IY 2024

Performance Indicator Report - IY 2024

INCOME TAX DIVISION
DEPARTMENT OF REVENUE & CUSTOMS

THIMPHU, BHUTAN |

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ACRONYMS

BETA: BIT Estimated Tax App
BIT: Business Income Tax
CIT: Corporate Income Tax
CSI: Cooperative and Small Industries
DA: Desk Assessment
DRC: Department of Revenue & Customs
EOL: Extra Ordinary Leave
FA: Field Assessment
FI: Fiscal Incentive
IA: Investment Allowances
ICT: Information and Communications Technology
IY: Income Year
PIS: Public Information Service
PIT: Personal Income Tax
RRCO: Regional Revenue & Customs Office
RTAC: Regional Tax Appeal Committee
SOE: State Owned Enterprise
RAMIS: Revenue Administration Management Information System
TDS: Tax Deducted at Source

Executive Summary

This Annual Performance Indicator Report provides a comprehensive overview of the Income Tax Division's performance throughout Income Year 2024, assessing our results against the key objectives of revenue optimization, taxpayer service enhancement, and operational efficiency across the spectrum of various tax types. Within the broader context of our strategic and operational planning, these performance indicators serve as essential tools, providing critical metrics to evaluate the effectiveness and efficiency of our income tax collection efforts. Consequently, the primary objective of this report is to evaluate the performance of the division, influencing resource allocation within the department and shaping the division's overall performance. Additionally, the report aims to assess the extent to which set objectives and targets have been achieved.

Income Year 2024 recorded a total income tax collection of Nu. 18,719.26 million from 120,185 tax filers, reflecting a whopping increase of 27.47% compared to the previous year. The collective growth in all tax types contributed to the increase in tax collection with major contribution increases from PIT and CIT. However, despite the increase in tax collection, all tax type categories experienced a slight fall in number of taxpayers leading to a total fall by 4218 tax filers.

The report further elaborates on the collection of Tax Deducted at Source (TDS), refund, composition of the division's human resources, tax assessment highlights and appeals received during the income year 2024. It is essential to note that the data contained within this Performance Indicator report is compiled on a calendar year basis, and as a result, the figures presented may not directly align with those published in the National Revenue Report (NRR). This discrepancy arises from the differing reporting periods, as this report is based on the Income Year spanning January to December, whereas the NRR is structured around the Fiscal Year, which runs from July to June.

We hope that this report proves valuable to regional offices in comprehending their annual achievements, aiding in their work planning, and facilitating the monitoring of future assessments and tax revenue collections. The ITD expresses sincere gratitude to the Hon'ble Director General for unwavering support and strategic guidance, as well as to all Regional Directors (RD), Tax Heads, and the dedicated tax officials in regional offices for their tireless efforts in achieving the department's goals.

***Note on data**: The Performance Indicator Report of Income Tax Division is based on the income tax data generated from Revenue Administration Management Information System (RAMIS) as on 30th September 2025. All amounts are in millions.*

KEY PERFORMANCE HIGHLIGHTS – INCOME YEAR 2024

TOTAL TAX COLLECTION

Nu. 18,719.26 M

▲ 27.49% Increase

TAXPAYER BASE

120,185

Total Filers

TDS MANAGEMENT

Nu. 4,837.52 M

Refunded: Nu. 223.66 M

TAX INCENTIVES

16,347 Taxpayers

Benefit: Nu. 343.92 M

COMPLIANCE & ASSESSMENT

74,796 Taxpayers Assessed

Additional Tax Raised: Nu. 582.50 M

CHAPTER I

OVERVIEW OF INCOME TAX DIVISION

1.1 Organizational Framework of Income Tax Division

The organizational structure of the Income Tax Division is derived from the mandates of the Income Tax Act (ITA) and is designed around the assigned functional areas. This structure is established to enhance operational coordination, clearly delineate lines of function and responsibility, and ensure clarity in communication channels. The overall department is led by the Director General (DG) and comprises five divisions, including the Income Tax Division (ITD). At the head office, the ITD is headed by a Collector and consists of three distinct sections: Monitoring and Evaluation, Appeal and Legal and Act & Rules. In the field, the eight Regional Revenue & Customs Offices (RRCOs) located across various districts operate under the direct supervision of a Regional Director (RD). Within these regional offices, tax administration functions as one of the key sections and is managed by tax heads. The head of tax administration at the regional level bears the responsibility for planning and monitoring the work of various operational units, which includes the formation of assessment teams and the establishment of specialized units for Business Income Tax (BIT), Corporate Income Tax (CIT), Personal Income Tax (PIT), Tax Deducted at Source (TDS), and Appeals.

