



GOOD AND SERVICES TAX RULES 2026

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



GOODS AND SERVICES TAX RULES 2026

**ROYAL GOVERNMENT OF BHUTAN
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE AND CUSTOMS**



དངུལ་ཅིས་སློབ་པོ།
FINANCE MINISTER

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ROYAL GOVERNMENT OF BHUTAN
MINISTRY OF FINANCE
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FOREWORD

Pursuant to the authority vested by Section 11 (1) (a) under Chapter 2 of the Goods and Services Tax Act of Bhutan 2020, the Ministry of Finance hereby establishes and issues the GST Rules 2026, a milestone in our nation's fiscal evolution and economic modernization.

These rules reflect our commitment to building a taxation system grounded in fairness, simplicity, and inclusivity. The GST is designed to broaden the taxpayer base, simplify compliance, enhance uniform implementation, and strengthen domestic revenue mobilization to support Bhutan's developmental aspirations.

More than a tax reform, the GST is an instrument of economic empowerment, enabling us to achieve greater self-reliance while upholding our commitment to sustainable development. By adapting international best practices to Bhutan's unique socio-economic context, we aim to create a taxation environment that is predictable, transparent, and responsive to the needs of our citizens and businesses.

I am confident that these rules will provide the clarity and guidance necessary to foster voluntary compliance, reduce administrative burdens, and build mutual trust between taxpayers and the government.

As we embark on this new chapter of fiscal governance, I call upon all stakeholders, businesses, citizens, and agencies to embrace this reform in the spirit of cooperation and national purpose. Together, let us build a taxation system that advances the vision of a prosperous, equitable, and happy Bhutan.

May these rules serve our nation well in strengthening our economy and enhancing the well-being of our people.

(LEKEY DORJI)

26/9/2025

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ACRONYM

GST	Goods and Services Tax
Nu	Ngultrum
RMA	Royal Monetary Authority

CONTENTS

CHAPTER 1 PRELIMINARY	1
CHAPTER 2 REGISTRATION	2
CHAPTER 3 ACCOUNTING AND FILING FOR GST	16
CHAPTER 4 EXEMPT SUPPLIES AND IMPORTS	17
CHAPTER 5 PARTIAL INPUT TAX CREDITS	23
CHAPTER 6 CARRY FORWARD AND REFUND OF NET AMOUNTS ..	27
CHAPTER 7 TAX PERIOD	29
CHAPTER 8 ADJUSTMENTS	32
CHAPTER 9 DEFERRALS AND RELIEF OF IMPORT GST	37
CHAPTER 10 PARTICULAR TYPES OF TRANSACTIONS	44
CHAPTER 11 NON-RESIDENTS AND FOREIGN BRANCHES	52
CHAPTER 12 TRAVEL AGENTS AND TOUR OPERATORS	55
CHAPTER 13 SPECIFIC CLASSES OF PERSON	59
CHAPTER 14 GOVERNMENT ENTITIES	65
CHAPTER 15 OTHER CATEGORIES OF PERSONS	66
CHAPTER 16 AUTHORIZED GST AGENTS	68

CHAPTER 17 TAX INVOICES AND RECORD-KEEPING.....	73
CHAPTER 18 RECOVERY OF UNPAID AMOUNT.....	80
CHAPTER 19 ENFORCEMENT.....	81
CHAPTER 20 MISCELLANEOUS	86
CHAPTER 21 PENALTIES.....	95
CHAPTER 22 OBJECTIONS AND APPEALS	100
CHAPTER 23 OTHER PROVISIONS	101
CHAPTER 24 DEFINITIONS	104

In exercise of the powers conferred by the Goods and Services Tax Act of Bhutan 2020 and GST(Amendment) Act thereof, the Ministry of Finance hereby promulgates the following rules.

CHAPTER 1 PRELIMINARY

Title

1. These rules shall be called the GST Rules 2026.

Commencement

2. These rules 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.

Extent

3. The application of these rules extends to the whole of Bhutan.

Supersession

4. These rules supersede all previous circulars, notifications, and rules governing sales tax.

CHAPTER 2 REGISTRATION

Computation of registration turnover

5. For the purposes of determining whether a person has exceeded the compulsory registration turnover threshold or the voluntary registration turnover threshold, such threshold shall be treated as exceeded if the registration turnover of a person over the applicable time period is exceeded.

6. The registration turnover of a person over any applicable time period is computed as follows—
 - (1) by aggregating the total value of—
 - (a) the total value of supplies made, or to be made, by the person in the course of economic activity over that period; and
 - (b) the total value of supplies of imported B2B services made, or to be made to the person, over that period; and
 - (2) excluding—
 - (a) the value of capital assets disposed of; and
 - (b) the value of any supply made solely as a result of the sale of an economic activity or part of that economic activity as a going concern.

7. In determining the turnover of a person being an individual—
 - (1) the turnover of each business owned by that person must be included, irrespective of the location or nature of the businesses; and
 - (2) where a business is jointly owned by two or more person—
 - (a) such jointly owned business shall, for the purpose of this rule, be treated as a separate person distinct from its individual owners;
 - (b) the registration turnover of such jointly owned business shall be determined independently based on the total turnover of that business; and
 - (c) such jointly owned business shall be liable for registration under this rule, if its registration turnover exceeds the applicable threshold, irrespective of the registration status of its individual owners.

Voluntary registration

8. A person who is not required to register for GST may be registered under section 60 of the Act if the following conditions are met—
 - (1) the person has made an application for voluntary registration to the Department electronically or in

- such form and manner as prescribed by the Department;
- (2) the person will be making supplies in the course of carrying on economic activities; and
 - (3) the person's registration turnover in the past 12 months exceeds the voluntary registration threshold;
 - (4) the Department is satisfied that the person is able to comply with the obligations of a GST registered person.
9. A person registered under section 60 of the Act must—
- (1) remain registered for not less than two years or such other shorter period as determined by the Department; and
 - (2) comply with such conditions as may be imposed by the Department in approving the registration.

Group registration

10. Where two or more taxable persons are eligible to be treated as members of a group under rule 11, the taxable persons may apply to the Department to be treated as members of a group—
- (1) electronically or in such form and manner as prescribed by the Department; and

- (2) at least 30 days before the date from which it is to take effect, or such later time as the Department may allow.

11. Where the Department has approved two or more taxable persons to be treated as members of a group under rule 16(1), an application may be made to the Department, electronically or in such form and manner as prescribed by the Department and at least 30 days before the date from which it is to take effect, or such later time as the Department may allow, for—
 - (1) a further taxable person eligible to be treated as a member of the same group;
 - (2) another member of the group that satisfies rule 15 to be substituted as the representative member;
 - (3) one or more of the taxable persons to cease to be treated as members of the group; or
 - (4) all the taxable persons to cease to be treated as members of a group.

12. Two or more persons may be treated as members of a group if each person satisfies the conditions under rule 14 and—
 - (1) one of them controls each of the others;
 - (2) one person, whether a body corporate or an individual, controls all of them; or

- (3) two or more individuals carrying on a business in partnership control all of them.
13. For the purposes of rule 12—
 - (1) a body corporate controls another body corporate if the first-mentioned body is the second-mentioned body's holding company;
 - (2) an individual or a group of individuals controls a body corporate if such individual or group of individuals, were such individual or group of individuals a company, would be that body's holding company; and
 - (3) whether a body corporate is the holding company or subsidiary of another body corporate is construed in accordance with section 416 of the Companies Act of the Kingdom of Bhutan, 2016.
14. A person falls within this rule 14 if the person—
 - (1) is a resident of Bhutan or has an established place of business in Bhutan;
 - (2) is not in arrears with respect to any amount payable to the Department;
 - (3) is a registered person;
 - (4) does not belong to any other GST group;
 - (5) has the same tax period and account for GST; and
 - (6) is not registered under divisional registration.

15. A person may be a representative member of a group if—
 - (1) the person is a resident of Bhutan or has an established place of business in Bhutan; and
 - (2) the person is nominated as a representative by the other members of the group.

16. The Department may—
 - (1) on satisfaction approve an application made under rule 10 or 11 subject to the fulfillment of conditions under rule 13 and 14; or
 - (2) refuse an application made under rule 10 or 11 or to register the member nominated by the taxable persons as a representative member if it considers it necessary for the protection of the revenue.

17. Where the Department has approved two or more persons to be treated as members of a group under rule 16(1)—
 - (1) one of them must be the representative member;
 - (2) any business carried on by a group member must be treated as carried on by the representative member;
 - (3) any supply by a group member to another group member is disregarded;
 - (4) any other supply by or to a group member must be treated as a supply by or to the representative member;

- (5) any tax paid or payable by a group member on the import of any goods must be treated as paid or payable by the representative member, and the goods must be treated as imported by the representative member; and
- (6) all group members are jointly and severally liable for any tax due from the representative member.

Divisional registration

18. A person whose business is carried on in one or more divisions may apply to the Department, electronically or in such form and manner as prescribed by the Department and at least 30 days before the date from which it is to take effect, or such later time as the Department may allow, for any such divisions to be registered in the names of those divisions.
19. The Department may approve an application made under rule 18 if it is satisfied that—
 - (1) it is likely to be difficult for the person to submit a single return in respect of all the divisions;
 - (2) each division has maintained an independent system of accounting and same tax period;
 - (3) each division is in:
 - (a) different location with the same or different activities; or

- (b) same location with different activities;
 - (4) the person is not a member of any group registered under rule 10(1); and
 - (5) the person is not in arrears with respect to any amount payable to the Department.
20. For avoidance of doubt, each division is liable to remain GST-registered irrespective of their registration turnover, if the turnover of all the division in the aggregate exceeds the registration turnover threshold.

Applications for registration

21. If the person will be required to be registered for GST under section 57 of the Act within 30 days of coming into existence—
- (1) an application for registration may be made by a person or a representative of the person once it is in existence; or
 - (2) if no such application is made, the Department shall notify the person to register or registered the person and notify the person about the registration.
22. An application for voluntary registration may be made at any time.

23. Applications for registration shall be made electronically or in such form and manner as prescribed by the Department, including but not limited to simplified or other applicable modes of registration.
24. If the Department is not satisfied that an applicant for registration is required to be registered for GST under section 57 of the Act, the Department may, register the person if the Department is satisfied, on the basis of the information provided by the applicant, that—
- (1) the person is, or will be, carrying on an economic activity;
 - (2) the person makes, or will make, supplies that will be taxable supplies if the person is registered for GST;
 - (3) where the person has not commenced carrying on an economic activity, there are reasonable grounds to believe that the person will keep proper records and file regular and reliable GST returns; and
 - (4) where the person has commenced carrying on an economic activity, the person has kept proper records in relation to its economic activity and has complied with its obligations under other laws administered by the Department.
25. The Department must notify an applicant for registration of its decision—

- (1) in the case of an application for divisional registration, within 30 days from the date of receipt of the duly completed application; or
 - (2) in all other cases of application for registration, within 15 days from the date of receipt of the duly completed application.
26. A notice issued under rule 25 must clearly state—
- (1) if the Department registers the person, the day on which the registration takes effect; or
 - (2) if the Department rejects the application: the reasons for the decision and the details of the person’s rights to object to the decision.

