EXCISE TAX RULES AND REGULATIONS 2025

Royal Government of Bhutan
Ministry of Finance
Department of Revenue & Customs

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རྒྱལ་ཡོངས་རྒྱུན་སྐྱོང།
ROYAL GOVERNMENT OF BHUTAN
MINISTRY OF FINANCE
TASHICHHODZONG
THIMPHU

རྒྱལ་ཡོངས་རྫོང་ཁག།
FINANCE MINISTER

FOREWORD

Pursuant to the authority vested by Section 196 under Chapter 9 of the Excise Tax Act of Bhutan 2025, the Ministry of Finance hereby establishes and issues the Excise Rules and Regulations of Bhutan 2025.

These Rules and Regulations mark an important milestone in strengthening Bhutan's fiscal administration. It provides a transparent, efficient, and standardized framework for excise tax administration, reflecting international best practices while addressing national priorities.

This Rules and Regulations provide comprehensive procedural guidance covering importation processes, manufacturing operations, bottling activities, warehousing management, denaturing procedures, tax assessment methodologies, record maintenance requirements, objection and appeal processes, and enforcement mechanisms aimed at enhancing taxpayer compliance, streamlining processes, safeguarding revenue, and ensuring a fair and predictable tax environment.

The Excise Rules and Regulations of Bhutan 2025 embodies the Royal Government's commitment to sound fiscal governance, administrative excellence, and sustainable economic growth. It establishes a foundational framework for effective excise tax administration, reinforcing fiscal responsibility and supporting the nation's broader economic objectives.

With the evolving nature of the economy and technology, the Ministry of Finance will facilitate DRC to continue to review and update these regulations within the purview of the legislation to ensure their continued relevance and effectiveness. This adaptive approach guarantees a dynamic and resilient excise tax system that meets contemporary challenges. We are positive that these rules shall serve our nation as a cornerstone for effective excise tax administration and contribute meaningfully to Bhutan's prosperity.

26/9/2025

(LEKEY DORJI)

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CHAPTER 1
PRELIMINARY

Title

1. This Rule is the Excise Tax Rules and Regulations 2025.

Commencement

2. These Rules and Regulations come into force on the 13th day of the 11th month of the Wood Female Snake Year corresponding to the 1st day of January 2026.

Repeal

3. These Rules and Regulations repeal:

   (1) part III of the Rules on the Sales Tax, Customs and Excise Act of the Kingdom of Bhutan 2000; and
   (2) green Tax Rules and Regulations of Bhutan 2024.

CHAPTER 2
ADMINISTRATION

Notifications

4. The Department may issue notifications, manuals, and guidelines to give effect to the provisions of the Excise Act and Rules and Regulations, and such shall be published on the Department's official website.

Structure

5. The Department shall comprise:

   (1) Head Office, Department of Revenue and Customs, Ministry of Finance, Royal Government of Bhutan;

(2) Regional Revenue and Customs Offices (RRCO); and
(3) Liaison and Transit Office stationed outside the territory of Bhutan.

Requirement for Securities

6. The Department may require any person to furnish security, in such form and manner as may be determined by the Department, in respect of:

(1) application for permit under the Act;
(2) registration of an agent;
(3) request for deferred payment; and
(4) under such other conditions as the Department deems fit.

7. In accordance with Sections 12 to 16 of the Act, the Department shall assess and determine the security requirements to be furnished by an applicant based on:

(1) compliance history;
(2) nature and volume of operations;
(3) risk profile of goods handled; and
(4) any other relevant factors that the Department may consider necessary.

8. The Department may also accept a security deposit provided by another person, other than the person required to provide security under the Act and this rule and regulations.

9. A security required under Section 14 of the Act may include, but not limited to:

(1) tradable financial assets recognized by the RMA;
(2) bank guarantee issued by the licensed financial institutions;
(3) fixed deposits receipts duly pledged in favor of the Department; or
(4) any other form of financial or non-financial securities as the

Department may consider appropriate, having regard to the nature and risk of the obligation.

10. The person shall bear any cost associated with obtaining or maintaining the security instrument.

11. The security may be applied across multiple transactions, provided the Department is satisfied with the sufficiency of the security.

Enforcement of Security

12. The Department shall maintain all records of securities taken and their enforcement status.

13. Prior to initiating legal proceedings, the Department may issue a final notice to the taxpayer providing an opportunity to settle the liability.

CHAPTER 3
IMPORTATION, MANUFACTURE, BOTTLING, AND DENATURING

IMPORTATION OF EXCISABLE GOODS

Application for a permit to import

14. A permit to import excisable goods shall be granted under Section 18 of the Act to a person under the following conditions:

    (1) the person shall pay to the Department, at the time of issuance of the permit and in such manner as the Department requires, an amount of permit fee as set out in Schedule I; and
    (2) the person shall apply for the import permit electronically, accompanied by the following, where applicable:
        (a) copy of a valid license issued by the relevant authority for operating or carrying on business activities;
        (b) import license for the import from countries other than

India;
(c) copy of invoice;
(d) copy of tax clearance certificate; and
(e) any other documents as the Department may require.

Validity and Renewal of Import permit for excisable Goods

15. The permit may, upon written application or electronically by the permit holder, made prior to its expiry and supported by satisfactory justification, be renewed by the Department for a maximum of two times, with each renewal period not exceeding 30 days.

16. Any request for extension of the permit, beyond the two renewals permitted under the rule 15, shall be treated as a new application and be subject to the permit fee and such conditions as the Department may determine.

MANUFACTURE OF EXCISABLE GOODS

Application for a permit to manufacture excisable goods

17. For Section 21 of the Act, an application for a permit to manufacture excisable goods shall be made in writing to the Department, in such form as may be prescribed, specifying:

(1) the name of the business, taxpayer number, and address of the applicant;
(2) the exact locality of the premises, or the ground upon which the applicant intends to build the premises, where the manufacturing activities will take place;
(3) the type of excisable goods to be manufactured, and whether the goods are intended for local consumption, or for export, or both; and
(4) the security offered for the due payment of all Excise taxes and fees, and for the proper conduct of the business.

18. An applicant who submits an application for a permit under the

rule 17 shall pay permit fee to the Department at the time of the submission of the application, in such manner as the Department may require.

19. The amount of the manufacturing permit fee shall be as specified in Schedule I.

20. If the Department is satisfied that the applicant holds a valid license issued by the competent authority and clearance from relevant agencies for the manufacturing of excisable goods, the Department shall:

    (1) inspect the premises where the excisable goods are to be manufactured, or the site where such premises are proposed to be constructed; and
    (2) require the submission of a detailed plan, outlining the proposed layout and construction of the premises.

21. The plan mentioned in the rule 20(2) shall include details, including:

    (1) separate storage rooms for raw materials and finished products within the factory;
    (2) a separate office for the officials of the Department;
    (3) provisions for fire safety and health protection, as may be required by the relevant fire and health authorities;
    (4) detailed technical specifications and the layout of any plant proposed to be installed for the manufacture of excisable goods; and
    (5) any other requirement considered necessary by the Department for the adequate protection of the government revenue.

22. The Department may require modification to the submitted plan as may be necessary to ensure its compliance with the rule 20(2).

23. The Department may, at any time, require the applicant to make such additions or alterations to the plan of such plant, or to such plant after installation, as the Department may consider necessary for the adequate protection of the government revenue.

24. The applicant shall not deviate from an approved plan, except with the prior written approval of the Department.

25. Upon completion and approval of the premises and plant, the Department shall grant the applicant a permit, in such form as it deems appropriate, and subject to any additional conditions it may impose, to manufacture the excisable goods specified in the permit, for the adequate protection of government revenue.

26. Despite the rules 17 to 25, where a premises has been used for the manufacturing of any goods before 1st January 2026, that would have been excisable goods under the Act on or after 1st January 2026, the Department may grant a permit for the manufacturing of excisable goods on the premises under Section 21 of the Act, if the Department is reasonably satisfied that the premises satisfies the conditions under the rule 20.

27. A permit granted under the rule 26 is subject to such other conditions as the Department may endorse on the permit, for the adequate protection of the government revenue.

Domestic Brewing for Personal Consumption

28. The requirement to obtain a manufacturer's permit under Section 21 of Act shall not apply to a person brewing local alcoholic beverages for personal consumption, provided that such beverages are not for sale or commercial distribution.

29. The rule 28 shall apply only to the brewing or fermentation of beverages or similar fermented drinks intended solely for household or traditional ceremonial use, and shall not extend to any form of commercial production.

Integrity of manufacturing premises

30. No structural alteration or installation of any plant or machinery used in the manufacture of any excisable goods may be made in

any manufacturing premises, in respect of which a permit, under Section 21 of the Act, relates, unless prior written approval of the Department has been obtained.

31. The Department may, at any time, in writing, direct the permit holder to provide any additional means for keeping and securing the safety of the raw materials, and of the product of the manufacturing premises, as the Department deems fit.

32. No person, other than a security personnel member, may dwell on the manufacturing premises without prior written approval from the Department.

33. The Department may, at the permit holder's expense, affix locks, seals, or other security measures to any part of the manufacturing premises or plant, as deemed necessary for the protection of government revenue.

34. No locks, seals, or other safeguards, placed in accordance with the rule 33, shall be tampered with, open, broken, altered, or removed, except with the consent of the Department.

Use of excisable goods in manufacturing excisable goods.

35. No excisable goods shall be used in the manufacture of other excisable goods, except with the prior written approval of the Department.

36. An application for such approval shall be made, in such form and manner as may be specified by the Department, and shall include:

    (1) the type and quantity of excisable goods, to be used in manufacturing excisable goods;
    (2) the nature and quantity of the final excisable goods, proposed to be manufactured;
    (3) the premises, where such manufacture will be undertaken; and

(4) such other particulars as the Department may require.

37. The person so authorized shall:

(1) maintain separate and accurate records of the receipt, usage, and stock of excisable goods used in manufacturing excisable goods; and
(2) account for all excisable goods, used and manufactured, in such form and frequency as may be prescribed.

BOTTLING, BLENDING, COMPOUNDING, AND VARIATION ACTIVITIES

Application for permit to bottle, etc., intoxicating liquors

38. For Section 28 of the Act, an application for a permit to bottle, blend, compound, or vary intoxicating liquors shall be made in writing to the Department, in such form and manner as may be prescribed, specifying:

(1) the name, taxpayer number, and the address of the applicant;
(2) the exact location of the premises, or the ground location, where the applicant intends to build the premises, where the activities will take place;
(3) the types of liquors proposed to be bottled, blended, compounded, or varied, and whether these are for local consumption, for export, or both; and
(4) the security offered for the proper conduct of the business.

39. An applicant who submits an application for a permit under the rule 38, shall;

(1) pay the applicable permit fee to the Department at the time of submission of the application, as specified in Schedule I;
(2) submit to the Department a plan of the proposed premises and the plant to be installed therein; and

(3) make such alterations in the plan referred to in the rule 39(2), as may be required by the Department, for the protection of the government revenue.

40. The applicant shall not deviate from a plan approved by the Department, except with the prior written approval of the Department.

41. Upon completion and approval of the bottling warehouse and the plant therein, the Department shall grant the applicant a permit, and subject to any additional conditions it may impose to ensure the adequate protection of government revenue, authorizing the applicant to bottle, blend, compound, or vary intoxicating liquors.

42. Despite the rules 38 to 41, where a premises has been used to bottle, blend, compound, or vary intoxicating liquors, before 1st January 2026, the Department may grant a permit for the bottling, blending, compounding, or variation of intoxicating liquors, on the premises, if the Department is reasonably satisfied that the premises are appropriately designed and constructed for such activities.