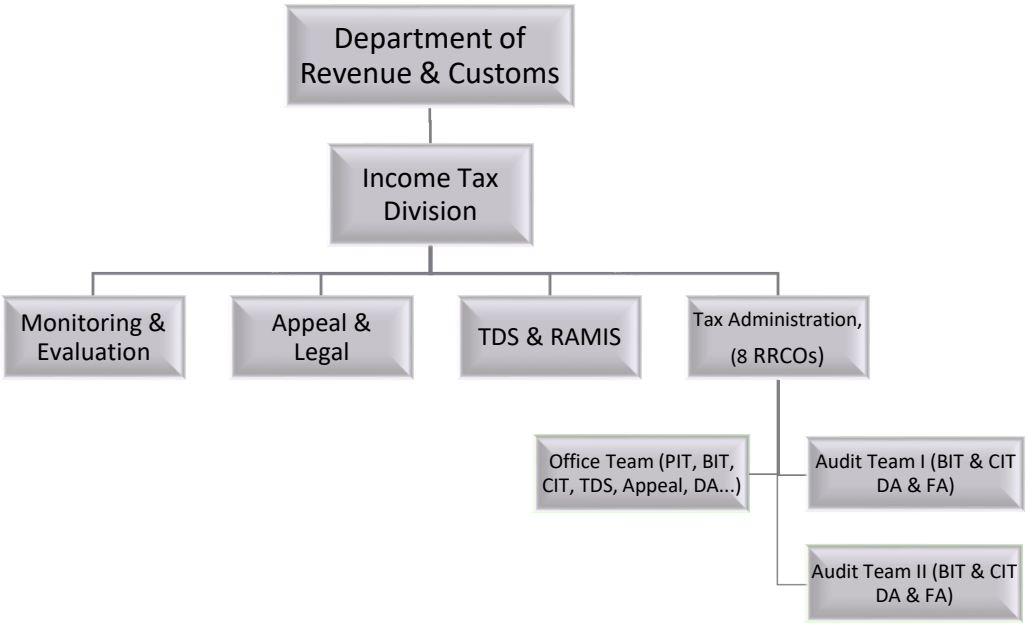


Figure 1: Organizational structure of Income Tax Division

1.2 Functional Mandate and Strategies of Income Tax Division

The core function of the Income Tax Division (ITD) is the collection of income taxes, with the primary objective of generating optimal revenue to meet government expenditures at all levels, specifically current expenditure. Collectively, the ITD holds responsibility for all matters pertaining to the levy and collection of income taxes. This mandate extends to the formulation and amendment of tax policy through the review and recommendation of sound fiscal planning to the Ministry of Finance (MoF). Furthermore, the division is tasked with developing comprehensive tax administration systems nationwide to support the influence of fiscal policy within the economy. The operational culture is firmly grounded in the principles of natural justice and fairness in taxpayer service, ensuring that taxes are levied equitably, collected at the lowest possible cost, and that regulations are clearly articulated for universal comprehension.

The division also adheres to a major operational strategy of maintaining a high degree of integrity and morale among its officials by consistently operating within the core principles of taxation: equity, certainty, convenience, and economy. To this end, the ITD strives to establish an effective policy framework, implement risk-based control mechanisms, and foster a strong culture of accountability in the workplace, remaining fully dedicated to contributing towards achieving the goals of the Department of Revenue and Customs (DRC).

CHAPTER II

COLLECTION OF DIRECT TAXES

2.1 Taxpayer composition

The Income Tax Division (ITD) under Department of Revenue & Customs (DRC) administers direct tax collection which comprises Personal Income Tax (PIT), Business Income Tax (BIT), and Corporate Income Tax (CIT) under the Income Tax Act and Rules. According to the RAMIS report of September end 2025, the total number of tax filers for the income year 2024 reached 120,185 reflecting a 3.51% decrease from 2023. The taxpayer composition is dominated by PIT filers at 60.80%, followed by BIT filers at 38.74%. Corporate Income Tax filers constituted a minor segment, with only 552 individuals, or 0.46% of the total.

Geographically, the Thimphu region accounted for the highest proportion of taxpayers at 42.71% (51,330 individuals), while Bumthang had the lowest, with just 4,245 taxpayers.

Table 1: Taxpayer's composition details

RRCO	***PIT***	***BIT***	***CIT***	***Total***
Bumthang	*2454*	*1784*	*7*	*4245*
Gelephu	*7235*	*6903*	*22*	*14160*
Mongar	*7412*	*4675*	*21*	*12108*
Pling	*9194*	*4803*	*92*	*14089*
Paro	*4674*	*3997*	*45*	*8716*
S/Jongkhar	*5219*	*3328*	*33*	*8580*
Samtse	*3349*	*3583*	*25*	*6957*
Thimphu	*33540*	*17483*	*307*	*51330*
	73077	***46556***	***552***	***120185***

Figure 2: Tax and taxpayer's composition: Region wise

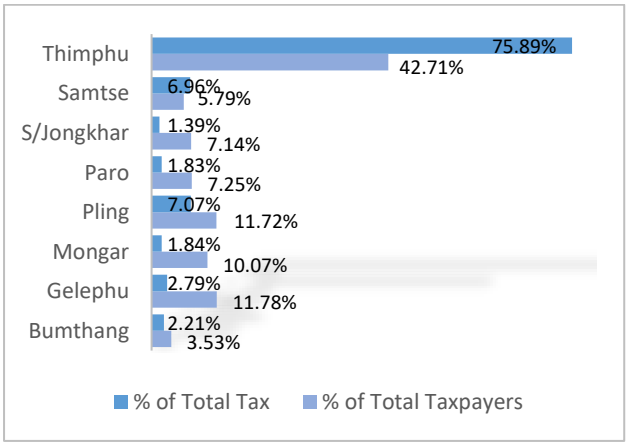
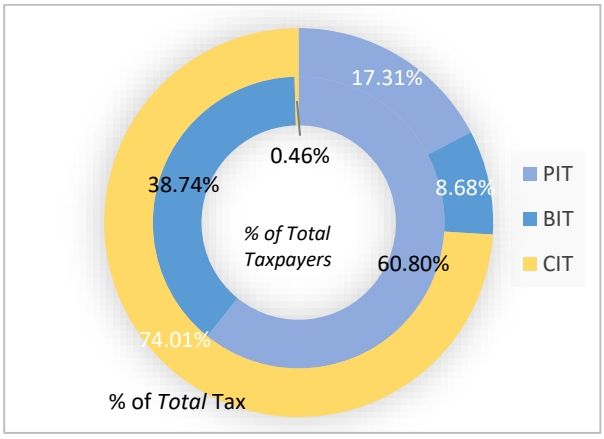


Figure 3: Tax and tax payer's composition: Tax type wise



2.2 Overall Direct Tax Collection

The total collection of the direct tax saw a huge increase as compared to previous year, collecting Nu. 18,719.26 million which is an increase by 27.49%. The actual collection from those taxpayers who filed their tax return stands at Nu. 17,939.26 million while there is tax collection done at source especially for non-Bhutanese taxpayers (under limited liability) which is treated as final tax amounting to Nu. 779.58 million. The table below shows the details of collection by region wise and tax type wise.

Table 2: Overall direct tax collection

RRCO	***PIT***	***BIT***	***CIT***	***Total***
Bumthang	*74.26*	*26.75*	*295.97*	*396.98*
Gelephu	*207.32*	*77.95*	*215.30*	*500.58*
Mongar	*222.80*	*66.67*	*41.44*	*330.91*
Pling	*453.85*	*390.51*	*424.03*	*1,268.39*
Paro	*214.69*	*86.24*	*27.89*	*328.82*
S/Jongkhar	*164.70*	*42.94*	*42.50*	*250.14*
Samtse	*102.81*	*48.34*	*1,097.80*	*1,248.95*
Thimphu	*1,664.90*	*817.18*	*11,132.84*	*13,614.92*
Total	***3,105.32***	***1,556.59***	***13,277.77***	***17,939.69***
TDS (Final Tax)	*556.89*	*24.77*	*197.92*	*779.58*
Total	***3,662.21***	***1,581.36***	***13,475.70***	***18,719.26***

2.3 Corporate Income Tax (CIT)

Companies registered under the Companies Act of the Kingdom of Bhutan are subject to Corporate Income Tax (CIT) on their net profit. State-Owned Enterprises (SOEs) are taxed at 30%, while all other private companies are taxed at 25%. For the 2024 income year, 552 CIT payers filed returns by September 30, 2025, marking a slight fall by 1.08%. Among the regions, Thimphu recorded the highest composition of CIT payers, accounting for 55.62%, followed by the Phuentsholing region at 16.67%, while Bumthang recorded the lowest at just 1.27% as always.