Effect of failure to process applications in time

27. Section 337 (106) (b) of the definition of “taxable person” in the Act does not apply to a person who is required to be registered for GST if—
- (1) the person submitted an application within the time required under section 57 of the Act or rule 21, whichever is applicable; and
 - (2) the Department failed to process the application within the required time,
- until such time that the Department has processed the application.

Notification of changes of registered person

28. A registered person must notify the Department electronically in such form and manner as prescribed by the Department of any of the following—
- (1) a change in the ownership of the business;
 - (2) a change in name, business name or trading name of the person;
 - (3) a change in address or other contact details of the person;
 - (4) a change in one or more of the places through which the person carries on an economic activity in Bhutan;
 - (5) a change in the nature of one or more economic activities carried on by the person.

Effective date of registration

29. A person who is required to be registered for GST under section 57 of the Act is registered with effect from the later of—
- (1) the date on which the person becomes required to be registered; or
 - (2) the date specified in the notice of registration issued by the Department.
30. A person who is entitled but not required to be registered for GST under section 60 of the Act may be registered with effect from—

- (1) the first day of the month beginning after the day on which the notice of registration is issued by the Department; or
- (2) a later date requested in the application.

List of registered persons

31. The Department must maintain and publish an accurate and up to date list of registered persons, which shall include—
 - (1) the name and address of the registered person;
 - (2) the business or trading name or names, if any, under which the registered person carries on its economic activities;
 - (3) the registration number of the registered person; and
 - (4) the date on which the registration took effect.
32. The Department must maintain a complete historical record of the register identifying who is registered for GST at any time.

Cancellation of registration

33. A registered person must apply electronically or in the form and manner prescribed by the Department, for the cancellation of registration 30 days from the date on which the person permanently ceases to make supplies.

34. A registered person who is not required to remain registered for GST but continues to make supply may apply electronically or in the form and manner prescribed by the Department, for the cancellation of registration.
35. If the Department is satisfied that a registered person applying to cancel its registration is not required to be registered for GST—
 - (1) if the person has been registered for at least 24 consecutive months, the Department must, by notice in writing, cancel the person’s registration;
 - (2) if the person has been registered for less than 24 consecutive months, the Department may, by notice in writing, cancel the person’s registration, if the Department is satisfied that it is appropriate to do so.
36. The Department shall, by notice, cancel the registration of a registered person who has not applied for cancellation, if the Department is satisfied that the person is not carrying on an economic activity.
37. The Department may, by notice, cancel the registration of a person who is not required to be registered for GST, if the Department is satisfied that—

- (1) the person has not kept proper records of its economic activity;
- (2) the person has not filed regular and reliable GST returns;
- (3) the person has not complied with any notice served by the Department;
- (4) the person has not complied with its obligations under other tax laws and there are reasonable grounds to believe that the person will not keep proper records, file regular and reliable GST returns, and otherwise comply with the requirements of this Act;
- (5) the person obtained registration by providing false or misleading information;
- (6) the person has breached any condition imposed under rule 9(2) or 16(1); or
- (7) it is necessary for the protection of the revenue.

38. The cancellation of a person's registration shall take effect from the day set out in the notice of cancellation.

Obligations of a person whose registration is cancelled

39. A person issued with the notice of cancellation of registration must—
- (1) immediately cease to be a registered person;

- (2) immediately cease to use or issue any documents, including tax invoices and adjustment notes, that identify the person as a registered person;
- (3) file a final GST return and pay all amounts due under the Act within 30 days from the end of the last tax period; and
- (4) apply for GST refund, if any, within 30 days from the end of the last tax period.

Application for re-registration

40. The person previously cancelled for the GST registration may re-register using the same taxpayer number if the person has fulfilled the conditions required to be registered under section 57 of the Act.

CHAPTER 3 ACCOUNTING AND FILING FOR GST

Deferral of GST return filing and payment on supply

41. Where a person is unable to file a GST return and make payment within the due date, the person may apply to the Department electronically or in such form and manner as prescribed, for a deferral of the GST return before the filing due date.

42. The Department may, by notice in writing defer the filing and payment of GST for a tax period subject to the following conditions—
- (1) the person has provided to the Department a specific reason for deferral and other documentary evidence to satisfy that deferral is necessary due to circumstances beyond the taxable person's reasonable control; and
 - (2) late payment penalty under Chapter 27 of the Act shall accrue on the deferred payment from the original due date until the date of actual payment.

CHAPTER 4 EXEMPT SUPPLIES AND IMPORTS

Exempt supply of education services

43. The supply of education services is exempt from GST where such services are—
- (1) provided by a school, college or university that is registered, licensed, accredited, or otherwise approved under applicable law by the competent authority regulating educational institutions as an early childhood education center, primary, secondary, or tertiary education institution;
 - (2) of a kind ordinary provided by such institutions in the course of delivering formal education curricula approved or recognized by the competent authority

or leadings to a recognized qualification as prescribed by the competent authority regulating educational institutions.

44. The exemption under rule 43 extends to the supply of services that are ancillary to the exempt supply of education services, including—
- (1) meals and accommodation provided to enrolled students;
 - (2) student administrative services, including services relating to admission, registration, assessment, examination, and issuance of certificates; and
 - (3) use of facilities or equipment made available to enrolled students as part of their education.
45. The exemptions in rule 43 and 44 do not apply to—
- (1) the supply of tuition, coaching, or enrichment classes that are—
 - (a) optional in nature and not part of the formal education program; or
 - (b) subject to separate fees or charges payable in addition to any fees charged for formal education;
 - (2) the supply of services to any person who is not enrolled as students of the institution.

Exempt supply of health services

46. The supply of health services is exempt from GST where such services are—
- (1) provided by—
 - (a) a hospital, clinic or other healthcare facility licensed or registered with the competent authority regulating healthcare providers; or
 - (b) a medical practitioner, dental professional, nursing professional, or other healthcare professional licensed or registered under applicable law; and
 - (2) of a kind ordinarily provided in the course of delivering essential medical services as prescribed or recognized by the competent authority regulating healthcare providers.
47. For the purposes of rule 46, essential medical services include, but are not limited to—
- (1) diagnosis, treatment and prevention of illness, injury or disease;
 - (2) surgical procedures and medical interventions;
 - (3) maternity, pediatric, and geriatric care;
 - (4) dental care services, excluding cosmetic dental services;
 - (5) nursing care, rehabilitation, and palliative care; and
 - (6) the supply of services ancillary to the provision of such medical services, including but not limited to

hospital accommodation, meals and diagnostic testing supplied to inpatients or outpatients as part of their treatment.

48. The exemption under rule 46 shall not apply to—
- (1) the supply of cosmetic, aesthetic, or elective procedures not medically necessary, as determined in accordance with guidelines issued by the competent authority regulating healthcare providers; and
 - (2) health and wellness services of a general nature, including spa treatments, fitness training, and alternative medicine therapies not recognized by the competent authority regulating healthcare providers as essential medical services.

Payment of GST on imports through postal and courier services

49. Goods imported through postal and courier services as a gift shall be given GST free allowance where the total invoice value does not exceed Nu.10,000, irrespective of whether the parcel contains a single item or multiple items, provided that—
- (1) the parcel does not contain alcohol, alcoholic beverages or any goods prohibited or restricted under applicable laws;
 - (2) the goods are intended solely for the personal use of

- the recipient; and
- (3) the goods are imported in non-commercial quantities.

Importation of goods as sample

50. Subject to rule 51, GST is not levied on the import of goods as free samples if the goods are—
- (1) not for sale;
 - (2) new in the domestic market;
 - (3) not prohibited under any laws in force in Bhutan; and
 - (4) not in commercial quantities.
51. An importer of goods as free sample must—
- (1) declare to the customs that the imported goods satisfy the conditions under rule 50; and
 - (2) undertake that the goods are not to be sold and, if sold, is liable to pay the applicable GST.

Free Baggage Allowance for Bhutanese nationals, foreign residents and diplomatic officials

52. Free baggage allowance for Bhutanese nationals, foreign residents and diplomatic officials for GST will be as per rules 407 to 428 of the Customs Rules and Regulations of Bhutan: Revised Edition 2023 applies *mutatis mutandis* to an exemption of

imported goods under paragraph 9 of Schedule IV B to the Act, with the following modifications—

- (1) a reference to customs duties is a reference to GST;
- (2) a reference to Customs is a reference to this Department.

Refund and entitlement of Bhutanese Individual on government duty abroad on their Bonafide Transfer to Bhutan

53. Rules 161 to 166 and rules 449 to 450 of the Customs Rules and Regulations of Bhutan: Revised Edition 2023 applies *mutatis mutandis* to an exemption of imported goods under paragraph 6 of Schedule IV B to the Act, with the following modifications—

- (1) a reference to customs duties is a reference to GST;
- (2) a reference to Customs is a reference to this Department;
- (3) a person shall pay GST at the time of import or acquiring the supply of goods or services and may claim a refund through application to the Department; and
- (4) an application for refund can only be submitted if the following conditions are fulfilled—
 - (a) the person has made the refund claims within three months from the date of payment of GST on import;

- (b) the refund claim is made in a refund return electronically or in such form and manner as the Department prescribes; and
- (c) the person has no arrears with the Department.

Exemption of import under paragraph 4 and 5 of Schedule IV B to the Act

54. A person shall pay GST at the time of import or supply of goods or services and may claim refund unless stated otherwise by the Department, if—
- (1) the person has made the refund claims within three months from the date of payment of GST on the import;
 - (2) the refund claim is made in a refund return electronically or in such form and manner as the Department prescribes; and
 - (3) the person has no arrears with the Department.

CHAPTER 5 PARTIAL INPUT TAX CREDITS

Calculation of partial input tax credit

55. Where a taxable person incurs input tax in the course of the person's economic activity, but only partly for the purpose of making taxable supplies, the amount

of input tax credit to which the person is allowed is computed in accordance with rule 56.

56. For each tax period—

- (1) goods, services or immovable property supplied to or goods or services imported or acquired by a taxable person in that taxable period must be identified;
- (2) the whole of the input tax incurred on those goods, services or immovable property identified under paragraph (1) that are used or to be used by the taxable person exclusively in making taxable supplies must be attributed to taxable supplies;
- (3) input tax incurred on those goods, services or immovable property that are used or to be used by the taxable person exclusively in making exempt supplies must not be attributed to taxable supplies;
- (4) if the goods, services or immovable property are used or to be used by the taxable person in making both taxable supplies and exempt supplies, the amount of input tax in respect of such goods, services or immovable property attributed to taxable supplies is calculated according to the following formula—

$$I \times \frac{T}{A}$$

where—

I is the total amount of input tax incurred in respect of the goods, services or immovable property;

T is the value of all the taxable supplies made by the taxable person during the tax period; and

A is the value of all supplies made by the taxable person during the tax period.

