



National Revenue Report

2005-2006



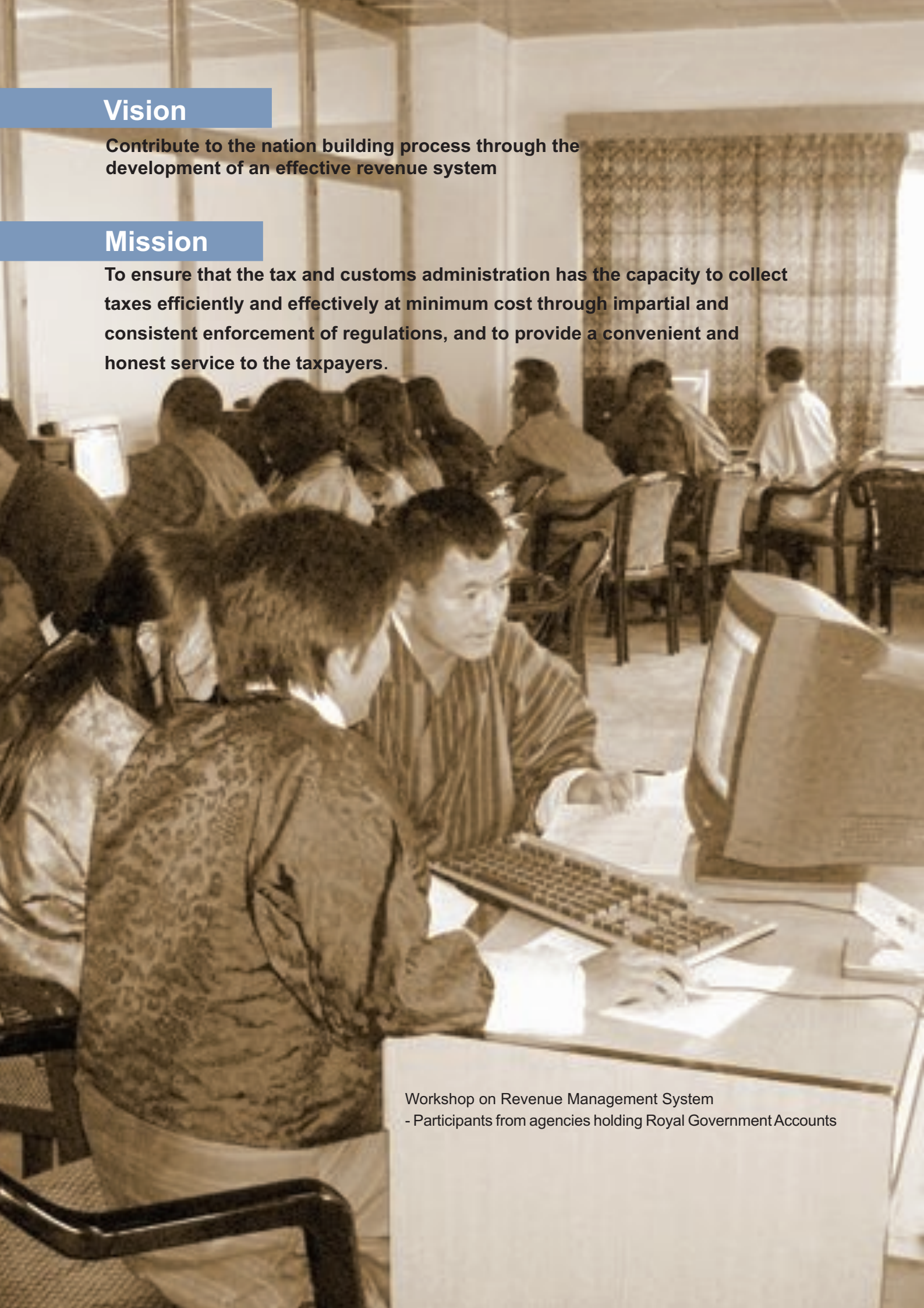
Department of Revenue and Customs
Ministry of Finance
Royal Government of Bhutan

Vision

Contribute to the nation building process through the development of an effective revenue system

Mission

To ensure that the tax and customs administration has the capacity to collect taxes efficiently and effectively at minimum cost through impartial and consistent enforcement of regulations, and to provide a convenient and honest service to the taxpayers.

A photograph showing a group of people, likely participants in a workshop, sitting at desks in a computer lab. They are focused on their work, with some looking at computer monitors and others at documents. The room has large windows with patterned curtains in the background.

Workshop on Revenue Management System
- Participants from agencies holding Royal Government Accounts

FOREWORD

It gives me great pleasure to write this foreword to the National Revenue Report FY 2005-06. We are pleased to announce that we have achieved our revenue target. The total collection of Nu. 6,902.907 million reflects an increase of 13.79% or Nu. 836.806 million over the previous fiscal year. The revenue collection exceeded the target of Nu. 6,805.920 million by 1.43% or Nu. 96.987 million.

The year has noted improved performance in the corporate sectors, enhanced remittances from RMA on account of net transfer of profits, receipts of excise duty refund and tourism royalty from Department of Tourism.

The revenue collection indicates a healthy growth of tax revenue. Tax revenue increased by 21.95% and has exceeded the target by 9.52% which is an encouraging indication. While, non-tax revenue fell short of the target by 8.6%, it has registered a marginal growth of 3.52%.

I would like to take this opportunity to acknowledge the improved compliance received from the taxpayers, consistent efforts of our regional offices, cooperation and assistance from all revenue agencies. I would also like to extend our sincere gratitude to the Ministry of Finance for their unstinting support and guidance.

The prospect for future revenue growth looks positive with the commissioning of Tala Hydro Power Project in mid 2006. We are optimistic that internal revenue will go a long way in contributing towards nation building.

With Best Wishes,



[Sangay Zam]
Director



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ABBREVIATIONS

DRC	Department of Revenue and Customs	FY	Fiscal Year
CIT	Corporate Income Tax	BIT	Business Income Tax
PIT	Personal Income Tax	TDS	Tax deducted at source
RGoB	Royal Government of Bhutan	RMA	Royal Monetary Authority
BoBL	Bank of Bhutan Limited	BNBL	Bhutan National Bank Limited
RICBL	Royal Insurance Corporation of Bhutan Limited	CHPCL	Chhukha Hydro Power Corporation Limited
BHPCL	Basochu Hydro Power Corporation Limited	THPA	Tala Hydro Power Authority
AWPL	Army Welfare Project Limited	DoT	Department of Tourism
RSTA	Road Safety and Transport Authority	DoFS	Department of Forestry Service
STCBL	State Trading Corporation of Bhutan Limited	FCBL	Food Corporation of Bhutan Limited
PCAL	Penden Cement Authority Limited	BCCL	Bhutan Carbide and Chemicals Limited
BFAL	Bhutan Ferro Alloys Limited	EBCCL	Eastern Bhutan Coal Company Limited
DSCL	Druk Satair Company Limited	FDCL	Forestry Department Corporation Limited
DoL	Department of Lottery	Nu.	Ngultrum