Table 3: CIT composition

	No. of Units		***Tax Amount (Nu. In millions)***		***Zero Filers***	
RRCO	***2023***	***2024***	***2023***	***2024***	***(2024)***	***% change***
Bumthang	*7*	*7*	*0.93*	*295.97*	0	*31575.71%*
Gelephu	*26*	*22*	*192.89*	*215.30*	*2*	*11.62%*
Mongar	*21*	*21*	*32.05*	*41.44*	*0*	*29.32%*
P/ling	*91*	*92*	*455.06*	*424.03*	*16*	*-6.82%*
Paro	*45*	*45*	*41.44*	*27.89*	*7*	*-32.70%*
S/Jongkhar	*37*	*33*	*80.87*	*42.50*	*4*	*-47.45%*
Samtse	*26*	*25*	*1,138.10*	*1,097.80*	*10*	*-3.54%*
Thimphu	*305*	*307*	*9,275.06*	*11,132.84*	*13*	*20.03%*
TOTAL	***558***	***552***	***11,216.39***	***13,277.77***	***52***	***100.00%***

2.3.1 CIT Collection

The total CIT collection for the Income Year 2024 stands at Nu. 13,277.77 million representing the highest composition of the total income tax collection. The revenue collection from CIT for Income Year 2024 saw a solid increase of 22.18% compared to Income Year 2023. This increase was mainly from the increase in profitability of big companies like State Mining Corporation Ltd, Bhutan National Bank, Bhutan Power Corporation, Bank of Bhutan, Druk PNB and Bhutan Telecom Ltd. CIT filers from Thimphu regional offices alone have contributed 83.85% of total CIT revenue collections followed by Samtse region collecting 8.27% of the total CIT revenue. The least collection was recorded from Paro regional office, with 0.21% of total CIT revenue irrespective of 45 CIT return filers. While the overall increase in CIT revenue collection was due to the drastic increase in collection from some region, S/Jongkhar and Samtse experienced a fall in their collection mainly due to disruption in business of some big industries as they have to relocate from Gelephu to Samtse in the larger interest of our nation.

2.3.2 Top Ten CIT

From the total CIT collection of Nu. 13,277,77 million, the top ten CIT taxpayers contributed 88.20% for the Income Year 2024 amounting to Nu. 11,711.56 million. M/s. Druk Green Power Corporation Limited (DGPC) stands as top CIT payer for the year paying Nu. 3813.95 million accounting for 28.72% total CIT collected followed by Druk Holding and Investments Limited (DHI) contributing Nu. 3200.49 million. The total collection from the top 10 also increased by Nu. 2070.20 million contributing to the increase in overall CIT. Moreover, the CIT liability is subject to change on completion of the assessment.

Table 4: Top ten CIT (in Ngultrum)

	IY 2023		***IY 2024***	
S/N	***ENTITY NAME***	***TOTAL TAX***	***ENTITY NAME***	***TOTAL TAX***
1	*Druk Holding and Investments Limited*	*3,064.18*	*Druk Green Power Corporation Limited*	*3,813.95*
2	*Druk Green Power Corporation Limited*	*2,090.56*	*Druk Holding and Investments Limited*	*3,200.49*
3	*State Mining Corporation Limited*	*1,132.25*	*State Mining Corporation Limited*	*1,096.07*
4	*Bhutan Telecom Limited*	*1,070.30*	*Bhutan Telecom Limited*	*977.59*
5	*Bhutan National Bank Limited*	*619.89*	*Bhutan Power Corporation Limited*	*925.38*
6	*Bhutan Power Corporation Limited*	*593.94*	*Bank of Bhutan*	*687.15*
7	*Bank of Bhutan*	*456.74*	*Tangsibji Hydro Energy Limited*	*295.65*
8	*Tashi Infocomm Private Limited*	*257.16*	*Royal Insurance Corporation Limited*	*285.80*
9	*Druk Pnb Bank Limited*	*182.84*	*Tashi Infocomm Private Limited*	*221.80*
10	*Army Welfare Project Limited*	*173.68*	*Army Welfare Project Limited*	*207.68*
	Total	***9,641.54***	***Total***	***11,711.56***

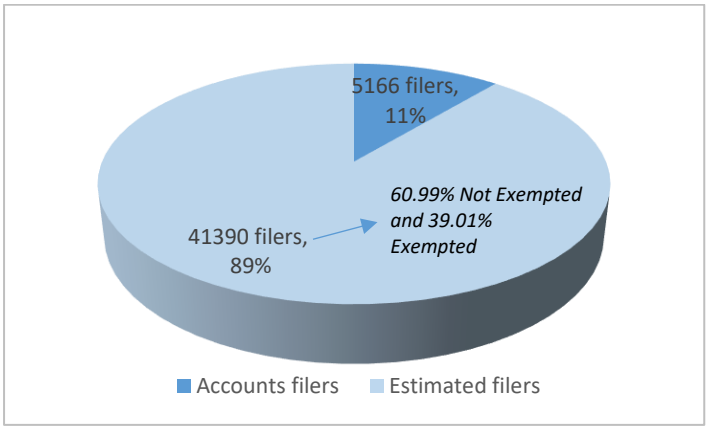
2.4 Business Income Tax (BIT)

Business Income Tax (BIT) applies to unincorporated entities operating under a trade license or permit, ranging from micro-enterprises to large partnerships and proprietorships. While large and medium businesses must maintain books of accounts and file them annually, small and micro units are subject to a simplified estimated assessment and are not required to submit annual accounts. Furthermore, to support regional development, the Fiscal Incentives Act of Bhutan 2021 exempts small and micro businesses in rural areas from BIT.