43. A permit granted under the rule 42 is subject to such other conditions as the Department may endorse on the permit for the adequate protection of the government revenue.

Operational Requirements for Bottling, Blending, Compounding, and Variation Activities

44. A permit holder shall not bottle, blend, compound, or vary the alcoholic strength of any intoxicating liquors, except in accordance with the terms of a written notice, submitted to the Department, at least forty-eight (48) hours prior to the commencement of such activities.

45. A notice, referred to in the rule 44 shall specify the following details:

(1) the nature, quantity, and identification marks, if any, of the liquors to be bottled, blended, compounded, or varied;
(2) the place where the liquors are stored; and
(3) the planned time for commencing the bottling, blending, compounding, or variation.

46. Once the bottling, blending, compounding, or variation of the contents of any container has commenced, it shall not be discontinued until the whole is bottled, blended, compounded, or varied, as the case may be.

47. All empty bottles, intended for use in bottling, along with corks, capsules, and other materials, or equipment, required for bottling, shall be stored in the bottling warehouse, or at such other location as may be approved, in writing by the Department, and shall not be removed from that location without the Department's prior approval.

48. When a permit holder intends to bottle intoxicating liquor, the container from which the liquor is to be drawn shall be taken into the bottling warehouse and shall not be removed from the warehouse until the container is empty.

49. No filled bottle, or portion of the blended, compounded, or varied intoxicating liquors, may be removed from the bottling warehouse until the entire container, from which it is drawn, has been drawn off, or the blending, compounding, or variation has been completed, unless otherwise approved by the Department.

50. No filled bottle or other container may be removed until it has been closed, sealed, and labeled to the satisfaction of the Department, unless otherwise approved by the Department.

51. All filled bottles shall be placed in cases, secured to the satisfaction of the Department.

DENATURING OF INTOXICATING LIQUOR

Application

52. This provision applies when the owner of intoxicating liquors, stored in an excise warehouse, intends to denature the intoxicating liquors.

53. The owner of the intoxicating liquors, or their duly authorized agent, shall:

    (1) submit an application for a permit to the Department, as required under Section 33 of the Act, in such form and manner as prescribed by the Department, specifying the location where the intoxicating liquors are stored, and detailing the intended method of denaturation; and
    (2) pay to the Department, at the time of the submission of the application, and in such manner as the Department may require, an amount of application fee as specified in Schedule I.

54. Upon receipt of an application pursuant to the rule 53(1), the Department may grant a permit to denature the intoxicating liquors and may impose conditions on the owner or the owner's authorized agent concerning the denaturation process, including but not limited to:

    (1) that the denaturing shall be carried out in the presence of an official of the Department;
    (2) that the intoxicating liquors shall be denatured in accordance with such formula specified by the Department; and
    (3) that a certificate from an analyst, employed by a laboratory specified by the Department, be obtained and submitted, in which the denaturants used to denature the intoxicating liquors are identified.

Release of denatured spirit as industrial or methylated spirit

55. The Department may authorize the release of intoxicating spirits, denatured in accordance with the rules 52 to 54, as industrial spirit or methylated spirit, and may, for this purpose, require the owner of the intoxicating spirit, or the owner's agent, to obtain and submit a certificate from an analyst employed by a laboratory specified by the Department, in which:

    (1) in the case of industrial spirit, the substances mixed with the intoxicating spirit are identified; or
    (2) in the case of methylated spirit, it is certified that the intoxicating liquor has been methylated according to a formula as may be prescribed by the Department.

Brand registration

56. Every person who imports or manufactures alcoholic beverages shall, in respect of each brand of liquor by label that is imported or manufactured, pay the brand registration fee specified in Schedule I.

    Provided that in the case of alcoholic beverages manufactured exclusively for export, while the label registration shall be mandatory, no brand registration fee shall be payable.

57. The brand registration fee shall be paid:

    (1) in the case of imported alcoholic beverages, prior to the importation of any consignment bearing the relevant label; and
    (2) in the case of domestically manufactured alcoholic beverages, prior to mass production, or prior to release of any consignment from the place of manufacture, as applicable.

58. The brand label registration fee shall be payable in respect of the validity period of the registration of the label.

59. Where, after payment of the brand registration fee, any change is made to the text or wording appearing on the label, a new brand registration fee becomes payable in respect of the modified label.

    Provided that where the Department is satisfied that the amendment to the label has been made prior to the importation and release of the alcoholic beverages into the domestic market, no additional brand registration fee shall be applicable.

60. No person shall import or manufacture any alcoholic beverage bearing a label, in respect of which the applicable brand registration fee has not been paid, in accordance with the rules 56 to 59.

CHAPTER 4
WAREHOUSING

Eligibility for Excise Warehouse Permits

61. For the purpose of Section 41 of the Act, excise warehouse permits shall be granted exclusively to manufacturers of alcoholic beverages and aerated drinks.

Application for permit

62. An application for a permit to warehouse excisable goods at a specified place or places must be made in writing to the Department, in such form as may be prescribed, specifying:

    (1) the name, taxpayer number, and address of the applicant;
    (2) the style under which the applicant trades;
    (3) the class and quantity of excisable goods to be stored;
    (4) the estimated annual excise tax which will be paid on goods cleared from the warehouse;
    (5) the location and storage area of the warehouse;
    (6) a detailed plan of the layout and construction of the proposed warehouse, including storage zones, quarantine area, inspection area, seal room, and secure record room;

(7) security plan, including access control, CCTV coverage maps, and incident response; and
(8) inventory control and IT systems description, with audit trail capability.

63. The application shall be accompanied by the permit fee specified in Schedule I and to furnish security for the due payment of all taxes, duties, and fees for which the applicant may be liable.

Securing excise warehouses

64. An excise warehouse must be secured to the satisfaction of the Department.

65. The Department may, at any time, in writing, direct the permit holder of an excise warehouse to provide any additional means for keeping and securing the safety of the excisable goods stored, which may, in the opinion of the Department, be necessary.

66. No structural alteration may be made in any building that is an excise warehouse without the prior written approval of the Department.

Permitted activities in the excise warehouse

67. No goods other than excisable goods are to be kept in an excise warehouse, except with the prior written permission of the Department and subject to such conditions as may be imposed by the Department.

68. Excisable goods on which excise tax has been paid must not be stored in an excise warehouse without the prior written permission of the Department.

69. No excisable goods, whether removed for export or otherwise, shall be returned to an excise warehouse without the prior written permission of the Department.

70. Operations which are necessary to preserve the excisable goods, improve their packaging or marketable quality, or prepare them for shipment may, with the approval of the Department and subject to such conditions as may be imposed by the Department, be carried out while the goods are stored in the excise warehouse.

71. Operations other than those specified in the rule 70 may, with the approval of the Department and subject to such conditions as the Department may impose, be carried out on the excisable goods while the goods are stored in the excise warehouse.

72. Excisable goods in an excise warehouse must not be used in any manner except with the approval of the Department and subject to such conditions as may be imposed by the Department.

73. A person must not remove any excisable goods from an excise warehouse before payment of the excise tax payable thereon, unless the Department allows otherwise.

74. For the avoidance of doubt, the removal of excisable goods for transfer from one excise warehouse to another may be allowed without the payment of the excise tax payable.

Admission of excisable goods in the excise warehouse

75. The owner of excisable goods or the owner's agent shall, 24 hours prior (or such longer period as the Department may allow) of the arrival of the excisable goods in the excise warehouse in which they are intended to be deposited, notify the Department, in such form and manner as the Department may require, of the arrival and deposit of the excisable goods.

76. Upon receipt of a notification under the rule 75, the Department shall permit deposit of the goods, but may impose conditions relating to the survey of the goods on the owner or the owner's agent, including:

(1) that the deposit be carried out in the presence and under the direction of the Department; and
(2) that, after the deposit, the goods deposited be closed and sealed by the owner or the owner's agent to the satisfaction of the Department.

Inspection of stock

77. The Department may examine at any time the stock of excisable goods in an excise warehouse and, for this purpose, may require to see every package containing excisable goods and the contents thereof.

Surveys of excisable goods

78. Subject to the rule 81, for payment of excise tax, every cask, case, receptacle, or package containing excisable goods is deemed to contain the goods as are described in the relevant form submitted to the Department.

79. The owner of excisable goods or the owner's agent may, within 24 hours (or such longer period as the Department may allow) of the arrival of the excisable goods in the excise warehouse in which they are deposited, request the Department, in such form and manner as the Department may require, for the excisable goods to be surveyed.

80. Upon receipt of a request under the rule 79, the Department shall permit the survey of the goods, but may impose conditions relating to the survey of the goods on the owner or the owner's agent, including:

(1) that the survey be carried out in the presence and under the direction of the Department; and
(2) that, after the survey, the casks, cases, receptacles, or packages containing the goods surveyed be closed and sealed

by the owner or the owner's agent to the satisfaction of the Department.

81. Despite the rule 78, a survey carried out in accordance with the rules 78 to 80, may be used to determine the amount of excise tax payable on the excisable goods.

82. Where excisable goods are found to be deficient during a survey carried out in accordance with the rules 78 to 81, the Department may remit the whole or any part of the excise tax payable on such goods, provided that the deficiency is shown to the satisfaction of the Department to be caused by unavoidable leakage, breakage, accident, or evaporation within the limits specified in Annexure I.

83. The Department may, in its sole discretion and at the request of the owner or the owner's agent made in such form and manner as the Department may require, permit further surveys of the excisable goods contained in any cask, case, receptacle, or package.

Reconditioning of excisable goods

84. The owner of excisable goods stored in an excise warehouse or the owner's agent may request, with at least 24 hours' notice, in such form and manner as the Department may require, permission from the Department to recondition the excisable goods.

85. Upon receipt of a request under the rule 84, the Department may permit the reconditioning of the goods, but may impose conditions relating to the reconditioning of the goods on the owner or the owner's agent, or both, including a condition that the reconditioning shall be carried out in the presence and under the direction of the Department.

86. Where excisable goods have been reconditioned in accordance with the rule 85, the Department:

(1) shall make an entry in the stock records of such reconditioning; and
(2) may remit the excise tax payable on the excisable goods reconditioned.

Destruction of excisable goods

87. If at any time the owner of excisable goods stored in an excise warehouse or the owner's agent considers that the excisable goods are unfit for consumption or use, the owner or the owner's agent may request, in such form and manner as the Department may require, permission from the Department for the excisable goods to be surveyed.

88. Upon receipt of a request under the rule 87, the Department shall permit the survey of the goods, but may impose conditions relating to the survey of the goods on the owner or the owner's agent, or both, including a condition that the survey shall be carried out in the presence and under the direction of the Department.

89. The Department may also direct that any excisable goods in any excise warehouse be surveyed if the Department considers that the excisable goods are unfit for consumption or use.

90. If, upon any survey under the rules 88 or 89, the Department is satisfied that the excisable goods are permanently unfit for consumption or use, the Department may direct the owner or the owner's agent to destroy the excisable goods at the expense of the owner or the owner's agent.

91. The owner of excisable goods stored in an excise warehouse, or the owner's agent, may at any time request the Department's permission, in such form and manner as the Department may require, for the excisable goods to be destroyed.

92. Upon receipt of a request under rule 91, the Department shall allow the goods to be destroyed, but may impose conditions on

the owner, the owner's agent, or both, including requiring that the destruction be carried out in the presence and under the direction of the Department.