13.79% increase in revenue collection

1. OVERALL REVENUE PERFORMANCE

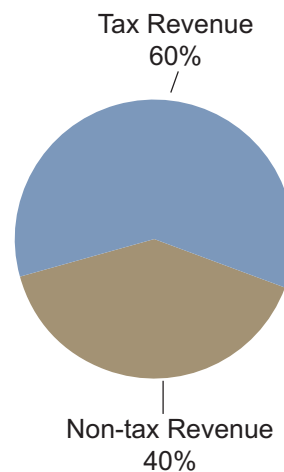
a) Current year collection vis-à-vis previous year collection

Revenue collection for the fiscal year amounted to Nu. 6,902.907 million registering a growth of 13.79% or Nu. 836.806 million over the previous year's collection. The increase in total revenue is contributed mainly by tax revenue, which has recorded an increase of 21.95% or Nu. 742.313 million. While, revenue from non tax sources increased only by 3.52% or Nu. 94.493 million compared to the previous year's collections.

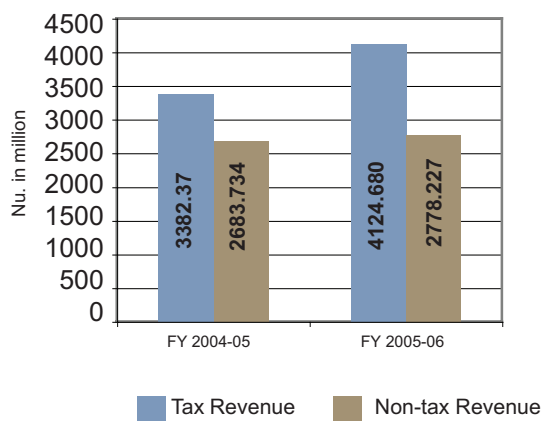
b) Current year collection vis-à-vis target

The actual collection for the year exceeded the revised target of Nu. 6,805.920¹ million by 1.43% or Nu. 96.987 million (Refer annexure 5 for details). The collections on account of direct and indirect taxes have exceeded the set target for the year whereas the collection from non tax has fallen short of the target by 8.60% or Nu. 261.494 million. The decline in dividend receipts has resulted in the shortfall from non-tax revenue.

The tax and non-tax revenue for the fiscal year stands at Nu. 4,124.680 million and Nu. 2,778.227 million, representing 59.75% and 40.25% of the total revenue respectively.



Domestic Revenue by Year



¹ Original target of Nu.7388.219 million was revised downwards to Nu. 6805.920 million, as the two years receipt from excise duty refund was not expected during the fiscal year

2. SUMMARY OF NATIONAL REVENUE: FY 2005-2006

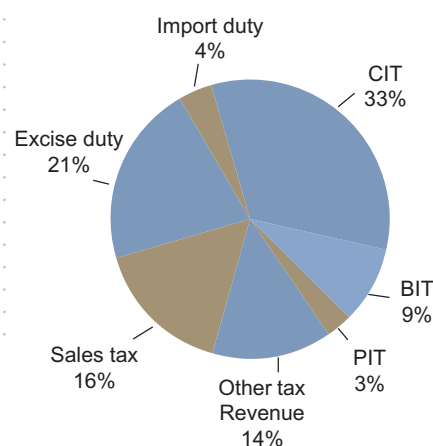
NU: in million

Source of Revenue	2004-2005 (Net Revenue)	2005-2006 (Net Revenue)	(+) or (-) (Nu)	(+) or (-) (%)	%over Total revenue
A Tax Revenue (I+II)	3,382.367	4,124.680	742.313	21.95	59.75
I Direct Tax	2,013.628	2,420.087	406.459	20.19	35.06
1 Corporate Income Tax	1,022.078	1,363.298	341.220	33.38	19.75
2 Business Income Tax	423.156	356.538	(66.618)	(15.74)	5.17
3 Personal Income Tax	84.609	113.354	28.745	33.97	1.64
4 Other Tax Revenue	483.785	586.897	103.112	21.31	8.50
4.1 Motor Vehicle Tax	72.544	85.246	12.702	17.51	1.23
4.2 Business & Professional Licences	24.195	25.630	1.435	5.93	0.37
4.3 Foreign Travel Tax(Airport)	9.606	15.854	6.248	65.04	0.23
4.4 Municipal Tax	9.200	8.709	(0.491)	(5.34)	0.13
4.5 Health Contribution	36.001	44.060	8.059	22.39	0.64
4.6 Royalties	332.239	407.398	75.159	22.62	5.90
II Indirect Tax	1,368.739	1,704.593	335.854	24.54	24.69
5 Sales Tax	567.897	662.785	94.888	16.71	9.60
6 Export Tax	0.870	0.339	(0.531)	(61.03)	0.00
7 Excise Duty	565.623	879.543	313.920	55.50	12.74
8 Import Duty	230.774	157.178	(73.596)	(31.89)	2.28
9 Other Tax Revenue	3.575	4.748	1.173	32.81	0.07
B Non -Tax Revenue	2,683.734	2,778.227	94.493	3.52	40.25
10 Admns. Fees & charges	187.572	197.131	9.559	5.10	2.86
11 Capital Revenue	232.613	167.826	(64.787)	(27.85)	2.43
12 Revenue from Govt. Depts.	78.688	102.062	23.374	29.70	1.48
13 Dividends	1,550.524	1,542.429	(8.095)	(0.52)	22.35
14 Transfer of Profits	384.475	503.268	118.793	30.90	7.29
15 Other Non-Tax Revenue	7.539	18.312	10.773	142.90	0.27
16 Interest on loan from corp.	242.323	247.199	4.876	2.01	3.58
Total Tax & Non-Tax Revenue (A+B)	6,066.101	6,902.907	836.806	13.79	100.00

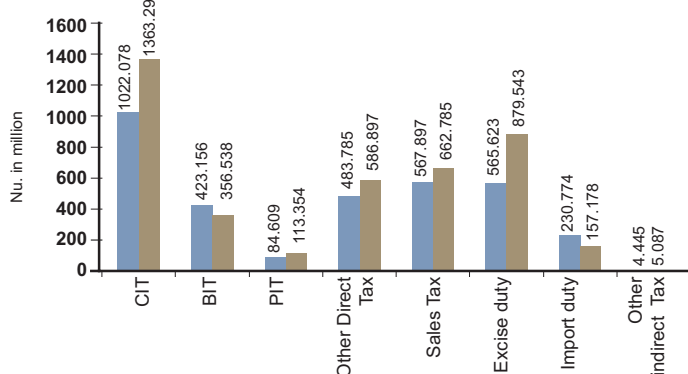
2.1 Tax Revenue

The overall tax revenue during the year was Nu. 4,124.680 million recording a growth of 21.95% or Nu. 742.313 million over the previous year's collection of Nu. 3,382.367 million. The increase in collection is contributed by both direct and indirect taxes, which has recorded an increase of 20.19% and 24.54% respectively. The total collections from direct and indirect taxes stand at Nu. 2,420.087 million and Nu. 1,704.593 million, representing 35.06% and 24.69% of the total revenue. The composition of collection by tax type is given below.