Table 5: BIT Entities Profile

RRCO	Accounts filers	Estimated filers			Total filers	Zero Filers
		Not Exempted	Exempted	Total Estimated		
Bumthang	*86*	*1265*	*433*	*1698*	*1784*	*496*
Gelephu	*321*	*2657*	*3925*	*6582*	*6903*	*1585*
Mongar	*235*	*2299*	*2141*	*4440*	*4675*	*935*
Pling	*636*	*2916*	*1251*	*4167*	*4803*	*1215*
Paro	*339*	*2021*	*1637*	*3658*	*3997*	*1263*
S/Jongkhar	*182*	*1022*	*2124*	*3146*	*3328*	*862*
Samtse	*480*	*684*	*2419*	*3103*	*3583*	*1123*
Thimphu	*2887*	*12378*	*2218*	*14596*	*17483*	*5036*
Total	***5166***	***25242***	***16148***	***41390***	***46556***	***12515***

Figure 4: Composition of BIT filers



For the Income Year 2024, BIT paying entities constituted a significant 38.74% of the total taxpayer composition which comprises 5166 accounts filers and 41,390 estimated filers. From the total estimated filers, 39.01% fall under Micro Exemption and BIT is collected from 25,242 units which accounts to 60.99%. The year 2024 recorded 12515 zero filers because of non-operational of their business due to various reasons.

2.4.1 BIT collection

In 2024, 46,556 units filed their BIT return paying Nu. 1556,59 million. The BIT collection recorded a small rise by 9.42% while the number of filers decreased by 3096 units. This increase was due to the increase in collection from estimated filers. However, the BIT amount is subject to change after assessment, especially the assessment of the account filers.

2.4.2 BIT collection from account filer

Businesses maintaining books of account pay income tax at the rate of 30% on the net profit and are subject to desk and field assessment. Although BIT account filers comprise 11% of the total BIT taxpayers, their BIT contribution to total BIT collection stood at 62.66% amounting to Nu. 975.29 million. The number of BIT account filers has increased to 5166 from 4844 in 2023 however, the tax collection recorded a slight fall of 2.57%.

Table 6: BIT collection from account filer.

RRCO	No. of filers		Tax Amount (Nu.)		% change in Tax Amount
	2023	2024	2023	2024	
Bumthang	99	86	20.25	7.79	-61.52%
Gelephu	337	321	33.87	36.41	7.48%
Mongar	265	235	51.49	35.29	-31.46%
Pling	577	636	336.41	322.66	-4.09%
Paro	322	339	39.65	40.25	1.52%
S/Jongkhar	183	182	39.30	27.36	-30.38%
Samtse	408	480	46.64	37.54	-19.51%
Thimphu	2653	2887	433.36	467.99	7.99%
Total	**4844**	**5166**	**1,000.97**	**975.29**	**-2.57%**

The BIT collection from five regional offices decreased compared to the previous year 2023. Specifically, Bumthang region saw a highest fall of 61.52% followed by Mongar and S/Jongkhar region with 31.46% and 30.38% fall respectively. However, the fall in tax amount is not much compared to the increase in tax amount of some regions like Thimphu and Gelephu. Therefore, the total BIT collection from the account filers saw just a slight decrease. Thimphu RRCO recorded the highest accounts filers as well as the highest BIT collection of 47.99% amounting to Nu. 467.99 million from 2887 units followed by the collection from Phuentsholing region which collected 322.66 million from 636 account filers.

Table 7: Top ten BIT entities

S/N	IY 2023		IY 2024	
	ENTITY NAME	TOTAL TAX	ENTITY NAME	TOTAL TAX
1	Tashi Corporate Management & Consultancy	68.23	Tashi Corporate Management & Consultancy	95.39
2	Perfect Enterprise	29.49	Yuendrung Marketing Service	32.26
3	Yuendrung Marketing Service	24.82	Pemako	31.56
4	Samphel Marketing Agent	20.53	Samphel Marketing Agent	23.39
5	Bhutan Visa Application Centre	20.20	Sherzom Beer Agency	17.35
6	Explosive Management Division RBP	19.69	Dawa Store	17.34
7	Sherzom Beer Agency	17.01	Explosive Management Division RBP	15.32
8	Dawa Store	14.73	UT Crushing Unit	10.96
9	EducationPro Education Consultancy and Placement Firm	11.47	Tashi Electronics	10.34
10	Yurmung Stone Quarry	10.05	Samdrubling Clearing Agent	9.71
	Total	**236.22**	**Total**	**263.61**

Top ten BIT account filers contributed 16.93% of total BIT collection amounting to Nu. 263.61 million, declaring an increase of 11.59% compared to the year 2023 which has Nu. 236.22 million collections from top 10 units. Same like previous year, M/s Tashi Corporate Management & Consultancy under RRCO Phuentsholing once again recorded the highest BIT collection amounting to Nu. 95.39 million followed by M/s Pemako declaring a BIT of 31.56 million.

2.4.3 BIT collection from estimated taxpayers

Estimated assessment is authorized under Section 4.3, Chapter 2 of General Provision of the Income Tax Act of the Kingdom of Bhutan 2001. The businesses who failed to maintain books of accounts including small and micro units are assessed on an estimated basis using a best judgement by the tax officials. Estimated assessment is applied only to micro and small units for which assessment is conducted based on following factors but not limited to:

- Purchase and sales details (export and import) and industrial ratios,
- Tax return filed for last three years,
- Similar business units within the vicinity,
- Tax paid in previous year plus an appropriate increase,
- Tax Deducted at Source information,
- Any other information obtained from third parties.

Table 8: Comparative BIT collection from estimated filer

RRCO	No. of filers		Tax Amount (Nu.)		% of Tax Amount	% change in Tax Amount
	2023	2024	2023	2024		
Bumthang	1322	1265	18.55	18.96	3.26%	2.19%
Gelephu	3392	2657	42.65	41.55	7.15%	-2.59%
Mongar	2467	2299	26.07	31.38	5.40%	20.36%
Pling	3140	2916	54.98	67.86	11.67%	23.43%
Paro	2055	2021	35.90	45.99	7.91%	28.11%
S/Jongkhar	1091	1022	15.18	15.58	2.68%	2.63%
Samtse	782	684	6.79	10.80	1.86%	59.09%
Thimphu	14243	12378	221.50	349.19	60.07%	57.65%
Total	28492	25242	421.62	581.30	100.00%	37.87%

Out of 41,390 estimated filers, 16,148 units availed tax exemption under Fiscal Incentives as they are micro and small businesses located in rural areas and remaining 25,242 contributed 37.43% of the total BIT collection amounting to Nu. 581.30 million. The total collection from estimated filers increased by 37.87% compared to 2023 despite a fall in number of filers and because of this, the total BIT collection increased too. This is because of a collective increase in collection from all regions except Gelephu region who saw a small fall in collection by 2.59%. Thimphu region still holds the highest number of estimated filers at 12,378 taxpayers contributing more than 50% of the total collection amounting to Nu. 349.19 million. On the other hand, Samtse region has the least number of estimated filers with lowest collection amounting to Nu. 10.80 million from 684 filers.