93. Where excisable goods have been destroyed in accordance with the rules 90 or 92, the Department:

    (1) shall make an entry in the stock records of such destruction; and
    (2) may remit the excise tax payable on the excisable goods destroyed.

Removal of excisable goods to another excise warehouse

94. When the owner of excisable goods wishes to remove all or part of the goods from an excise warehouse to another excise warehouse, the owner must personally or by the owner's agent submit a declaration to the Department at the warehouse in which the goods are deposited, in such form as the Department may require, of the goods to be removed.

95. Upon the applicable requirements in the rule 94 being satisfied, the Department may authorize the removal of the excisable goods, subject to any condition that the Department considers necessary.

Removal of excisable goods in manufacturing other excisable goods

96. When the owner of excisable goods wishes to remove all or part of the goods from an excise warehouse to manufacture other excisable goods, the owner must personally or by the owner's agent submit a declaration to the Department at the warehouse in which the goods are deposited, in such form as the Department may require, of the goods to be removed.

97. Upon the applicable requirements in the rule 96 being satisfied, the Department may authorize the removal of the excisable goods, subject to any condition that the Department considers necessary.

Removal of excisable goods for local consumption

98. When the owner of excisable goods wishes to remove all or part of the goods from an excise warehouse or from the conveyance by which they were imported for local consumption, the owner must personally or by the owner's agent submit to the Department a declaration in such form as the Department may require and pay the tax assessed upon the goods to be removed.

99. The Department must thereafter authorize the removal of the excisable goods, but may impose conditions relating to the release of the goods on the owner or the owner's agent, including:

    (1) that the release be carried out in the presence and under the direction of the Department; and
    (2) that, before the release, all applicable taxes, duties, fees, or charges shall be paid to the satisfaction of the Department.

Renewal

100. The permit holder may submit a renewal application, prior to the expiration of the permit, to maintain continuous warehousing of excisable goods.

101. The Department may, on payment of such fees, renew a permit for warehousing excisable goods.

102. Any permit issued under the rule 101 is for such period and subject to such conditions as the Department may, in each case, specify in the permit.

CHAPTER 5
EXCISE TAX

Assessment of excisable goods subject to Specific rates

103. The excise tax on each bottle of intoxicating liquor, removed or cleared (as the case may be) for home consumption, shall be assessed by the Department based on a return or declaration submitted by the manufacturer or importer.

104. The assessment of excise tax shall be based on the following particulars:

(1) the Harmonized System (H.S.) Code of the product, as classified under Schedule 1 to the Act;
(2) the volumetric content of the bottle; and
(3) the alcoholic strength by volume (ABV).

105. The excise tax on tobacco products, and pan masala and supari removed or cleared (as the case may be) for home consumption, shall be assessed by the Department based on a return or declaration submitted by the manufacturer or importer.

106. The assessment of excise tax shall be based on the following particulars:

(1) the Harmonized System (H.S.) Code of the product, as classified under Schedule 1 to the Act;
(2) in the case of cigarettes or cigars, the total number of sticks;
(3) in the case of other tobacco products, the total number of sticks or the total net weight in kilograms, as the case may be; and
(4) in the case of pan masala, the total net weight in kilograms.

Assessment of excisable goods subject to ad valorem excise tax

107. For excisable goods subject to ad valorem excise tax, under Schedule 1 to the Act, the excise tax payable shall be calculated as a percentage of the assessable value of such goods, in accordance with the applicable rate prescribed in the Bhutan Trade Classification.

108. The assessment of excise tax shall be based on the following particulars:

(1) the Harmonized System (H.S.) Code of the product, as classified under Schedule 1 to the Act;
(2) the FOB value of the goods, as evidenced by declared value; and
(3) any other amount required to be included in the assessable value under the Act or this Rules and Regulations.

109. The Department may verify the declared value and make such adjustments as are necessary to ensure that the assessable value reflects the true value of the goods, for the purpose of levying ad valorem excise tax.

Basis of assessment of excise tax on alcohol

110. The Department may, if the person who makes the declaration has relied on information stated in the certificate of analysis in making the declaration, require such person to submit the certificate of analysis to the Department.

111. Where the Department considers it necessary to verify any or all particulars stated in a declaration, it may require the bottle or bottles of intoxicating liquor to be tested or measured (as the case may be) by a laboratory designated by the Department. The purpose of such testing shall be to determine the H.S. Code, volume, or alcoholic strength of the liquor, and the cost shall be borne by the person making the declaration.

112. If there is any discrepancy between the particulars referred to under the rule 110, as stated in a declaration in respect of any bottle or bottles of intoxicating liquor, and the information as determined by the Department under the rule 111, the taxes to be charged on the bottle or bottles of intoxicating liquor are assessed based on the information so determined.

113. Under the rule 110 "certificate of analysis," in relation to any bottle of intoxicating liquor or any other excisable goods for which a declaration is made, means a certificate issued by a laboratory in the country of export, stating:

(1) the class of the intoxicating liquor, or any excisable goods;
(2) the volumetric content of the bottle of intoxicating liquor, or net weight, or number of any other excisable goods; and
(3) the alcoholic strength of the intoxicating liquor, as determined by the laboratory in accordance with such methodology and standards as may be required by the Department.

Valuation

114. For Section 58(1) of the Act, and in accordance with rule 115, the value of locally manufactured excisable goods shall be determined based on the ex-factory price of the goods.

115. If the ex-factory price of locally manufactured excisable goods cannot be determined, or if the Department believes that the declared ex-factory price does not represent the true market value, the Department may establish the value using generally accepted valuation principles, taking into account:

(1) the price of comparable goods sold under similar conditions;
(2) the manufacturer's cost accounting records;
(3) independent valuation reports; or
(4) any other relevant information that may be available.

116. Under the rule 114, the term "ex-factory price" of goods refers to the price charged by the manufacturer at the time the goods leave the place of manufacture, excluding:

(1) any costs related to transportation, insurance, or handling of the goods beyond the place of manufacture;
(2) any distribution or marketing expenses incurred beyond the place of manufacture; and
(3) any value-added tax, goods and services tax, or similar taxes and duties payable on the supply of such goods.

Determination of FOB value

117. Where the department has reason to doubt the veracity or accuracy of the declared FOB value, the department shall reject the declared FOB and determine the FOB value using one or a combination of the following methods, in sequential order of applicability.

(1) Comparable Export Value Method
The Department shall refer to the known FOB value of identical or similar excisable goods exported from the same or comparable source, under similar commercial terms and transport conditions.

(2) Deductive Approach
Where CIF (Cost, Insurance and Freight) value is known or can be reasonably estimated, the Department shall determine the FOB value by deducting the applicable international freight, insurance, and other post-export charges from the CIF value.

(3) Fallback Method
If the methods under the rule 117(1) and 117(2), cannot be applied, the Department shall determine the FOB value using the best available information, including:
(a) historical data on similar goods;
(b) market prices adjusted to reflect FOB conditions; and
(c) information obtained from freight forwarders, clearing and forwarding agents or agents, or other reliable sources.

118. For rule 117, 'reason to doubt the veracity or accuracy of the declared FOB includes':

(1) the declaration is, in the opinion of the Department, incomplete in any material respect, or is not accompanied by such documentary evidence as the Department may reasonably require;
(2) the declared value is found to deviate, to a significant extent, from the prevailing FOB values for identical or similar goods, under comparable commercial terms and conditions, and no reasonable justification for such deviation has been furnished to the satisfaction of the Department; or
(3) there exist reasonable grounds, based on information available to the Department, to suspect that the declaration involves under-invoicing, misstatement, or misrepresentation of any material fact.

Valuation of Excisable Goods Used in Promotional Activities

119. For excise tax on excisable goods used in promotional activities, the value of such goods shall be determined based on their FOB value as if sold in the ordinary course of trade under fully commercial terms, and shall not be based on any discounted, concessional, or nominal value applied for promotional purposes.

120. Excise tax shall not be levied on excisable goods imported solely for demonstration, testing, or evaluation, provided that such goods are intended for re-export to their country of origin, within the period specified and in compliance with such conditions as may be prescribed by the Department.

Measuring, testing, and verification

121. Where the Department considers it necessary for valuation, classification, or assessment of excise tax, it may cause any excisable goods to be weighed, measured, sampled, or tested in such manner as it deems appropriate.

122. Where qualified officials are not available within the Department to carry out the functions under the rule 121, the Department may:

(1) request the assistance of officials from other competent government agencies; or
(2) engage the services of accredited third-party laboratories or technical service providers, whether within or outside Bhutan.

123. In accordance with Section 62 of the Act, all costs incurred in connection with the valuation, weighing, measuring, sampling, or testing of goods shall be borne by the importer, exporter, manufacturer, or declarant, as the case may be, unless the Department, for reasons to be recorded in writing, determines otherwise.

Collection and Recovery as Civil Debt

Collection of Taxes

124. For recovery excise tax in accordance with Section 64 of the Act, any reference to "the Act" or to any provision thereof shall be construed as a reference to the corresponding provision of the Income Tax Act of Bhutan 2025, as applied mutatis mutandis to the collection and recovery of excise tax, fees, or other charges payable under the Excise Tax Act.

125. Tax is a debt due to the State, and the Department may recover any tax due in Court in the name of the State.

126. All excise tax assessed or otherwise determined to be payable under the Act, including any secondary liability, penalty, and late payment interest, fees and charges, shall constitute a debt due and owing to the State, recoverable as such in any court of competent jurisdiction in the name and on behalf of the State.

127. The Department may bring forward the due date for payment under the Act when there are reasonable grounds to believe that a

taxpayer may leave Bhutan before the original due date, including but not limited to:

(1) confirmed travel bookings without evidence of return within a reasonable period;
(2) termination, resignation, or cessation of employment, whether voluntary or involuntary, without evidence of alternative domestic engagement;
(3) disposal or transfer of substantial assets, including excisable goods, bonded stocks, manufacturing plant, immovable property, or shareholding without reasonable commercial justification; or
(4) the filing of applications for, or the request for issuance of tax clearance certificates, or other financial documentation for purposes of foreign travel, emigration, or visa processing; or
(5) relocation, or steps preparatory to relocation, of manufacturing operations, bonded warehouses, or principal place of residence outside Bhutan; or
(6) public or private statements, communications, or conduct indicating an intention to permanently depart Bhutan; or
(7) any other circumstance from which a prudent and reasonable person, exercising sound judgment, would infer a substantial risk of non-payment or frustration of recovery.