Composition of Tax Revenue



Tax Revenue compared for Two Fiscal Years

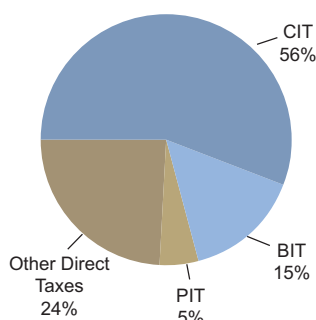


20.19% increase in direct taxes

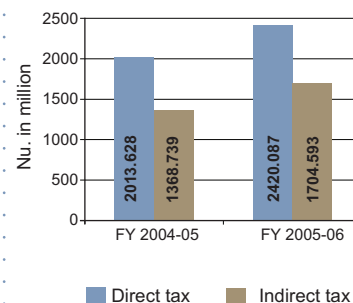
2.1.1 Direct Taxes

The collection from direct tax stands at Nu. 2,420.087 million registering an increase of 20.19% or Nu. 406.459 million over the previous year's collection. The increase comes from personal income tax, corporate income tax and tourism royalty. Direct tax constitutes 58.67% of the total tax revenue and 35.06% of the total revenue.

Composition of Direct Tax



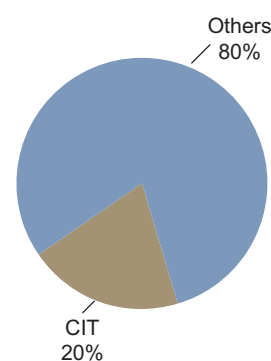
Comparison of Direct and Indirect Tax for Two Fiscal Years



Corporate Income Tax (CIT)

The collection from CIT stands at Nu. 1,363.298 million recording an increase of 33.38% or Nu. 341.220 million over the previous year's collection. The increase is attributed to improved performance by corporate units such as; Bhutan National Bank Ltd., Bhutan Telecom Corporation Ltd., Chhukha Hydro Power Corporation Ltd., and Basochu Hydro Power Corporation Ltd. Revenue from CIT for the year constitute 19.75% of the total revenue.

CIT as a % of Total Revenue

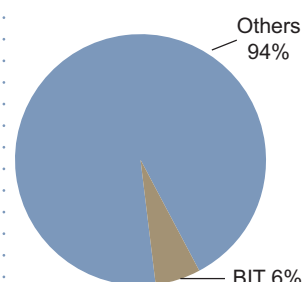


CIT Payers for FY 2004-05

Nu: in million

Corporate Units	CIT for FY 2004-05	% to Tax Revenue
1 CHPCL	736.560	17.55
2 Bhutan Telecom	89.376	2.13
3 PCAL	83.330	1.99
4 BNBL	65.176	1.55
5 BOB	56.909	1.36
6 BHPCL	41.878	1.00
7 RICBL	35.899	0.86
8 BCCL	24.383	0.58
9 BBPL	20.880	0.50
10 Druk Satair Ltd.	15.212	0.36
11 BFAL	14.464	0.34
12 FDCL	14.098	0.34
13 EBCCL	13.882	0.33
14 AWP	13.437	0.32
15 Others	137.814	3.28
Total	1,363.298	32.49

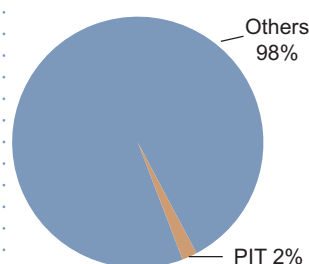
BIT as a % of Total Revenue



Business Income Tax (BIT)

The collection on account of BIT amounted to Nu. 356.538 million. This is a decrease of 15.74% or Nu. 66.618 million against the previous year's collection. The decline is mainly due to Tax Deducted at Source (TDS) on account of contractor tax². Revenue from BIT comprises 5.17% of the total revenue.

PIT as a % of total revenue



Personal Income Tax

The collection from PIT for the year stands at Nu. 113.354 million registering an increase of 33.97% or Nu. 28.745 million compared to the previous year's collection. The increase in collection under this account is due to increase in the number of PIT filers impacted by salary revision for the civil servants and corporations. Revenue from PIT constitutes 1.64% of the total revenue.

² Under Phuentsholing region alone TDS reduced by Nu.72.541 million compared to last year's collection due to completion of THPA construction work.

Other Direct Taxes(ODT)

The revenue collected on account of other direct tax is from motor vehicle tax, business & professional licences, airport tax, municipal tax, health contribution and royalties. Total collection from other direct tax amounted to Nu. 586.897 million registering a growth of 21.31% or Nu. 103.112 million compared to the previous year's collection. The increase in collection is mainly from royalty from tourism, which has increased from Nu. 239.670 million to Nu. 314.439 million. Other direct tax constitutes 8.50% of the total revenue.

Royalties

Royalty from forestry products, mines and minerals and the tourism sector has recorded Nu. 407.398 million registering an increase of 22.62% or Nu. 75.159 million over the previous year's collection. The increase in collection under this head is attributed to the tourism sector and mines and minerals registering an increase of 31.20% and 13.52% respectively. However, collection from forestry products has declined by 13.60% from the previous year's collection. Royalties represents 5.9% of the total revenue.

Motor Vehicle Tax

The collection from motor vehicle tax on account of annual registration fee and 5% ownership transfer tax stands at Nu. 85.246 million. The collection shows an increase of 17.51% or Nu. 12.702 million over the previous year's collection. The increase in collection is due to the revision of rates as well as increase in the number of vehicles. Motor vehicle tax for the year constitutes 1.23% of the total revenue.

Business and Professional Licenses

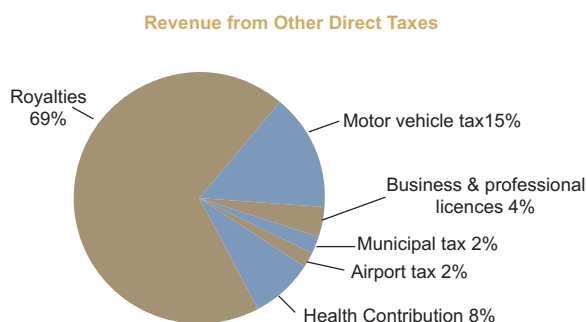
The collection from business and professional licenses has recorded Nu. 25.630 million registering an increase of Nu. 1.435 million or 5.93% over the previous year's collection. Business and professional licenses constitutes 0.37% of the total revenue.

Municipal Tax

The revenue collected from municipal tax stands at Nu. 8.709 million showing a decline of 5.34% from the previous year's collection. The decline in revenue compared to the previous year is mainly due to decrease in receipts from regularization of excess land holdings. Municipal tax constitutes 0.13% of the total revenue.

