time for making an assessment

215. Subject to sections 216 and 217 of this Act, and any time limit specified in this Act, the Department may make an assessment at any time.

216. An assessment may not be made later than five years after:
- (1) the end of the tax period; or
 - (2) the making of the import.
217. Notwithstanding any such time limit, the Department may make an assessment at any time if the Department reasonably believes there has been fraud or evasion.

Taxpayer request to make an assessment

218. Subject to any time limit for making an assessment specified under this Act, if a taxpayer by written application requests, the Department shall make an assessment.
219. The Department shall respond to the request for assessment within five working days after receiving the application outlining the assessment process.
220. Section 219 of this Act shall not apply unless or until the taxpayer provides information or records requested by the Department for the purpose of making the assessment.

Assessment Notice

221. The Department shall issue an assessment notice to the taxpayer after the assessment is completed.

222. If there is an inconsistency between assessments, the later assessment shall prevail to the extent of the inconsistency.
223. Subject to Chapter 25, production of a copy of a notice of assessment certified by the Director, or another competent officer authorized for that purpose, shall be conclusive evidence of the assessment and the facts and figures in the notice of assessment.

CHAPTER 25

OBJECTION, REVIEW AND APPEAL

Objection

224. A person whose interests are affected by a reviewable decision may, by written notice of objection given to the Department, object to the decision on the basis that:
- (1) the assessment is excessive in the case of an assessment; or
 - (2) the decision should not have been made or a different decision should have been made in any other case.
225. A notice of objection under section 224 of this Act shall be given within thirty days of the person receiving the notice of assessment, or written notice of another reviewable decision.
226. The Department may extend the time for objection if a person failed to give the notice of objection within

thirty days due to circumstances beyond the person's control.

Determining an objection

227. The Department shall determine an objection within thirty days from the receipt of the notice of objection under section 224 of this Act by:

- (1) accepting the objection, wholly or partly; or
- (2) rejecting the objection.

228. An objection under section 224 of this Act shall be determined by officers not in the section or division of the Department responsible for the reviewable decision.

229. The person affected may apply to the Review Board at the Ministry for review if: *[Amended by section 16 of the GST (Amendment) Act of Bhutan 2025]*

- (1) the person is not satisfied with the decision of the Department; or
- (2) the Department has not passed the decision on an objection within the time specified under section 227 of this Act, in which case the Department is taken to have rejected the objection in full.

230. The application for review by the Review Board shall be made within thirty days from the receipt of the decision of the Department or sixty days from the written notice of objection where the decision has not

been made. *[Amended by section 17 of the GST (Amendment) Act of Bhutan 2025]*

Review of objection decision

Review Board *[Amended by section 18 of the GST (Amendment) Act of Bhutan 2025]*

231. For the purpose of hearing appeals, there shall be a Review Board consisting of not more than five members, including two members from the private sector appointed for such period as may be determined by the Ministry. *[Amended by section 19 of the GST (Amendment) Act of Bhutan 2025]*

231A. The Ministry may at any time remove a Member or a Member may resign from the Review Board by written notice to the Ministry. *[New section inserted by section 20 of the GST (Amendment) Act of Bhutan 2025]*

Applying for review by the Review Board *[Amended by section 21 of the GST (Amendment) Act of Bhutan 2025]*

232. A person who is dissatisfied with an objection decision or reviewable decision may apply to the Review Board at Ministry for review of the decision. *[Amended by section 22 of the GST (Amendment) Act of Bhutan 2025]*

233. Section 232 of this Act shall not apply, in the case of an assessment, if the person has not:

- (1) paid the whole of any undisputed amount; or

- (2) entered into instalment or security arrangements with the Department in relation to the undisputed amount.

234. *[Repealed by section 23 of the GST (Amendment) Act of Bhutan 2025]*

235. *[Repealed by section 24 of the GST (Amendment) Act of Bhutan 2025]*

236. The grounds of review shall be limited to the grounds stated in the notice of objection, unless the Review Board grants leave to extend the grounds. *[Amended by section 25 of the GST (Amendment) Act of Bhutan 2025]*

Burden of proof

237. The person making an application for review under section 232 of this Act shall have the burden of proving:

- (1) if the reviewable decision concerned an assessment: that the assessment is excessive and what the assessment should have been; or
- (2) in any other case: that a different decision should have been made.

Qualifications and Experience *[Amended by section 26 of the GST (Amendment) Act of Bhutan 2025]*

237A. Members shall be of at least ten years good standing in their profession and have qualifications and substantial experience in law, accounting or

taxation. *[New section inserted by section 26 of the GST (Amendment) Act of Bhutan 2025]*

237B. Members shall be persons of unimpeachable integrity and moral standing, having no outstanding financial obligations or liabilities to the Government, including but not limited to taxes, duties, fees, or any other statutory dues. *[New section inserted by section 26 of the GST (Amendment) Act of Bhutan 2025]*

Constitution of Review Board *[New section inserted by section 27 of the GST (Amendment) Act of Bhutan 2025]*

237C. The Ministry shall appoint Member Secretary to the Review Board and such other officers of the Review Board as may be necessary. *[New section inserted by section 27 of the GST (Amendment) Act of Bhutan 2025]*

237D. The Member Secretary must inform each member appointed under Section 231 of their appointment, and it is the duty of the member to attend any appeal specified by the Member Secretary. *[New section inserted by section 27 of the GST (Amendment) Act of Bhutan 2025]*

237E. All matters coming before the Review Board at any sitting thereof must be decided by a majority of votes of the members of the Review Board present and, in the event of an equality such member as may be presiding has a second or casting vote. *[New section inserted by section 27 of the GST (Amendment) Act of Bhutan 2025]*

237F. The quorum of the Review Board must be no less than three members. *[New section inserted by section 27 of the GST (Amendment) Act of Bhutan 2025]*

237G. Members of the Review Board are entitled to receive such fees as the Ministry may determine. *[New section inserted by section 27 of the GST (Amendment) Act of Bhutan 2025]*

237H. The Ministry may for carrying out the purposes and provisions relating to the Review Board in this Act and, in particular, may make regulation:

- (1) prescribing any matter required or permitted to be prescribed;
- (2) providing for the form and manner in which appeals are to be made to the Review Board;
- (3) providing for the procedure to be adopted by the Review Board for the review board's meetings and for proceedings before the Review Board, and the records to be kept by the Review Board;
- (4) prescribing the fees to be paid in respect of any appeal; or
- (5) providing for any other matter that is necessary or convenient for carrying out or giving effect the Review Board. *[New section inserted by section 27 of the GST (Amendment) Act of Bhutan 2025]*

Hearing and Disposal of Appeal *[New section inserted by section 28 of the GST (Amendment) Act of Bhutan 2025]*

237I. On receipt of a petition of appeal, the Member Secretary must immediately forward one copy of it to the Department, and must:

- (1) As soon as possible thereafter, fix the hearing; and
- (2) Not later than 15 days before the hearing, give notice of the hearing of the appeal to both the appellant and the Department. *[New section inserted by section 28 of the GST (Amendment) Act of Bhutan 2025]*

237J. Either party may be represented by their choice of Jabmi or an accountant at a hearing of an appeal before the Review Board. *[New section inserted by section 28 of the GST (Amendment) Act of Bhutan 2025]*

237K. The Review Board shall, for the purpose of this Act, have all the powers:

- (1) to summon any person whom, it may consider capable of providing evidence in respect of the appeal, to examine such person as a witness or documents as the Review Board may think necessary for the purposes of the appeal;
- (2) to allow any person so attending any reasonable expenses necessarily incurred by the person in so attending to be paid by the appellant or the department, as the Review Board may direct; or

- (3) to admit or reject any evidence, whether oral or documentary, and whether admissible or inadmissible under the provisions of any written law relating to the admissibility of evidence.
[New section inserted by section 28 of the GST (Amendment) Act of Bhutan 2025]

237L. Every person examined as a witness by or before the Review Board is legally bound to state the truth and to produce such records, documents, or samples of any goods as the Review Board may require.
[New section inserted by section 28 of the GST (Amendment) Act of Bhutan 2025]

237M. The Review Board may, after hearing an appeal, confirm, vary or annul the decision of the Department appealed against and make such order as it thinks fit. *[New section inserted by section 28 of the GST (Amendment) Act of Bhutan 2025]*

Immunity *[New section inserted by section 29 of the GST (Amendment) Act of Bhutan 2025]*

237N. A member of the Review Board and witness shall not be personally liable for any act done or omitted to be done in good faith in pursuance or intended pursuance of his or her duties and authorities under this Act. *[New section inserted by section 29 of the GST (Amendment) Act of Bhutan 2025]*

Conflict of Interest *[New section inserted by section 30 of the GST (Amendment) Act of Bhutan 2025]*

237O. A member, on becoming aware of a conflict of interest shall not hear, or continue to hear, an appeal. *[New section inserted by section 30 of the GST (Amendment) Act of Bhutan 2025]*

Department to assist the Review Board *[New section inserted by section 31 of the GST (Amendment) Act of Bhutan 2025]*

237P. The Department shall use its best endeavours to assist the Review Board to make the correct or preferred decision. *[New section inserted by section 31 of the GST (Amendment) Act of Bhutan 2025]*

Appeal to the Royal Court of Justice *[Amended by section 32 of the GST (Amendment) Act of Bhutan 2025]*

238. A person who is dissatisfied with a decision of the Review Board may appeal to the Royal Court of Justice within ten working days from the date of issue of the decision and reasons for the decision. *[Amended by section 33 of the GST (Amendment) Act of Bhutan 2025]*

CHAPTER 26

RECOVERY OF UNPAID AMOUNTS

Recovery of unpaid amounts

239. An amount payable under a tax law shall be paid to the Department.

240. An amount paid by a taxpayer to the Department shall be applied in this order:

- (1) first, against any outstanding tax;