57. A person who has claimed an input tax credit calculated in accordance with rule 56(4) in any tax period during an accounting year must, at the end of such accounting year, make an annual adjustment calculated as follows—
- (1) add up all the input tax attributed to taxable supplies under rule 56(4) for each of the tax periods occurring during that accounting year;
 - (2) apply the formula in rule 56(4) as if references to “the tax period” in the definitions of “*T*”, “*A*”, and “*T*” were references to the relevant accounting year;
 - (3) work out the amount of the adjustment by subtracting the amount worked out under paragraph (2) from the amount worked out under paragraph (1);
 - (4) if the adjustment calculated under paragraph (3) is a positive amount, the taxable person must make an increasing adjustment equal to that amount in the person’s GST return for any tax period, but not later than 30th April after the end of income year;

- (5) if the adjustment calculated under paragraph (3) is a negative amount, the taxable person is allowed a decreasing adjustment for that amount in the person's GST return for any tax period, but not later than 30th April after the end of income year.
58. For the purposes of rule 56(4), supplies made through an economic activity carried on at a fixed place outside Bhutan must not be included in *A* or *T* in the formula unless those supplies are made in Bhutan.

De minimis rule

59. Despite rule 56(4), all input tax incurred in a tax period to make exempt supplies will be treated as incurred to make taxable supplies if the total value of all exempt supplies made by a taxable person in that tax period does not exceed the lower of—
- (1) Nu. 30,000 in the case of a monthly filer or an average of Nu. 30,000 per month in the case of a quarterly filer; and
 - (2) five percent of the total value of all taxable supplies and exempt supplies made in that tax period.
60. Rule 59 does not apply to a taxable person treated by the Department as a delinquent taxpayer under rule 223.

CHAPTER 6

CARRY FORWARD AND REFUND OF NET AMOUNTS

Refunds without carry forward

61. Subject to rules 62 and 63, a taxable person engaged in manufacturing activities and export may apply for a refund of a negative net amount under section 53 of the Act if the Department is satisfied that the nature of the person's business regularly results in negative net amounts.
62. Any refund of a negative net amount under section 53 of the Act must first be set off against any outstanding liability of the taxpayer to pay an amount under a law administered by the Department and may off set against such outstanding liability under an arrangement for payment by installment under section 296 of the Act or under any other law, as it considers appropriate.
63. A claim of refund of a negative net amount under rule 61 must be made in a GST return within one year from the date of filing of GST return.

Carry forward of negative net amounts

64. For the purposes of section 55 of the Act, a taxable person is allowed a decreasing adjustment for

GST Rules 2026

negative net amounts carried forward from earlier tax periods, as calculated follows—

- (1) in any tax period (the “current period”), section 44 of the Act must first be applied without taking into account any decreasing adjustments allowed under this rule 64;
- (2) if the result under paragraph (1) is a positive amount, the person is allowed a decreasing adjustment for such part of one or more negative net amounts carried forward from an earlier tax period as would reduce the net amount for the current period to a positive amount or to nil; and
- (3) any part of the net negative amount for which a decreasing adjustment cannot be made (the “unadjusted amount”) must be carried forward and applied as per paragraph (2) until it has been reduced to nil or it has been carried forward for the requisite number of tax periods, whichever is earlier.

65. A taxable person may apply for a refund when all or part of a negative net amount has been carried forward for the requisite number of tax periods.

66. Despite rule 65, a taxable person may apply for a refund without having carried forward all or part of a negative net amount for the requisite number of tax periods in the following circumstances—

- (1) the person's registration is cancelled;

- (2) the Department has approved an application for a group registration in which the person is a group member or for divisional registration of the person; or
 - (3) the person's economic activities in Bhutan has permanently ceased.
67. For the purposes of rules 64, 65 and 66, the requisite number of tax periods is—
- (1) where the tax period is a calendar month, three consecutive tax periods;
 - (2) where the tax period is a calendar quarter, one tax period.

CHAPTER 7 TAX PERIOD

Quarterly tax period

68. For the purposes of section 337(105) of the Act, a person may apply to the Department electronically or in such form and manner as the Department prescribes, to account for and pay GST on a quarterly basis, provided that the registration turnover of the

person does not exceed the compulsory registration turnover threshold.

69. The Department may on satisfaction approve an application made under rule 68.
70. Where an application is approved under rule 69—
- (1) the tax period for such a person is a calendar quarter; and
 - (2) unless otherwise directed by the Department in the approval letter, the taxable person must account for and pay GST on a quarterly basis at the beginning of the next calendar quarter.
71. A person who has been approved under rule 69 must apply to the Department electronically or in such form and manner as the Department prescribes, to account for and pay GST on a monthly basis at any time that the registration turnover of the person exceeds or is likely to exceed the compulsory registration turnover threshold.

Other supplies

72. GST becomes payable in respect of a taxable supply at such later time than that would otherwise apply under sections 81 and 82 of the Act as follows—

- (1) in a case where the taxable supply falls under section 83(1) of the Act, the earlier of—
 - (a) 15 days from the end of the tax period during which the cooling-off period ends; or
 - (b) 30 days from the date that would otherwise apply under sections 81 and 82 of the Act;
- (2) in a case where the taxable supply falls under section 83(2) of the Act—
 - (a) to the extent that it is or becomes known that consideration will be payable, GST is payable on that consideration at the time that applies under sections 81 and 82 of the Act; and
 - (b) the balance is payable 15 days from the end of the tax period in which the total consideration for the supply becomes certain;
- (3) in a case where the taxable supply falls under section 83(3) of the Act—
 - (a) in respect of the amount of consideration retained, within 15 days from the end of the tax period during which the conditions are met;
 - (b) in respect of the remaining amount of consideration: as per sections 81 and 82 of the Act;
- (4) in a case where the taxable supply falls under section 83(4) of the Act, 15 days from the end of the tax

period during which the correct GST treatment becomes known.

Documents required to claim an input tax credit

73. For the purposes of section 87 of the Act, a person must maintain and keep the following documents to claim an input tax credit—
- (1) in respect of an import, the customs declaration, commercial invoice, and proof of payment;
 - (2) in the case of a supply of taxable supplies made to the person in Bhutan, a valid tax invoice issued by the supplier; and
 - (3) in the case of imported B2B services, proof of tax payment, commercial invoice, and other documents related to the purchase of such services.

CHAPTER 8 ADJUSTMENTS

Timing of post-supply adjustments

74. An increasing adjustment that a taxable person is required to make in respect of a post-supply adjustment event must be made—
- (1) for a supplier under section 88(1) of the Act, in the tax period in which the taxable person first becomes aware of the increasing adjustment; and

- (2) for a customer under section 89(2) of the Act, in the tax period in which the customer receives the adjustment note from the supplier.
75. A taxable person may make a decreasing adjustment in respect of a post-supply adjustment event section 88(2) or 89(1) of the Act—
- (1) for a supplier under section 89(1), in the tax period in which the supplier issues the adjustment note; and
 - (2) for a customer under section 88(2) of the Act, in the tax period in which the customer first becomes aware of the adjustment event or in any of the tax periods ending in the subsequent 12 months.

Timing of post supply adjustment for bad debts

76. If an adjustment for a bad debt has been made under section 97 of the Act and the supplier subsequently recovers all or part of the amount in respect of which the adjustment was made—
- (1) for the supplier, an increasing adjustment must be made in the tax period when the supplier receives the amount from the customer;
 - (2) for the customer, a decreasing adjustment is allowed in the tax period when the customer makes the payment to the supplier.

Increasing adjustment for partial private use or exempt supplies

77. A taxable person must make an increasing adjustment if the taxable person—
- (1) has previously claimed input tax credit on property that was acquired or imported solely for use in the making of taxable supplies; and
 - (2) subsequently applies the property partly for use in the making of exempt supplies or for a private purpose.
78. The increasing adjustment under rule 77 must be made in the tax period for which the property was first partially applied to private use or used in the making of exempt supplies.
79. The amount of increasing adjustment under rule 77 is computed by multiplying the full input tax credit previously allowed in respect of that property by the decrease in the extent of use by the taxable person in the making of taxable supplies.

Decreasing adjustment for partial use for taxable supplies

80. A taxable person may make a decreasing adjustment if the taxable person—

- (1) acquired or imported property solely for private use or for an exempt purpose; and
 - (2) subsequently applies the property partly for use in the making of taxable supplies.
81. The decreasing adjustment under rule 80 may be made in the tax period for which the property was first partially applied to use in making taxable supplies.
82. The amount of decreasing adjustment under rule 80 is computed by multiplying the amount of input tax incurred by the taxable person in respect of that property by the increase in the extent of use by the taxable person in the making of taxable supplies.
83. For the purposes of rules 77 and 80, the increase or decrease in an adjustment of input tax to be made or to be allowed to the extent of use by the taxable person in the making of taxable supplies will be determined—
 - (1) based on inherent characteristics of or factors directly connected with the property indicating a direct link between the acquisition or importation and its use; or
 - (2) where the method described in paragraph (1) is not practicable or reasonable, based on characteristics or factors that are not directly identifiable with the use

of the property but provide a reasonably estimated usage of the property.

Decreasing adjustment to stock-on-hand before registration

84. Subject to rule 85, a taxable person who makes a decreasing adjustment under section 107 of the Act must give proper and due notice to the Department of such adjustment made electronically or in such form and manner as the Department prescribes.
85. A taxable person is not deemed to have given proper and due notice of a decreasing adjustment made under section 107 of the Act until the following are provided to the Department—
 - (1) documentary evidence that the goods to which the decreasing adjustment relate were acquired within three months before the effective date of registration; or
 - (2) tax invoices and other relevant documents for the goods to which the decreasing adjustment relates.
86. For avoidance of doubt, rules 84 and 85 do not apply to any sales tax paid before the start date of GST.

CHAPTER 9 DEFERRALS AND RELIEF OF IMPORT GST

Temporary imports of goods

87. A person may import goods without payment of GST under section 167 of the Act if the goods are imported in accordance with the requirements for temporary admission of goods under section 60 of the Customs Act of Bhutan 2017 and chapter 11 of Customs Rules and Regulations of Bhutan: Revised Edition 2023 applies *mutatis mutandis* to temporary import of the goods with the following modifications—
- (1) a reference to customs duties is a reference to GST;
 - (2) a reference to Customs is a reference to this Department.
88. Where imported goods permitted under temporary admission are not re-exported by the deadline under rule 227 to 232 of Customs Rules and Regulations of Bhutan: Revised Edition 2023—
- (1) the taxable person or the guarantor becomes immediately liable to pay the GST;
 - (2) the security deposit amount equivalent to GST paid to the Department will be forfeited; and
 - (3) the liability will be deemed to arise from the date of declaration of temporary admission of the goods.