Health Contribution

The collection from health contribution amounted to Nu. 44.060 million registering an increase of 22.39% from the previous year's collection. The increase in the collection of health contribution is due to revision of salary and increasing number of employees both in the private and public sector. Health contribution constitutes 0.64% of the total revenue.



Source	Nu. in million
Royalties	407.398
Motor vehicle tax	85.246
Business and professional licences	25.630
Foreign travel tax (airport)	15.854
Municipal tax	8.709
Health contribution	44.060
Total	586.897

Source	Nu. in million	%
Royalties from tourism	314.439	4.56
Royalties from mines	54.336	0.79
Royalties from forestry	38.623	0.56
Total	407.398	5.90

24.54% increase in indirect taxes

2.1.2 Indirect Tax

Indirect tax comprises revenue from sales tax, excise duty on domestic goods and excise duty refund from Government of India, import duty and other indirect tax revenue. The total collection under indirect tax for the year stands at Nu. 1,704.593 million registering a growth of 24.54%. The increase in collection is due to sales tax and excise duty refund which has recorded an increase of 16.71% and 55.50% from the previous year. However, the collection from import duty has declined by 31.89% as compared to previous year due to exemption of customs duty on raw materials for manufacturing industries. Indirect tax for the year constitutes 24.69% of the total revenue as compared to 22.56% in the previous year.

The details are further explained under the respective sources.

Sales Tax

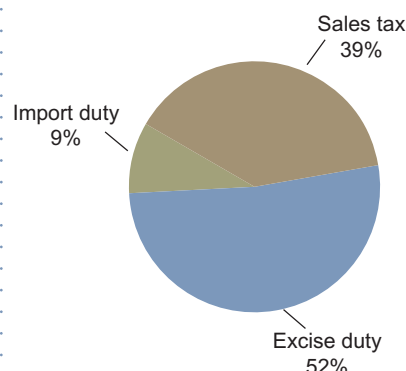
Sales tax collection for the year amounted to Nu. 662.785 million recording a growth of 16.71% or Nu. 94.888 million compared to the previous year. Notable increase has come from sales tax on goods, hotels and beverages which have registered an increase of Nu. 41.645 million, Nu. 16.155 million, and Nu. 31.190 million respectively, as compared to the previous year's collection. The increase is attributed to; increase in volume of imports, broadened tax base with the establishment of new luxury hotels, enhanced sales tax coverage on cement industry, improved compliance and strengthened enforcement. Sales tax collection constitutes 9.60% of the total revenue.

Source	Nu.In million	% to total revenue
Sales tax on goods	365.567	5.30
Sales tax on petroleum products	47.277	0.68
Sales tax on hotels	45.082	0.65
Sales tax on cable TV/Cinema	10.743	0.16
Sales tax on beer, alcoholic drinks, aerated water	194.116	2.81
Total	662.785	9.60

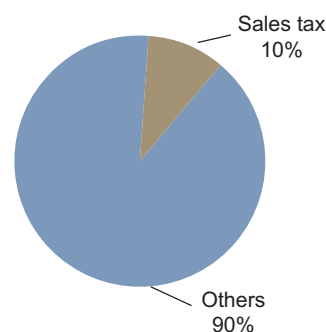
Excise Duty

Excise duty comprises of excise duty on distillery products manufactured in Bhutan and excise duty refund received from the Government of India (GoI)

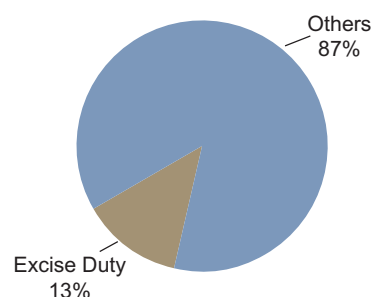
Composition of Indirect Tax



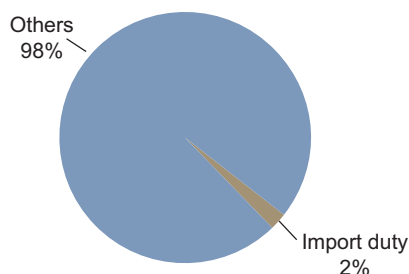
Sales tax as a % of Total Revenue



Excise Duty as a % of Total Revenue



Import Duty as a % of Total Revenue



Excise Duty on Distillery Products

Domestic excise collection for the year is recorded at Nu. 123.285 million showing a decline of 0.93% or Nu. 1.160 million as compared to previous year's collection. The decrease is due to drop in sales of AWP products. Domestic excise collection includes liquor shop license fee. Excise duty on distillery products contributes 1.79% to the total revenue.

Excise Duty Refund from Government of India (Gol)

The collection on account of excise duty refund from Gol amounted to Nu. 756.258 million registering an increase of 71.42% or Nu. 315.080 million from the previous year. The impressive growth is due to excise duty refund received in arrears and improved documentation. Excise duty refund from Gol contributes 10.96% to the total revenue.

Source	Nu. in million	%
Excise duty on distillery products	123.285	1.79
Excise duty refund from Gol	756.258	10.96
Total	879.543	12.74

Export Tax

The collection from export tax amounted to Nu. 0.339 million showing a decrease of 61.03% or Nu. 0.531 million as compared to the previous year's collection. The decline in the revenue is due to decrease in the export of timber.

Import Duty

Import duty collection amounted to Nu. 157.178 million showing a decline of 31.89% or Nu. 73.596 million. The decrease in collection is due to exemption of customs duty on import of raw materials. Import duty constitutes 2.28% of the total revenue.

Stamp Duty

Stamp duty represents sale proceeds from revenue and judicial stamps. The collection on account of stamp duty amounted to Nu. 4.748 million recording an increase of 32.81% or Nu. 1.173 million against the previous year's collection of Nu. 3.575 million. The increase is due to revision of stamp duty rates. Stamp duty constitutes 0.07% of the total revenue.

3.52% increase in non-tax revenue

2.2. Non-Tax Revenue

Non-tax revenue comprises of administrative fees & charges, capital revenue from sale of government properties, revenue from government departments, dividend receipts from government investments, transfer of profits, interest receipts from corporations and other non tax revenue.

Total collection from non-tax revenue amounted to Nu. 2,778.227 million registering an increase of 3.52% or Nu. 94.493 million compared to the previous year's collection. The increase is mainly from increased receipts from RMA on account of transfer of profits. However, revenue from other sources like administrative fees and charges, capital revenue and dividend receipts has decreased compared to the previous year. Non-tax revenue for the year covers 40.25% of the total revenue.

The details are further explained under its respective sources.

Revenue from Government Departments

Revenue from government departments for the year increased to Nu. 102.062 million compared to previous year's collection of Nu. 78.688 million, recording an increase of 29.70% or Nu. 23.374 million or over the previous year. The increase in collection is from labour permit fees, issue of new citizenship identity card, and passport and visa fees. Revenue from government departments constitutes 1.48% of the total revenue.