128. The notice issued to the excise taxpayer under the rule 127 shall specify the revised due date for payment.

Secondarily Liable Person or Persons

129. The Department shall, for the purpose of this Rules and Regulations, deem any person liable for secondary liability of a person who is liable for any dues owed to the state under the Act, and serve the person with notice of the amount payable and the due date for payment:

(1) partners in a partnership, to the extent provided in the Act, for excise tax liabilities of the partnership;

(2) appointed persons, including an administrator, executor, receiver, liquidator, or other fiduciary person;
(3) any director, controlling member, or other officer of a company;
(4) any warehouse licensees, registered importers/exporters, and registered manufacturers for liabilities relating to goods stored, processed, or held under excise suspension, including shortages, pilferage, or unaccounted removals;
(5) any excise agents and carriers responsible for the movement of excisable goods under bond or suspension arrangements, to the extent of losses, diversions, or irregular deliveries attributable to their custody or control;
(6) any persons holding excisable goods as security where such goods are disposed of without first satisfying the outstanding excise liability attached to them;
(7) successors in control of an excise business, including those taking over management, possession, or operational control, who continue the business without first discharging prior excise liabilities;
(8) clearing agents, and freight forwarders where they have failed to comply with excise clearance requirements, knowingly submitted false or misleading documentation, or facilitated the irregular release of excisable goods;
(9) any persons in breach of conditional exemptions, concessions, or drawback provisions where excisable goods were granted relief subject to specific conditions, and those conditions are breached, any person in possession, control, or beneficial ownership of the goods shall be liable for the excise tax that would have been payable had the relief not been granted;
(10) withheld or not remitted to the Department by the due date;
(11) any executor, administrator, or legal representative of a deceased excise taxpayer, to the extent of the estate or assets under administration;
(12) any transferee of a business or substantial asset of an excise taxpayer, to the extent of the transferred liability;
(13) any third party served with a notice, who holds or subsequently comes to hold funds on behalf of the excise taxpayer, including

banks, employers, debtors, and joint account holders; and

(14) any other person designated under the Act or this rule and regulations, including any person who has, by act or omission, directly facilitated the dissipation or concealment of assets with the effect of frustrating recovery.

130. The Department may, by order in writing and with reasons recorded, determine that a person is secondarily liable for any excise tax, interest, or penalty, where:

(1) the statutory basis for attaching secondary liability to persons, or a class of persons, under the rule 129 is satisfied; and

(2) one or more of the following circumstances exist:

a) the primary excise taxpayer has failed to discharge the excise tax liability by the due date, and recovery from the primary excise taxpayer is unlikely to be secured within a reasonable period;

b) the person sought to be charged secondarily has, whether by act or omission, failed to remit, misapplied, or otherwise dealt inconsistently with monies held in trust for the State;

c) there exists demonstrable and substantive risk of dissipation, concealment, alienation, or other disposition of assets with the effect or likely effect of frustrating or defeating recovery;

d) the secondarily liable person has participated in or benefited from an arrangement within the meaning of Section 481 of the Act; or

e) the statutory obligation giving rise to the liability is of a trust-fund nature, including, without limitation, obligations in respect of withholding amounts, thereby warranting immediate recourse to secondary recovery measures.

Quantification of Liability

131. The amount of secondary liability shall comprise:

(1) the unpaid principal excise tax to which the secondary liability relates; and
(2) any late payment interest and penalties recoverable from the secondary person under the Act.

Application for Extension or Instalment Facility

132. A taxpayer may apply, in writing or electronically, to the Department for an extension of time to pay any tax due, and the application must be made by the original date on which the tax was due for payment.

133. The application shall contain:

(1) specific relief sought (extension or instalments);
(2) a proposed payment plan including the number of installments or amounts of installments; and
(3) any security offered (if the Department requires).

134. When an application has been made, the Department may, having regard to the circumstances of the case:

(1) grant the relief sought on the terms requested;
(2) grant the relief sought on modified terms, including the imposition of conditions; or
(3) refuse the application.

135. The decision shall be communicated to the excise taxpayer in writing, specifying:

(1) in the case of approval, the period of extension or the instalment schedule approved, and any conditions the Department may impose; or

(2) in the case of the refusal, the reason for such refusal.

Duration of Instalment Period

136. Where an instalment arrangement has been approved, the period over which the liability may be discharged shall not exceed 12 months from the original date that tax was due for payment.

137. Despite rule 136, the Department may extend the installment payment period for an additional period not exceeding 12 months.

Interest on Excise tax Payable for Instalment Agreement

138. For administrative purposes, the total interest accruing shall be apportioned to each instalment by reference to:

(1) the amount of principal comprised in the instalment; and
(2) the period from the original due date to the date of payment of that instalment.

139. The interest so calculated shall be payable together with the principal of that instalment.

140. Where a taxpayer, having been approved to liquidate an outstanding excise tax liability by way of instalment payments, discharges any portion of the liability, or the entire liability, in advance of the dates stipulated in the approved instalment schedule, the late payment interest otherwise chargeable shall be recalculated.

141. The recalculated interest shall accrue only for the actual period during which the principal amount so discharged remained outstanding, computed from the original due date for payment until the date of such earlier discharge.

142. The installment Agreement shall be executed:

(1) in the case of an individual, by the taxpayer personally or a duly authorized person;

(2) in the case of a legal person, by an authorized signatory supported by a board resolution; and
(3) by an authorized officer of the Department, not below the rank prescribed by the Head of the Department.

Conditions for Indemnity

143. The indemnity applies where:

(1) the payment was made in compliance with a statutory duty under the Act;
(2) the amount paid was not in excess of that specified in the notice or statutory requirement; and
(3) the payment was made in good faith without fraud, collusion, or willful default.

Recovery

144. Any excise tax or any fees or other charges payable under the Act may be recovered by the Department as a civil debt due to the government as per Annexure II of this Rule and Regulations.

145. Nothing in the rule 144 prevents the Department, in addition to the collection and recovery measures conferred under the Income Tax Act of Bhutan 2025, from exercising other remedies, if it deems such action necessary for the protection of the revenue.

146. The Department may, if it deems such action necessary for the protection of the government revenue:

(1) withhold the issuance of the Tax Clearance Certificate until the liability is discharged in full or satisfactory arrangements are made for payment;
(2) refusal to process any pending refund or drawback claims until the liability is settled; and
(3) in coordination with the relevant customs authorities, temporarily suspend the excise taxpayer's ability to import,

export, or transit goods until the outstanding liability is paid in full or secured to the satisfaction of the Department.

Post-Judgment Enforcement

147. Where a judgment is rendered in favor of the Department for any unpaid excise tax, interest, penalty, or any other amount recoverable under the Act, the Department shall, without undue delay, pursue all lawful enforcement measures until the judgment is satisfied in full.

148. No extension of time, instalment facility, compromise, or other payment arrangement shall be granted after the judgment is rendered, except where expressly provided in the judgment itself.

Confidentiality

149. All information obtained or used in judgment debt proceedings shall be treated as confidential except to the extent disclosure is authorized by law, required by the court, or necessary for enforcement.

Replacement goods

150. For Section 66 of the Act, an application for the replacement of goods shall be made in writing to the Department, no later than 30 working days from the date of import declaration relating to the original goods.

151. The importation of any replacement goods approved under the rule 150 shall be made within 90 working days from the date of the re-export declaration pertaining to the original excisable goods, unless the Department, for reasons to be duly recorded in writing, grants an extension of such period.

152. Where an importer fails to comply with the conditions prescribed under the rules 150 and 151, the importation of goods as replacements shall not be permitted, and any such goods re-

imported into customs territory shall be deemed to constitute a new import and shall be subject to the applicable excise tax, together with any other applicable taxes.

Abandoned goods

153. For this Rule and Regulation, excisable goods shall be deemed to have been abandoned where:

(1) the importer has, by written notice to the Department, declared an intention to abandon the goods;
(2) the importer has failed to lodge a goods declaration within 40 working days from the date of arrival of the consignment; or
(3) the importer has failed to clear the goods within 40 working days from the date of lodgment of the goods declaration for the consignment.

154. The Department shall cause the disposal of abandoned goods to be undertaken in the manner prescribed under the relevant provisions of the Customs Rules and Regulations of Bhutan, read with any amendments made thereto and in force at the time of such disposal.

155. Where abandoned goods are likely to constitute an imminent risk to public safety, public health, or the environment, the Department may, notwithstanding anything contained in the rule 153, cause the disposal of such goods in such manner as the Department may deem fit.

156. Despite anything contained in the rule 153, the Department shall not accept any request for the abandonment of goods where such goods are:

(1) the subject of any investigation, inquiry, or enforcement proceedings;
(2) required as evidence in any criminal, administrative, or civil proceedings; or
(3) damaged or deteriorated to such an extent that they have ceased to possess any commercial value.

Procedure for Applying for Exemption

157. An applicant to claim exemption under Sections 68(1) or 68(2) of the Act shall lodge with the Department, by electronic means through the designated system, a duly completed application in such form and containing such particulars as the Department may prescribe.

158. An application under the rule 157 shall be supported by:

(1) a formal recommendation letter issued by the Ministry of Foreign Affairs and External Trade, Royal Government of Bhutan, or, in the case of Section 68(2) of the Act, by such other competent Ministry as may have jurisdiction over the matter;
(2) the relevant pro-forma invoice or commercial invoice in respect of the goods for which the exemption is sought; and
(3) such further documentary evidence, certifications, or information as the Department may require for the purpose of verifying the accuracy and validity of the claim.

Conditions and Limitations

159. Excisable goods, in respect of which an exemption has been granted, shall not, without the prior written approval of the Department, be transferred, sold, assigned, pledged, gifted, or otherwise disposed of, whether for consideration or otherwise, within the customs territory.

160. Any act in contravention of the rule 159 shall result in:

(1) immediate withdrawal of the exemption; and
(2) liable for applicable excise tax.

161. Subject to the rule 159 goods exempted shall be liable for excise tax, where such goods are:

(1) sold, transferred, or otherwise supplied to a person not entitled to exemption; or
(2) acquired by a non-exempt person through public auction, tender, seizure disposal, or any similar process.

Application for Remission of Excise Tax

162. For Section 69 of the Act, an application for remission of excise tax in respect of excisable goods lost, damaged, or destroyed, including by evaporation, prior to their removal from excise control, shall, within 15 days from the date of the such occurrence of such loss, damage, destruction, or evaporation, must be made in writing to the concerned Regional Revenue and Customs Office.

163. An application for remission under the rule 162 shall, in addition to the requirements prescribed therein, contain the following particulars:

(1) a description and quantity of the excisable goods lost, damaged, destroyed, or subject to evaporation;
(2) the precise location, date, and time of the incident giving rise to the claim;
(3) the cause or nature of the loss, damage, destruction, or evaporation; and
(4) the stage of storage, handling, manufacture, or processing at which the incident occurred.

164. The application shall be accompanied by documentary evidence in support of the claim, including, but not limited to:

(1) warehouse stock registers, movement records, or other inventory documentation;
(2) a police report, fire report, incident report, or other contemporaneous record prepared by a competent authority, where applicable;
(3) photographic or videographic evidence, where available; and
(4) the relevant commercial invoice or other proof of value.

Examination of Application for Remission

165. Upon receipt of an application under the rule 162, the Department shall, for the purposes of determining a claim for remission, undertake such evaluation and assessment as it considers necessary.

Drawback on re-exported goods

166. The drawback on any goods referred to in Section 76 of the Act is the whole of the excise tax which has been paid on such goods.

Drawback on goods used in manufacturing

167. A manufacturer wishing to claim drawback under Section 77 of the Act must apply to the Department, specifying:

(1) the name, taxpayer number, and address of the applicant;
(2) the location of the factory;
(3) the nature of the goods to be manufactured, the output proposed, whether the finished product is for export or local consumption, and if both, the respective amounts;
(4) the class and quantity of excise-paid raw material, ingredients, or components that are to be used in such manufacture;
(5) the estimated annual excise tax which will be paid on the raw material, ingredients, or components needed for the manufacture for export; and
(6) the proposed hours of the factory.

168. An application under the rule 167 must be accompanied by a description of the manufacturing process, together with a flow chart indicating the movement of excise-paid raw material, ingredients, or components through the various stages of production until completion of manufacture.

169. The Department, upon being satisfied that adequate provisions for the safeguarding of the government revenue have been made and that other requirements have been satisfied, may approve the application.