2.5 Personal Income Tax (PIT)

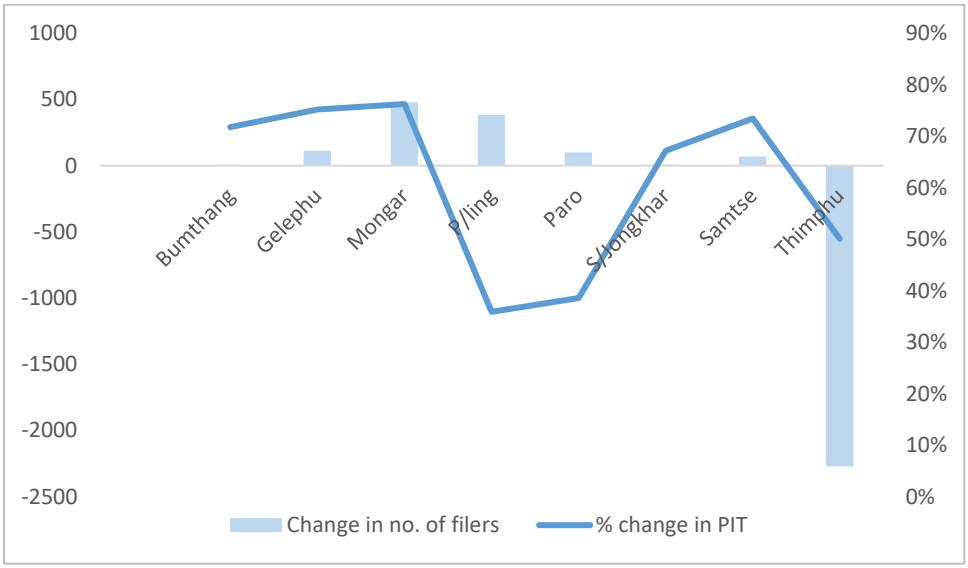
Personal Income Tax is levied on an individual whose gross income from four sources namely salary, rental, dividend and income from other sources exceeds Nu. 300,000 per annum. PIT is levied at the progressive rate ranging from 0% to 35%.

Table 9: Comparative PIT composition

RRCO	No. of Taxpayers		Tax Amount		Change in no. of filers	% change in PIT
	2023	2024	2023	2024		
Bumthang	2448	2454	43.23	74.26	*6*	*71.77%*
Gelephu	7122	7235	118.34	207.32	*113*	*75.19%*
Mongar	6935	7412	126.41	222.80	*477*	*76.25%*
P/ling	8812	9194	333.93	453.85	*382*	*35.91%*
Paro	4574	4674	154.92	214.69	*100*	*38.59%*
S/Jongkhar	5210	5219	98.51	164.70	*9*	*67.20%*
Samtse	3281	3349	59.28	102.81	*68*	*73.43%*
Thimphu	35811	33540	1,109.46	1,664.90	*-2271*	*50.06%*
Total	**74193**	**73077**	**2,044.08**	**3,105.32**	***-1116***	***51.92%***

For the income year 2024, a total of 73,077 individuals filed their PIT return and paid taxes amounting to Nu. 3105.32 million. The year saw a solid rise in the tax collection by 51.92% despite the fall in number of fillers by 1116. This drastic increase in PIT as compared to 2023 is due to the pay revision by RGOB in July 2023 which was gradually followed by Corporate and Private sectors. Thimphu region has the highest number of PIT filers collecting the highest tax amount of Nu. 1664.90 million followed by Phuenstholing region with Nu. 453.85 million from 9194 filers.

Figure 5: Change in PIT filer and PIT



Going by the change in number of taxpayers, all regions saw a slight increase except Thimphu region who recorded a huge decrease of 2271 taxpayers. While there is not much change in the number of filers, all regions saw a huge rise in PIT collection ranging from 35% to 76% as compared to previous year.

PART III

ENFORCEMENT HIGHLIGHT

3.1 Assessment Highlight

Income Tax Division conducts both Desk assessment (DA) and Field Assessment (FA) of the account filers depending on size of their business operation. As per the Rules on the Income Tax Act of the Kingdom of Bhutan 2001, Desk assessment is preliminary checking of self-assessed tax return without visiting the business premises and if further scrutiny is required, it is examined through FA. On the other hand, FA is more detailed and time consuming and it has to be done within the two years from the date the tax return is filed. However, the assessment of PIT filers is usually completed within lesser duration than the BIT and CIT assessment.

Table 10: Assessment highlight

RRCO	Bumthang	Gelephu	Mongar	Pling	Paro	S/Jongkhar	Samtse	Thimphu	Overall
PIT									
Target	2400	7245	6800	8400	4489	4996	3258	34000	71588
Assessment completed	2382	7209	7406	8410	4625	5036	3324	33415	71807
% Complete	99.25%	99.50%	108.91%	100.12%	103.03%	100.80%	102.03%	98.28%	
Assessment pending	18	36	0	0	0	0	0	585	639
Additional PIT raised	0.70	5.94	1.60	5.87	3.90	2.05	0.88	42.59	63.54
BIT									
Target	98	210	235	345	210	130	210	1000	2438
Assessment completed	98	148	240	323	230	131	227	1264	2661
% Complete	100.00%	70.48%	102.13%	93.62%	109.52%	100.77%	108.10%	126.40%	109.15%
Assessment pending	0	62	0	22	0	0	0	0	0
Additional BIT raised	4.12	8.33	12.28	29.14	11.93	5.00	10.73	53.22	134.75
CIT									
Target	6	16	5	45	24	18	13	100	227
Assessment completed	7	13	4	46	21	18	13	206	328
% Complete	116.67%	81.25%	80.00%	102.22%	87.50%	100.00%	100.00%	206.00%	144.49%
Assessment pending	0	3	1	0	3	0	0	0	7
Additional CIT raised	0.13	2.57	0.77	85.45	7.84	3.94	0.56	282.94	384.20

3.1.1 Assessment

Desk Assessment is done only for PIT filers and small BIT account filers. From the above table, it is clear that all the PIT filers are earmarked for DA and almost all the regions completed approximately above 98% of PIT assessment, some regions exceeding the targeted numbers. The total additional tax collected from PIT DA stood at Nu. 63.54 million. The data of BIT shown in table above pertains only for account filers since the estimated filers are auto assessed while filing. Therefore, all estimated filers are considered assessed. From the BIT account filers, 2438 units are targeted for assessments, whereas an assessment of 2798 units were completed exceeding the total targeted numbers. However, going by the region wise, all regions assessed more than targeted units except Gelephu region who could assess only 148 units out of 210 targeted units. The additional BIT collected after assessment amounts to Nu. 134.75 million with the Thimphu region collecting the highest amount of Nu. 53.22 million. For CIT, a total of 227 units were targeted for the assessment and all RRCOs put together, completed 328 units which is way more than the targeted numbers. A total additional tax of Nu. 384.20 million was raised from CIT assessment.