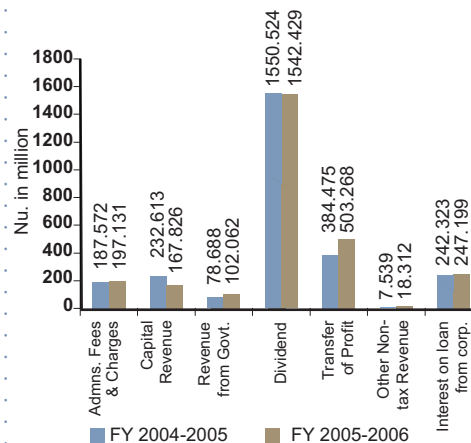
Dividend

Dividend receipts from government shareholdings in corporations amounted to Nu. 1,542.429 million showing a decline of Nu. 8.095 million or 0.52% over the previous year. This is mainly due to decline in dividend declared by BoB. Dividend covers 22.35% of the total revenue.

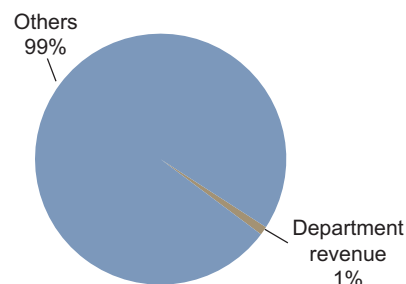
Transfer of Profits

Revenue on account of transfers from the Royal Monetary Authority, Department of Lottery and other transfers amounted to Nu. 503.268 million, which is an increase of Nu. 118.793 million or 30.90% over the previous year. The achievement is mainly due to higher remittances from RMA on account of transfer of profit of Nu. 314.721 million. Out of the Nu. 314.721 million received, Nu. 200 million is the part payment for the year and Nu. 114.721 million balances from the previous year. Transfers amounting to Nu. 44.701 million were also received from the Basochu Hydro Power Corporation Ltd. during the fiscal year as the final payments. Revenue from transfer of profits constitutes 7.29% of the total revenue.

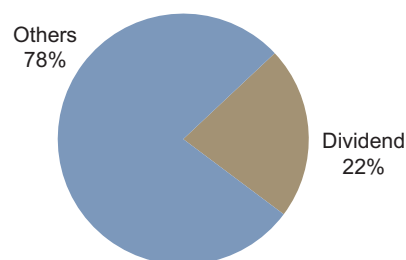
Comparison of Non-tax Revenue for two Fiscal Years



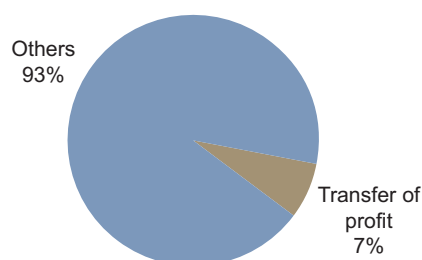
Revenue from Government Departments as a % of Total Revenue



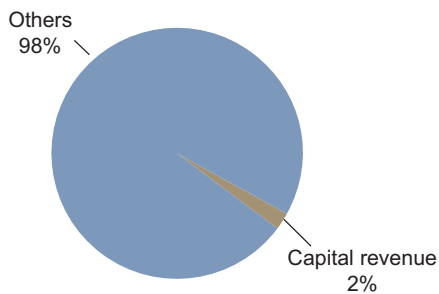
Dividend as a % of Total Revenue



Transfer of Profit as a % of Total Revenue



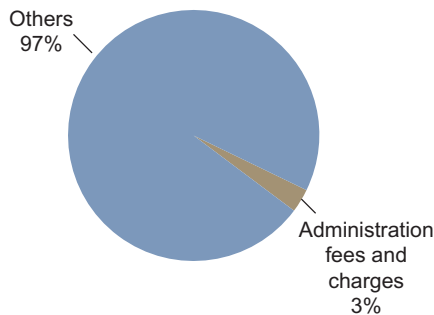
Capital Revenue as a % of Total Revenue



Capital Revenue

Capital revenue comprises of revenue from sale of government properties/assets, proceeds from agricultural products, bid value from coal, gypsum, dolomite and other capital revenue. The collection from capital revenue amounted to Nu. 167.826 million showing a decline of 27.85% or Nu. 64.787 million over the previous year. The decrease in collection against previous year is mainly due to account of windfall gains for the previous year. Capital revenue covers 2.43% of the total revenue.

Administrative Fees & Charges as a % of Total Revenue



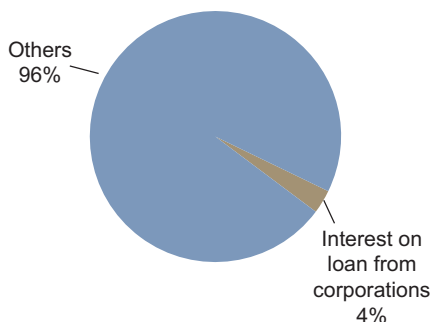
Administrative Fees and Charges

Collection from administrative fees & charges stands at Nu. 197.131 million registering an increase of 5.10% or Nu. 9.559 million over the previous year's collection. The increase is from judiciary fees and charges, house rent, depot surcharge on petroleum products and other administrative fees & charges. Administrative fees & charges constitute 2.86% of the total revenue.

Other Non-tax Revenue

Other non-tax revenue includes audit recoveries, recovery of outstanding dues, security earnest money, and treaty payment from GoI. Revenue from this source amounted to Nu.18.312 million registering an increase of Nu. 10.773 million compared to the previous year's collection. The increase is partly attributed to the audit recoveries amounting to Nu. 3,104 million. Other non-tax revenue constitutes 0.27% of the total revenue.

Interest Receipts as a % of Total Revenue



Interest on Loan from Corporations

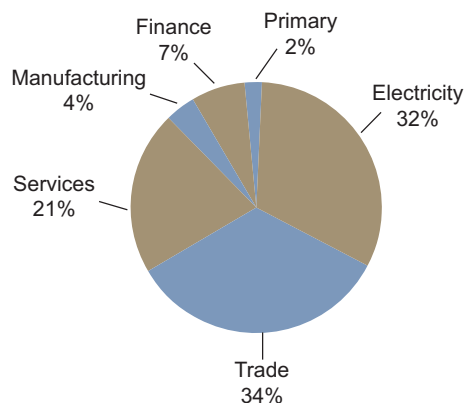
Interest on loan from corporations comprises of GoI loan and other on-lending loans. The collections on account of interest receipts for the year amounted to Nu. 247.199 million registering an increase of 2.01% or Nu. 4.876 million compared to the previous year. Revenue from this head constitutes 3.58% of the total revenue.