Deferral of GST payment on imports

89. A taxable person who imports goods into Bhutan and who satisfies the conditions in rule 90 may apply within 15 days prior to the arrival of goods to the Department electronically or in such form and manner as the Department prescribes, for—
- (1) such goods to be removed from customs control even though GST has yet to be paid; and
 - (2) the taxable person to account for the GST on the import of the goods in the return of the taxable person relating to the tax period in which the removal of the goods took place.
90. The conditions referred to in rule 89 are—
- (1) the Department is satisfied that the nature of the taxable person's business is one that—
 - (a) involves the manufacturing, processing or packaging of goods; and
 - (b) regularly results in negative net amounts;
 - (2) the goods are imported into Bhutan in the course or furtherance of an economic activity to be carried on by the taxable person;
 - (3) the taxable person's accounting and internal control systems are able to meet such accounting and auditing standards as the Department may require;

- (4) the taxable person has complied with all duties and obligations relating to the person's liability to pay GST, customs duty, excise and all other taxes; and
 - (5) the taxable person is able to provide security in form of bank guarantee or any other tradeable financial asset as recognized by the RMA of such amount as the Department may consider necessary for the protection of the revenue.
91. The Department may approve an application made under rule 89—
- (1) if the Department is satisfied that the taxable person satisfies all the conditions under rule 90; and
 - (2) where deferral of GST payment on an import is up to one year.
92. The person approved for deferral of GST payment must apply for further deferral before the expiry of deferral period.
93. The Department may, at any time in writing, vary or cancel any approval granted under rule 91 if the Department reasonably believes that the taxable person has—
- (1) provided false, misleading or inaccurate declaration or information in an application made under rule 89; or
 - (2) at any time failed to satisfy and comply with any of

any requirements or conditions imposed under the Act or under rule 90 or by the Department under rule 91(2).

94. A taxable person to whom approval has been granted under rule 91 must—

- (1) account for GST on the import of goods removed from the customs area in each taxable period;
- (2) pay the GST to the Department;
- (3) not use the approval except for the purposes for which the approval was granted;
- (4) take all steps to ensure that no other person uses the approval; and
- (5) immediately notify the Department of any changes relating to particulars or information furnished in respect of the application made under rule 89.

95. A taxable person to whom approval has been granted under rule 91 must immediately, and without demand, pay GST to the Department that is not accounted for, if the taxable person—

- (1) fails to satisfy and comply with any of any requirements or conditions imposed under the Act or under rule 90 or by the Department under rule 91(2);
or
- (2) fails to account for GST chargeable on the import of goods in accordance with rule 94(1).

GST on lost or pilfered goods

96. GST will not be levied on goods lost or pilfered on the conditions specified under sections 175 of the GST Act of Bhutan 2020 and rule 123 of the Customs Rules and Regulations of Bhutan: Revised Edition 2023 applies *mutatis mutandis* with a modification a reference to customs duties is a reference to GST.

GST on damaged or deteriorated goods

97. GST will be levied on such reduced value of the damaged or deteriorated goods on the conditions specified under Sections 176 of the GST Act of Bhutan 2020 and rules 124 to 126 of the Customs Rules and Regulations of Bhutan: Revised Edition 2023 applies *mutatis mutandis* with a modification a reference to customs duties is a reference to GST.

GST on replacement of goods

98. GST will not be levied on the replacement of goods on the conditions specified under sections 170 of the GST Act of Bhutan 2020 and rules 127 and 128 of the Customs Rules and Regulations of Bhutan: Revised Edition 2023 applies *mutatis mutandis* with a modification a reference to customs duties is a reference to GST.

GST on re-imported goods

99. GST will be levied on re-imported goods on the value of goods as determined under section 24 of the GST Act of Bhutan 2020 and rule 129 of the Customs Rules and Regulations of Bhutan: Revised Edition 2023 applies *mutatis mutandis* with a modification a reference to customs duties is a reference to GST.

GST on abandoned goods

100. GST will not be levied on import of goods that are abandoned as specified under sections 173 of the GST Act of Bhutan 2020 and rules 134 to 138 of the Customs Rules and Regulations of Bhutan: Revised Edition 2023 applies *mutatis mutandis* with a modification a reference to customs duties is a reference to GST.
101. The Department may consider goods as abandoned if the person—
- (1) writes to the Department, the intention to abandon the goods;
 - (2) fails to report, account, or file the return for the goods under the control of the Department within 60 days from the date of issue of the notice by the Department.

Sale proceeds for disposal of abandoned goods

102. If goods are abandoned under rule 101 the sale proceeds of the auctioned goods will be in the following manner and order of priority—

- (1) payment of cost and expenses incurred by the Department including storing and freight charges must be collected or deducted by the Department;
- (2) payment of applicable GST liable in respect of the auctioned goods must be collected by the Department;
- (3) any other tax related liabilities of the person who abandoned the goods; and
- (4) the balance, if any, to be paid to the person.

103. Rule 101 is not applicable where a person intentionally abandons the goods, and such goods will be confiscated and disposed of in accordance with rules 222.

GST on damaged or deteriorated goods in a warehouse

104. GST on damaged or deteriorated goods in a warehouse will be as per rule 381 of the Customs Rules and Regulations of Bhutan: Revised Edition 2023 applies *mutatis mutandis* with a modification a reference to customs duties is a reference to GST.

CHAPTER 10 PARTICULAR TYPES OF TRANSACTIONS

Vouchers

105. Subject to rule 106, the GST treatment in relation to MRV is as follows—
- (1) at the time of the supply of the MRV, the issuer of the MRV must account for GST on any amount received as consideration that is in excess of the specified value of the MRV; and
 - (2) at the time of each supply of goods or services upon redemption of the MRV, the supplier of the goods or services must account for GST on the following amount—

$$A + B$$

where A is the lower of: (a) the specified value of the MRV redeemed; and (b) the actual consideration received by the issuer of the MRV for the MRV redeemed; and
 B is any additional payment received by the supplier for the subsequent supply.

106. Despite rule 105, if the issuer of the MRV and the supplier of goods or services upon redemption of the MRV are the same person, and such person is unable

to track the redemption of the MRV, the GST treatment is as follows—

- (1) at the time of the supply of the MRV, the issuer of the MRV must account for GST on the specified value of the MRV or the actual consideration received for the MRV, whichever is lower; and
- (2) at the time of each supply of goods or services upon redemption of the MRV, the supplier of the goods or services must account for GST only on any additional payment received for the supply of goods or services.

107. Subject to rule 108, the GST treatment in relation to non-MRV is as follows—

- (1) at the time of the supply of the non-MRV, the issuer of the non-MRV must account for GST on the actual consideration received for the non-MRV; and
- (2) at the time of each supply of goods or services upon redemption of the MRV, the supplier of the goods or services must account for GST on any additional payment received for the supply of goods or services.

108. Despite rule 107, if a non-MRV is supplied for no or nominal monetary consideration, the supplier of the goods or services must account for GST on the supply of any goods whose aggregate fair market value exceeds Nu. 10,000.

109. If a voucher cannot be redeemed in whole or in part—
- (1) the issuer must account for GST on the unredeemed value that is recorded as income in the issuer's accounts, unless the voucher can only be used for zero-rated or exempt supplies; and
 - (2) the time of the supply is the time when the voucher can no longer be redeemed or the time when the issuer accounts for the unredeemed value of the voucher in the statement of income, whichever is later.

Voucher intermediaries

110. Rule 111 applies where a person (an “intermediary”), in the person's own capacity buys a voucher issued by a supplier of goods and services from any other person (including such supplier) and then resells it to customers.
111. GST is chargeable on the supply of vouchers in the circumstances described under rule 110 is as follows—
- (1) the time of supply is the end of the accounting period in which the supply of vouchers is made; and
 - (2) the value of the supply is computed as follows—

C – D

where C is the consideration from the supplies of vouchers made by the intermediary in that accounting period; and
 D is the cost of all such vouchers to the intermediary.

112. An intermediary cannot claim input tax credits on GST chargeable on any previous supply of vouchers to the intermediary which the intermediary subsequently supplies to another person for any consideration.

Vending machines and other devices

113. Where a taxable supply is made through a vending machine, meter, or other automatic device (not including a pay telephone) that is operated by a coin, note, or token, the GST becomes payable by the supplier to the Department with and at the same time as the GST return for the tax period in which the coin, note, or token is taken from the machine, meter, or other device by or on behalf of the supplier is required to be lodged.

Second-hand goods

114. For the purposes of section 136 of the Act, a dealer must maintain the following books of accounts and records—

GST Rules 2026

- (1) inventory or a stock book or similar records with—
 - (a) details of second-hand goods purchased by the dealer, including date of purchase, purchase order number, name of the seller, and taxpayer number and description of goods;
 - (b) details of sales of second-hand goods made by the dealer, including date of sale, sales invoice number, and the names of purchasers;
 - (c) accounting details relating to the sale and purchase of second-hand goods, including purchase price, sale price, method of disposal, sale margin, the tax rate on the date of sale, and amount of GST;
- (2) copies of purchase order made out to non-registered suppliers containing the following information.
 - (a) seller's name and address;
 - (b) dealer's name and address;
 - (c) stock book and day book numbers;
 - (d) invoice number;
 - (e) date of the transaction;
 - (f) description of goods including a taxpayer number; and
 - (g) total price; and
- (3) copies of sales invoice issued by dealer containing the following information:
 - (a) dealer's name, address and taxpayer number;
 - (b) purchaser's name and address;

- (c) stock book and day book numbers;
- (d) invoice number;
- (e) date of issue of invoice;
- (f) description of goods including a taxpayer number;
- (g) total price; and
- (h) the following statement: “The goods sold on this invoice are sold under the GST Second-hand Goods Scheme.”

115. A dealer is allowed a decreasing adjustment under section 136 of the Act in respect of second-hand goods purchased by the dealer for sale or exchange, but not for manufacture, in the ordinary course of a trade or business of selling second-hand goods, if—

- (1) the supply of the goods to the dealer—
 - (a) was made by a person who was not a registered person; and
 - (b) would not have been zero-rated or exempt if that person had been a registered person;
- (2) the goods were not imported by the dealer;
- (3) the on-sale of the goods by the dealer is a taxable supply; and
- (4) the dealer has kept the books and records relating to the purchase and on-sale under rule 114.

116. A decreasing adjustment under section 136 of the Act must be made in the tax period when the dealer

on-sells the goods.

Insurance

117. For the purposes of section 138 of the Act, an insurer is allowed a decreasing adjustment upon making a payment in settlement of an insurance claim, if—

- (1) the insurer makes the payment to an insured person under a contract of insurance;
- (2) the supply of the contract of insurance was a taxable supply;
- (3) the payment is not made in respect of a supply to the insurer or an import by the insurer;
- (4) the payment is not made in respect of a supply to another person, unless that supply is a taxable supply, on which GST is imposed at a rate other than zero; and
- (5) the recipient of the payment is either a resident or a non-resident that is a registered person.

118. The amount of the decreasing adjustment allowed under rule 117 is equal to the tax fraction of the payment made, and the adjustment must be made in the GST return for the tax period in which the payment is made.

119. For the purposes of section 140 of the Act, the amount of increasing adjustment that an insurer must make is equal to the tax fraction of the amount

GST Rules 2026

recovered, and the adjustment must be made in the GST return for the tax period in which the amount is received.