3.2 Appeals

As per the Income Tax Act and Rules, taxpayers can appeal if they don't agree on any findings in the assessment report issued by the regional offices after the assessment. Taxpayers can appeal on tax amount as well as on fines and penalties. There are three tiers of appeal where a taxpayer can lodge their appeal before appealing to the court. The taxpayer can appeal to RRCO within the 30 working days from the date of demand notice if they disagree with any of the findings from the assessment and the appeal will be heard by the Regional Tax Appeal Committee (RTAC) and the decision conveyed within 30 days from the receipt of the appeal. If the taxpayer doesn't receive any response from RRCO on their first appeal or if they are not satisfied with the RTAC decision, they can appeal to DRC for further review. The appeal committee at DRC will convey the decision within 60 working days from the receipt of the appeal. The third level of appeal is at the Appeal Board which is constituted at the Ministry level with members from outside the Ministry. If the taxpayer still disagrees or is not satisfied with the decision from the Appeal Board, the taxpayers can appeal at the court of law.

3.2.1 Appeal to RRCO (Regional Tax Appeal Committee)

The table below depicts the appeal received across eight regional offices. During the year 2024, a total of 528 appeal cases were registered at RRCO level with disputed amounts totalling to Nu. 705.83 million. Highest appeal was from BIT taxpayers mounting to 331 appeals in a year while only 81 units appealed from CIT taxpayers. From the total appeal received by RRCOs, majority of the appeals were on penalties levied on late payment of taxes which is at the rate of 24% and lowest was on concealment fines. From the total amount appealed, Nu. 265.44 million was waived, raising demand for remaining 62.32% amounting to Nu. 439.84 million payables.

Table 11: Appeal to RRCO

Particulars	***Tax Type***			***Total***
	CIT	***BIT***	***PIT***	
No of appeals received:				
Disallowances	*18*	*46*	*15*	*79*
Non-filing fine	*8*	*72*	*45*	*125*
Concealment	*2*	*11*	*0*	*13*
24% penal interest	*78*	*189*	*19*	*286*
Others	*10*	*13*	*2*	*25*
Total appeal received	*116*	*331*	*81*	*528*
Total Amount appealed to RTAC:				
Disallowances	*161.23*	*101.00*	*15.81*	*278.05*
Non-filing fine	*40.11*	*64.80*	*36.76*	*141.67*
Concealment	*0.41*	*15.17*	*0.54*	*16.13*
24% penal interest	*189.15*	*57.60*	*3.56*	*250.31*
Others	*7.53*	*3.43*	*8.71*	*19.67*
Total (A)	***398.45***	***242.00***	***65.38***	***705.83***
Total Amount waived by RTAC:				
Disallowances	*13.59*	*3.13*	*12.28*	*29.00*
Non-filing fine	*1.69*	*26.52*	*22.22*	*50.43*
Concealment	*0.00*	*2.00*	*0.54*	*2.55*
24% penal interest	*147.96*	*32.22*	*1.62*	*181.79*
Others	*0.12*	*2.10*	*0.00*	*2.21*
Total (B)	***163.35***	***65.97***	***36.66***	***265.99***
Total Amount Demanded (A)-(B)	*235.09*	*176.02*	*28.72*	*439.84*

3.2.2 Appeal to DRC

Taxpayers who are not satisfied with the decision passed by RTAC can appeal to DRC. A total of 186 taxpayers appealed to DRC in 2024 with an appeal amount of Nu. 902.38 million. BIT topped the appeals list with 93 cases while CIT has the highest amounts appealed amounting to Nu. 732.85 million. Going by the number of appeals on various grounds, the majority of cases were on penal interest with 79 cases however, the highest appeal amount received was on assessment observation amounting to Nu. 645.14 million. There were also few appeal cases on TDS and fiscal incentives application. For fiscal incentives, the appeal was mostly on late application and not on the actual amount.

Table 12: Appeal to DRC

Particulars	***PIT***	***BIT***	***CIT***	***Total***
No of appeals received:				
Assessment Observation	*16*	*21*	*19*	***56***
Concealment fine	*1*	*7*		***8***
Non-filing fine	*8*	*21*	*5*	***34***
Penal Interest	*5*	*42*	*32*	***79***
TDS	*1*	*2*	*0*	***3***
Fiscal Incentive	*0*	*0*	*2*	***2***
Others	*3*	*0*	*1*	***4***
Total appeal received	***34***	***93***	***59***	***186***
Total Amount appealed to DRC TAC: (A)				
Assessment Observation	*4.51*	*58.19*	*582.43*	***645.14***
Concealment fine	*0.07*	*14.50*	*0.00*	***14.57***
Non-filing fine	*29.76*	*32.47*	*21.31*	***83.53***
Penal Interest	*1.98*	*25.95*	*128.93*	***156.86***
TDS	*0.67*	*1.08*	*0.00*	***1.75***
Fiscal Incentive	*0.00*	*0.00*	*0.00*	***0.00***
Others	*0.35*	*0.00*	*0.17*	***0.52***
Total	***37.34***	***132.19***	***732.85***	***902.38***
Total Amount waived by DRC TAC: (B)				
Assessment Observation	*NA*	*NA*	*NA*	***0.00***
Concealment fine	*0.00*	*13.95*	*0.00*	***13.95***
Non-filing fine	*22.91*	*30.27*	*20.32*	***73.50***
Penal Interest	*0.16*	*6.60*	*35.67*	***42.44***
TDS	*0.00*	*0.00*	*0.00*	***0.00***
Fiscal Incentive	*0.00*	*0.00*	*0.00*	***0.00***
Others	*0.00*	*0.00*	*0.00*	***0.00***
Total	***23.07***	***50.82***	***55.99***	***129.89***

PART IV

HUMAN RESOURCES

4.1 Human Resources

As per the 12th Five Year Plan Staffing of the Ministry of Finance undertaken in June 2021 during the 98th Commission Meeting held on 29 June 2021, the approved manpower strength of the Income Tax Division including the eight regional offices was 171 Officials (95 Officers and 76 Inspectors). The table below shows the approved, existing and the gap analysis in manpower of the Income Tax Division.