13.86% increase in sectoral revenue

3. SECTORAL REVENUE

Sectoral revenue includes collections from different sectors such as electricity, trading, services, primary, manufacturing, and finance. The collection from sectors reached Nu. 6,836.027 million recording an increase of 13.86% or Nu. 832.189 million over the previous year. The increase in sectoral revenue is attributed to increased remittances from electricity, trade and finance sectors compared to the last fiscal year. Trading sector due to receipt of excise duty refund in arrears constitutes 32.64% of the total revenue closely followed by electricity and service sector contributing 31.75% and 20.52% respectively. The overall contribution by sectoral revenue to the total revenue is 98.02%.

Composition of Sectoral Revenue in Relation to Total Sectoral Revenue of Nu. 6836.027 million.



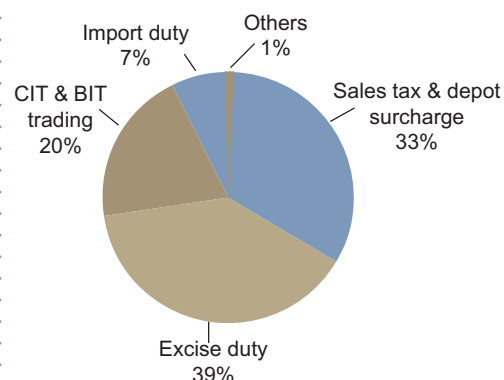
3.1 Highlights of Revenue by Sectors

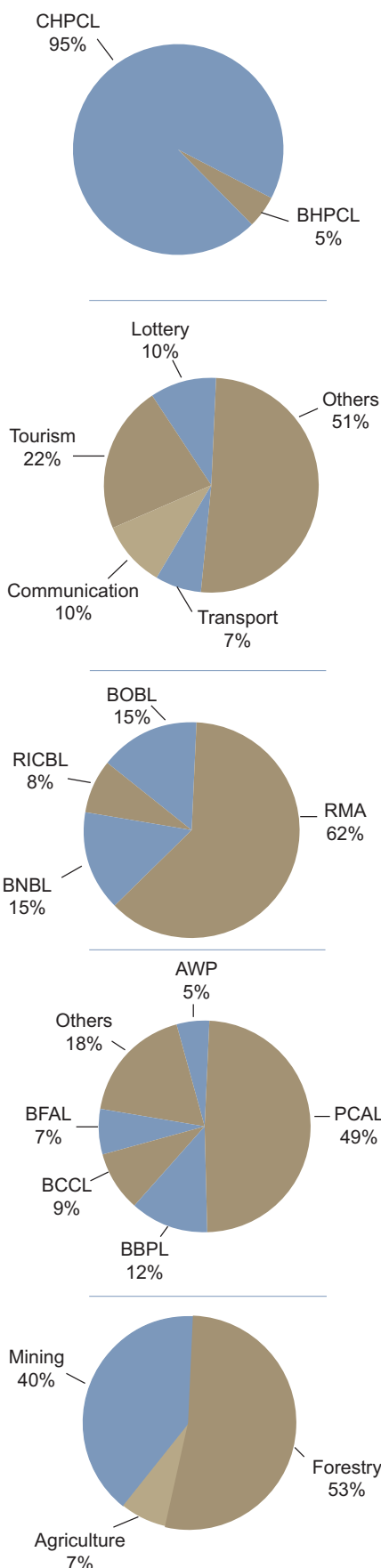
Sector	FY 2004-2005	% of total Revenue	FY 2005-2006	% of total Revenue	(+) or (-) (Nu)	(+) or (-) % growth
Trade	1899.145	31.0	2276.451	32.6	377.306	19.9
Electricity	1952.564	31.9	2214.263	31.7	261.699	13.4
Services	1394.087	22.8	1431.393	20.5	37.306	2.7
Finance	361.444	5.9	509.449	7.3	148.005	40.9
Manufacturing	264.380	4.3	267.856	3.8	3.476	1.3
Primary	132.218	2.2	136.615	2.0	4.397	3.3
Total Revenue	6003.838	98.1	6836.027	98.0	832.189	13.9

Figures are based on gross collections.

Trade

Trading sector took the lead as the major source of revenue for the government comprising 32.64% of the total revenue as compared to 31.03% in the previous year. Collection from this sector increased to Nu. 2,276.451 million as against Nu. 1,899.145 million in the previous year, which is a net increase of 19.87% or Nu. 377.306 million. The increase in collection is mainly attributed to receipt of outstanding excise duty refund from Gol, and improved collections from other sources like sales tax and depot surcharge.





Electricity

The collection from the sector for the year amounted to Nu. 2214.263 million recording an increase of 13.40% or Nu. 261.699 million over the previous year. The increase is attributed to increase in tariff rates for Chukha Hydro Power Corporation Ltd. and increased remittances from Basochu Hydro Power Corporation Ltd. These two sources contributed Nu. 2,092.682 million and Nu. 121.581 million respectively. The revenue from this sector comprises of 31.75% of the total revenue.

Service

Revenue from the service sector has retained its third position as one of the major source of revenue for the royal government. It has shown a growth of 2.68% compared to the previous year. Total collection from the sector stands at Nu. 1,431.393 million constituting 20.52% of the total revenue or an increase of Nu. 37.306 million over the previous year. The increased collection from tourism royalty, lottery, telecom services and motor vehicle tax have accounted for the growth in this sector.

Finance

The revenue under this sector has increased to Nu. 509.449 million from Nu. 361.444 million registering an increase of 40.95% or Nu. 148.005 million. The increase in collection is largely from RMA on account of transfer of profit of Nu. 315.114 million. Improved performance of BNBL and RICBL has also contributed to the growth. The revenue from this sector contributes 7.30% of the total revenue.

Manufacturing

The collection from manufacturing sector stands at Nu. 267.856 million registering an increase of 1.31% or Nu. 3.476 million from the previous year. The increase is mainly due to increased receipts from BBPL on account of corporate income tax and dividends. The revenue from this source comprises 3.84% of the total revenue.

Primary

Primary sector covers forestry, mining and agricultural activities. Revenue from this sector amounted to Nu. 136.615 million registering a slight increase of Nu. 4.397 million as compared to previous year's collection. The increase in royalty from mining and sale proceeds of agricultural products have contributed to the growth of this sector. Primary sector constitutes 1.96% of the total revenue.