- (2) second, against any outstanding late payment penalty;
 - (3) third, against any outstanding administrative penalty or GST offence penalty. *[Amended by section 34 of the GST (Amendment) Act of Bhutan 2025]*
241. The completion of an assessment shall not affect a proceeding for recovery of an unpaid amount, but an appropriate adjustment shall be made to the amount sought to be recovered to accord with the assessment.
242. Recovery proceedings shall not be affected by an objection, an application for review or an appeal, unless the Review Board or a court in an exceptional case orders otherwise. *[Amended by section 35 of the GST (Amendment) Act of Bhutan 2025]*
243. The Review Board or Court may make such order under section 242 of this Act as it considers reasonable in the circumstances. *[Amended by section 36 of the GST (Amendment) Act of Bhutan 2025]*

Garnishee notice

244. The Department may issue a garnishee notice if:
- (1) a debt is payable to the Department by a person, the “taxpayer”; and
 - (2) the Department reasonably believes another person, the “garnishee”:
 - (a) holds, or may receive, an amount for or on behalf of the taxpayer; or

- (b) is liable, or may become liable, to pay an amount to the taxpayer; or
 - (c) has authority to pay an amount to the taxpayer.
- 245. Section 244(2) of this Act shall apply even if the taxpayer's entitlement to the amount may be subject to unfulfilled contractual or other conditions.
- 246. The Department may, by written notice, require the garnishee to pay a stated amount not exceeding the taxpayer's debt to the Department by a stated date.
- 247. Section 246 of this Act shall apply until such time as the amount payable to the Department is fully recovered.
- 248. Payments to the Department by a garnishee shall be taken to discharge the garnishee's liability to the taxpayer.

Departure Prohibition Orders

- 249. The Department may issue a departure prohibition order, if it has reasonable grounds to believe the person is a delinquent taxpayer, on receipt of a court order authorizing the issue of the departure prohibition order.

Tax clearance certificate

- 250. The Department shall issue a tax clearance certificate on request but shall withhold a tax clearance

certificate if the person has outstanding liabilities with the Department.

251. If the Department is satisfied that it is necessary for ensuring payment of an amount that is or may become payable as and when required under this Act, the Department may give a written notice to the concerned authorities to suspend or refrain from granting or renewing a licence.
252. A notice issued under section 251 of this Act shall not apply after the Department issues a tax clearance certificate in respect of the holder of, or applicant for, the license.

Suspension of incentives

253. If the Department is satisfied on reasonable grounds that it is necessary for the protection of the revenue, the Department may give a written notice:
- (1) to a taxpayer suspending a tax holiday or other incentive until the Department issues a tax clearance certificate in respect of the taxpayer; and
 - (2) to the authority responsible for administration of the incentives notifying that the incentive has been suspended.

Freezing movement of goods

254. If the Department is satisfied on reasonable grounds that it is necessary for the protection of the revenue, the Department may give a written notice to a

taxpayer prohibiting the taxpayer from importing, exporting or transporting goods until the Department issues a tax clearance certificate in respect of the person.

Notice

255. Where a person has more than one business under same ownership, a notice issued under sections 251, 253 or 254 of this Act shall apply to all such businesses.
256. Within a reasonable time after giving a notice under sections 251 or 253 of this Act to another person, the Department shall give a copy of the notice to the taxpayer.
257. The Department shall give a written withdrawal notice under sections 251, 253 or 254 of this Act on liquidation of the debt.
258. The Ministry may prescribe rules and regulations relating to the provision of notices under sections 251, 253, 254 or 257 of this Act.

Persons conducting more than one business

259. Section 260 of this Act shall apply where:
- (1) a person conducts two or more sister businesses; and
 - (2) each sister business is separately licensed under the same ownership.

260. A notice under sections 251, 253 or 254 of this Act shall take effect in respect of every such business even if the relevant liability relates only a particular sister business.

CHAPTER 27

LATE PAYMENT PENALTY, ADMINISTRATIVE PENALTIES AND OFFENCES

Liability for late payment penalty

261. A person shall pay late payment penalty on outstanding tax, but late payment penalty shall not be levied on late payment penalty, administrative penalties and penalties for GST or offences.
[Amended by section 37 of the GST (Amendment) Act of Bhutan 2025]
262. Late payment penalty shall accrue daily at the rate prescribed under Schedule VII-A on the outstanding tax from the date the amount became payable until the amount is paid.
263. Entry into an arrangement for payment by installments, or acceptance of a security, shall not affect the obligation to pay late payment penalty under section 261 of this Act.

Administrative penalties

264. A person shall be liable for an administrative penalty as prescribed under Schedule VII-B for:
- (1) failing to:

- (a) register with the Department;
- (b) notify the Department of changes in registration;
- (c) apply to the Department for cancellation of registration;
- (d) file a return with the Department as required by this Act;
- (e) provide documents by the date required by the Department;
- (f) keep or retain records for a specified period as required by sections 210 to 212 of this Act;
- (g) provide information or records required by the Department under section 276 of this Act;
- (h) attend as required by the Department under section 281 of this Act;
- (i) provide reasonable assistance to the Department as required under section 282 of this Act;
- (j) issue a tax invoice;
- (k) issue an adjustment note;
- (l) comply with a garnishee notice; or
- (m) comply with any other written notice given by the Department;

- (2) entering into or carrying out a scheme where the Department makes a determination under section 318 of this Act;
- (3) departing or attempting to depart Bhutan when a departure prohibition order is in force;
- (4) advertising, displaying or quoting prices exclusive of GST; *[Amended by section 38 of the GST (Amendment) Act of Bhutan 2025]*
- (5) making a false or misleading statement that results in a shortfall in tax or excess credit or refund;
- (6) *[Repealed by section 39 of the GST (Amendment) Act of Bhutan 2025]*
- (7) otherwise contravening any provision of this Act or the rules and regulations prescribed under this Act.

GST offences *[Amended by section 40 of the GST (Amendment) Act of Bhutan 2025]*

265. A person shall be liable for penalties as prescribed under Schedule VII-C, if the person:

- (1) evades or attempts to evade payment of an amount payable or fraudulently obtains or attempts to obtain a benefit under this Act;
- (2) purposely creates or maintains false records for tax purposes;
- (3) destroys records with the intention to evade payment of an amount payable under this Act;

- (4) purposely makes a false or misleading statement in any return, where a shortfall in amount due or increase in an input tax credit or refund results;
- (5) on three or more occasions purposely does not file a tax return;
- (6) falsely represents that a person is registered for GST, or that a price that is offered or quoted for a supply includes an amount as GST; *[Amended by section 41 of the GST (Amendment) Act of Bhutan 2025]*
- (7) paying or accepting an amount in cash contrary to section 322 of this Act; or
- (8) contravening any other provision of this Act or the rules and regulations, as prescribed under this Act.

266. A person shall not be liable for both an administrative penalty and a penalty for an offence in relation to the same act or omission.

Remission

267. The Department may, through an independent committee created as per the rules and regulations prescribed under this Act, allow remission of late payment penalty, administrative penalties and GST offence penalties, wholly or partly: *[Amended by section 42 of the GST (Amendment) Act of Bhutan 2025]*

- (1) if the late payment was due to circumstances outside the control of the taxpayer;
- (2) if the late payment was attributable to delays by the Department; or
- (3) in other circumstances, as prescribed under the rules and regulations under this Act, where it would be unduly harsh for the taxpayer to be liable for the full amount of late payment penalty or administrative penalty or GST offences. *[Amended by section 43 of the GST (Amendment) Act of Bhutan 2025]*

Criminal offences

268. Notwithstanding section 265 of this Act, the Department shall submit the investigation findings to the Office of the Attorney General for Prosecution if the Department determines a prima facie criminal offence.

CHAPTER 28 ENFORCEMENT

Power

269. The Department shall be empowered to exercise the enforcement for control, monitoring and accounting for Goods and Service and in addition may invoke Chapter 18 of the Customs Act of Bhutan 2017 in relation to the following provisions in this Chapter. *[Amended by section 44 of the GST (Amendment) Act of Bhutan 2025]*

Search, inspection and investigation

270. The Department may search, inspect and investigate a person, documents, premises, conveyance or goods as per sections 271, 272 or 273 of this Act and in accordance with the Civil and Criminal Procedure Code of Bhutan for enforcement of this Act.

Search with court warrant

271. The Department shall obtain a search warrant from the court for conducting a search of a person, conveyance, documents, premises or goods.

Search without court warrant

272. The Department may, as per the rules and regulations prescribed under this Act and the Civil and Criminal Procedure Code of Bhutan, conduct a search without a court warrant of a person, conveyance, documents, premises or goods if there is imminent risk of a person disposing of or destroying evidence or the person escaping.

Joint investigation

273. The Department shall investigate potential offences in coordination with the Royal Bhutan Police, Anti-Corruption Commission of Bhutan or other law enforcement agencies in accordance with the Civil and Criminal Procedure Code of Bhutan and other relevant laws.

Access to places, documents and property

274. When exercising the power to search under sections 271 and 272 of this Act, the Department may at all reasonable times enter and remain on any land, premises or other place, and may:

- (1) inspect, make copies or take extracts from, any records; or
- (2) inspect, count, measure, weigh, gauge, test or analyse, and for that purpose take samples of, any goods or other property.

275. The powers under section 274 of this Act shall only be exercised with the approval of the Director or another senior officer at a level prescribed in the rules and regulations under this Act.

Information

276. The Department may by written notice, relating to a stated matter, require a person to provide to the Department:

- (1) records in the person's possession or control;
- (2) information within the person's knowledge to be provided in writing.

277. A notice under section 276 of this Act:

- (1) shall state a reasonable time and reasonable way for compliance with the notice;

- (2) may require information to be provided in a statement; and
 - (3) may require information to be provided on a regular or periodic basis.
278. The recipient of a notice under section 276 of this Act shall comply with the notice.

