

འབྲུག་གི་བཙུང་ཁྲུལ་དང་ ཅ་དམ་ རང་ཁྲུལ་གྱི་ (འཕྲི་སྒྲོན)

བཅའ་ཁྲིམས་ ༢༠༡༢ ཅན་མ།



SALES TAX, CUSTOMS AND EXCISE (AMENDMENT)  
ACT OF BHUTAN 2012

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Sales Tax, Customs and Excise (Amendment) Act of Bhutan 2012



ཡིན་ཡེ་མི/ཡེ་མི-༩/༢༠༡༢/༡༩༦

ལྷན་ཚོགས་ ༢༤.༥.༢༠༡༢ ལཱ།

༣ **མི་ཇི་དབུལ་ཅིས་སྒྲོན་པོ་མཚོགས་ལཱ།** རོན་འབྲམ་ དེ་ནི་ ལྷན་ཚོགས་ ༢༠༡༢ ཟླ་ ༡ པའི་ཚེས་ ༤ ལཱ་ ལྷན་ཚོགས་ལྷན་བཞུགས་ཐོག་ཚུ་འཛོགས་ལཱ་ལ་པའི་ **འབྲུག་གི་བོད་ལྗང་དང་ ཅངས་ བཤམ་གྱི་(འཕྲི་སྒྲོན་)བཅའ་ཁྲིམས་ ༢༠༡༢ ཅན་མ་དེ་** ཅུ་ཁྲིམས་ཚེན་མོའི་ ཅུ་ཚེན་ ༡༣ པའི་དོན་ཚུན་ ༡༡ པའི་དགོངས་དོན་ལྷན་ རང་ལུགས་གནམ་ལོ་ཚུ་ལོ་འབྲུག་ལོ་ཟླ་ ༦ པའི་ཚེས་ ༦ ལཱ་འམ་ ལྷན་ཚོགས་ ༢༠༡༢ ཟླ་ ༥ པའི་ཚེས་ ༢༥ ལས་འགོ་བཟུང་ ལྷན་ཚོགས་ཀྱི་མོས་ཚད་དང་ འཕྲིལ་ཏེ་ བསྟར་སྒྲོན་འབད་དགོ་པའི་བཀའ་ཐམས་གནང་ཡོད་པ་བཞིན་དུ་ དེར་ལྷན་ལག་གི་ཉོངས་ལས་ དང་སྒྲུབ་ཚུལ་མཐུན་མཛུགས་དགོངས་བཅས། རང་ལུགས་གནམ་ལོ་ཚུ་ལོ་འབྲུག་ལོ་ཟླ་ ༦ པའི་ཚེས་ ༡ ལཱ།

*(Signature)*  
 (འཛོགས་མེད་ཚུལ་ཁྲིམས་)  
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- འདྲ་ ༡. **གཞུང་གྲྀ་དབུལ་མི་ཇི་སྒྲོན་ཚེན་མཚོགས་ལཱ།** ལྷན་སྒྲོན་།
༢. དང་ཁྲིམས་ལྷན་སྒྲུབ་ལཱ་ལུ་མི་ཇི་འབྲུག་གི་ཁྲིམས་སྒྲོན་པོ་མཚོགས་ལཱ། ལྷན་སྒྲོན་།
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## **Preamble**

An Act to amend certain provisions of the Sales Tax, Customs and Excise Act of the Kingdom of Bhutan 2000 and to harmonize with other relevant provisions of laws;

Parliament of the Kingdom of Bhutan do hereby enact the Sales Tax, Customs and Excise (Amendment) Act of Bhutan 2012, on the 12<sup>th</sup> Day of the 11<sup>th</sup> Month of Iron Female Rabbit Year of the Bhutanese Calendar corresponding to the 6<sup>th</sup> Day of January, 2012 at its 8<sup>th</sup> Session of the First Parliament as follows:

### **Short Title, Commencement and Extent**

1. This Act shall :
  - (a) Be called SALES TAX, CUSTOMS AND EXCISE (AMENDMENT) ACT OF BHUTAN 2012;
  - (b) Come into force on the 4<sup>th</sup> Day of the 4<sup>th</sup> Month of Water Male Dragon Year of the Bhutanese Calendar corresponding to the 25<sup>th</sup> Day of May, 2012; and
  - (c) Extend to the whole of Bhutan.