49.82% of the total national revenue

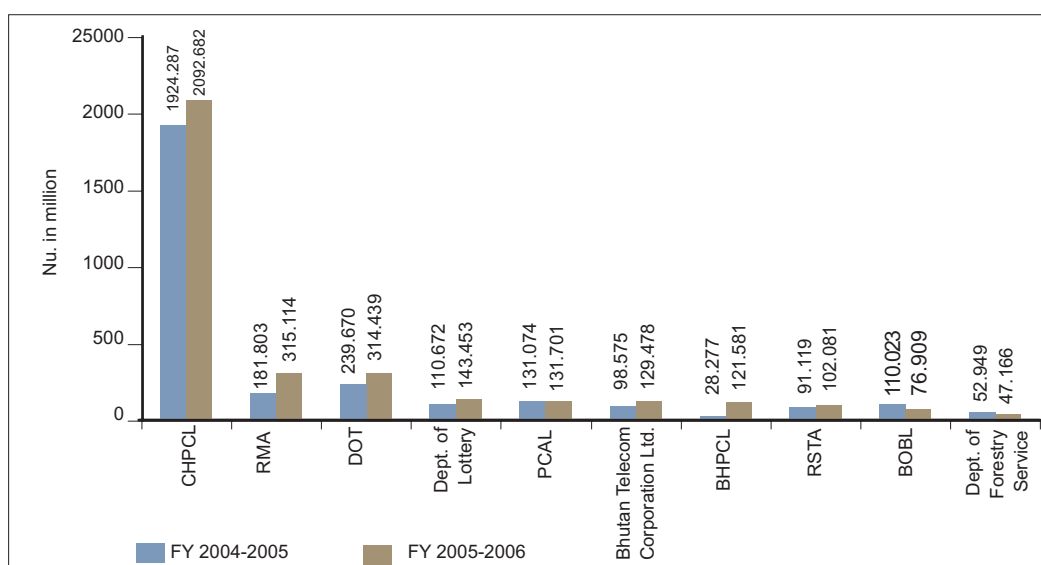
4. TOP TEN REVENUE AGENCIES

Top ten revenue agencies have been identified based on their contribution to the total revenue. Collection from top ten revenue agencies for the year reached Nu. 3,474.604 million contributing 49.82% of the total revenue. The top ten revenue agencies have undergone some notable changes in their positions with BHPCL replacing BFAL in the list of top ten revenue agencies.

The details are further explained below.

Nu: in million								
Sl.no	Source of Revenue	FY 2004-2005	Rank	FY 2005-2006	Rank	(+) or (-) (Nu)	(+) or (-) (%)	% of Total National Rev. (2005-2006)
1	CHPCL	1,924.287	1	2092.682	1	168.395	8.75	30.01
2	RMA	181.803	3	315.114	2	133.311	73.33	4.52
3	DOT	239.670	2	314.439	3	74.769	31.20	4.51
4	Department of Lottery	110.672	5	143.453	4	32.781	29.62	2.06
5	PCAL	131.074	4	131.701	5	0.627	0.48	1.89
6	Bhutan Telecom Corporation Limited	98.575	7	129.478	6	30.903	31.35	1.86
7	BHPCL	28.277	-	121.581	7	93.304	329.96	1.74
8	RSTA	91.119	8	102.081	8	10.962	12.03	1.46
9	BOBL	110.023	6	76.909	9	(33.114)	(30.10)	1.10
10	Department of Forestry Services	52.949	9	47.166	10	(5.783)	(10.92)	0.68
Total National Revenue		6,120.409		6,974.431		854.022	13.95	100.00

* Figures are based on gross collections



4.1 Chukha Hydro Power Corporation Limited (CHPCL)

CHPC as a major source of revenue has contributed Nu. 2,092.682 million or 30.01% to the total revenue. The receipt during the year shows an increase of 8.75% or Nu. 168.395 million from the previous year's collection. The increase is mainly due to increase in tariff rates and better performance by the agency during the fiscal year.

4.2 Royal Monetary Authority (RMA)

RMA has moved from third to second position during the fiscal year. Receipt from RMA stands at Nu. 315.114 million or 4.52% of the total revenue. It records an increase in revenue of 73.33% or Nu. 133.311 million as compared to the previous fiscal year.

4.3 Department of Tourism (DoT)

Department of Tourism is the third major revenue contributor for the fiscal year. Collection on account of tourism royalty stands at Nu. 314.439 million, showing an increase of 31.20% or Nu. 74.769 million compared to the previous year's collection. The substantial increase in revenue from this head is attributed to increase in number of tourist arrivals, timely deposit of revenue and improved monitoring. Revenue from tourism comprises of 4.51% of the total revenue.

4.4 Department of Lottery (DoL)

The DoL as one of the top ten revenue contributors for the year has contributed Nu. 143.453 million recording an increase of 29.62% or Nu. 32.781 million from the previous year's collection. Increase in revenue is attributed to increased remittances by the agency. The revenue from this source constitutes 2.06% of the total revenue.

4.5 Penden Cement Authority Limited (PCAL)

Corporate income tax and dividend from PCAL has increased marginally from Nu. 131.074 million to Nu. 131.701 million registering an increase in revenue of 0.48% or Nu. 0.627 million as compared to the previous fiscal year. Revenue from PCAL covers 1.89% of the total revenue.

4.6 Bhutan Telecom Corporation Limited (BTCL)

The collection from telecom increased to Nu. 129.478 million registering an increase of 31.35% or Nu. 30.903 million over the previous year's collection. The increase in revenue from this source is credited to expansion of customer base and services. It comprises 1.86% of the total revenue.

4.7 Basochu Hydro Power Corporation Limited (BHPCL)

BHPC is a new entrant in the list of top ten revenue contributors for the year. Revenue from BHPCL consisting of corporate income tax, dividend and transfer of surplus fund stands at Nu. 121.581 million registering an increase of Nu. 93.304 million or 329.96% compared to the previous year's collection. Increase in revenue can be attributed to enhanced production capacity and corporatization of BHPCL lower stage. The revenue from this source constitutes 1.74% to the total revenue.

4.8 Road Safety and Transport Authority (RSTA)

Receipt from RSTA on account of motor vehicle tax, fees and charges for the year stands at Nu. 102.081 million registering an increase of 12.03% or Nu. 10.962 million from the previous year's collection. The increase in collection is due to revision of annual registration fees, increase in the number of vehicles and improved enforcement. The revenue from this source constitutes 1.46% of the total revenue.

4.9 Bank of Bhutan Limited (BoBL)

The total collection from BoB stands at Nu. 76.909 million showing a decline of 30.10% or Nu. 33.114 million as compared to previous year's collection. The decrease in revenue is mainly due to lower remittances on account of corporate income tax and dividend as compared to last fiscal year. Revenue from BoBL constitutes 1.10% of the total revenue.

4.10 Department of Forestry Service (DFS)

The collection on account of royalty and other charges from The Department of Forestry Services amounted to Nu. 47.166 million showing a decline of 10.92% or Nu. 5.783 million from the previous year's collection. It constitutes 0.68% of the total revenue.

14% increase in region wise performance

5. REVENUE PERFORMANCE BY REGION

This section highlights revenue performances by the regional revenue and customs offices. Besides regional offices located at Phuentsholing, Thimphu, Samtse, Samdrup Jongkhar and Gelephu, a new office at Paro has been opened to facilitate better taxpayer services. Performance of revenue by region for the year records an increase of 14% or Nu. 854.02 million over the previous year's collection. The details on the performance by regions are explained below.

5.1 RRCO Phuentsholing

This region has collected Nu. 3,621.118 million recording an increase of Nu. 106.927 million or 3.04% from the previous year. The increase in collection is mainly from corporate units such as; CHPCL, RICB, BBPL and contractor tax of companies. The region contributes 51.9% to the total revenue.