Power to summon

279. The Department may by written notice require a person to attend before the Department and give information in the person's knowledge about a stated matter.
280. A notice under section 279 of this Act shall state a reasonable time and place for the attendance.
281. The recipient of a notice under section 279 of this Act shall comply with the notice and produce books of accounts or other relevant documents if the notice requires.

Reasonable assistance to be provided

282. A person to whom a notice is given under section 276 or 279 of this Act, or the occupier of land, premises or place which the Department enters, shall provide reasonable assistance for the effective exercise of the powers under this Act.

Report

283. On completion of the investigation, a report of the search and any seizure shall be signed by the investigating team and a witness, mentioning details of documents or goods taken for further investigation purposes and a copy of such details of seizure shall be provided to the person who has been investigated as per the rules and regulations prescribed under this Act.

Restraint

284. The Department may restrain the assets and property of delinquent persons after obtaining a court order as prescribed in the rules and regulations under this Act.

Control of goods

285. Wherever necessary the goods may be kept under the control of the Department and subject to additional requirements as per the rules and regulations prescribed under this Act.

Seizure

286. The Department shall seize goods if satisfied on reasonable grounds that the goods are illicit goods.

287. Seizure shall be conducted as per the rules and regulations prescribed under this Act.

Confiscation of goods and documents

288. The Department shall confiscate goods and documents if there are reasons to believe that the goods and documents are liable for confiscation under the rules and regulations prescribed under this Act.

Disposal of confiscated goods

289. The Department shall dispose of the confiscated goods as prescribed in the rules and regulations under this Act.

Delinquent taxpayers

290. If a taxpayer fails to comply with a provision of this Act, the Department may give the taxpayer a notice:

- (1) outlining the nature of the non-compliance; and
- (2) notifying its intention to declare the taxpayer to be a delinquent taxpayer if the taxpayer does not comply by the date stated in the notice as per the rules and regulations prescribed under this Act.

291. A taxpayer who fails to comply with a notice under section 290 of this Act shall be declared to be a delinquent taxpayer.

292. The Department may exercise all necessary powers under this Act relating to a delinquent taxpayer without further notice to the taxpayer.

Department may make recording

293. When exercising powers under this Chapter, the Department may, with a person's knowledge, make a recording of questions asked by the Department and information given by the person.
294. The recording may be made in a manner that the Department considers appropriate as per the rules and regulations prescribed under this Act.
295. The Department may give the person a copy of the recording within a reasonable time upon request, unless the Department for good reason concludes that it is not appropriate to do so.

CHAPTER 29 MISCELLANEOUS

Payment by installment

296. The Department may approve arrangements for payment of tax by installments as prescribed by the rules and regulations under this Act.

Overpayment of GST

297. A taxable person may apply for a refund if:
- (1) the person has overpaid the net amount for a tax period; and

- (2) the overpayment arose as a result of the following in arriving at the net amount for the tax period:
 - (a) incorrect inclusion of an amount as output tax or an increasing adjustment; or
 - (a) omission of an amount of input tax or a decreasing adjustment.

Entitlement to interest on certain overpayments

298. The Department shall, in accordance with sections 299 and 300 of this Act pay interest at the rate prescribed in section 301 of this Act.

299. Interest under section 298 of this Act shall be payable on a refund if:

- (1) the refund arose because an assessment was reduced by a decision on an objection, application for review or appeal; or
- (2) the Department took more than the reasonable time to pay the refund, after the Department received all necessary information to determine the amount of the refund, as prescribed in the rules and regulations under this Act.

300. Sections 297 and 298 of this Act, don't apply:

- (1) to overpayments of GST to the extent that the overpaid amount was passed on to another person and not reimbursed to that person; or
[Amended by section 45 of the GST (Amendment) Act of Bhutan 2025]

- (2) if the Department is satisfied that the overpayment arose as part of a scheme to which section 317 of this Act applies; or
- (3) the refund is set off against an amount due under a law administered by the Department.

Amount of interest on overpayments

301. Interest accrues daily, at a rate prescribed in the rules and regulations under this Act, from:

- (1) where section 299(1) of this Act applies, the date on which the amount was overpaid; or
- (2) where section 299(2) of this Act applies, the day after the period expires; until the date the amount is refunded.

Refund claims

302. Before refunding an over paid amount, the Department shall set off the amount against any outstanding liability of the taxpayer to pay an amount under a law administered by the Department.

303. The Department shall, pay the tax refund to the taxpayer no later than 30 days after the refund application is filed.

304. A refund shall be payable if an application for refund is made in an approved format within one year from:

- (1) the date of payment of tax on a supply or import; or
- (2) the date of filing of GST returns for input tax credits.

Process for refund applications

305. The process for applying for and paying refunds, time limits on applications and processing of applications for refunds including restriction of refunds for GST shall be as per the rules and regulations prescribed under this Act. *[Amended by section 46 of the GST (Amendment) Act of Bhutan 2025]*

Immunity

306. Officials of the Department and the Director shall not be personally liable for any action or omission done in good faith in pursuance or intended pursuance of their duties and authorities under this Act.

Code of Conduct

307. Officials shall abide by the Code of Conduct and Ethics in the Bhutan Civil Service Rules and regulations.

Exemptions and rates only as provided by law

308. Except to the extent this Act expressly provides otherwise:

- (1) no supply, class of supplies, import, or class of imports shall be exempt or zero-rated; and

- (2) no person or class of persons shall be exempted from paying GST imposed under this Act.
[Amended by section 47 of the GST (Amendment) Act of Bhutan 2025]

309. No promise or commitment made, or understanding given, whether in writing or otherwise, by any person or any Government Department, authority, or employee shall override section 308 of this Act.

Advance Ruling

Department to give rulings

310. The Department may at any time:

- (1) give a private ruling to a person;
- (2) publish a public ruling ; or
- (3) withdraw or amend a ruling.

311. The Department may decline to give a private ruling where the Department is satisfied that it is not appropriate to do so.

Application of Advance Rulings

312. The Department, while making an assessment, shall assess a person's liability and entitlements under a tax law in accordance with a ruling, if the ruling applies to the person.

313. If there are inconsistent rulings, the most recent ruling shall apply to the extent of the inconsistency.

314. A statement that is not a ruling shall not bind the Department to assess in a particular way.

Application of a ruling to a person

315. Subject to section 316 of this Act, a ruling shall apply to a person if:

- (1) the relevant circumstances of the person are materially the same as the circumstances set out in the ruling;
- (2) the person relied on the ruling by acting in accordance with it; and
- (3) the ruling had not been withdrawn when the person relied upon it.

316. A private ruling shall not apply to a person if:

- (1) the ruling is part of a scheme to which section 317 of this Act applies; or
- (2) it would be concluded that the ruling would not have been given but for a false or misleading statement or fraud.

General Anti Avoidance Rules

317. Sections 318 to 320 of this Act shall apply if the Department is satisfied that:

- (1) a scheme has been entered into or carried out; and
- (2) a person has obtained a tax benefit in connection with the scheme; and

- (3) having regard to the substance of the scheme, it would be concluded that a person, or one of the persons, who entered into or carried out the scheme did so for the sole or dominant purpose of enabling the person referred to in section 317 (2) of this Act to obtain a tax benefit.

318. Notwithstanding any other provision in this Act, the Department:

- (1) may determine the tax liability of the person who obtained the tax benefit as if the scheme had not been entered into or carried out, or as if a reasonable alternative to entering into or carrying out the scheme had been entered into or carried out; and
- (2) shall make compensating adjustments to the tax liabilities or entitlements of other persons affected by the scheme if the Department is satisfied it is appropriate to do so.

319. If a determination or adjustment is made under section 318 of this Act, the Department shall make an assessment giving effect to the determination or adjustment.

320. A determination under section 318 of this Act may only be made by or with the approval of the Director or another senior officer at a level prescribed by the rules and regulations under this Act.

321. The Ministry may prescribe the rules and regulations governing the making of determinations under section 318 of this Act, including provision for

advice to be obtained from a panel which may include departmental and independent advisors.

Prohibition on cash dealings

- 322. A person shall not make or accept a payment in cash for any part of the consideration for a taxable supply, where the consideration exceeds an amount limit prescribed in the rules and regulations under this Act.
- 323. The consideration for such a supply shall be paid and accepted only by way of credit or debit card payment or cheque deposited or electronic funds transfer to the supplier's account at a bank or other financial institution or other means prescribed by the rules and regulations under this Act.
- 324. A person who makes a payment for an acquisition contrary to section 322 of this Act shall not be entitled to an input tax credit for the acquisition of the supply.
- 325. A person who accepts a payment contrary to section 322 of this Act shall not be entitled to input tax credits for input tax related to making the supply.

Advance payments

- 326. A taxpayer may make an advance payment to be held by the Department and applied in payment of the taxpayer's future tax liabilities as they fall due.

Confidentiality and information disclosure

327. Any confidential information obtained by a staff of the Department in the course of their employment shall be kept confidential.
328. The Department may provide confidential information to a person:
- (1) if the Department receives a court order requiring provision of the information; or
 - (2) for any official purpose the Director reasonably believes is necessary and appropriate.
329. *[Repealed by section 48 of the GST (Amendment) Act of Bhutan 2025]*

Writing off irrecoverable amount

330. The Department may write off amounts which the Department is satisfied are not able to be recovered as per the rules and regulations under this Act.

Notice

331. Where this Act provides for the Department to give a notice in writing, the notice may be given by hand, by post, in electronic form, or another form prescribed in the rules and regulations under this Act.

Reward for informant

332. As prescribed under the rules and regulations under this Act, a person providing information to the Department shall be rewarded if the information leads to:

- (1) seizure or confiscation of the goods; or
- (2) recovery of revenue from non-compliance to this Act.

Rulemaking power

333. The Ministry shall approve the rules and regulations for the effective implementation of this Act.

Translation of document

334. Any documents presented by a person to the Department in a language other than Dzongkha or English shall be translated either into Dzongkha or English by the person.