Integrity and Safeguard Measures

170. The Department may require that provisions be made by the manufacturer for:
    (1) separate storage space for the raw material, ingredients or components, finished products, and waste products of the factory;
    (2) separate factory space to be used solely for export manufacture and not for any other purpose;
    (3) facilities for sealing plants or bonded stores as required under the rule 174;
    (4) a separate office for officials of the Department; and
    (5) any other requirement considered necessary by the Department.

171. The Department may at any time in writing direct the manufacturer to provide any additional means for identifying the raw materials, ingredients, or components used in the manufacture, and the finished products.

172. No structural alteration or installation of any plant or machinery to be used for manufacturing may be made without the prior written approval of the Department.

173. No person other than a watchman may dwell on the factory premises, unless otherwise permitted by the Department.

174. The Department may, at the expense of the manufacturer, place such locks, seals, or other safeguards as may be considered necessary to secure any part of the premises or portion of the plant therein.

175. Any lock, seal, or other safeguard placed in accordance with the rule 174 must not be tampered with, opened, broken, altered, or removed without the consent of the Department.

176. The Department may require that:

(1) all packages of excise-paid goods and manufactured goods be stacked in such a manner that every package may be accounted for and readily inspected; and
(2) the manufacturer affixes to every lot or stack of excise-paid goods or of the manufactured goods stored in the premises a stock-card or other label in such form as the Department may specify, showing the quantity and description of the contents of the lot or stack.

Operational Requirements

177. Except with the prior written permission of the Department, no manufacturing, packing, or removal of goods for export under drawback arrangements may follow the normal working hours of the Government.

178. The Department may relax these restrictions where justified, subject to risk assessment and imposition of safeguards.

179. The Department may, where considered necessary for safeguarding the government revenue, require that the manufacturer:

(1) give at least 24 hours' advance notice of the intention to manufacture, pack, or remove goods for export under drawback;
(2) manufacture or pack finished products in the presence and under the supervision of the Department;
(3) produce finished products for examination, weighing, sampling, or marking;
(4) permit the Department to secure finished products by locks, seals, or marks;
(5) produce sealed or packed consignments for inspection, and permit the opening of any case, package, or container for verification; and
(6) the manufacturer shall provide, at its own cost, calibrated scales and weighing equipment, and produce evidence of accuracy if required.

180. Where required by the Department, no package of finished products shall be removed for export unless:

(1) it has been locked, sealed, or marked "For Export" or with another legend approved by the Department;
(2) the goods are exported with all locks, seals, marks, or safeguards intact;
(3) no lock, seal, or mark placed by the Department shall be tampered with, opened, broken, altered, or removed without the Department's written consent; and
(4) goods removed for export under drawback arrangements shall not be returned to the factory without the prior written permission of the Department.

181. A manufacturer wishing to remove finished products for export under drawback shall submit a declaration, in such form and manner as may be prescribed, specifying the goods proposed for removal.

182. The Department shall authorize removal upon being satisfied that conditions are met, and may impose additional safeguards as necessary.

183. Before granting a drawback, the Department may require evidence of compliance with all conditions, including proof that the consignment has been landed at the place of destination with all safeguards intact.

184. All operations related to the handling of goods for export under drawback, including loading, unloading, carrying, weighing, measuring, testing, opening, repacking, sorting, or marking, shall be performed by, and at the expense of, the manufacturer.

185. The manufacturer shall provide necessary labour, equipment, and facilities to facilitate examination and secure handling.

Reporting

186. If the Department so requires, the manufacturer must submit, not later than the 10th day of each month, a return in such form as the Department may require, showing:

(1) details of all excise-paid goods received into the factory for the purpose of manufacture during the immediately preceding month;
(2) details of the quantity and description of all excise-paid goods used for the purpose of manufacture, the quantity and description of the goods resulting from manufacture, and the manner of disposal thereof, in respect of the immediately preceding month; and
(3) details of the balances of all excise-paid goods and of the manufactured or semi-manufactured goods stored in the manufacturer's factory as at the close of business on the last day of the immediately preceding month.

Inspection

187. The Department shall have access at all times to the factory, storage, and handling areas for the purpose of:

(1) verifying locks, seals, marks, or safeguards;
(2) examining, weighing, or sampling stocks of prescribed goods, semi-finished goods, or finished products;
(3) inspecting every package, its contents, and production records;
(4) inspecting labels, wrappers, or containers used, or intended for use, in connection with goods manufactured; and
(5) the manufacturer shall provide full cooperation and access without delay.

Assessment of Drawback

188. The drawback on any goods referred to in Section 76 of the Act is the whole of the excise tax which has been paid on such goods.

189. Claims for drawback shall be submitted by the end of each month in respect of exports made during the immediately preceding month.

190. The Department is to determine, in the Department's discretion, the method of assessment of drawback payable in each case.

191. The Department may refuse payment of drawback claims if any of the provisions of Section 76 of the Act or this rule and regulations have not been complied with.

192. The decision of the Department shall be final where there is any dispute arising as to:

(1) whether tax has been paid;
(2) the method of computing drawback payable; or
(3) whether there has been any substitution of excise-paid goods.

CHAPTER 6
COMPLIANCE AND ENFORCEMENT

Period for filing of Return

193. A manufacturer shall file an excise return within thirty (30) days after the end of each tax period, in accordance with Section 92 of the Act.

194. A return filed before the due date shall be deemed to have been filed on the due date for amendment and compliance under the Act and this Rules and Regulations.

Post Clearance Audit

195. The relevant chapter under the Customs Rules and Regulations relating to the conduct of post-clearance audits shall apply to excise post-clearance audits.

Agent

196. The Department may certify a person to be an authorized agent of a permit holder under Section 99(2) of the Act, if the person satisfies such criteria as may be established or prescribed by the Department, which may include:

(1) is a Bhutanese national who has attained 18 years of age;
(2) possesses a valid tax clearance certificate and trade license;
(3) employs persons with a sufficient level of knowledge on excise matters, including legislation, and has successfully undergone an excise examination conducted by the Department;
(4) furnishes proof of financial solvency; and
(5) the minimum qualifications as determined by the Department.

Registration of persons making a declaration

197. Unless expressly permitted by the Department in a specific case, a declaration under this Act shall not be made unless the declaring entity, the declaring agent, and the declarant are each duly registered with the Department in accordance with this Rules and Regulations.

198. The relevant provisions relating to the registration of declaring agents and declarants under the Customs Rules and Regulations of Bhutan and any amendment thereto shall apply to excise.

199. The Department shall not register any person as a declaring entity, a declaring agent, or a declarant under this Chapter unless the Department is satisfied that the person is a fit and proper person to be so registered.

200. In determining whether a person is a fit and proper person for the purposes of the rule 199, the Department shall take into account all relevant facts or matters, including but not limited to the following:

(1) whether the person has contravened, or is reasonably suspected to have contravened, any provision of the Act, or has breached any condition imposed on that person under the rules 203 or 204;
(2) in the case of a person other than an individual, whether any key personnel of the person are not fit and proper persons; and
(3) in the case of an individual applying to be registered as a declarant, whether such individual has the requisite knowledge in the roles and responsibilities of a declarant or the practical experience in making declarations under the Act, including passing such tests or assessments as may be administered or prescribed by the Department.

201. For this Chapter:

(1) a declaring entity that makes a declaration through a declarant may be registered concurrently as a declaring agent, or as a declaring agent and a declarant; and
(2) a declaring agent shall be required to register only once and may act on behalf of one or more registered declaring entities, provided that such entities' registrations have not been suspended or revoked.

Period and conditions of registration

202. The registration of a person under this rule and regulation shall be valid for a period of 3 years, renewable for a further period upon fulfillment of conditions under this Chapter.

203. The registration of a person under this Chapter shall be subject to such conditions as the Department may impose, including any condition requiring the person so registered:

(1) to allow the Department to inspect any premises of that person at which any activity to which that person's registration relates is carried out;
(2) to maintain records of such documents in connection with the activity to which that person's registration relates for such period of time as the Department may require;
(3) to maintain confidentiality of any user identity or password which is assigned to that person for the purposes of identifying and authenticating the access to and use of any electronic service by that person in connection with that person's registration;
(4) to ensure the accuracy and completeness of any statement or information given by that person to the Department in making any declaration under the Act; and
(5) to ensure that any declaration made by that person under the Act is made with the consent of, or in accordance with the terms of the authority given to that person by the declaring agent or the declaring entity, as the case may be.

204. The Department may, at any time, remove, vary, or add to the conditions imposed under the rule 203.

Suspension or revocation of registration

205. Despite rule 202, the Department may suspend for such period as it considers fit or revoke the registration of any person if the person:

(1) has contravened, or is reasonably suspected to have contravened, any provision of the Act;
(2) has breached any condition imposed on that person under the rule 203;
(3) has otherwise ceased to be a fit and proper person;
(4) fails to renew the registration within the extended period;
(5) expiry of the validity of the security deposit and failure to renew the same within the extended period; and
(6) collude with taxation officials for personal gains or create any loss to the Government revenue.

206. A person shall be served a notice informing the grounds of suspension or revocation.

207. If a declaring agent's registration is suspended or revoked, the user credentials of any declarant associated with that agent will also be suspended or revoked.

Renewal of registration

208. A registered person desiring to renew their registration under this rule and regulation shall submit an application for renewal to the Department prior to the expiry date of their current registration.

209. This Rule and Regulation shall apply, with the necessary modifications, to an application for renewal of a registration as it applies to an initial application for registration.

Obligations of a declarant and declaring agent

210. A declaring agent or a declarant shall:

(1) not withhold any information relating to the assessment and clearance of goods from the assessing officer;
(2) maintain proper records and accounts, including all supporting documents, for a period of not less than five years, and shall provide access to such records to the Department upon request;
(3) inform the Department in writing about a change or the recruitment of a new employee;
(4) ensure that excise clearance formalities are completed prior to the release of goods; and
(5) not allow a third party or any other person to operate the business on their behalf.

211. Where a declaring agent appoints or authorizes a foreign registered agent to clear consignments outside Bhutan, the declaring agent shall be fully responsible for all acts and omissions of such foreign

registered agent and shall ensure compliance with all applicable formalities.

212. A declarant and a declaring agent shall be severely and jointly responsible for the due performance of all obligations under the Act and this Rule, and Regulations.

213. The permit issued to a declaring agent or a declarant is non-transferable and non-assignable.

CHAPTER 7
OBJECTIONS AND APPEALS

214. The provisions relating to objections and appeals shall be governed by the Rules on Objections and Appeals 2025.

Making an Objection Decision

215. A person may elect, by notice in writing to the Department, to treat the Department as having made a decision to disallow an objection made by the person, if the Department fails to serve the person with a notice of an objection decision within 60 days of the notice of objection being filed.

216. When a person has made an election under the rule 215, the person is treated as having been served with a notice of the objection decision on the date the person filed the notice under the rule 215 with the Department.

CHAPTER 8
PENALTIES AND OFFENCES

Penalties for contravention of regulations

217. Any person who contravenes any of the provisions of this Rule and Regulations or breaches any condition in respect of any permit issued under this Rule and Regulations shall be liable to a fine of an amount as set out in Schedule III.

Compounding of offences

218. The offences listed in Schedule II may be compounded by the Department in accordance with Section 196 (17) of the Act.

CHAPTER 9
GENERAL

Operating Days and Hours of Excise Warehouses and Bottling Warehouses

219. In accordance with Section 196(7) of the Act, the Excise warehouses and bottling warehouses shall be permitted to operate from Monday to Friday, excluding public holidays as notified by the government.