120. For the purposes of section 142 of the Act, a taxable person must make an increasing adjustment if—
- (1) the person receives a payment under a contract of insurance, whether or not the person is a party to the contract; and
 - (2) the payment relates to a loss incurred—
 - (a) in the course of the person’s economic activity or in relation to an asset used wholly or partly in the person’s economic activity; and
 - (b) but does not relate to the loss incurred in relation to a passenger vehicle; and
 - (3) the supply of the contract of insurance was a taxable supply.
121. The increasing adjustment required under rule 120 must be made in the tax period in which the payment is received, and the amount of the adjustment will be equal to the tax fraction of the amount received, reduced to the extent that—
- (1) the economic activity in which the loss was incurred involves the making of exempt supplies;
 - (2) the asset to which the loss relates was used in making exempt supplies or for private use; or
 - (3) if both paragraphs (1) and (2) apply, whichever is

most appropriate in the context of the payment received.

CHAPTER 11 NON-RESIDENTS AND FOREIGN BRANCHES

Appointment of GST representative by non-residents

122. Unless otherwise allowed by the Department, a non-resident must appoint a GST representative in Bhutan under section 145 of the Act if the non-resident—
- (1) does not carry on economic activity at a fixed place in Bhutan;
 - (2) makes a taxable supply; and
 - (3) is liable to pay the GST on that supply.
123. A non-resident that is required to appoint a GST representative under rule 122 must do so at the time of application for GST registration electronically or in such form and manner as the Department prescribes.

Provision of security by non-residents

124. A non-resident may be required to provide security in such form and for such amount as the Department may consider necessary for the protection of the revenue.

Qualifying conditions for GST representatives

125. A GST representative appointed by a non-resident must satisfy the following conditions:
- (1) the person—
 - (a) is a resident of Bhutan;
 - (b) has a fixed place of business in Bhutan; or
 - (c) holds a valid license issued by the relevant authority to act as a representative;
 - (2) the person has a good record of tax compliance for the last 12 months;
 - (3) where the person is a professional, the person is in good standing with the relevant professional body; and
 - (4) the person possesses the requisite knowledge and qualifications on GST, including the passing of any test or assessment as may be administered or required by the Department.

Obligations of a GST representative

126. A GST representative is responsible for doing all things required of the non-resident under the Act and these rules, including but not limited to—
- (1) applying for registration or cancellation of registration and fulfilling other obligations in relation to registration; and
 - (2) paying any GST or any fine, penalty, or late payment

penalty imposed on the non-resident under or in respect of the Act or these rules.

127. A person who is the GST representative of more than one non-resident must be separately registered for GST in respect of each such non-resident.

Request for change of representative by the Department

128. The Department may at any time request in writing that a non-resident appoint a new GST representative, if the current GST representative has failed to comply with any of the obligations under rule 126.

Simplified registration and return filing by non-resident

129. A non-resident who makes only imported B2C services may apply electronically or in such form and manner as prescribed by the Department, when opting for simplified registration and return filing, subject to the following conditions—
- 1) shall not be entitled to claim input tax in respect of any GST incurred;
 - 2) may be required to appoint a contact person in Bhutan for the purpose of receiving notices and correspondence from the Department;
 - 3) shall file and pay GST through simplified GST returns;

- 4) must maintain sufficient record to substantiate the value and the nature of supplies made to Bhutan;
 - 5) shall be subjected to the same penalties and enforcement provisions of the Act for any non-compliance; and
 - 6) must comply with any other conditions as may be imposed by the Department for the purpose of revenue protection.
130. A person shall be deemed to be treated as Bhutanese consumer if—
- 1) the contact and the billing address of the recipient of services is in Bhutan; and
 - 2) the location of bank from which the payment is made; or
 - 3) the country of issue of credit card or debit card used for payment.
131. A non-resident may, with the prior approval of the Department, appoint a non-resident representative to file simplified returns and remit GST on their behalf.

CHAPTER 12

TRAVEL AGENTS AND TOUR OPERATORS

Computation of resident travel agent’s GST liability

132. The GST liability of a resident travel agent supplying foreign tourism supplies under section 152 of the Act

GST Rules 2026

is computed as follows—

- (1) the supplies are not zero-rated; and
- (2) the value of the supplies will be calculated on a global basis for each tax period and will be equal to the amount calculated according to the following formula—

$$(A - B) \times (1 - T)$$

where—

A is the consideration received for all foreign tourism supplies made by the resident travel agent in that tax period; and

B is the consideration paid by the resident travel agent in that tax period to acquire foreign tourism supplies for the purpose of on-supply; and

T is the tax fraction.

133. If *B* exceeds *A* in the calculation in rule 132(2) for a particular tax period, the excess amount will be included in *B* for the following tax period.

134. For rule 137(3) —

- (1) the amount of the resident travel agent's margin in respect of a foreign tourism supply to be reflected in a tax invoice issued by a resident travel agent is calculated according to the following formula—

$$D - E$$

where D is the consideration received for the foreign tourism supply made;

E is (a) where the resident travel agent is able to clearly identify the actual consideration paid to acquire the foreign tourism supply that is the subject of the tax invoice, such actual consideration paid; or
(b) where the foreign tourism supply is acquired as part of a composite supply for which the actual consideration paid to acquire the foreign tourism supply is not clearly identifiable, such proportional amount of the total consideration paid to acquire the composite supply; and

(2) the amount of GST in respect to a foreign tourism supply will be equal to the tax fraction of the amount calculated in paragraph (1).

135. The effect on the amount of GST payable on a foreign tourism supply to be reflected in an adjustment note issued by a resident travel agent in respect of such foreign tourism supply will be equal to the amount calculated according to the following formula—

$$F - G$$

where F is the adjusted amount of GST computed as per the formula in rule 132(2) based on the adjusted consideration received or paid; and

G is the amount of GST reflected on the tax invoice in respect of the foreign tourism supply or, where applicable, the latest adjustment note in respect of the foreign tourism supply.

Tax invoice and adjustment notes for resident travel agent

136. Despite rule 185, a resident travel agent must issue a tax invoice for a supply within 15 days after the end of the tax period in which that supply was made.
137. A tax invoice issued under rule 136 must contain—
- (1) all details required to be included in a tax invoice under rule 185;
 - (2) the date on which the supply was made;
 - (3) the resident travel agent's margin in respect of that supply and the amount of GST charged on that margin; and
 - (4) the statement “This supply falls under rule 132 (Travel Agent's Margin Scheme)” shown in a

prominent place.

138. A tax invoice issued under rule 136 must only include supplies that are not zero-rated as a result of rule 132.

CHAPTER 13

SPECIFIC CLASSES OF PERSON

Time period to submit application

139. An application for refund under section 155 of the Act must be made electronically or in such form and manner as prescribed by the Department within three months from the date of payment of tax on import or acquiring the supply of goods or services.

Sale or transfer of GST exempt motor vehicle

140. Despite section 157 of the Act, GST is not payable in respect of a subsequent sale or transfer of a GST exempt motor vehicle by a person referred to in section 154 of the Act to another person referred to in section 154 of the Act, provided that the first mentioned person follows such procedures set out in rules 153 to 154 of the Customs Rules and Regulations of Bhutan: Revised Edition 2023 applies *mutatis mutandis* to a sale or transfer of a GST exempt motor vehicle with a modification a

reference to customs duties is a reference to GST.

141. GST is applicable even if the GST exempt motor vehicle is disposed of by way of gift or without charge to any person, as long as it takes place within five years from the date of registration.
142. Despite anything in the Customs Rules and Regulations of Bhutan: Revised Edition 2023, the value of a GST exempt motor vehicle shall be customs value including excise tax, customs duty and any other fees and charges at the time of import if imported by the person or sales value excluding GST if purchased from dealer.

Sale or transfer of GST exempt goods other than motor vehicle

143. Rules 151 to 152 of the Customs Rules and Regulations of Bhutan: Revised Edition 2023 applies *mutatis mutandis* to a subsequent sale or transfer of certain GST exempt goods by a person referred to in section 154 of the Act with a modification a reference to customs duties is a reference to GST.
144. A person who is not a taxable person but is required to pay an amount of GST as a result of section 157 of the Act must account for and file a tax return within 30 days from the date of sale or transfer.

GST Rules 2026

Privileged persons and international bodies

145. The exemption of GST to the privileged persons and international bodies will be as per rules 141 to 143 of the Customs Rules and Regulations of Bhutan: Revised Edition 2023 applies *mutatis mutandis* acquisition or import by a person referred to in section 154 (2) of the Act with a modification a reference to customs duties is a reference to GST.
146. Despite rule 145, the privileged persons and international bodies shall pay GST on an import or acquisition of goods or services and later claim a refund.

Refund for tourists and short-term visitors

147. A tourist or short-term visitor requesting a refund of GST paid under section 160 of the Act may be applied electronically or in such form and manner as prescribed by the Department at the time of departure only through the international airport.
148. For the purpose of rule 147 the person must—
- (1) be a tourist as defined under Section 337(113) of the Act;
 - (2) purchase the goods of value not less than Nu. 50,000 including GST per invoice;
 - (3) depart with the goods within the permitted days

provided by the immigration law, from the date of purchase via an international airport;

- (4) produce the goods and present at the airport along with relevant documents as required by the Department.

Administrative Charges for Tourist Refunds

149. Administrative charges of five percent may be deducted from the refund payable to tourists or short-term visitors to cover—

- (1) processing and verification of applications;
- (2) system maintenance, staff costs and banking fees;
- (3) miscellaneous administrative expenses directly related to the refund process.

150. The net refund amount payable shall be the gross refund amount minus the administrative charges, and the deducted charges shall be clearly indicated in the refund notification to the tourists or short-term visitors.

151. A person under rule 147 who has purchased goods in Bhutan will not be eligible for the GST refund if the goods are—

- (1) wholly or partly consumed in Bhutan;
- (2) purchased for business or commercial purposes; or
- (3) not presented for inspection by the buyer of the

goods.

152. GST paid on any services consumed or availed in Bhutan by the person will not be eligible for a GST refund.
153. Rules 147 to 152 will also apply to short-term visitors.

False GST refund claim by tourist and short-term visitors

154. The Department will reject the refund claim if the tourist or short-term visitor makes a false declaration to seek GST refund.
155. To prevent abuse of refund, the Department may withhold any future GST refund claims by the tourist or short-term visitor.
156. A taxable person who has assisted the tourist in making a false declaration to claim GST refund under the tourist refund scheme or abuse of scheme will be liable for penalties as per section 264 (5) of the Act.

Sale of goods by the licensed duty-free vendor to a tourist or short-term visitor

157. A tourist or short-term visitor buying goods from a
GST Rules 2026

licensed duty-free vendor must pay GST and later claim for GST refund at the time of exit through international Airport.