Amendment

335. Amendment of this Act by way of addition, variation or repeal shall be affected by the parliament.

Authoritative Text

336. The Dzongkha text of this Act shall be the authoritative text. However, in the event of any difference in the technical interpretation between the Dzongkha and the English texts, the English text

shall be regarded as equally authoritative to reconcile the difference in interpretation. *[Amended by section 49 of the GST (Amendment) Act of Bhutan 2025]*

CHAPTER 30 DEFINITIONS

Defined Terms

337. In this Act, unless the context indicates otherwise:

- (1) **“ad valorem rate”** means a rate applied as a percentage of value.
- (2) **“adjustment event”** means in relation to any supply:
 - (a) a cancellation of the supply;
 - (b) an alteration in the consideration for the supply;
 - (c) the return of the supply (or part thereof) to the supplier; or
 - (d) a variation or alteration to the whole or part of the supply, which has the effect that the supply becomes, or ceases to be, a taxable supply.
- (3) **“administrative penalty”** means an administrative penalty imposed under section 264 of this Act.
- (4) **“approved not for profit organisation”** means:

- (a) a religious organization under the Religious Organization Act of Bhutan 2007;
 - (b) Mutual Benefit Organizations (MBO) and Public Benefit Organizations (PBO) under the Civil Society Organization Act of Bhutan 2007 and amendment thereof;
 - (c) educational institution of a public character;
 - (d) a co-operative society registered under a Bhutanese law dealing with co-operative societies; or
 - (e) any other organization as determined by the Ministry in the public interest.
- (5) **“ancillary transport services”** means loading and unloading services, lashing and securing services, cargo inspection services, preparation of customs documentation, container handling services, and the storage of transported goods or goods to be transported.
- (6) **“application to own use”** includes consuming or giving away.
- (7) **“assessment”** has the meaning in section 213 of this Act.
- (8) **“assessment notice”** means an assessment notice issued under section 221 of this Act.
- (9) **“association of persons”** includes a partnership, a trust, and a body of persons

formed, organised, established, or recognised in Bhutan or elsewhere, but does not include a company or an unincorporated joint venture.

(10) **“Bhutanese consumer”**, in relation to a supply, means a person that:

- (a) is a resident of Bhutan; and
- (b) is not a registered person; or
- (c) is a registered person, but does not acquire the thing supplied solely or partly in the course or furtherance of an economic activity carried on by that person.

(11) **“Bhutanese tourism supplies”** means tourism supplies provided for use and enjoyment in Bhutan.

(12) **“commercial accommodation”** means:

- (a) accommodation in a building (including part of a building or a group of buildings) operated as a hotel, motel, inn, boarding house, guest house, hostel, or similar establishment in which lodging is regularly or normally provided to persons for a periodic charge; or
- (b) other accommodation offered for short term occupation by individuals other than as their main residence.

(13) **“company”** has the meaning given in the Companies Act of Bhutan 2016.

- (14) **“confidential information”** means information that is not publicly available and acquired by a person in an official capacity.
- (15) **“conveyance”** means and includes an aircraft, vehicle, vessel, animals or any other means of transport.
- (16) **“customer”** means a recipient of a supply.
- (17) **“Department”** means the relevant authority, including regional and branch offices under the Ministry of Finance. *[Amended by section 50 of the GST (Amendment) Act of Bhutan 2025]*
- (18) **“departure prohibition order”** means an order issued under section 249 of this Act prohibiting a person from departing from Bhutan.
- (19) **“directly related to land”**, in relation to services, means that the services are:
- (a) physically performed on land;
 - (b) services of experts and estate agents relating to specific land; or
 - (c) services relating to construction work undertaken or to be undertaken on specific land.
- (20) **“Director”** means the Director or Director General of the Department.

- (21) **“distributor”** *[Repealed by section 51 of the GST (Amendment) Act of Bhutan 2025]*
- (22) **“education services”** means, subject to the rules and regulations prescribed under this Act, teaching services of the kind ordinarily provided by a school, college or university, but not services of the kind ordinarily provided by a vocational training institution.
- (23) **“electronic distribution platform”** means a medium (including but not limited to a website, internet portal, gateway, WEB store or WEB marketplace) that satisfies the following conditions:
- (a) the medium allows persons to make supplies available to customers by electronic means;
 - (b) the medium is operated by electronic means; and
 - (c) the medium is not solely for processing any payment for any supply. *[Amended by section 52 of the GST (Amendment) Act of Bhutan 2025]*
- (24) **“electronic services”** means any of the following, when provided or delivered on or through a telecommunications network:
- (a) websites, web-hosting, or remote maintenance of programmes and equipment;

- (b) Software and the updating thereof;
[Amended by section 53 of the GST (Amendment) Act of Bhutan 2025]
 - (c) virtual currencies;
 - (d) images, text, and information;
 - (e) access to databases;
 - (f) self-education packages;
 - (g) music, films, and games;
 - (h) political, cultural, artistic, sporting, scientific, and other broadcasts and events including broadcast television services delivered by means of electronic communication; and
 - (i) any other supplies that are imported B2C services that are to be made by means of electronic communication.
- (25) “**entertainment**” means the provision of food, beverages, amusement, recreation, or hospitality of any kind.
- (26) *[Repealed by section 54 of the GST (Amendment) Act of Bhutan 2025]*
- (27) *[Repealed by section 55 of the GST (Amendment) Act of Bhutan 2025]*
- (28) “**exempt**”, in relation to a supply or import, means:
- (a) a supply or import that is specified as exempt under Schedule IV; or

- (b) supply of a right to receive a supply that would be exempt.
- (29) “**export**”, means the removal of the goods from a place in Bhutan to a place outside Bhutan.
- (30) “**false or misleading**” means, in relation to a statement, that the statement is false or misleading in a material particular, including by omission.
- (31) “**finance lease**” means a lease that is treated as a finance lease under International Financial Reporting Standards but does not include a hire purchase agreement.
- (32) “**financial services**” means any of the following services but does not include a supply of the services of arranging for or facilitating any of such services:
 - (a) granting, negotiating, and dealing with loans, credit, credit guarantees, and security for money, including management of loans, credit, or credit guarantees by the grantor;
 - (b) transactions concerning money, deposit and current accounts, payments, transfers, debts, cheques, or negotiable instruments, other than debt collection and factoring;

- (c) transactions relating to financial derivatives, forward contracts, options to acquire financial instruments, and similar arrangements;
 - (d) transactions relating to shares, stocks, bonds, and other securities, but not including custody or brokerage services;
 - (e) transactions involving granting or transferring ownership of an interest in a scheme whereby provision is made for the payment or granting of benefits by a benefit fund, provident fund, pension fund, retirement annuity fund, preservation fund, or similar fund;
 - (f) transactions involving the provision, or transfer of ownership, of a life insurance contract or the provision of reinsurance in respect of such contract; and
 - (g) the payment or collection of an amount of interest, principal, dividend, or other amount in respect of any share, debt security, equity security, participatory security, credit contract, contract of life insurance, superannuation scheme, or futures contract.
- (33) “**fixed place**”, in relation to the carrying on of an economic activity, means a place at or through which the activity is carried on, being:

- (a) a place of management;
 - (b) a branch, office, factory, or workshop;
 - (c) a mine, an oil or gas well, a quarry, or any other place of extraction of natural resources; or
 - (d) a building site or construction or installation project.
- (34) **“foreign tourism supplies”** means tourism supplies provided for use or enjoyment outside Bhutan.
- (35) **“full input tax credit”**, in relation to a person and in relation to a supply or import, means a credit for all of the GST payable on that supply or import.
- (36) **“garnishee notice”** means a notice issued under section 244 of this Act.
- (37) **“goods”** means all kinds of tangible moveable property, excluding shares, stocks, securities, or money.
- (38) **“government entity”** means:
- (a) the Government of Bhutan or a Ministry, Department, or agency of that Government;
 - (b) a body or authority owned or operated by the Government; or *[Amended by section*

56 of the GST (Amendment) Act of Bhutan 2025]

- (c) a local authority, council, or similar body in Bhutan; or *[Amended by section 57 of the GST (Amendment) Act of Bhutan 2025]*
 - (d) An enterprise owned or operated by the Government. *[New section inserted by section 58 of the GST (Amendment) Act of Bhutan 2025]*
- (39) “**GST**” or “Goods and Services Tax” means the Goods and Services Tax imposed under section 12 of this Act.
- (40) “**GST offence penalty**” means a penalty for a GST offence imposed under section 265 of this Act. *[Amended by section 59 of the GST (Amendment) Act of Bhutan 2025]*
- (41) “**GST return**” means a return that a person is required to file with the Department, in which information about that person’s or some other person’s liability to pay a net amount under this Act is provided.
- (42) “**GST value**” means:
- (a) the value of the supply under this Act; but
 - (b) if the supplier and customer are related – the fair market value reduced by the tax fraction.

- (43) “**health services**” means, subject to the rules and regulations prescribed under this Act, medical services of the kind ordinarily provided by a hospital or medical practitioner.
- (44) “**illicit goods**” means goods that:
- (a) have been or are being dealt without a permit contrary to section 200 of this Act;
 - (b) *[Repealed by section 60 of the GST (Amendment) Act of Bhutan 2025]*
 - (c) have been or are being dealt with in another way that is an offence under any law; and
 - (d) includes any associated containers and equipment.
- (45) “**import**” means the act of bringing goods into Bhutan from a place outside Bhutan.
- (46) “**imported B2B services**” means services supplied by a person not being a resident to a taxable person who acquired the services supplied solely or partly in the course or furtherance of an economic activity carried on, at or through a fixed place in Bhutan.
- (47) “**imported B2C services**” means services supplied by a person not being a resident to a Bhutanese consumer.

(48) “**immovable property**” includes:

- (a) an interest in or right over land;
- (b) a personal right to call for or be granted an interest in or right over land;
- (c) a licence to occupy land or any other contractual right exercisable over or in relation to land;
- (d) the provision of accommodation; or
- (e) a right or option to acquire anything mentioned in subsections (a) to (d).