2. **In the Sales Tax, Customs and Excise Act of the Kingdom of Bhutan 2000, hereinafter referred to as the Act, under the general preliminary, definition clause, section 2(19) is amended as:**

“**Excise duty** means a duty levied on goods either produced or manufactured in the country or imported into the country”.

3. **In the Act, under the general preliminary, definition clause, after section 2(20), new sections are inserted, namely:**

“**Section 2(20 ka)**

**Exempted Goods** means goods which are exempt from either duty or tax or both leviable thereon, and include goods which are chargeable to “Nil” rate of duty or tax”.

“**Section 2 (20 kha)**

**Exempt Person** means a person eligible to avail exemption from the applicable duty or tax or both, as specified in this Act or Rules thereof”.

4. **In the Act, under the general preliminary, definition clause, after section 2(43), a new section is inserted, namely:**  
**“Section 2 (43 ka)**  
**Rules** means the Rules framed by the Ministry of Finance in accordance with this Act”.
5. **In the Act, under Part I, Sales Tax, Chapter 1, Preliminary, section 1(ka), is amended as:**  
“Persons importing goods and services into Bhutan;  
and ”
6. **In the Act, under Part I, Sales Tax, Chapter 2, Tax Liability and Exemption section 2, is amended as:**  
“A person or government institution within the Kingdom of Bhutan”.
7. **In the Act, under Part I, Sales Tax, Chapter 2, Tax Liability and Exemption section 3.3, is amended as:**  
“Any person importing or purchasing goods and services on behalf of an exempt person shall pay sales tax”.

8. **In the Act, under Part I, Sales Tax, Chapter 3, Levy and Rate of Tax, section 4.2, is amended as:**  
“The fixation of rates of Sales Tax and any revision thereof, and the range of commodities and services under the Sales Tax Schedule shall be approved by the Parliament in accordance with the procedure outlined in the Public Finance (Amendment) Act of Bhutan 2012”.
9. **In the Act, under Part I, Sales Tax, Chapter 4, Valuation, Assessment and Collection, the title of section 6, is amended as:**  
“Valuation and Collection”;
10. **In the Act, under Part I, Sales Tax, Chapter 4, Valuation, Assessment and Collection, section 6.1, is amended as:**  
“Sales tax shall be collected at the time of import or at the point of sale in accordance with the valuation rules prescribed by the Ministry from time to time”.
11. **In the Act, under Part I, Sales Tax, Chapter 5, Import and Export clearance, Entry and Exit of**

**conveyance and goods, Warehousing, Inspection and Search and Import and Export Restrictions and Prohibitions, section 7, is amended as:**

“For the purpose of this Act, Import and Export clearance, Entry and Exit of conveyance and goods, Warehousing, Import, Sale and Transfer of exempted goods, Baggage, Import and Export of goods by Post, Inspection and Search and Import and Export Restrictions and Prohibitions thereof shall be in accordance with provisions under Chapter 4 (Section 10 and 11) 7, 8, 9, 10, 11, 12 and 13 of Part II of this Act”.

12. **In the Act, under Part II, Customs, Chapter 2, Liability, section 3, is amended as:**

“Person or his agent importing or exporting goods into or out of Bhutan shall be liable to pay customs duty as may be applicable from time to time”.

13. **In the Act, under Part II, Customs, Chapter 4, Levy and Customs Tariff, section 6.1, is amended as:**

“Customs Tariff and revision thereof shall be approved by the arliament in accordance ith the procedure

outlined in the Public Finance (Amendment) Act of Bhutan 2012”.

14. **In the Act, under Part II, Customs, Chapter 5, the title is amended as:**  
“Valuation of imported/exported goods”.
15. **In the Act, under Part II, Customs, Chapter 5, Valuation of Imported/Exported Goods, Section 13, is amended as:**  
“The Ministry shall prescribe, from time to time, methods of valuation for both imported and exported goods”.
16. **In the Act, under Part II, Customs, Chapter 7, Import and Export Clearance, sub-title of section 17, is amended as:**  
“Import and disposal of goods by exempt person”.
17. **In the Act, under Part II, Customs, Chapter 7, Import and Export Clearance, after section 19, a new section is inserted, namely:**  
**“Section 19.2**  
Any document presented in a language other than

Dzongkha and English shall be translated either into Dzongkha or English for declaration purpose”.