158. Despite rule 157, a sale of goods to a tourist or visitor by a licensed duty-free vendor located at the international airport is zero-rated if—
- (1) the customer produces, and the duty-free vendor retains a copy of an airline ticket and boarding pass proving the customer is about to depart Bhutan;
 - (2) the customer takes delivery of the goods from the vendor on the outbound side of the Customs barrier; and
 - (3) the customer departs from Bhutan.
159. The application by a person claiming a refund under rule 157 on the purchase of goods from a licensed duty-free vendor must be made as per the conditions specified under rule 148.
160. A sale is not zero-rated, and a person who has purchased goods from a licensed duty-free vendor will not be eligible for GST refund if the goods are—
- (1) wholly or partly consumed in Bhutan;
 - (2) exported for business or commercial purposes; and
 - (3) not presented for inspection by the buyer of the goods.

161. The Department will reject the refund claim if the tourist or short-term visitor makes a false declaration to seek GST refunds.
162. To prevent abuse of refund provisions, the Department may withhold any future GST refund claims by the tourist or short-term visitor.
163. A taxable person who has assisted the tourist or short-term visitor in making a false declaration to claim GST refund under rule 157 will also be liable for penalties as per section 264 (5) of the Act.

CHAPTER 14

GOVERNMENT ENTITIES

164. Despite anything in these rules, this Chapter 13 applies to a government entity not being a state-owned enterprise.
165. A government entity not being a state-owned enterprise making taxable supplies must apply electronically or in such form and manner as the Department may prescribe, for registration for GST—
 - (1) where such government entity is in existence on 1 January 2026, with immediate from the effective

- date of these rules ; or
- (2) where such government entity comes into existence after 1 January 2026, within 30 days from such date that such government entity comes into existence.
166. The tax period for a government entity, not being a state-owned enterprise, is a calendar half, beginning at the start of 1st January and ending at the end of 30th June, or beginning at the start of 1st July and ending at the end of 31st December.
167. A government entity not being a state-owned enterprise must—
- (1) pay to the Department the GST collected by the following working day; and
 - (2) file a tax return every six months, not later than 30 days after the end of the tax period.
168. Input tax incurred by government entities, other than a state-owned enterprise, will not be allowed for GST adjustment.

CHAPTER 15

OTHER CATEGORIES OF PERSONS

Sale of debtor's property by a creditor

169. A creditor or the creditor's representative who is required to pay GST as a result of section 163 or 164

of the Act must—

- (1) within 15 days from the date of the supply of the debtor's property, notify the Department of such supply; and
- (2) within 30 days from the end of the tax period in which the supply of debtor's property was made—
 - (a) file a tax return referred to in paragraph (1) electronically or in such form and manner as prescribed by the Department; and
 - (b) pay the GST amount for which it is liable to the Department.

Person liable to pay GST – More than one electronic distribution platform

170. Where a taxable supply of imported B2C services is made through more than one electronic distribution platform as described in section 14(4)(b) of the Act, the person liable to pay GST will be the operator of any of those platforms that is—

- (1) a party to a written agreement, between the operator and at least one of the other operators of the electronic distribution platforms, under which the first-mentioned operator is treated as the supplier; or
- (2) if there is no such agreement as described in paragraph (1), the first of the operators of those platforms to receive or to authorize the charging of any consideration for the supply; or

- (3) if none of the operators of those platforms meet the requirement under paragraph (2), the first of the operators of those platforms to authorize the delivery of the supply.

CHAPTER 16

AUTHORIZED GST AGENTS

Application to be authorized GST agent

171. A person who intends to act as a GST agent under section 49(2) of the Act for the purposes of collecting GST on imports must apply to be an authorized GST agent to the Department electronically or in the prescribed form and manner, accompanied by such information and supporting documents as the Department may require.

Authorization as GST agent

172. The Department may authorize an applicant under rule 171 as an authorized GST agent if the Department is satisfied that the applicant satisfies the following eligibility requirements—
 - (1) the applicant—
 - (a) being an individual, is a Bhutanese national;
or
 - (b) being a company, is a company incorporated in Bhutan or has a place of business in Bhutan;

- (2) the applicant is not in arrears with respect to any amount payable to the Department;
- (3) the applicant has been or has employed persons who have been certified by the Department as possessing the requisite knowledge and qualifications on GST, including the passing of any test or assessment as may be administered or required by the Department;
- (4) the applicant has good compliance record with the Department;
- (5) the applicant has furnished to the Department security in form of bank guarantee or tradable financial assets as recognized by the RMA of amount as the Department may consider necessary for the protection of the revenue; and
- (6) GST agent must renew the security deposit before its expiry.

Period of authorization as GST agent

173. An approval as an authorized GST agent shall be valid for a period of three years, unless sooner revoked.

Renewal of authorization as GST agent

174. An authorized GST agent may apply for renewal of authorization electronically or in the prescribed form and manner accompanied by such information and supporting documents as the Department may

require.

175. An application for renewal under rule 174 must be made before the expiry of the current period of authorization.
176. Where the application is made after expiry, the Department may, subject to such conditions as it considers appropriate—
- (1) allow the renewal of registration; or
 - (2) cancel the GST agent authorization if the agent reports after the expiry.
177. The Department may renew the authorization for a further period of three years, subject to continued compliance with the eligibility requirements in rule 172.

Period of authorization as GST agent

178. The Department must maintain and publish a register of all persons authorized as GST agents, including the period of validity of each registration.

Obligations of a GST agent

179. An authorized GST agent must—
- (1) collect and account for GST on imports in accordance with the Act and these rules;

- (2) maintain complete and accurate records of all transactions relating to GST on imports, in the prescribed form and for such duration as required under the Act;
- (3) pay all amounts of GST collected on any day to the Department by the next working day;
- (4) comply with all conditions of authorization imposed by these rules and other conditions as may be imposed by the Department;
- (5) notify the Department in writing of any material change to its ownership or in its circumstances that may affect its capacity to act as a GST agent;
- (6) not disclose or misuse any restricted information obtained during the course of employment.

180. Failure to comply with any of the obligations specified in rule 179 may result in suspension or revocation of authorization as a GST agent, without prejudice to any other action the Department may take under the Act or these rules.

Application for revocation of authorization

181. An authorized GST agent may, at any time after a period of 12 months from the date of authorization as a GST agent, apply to the Department electronically or in such form and manner as the Department prescribes, for the revocation of the authorization.

182. An authorized GST agent must immediately apply to the Department electronically or in such form and manner as the Department prescribes, for the revocation of the authorization if the authorized GST agent—
- (1) is unable to comply with any of the obligations under rule 179; or
 - (2) intends to or is about to cease its business operations.

Revocation by the Department

183. The Department may revoke the authorization of a GST agent where the Department reasonably believes—
- (1) that the authorized GST agent has engaged in misconduct which renders them unfit to act as a GST agent;
 - (2) that the authorized GST agent ceases to satisfy any of the conditions under rule 172; or
 - (3) that the authorized GST agent failed to comply with any of the obligations under rule 179.

Liability after revocation

184. A person remains personally liable for any unpaid taxes, duties and other amounts collected by the person as an authorized GST agent even after the

GST Rules 2026

revocation of the authorization.

CHAPTER 17

TAX INVOICES AND RECORD-KEEPING

Tax invoice

185. A registered person who makes a taxable supply must, no later than the day on which GST becomes payable on the supply, issue a serially numbered true and correct tax invoice including pre-printed or e-invoice for the supply, which must include—
- (1) the words “tax invoice” in a prominent place;
 - (2) the date on which it is issued;
 - (3) the name, taxpayer number and address of the supplier;
 - (4) the description, quantity, and other relevant specifications of the things supplied;
 - (5) any discount offered;
 - (6) the total consideration payable for the supply and the amount of GST included in that consideration expressed in Ngultrum;
 - (7) the total consideration payable for the supply and the amount of GST included in that consideration expressed in Ngultrum, where such amounts are expressed in a currency other than Ngultrum;
 - (8) the name, taxpayer number of the customer if the customer is a registered person; and

- (9) where the value of the supply made to a non-registered person exceeds Nu. 50,000—
 - (a) the name, address, and taxpayer number (if any) or CID/Passport number of the customer; and
 - (b) any cash discount offered.

- 186. If a tax invoice issued by a registered person contains particulars relating to goods or services that are an exempt supply or a zero-rated supply, the registered person must—
 - (1) distinguish on the tax invoice between the goods or services that are an exempt supply, a zero-rated supply or other taxable supply; and
 - (2) state the gross total amount payable in respect of each supply separately.

- 187. A tax invoice is not invalid merely because it fails to comply with the requirements under rules 185 and 186, but such a tax invoice cannot be used to support an input tax credit.

- 188. Only one original tax invoice may be issued for a taxable supply, but a copy of the tax invoice (clearly marked as a copy) can be provided by the issuer of the original tax invoice to a customer that is a registered person and that has lost the original tax invoice.

189. A person must issue a tax invoice if a person is deemed under section 146 of the Act to make supplies of services from a fixed place outside Bhutan to a fixed place in Bhutan.

Adjustment notes

190. An adjustment note that a supplier is required to issue under section 209 of the Act must contain—

- (1) the words “adjustment note” in a prominent place;
- (2) the date on which it is issued;
- (3) the name and taxpayer number and address of the supplier;
- (4) the nature of the adjustment event and the supply to which it relates;
- (5) the effect on the amount of GST payable on the supply (to be expressed in Ngultrum, where such amount is expressed in a currency other than Ngultrum); and
- (6) the name and taxpayer number of the customer if the customer is a registered person.

191. An amended tax invoice may be an adjustment note if it satisfies the requirements for a tax invoice and an adjustment note under rules 185 and 186, and rule 190 respectively.

192. An adjustment note is not invalid merely because it fails to comply with the requirements under rule 190, but such an adjustment note cannot be used to support a decreasing adjustment.
193. Only one original adjustment note may be issued for each adjustment event in relation to a supply, but a copy of the adjustment note (clearly marked as a copy) can be provided by the issuer of the original adjustment note to a customer that is a registered person and that has lost the original adjustment note.
194. Adjustment notes will not be required in respect of bad debts or overdue debts.

Request for tax invoice or adjustment note

195. A supplier, upon receiving a written request from the customer, must issue—
 - (1) a tax invoice or adjustment note that the supplier was required to issue but had failed to do so; or
 - (2) a copy of the tax invoice or adjustment note that was lost by the customer to whom it was issued.
196. A request under rule 195 must be made—
 - (1) for an unissued tax invoice: within three months after the day on which the GST became payable on the supply;
 - (2) for an unissued adjustment note: within three

months after the adjustment event;

- (3) for a replacement copy: within three months from the date of loss of original document.

197. A supplier must issue the documents requested under rule 196 within 15 days of receiving the request.

Documents issued by an agent

198. Any documents required to be issued by a principal, including a tax invoice or adjustment note, may be issued by an agent of the principal using the name, address and taxpayer number of the principal, if—

- (1) a taxable supply is made by the agent on behalf of the principal; and
- (2) the agent is duly appointed by the principal, and the principal is a registered person who has furnished to the Department a list of such appointed agents.

Documents issued to an agent

199. Any documents required to be issued to a principal, including a tax invoice or adjustment note, may be issued to an agent of the principal, but must use the name, address, and taxpayer number of the principal, if—

- (1) a taxable supply is made to the agent acting on behalf of the principal; and
- (2) the agent is duly appointed by the principal, and the

GST Rules 2026

principal is a registered person who has furnished to the Department a list of such appointed agents.