(49) “**individual**” means a natural person.

(50) “**input tax**”, in relation to a person, means:

- (a) GST imposed on a taxable supply made to the person, including GST payable by the person on a taxable supply of imported B2B services; and
- (b) GST imposed on a taxable import by the person.

(51) “**input tax credit**”, in relation to a person, means a credit allowed for input tax incurred by the person.

(52) “**intermediary**” includes a distributor, agent, or other intermediary.

(53) “**international transport**” means:

- (a) the services, other than ancillary transport services, of transporting passengers or goods by land, water, or air:
 - (i) from a place outside Bhutan to another place outside Bhutan;
 - (ii) from a place outside Bhutan to a place in Bhutan; or
 - (iii) from a place in Bhutan to a place outside Bhutan.
- (b) the services of transporting passengers from a place in Bhutan to another place in Bhutan to the extent that those services are supplied as part of the supply of the services to which subsection (a) applies and by the same supplier.
- (c) the services, including ancillary transport services, of transporting goods from a place in Bhutan to another place in Bhutan to the extent that those services are supplied as part of the supply of the services to which subsection (a) applies and by the same supplier.

(54) “**invoice**” means a document notifying an obligation to make a payment.

- (55) “**jabmi**” means a Bhutanese legal counsel licensed to practice law in Bhutan.
- (56) “**late payment penalty**” means penalty for late payment of taxes imposed under section 261 of this Act.
- (57) “**law**” includes a law enacted by the Parliament of Bhutan and delegated legislation thereof.
- (58) “**lay-by agreement**” means an agreement for the sale and purchase of goods under which:
- (a) the price of the goods is payable by instalments; and
 - (b) the customer takes possession and ownership of the goods after the final instalment is paid.
- (59) “**lottery event**” means:
- (a) the conduct of a lottery, raffle, or similar activity; or
 - (b) a race, game, sporting event, or other event that has or is intended to have an outcome.
- (60) “**lottery supply**” means:
- (a) the supply of a ticket in the form of a lottery, raffle, or similar activity; or
 - (b) the acceptance of a bet relating to the outcome of a lottery event.

(61) “**medical practitioner**” includes a doctor, dentist, pharmacist, nurse, radiographer, optometrist, audiologist, psychologist, counsellor, acupuncturist, naturopath, homeopath, or other provider of recognised medical services, registered and certified by Bhutan Medical and Health Council.

(62) *[Repealed by section 61 of the GST (Amendment) Act of Bhutan 2025]*

(63) “**ministry**” means the Ministry of Finance.

(64) “**money**” means any of the following, other than an item of numismatic interest:

- (a) any coin or paper currency that is legal tender in Bhutan or in another country;
- (b) a negotiable instrument used or circulated, or intended for use or circulation, as currency (whether of Bhutan or of another country);
- (c) a bill of exchange, promissory note, bank draft, postal order, money order, or similar instrument; or
- (d) whatever is supplied as payment by way of:
 - (i) credit card or debit card; or
 - (ii) crediting or debiting an account.

- (65) “**net amount**”, in relation to a tax period, means the amount calculated under sections 44 and 45 of this Act.
- (66) *[Repealed by section 62 of the GST (Amendment) Act of Bhutan 2025]*
- (67) “**notice of objection**” means notice of an objection made in writing under sections 224 to 226 of this Act and setting out the grounds of objection in full.
- (68) “**notional distributor selling price**” means the fair market value (excluding GST) for a sale to a distributor.
- (69) “**objection decision**” means a decision under section 227 of this Act and includes a decision taken under section 229 of this Act to be a decision rejecting an objection in full.
- (70) “**on the papers**”, in relation to an application for review, means a proceeding conducted entirely on the basis of documents, without the appearance of any party, their representatives or witnesses at an oral hearing.
- (71) “**output tax**”, in relation to a taxable person, means GST payable by the person in respect of:
- (a) a taxable supply made by the person; and
 - (b) a taxable supply of imported B2B services acquired by the person.

- (72) “**passenger vehicle**” means a motor-powered road vehicle (including a motorcycle) designed to carry no more than eight passengers, but does not include a vehicle:
- (a) not designed for the principal purpose of carrying passengers; or
 - (b) designed for use as an ambulance or other emergency vehicle.
- (73) “**partnership**” includes two or more persons carrying on an economic activity jointly.
- (74) “**person**” means:
- (a) an individual including a sole proprietor;
 - (b) a company;
 - (c) an association of persons;
 - (d) a government entity, whether or not that entity would ordinarily be treated as a separate person;
 - (e) a foreign government or a political subdivision of a foreign government; or
 - (f) a public international organisation.
- (75) “**place**” includes a building, boat, aircraft or vehicle.
- (76) “**precious metal**” means:
- (a) gold;

- (b) platinum; or
- (c) any other metal;

in investment form as prescribed by the rules and regulations under this Act.

(77) **“prepaid telecommunications product”** means a phone card, prepaid card, recharge card, or prepayment, and in whatever form, for telecommunication services.

(78) **“private ruling”** means a written ruling that states it is a private ruling, made by the Department on the written application of a person, on the way the Department considers this Act and the rules and regulations prescribed hereunder apply or would apply to a person in relation to specified circumstances.

(79) **“progressive or periodic supply”** means:

- (a) a supply made progressively or periodically under an agreement or law that provides for progressive or periodic payments;
- (b) a supply by way of lease, hire, licence or other right to use property, including a supply under a finance lease; or
- (c) a supply made directly in the construction, major reconstruction, or

extension of a building or engineering work.

(80) “**protection of the revenue**” means ensuring payment of an amount that is or may become payable as and when required under this Act.

(81) “**public ruling**” means a published written ruling that states it is a public ruling, on the way in which the Department considers that this Act and the rules and regulations prescribed hereunder apply or would apply to persons generally or a class of persons, whether or not in relation to a class of circumstances or a particular circumstance.

(82) “**reasonable assistance**” includes:

- (a) unlocking premises, a place or a safe;
- (b) providing information, including electronic passwords, to allow and facilitate access to, or understanding of, a document or other record; and
- (c) reasonable access to facilities for copying documents.

(83) “**records**” include:

- (a) a book of account, document, paper, register, bank statement, receipt, invoice, voucher, contract or agreement, or

Customs entry whether kept in physical or electronic format;

- (b) any information or data stored or accessible on a computer or mobile electronic device; and
 - (c) other records prescribed by the rules and regulations under this Act.
- (84) “**registered person**” means a person who is registered for GST under this Act.
- (85) “**re-export**” means export of goods which have previously been imported.
- (86) “**re-import**” means import of goods which have been previously exported.
- (87) “**remote conferencing**” means teleconferencing, video conferencing or another form of communication that allows persons taking part in a proceeding to hear and take part remotely in discussions as they happen.
- (88) “**residential premises**” means premises that are occupied as a residence, or that are designed to be, and are capable of being, occupied as a residence, and includes:
- (a) any garage, storage space, or other space associated with the premises, so long as that space is of a type commonly

- considered to be part of such residential premises; and
- (b) any land that is reasonably attributable to the premises; but
 - (c) does not include any premises or part of premises that is used to provide commercial accommodation.
- (89) “**reviewable decision**” means a decision specified in the Schedule IX.
- (90) “**ruling**” means a private ruling or a public ruling.
- (91) “**sale**” means a transfer of the right to dispose of goods or immovable property as owner, including by exchange or barter, but does not include an offer or exposure of goods or immovable property for sale.
- (92) “**scheme**” includes any course of action, agreement, arrangement, understanding, promise, plan, proposal or undertaking, whether express or implied and whether or not enforceable.
- (93) “**second-hand goods**” means goods that have previously been used and includes returnable containers, but does not include:
- (a) gold, silver or platinum (but not goods made of gold, silver or platinum); or

- (b) diamonds, rubies, emeralds, sapphires, or gems of similar value that are not mounted, set, or strung;
 - (c) animals or plants; or
 - (d) other goods as prescribed in the rules and regulations under this Act.
- (94) “**services**” means anything that is not goods, immovable property, or money, including but not limited to:
- (a) a provision of information or advice;
 - (b) a grant, assignment, termination, or surrender of a right;
 - (c) the making available of a facility, opportunity, or advantage;
 - (d) an entry into an agreement to refrain from or permit an activity, a situation, or the doing of an act;
 - (e) an issue, transfer, or surrender of a licence, permit, certificate, concession, authorisation, or similar right;
 - (f) electronic services;
 - (g) telecommunication services;
 - (h) repair and maintenance services;
 - (i) rental and hiring services;
 - (j) construction services;
 - (k) transport services;

- (l) utility services;
 - (m) entertainment and recreational services;
 - (n) lottery supply;
 - (o) insurance;
 - (p) printing and publication;
 - (q) postal and courier services;
 - (r) engineering services;
 - (s) management services;
 - (t) professional services; and
 - (u) sales and marketing services;
- (95) “**specific rate**” means a rate per unit of product or of alcohol or other content.
- (96) “**start date**” means the date prescribed under section 2 or section 3 of this Act.
- (97) “**STCE Act**” means the Sales Tax, Customs and Excise Act of Kingdom of Bhutan 2000.
- (98) “**supply**” means any kind of supply whatsoever and includes an application to own use, which is taken to be a supply for no consideration.
- (99) “**tax**” means GST. *[Amended by section 63 of the GST (Amendment) Act of Bhutan 2025]*
- (100) “**tax benefit**” means:

- (a) a reduction in, or postponement of, a liability for tax, including on account of a deduction, credit, offset or rebate;
- (b) an entitlement to, or an increase in, a credit, refund or rebate or receiving it earlier than would otherwise be the case;
- (c) any other advantage arising because of a delay in payment of tax; or
- (d) anything that causes an amount that would otherwise be subject to tax not to be taxed.