18. **In the Act, under Part II, Customs, Chapter 7, Import and Export Clearance, section 20.2, is amended as:**  
“License/permits for clearing and forwarding agents may be issued by the relevant Agency on recommendation of the Ministry”.
19. **In the Act, under Part II, Customs, the title of Chapter 10, is amended as:**  
“Import, Sale and Transfer of Exempted Goods”.
20. **In the Act, under Part II, Customs, Chapter 10, Import, Sale and Transfer of Exempted Goods , the sub-title of section 33, is amended as:**  
“Sale of duty/tax exempted goods”.
21. **In the Act, under Part II, Customs, Chapter 10, Import, Sale and Transfer of Exempted Goods, section 33.1, is repealed.**

22. **In the Act, under Part II, Customs, Chapter 10, Import, Sale and Transfer of Exempted Goods, section 33.3, is amended as:**  
“The sale or transfer of duty/tax exempted goods either by an exempted person or imported or purchased on exempt basis, including those purchased through public auction or tender, the buyer if not a person entitled to exemption, shall pay the customs duty, taxes, fees and charges”.
23. **In the Act, under Part II, Customs, Chapter 10, Import, Sale and Transfer of Exempted Goods, section 33.5, is amended as:**  
“Notwithstanding Sub-sections 33.2, 33.3 and 33.4 above, the Ministry shall prescribe rules for the import, sale and transfer of exempted goods”.
24. **In the Act, under Part II, Customs, Chapter 10, Import, Sale and Transfer of Exempted Goods, section 34, is amended as:**  
“Where a good is imported into Bhutan without an authorization, it shall be confiscated without notice pursuant to Section 10 in the General Provisions”.



25. **In the Act, under Part II, Customs, Chapter 11, Baggage, Import and Export of Goods by Post, section 35(Ga), is amended as:**  
“Provisions applicable to exempt persons under Sub-section 5.1 or any particular group of persons or professionals”.
26. **In the Act, under Part II, Customs, Chapter 13, Import and Export Restrictions and Prohibitions, section 45(chha), is amended as:**  
“Chemicals of certain kinds as notified by relevant authorized agencies”.
27. **In the Act, under Part II, Customs, Chapter 13, Import and Export Restrictions and Prohibitions, section 45(ja), is amended as:**  
“Scraps as notified by relevant authorized agencies”.
28. **In the Act, under Part II, Customs, Chapter 13, Import and Export Restrictions and Prohibitions, section 45(dha), is amended as:**  
“Narcotics and psychotropic drugs and substances”.

29. **In the Act, under Part II, Customs, Chapter 13, Import and Export Restrictions and Prohibitions, section 46(ka), is repealed.**
30. **In the Act, under Part II, Customs, Chapter 13, Import and Export Restrictions and Prohibitions, section 47.1(Ga), is repealed.**
31. **In the Act, under Part II, Customs, Chapter 14, Special Provision, after section 48(Nga), a new section is inserted, namely:**
- “Section 48(Cha)**  
Accession to International Conventions on Customs matters.”
32. **In the Act, under Part III, Excise, Chapter 2, Liability and Exemption, section 2.1, is amended as:**
- “Any person who manufactures, imports or deals with excisable goods shall be liable to pay excise duty”.

33. **In the Act, under Part III, Excise, Chapter 3, Excisable Goods, Rates and Fees, section 3, is amended as:**  
“Excise duties shall apply to goods either manufactured or produced in Bhutan or imported as prescribed by the Ministry”.
34. **In the Act, under Part III, Excise, Chapter 3, Excisable Goods, Rates and Fees, section 4.1, is amended as:**  
“Rates of Excise duty on excisable goods shall be fixed and revised with the approval from the Parliament in accordance with the procedure outlined in the Public Finance (Amendment) Act of Bhutan 2012”.
35. **In the Act, under Part III, Excise, Chapter 4, Registration and Collection, section 5.1, is amended as:**  
“Manufacturers, dealers, importers of excisable goods under Section 1, Chapter 1, Part III of this Act, shall register with the Department”.