220. The standard operating hours for excise and bottling warehouses shall follow the normal working hours of the Government.

221. Despite rules 219 and 220, the Department may allow the excise warehouse and bottling warehouse to operate beyond standard working hours if the permit holder has applied in advance to the Department in writing, stating the justification and duration.

222. Where the operation requires beyond standard hours and days, a permit holder may apply in writing to the Department for approval to operate beyond the standard hours of operation, stating the justification and duration.

223. Any temporary closure or suspension of warehouse operations shall be notified in writing to the Department.

224. Operating of warehouse beyond the permitted hours without prior approval from the Department shall be liable for the administrative penalty specified in Schedule IV.

Record-Keeping

225. The manufacturer must maintain each in such form as approved by the Department:

(1) a stock book recording the quantity, description, and country of origin of all excise-paid goods (including raw materials, ingredients, and components of manufacture) and the number of the document authorizing removal;
(2) a register in which is to be entered the quantity and description of all excise-paid goods used for the purpose of manufacture, the quantity and description of the goods, including by-products resulting from manufacture, the manner of disposal thereof, and if applicable, the number of the permit or authorization under which the goods were removed; and
(3) a waste stock book recording waste, spillage, loss by accident, or any other cause.

226. All books and registers in the rule 225 shall be entered daily and balanced at the close of business on the last day of each calendar month.

227. The manufacturer shall:

(1) at all times keep at the factory the books and registers in rule 225, books of account, invoices, and other documents connected with the manufacturing operations; and
(2) produce on demand at any time for the inspection of the Department the books, registers, and documents in the rule 225(3), and allow the Department to make such abstracts therefrom as may be deemed fit by the Department.

228. The permit holder who uses the excisable goods in manufacturing excisable goods shall:

(1) maintain detailed and accurate records of all excisable goods received, stored, and used in the manufacturing process,

including quantities, types, dates of receipt, usage, and any losses or wastage incurred; and

(2) any wastage, loss, or destruction of excisable goods during the manufacturing process must be reported immediately to the Department with supporting evidence.

229. An excise warehouse permit holder shall:

(1) maintain in the excise warehouse a stock book, in a form approved by the Department; and
(2) enter daily in the stock book details of all excisable goods received into and removed from the excise warehouse.

230. A permit holder shall, not later than the 30th of each month, furnish to the Department a return, in such form and manner as the Department may require, showing details of:

(1) the opening and closing balances of all excisable goods stored in the excise warehouse on the first day and at the close of business on the last day of the immediately preceding month, respectively; and
(2) all excisable goods received into or removed from the excise warehouse during the immediately preceding month.

231. The Department may require that all packages entering a warehouse be:

(1) marked with such identification marks and in such manner as the Department may direct; and
(2) stacked in such a manner as directed by the Department, such that every package may be accounted for and inspected.

CHAPTER 10
MISCELLANEOUS

Definition

232. In addition to the definitions provided under Section 200 of the Act:

(1) "**declarant**" means an individual authorized by a declaring agent to do any act or thing for the purposes of the Act on behalf of a declaring agent;

(2) "**declaring agent**" means an entity that, through a declarant, submits an application to the Department under the Act for a permit, approval, or any other required document on behalf of a declaring entity;

(3) "**declaring entity**" means any importer, exporter, consignor, consignee, permit holder, manufacturer, or any other person seeking to obtain a permit, approval, or any other required document under the Act, for which a declaration must be made;

(4) "**re-export**" means the export of goods back to the country from which they were originally imported, whether such goods were imported on a permanent basis, under temporary import arrangements, or under temporary admission procedures, and includes the return or removal of such goods from the customs territory without having undergone any substantial transformation or processing;

(5) "**taxation decision**" means:

(a) a taxation assessment, other than a self-assessment;

(b) the determination of the amount of a secondary liability owing by a person; or

(c) any other decision of the Department made under this Act on any matter that is left to the discretion, consent, approval, or determination of the Department, but not including the following:

i. any decision of the Department forming part of the process of making, or leading up to the making of, a taxation assessment, and such decision is treated as part of the taxation assessment;

ii. reviewable decision; and
iii. a decision made under Sections 455 to 465, Sections 474 to 480, or Sections 488 to 496 of the Income Tax Act of Bhutan 2025.

Reward for informants

233. Any person (excluding officials of the Department) who provides specific and credible information to the Department, leading to the seizure or confiscation of excisable goods under the Excise Tax Act 2025, shall be eligible for a monetary reward.

234. If multiple informants provide the same information, the reward may be shared, taking into account the following factors, but not limited to:

(1) the timing of the information received;
(2) the level of detail, accuracy, and credibility of the information;
(3) any supporting documents or evidence provided; and
(4) whether the informant cooperated with the investigation or enforcement action.

235. The reward to the informants shall be approved by the Department.

236. The Department shall register a formal informant and maintain proper records of the registered informants.

Reward Amount

237. The reward for informants shall be awarded on the following basis:

(1) in the case of seizure of excisable goods, the informant shall be entitled to 20% of fines and penalty value, subject to a maximum of Nu. 200,000; and
(2) in the case of confiscation of excisable goods, the informant shall be entitled to 10% of the auctioned value, subject to a maximum of Nu. 200,000.

238. Despite rule 237(2):

(1) the reward of 20% of the value of goods, subject to a maximum of Nu.200,000, if the confiscated goods cannot be auctioned; and
(2) the reward under the rule 238(1) shall be paid from a government fund, subject to prior approval from the Ministry.

Confidentiality and Protection

239. The Department shall maintain the identity of informants strictly confidential.

240. Reward payments shall be processed securely and discreetly.

SCHEDULE I
FEES LEVIED UNDER SHECDULE 1 OF THE ACT

SL. NO	Description	Fee amount
1	Application for permit to import excisable goods under Section 18 of the Act	
	A. Alcohol beverages	Nu.50 per litre
	B. Aerated drinks	Nu.50 per litre
	C. Pan masala & supari	Nu.500 per kilogram
	D. Vehicles and machineries	Nu.1000 per number
	E. Petroleum products and others	Nu.0.25 per litre
	F. Cigarettes	Nu.1 per stick
	G. Biri	Nu.1 per stick
	H. Chewing tobacco and others	Nu. 500 per kilogram
	I. Jarda tobacco	Nu. 500 per kilogram
	J. E-cigarettes	Nu. 500 per kilogram
	K. E-cigarette device	Nu. 1000 per number
	L. Pipe tobacco	Nu. 500 per kilogram
	M. Cigar	Nu.4 per stick
2	Application for permit to manufacture excisable goods under Section 21 of the Act	Nu. 0 per application
3	Application for permit to bottle, blend, compound, or vary intoxicating liquors under Section 28 of the Act	Nu. 0 per application

SL. NO	Description	Fee amount
4	Application for permit to denature intoxicating liquors under Section 33 of the Act	Nu. 0 per application
5	Application for brand registration fees under Section 37 of the Act	
	A. Domestic manufactured alcohol	Nu.35,000 per brand by label per manufacturer
	B. Imported alcohol	Nu.100,000 per brand by label per importer or dealer
6	Application for permit to operate as an Excise Warehouse under Section 41 of the Act	Nu. 5000 per application

SCHEDULE II
COMPOUNDABLE OFFENCES

Sl. No.	Nature of Offence
1	Delayed filing of any return required.
2	Transport of excisable goods without proper documentation.
3	Failure to notify changes in business premises or process.
4	Operating beyond permitted working hours.
5	Failure to renew the excise permit on time.
6	Failure to report the temporary closure of business.
7	If the landing certificate is not submitted to the department within the stipulated timeframe mentioned in the permit.
8	Failure to renew the brand registration.

SCHEDULE III
PENALTIES FOR CONTRAVENING REGULATIONS

S/N	Description of contravention	Penalties
1	Failure to notify changes in business premises or process.	Nu. 5,000
2	Operating beyond standard working hours	Nu.5,000
3	Failure to renew any permit required under the Act	Nu.5000
4	Performing unpermitted activities in the excise Warehouse	Nu.100,000
5	Failure to fulfill any obligation as required under this Regulation by the declaring agents or declarant	Nu.5,000
6	Failure to comply with government notifications and circulars	Nu.5,000
7	Failure to comply with the terms and conditions specified in the permit	Nu.5,000

ANNEXURE I- LOSS TOLERANCE OF EXCISABLE GOODS

Category	Storage Type / Packaging	Maximum Allowable Loss	Notes / Conditions
Alcoholic Beverages			
Spirits (≥ 40% ABV) – wooden casks (maturation)	Long-term bonded storage	2.0% per annum (pro-rata)	Angel's share"; measured at 15°C with hydrometer correction
Spirits – stainless steel / bulk tanks	Bulk storage	0.25% per month	Adjusted for temp variations; dip readings required
Bottled spirits (glass bottles, cartons)	Case storage	0.5% per annum	Breakage/spillage only; photo evidence required
Beer – kegs (cold storage)	Pressurized kegs	0.15% per month	Temp log ≤ 4°C mandatory
Beer – bottles/cans	Ambient	0.25% per annum	Handling breakage supported by records
Tobacco Products			
Cigarettes	Cartons/cases	0.25% per quarter	Loss must be due to breakage/damage; no allowance for pilferage
Loose / raw tobacco	Bales/packs	0.5% per quarter	Must be supported by moisture records
Petroleum Product			
Motor Spirit (Petrol)	Fixed tank storage	0.10% per month	Volumes adjusted to 15°C standard
High Speed Diesel	Fixed tank storage	0.08% per month	Volumes adjusted to 15°C standard
Kerosene	Fixed tank storage	0.05% per month	Volumes adjusted to 15°C standard
Aerated Water			
Aerated (carbonated) water	PET bottles (sealed)	0.10% per quarter	Covers leakage and minor capping defects

Aerated (carbonated) water	Glass bottles (returnable / crown cap)	0.25% per quarter	Breakage + crown-cap leakage
Aerated (carbonated) water	Cans	0.05% per quarter	Highly stable; only dented/leaking cans allowed
Other Excisable Goods	As per international best practices as deem fit by the Department		

ANNEXURE II- COLLECTION AND RECOVERY OF TAX
(Under Chapter 16 of Income Tax Act of Bhutan 2025)

Payment of tax

Tax as a debt due to the State

420. Tax is a debt due to the State, and the Department may recover any tax due in Court in the name of the State.

421. When the Department has reasonable grounds to believe that a taxpayer may leave Bhutan before the due date for payment of tax, the tax is due on such date as specified by the Department by notice in writing to the taxpayer.

422. No statute of limitations bars or affects any action or remedy for the recovery of tax under this Act.

Secondary liabilities.

423. The Department shall determine the amount of a secondary liability that a person is liable for and serve the person with notice of the amount payable and the due date for payment.

424. An amount of a secondary liability paid by a person is credited against the primary tax liability to which the secondary liability relates.

425. A reference in Chapters 15, 16, 17, and 18 to:

(1) "tax" includes a secondary liability;
(2) "unpaid tax" includes an amount specified in subsection (1) that is not paid by the due date; and (3) "taxpayer" includes a person liable for an amount specified in subsection (1).

426. A person who has paid a secondary liability out of his or her own funds may recover the amount paid from the taxpayer as a debt in court.

Extension of time to pay tax.

427. A taxpayer may apply, in writing, to the Department for an extension of time to pay any tax due and the application must be made by the original date on which the tax was due for payment.