(101) “**tax clearance certificate**” means a certificate issued under section 250 of this Act.

(102) “**tax fraction**” means the amount worked out in accordance with the following formula:

$$\frac{R}{100 + R}$$

where R is the rate of GST specified in Schedule I.

(103) “**taxable import**” means an import of goods, other than an exempt import.

(104) “**tax invoice**” means a document required under section 209 of this Act containing information prescribed by the rules and regulations under this Act.

(105) “**tax period**” means a calendar month, beginning at the start of the first day of the month and ending at the end of the last day of

the month, or such other period prescribed in the rules and regulations under this Act.

(106) “**taxable person**” means:

- (a) a registered person;
- (b) subject to the rules and regulations prescribed under this Act, a person who is required to be registered for GST.

(107) “**taxable supply**” means:

- (a) a supply, other than an exempt supply, that is made in Bhutan by a taxable person in the course or furtherance of an economic activity carried on by the person; or
- (b) a supply of services made in Bhutan by a nonresident, which would have been taxable at a rate other than zero, if the supply had been made in Bhutan by a taxable person in the course of an economic activity.

(108) “**taxpayer**” means a person:

- (a) making supplies or importing goods in the course or furtherance of an economic activity; or
- (b) *[Repealed by section 64 of the GST (Amendment) Act of Bhutan 2025]*

- (c) who is a local representative of a non-resident taxpayer.

(109) *[Repealed by section 65 of the GST (Amendment) Act of Bhutan 2025]*

(110) **“telecommunication service”** means a transmission, emission, or reception of signals, writing, images, sounds, or information of any kind by wire, radio, optical, or other electromagnetic systems, and includes:

- (a) a transfer or assignment of the right to use capacity for such transmission, emission, or reception; and
- (b) a provision of access to global or local information networks;
but does not include a supply of the text, images, sounds, or information conveyed.

(111) **“time of supply”** means:

- (a) in relation to a supply of goods: the time at which the goods are delivered or made available;
- (b) in relation to a supply of services: the time at which the services are rendered, provided, or performed;
- (c) in relation to a supply of immovable property: the earlier of the time at which the property is:

(i) created, transferred, assigned, granted, or otherwise supplied to the customer; or

(ii) delivered or made available.

(112) “**tourism supplies**” means supplies of commercial accommodation, meals, tours, entertainment, or similar things commonly provided to tourists or visitors (whether alone or as part of a holiday or tour package).

(113) “**tourist**” means an individual who:

(a) has, in the immediately preceding 24 months, been present in Bhutan for not more than 365 days in the aggregate;

(b) is neither a citizen nor a permanent resident of Bhutan;

(c) is not a member of the crew of an aircraft on which the individual is departing out of Bhutan; and

(d) has not, at any time in the immediately preceding six months, been employed in Bhutan;

(114) “**travel agent**” means an agent, tour operator, or person acting in a similar capacity, who supplies tourism supplies and or rights to receive such supplies.

(115) “**trust**” means the trustee of a trust estate.

(116) “**voucher**” includes a stamp, token, coupon, or similar article, including an article issued electronically, which can be redeemed by the holder for supplies of goods, services, or immovable property, and includes a prepaid telecommunications product, but does not include a postage stamp.

(117) “**zero-rated**”, in relation to a supply or import, means:

- (a) a supply or import that is specified as zero-rated under Schedule V; or
- (b) a supply of a right to receive a supply that would be zero-rated.

338. Defined terms that have different defined meanings for different contexts shall take the meaning applicable to the context.

Meaning of consideration

339. “**Consideration**”, in relation to a supply, means the sum of the following amounts:

- (1) the amount in money paid or payable by any person, whether directly or indirectly, in relation to a supply; and

- (2) the fair market value of anything paid or payable in kind, whether directly or indirectly, by any person in relation to the supply.

340. Without limiting section 339 of this Act, the consideration for a supply includes:

- (1) any duty, levy, fee, charge, or tax (including GST) that is:
 - (a) payable by the supplier on, or by reason of, the supply; and
 - (b) included in or added to the amount charged to the customer;
- (2) any amount charged to the customer that is calculated or expressed by reference to costs incurred by the supplier;
- (3) any service charge that is automatically added to the price of the supply; and
- (4) any amount paid when goods are sold in a returnable container and which may be refunded on the return of the container.

341. The consideration for a supply is the net price after deduction of a discount or rebate, if any, allowed at the time of the supply.

342. A reimbursement of costs incurred as agent does not form part of the consideration for a supply made by the agent to the person paying the reimbursement.

Meaning of economic activity

343. “**Economic activity**” means:

- (1) an activity carried on continuously or regularly by a person, which involves or is intended to involve the supply of goods, services, or immovable property, including but not limited to:
 - (a) an activity carried on in the form of a business, profession, vocation, trade, manufacture, or undertaking of any kind, whether or not the activity is undertaken for profit; and
 - (b) a supply of property by way of lease, hire, licence, or similar agreement; and
- (2) a one-off venture or concern in the nature of trade.

344. Anything done during or in respect of the commencement or termination of an economic activity is part of the economic activity, including but not limited to the making of a supply, import, or acquisition.

345. The following shall not be treated as an economic activity:

- (1) activities of an employee providing services in that capacity to an employer;

- (2) activities performed as a director of a company, except where the director accepts such office in carrying on a business, in which case those services shall be regarded as being supplied in the course or furtherance of that business;
 - (3) a private recreational pursuit or hobby of an individual; or
 - (4) an activity carried on by an individual, or by an association of persons all of the members of which are individuals, without a reasonable expectation of profit.
346. An economic activity includes an illegal activity, but nothing in this provision renders the activity legal or authorizes the activity to be carried on.

Meaning of fair market value

347. “**Fair market value**” of a supply, including a supply given as in-kind consideration for another supply, is:
- (1) the consideration the supply would fetch in an open market transaction freely made between persons who are not related persons; or
 - (2) if it is not possible to determine an amount under section 347(1) of this Act, the consideration that a similar supply would fetch in an open market transaction, adjusted to take account of the differences between such supply and the actual supply.

348. One supply is similar to another if it is the same as, or closely resembles, the other supply in character, quality, quantity, functionality, materials, and reputation.
349. The fair market value of a supply is determined on the basis of the market conditions, including the registration status of the supplier, prevailing at the time and place of the actual supply.

Meaning of related person

350. “**Related persons**” are two persons where the relationship between them is such that one can reasonably be expected to act in accordance with the intentions of the other, or that both can reasonably be expected to act in accordance with the intentions of a third person.
351. Without limiting section 350 of this Act, the following are persons “**related**” to each other:
- (1) an individual and:
 - (a) the husband or wife of the individual;
 - (b) a relative of the individual;
 - (c) the husband or wife of a relative of the individual;
 - (d) a relative of the individual’s husband or wife; and

- (e) the husband or wife of a relative of the individual's husband or wife;
- (2) a partnership and a partner in the partnership, if the partner, either alone or together with persons who are related to the partner, controls ten percent or more of the rights to income or capital of the partnership;
- (3) a company and a shareholder in the company, if the shareholder, directly or indirectly, either alone or together with persons who are related to the shareholder, controls ten percent or more of the voting power in the company or the rights to distributions of income or capital by the company;
- (4) a company and another company, if a person, directly or indirectly, either alone or together with persons who are related to the person, controls ten percent or more of the voting power or the rights to distributions of income or capital in both of them; and
- (5) a person acting in the capacity of trustee of a trust and an individual who is or may be a beneficiary of that trust or, in the case of an individual, whose relative is or may be a beneficiary of the trust.

352. “**Relative**” of an individual means an ancestor of the individual, or a lineal descendant of the individual’s grandparents.

Meaning of resident

353. An individual is a “**resident**” at a particular time if:

- (1) the normal place of abode of the individual is in Bhutan;
- (2) the individual has been or will be present in Bhutan on more than 183 days in the current calendar year; or
- (3) the individual:
 - (a) is or will be present in Bhutan for more than 3 months in the calendar year; and
 - (b) was present in Bhutan for more than 365 days during the four immediately preceding calendar years.

354. A company is a “**resident**” at a particular time if:

- (1) it is incorporated under a Bhutanese law; or (2)

its central management and control are in

Bhutan.

355. A trust is a “**resident**” of Bhutan if:

- (1) a trustee of the trust is a resident of Bhutan; or
 - (2) the central management and control of the trust is in Bhutan.
- 356. An association of persons other than a trust is a “**resident**” at a particular time if:
 - (1) it is formed in Bhutan; or
 - (2) its central management and control are in Bhutan.
- 357. A government entity is a “**resident**” of Bhutan.
- 358. “**Non-resident**” is a person who is not a resident of Bhutan.
- 359. If a provision in this Act or the rules and regulations prescribed under this Act states a period of days, the period shall be computed as if a “**day**” includes weekends, public holidays and other days that are not working days.

PART III
SCHEDULE OF RATE AND OTHER
PROVISIONS

*[Amended by section 66 of the GST (Amendment) Act of
Bhutan 2025]*

SCHEDULE I GST RATE

Paragraph No.	Description
1.	Other than the zero rate prescribed in Schedule V, the applicable GST rate on taxable supplies and taxable imports of goods and services shall be 5%. <i>[Amended by section 67 of the GST (Amendment) Act of Bhutan 2025]</i>

SCHEDULE II GST REGISTRATION THRESHOLD

Paragraph No.	Description
1.	The registration turnover threshold shall be Ngultrum 5,000,000 per annum as prescribed in the rules and regulations under this Act.

SCHEDULE III OUT OF SCOPE PAYMENTS TO GOVERNMENT ENTITIES

Each of the following if paid or payable to a government entity is taken not to be consideration for a supply and is not subject to GST:

Paragraph No.	Description
1.	A tax imposed by an existing law.
2.	A fee or royalty that relates to (or relates to an application for) a permission or licence.
3.	An administrative penalty.