36. **In the Act, under Part III, Excise, Chapter 4, Registration and Collection, section 6, is amended as:**  
“Excise duty and other fees shall be levied and collected by the Department or the manufacturer or dealer as per rules framed by the Department”.
37. **In the Act, under Part III, Excise, Chapter 5, Control of Excisable Goods, section 7.1, is amended as:**  
“All excisable goods in the factory, distillery and warehouse shall be under the control of the Department”.
38. **In the Act, under Part III, Excise, Chapter 5, Control of Excisable Goods, section 7.2, is amended as:**  
“Manufacturers, importers and dealers of excisable goods shall maintain and submit to the Excise authorities information and records regarding the import, production and sale of excisable goods as per the Rules prescribed by the Ministry”.

39. **In the Act, under Part III, Excise, Chapter 5, Control of Excisable Goods, section 8.1, is amended as:**

“Person intending to export or transfer excisable goods shall inform the Excise authorities in writing within 24 hours before the removal of the goods from the factory or warehouse”.

40. **In the Act, under Part III, Excise, Chapter 5, Control of Excisable Goods, Section 9.2, is amended as:**

“In case of loss or damage of any goods during transport or transit under bond, due to negligence, default or any willful act or omission, the owner shall pay the excise duty to the Department”.

41. **In the Act, under Part III, Excise, Chapter 7, Search, Seizure and Confiscation, section 13, is amended as:**

“*Illicit* goods manufactured, imported, exported, sold or transferred may be confiscated along with the container or equipment”.

42. **In the Act, under the General Provisions(These provisions shall apply to Part I, Part II and Part III this Act), Chapter 1, Inspection of Accounts, Taxes and Duties, sub-title of section 5. is amended as:**  
“Refund of Tax, Duty, Fees or Charges”.
43. **In the Act, under the General Provisions(These provisions shall apply to Part I, Part II and Part III this Act), Chapter 1, Inspection of Accounts, Taxes and Duties, a new section after section 5.1 is inserted, namely:**  
“Section 5.1 A  
“Where duty or tax or fees or charges has been wrongly or erroneously levied or paid, the excess amount so paid shall be refunded or adjusted against outstanding taxes due to the Government if any”.
44. **In the Act, under the General Provisions(These provisions shall apply to Part I, Part II and Part III this Act), Chapter 3, Detention, Seizure and Confiscation, section 7.2 is amended as:**  
“Where an officer of the Department has reason to believe that the goods have been illegally imported or exported or transferred, the officer shall have power to

detain the goods, conveyance and person for further enquiry”.

45. **In the Act, under the General Provisions(These provisions shall apply to Part I, Part II and Part III this Act), Chapter 4, Fines and Penalties, section 16 is amended as:**

**Other Offences and Penalty**

“A fine of 50 percent of the value of the goods in addition to the amount of Sales Tax, Customs and Excise duty shall be imposed for the commission of the following offences:

Any person who-

- (Ka) Under-invoices either the value or quantity of goods or services imported or exported or sold;
- (Kha) Does not declare or willfully mis-declares either the value or quantity of goods or services imported or exported or sold;
- (Ga) Conceals any goods imported/exported or conceals sales of any goods and service by

furnishing inaccurate particulars of value or quantity:

- (Nga) Makes or signs untrue or incorrect declarations, certificates and documents, for consideration of any Officer of the Department;
- (Cha) In any way, involves in storing, conveying, removing, depositing or dealing with any dutiable, taxable, restricted or prohibited goods with intent to defraud the Government or to evade any duties and taxes thereon;
- (Chha) Knowingly harbours or conceals, or permits or procures to be harboured or concealed, any dutiable, restricted or prohibited goods;
- (Ja) Sells, transfers, exchanges or gives away or misuses exempted goods and/or services in any other way in violation of this Act;



- (Nya) Without authorization from the Department removes or withdraws, or in any way assists or is concerned with removal or withdrawal of any goods;
  - (Ta) Obtains, attempts to obtain or abets in obtaining, any amount by way of refund of any duty or tax which is not payable or allowable in respect thereof or which is greater than the amount so payable or allowable;
  - (Tha) fails to comply with any provisions of this Act and rules thereof;
  - (Dha) Misuse of permits”.
46. **In the Act, under the General Provisions(These provisions shall apply to Part I, Part II and Part III this Act), Chapter 6, Settlement of Disputes and Appeals, section 21.3(kha), is amended as:**  
“One from Ministry of Economic Affairs”.

47. **In the Act, under the General Provisions(These provisions shall apply to Part I, Part II and Part III this Act), Chapter 6, Settlement of Disputes and Appeals, section 22.6, is amended as:**

“Where an Appeal Committee fails or does not pass a decision within 45 days of filing an appeal, a person or entity may appeal to the Appeal Board”.

