དཔལ་རིས་ལྷན་ཁག།
ROYAL GOVERNMENT OF BHUTAN
MINISTRY OF FINANCE
TASHICHHODZONG
THIMPHU

དཔལ་རིས་བློན་པོ།
FINANCE MINISTER

MoF/DRC/TAX-M&E/68 **29th July 2026**

PUBLIC NOTIFICATION

Subject: Tax Treatment of Interest Income from Fixed Deposits Prior to 1 January 2026

The Ministry of Finance hereby informs all individual fixed deposit account holders about the tax treatment of interest earned on fixed deposits placed before 1 January 2026. This notification follows earlier communications issued to financial institutions on withholding tax on interest income.

The Income Tax Act of Bhutan 2025 came into effect on 1 January 2026 and does not apply to income earned before this date. Interest earned on fixed deposits prior to 1 January 2026 was governed by the Income Tax Act of the Kingdom of Bhutan 2001, under which such interest was not taxable. Therefore, this portion of interest remains non-taxable, even if it is received after 1 January 2026.

Withholding tax on interest is a provisional deduction and does not represent the final tax liability of the depositor. Financial institutions shall deduct withholding tax only on the interest earned from 1 January 2026 onwards. No tax shall be deducted on interest earned before this date.

If any tax has been deducted on interest earned before 1 January 2026, such excess tax shall be refunded to the depositor after verification.

This notification is issued for public information and must be complied with by all concerned. Any queries may be submitted in writing to the Department of Revenue and Customs, Ministry of Finance.

(Lekey Dorji)