Paragraph No.	Description
4.	A penalty for an offence.
5.	Interest or any other charge pertaining to late payment of a tax, fee or charge specified in this Schedule.
6.	Any other amount, as prescribed by the rules and regulations under this Act, paid or payable to a government entity.

SCHEDULE IV

SUPPLIES AND IMPORTS EXEMPT FROM GST

A. Exemption of Supplies

The following are exempt supplies:

Paragraph No.	Description
1.	A supply of immovable property, to the extent that the property relates to land to be used for agricultural purposes.
2.	A lease, license, hire or other form of supply, to the extent that it is a supply of the right to occupy and reside in residential premises.
3.	A sale of immovable property, to the extent that the property relates to residential premises, not including: <ul style="list-style-type: none"> (1) the first sale of newly constructed residential premises; or (2) a subsequent sale if the premises have been occupied as a residence for less than two years.

Paragraph No.	Description
4.	<p>A supply of goods or services by a flat, unit, or apartment owner's association to a member of the association, if:</p> <p>(1) the flat, unit, or apartment that is owned by the member, or the property the member is entitled to occupy as a consequence of its membership, is residential premises; and</p> <p>(2) the goods or services are on-supplied to the members at the same price for which they were acquired.</p>
5.	A supply of financial services, except to the extent that a specific fee (not being a life insurance premium) is charged for the service.
6.	<i>[Repealed by section 68 of the GST (Amendment) Act of Bhutan 2025]</i>
7.	Supplies that are treated as a single supply under section 116 of this Act.
8	<i>[Repealed by section 68 of the GST (Amendment) Act of Bhutan 2025]</i>
9.	<i>[Repealed by section 68 of the GST (Amendment) Act of Bhutan 2025]</i>
10.	A supply of education services.
11.	A supply of health services.
12.	<i>[Repealed by section 68 of the GST (Amendment) Act of Bhutan 2025]</i>

Paragraph No.	Description
13.	<i>[Repealed by section 68 of the GST (Amendment) Act of Bhutan 2025]</i>
14.	<i>[Repealed by section 68 of the GST (Amendment) Act of Bhutan 2025]</i>

B. Exemption of Imports

The following are exempt imports:

Paragraph No.	Description
1.	<i>[Repealed by section 69 of the GST (Amendment) Act of Bhutan 2025]</i>
2.	<p>Re-import of goods, including containers, if:</p> <ol style="list-style-type: none"> (1) the goods have been exported and then returned to Bhutan by any person within the time prescribed under the Customs Act of Bhutan 2017 and rules thereof; (2) the goods were not subject to any process of manufacture or adaptation and did not experience a permanent change of ownership; and (3) at the time when the goods were exported, they were not the subject of a supply that was zero-rated under this Act and were declared at customs as evidenced by a customs declaration.
3.	An import of goods conveyed to Bhutan for transshipment to any other country or transiting through Bhutan.

Paragraph No.	Description
4.	An import of goods that is exempt under an agreement entered into between the Government of Bhutan and another Government or an international agency which has been ratified by Parliament.
5.	Donations to aid in the relief of a natural disaster.
6.	An import of personal effects on transfer of residence of a Bhutanese individual on Government duty abroad on their bonafide transfer to Bhutan who has been residing abroad in accordance with the privileges or relief granted by any other laws in force in the country. <i>[Amended by section 69 of the GST (Amendment) Act of Bhutan 2025]</i>
7.	<i>[Repealed by section 69 of the GST (Amendment) Act of Bhutan 2025]</i>
8.	<i>[Repealed by section 69 of the GST (Amendment) Act of Bhutan 2025]</i>
9.	An import comprising a free baggage allowance as per the Customs Act of Bhutan 2017 or rules and regulations prescribed hereunder.

C. Other Exemptions

An import or supply prescribed as exempt under the following Bhutan Trade Classification Schedule: *[Amended by section 70 and 71 of the GST (Amendment) Act of Bhutan 2025]*

BTC Code	Commodity Description
10.06	Rice.
1006.30.00	Semi-milled or wholly milled rice, whether or not polished or glazed
15.12	Sunflower-seed, safflower or cotton-seed oil and fractions thereof, whether or not refined, but not chemically modified.
1512.19.00	- - Other
15.14	Rape, colza or mustard oil and fractions thereof, whether or not refined, but not chemically modified.
1514.19.00	- - Other
25.01	Salt (including table salt and denatured salt) and pure sodium chloride, whether or not in aqueous solution or containing added anti-caking or free-flowing agents; sea water.
2501.00	Salt (including table salt and denatured salt) and pure sodium chloride, whether or not in aqueous solution or containing added anti- caking or free-flowing agents; sea water.:
2501.00.10	- - -Common salt (iodized)
2501.00.20	- - - Common salt (non-iodized)
2501.00.30	- - - Rock salt
2501.00.90	- - -Other
87.13	Carriages for disabled persons, whether or not motorized or otherwise mechanically propelled.
8713.10.00	- not mechanically propelled
96.19	Sanitary towels (pads) and tampons, napkins (diapers), napkin liners and similar articles, of any material.
9619.00.00	Sanitary towels (pads) and tampons, napkins (diapers), napkin liners and similar articles, of any material

Automatic update of Schedule IV C

- (1) Schedule IV C to Goods and Services Tax Act of Bhutan 2020 is deemed to be amended to reflect any changes to the Bhutan trade classification code as adopted or revised from time to time.
- (2) The Ministry must cause to be published on the department's website any amendment to Schedule IV C arising from a change in the Bhutan Trade Classification Code.
- (3) For avoidance of doubt, a deemed amendment to Schedule IV C shall take effect on the date on which the relevant change to the Bhutan Trade Classification Code comes into operation, or such later date as may be specified by the Ministry.
[New section inserted by section 72 of the GST (Amendment) Act of Bhutan 2025].

SCHEDULE V

ZERO-RATED SUPPLIES

The following are zero-rated supplies:

Paragraph No.	Description
1.	<p>Goods not in Bhutan A supply of goods if the goods:</p> <ul style="list-style-type: none"> (1) are located outside Bhutan at the time of supply; and (2) will not be imported into Bhutan, or installed or assembled in Bhutan, by the supplier. <p>For the purpose of paragraph 1(1), goods supplied after they are imported but before they are declared at Customs shall be treated as located outside Bhutan at the time of the supply.</p>
2.	<p>Goods exported Sale of goods meant for export:</p> <ul style="list-style-type: none"> (1) where a person has declared the goods for export under the Customs Act of Bhutan 2017 and the goods have been exported; or (2) being a sale of goods by a licensed duty-free vendor to a tourist or visitor which shall be treated as an export on production of documentary evidence and proof of exit as prescribed in the rules and regulations under this Act.

Paragraph No.	Description
3.	<p>Leased goods used outside Bhutan A supply of goods in Bhutan by way of lease, hire, licence, or similar supply to the extent that the goods are used outside Bhutan. This paragraph does not apply:</p> <ol style="list-style-type: none"> (1) where leased goods are used in international territory, but immediately before and after are used in Bhutan; or (2) to a supply of a vehicle or aircraft for a period of less than ninety days.
4.	<p>Goods supplied to non-resident warrantor A supply of goods if it relates to the repair or replacement of goods under warranty and:</p> <ol style="list-style-type: none"> (1) the supply is provided under an agreement with, and for consideration given by, the warrantor, who is a non-resident and is not a registered person; and (2) it is reasonable to presume that the goods under warranty were previously subject to GST when imported. <p>Services supplied to non-resident warrantor A supply of services if it relates to the repair or replacement of goods under warranty and:</p> <ol style="list-style-type: none"> (1) the supply is provided under an agreement with, and for consideration given by, the warrantor, who is a non-resident and is not a registered person; and (2) it is reasonable to presume that the goods under warranty were previously subject to GST when imported.

Paragraph No.	Description
5.	<p>Goods for use in international transport</p> <p>(1) The following supplies:</p> <p>(a) a supply of goods in the course of repairing, maintaining, cleaning, renovating, modifying, treating, or otherwise physically affecting an aircraft engaged in international transport.</p> <p>(b) a supply of aircraft's stores, or of spare parts for an aircraft, if the stores or parts are for use, consumption, or sale on the aircraft during a flight that constitutes international transport.</p> <p>(2) For the purposes of paragraph 5 (1):</p> <p>“aircraft's stores” means stores for the use of the passengers or crew of an aircraft, or for the service of an aircraft and includes goods for use in the aircraft, fuel, and spare parts, and other articles or equipment, whether or not for immediate fitting.</p>
6.	<p>Services connected with land outside Bhutan</p> <p>A supply of services that are directly related to land outside Bhutan.</p>
7.	<p>Services performed on goods outside Bhutan</p> <p>A supply of services physically performed on goods situated outside Bhutan at the time the services are performed.</p>
8.	<p>Services performed outside Bhutan</p> <p>A supply of services performed outside Bhutan.</p>

Paragraph No.	Description
9.	<p>Services supplied to persons outside Bhutan</p> <p>A supply of services if:</p> <ul style="list-style-type: none"> (1) A supply of services if: <ul style="list-style-type: none"> (a) the customer is outside Bhutan at the time of supply and will effectively use or enjoy the services outside Bhutan; and (b) the services are neither directly related to land situated in Bhutan nor physically performed on goods situated in Bhutan at the time of supply, (2) but excluding a supply of services where: <ul style="list-style-type: none"> (a) the supply is of a right to receive a subsequent supply of something else in Bhutan; or (b) the services are supplied under an agreement with a non-resident, but are or will be rendered to a person in Bhutan who is not a registered person.
10.	<p>Intellectual property rights for use outside Bhutan</p> <p>A supply of services that consist of the filing, prosecution, granting, maintenance, transfer, assignment, licensing, or enforcement of intellectual property rights to the extent that the rights are for use outside Bhutan.</p>
11.	<p>Inter-carrier telecommunication services</p> <p>A supply of telecommunication services by a telecommunications provider to a non-resident telecommunications provider, including but not limited to a supply involving calls to Bhutan or the transmission of signals in or through Bhutan.</p>

Paragraph No.	Description
12.	<p>International transport and related services The following supplies of services:</p> <ul style="list-style-type: none"> (1) a supply of international transport; (2) a supply of insuring the international transport of goods; (3) a supply of the services of repairing, maintaining, cleaning, renovating, modifying, treating, or otherwise physically affecting an aircraft engaged in international transport; (4) a supply, to a non-resident who is not a registered person, of services that: <ul style="list-style-type: none"> (a) consist of the handling of an aircraft engaged in international transport; or (b) are provided directly in connection with the operation or management of an aircraft engaged in international transport.
13.	<p>Precious metals in investment form A supply of precious metal if it is:</p> <ul style="list-style-type: none"> (1) the first supply of the precious metal after its refining by, or on behalf of, the supplier; and (2) the recipient of the supply is a dealer in precious metals.

