Tax Act 2012

(Tshogpon Jigme Tshultim)
SPEAKER
PARLIAMENT OF BHUTAN
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**Tax Act 2012**

(Tshogpon Jigme Tshultim)

SPEAKER

PARLIAMENT OF BHUTAN
Preamble

Whereas, there are important responsibilities entrusted upon the Royal Government by the Constitution to finance the needs of the State;

Whereas, one of the prime responsibilities of the Government is to raise the revenues of the State towards attaining greater degrees of self-reliance;

Whereas in keeping with Bhutan’s development paradigm of Gross National Happiness, the Government has to ensure an economy that grows steadily in a stable manner,

Whereas, taxation is an important fiscal instrument for the management of the economy and environmental concerns;

Now therefore, the Parliament of Bhutan hereby enacts this law as follows:

Title, Scope and Effective Date

1. The Act shall be called the Tax Act 2012.
2. It shall extend to the whole of the nation.
3. The term “tax” used in this Act shall cover;

Tax Act 2012
a. Sales Tax, Customs Duty, Excise Duty, and **Green Tax**;

b. Any other fees or levies which are not in the nature of charges for services rendered.

4. It shall come into effect on the day of the bill’s introduction in the National Assembly.

5. All goods and services purchased, sold or imported (date of arrival in the country) on or after the above-cited effective date shall be subject to the tax rates specified in the respective schedules of this Act.

**Tax Introduction**

**Green Tax**

6. There shall be an indirect tax called Green Tax in addition to the existing taxes.

7. The Green Tax shall be applicable to goods, services or activities and at such rates as may be approved by the Parliament from time to time.
8. The tax rates shall be as specified in Table I of the Act called the Green Tax Table 2012.

9. Specified persons, public and private entity, institutions shall be obligated to collect and deposit the Green Tax.

10. The rules on administration, accounting, valuation, inspection, assessment, payment and returns, collection and refunds, appeal and recovery and anti-avoidance of the Green Tax shall be in accordance with such rules of the Sales Tax, Customs and Excise Act of the Kingdom of Bhutan 2000 and Amendment thereto.

11. Notwithstanding tax exemptions granted under other laws and rules and regulations, there shall be no exemptions from Green Tax.
**TABLE I**

**GREEN TAX RATES 2012**

<table>
<thead>
<tr>
<th>Items</th>
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<tr>
<td>Passenger vehicles with engine capacity of 1,800 cc and above</td>
<td>20%</td>
</tr>
<tr>
<td>Vehicle with engine capacity of 1800 cc and below and vehicle such as buses used for general public transport, certain utility vehicles which are mostly used on the rural roads such as pick-ups and trucks.</td>
<td>5%</td>
</tr>
</tbody>
</table>

Note:

i) Electric vehicles shall not be subject to Green Tax.

ii) The Bhutan Trade Classification 2012 shall be used for the purpose of the Green Tax levy.