428. When an application has been made under section 427, the Department may, having regard to the circumstances of the case:

(1) grant the taxpayer an extension of time for payment of the tax due; or
(2) require the taxpayer to pay any tax due in such instalments as the Department may determine.

429. The Department must serve the taxpayer with a written notice of the decision under section 428.

430. When a taxpayer is permitted to pay tax by instalments and the taxpayer defaults in payment of any instalment, the whole balance of the tax outstanding, at the time of the default, becomes immediately payable unless the Department enters into another instalment payment arrangement with the taxpayer.

431. A taxpayer granted an extension of time or permission to pay tax due by instalments is still liable for late payment interest from the original date that the tax was due for payment.

Priority of tax.

432. This section applies to the following amounts:

(1) a withholding amount;
(2) an amount that a payer is required to pay under a notice served under section 456.

433. A person owing, holding, receiving, or withholding an amount to which this section applies:

(1) holds the amount in trust for the State; and
(2) the amount cannot be subject to attachment in respect of any debt or liability of the person.

434. In the event of the liquidation or bankruptcy of a person owing, holding, receiving, or withholding an amount to which this section applies, the amount:

(1) does not form part of the person's estate in liquidation or bankruptcy; and
(2) must be paid to the Department before any distribution of property is made.

435. Despite any other enactment, a withholding amount is:

(1) a first charge on the payment from which the amount is withheld; and
(2) withheld prior to any other deduction that the person may be required to make from the payment under an order of any court or any law.

Indemnity

436. This section applies to:

(1) a withholding agent who has withheld an amount from withholding income and paid the amount to the Department;
(2) a representative who has paid an amount to the Department pursuant to section 317;
(3) a person who has paid an amount to the Department pursuant to a notice served under section 456; or
(4) an appointed person who has paid an amount to the Department pursuant to section 469(1).

437. A person to whom section 436 applies is indemnified against any claim for payment of the amount that the person has paid to the Department.

Security

438. The Department may, for the purposes of securing payment of any tax that is or may become due by a taxpayer under this Act, require the taxpayer to provide security in such amount and on such conditions as the Department determines.

439. The Department may require security to be provided:

(1) by a bond;
(2) by an unconditional bank guarantee; or
(3) in any other form as the Department determines, including by way of a mortgage over the taxpayer's property but subject to any pre existing mortgage over the property.

440. A taxpayer is liable to provide security only if the Department serves the taxpayer with a notice, in writing, setting out the following:

(1) the amount of the security required;
(2) the manner in which the security is to be provided;
(3) the due date for providing the security.

441. If a taxpayer fails to comply with a notice under section 440, the Department may recover the amount of the security under this Chapter on the basis that the unpaid security is unpaid tax.

Imposition of late payment interest

442. A taxpayer who fails to pay tax on or before the due date for payment is liable for late payment interest at the rate 15 per cent per annum on the amount unpaid calculated for the period commencing from the date the payment was due to the date the payment is made.

443. Any late payment interest paid by a taxpayer under section 442 must be refunded to the taxpayer to the extent that the amount to which the late payment interest relates is found not to have been payable.

444. Late payment interest payable in respect of a withholding amount or a secondary liability is borne personally by the person liable for the withholding amount or secondary liability and is not recoverable from the taxpayer.

445. Late payment interest payable under this section is computed on a simple interest basis.

446. The Department may serve a taxpayer liable for late payment interest with notice of the amount of late payment interest payable by the taxpayer and the due date for payment.

447. A notice of the amount of late payment interest payable by a taxpayer may be included in any other notice, including a notice of a taxation assessment, served by the Department on the taxpayer.

448. Late payment interest as prescribed under sections 442 to 447 cannot be waived or reduced.

449. The total amount of late payment interest payable by a taxpayer in respect of an unpaid tax liability is limited to the amount of the liability.

450. For the purposes of sections 442 to 449, "tax" does not include late payment interest.

Recovery of unpaid tax

Judgment debt procedure

451. Subject to section 453, the Department may recover unpaid tax by filing with a court of competent jurisdiction a statement certified by the Department setting out:

(1) the name and address of the taxpayer liable for the unpaid tax; and
(2) the amount of the unpaid tax payable by the taxpayer.

452. A statement filed in accordance with section 451 is treated as sufficient proof of debt for the court to give judgment in favor of the Department.

453. Despite section 451, the Department may exercise any of the recovery powers under this Chapter before filing the certified statement with a court of competent authority as required under section 451, if there are serious risks relating to the collection of the unpaid tax.

454. Where the Department exercises any of the recovery powers under this Chapter before filing the certified statement with a court of competent authority, the Department must file a statement as described in section 451 with a court of competent jurisdiction as soon as reasonably possible, but in any case not longer than 72 hours.

Third parties

455. Section 456 applies when a taxpayer is, or will become liable to pay tax and:

(1) the taxpayer has not paid the tax by the due date for payment; or
(2) the Department has reasonable grounds to believe that the taxpayer will not pay the tax by the due date for payment.

456. When this section applies, the Department may, by notice in writing, require a person (referred to in this section as a "third party") who owes or may subsequently owe money to, or who holds or may subsequently hold money for, the taxpayer to pay the amount specified in the notice to the Department by the date stated in the notice.

457. The following apply to a notice under section 456:

(1) the amount specified in the notice as payable by the third party must not exceed the amount of the unpaid tax or the amount of tax that the Department believes will not be paid by the taxpayer by the due date;
(2) subject to section 458, a third party is not liable to pay an amount in excess of the amount that the third party owes or may owe to, or holds or may hold for, the taxpayer;
(3) the date for payment by the third party specified in the notice must not be before the date that the amount owed by the third party to the taxpayer becomes due to the taxpayer or held on the taxpayer's behalf;
(4) the notice remains in force until the third party pays the amount specified in the notice or the Department revokes the notice;
(5) the notice may specify amounts of tax owing or that may become owing by the taxpayer under more than one tax law.

458. The amount that a notice under section 456 requires to be paid from salary or wages payable to the taxpayer must not exceed 20 per cent of the amount of each payment of salary or wages (after the payment of income tax).

459. A notice under section 456 can be served on a third party in relation to an amount in a joint account only when:

(1) all the holders of the joint account have unpaid tax liabilities; or
(2) the taxpayer can withdraw funds from the account (other than a partnership account) without the signature or authorization of the other account holders.

460. The Department must, by notice in writing to the third party, revoke or amend a notice under section 456 if the taxpayer has paid the whole or part of the tax due or has made an arrangement satisfactory to the Department for payment of the tax.

461. A third party who claims to be unable to comply with a notice under section 456 may inform the Department, in writing and within 15 days of service of the notice, setting out the reasons for the third party's inability to comply with the notice.

462. When the Department is informed under section 461, the Department must, by notice in writing to the third party:

(1) accept the notification and cancel or amend the notice under section 456; or
(2) reject the notification.

463. The Department must serve the taxpayer with a copy of a notice served on a third party under sections 456, 460, or 462.

464. A third party who, without reasonable cause, fails to comply with a notice under this section is personally liable for any part of the amount specified in the notice that is unpaid.

465. The Department must credit an amount paid by a third party under this section against the tax liability of the taxpayer.

Appointed person

466. An appointed person must notify the Department of the appointment within 15 days of the date of the appointment.

467. The Department must:

(1) notify the appointed person, in writing, of the amount of any tax that is or will become payable by the taxpayer whose assets are in the possession or under the control of the appointed person; and
(2) within 30 days of the Department being served with a notice under section 466, serve the notice under subsection (1) on the appointed person.

468. An appointed person must not, without leave of the Department, part with any asset held in the capacity as an appointed person until:

(1) the appointed person has filed all outstanding tax returns of the taxpayer, including an advance return required under section 335; and
(2) the appointed person has been served with a notice under section 467 or the one-month period has expired without such a notice being served on the appointed person.

469. Subject to section 470, an appointed person:

(1) must set aside out of the proceeds of sale of any asset of the taxpayer the amount notified by the Department under section 467 or such lesser amount as subsequently agreed with the Department and pay such amount to the Department; and
(2) is personally liable for the amount required to be set aside.

470. Subject to sections 432 to 435, nothing in section 468 prevents an appointed person from paying the following amounts in priority to the tax notified under section 467:

(1) a debt that has priority, in law or equity, over the tax notified under section 467:
(2) the expenses properly incurred by the appointed person in the capacity as such, including the appointed person's remuneration.

471. Subject to section 470, when the proceeds of sale of any asset are less than the amount notified by the Department under this section, the appointed person must set aside the entire proceeds of sale to meet the amount notified under this section.

472. Where two or more persons are appointed persons in respect of a taxpayer, the obligations and liabilities under this section apply jointly and severally to the appointed persons.

473. For the purposes of sections 466 to 472:
"appointed person" means an administrator, executor, receiver, or liquidator appointed to manage, administer, liquidate, or wind up the affairs of a taxpayer; and "taxpayer" includes a deceased taxpayer.

Temporary closure of business premises

474. Section 475 applies to a withholding agent when the following conditions are satisfied:
(1) the withholding agent has failed to:
(a) file a withholding statement under section 274; or
(b) pay a withholding amount by the due date; and
(2) such failure has occurred at least once in the past.

475. When this section applies, the Department may notify the withholding agent, in writing, of the intention to close down part or the whole of the withholding agent's business premises for a temporary period not exceeding 15 days, unless within a period of 7 days from service of the notice:

(1) the withholding agent files the withholding return under section 274; or
(2) pays the withholding amount due, and any penalty and late payment interest payable in respect of the unpaid tax, as the case may be.

476. If a withholding agent fails to comply with a notice under section 475, the Department may issue a notice (referred to in sections 477 and 478 as a "closure notice") to close down part or the whole of the business premises of the withholding agent for a period not exceeding 15 days.

477. The Department may, at any time, enter any premises described in a closure notice for the purposes of executing the closure notice and may require a police officer to be present while the closure notice is being executed.

478. When a closure notice has been issued under section 476, the Department:

(1) must seal the premises and affix in a conspicuous place on the front of the business premises closed down a notice specifying the matters required by regulations; and
(2) may make the closure public in any manner that the Department considers appropriate.

479. The Department must immediately arrange for the removal of the notice referred to in section 478(1) if, during the period of closure:

(1) the taxpayer files the withholding statement under section 274, as the case may be; or
(2) the taxpayer pays the withholding amount due, and any penalty and late payment interest payable in respect of the unpaid tax.

480. Only the Department or an authorized officer is permitted to exercise the powers in sections 474 to 479.

Liability for tax payable by a company

481. Subject to section 482, when an arrangement has been entered into with the intention or effect of rendering a company unable to satisfy a current or future tax liability under this Act, every person who was a director or controlling member of the company when the arrangement was entered into is jointly and severally liable for the tax liability of the company.

482. A director of a company is not liable under section 481 for the tax liability of the company if the director derived no direct or indirect financial or other benefit from the arrangement and:

(1) the director has, on becoming aware of the arrangement, formally recorded with the company his or her dissent and notified the company in writing of the arrangement; or

(2) both the following conditions are satisfied:
(a) the director was not involved in the executive management of the company; and
(b) at no time did the director have any knowledge of the arrangement, nor could have reasonably been expected to know of the arrangement.

483. To give effect to section 481 after a company has been liquidated and subject to section 359, the Department may make or amend an assessment of the tax liability of the liquidated company as if the company had not been liquidated and serve notice of the assessment on any person to whom section 481 applies.