Table 13: Manpower composition

S/N	RRCO	Officers			Inspectors			Total Existing	Total Gap
		Approved	Existing	Gap	Approved	Existing	Gap		
1	Head Quarter	7	5	2	1	1	0	6	**2**
2	Bumthang	6	2	4	4	3	1	5	**5**
3	Gelephu	8	3	5	8	7	1	10	**6**
4	Mongar	7	2	5	6	6	0	8	**5**
5	P/ling	16	9	7	20	13	7	22	**14**
6	Paro	8	6	2	10	6	4	12	**6**
7	S/Jongkhar	8	5	3	6	4	2	9	**5**
8	Samtse	8	4	4	6	6	0	10	**4**
9	Thimphu	27	16	11	15	15	0	31	**11**
	Total	**95**	**52**	**43**	**76**	**61**	**15**	**113**	**58**

4.2 Manpower Gap Analysis

As depicted in the above table, the division had a manpower gap of 43 officers and 15 inspectors making it to the total shortage of 58 officials. Every year, the department makes efforts to reduce the gap by recruiting new officials; however, the gap for the year 2024 has increased by few more from 52 in 2023. The attrition has been increasing since a few years back losing mostly the experienced officers to the migration. Tax officials are distributed proportionately in accordance to the size of the region categorized based on number of taxpayers and workload. Thimphu regional office being the largest amongst eight RRCOs in terms of size and number of taxpayers covering four districts has the highest number of tax officials counting to 31. On the other hand, Bumthang region has only 5 officials owing to small size and less workload. In total, for the year 2024, the Income Tax Division has a total staff strength of 113 officials including those on studies and EOL while the approved number stands at 171. There are 52 tax officers ranging from position level from P5 to P1 and 61 tax Inspectors. Big regions like Thimphu and Phuentsholing have the highest number of gaps with the 11 and 14 shortages respectively and therefore, those regions have been seeking alternative options like recruiting huge numbers of interns, especially Thimphu region.

4.3. Taxpayer to Tax Officials Ratio

The total of 120,185 active tax filers and only 107 officials across the regions has caused a high taxpayer to tax officials' ratio. In 2024, Thimphu region had the highest taxpayer to tax official ratio at 1656:1 followed by Mongar RRCO with 1514:1. Going by the overall tax type, PIT continues with the highest taxpayer to tax official ratio due to the huge number of PIT taxpayers. In the case of BIT, RRCO Gelephu has the highest taxpayer to tax official ratio at 690:1 while Thimphu has highest for PIT

and CIT of 1082:1 and 10:1 respectively. Phuentsholing region with 22 tax officials has the lowest taxpayer to tax official ratio at 640:1. However, the overall ratio of taxpayers to tax officials is very high with all regions having more than 600 taxpayers for one official.

Table 14: Taxpayer to tax official ratio

RRCO	Tax Officials	Total Taxpayers				Taxpayer to Officials Report			
		PIT	BIT	CIT	Total	PIT	BIT	CIT	Total
Bumthang	5	2454	1784	7	4245	491	357	1	849
Gelephu	10	7235	6903	22	14160	724	690	2	1416
Mongar	8	7412	4675	21	12108	927	584	3	1514
P/ling	22	9194	4803	92	14089	418	218	4	640
Paro	12	4674	3997	45	8716	390	333	4	726
S/Jongkhar	9	5219	3328	33	8580	580	370	4	953
Samtse	10	3349	3583	25	6957	335	358	3	696
Thimphu	31	33540	17483	307	51330	1,082	564	10	1656
Total	**107**	**73077**	**46556**	**552**	**120185**	**683**	**435**	**5**	**1123**

PART V
GENERAL DETAILS

5.1 Fiscal Incentives

Fiscal Incentives Act of Bhutan (FIAB), 2021 governs the existing direct tax incentives. Chapter two to four of FIAB has various direct fiscal incentives like tax exemption, concessionary tax rate, investment allowances, micro exemption and other incentives. The fiscal incentive is introduced primarily to stimulate economic growth, foster private sector development and generate employment targeting certain priority sectors. For the income year 2024, the total of 16,347 businesses benefited from the fiscal incentives with the government forgoing Nu. 343.92 million of national revenue.

Table 15: Tax forgone from exempted and tax holiday units

	No. of Units		***Tax foregone***		***Total***	
Type of Fiscal Incentives	***BIT***	***CIT***	***BIT***	***CIT***	***No. of Units***	***Tax foregone***
Micro Exemption	*16148*	*0*	*94.25*	*0.00*	*16148*	*94.25*
Tax Exemption	*100*	*21*	*70.42*	*63.89*	*121*	*134.31*
Concessionary Tax Rate	*3*	*2*	*0.00*	*0.00*	*5*	*0.00*
Investment Allowances	*11*	*19*	*11.67*	*46.20*	*30*	*57.86*
Additional deduction 100%	*11*	*11*	*1.62*	*13.30*	*22*	*14.92*
Additional deduction 30%	*3*	*18*	*1.75*	*40.83*	*21*	*42.58*
Grand Total	***16276***	***71***	***179.70***	***164.21***	***16347***	***343.92***

Micro exemption: Small and micro businesses located in rural areas beyond the Thromde and Dzongkhag Headquarter town have been exempted from business income tax since 2015. In the income year 2024, 16148 small and micro business units benefited from micro exemption with tax amount of Nu. 94.25 million.

Tax exemption: Businesses falling under high priority sectors like agriculture, renewable energy, creative industry, hotels and so on are eligible for tax exemption for upto 10 years upon fulfilment of certain criteria. In 2024, 121 units are on tax holiday forgoing one of the highest tax amounts of Nu. 134.31 million.

Concessionary Tax Rate: This incentive allows approved businesses to pay tax at the concession rate of 5% for newly established businesses and 15% for existing businesses subject to any conditions prescribed in FIAB. In both cases the qualifying period is 5 years subject to extension upon fulfilment of certain criteria. In 2024, 3 BIT units and 2 CIT units availed this incentive, however no taxes are foregone since the units are not profiting.