Self-invoicing

200. The recipient of a supply may issue a tax invoice in respect of the supply, and such tax invoice must be treated as a tax invoice issued by the supplier, if the following conditions are satisfied—
- (1) the recipient will determine and verify the final value of goods or services purchased from the supplier;
 - (2) the recipient has entered into a written agreement with each supplier that the supplier—
 - (a) will not issue tax invoices for goods or services purchased by the recipient;
 - (b) authorizes the recipient to issue tax invoices on its behalf; and
 - (c) will immediately notify the recipient if the supplier's GST registration is cancelled or if the supplier is issued with a new registration number;
 - (3) the recipient will provide the supplier with the tax invoice issued under this rule 200 and retain a copy of the same for at least five years;
 - (4) the agreement under paragraph (2) is current and effective when the tax invoice is issued;
 - (5) the recipient will maintain and update quarterly a list

of the names, addresses and registration numbers of the suppliers;

- (6) each tax invoice issued under this rule 200 must contain—
- (a) all details required to be included in a tax invoice under rule 185183(1) to 185(9);
 - (b) a serially printed number;
 - (c) the words “Buyer Created Tax Invoice” shown in a prominent place; and
 - (d) the statement “The tax shown is the output tax payable to the Department of Revenue and Customs” shown in a prominent place.

201. The recipient of a supply may issue an adjustment note in respect of the supply, and such adjustment note will be treated as an adjustment note issued by the supplier if the following conditions are satisfied—

- (1) the recipient of the supply had issued a tax invoice in respect of the supply, which was treated as a tax invoice issued by the supplier under rule 200; and
- (2) the adjustment note contains all details to be included in an adjustment note under rule 190.

Records and accounts

202. Without limiting the generality of section 210 of the Act, a taxable person must keep the following types

of records (original or copy, as appropriate) in such form and manner as may be required by the Department—

- (1) tax invoices and adjustment notes issued and received by the person; and
- (2) customs documentation relating to any imports and exports of goods by the person.

203. The Department may issue a notice to a taxpayer requiring the taxpayer to retain particular records for a period exceeding five years if the Department considers it necessary for the protection of the revenue.

CHAPTER 18

RECOVERY OF UNPAID AMOUNT

204. Where any amount remains unpaid, the Department shall invoke the following recovery measures, as applicable —

- (1) withholding of tax clearance certificate;
- (2) garnishee notice;
- (3) suspension of incentives;
- (4) freezing movement of goods; or
- (5) departure prohibition order.

205. Where all recovery measures have been exhausted and three months after the person is declared as delinquent, the Department may refer the case to the

GST Rules 2026

Royal Court of Justice.

CHAPTER 19 ENFORCEMENT

Search without a court warrant

206. Where the Department exercises search without court warrant as authorized under section 272 of the Act, the Department must file a statement in writing with grounds for the search with a court of competent jurisdiction as soon as reasonably possible, but in any case, not longer than 72 hours.

Access to places, documents and property

207. The search order for access to places, documents and property under section 275 of the Act must be approved by the Director or an official authorized by the Director.

Report

208. A report under section 283 of the Act of any investigation, search or seizure must be provided to the person who has been investigated within a reasonable time from the completion of the investigation, search or seizure.

Restraint of assets and property

209. Where a court order has been obtained under section 284 for the restraint of assets and properties, the Department must cause notice of a restraint to be published in a way that would give reasonable notice to third parties who may have an interest in the property.
210. The Department may not place any restraint on assets or properties that may have prior interests by way of mortgage, lease, hypothecation or by operation of any other law in force.
211. If a person acts contrary to the restraining order issued under rule 209, the Department may dispose of the asset through public auction.

Control of goods

212. For the purposes of section 285 of the Act, where the Department is satisfied on reasonable grounds that it is necessary for the protection of the revenue, the Department may keep a person's goods under the Department's control at the person's cost.
213. Goods must be kept under control in such manner and subject to such conditions specified in the instruction note issued with the notice of control by

the Department.

214. A person whose goods are kept under the Department's control may be required to—
- (1) keep the goods in such premises approved by the Department;
 - (2) implement and maintain reasonable security measures at the premises and for the movement of goods to and from the premises; and
 - (3) provide reports at specified intervals regarding—
 - (a) goods held or moved by or on behalf of the person; and
 - (b) the security measures in place at the premises or for the movement of goods.
215. If, at the time the person's return is due, a person is unable to account for goods that are under the Department's control, the person must account for and pay GST as if the person had applied the unaccounted goods to the person's own use at that time.

Seizure of goods

216. When seizing goods under section 286 of the Act, the Department must—
- (1) issue a seizure memo indicating the ground or reasons for seizure;

- (2) where reasonably practicable, seize goods in the presence of a person or the authorized representative of the person;
- (3) where reasonably practicable, provide a copy of the seizure memo to the person from whom goods are seized or to the person's authorized representative; and
- (4) provide a decision on how the goods seized are to be handled within 10 working days from the date of seizure.

217. Goods seized under rule 216 must be—

- (1) packed and sealed in the presence of the owner, representatives or another witness;
- (2) recorded in a report listing of the goods seized;
- (3) held by or on behalf of the Department until an investigation to the goods, and any proceeding arising out of the investigation is finalized; and
- (4) released upon payment of applicable taxes and penalties.

218. The Department may not exercise power to confiscate seized goods under rule 219 if an objection against a decision to exercise that power has been made.

Confiscation of goods and documents

219. The Department may confiscate goods and documents under section 288 of the Act if—
- (1) a person fails to produce documentary evidence for the taxes and other amounts paid;
 - (2) the amount payable is not paid within the period set by the Department after seizing the goods; or
 - (3) the goods are abandoned and if not claimed within 90 days.
220. The Department must issue a confiscation memo indicating the reasons for confiscation. If reasonably practicable, such memo be issued in the presence of a person or the person's authorized representative.
221. If reasonably practicable, the Department must give a copy of the confiscation memo to the person from whom goods are confiscated, the owner of the goods or to the person's authorized representative.

Disposal of confiscated goods

222. Chapter 26 of the Customs Rules and Regulations of Bhutan: Revised Edition 2023 applies *mutatis mutandis* to the disposal of confiscated goods under section 289 of the Act with a modification a reference to customs duties is a reference to GST.

Delinquency

223. A person is deemed to be delinquent for the purposes of the Act and these rules if the person fails to—
- (1) file return and pay tax for three tax periods; and
 - (2) comply by the date stated in the notices to declare as delinquent taxpayer; or
 - (3) fulfill the obligations within 90 days from the issuance of assessment notice.

Recordings by the Department

224. A person making a recording for section 293 of the Act must state for the recording—
- (1) at the commencement of the recording, the date, time, and place of the recording, and the names of those present;
 - (2) for any breaks in the recording, the reason for the break, the time the break commences, and the time the recording recommences; and
 - (3) the time the recording concludes.

CHAPTER 20 MISCELLANEOUS

Installment payments

225. The Department may enter into an arrangement for payment by instalments under section 296 of the Act

in respect of GST liabilities arising from the return filing, if the person applies electronically or in such forms and manner prescribed by the Department containing—

- (1) a proposed payment plan including the number of installment or amounts of instalments; and
- (2) any security offered, if the Department require.

226. 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.

227. The decision shall be communicated to the person in writing, specifying—

- (1) in the case of approval, the period of instalment schedule approved; and any conditions the Department may impose; or
- (2) in the case of the refusal, the reason for such refusal.

228. Entry into an arrangement for payment by installments does not affect the obligation to pay late payment penalty under section 263 of the Act and the total interest accruing shall be apportioned to each instalment by reference to—

- (1) the amount of principal comprised in the installment;
- (2) the period from the original due date to the date of payment of that installment;
- (3) the interest so calculated shall be payable together with the principal of that instalment.

229. Where a person, having been granted approval to liquidate an outstanding GST 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.

230. 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.

231. An arrangement for payment by instalments under section 296 of the Act may not allow for payment over a period of 12 months unless the Department allows for a longer period, but in any case, may not exceed a period of 24 months.

Interest on certain overpayments

232. For the purposes of section 299(2) of the Act, a reasonable time to pay the refund is 30 days after the refund application is filed as prescribed under section 303 of the Act.
233. Interest under section 298 of the Act will be calculated as simple interest payable at the rate of five percent per annum.

Refund applications

234. A person entitled to a GST refund may apply for such refund—
- (1) for a person referred to in section 154 of the Act: in their refund return; or
 - (2) in any other case: in the person's tax return.
235. For the purposes of section 303 of the Act, a refund application is considered as filed only after the Department has received a duly completed application accompanied by—
- (1) all relevant information relating to the refund claim, including such additional information that the Department may reasonably request; or
 - (2) a final decision on an objection, application for review or appeal.

General Anti Avoidance Rules

236. General Anti Avoidance Rules determinations under section 318 of the Act may only be made with the approval of the Director or an official authorized by the Director.
237. The Director must appoint an advisory panel to provide advice to the Department regarding the making of determinations under section 321 of the Act.
238. The panel must consist of—
- (1) the Director or an official as nominated by the Director who will be the Chairperson;
 - (2) minimum of three members nominated by the Director.
239. The minimum quorum of the committee is two members.
240. Roles and responsibilities of the panel members and the procedures of the panel will be as per the Terms of Reference approved by the Director.
241. The Department may make the determination only after obtaining the advice of the panel.
242. Rule 241 will not apply under the following
GST Rules 2026

circumstances—

- (1) in case of emergency;
- (2) as determined by the Director; or
- (3) for the necessary protection of revenue.

243. The determination of the Department may not necessarily follow the advice of the Panel but may take such advice to decide in making a determination and any other decisions.

Advance rulings

244. The person may apply for rulings electronically or in such form and manner as Department prescribes.

245. Subject to section 311 of the Act, the Department must issue an advance ruling within 30 days from the receipt of complete application and any additional information that the Department may request.

246. An advance ruling issued is valid for two years from the date of issue of the ruling.

247. An advance ruling is not applicable to import, export or supplies made before the date of issue of advance ruling.

Prohibition on cash dealings

248. For the purposes of section 322 of the Act, the amount of cash payment that may be made or accepted for any part of the consideration of a taxable supply is Nu. 50,000.

Writing off irrecoverable amounts

249. The Department may write off an amount as irrecoverable under section 330 of the Act which the Department is satisfied, it is not economical to recover, provided that all reasonable recovery measures have been taken.

250. A decision to write off an amount may be approved by the Director.

251. The Director must provide the Ministry with a written annual report of amounts written off as irrecoverable, including the number and amount of debts written off and the reasons for writing off the amounts.

Notices and Forms

252. If the Department prescribes an approved form for a return, notice or, other documents to be submitted to the Department, it must be submitted in that form accordingly.