484. For the purposes of sections 481 to 483:
"arrangement" means any contract, agreement, plan, or understanding whether express or implied and whether or not enforceable in legal proceedings; and

"controlling member", in relation to a company, means any member who beneficially holds, either alone or together with an associate or associates:

(1) more than 50 per cent of the voting rights attaching to shares or other membership interest in the company; or
(2) more than 50 per cent of the rights to profits attaching to shares or other membership interests in the company; or
(3) more than 50 per cent of the rights to capital attaching to shares or other membership interests in the company.

Transferred tax liabilities

485. When a taxpayer (referred to in this section as the "transferor") has a tax liability in relation to a business carried on by the transferor and the transferor has transferred all or some of the assets of the business to an associate (referred to in this section as the "transferee"):

(1) the transferee is personally liable for the unpaid tax liability (referred to in this section as the "transferred liability") of the transferor in relation to the business; and
(2) the Department is not precluded from recovering the whole or part of the transferred liability from the transferor.

486. Section 485 does not apply where the transfer is a genuine transfer made in good faith and at market value.

487. Market value of a transferred asset is determined in accordance with sections 103 to 105.

Distress proceedings

488. Subject to section 489, the Department may recover unpaid tax owing by a taxpayer by distress proceedings against the movable property of the taxpayer by issuing a notice, in writing, to the taxpayer specifying the following:

(1) the name of the taxpayer;
(2) the location of the property to be distrained;
(3) the tax liability to which the distress proceedings relate.

489. Subject to sections 432 to 435, section 488 does not apply to movable property that has a prior secured interest over the property that has priority, in law or equity, over the tax notified under section 488;

490. For the purposes of executing distress, the Department may:

(1) at any time, enter any house or premises described in the notice authorizing the distress proceedings; and
(2) request a police officer to be present while the distress is being executed.

491. The property distrained must be detained at the cost of the taxpayer and at the premises where the distress was executed or at such other

place as the Department may consider appropriate for the following period:

(1) for perishable goods, such period as the Department considers reasonable having regard to the condition of the goods; or
(2) for any other goods, a period of not less than 30 days after the execution of the distress.

492. The property distrained may be sold by public auction or in such other manner as the Department may direct when the taxpayer does not pay the tax due, together with the costs of the distress, within the detention period under section 491.

493. The Department must apply the proceeds of a disposal under section 492 as follows:

(1) first towards the cost of taking, keeping, and selling the property distrained upon;
(2) then towards the unpaid tax liability of the taxpayer as specified in the distress notice;
(3) then towards any other unpaid tax liability of the taxpayer;
(4) then the remainder of the proceeds, if any, must be paid to the taxpayer.

494. Nothing in sections 488 to 496 precludes the Department from proceeding under this Chapter with respect to any balance owed if the proceeds of the distress are not sufficient to meet the amounts referred to in section 493(1), (2), and (3).

495. Only the Department or an authorized officer is permitted to exercise powers under this section.

496. The Department, authorized officer, or police officer is not liable for any damage resulting from an exercise of power under this section, provided that the Department, authorized officer, or police officer acted in good faith and in accordance with the terms of the section.

Departure prohibition

497. Section 498 applies when the Department has reasonable grounds to believe that a person may leave Bhutan:

(1) without paying tax that is or will become payable by the person; or
(2) when tax that is or will become payable by a company in which the person is a controlling member is unpaid.

498. When this section applies, the Department may issue a notice (referred to in sections 499 to 504 as a "departure prohibition notice") to the Department of Immigration prohibiting the person from leaving Bhutan until:

(1) the tax payable or that will become payable by the person or by the company in which the person is a controlling member is paid in full; or
(2) an arrangement is made satisfactory to the Department for payment of the tax referred to in subsection (1).

499. A departure prohibition notice must specify the following:

(1) the name, address, and TPN of the person to whom the notice applies;
(2) the amount of tax that is or will become payable by the person or by the company in which the person is a controlling member.

500. The Department must serve a copy of a departure prohibition notice on the person named in the notice, but the non-receipt of a copy of the notice by the person named in the notice does not invalidate the notice.

501. On receipt of a departure prohibition notice in relation to a person, the Department of Immigration must take such measures as may be necessary to comply with the notice including the seizure and

retention of the person's passport, certificate of identification, or any other document authorizing the person to leave Bhutan.

502. If the tax specified in the departure prohibition notice is paid or a satisfactory arrangement for payment of the tax is made, the Department must issue the person named in the notice with a departure certificate and production of the certificate to an immigration officer is sufficient authority for the officer to allow the person to leave Bhutan, subject to other immigration requirements being satisfied.

503. No proceedings, criminal or civil, may be instituted or maintained against the State, a taxation officer, or a customs, immigration, police, or other officer for anything lawfully done under this section.

504. Only the Department or an authorized officer is permitted to exercise powers under this section.

505. For the purposes of sections 497 to 504, "controlling member" has the same meaning as in section 484.

Preservation of assets

506. Section 507 applies when the Department has reasonable cause to believe that:

(1) a taxpayer will not pay the full amount of tax owing when due; and
(2) the taxpayer has taken, or will take, steps to frustrate the recovery of the tax, including the dissipation of the taxpayer's assets.

507. When this section applies, the Department may serve a notice on a financial institution requiring the financial institution to:

(1) block the accounts of the taxpayer
(2) freeze access to any cash, valuables, precious metals, or

other assets of the taxpayer in a safe deposit box held by the financial institution; and

(3) provide information relating to the accounts or contents of the safe deposit box.

508. A notice served on a financial institution under section 507 must specify the name, address, and TPN of the taxpayer to which the notice applies.

509. When a notice has been served under section 507, the Department may make an immediate advance assessment of the tax payable by the taxpayer for the current and any prior tax period.

510. The Department must obtain a court authorization for the notice within 72 hours of service of the notice on the financial institution under section 507.

511. A notice served under section 507 lapses if there is no court authorization of the notice within 72 hours of service of the notice on the financial institution.

512. A financial institution served with a notice under section 507 must comply with the notice from the date of service until the date that the notice expires according to its terms or lapses under section 511.

513. A financial institution that, without reasonable cause, fails to comply with a notice served on the financial institution under section 507 is personally liable for the tax liability of the taxpayer to the extent of the accounts and assets held by the financial institution.

FORM-I IMPORT PERMIT FOR EXCISABLE GOODS

BHUTAN
Believe

1. Permit No:
2. Date of Issue:
3. Date of Expiry:
4. Name of the importer:
5. Taxpayer Number(TPN):
6. RRCO:
7. Brand registration number (where applicable):

BTC Code	Commodity Description	Commercial Description	UOM	Quantity	Permit fee amount

Receipt no: **Receipt Date:**

Declaration

I/We declare that the information provided above is true and correct to my/our best knowledge. I/We acknowledge that any false or misleading information may lead to penalties, fines, or prosecution as per the Excise Tax Act, 2025. (This declaration is made electronically and does not require a physical signature).

Terms and Conditions:

1. Permit shall be issued only upon obtaining the brand registration certificate, where applicable.
2. Importing without a permit or not in accordance with the permit shall be an offense.
3. The permit fee paid shall be non-refundable under any circumstances.
4. This permit is non-transferable.
5. The goods shall enter only through the port of entry specified in the permit.

FORM-II EXPORT PERMIT FOR EXCISABLE GOODS

BHUTAN
Believe

1. Permit No.
2. Date of Issue:
3. Date of Expiry:
4. Import Permit No. (where applicable) :…… Date:……
5. Name of Excise Authorities (where applicable):
6. Name and Address of the exporter:
7. Transit Route to the destination (via):
8. RRCO:

BTC Code	Commodity Description	Commercial Description	UOM	Quantity	Permit Fee Amount

Receipt no: **Receipt Date:**

Declaration

I/We declare that the information provided above is true and correct to my/our best knowledge. I/We acknowledge that any false or misleading information may lead to penalties, fines, or prosecution as per the Excise Act, 2025.(This declaration is made electronically and does not require a physical signature)

Terms and Conditions:

1. The exporter shall submit the landing certificate issued by the excise authorities within 60 days from the date of issue of this consignment if applicable.
2. The permit fee paid shall be non-refundable under any circumstances.
3. This permit is non-transferable.
4. The goods shall be exported only through the port of exit specified in the permit.
5. The export must comply with the specifications outlined in the permit.

FORM-III OPERATIONAL PERMIT

1. Permit No:
2. Issue Date:

This permit is hereby granted to:

- Name of Business:
- Taxpayer Number TPN:
- Business Address:
- Phone/Email:

Under the authority of Sections 21, 28, and 33 of the Excise Tax Act, 2025, the above permit holder is authorized to engage in the following activities related to excisable goods at the licensed premises:

1. Type of Activities Authorized	Validity Date
Manufacturing	
Denaturing	
Bottling	
Blending	
Compounding	
Warehousing	

2.Type of Excisable Goods:----------

Terms and conditions:

1. The permit holder shall comply with all provisions of the Excise Tax Act, 2025, and relevant rules made thereunder.
2. The permit fee paid shall be non-refundable under any circumstances.
3. This permit is non-transferable.
4. The activities shall be undertaken strictly as prescribed in the permit.
5. The permit is valid for one year for manufactures and three months for others.
6. The permit may be revoked or suspended for non-compliance with legal requirements.

FORM:IV BRAND REGISTRATION CERTIFICATE

Certificate Reference No:

This is to certify that the following importer/manufacturer has registered the brand(s) listed below with the Department, in accordance with sections 36 and 37 of the Excise Act 2025 and applicable rules.

Name of Importer/manufacturer:

Taxpayer Number (TPN):

BTC code	Commodity Description	Commercial Description/Brand detail	UOM	Date of registraion	Expiry Date

Receipt no: **Receipt Date:**

Terms and Conditions:

1. The fees paid for the brand registration shall be non-refundable under any circumstances.
2. This certificate is non-transferable.
3. The certificate holder shall comply with all provisions of the ExciseAct 2025, including subsequent rules and directives issued by the Department.
4. The brand registration shall be renewed before expiry to maintain continuous registration.

དཔལ་རྫོགས་ལྡན་འབྲུག
Department of Revenue and Customs
Ministry of Finance
Royal Government of Bhutan

BHUTAN
Believe

FORM:V EXEMPTION CERTIFICATE

Exemption No. …… Date: ……

In exercise of the power conferred under the existing Laws of the Department of Revenue and Customs, Ministry of Finance, hereby exempts Mr./ Mrs……, (TPN)..... from the payment of Excise Tax/ Customs Duty on the goods as described below:

SL. No	Invoice No.	Consignor/ Supplier Name	Date	BTC code	Commidity decsription	Unit	Qty	Value

Remarks:

1. The exemption must be availed prior to the importation of goods.
2. This certificate is non-transferable and is valid for 3 months from the date of issue.
3. Any misuse of this certificate shall attract penalties as per the provisions of the Excise Tax Act, 2025.

FORM:VI MOVEMENT PERMIT FOR EXCISABLE GOODS

PermitNo…..... Date:…….....

The following individuals are hereby permitted to transport the excisable goods from(Location)…… to the destination(Location)..……having his/her business premises located at ……..in Bhutan or through the Indian territories via……..by vehicle number ……

1. Business Details

Name:
TPN:
Address:
Contact Number / Email

2. Goods details

Sl.NO	Description of Goods	Quantity	Invoice / Batch Number:	Excise Status (Paid / Unpaid)

Declaration

I/We declare that the information provided above is true and correct to my/our best knowledge. I/We acknowledge that any false or misleading information may lead to penalties, fines, or prosecution as per the Excise Act, 2025.(This declaration is made electronically and does not require a physical signature)