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MINISTRY OF ECONOMIC AFFAIRS

ROYAL GOVERNMENT OF BHUTAN

THIMPHU



JOINT SECRETARY

MoEA/DCSI/01/ 050

August 26, 2014

OFFICE ORDER

For the benefit of people wishing to establish auction firms and public wishing to avail auction services for selling of their goods and property, the Ministry of Economic Affairs is pleased to introduce the **Rules and Regulations for Auctioning of Goods and Real Property, 2014 (RRAGRP)**. The RRAGRP, 2014 must be read in conjunction with the extant Rules & Regulations for Establishment & Operation of Industrial and Commercial Ventures in Bhutan (1995), and other relevant laws of the Kingdom. Any amendment hereto will remain the prerogative of the Ministry of Economic Affairs only.

This RRAGRP, 2014 will ensure that auctioning of goods and real property is recognized as a legitimate business activity and all operations are conducted in a fair and transparent manner, for the benefit for one and all.

Sonam P. Wangdi

CC::

Hon'ble Tengye Lyonpo, Ministry of Economic Affairs

Secretary, Ministry of Economic Affairs

Secretary General, BCCI

Director, Department of Industry/ Department of Cottage & Small Industry

Executive Director, Office of the Consumer Protection

Regional Director, Regional Trade & Industry Office, Thimphu/ Gelephu/ Monggar/

Phuntsholing/ Trongsa/ Samdrup Jongkhar/

**MINISTRY OF ECONOMIC AFFAIRS
ROYAL GOVERNMENT OF BHUTAN**



**RULES AND REGULATIONS FOR AUCTIONING OF GOODS
AND REAL PROPERTY, 2014**

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1. Definition:

- 1.1 *Auction Firm* is a legal business entity that conducts a public sale in which goods or real property is sold to the highest bidder.
- 1.2 *Auctioneer* means any person who for another, with or without receiving or collecting a fee, commission or other valuable consideration sells or offers to sell goods or real property at an auction through an Auction firm.
- 1.3 *Goods*: Any goods or personal property, commodities of any form or type which may lawfully be kept or offered for sale.
- 1.4 *Real Property*: Real Property are fixed assets mainly land and buildings.

2. Goods and Real Property covered under the Rules & Regulations

- 2.1 Vehicles and earth moving equipment
- 2.2 Land and building
- 2.3 Office and household equipment and machineries
- 2.4 Furniture
- 2.5 Electronic appliances
- 2.6 Any other personal goods

3 Exclusions of the Rules & Regulations:

The framework covers auction of all types of goods and all methods of auction, except those mentioned herewith.

- 3.1 Government agencies covered by Financial Manual supported by a set of Terms and Conditions formulated and approved by the Auction Committee of the Ministry of Finance.
- 3.2 Commercial Banks and other financial institutions that auction goods and real properties that are mortgaged with them.
- 3.3 Auction of perishable goods which is guided by the Food Corporation of Bhutan Auction Yard Manual, 2009.
- 3.4 Online auction.

3.5 Goods listed in prohibited list/negative list of FDI Rules and Regulations 2012, may not be auctioned at any given time.

4 Regulatory Requirements:

4.1 To conduct an auction, an auction firm has to obtain a business license from authorized agency(s) of the Ministry of Economic Affairs.

4.2 As for other enterprises, the value of the capital investment (infrastructure, land, equipment and facility) and the employment size will determine the size category of the industry.

4.3 The auction will be carried out in a fixed location. When immovable properties are involved, the auction at the location where the property stand is permitted.

4.4 Only Bhutanese people over 18 years of age will be allowed to participate as bidders.

4.5 Other aspects of business will be governed by the Rules and Regulations for Establishment and Operation of Industrial and commercial ventures in Bhutan 1995.

4.6 Transaction of goods and real property after auction will follow the extant rules and regulations of the country and amendments thereto.

5 Responsibilities of Licensed Auction Firm and Auctioneers

5.1 The firm will have adequate space for display of items to be auctioned and proper infrastructure for conduct of auction.

5.2 The firm will employ experienced auctioneers or hire experienced auctioneers as and when required. The Auctioneer has to be a person of ethic, fair, transparent and act in a professional manner.

5.3 The firm will have proper documented Standard Operating Protocol covering pre-auction, during auction and post-auction phases.

5.4 Prior to auction, a written agreement should be drawn between the owner of any goods or property to be sold and the Auction Firm. The agreement must cover the terms and conditions upon which the firm received the goods or property for sale. The Auction Firm should provide the owner a signed copy of the agreement.

5.5 The firm will make public announcement of the forthcoming auction. The information will convey, name of the firm, goods/ property to be auctioned, time, date, location, eligibility criteria for participation as a bidder and how to participate well in advance.

- 5.6 The firm will allow adequate time for all genuine bidders to inspect the goods and property at the site of auction.
- 5.7 The firm will allow registration by all bidders at least three days to the date of auction.
- 5.8 The firm will pronounce the written conditions of the auction to all bidders prior to auction. Only bidders agreeing to the terms and conditions may participate.
- 5.9 The auction will be conducted in the most fair and transparent manner, allowing equal participation by all.
- 5.10 The firm will maintain correct and inclusive auction records of – the bidders, the bid amount and the result of the auction;
- 5.11 In case of immovable properties such as land and building, the provisions of Land Act 2007 with regard to transfer of ownership of land, Kasho or Kidu or Rehabilitation land, *Chuzhing* and other legal provisions of the country should be strictly adhered to at all times.
- 5.12 All legal provisions guiding the transfer of properties including any taxes must be duly followed after a successful auction is conducted.

6. Penalty of offense

- 6.1 Any offence or violation of the clauses will result in penalty and will be dealt as per the Rules and Regulations for Establishment and Operation of Industrial and Commercial Ventures in Bhutan, 1995; and other relevant laws of the Kingdom of Bhutan