SCHEDULE VI

[Repealed by section 5 (1) of the Excise Tax Act of Bhutan 2025]

SCHEDULE VII
FINES, PENALTIES AND OFFENCES
A. PENALTIES FOR LATE PAYMENT OF TAXES

Paragraph No.	Description
1.	Late payment penalty shall be liable at 15% per annum. <i>[Amended by section 73 of the GST (Amendment) Act of Bhutan 2025]</i>

B. ADMINISTRATIVE PENALTIES

Paragraph No.	Description
1.	As per section 264 of this Act, a person shall be liable for an administrative penalty ranging from Ngultrum 5,000 to Ngultrum 500,000 in the proportion prescribed in the rules and regulations under this Act.

C. PENALTIES FOR GST OR EET OFFENCES

Paragraph No.	Description
1.	A person who commits an offence under section 265 of this Act shall be liable for a penalty of: (a) for an offence under subsection 265(1), (2), (3), (4) or (7) of this Act – twice the tax amount referred to in the subsection; <i>[Amended by section 74 of the GST (Amendment) Act of Bhutan 2025]</i> (b) in any other case up to Ngultrum 1,000,000 in the proportion prescribed in the rules and regulations under this Act.
2.	Where the administrative penalties under SCHEDULE VII-B, Paragraph 1 are greater than SCHEDULE VII-C, Paragraph 1 for a similar offence, the higher penalty shall be imposed.

SCHEDULE VIII

[Repealed by section 4 (1) of the GST (Amendment) Act of Bhutan 2025]

SCHEDULE IX REVIEWABLE DECISIONS

General reviewable decisions

1. A decision to make an assessment shall be a reviewable decision.
2. A decision defined as such in the rules and regulations prescribed under this Act shall be a reviewable decision.

GST decisions

3. The following decisions made under this Act or under the rules and regulations prescribed under this Act, shall be reviewable decisions:
 - (1) a decision to register, or not register, a person for GST, including a decision in relation to the date of commencement of registration;
 - (2) a decision to cancel, or not to cancel, a person's registration for GST, including a decision in relation to the date of cessation of registration;
 - (3) a decision not to pay a refund; and
 - (4) a decision to declare a person to be a representative of a taxable person for the purposes of this Act.

4. *[Repealed by section 75 of the GST (Amendment) Act of Bhutan 2025]:*

- (1) *[Repealed by section 75 of the GST (Amendment) Act of Bhutan 2025]*
- (2) *[Repealed by section 75 of the GST (Amendment) Act of Bhutan 2025]*
- (3) *[Repealed by section 75 of the GST (Amendment) Act of Bhutan 2025]*
- (4) *[Repealed by section 75 of the GST (Amendment) Act of Bhutan 2025]*
- (5) *[Repealed by section 75 of the GST (Amendment) Act of Bhutan 2025]*
- (6) *[Repealed by section 75 of the GST (Amendment) Act of Bhutan 2025]*
- (7) *[Repealed by section 75 of the GST (Amendment) Act of Bhutan 2025]*

SCHEDULE X TRANSITION

Objects

1. The objects of this Schedule are:
 - (1) to provide for all things necessary to end the application of sales tax and commence the application of GST; and
 - (2) *[Repealed by section 76 of the GST (Amendment) Act of Bhutan 2025]*

2. To that end, it is the intention of the Parliament that:
- (1) GST under this Act will commence to apply from the start date; *[Amended by section 77 of the GST (Amendment) Act of Bhutan 2025]*
 - (2) sales tax and under the STCE Act will cease to apply from the start date; *[Amended by section 77 of the GST (Amendment) Act of Bhutan 2025]*
 - (3) the Department will continue to take any necessary steps in relation to administration of sales tax liabilities and entitlements that accrued before the start date; *[Amended by section 77 of the GST (Amendment) Act of Bhutan 2025]*
 - (4) GST will apply proportionately to supplies that start before, but end on or after, the start date; and
 - (5) reasonable provision will be made to avoid unfairness where, before the date prescribed under section 2(2) or (3) of this Act, persons entered into binding agreements under which they would be unable to adjust the price for the introduction of GST.

Expressions defined in other tax laws

3. Unless the context indicates otherwise, expressions defined in the STCE Act have the same meaning in this Schedule.

End of sales tax

4. Sales tax shall not be payable on an import, sale or other transaction to the extent that it is subject to GST.

Start of GST

5. GST shall be payable on imports and supplies to the extent that they are made on or after the start date.
6. An entitlement to an input tax credit shall only arise to the extent that GST is payable on the import or supply to which the input tax credit would relate.
7. To facilitate the introduction of GST, the Department may register persons for GST before the start date.

Invoice or consideration before the start date

8. Section 9 of Schedule X shall apply if, before the start date:
 - (1) any consideration is received or paid in connection with a supply that will be made on or after the start date; or
 - (2) an invoice is issued relating to a supply that will be made on or after the start date.
9. For the purpose of determining the tax period for a person for which the GST or an input tax credit relating to the supply shall be taken into account:
 - (1) the consideration for the supply is taken to have been received or paid during the person's first tax period commencing at the start date; or

- (2) an invoice is taken to have issued during the person's first tax period commencing at the start date.

Supply of rights exercisable on or after the start date

10. Section 11 of Schedule X shall apply if a right that is supplied before the start date could reasonably be expected to be exercised on or after the start date, other than:
 - (1) a progressive or periodic supply;
 - (2) a right to purchase under a hire purchase agreement; and
 - (3) a right to use software for an indefinite period if the value of the right was included in the price for the software.
11. To the extent that the right could reasonably be expected to be exercised on or after the start date, the supply shall be taken to be made on or after the start date.

Progressive or periodic supplies

12. Section 13 of Schedule X shall apply to a progressive or periodic supply where the period for which the supply is made begins before the start date and ends on or after the start date.
13. The supply shall be taken to be made continuously and uniformly throughout the period.
14. Section 12, 13, and 15 of Schedule X shall not apply to a warranty relating to goods or a service if the value of the warranty was included in the price of the goods or service.

15. For the purposes of section 12 and 13 of Schedule X, a supply by way of lease, hire or similar arrangement shall be taken to be a supply for the period of the lease, hire or arrangement.

Fixed price contracts entered into before the announcement of GST

16. Section 17 and 18 of Schedule X shall apply if:
 - (1) a contract specifically identifies a supply and the consideration in money, or a way of working out the consideration in money, for the supply;
 - (2) the contract was entered into before the start date; and
 - (3) this Act causes a change to a party in the net cost of complying with the contract (the “tax law changes”).
17. Subject to section 18 of Schedule X, and any rules and regulations prescribed under this Act, the contract shall be altered as follows:
 - (1) if the net cost to a party is increased: by allowing the party to add the increase in cost to the contract price; or
 - (2) if the net cost to a party is decreased: by allowing the other party to deduct the reduction in cost from the contract price.
18. The contract shall not be altered to the extent that:
 - (1) the contract expressly provides to the contrary; or

- (2) it is clear from the terms of the contract that the tax law changes, if they would have a material impact, have been taken into account in the agreed contract price; or
 - (3) a party has an opportunity under the contract to change the consideration directly or indirectly to take into account the tax law changes.
19. *[Repealed by section 78 of the GST (Amendment) Act of Bhutan 2025]*
20. *[Repealed by section 79 of the GST (Amendment) Act of Bhutan 2025]*
21. *[Repealed by section 80 of the GST (Amendment) Act of Bhutan 2025]:*
- (1) *[Repealed by section 80 of the GST (Amendment) Act of Bhutan 2025]*
 - (2) *[Repealed by section 80 of the GST (Amendment) Act of Bhutan 2025]*
 - (3) *[Repealed by section 80 of the GST (Amendment) Act of Bhutan 2025].*
22. *[Repealed by section 81 of the GST (Amendment) Act of Bhutan 2025]:*
- (1) *[Repealed by section 81 of the GST (Amendment) Act of Bhutan 2025]*

- (2) *[Repealed by section 81 of the GST (Amendment) Act of Bhutan 2025]*
 - (3) *[Repealed by section 81 of the GST (Amendment) Act of Bhutan 2025]*
 - (4) *[Repealed by section 81 of the GST (Amendment) Act of Bhutan 2025]*
 - (5) *[Repealed by section 81 of the GST (Amendment) Act of Bhutan 2025].*
23. *[Repealed by section 82 of the GST (Amendment) Act of Bhutan 2025].*

Anti-profiteering

24. Reduction in the rate of tax on supply of goods or services or the benefit of input tax credit or refund under this Act, shall be passed on to the consumer to the extent of proportionate reduction in price.
25. A person who does not comply with section 24 of Schedule X shall be dealt in accordance with Consumer Protection Act of Bhutan 2012.
26. *[Repealed by section 83 of the GST (Amendment) Act of Bhutan 2025].*

Expiry

27. This Schedule shall expire on a day fixed by notification through an executive order of the Lhengye Zhungtshog.

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