Investment Allowance (IA): Investment Allowances is granted at a specified percentage not exceeding 100% of the amount of the fixed capital expenditure incurred for a business who falls under a certain high priority sector. 30 businesses availed investment allowances benefiting with a total tax amount of Nu.57.86 million.

Additional deduction: Fiscal incentives are allowed in the form of additional deduction for employing additional Bhutanese nationals (100%) and also on using locally manufactured construction and packing materials (30%). In 2024, 21 businesses availed additional deduction for employment of Bhutanese national forgoing 14.92 million while 22 businesses benefited from Nu. 42.58 million by availing additional deduction for using locally manufactured materials.

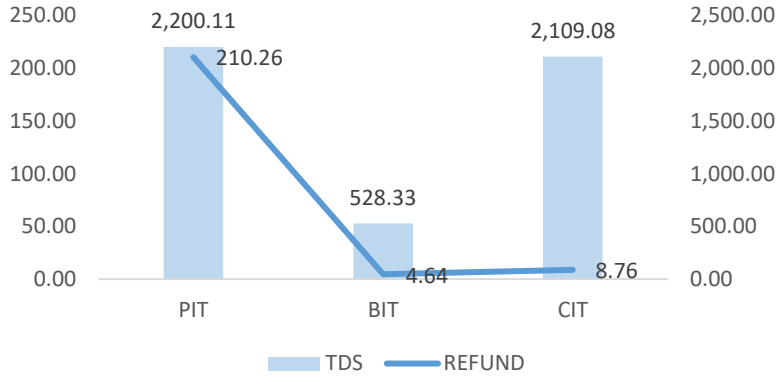
5.2 Tax Deducted at Source (TDS)

For the income year 2024, the total Tax Deducted at Source amounted to Nu. 4837.52 million registering an increase of 15.20% compared to income year 2023 for which the TDS collection was Nu. 4199.32 million. As per the Income Tax Act of Bhutan 2001 and the Rules thereto, tax shall be deducted at source from income specified under the provision of the Act, and shall have priority over any other claims. TDS is a mode of collection modelled on the principle of Pay As You Earn (PAYE) and it eases the burden of paying huge tax at one time. TDS for those who have filed their return amounted to Nu. 4057.95 million while TDS from limited tax liability amounted to Nu. 779.58 million. TDS on non-Bhutanese (limited tax liability) which is deducted at the rate of 3% of the income is treated as final tax.

Table 16: Tax refunded

Tax Type	***TDS***			***Refund***	
	TDS (return filed)	***TDS (final tax)***	***Total TDS***	***No. of Taxpayers***	***Amount***
PIT	*1,643.23*	*556.89*	*2,200.11*	*30128*	*210.26*
BIT	*503.57*	*24.77*	*528.33*	*121*	*4.64*
CIT	*1,911.15*	*197.92*	*2,109.08*	*10*	*8.76*
Total	***4,057.95***	***779.58***	***4,837.52***	***30259***	***223.66***

Figure 6: TDS and refund (Nu. In millions)



5.3 Tax refund

Out of TDS collection (from those who filed their tax return) of Nu. 4057.95 million, Nu. 223.63 million was refunded during the IY 2024 as compared to Nu. 400.58 million in the IY 2023 registering a huge decrease. 2023 has a huge refund due to a change in pay scale by mid-year. Personal Income Tax has the highest refund among all tax types amounting to Nu. 210.26 million and BIT has the lowest with only Nu. 4.64 million.

5.4 On-time filing

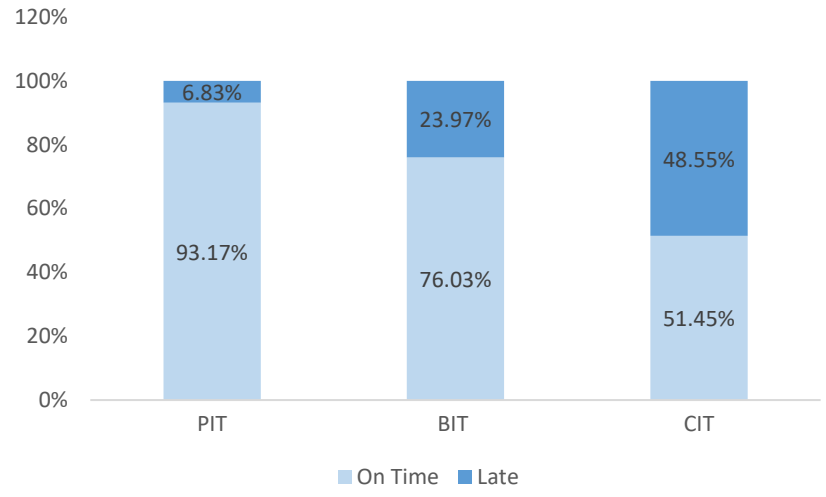
Every year, filing of income tax return starts from 1st January and ends on 31st March for BIT and CIT while for PIT it ends on 28th February unless taxpayers avail time extension for the filing. Since all returns have to be filed on-line through RAMIS, the filing time is recorded by the system. Any return filed after the due date but before three months from due date is considered as late filers while the return filed after three months from the due date is considered as non-filers. Both late filers and non-filers are liable for fines and penalty as prescribed in ITA & Rules thereto.

Table 17: Number of tax return filed on time and late filers

Tax Type	ON TIME		LATE		TOTAL
	No. of units	Percentage	No. of units	Percentage	
PIT	68089	93.17%	4988	6.83%	73077
BIT	35398	76.03%	11158	23.97%	46556
CIT	284	51.45%	268	48.55%	552

For the year 2024, PIT saw a huge percentage of 93.48% on-time filers which is out of 73,077 filers, 68089 filed on time. On the other hand, CIT recorded the lowest rate of on-time filing of 51.45%, making only 284 units filing on time out of total filers of 552. However, compared to 2023, the on time filing rate of CIT has improved drastically from 39.5% which can be contributed from the effort of the Large Taxpayer Unit (LTU). Filing after the due date will result in late payment of taxes which will have an impact on realization of the revenue on time which in turn will impact the overall financial health of a government. Therefore, BIT and CIT being the major contributors for the direct tax revenue, the department is trying to streamline the late filers by implementing strategies to encourage timely filing, and conduct close evaluation and monitoring to improve compliance.

Figure 7: Percentage of filers segregation



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