48. **In the Act, under the General Provisions(These provisions shall apply to Part I, Part II and Part III this Act), Chapter 6, Settlement of Disputes and Appeals, section 22.7, is amended as:**

“The decision of the Appeal Committee of the Head Office may be appealed to Appeal Board within 30 days from the date a decision has been passed”.

49. **In the Act, under the General Provisions(These provisions shall apply to Part I, Part II and Part III this Act), Chapter 6, Settlement of Disputes and Appeals, section 22.8, is amended as:**

“The Appeal Board shall pass its decision within 45 days from the date of filing an appeal”.

50. **In the Act, under the General Provisions(These provisions shall apply to Part I, Part II and Part III this Act), Chapter 6, Settlement of Disputes and Appeals, section 22.10, is amended as:**

“Where an Appeal Board fails or does not pass a decision within 45 days of filing an appeal, a person or entity may appeal to the Court of Law”.

51. **In the Act, under the General Provisions(These provisions shall apply to Part I, Part II and Part III this Act), Chapter 6, Settlement of Disputes and Appeals, after section 24.1, a new section is inserted, namely:**

**“Section 24.2**

Any waiver granted under Section 24.1 shall be annulled if the appellant pursues the same contention with a higher appeal body or a Court of Law”.

52. **In the Act, under the General Provisions(These provisions shall apply to Part I, Part II and Part III**

**this Act), Chapter 7, Recovery, after section 25.2(Nga), a new section is inserted, namely:**

**“Section 25.2 (Cha)**

Withholding the imports and exports of the person or its sister concerns; and/or”

53. **In the Act, under the General Provisions(These provisions shall apply to Part I, Part II and Part III this Act), Chapter 7, Recovery, after section 25.2(cha), a new section is inserted, namely:**

**“Section 25.2 (Chha)**

Making public notification”.

54. **In the Act, under the General Provisions(These provisions shall apply to Part I, Part II and Part III this Act), Chapter 7, Recovery, after section 27.1, new section is inserted, namely:**

**“Section 27.1A**

Any person, wishing to transfer, close or wind up a business, shall notify the Department in writing, thirty days prior to the transfer, closure or winding up of a business”.

55. **In the Act, under the General Provisions(These provisions shall apply to Part I, Part II and Part III this Act), Chapter 7, Recovery, section 28, is amended as:**

**“28. Tax Clearance Certificate**

28.1 An organization shall require any of its employees to produce a tax clearance certificate in the following cases:

(ka) When an employee is leaving the country for 12 months or more; and;

(kha) When an employee is resigning or being retired in which case the certificate shall be obtained before the payment of the retirement benefits.

28.2 The failure of the organization to comply with the requirement in Section 28.1 above shall result in the organization bearing the tax liability of the employees.

28.3 A business entity shall be required to produce a tax clearance certificate in the following cases:

- (ka) At the time of transfer of ownership of business or at the time of change in the location of business from one tax region to another;
- (kha) At the time of closing of a business;
- (Ga) At the time of obtaining and renewal of license for any works and service contracts.

28.4 A corporation or a government agency shall require business entities to produce a tax clearance certificate for participation in a tender as prescribed in the Rules”.

56. **In the Act, under the General Provisions(These provisions shall apply to Part I, Part II and Part III this Act), Chapter 9, Miscellaneous, after section 38, new sections are inserted namely:**

**“Section 39**

**Maintenance of Revolving Account**

The Department may operate revolving account to facilitate the clearance of goods and collection of duties and taxes”.

**“Section 40**

**Levy of Fees and Charges**

The Department may levy fees and charges as it deems fit for any services rendered by it to any person under the provisions of this Act and it may require such fees and charges to be paid in advance of the service being rendered”.

**“Section 41**

**Rule Making Powers**

The Ministry of Finance may, in accordance with this Act, frame Rules necessary for the effective implementation of the provisions of this Act.”

**“Section 42**

**Amendment**

The amendment of this Act by way of addition, variation, or repeal shall be effected by a simple majority of the respective Houses or vote of no less than two-thirds of the total members of Parliament present and voting on a motion submitted by one-third of the members of either House”.

**“Section 43**

**Authoritative Text**

The Dzongkha text shall be the authoritative text, if there exists any difference in meaning between the Dzongkha and the English text.”