253. A return, form or notice is taken to be received—
- (1) if issued by hand in person, on the date it is issued;
 - (2) if delivered by post, on the date it would be received in the ordinary course of the post as advised by the postal service;
 - (3) if delivered by electronic mail, at the time when the electronic mail becomes capable of being retrieved by the addressee at an electronic address designated by the addressee.
254. For the purposes of rule 253(3), electronic communication is presumed to be capable of being retrieved by the addressee when it reaches the electronic address of the addressee.

Informants

255. The Department may accept information provided by informal informants that are genuine and result in seizure or confiscation of goods or recovery of revenue as a result of non-compliance with the Act.
256. Informal informants may, with the approval of the Director, be eligible for a reward under rule 260.
257. The Department must register a formal informant and maintain proper records of such formal informant.

258. The Department must treat records maintained on formal informants under rule 257 as highly confidential or classified.
259. A registered formal informant with the Department is eligible for a reward as per rule 260.
260. An informant is rewarded on the following basis—
- (1) in the case of seizure, 20% of the late payment penalty, administrative penalties or penalties for GST offences value but not exceeding the limit of Nu. 200,000;
 - (2) in the case of confiscation, 10% of the auctioned value but not exceeding the limit of Nu. 200,000; or
 - (3) in the case of revenue recovery as a result of non-compliance with the Act, 10% of the amount recovered from late payment penalty, administrative penalties or GST offences but not exceeding the limit of Nu. 200,000.
261. Despite rule 260(2)—
- (1) a reward of 20% of the value of goods but not exceeding the limit of Nu.200,000, if the confiscated goods cannot be auctioned; and
 - (2) the reward under paragraph (1) shall be paid from government fund subject to prior approval from the Ministry.

CHAPTER 21 PENALTIES

Administrative penalties

262. Administrative penalties under section 264 of the Act will apply as follows—

Section	Offence	Penalty	
		1 st contravention	2 nd or subsequent contravention
264(1)	Failing to:		
	(a) register with the Department.	Nu.10,000	Liable for GST offence under [Sec. 265 (8)]
	(b)notify the Department of changes in registration.	Nu.5,000	Nu.10,000
	(c)apply to the Department for cancellation of registration.	Nu.5,000	Nu.10,000
	(d)file a return with the Department as required.	Nu.5,000	Nu.10,000
	(e)provide documents as required by the Department.	Nu.5,000	Nu.10,000

Section	Offence	Penalty	
		1 st contravention	2 nd or subsequent contravention
	Failing to:		
	(f)keep or retain records for a specified period as required.	Nu.5,000	Nu.10,000
	(g)provide information or records required by the Department.	Nu.5,000	Nu.10,000
	(h)attend as required by the Department.	Nu.5,000	Nu.10,000
	(i)provide reasonable assistance to the Department as required.	Nu.5,000	Nu.10,000
	(j)issue a tax invoice.	Nu.5,000	Nu.10,000
	(k)issue an adjustment notice.	Nu.5,000	Nu.10,000
	(l)comply with a garnishee notice.	Nu.5,000	Nu.10,000
	(m)comply with any other written notice given by the Department.	Nu.5,000	Nu.10,000

Section	Offence	Penalty	
		1 st contravention	2 nd or subsequent contravention
264(2)	Entering into or carrying out a scheme where the Department makes a determination.	Nu. 250,000	Nu. 500,000
264(3)	Departing or attempting to depart Bhutan when a departure prohibition order is in force.	Nu. 100,000	Nu. 200,000
264(4)	Advertising, displaying or quoting prices exclusive of GST.	Nu.5,000	Nu.10,000
264(5)	Making a false or misleading statement that results in a shortfall in tax or excess credit or refund.	Nu. 200,000	Nu. 400,000
264(7)	Otherwise contravening any provision of the Act or these rules.	Nu. 10,000	Nu. 20,000

GST offences

263. Penalties for GST offences under section 265 of the Act will apply as follows—

Section	Offence	Penalty
265(1)	Evades or attempts to evade payment or fraudulently obtains or attempts to obtain a benefit under the Act.	Twice the tax amount
265(2)	Purposely creates or maintains false records for tax purposes.	Twice the tax amount
265(3)	Destroys records with the intention to evade payment of an amount payable under the Act.	Twice the tax amount
265(4)	Purposely makes a false or misleading statement in any return, where a shortfall in amount due or increase in an input tax credit or refund arises.	Twice the tax amount
265(5)	On three or more occasions purposely does not file a tax return.	Nu. 20,000 for every failure to file a tax return.

Section	Offence	Penalty
265(6)	Falsely represents that a person is registered for GST, or that a price offered or quoted for a supply includes an amount as GST.	50,000 but not exceeding Nu.1,000,000.
265(7)	Paying or accepting an amount in cash contrary to Section 322 of the Act.	Twice the tax amount.
265(8)	Contravening any other provision of the Act or these rules	Nu. 50,000 but not exceeding Nu. 1,000,000.

Remission of penalties and offences

264. Application for remission shall be made electronically or in such form and manner as prescribed by the Department.
265. Penalties and offences arising from the Department's shortcomings, lapses or errors may be granted remission directly without deliberation by the committee.

Composition of remission committee

266. Members of committee shall be—
- (1) Regional Director or an official nominated by the Regional Director who will be the Chairperson; and
 - (2) the minimum of three members nominated by the Department.
267. The members must immediately declare any conflict of interest, whether financial, personal or professional in relation to the taxpayer or case.
268. The minimum quorum of the committee is two members.
269. The Department must notify applicant of its decision on the remission application.

CHAPTER 22 OBJECTIONS AND APPEALS

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

CHAPTER 23 OTHER PROVISIONS

Assessment at the point of entry

271. An Assessment for GST at the entry point will be as per rule 487 to 499 of the Customs Rules and Regulations of Bhutan: Revised Edition 2023 applies *mutatis mutandis* with a modification a reference to customs duties is a reference to GST.
272. Despite anything in the Customs Rules and Regulations of Bhutan: Revised Edition 2023, the value of a GST shall be customs value including excise tax, customs duty and any other fees and charges at the time of import.

Determination of GST value of goods to be exported

273. The GST value of goods to be exported will be as per rules 92 and 93 of the Customs Rules and Regulations of Bhutan: Revised Edition 2023 applies *mutatis mutandis*.

Imports of stores

274. Stores imported in an aircraft or vessels may, without payment of GST—
- (1) remain on board while it is in Bhutan; or

(2) transfer to another aircraft or warehouse with the permission of the Department.

275. Stores on board of a foreign going aircraft may be consumed without GST payment.

Release of goods

276. Before the Department issues an order permitting the release of goods, the importer must also make the payment of applicable GST including applicable fines and penalties unless it is approved for deferment by the Department or appeal or objection on penalties and offences is submitted to the Department.

Re-import and re-export of goods

277. GST for re-importation and re-exportation of goods will be as per rules 293 to 302 of the Customs Rules and Regulations of Bhutan: Revised Edition 2023 applies *mutatis mutandis* with a modification a reference to customs duties is a reference to GST.

Liability of a warehouse operator

278. A warehouse operator will also be liable to pay applicable GST in addition to customs duty, fines and penalties and other charges as specified under

rules 354 to 363 of the Customs Rules and Regulations of Bhutan: Revised Edition 2023 applies *mutatis mutandis* with a modification a reference to customs duties is a reference to GST.

Demand for GST on import

279. Where GST is not levied, or short levied, or wrongly refunded or late payment penalty is not paid on import, the Department must issue an assessment notice to the person concerned within five years from the date of the final assessment or from the date of importation, as the case may be.

Authority of interpretation and amendments

280. The interpretation of these rules by the Ministry will be final and binding.
281. The Ministry of Finance will have the power to amend by way of addition, variation, or repeal the provisions of these rules.
282. The Department may formulate forms, notices, manuals and guidelines under these rules, where applicable.
283. Any provisions relating to a collection of GST at the time of import, wherever relevant, will be as per the

GST Rules 2026

Customs Act of Bhutan 2017 and the Customs Rules and Regulations of Bhutan: Revised Edition 2023 applies *mutatis mutandis* with a modification a reference to customs duties is a reference to GST.

284. Where references have been made in the GST rules to the provisions of the Customs Act and rules and regulations, and any revisions thereof will have same effect to the GST rules.

CHAPTER 24 DEFINITIONS

285. In these rules, unless the context indicates otherwise—
- (1) “**Agent**” means a person upon whom authority is conferred by another person, known as a principal, to act on their behalf to create legal rights or duties between the principal and third parties
 - (2) “**Complete application**” means correctly filled in the application form enclosed with necessary supporting documents.
 - (3) “**Compulsory registration turnover threshold**” means the registration turnover threshold set out in Schedule II to the Act.
 - (4) “**Decreasing adjustment**” means an adjustment where the person can decrease the GST payment in a particular period.

- (5) **“Increasing adjustment”** means an adjustment where the person has to increase the GST payment in the particular period.
- (6) **“Multi-redemption voucher”** or **“MRV”** means a voucher that—
- (a) is supplied for a consideration; and
 - (b) can be used to redeem a range of goods or services and in respect which no reference is made to any particular goods or services to be redeemed.
- (7) **“Non-MRV”** means a voucher that is not a multi-redemption voucher.
- (8) **“Outstanding amount”** includes outstanding tax payments, late payment penalty, administrative penalties and penalty for offences that remain unpaid.
- (9) **“Precious metal in investment form”** means a precious metal that is in a physical form that—
- (a) is capable of being traded on the international market for that metal;
 - (b) bears a mark or characteristic accepted as identifying and guaranteeing its fineness and quality; and
 - (c) is usually traded at a price determined by reference to the spot price of the metal it contains.
- (10) **“Professional”** means a person carrying on the profession of law, accountancy, tax consultancy or

any other professional as may be notified by the Department.

- (11) **“Principal”** means a person who confers upon another person, known as their agent, authority to act on their behalf to create or affect legal rights and duties between the principal and third parties.
- (12) **“Property”** includes—
- (a) movable and immovable properties;
 - (b) any other goods.
- (13) **“Registration turnover”** has the meaning in Rule 6.
- (14) **“Short-term visitor”** means an individual who—
- (a) is departing Bhutan within 30 days of their arrival;
 - (b) is neither a citizen nor a permanent resident of Bhutan;
 - (c) is not a member of the crew of an aircraft on which the individual is departing out of Bhutan;
 - (d) has not visited Bhutan in the preceding twelve months.
- (15) **“Specified value”** in relation to a voucher means—
- (a) the value stated on the voucher; or
 - (b) in the absence of such value, the equivalent monetary value assigned by the issuer of the voucher.
- (16) **“State-owned enterprise”** means a government

entity falling within the description in paragraph (D) of the definition of “government entity” in section 337(38) of the GST Act and shall follow the same GST treatment processes as other taxable person.

(17) **“Subrogation”** means the assumption by an insurer of the insured person’s legal right to collect damages or debt from a third party.

(18) **“Voluntary registration turnover threshold”** means a registration turnover of Nu. 2,500,000 in the previous 12-month period.

286. Unless otherwise defined in these rules, any term or expression used herein has the same meaning as assigned to it under the Act.