5.2 RRCO Thimphu

This region has collected Nu. 2,568.630 million recording an impressive increase of Nu. 605.684 million or 30.86% compared to the previous year's collection. Royalty receipts from tourism, excise duty refund and transfer of profit from Royal Monetary Authority has accounted for the growth in revenue in the region. The region contributes 36.8% to the total revenue.

5.3 RRCO Samdrup Jongkhar

The collection from this region stands at Nu. 288.687 million recording a substantial increase of Nu. 72.612 million or 33.60% from the previous year. The increased collections on account of corporate income tax from Eastern Bhutan Coal Company, business income tax, and sales tax have contributed towards the growth under this region. The region contributes 4.1% to the total revenue.

5.4 RRCO Samtse

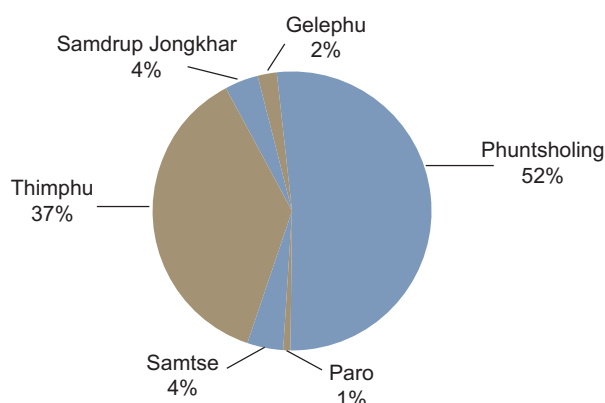
The total collection of the region for the year stands at Nu. 269.359 million, which is an increase of 6.88% or Nu. 17.348 million. The region contributes 3.9% to the total revenue.

5.5 RRCO Gelephu

Revenue collection from this region amounted to Nu. 125.651 million which is an increase of Nu. 13.615 million or 12.15% from the previous year's collection. The region contributes 1.8% to the total revenue.

5.6 RRCO Paro

The total collection from this region reached Nu. 100.986 million registering an increase of 59.91% or Nu. 37.836 million over the previous year's collection. The growth under this region can be attributed to increase in collection from sales tax and airport tax. The region contributes 1.4% to the total revenue.



Nu. in million

Particulars	Phuentsholing	Thimphu	Paro	Samtse	S/Jongkhar	Gelephu	Total
No. of Dzongkhag(s)	1	4	2	1	6	6	20
Tax Revenue	1,995.459	1,644.230	80.923	207.293	179.655	88.509	4,196.069
% of total Regional Revenue	55.1	64.0	80.1	77.0	62.2	79.0	60.2
Non Tax Revenue	1,625.659	924.400	20.063	62.066	109.032	37.142	2,778.362
% of Total Regional Revenue	44.9	36.0	19.9	23.0	37.8	33.2	39.8
Total Tax & Non-Tax Revenue	3,621.118	2,568.630	100.986	269.359	288.687	125.651	6,974.431
% of Total National Revenue*	51.9	36.8	1.4	3.9	4.1	1.8	100.0

*Figures are based on collections made by regional offices

Nu. in million

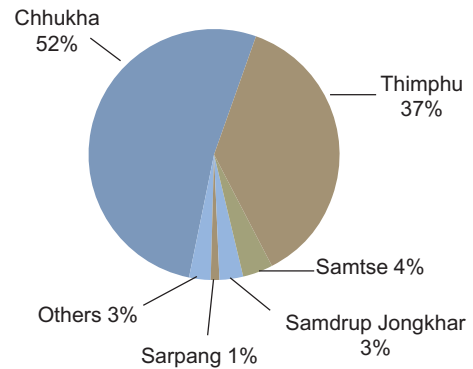
Region	Source of Revenue	FY 2005-2006		FY 2004-2005	Achievement to tgt(+/-)		Collection compared to FY 2004-2005(+/-)	
		Collection	Target	Collection	Nu	%	Nu	%
1	2	3	4	5	6	7	8	9
				(3-4)		(6 of 4)	(3-5)	(8 of 5)
Phuentsholing	Tax Revenue	1,995.459	1,996.710	1,886.985	(1.251)	(0.1)	108.474	5.7
	Non-Tax Rev	1,625.659	2,068.615	1,627.206	(442.956)	(21.4)	(1.55)	(0.10)
	Total Revenue	3,621.118	4,065.325	3,514.191	(444.207)	(10.9)	106.927	3.0
Thimphu	Tax Revenue	1,644.230	1,277.388	1,101.252	366.842	28.7	542.98	49.3
	Non —Tax Rev	924.400	748.325	861.694	176.075	23.5	62.71	7.3
	Total Revenue	2,568.630	2,025.713	1,962.946	542.917	26.8	605.68	30.9
Paro	Tax Revenue	80.923	68.203	44.479	12.720	18.7	36.44	81.9
	Non -Tax Rev	20.063	19.393	18.671	0.670	3.5	1.39	7.5
	Total Revenue	100.986	87.596	63.150	13.390	15.3	37.84	59.9
Samtse	Tax Revenue	207.293	204.805	190.373	2.488	1.2	16.92	8.9
	Non- Tax Rev	62.066	66.041	61.638	(3.975)	(6.0)	0.43	0.7
	Total Revenue	269.359	270.846	252.011	(1.487)	(0.5)	17.35	6.9
Samdrup Jongkhar	Tax Revenue	179.655	139.683	137.714	39.972	28.6	41.94	30.5
	Non -Tax Rev	109.032	102.828	78.361	6.204	6.0	30.67	39.1
	Total Revenue	288.687	242.511	216.075	46.176	19.0	72.61	33.6
Gelephu	Tax Revenue	88.509	79.410	73.572	9.099	11.5	14.94	20.3
	Non -Tax Rev	37.142	34.519	38.464	2.623	7.6	(1.32)	(3.4)
	Total Revenue	125.651	113.929	112.036	11.722	10.3	13.62	12.2
Overall	Tax Revenue	4,196.069	3,766.199	3,434.375	429.870	11.4	761.69	22.2
	Non -Tax Rev	2,778.362	3,039.721	2,686.034	(261.359)	(8.6)	92.33	3.4
	Total Revenue	6,974.431	6,805.920	6,120.409	168.511	2.5	854.02	14.0

Figures are based on Gross Collection.

13.95% increase in dzongkhag wise performance

6. DZONGKHAG REVENUE

Revenue performances for the fiscal year for different dzongkhags are highlighted below in sequence. The top three dzongkhags alone accounts for 92.39% of the total revenue. Chhukha dzongkhag, as in the previous year is the major contributor generating 51.9%, followed by Thimphu dzongkhag contributing 36.6% and Samtse dzongkhag contributing 3.9% to the total revenue.



Nu. in million

Rank (2004-2005)	FY (2004-2005)	Dzongkhag	Rank (2005-2006)	FY (2005-2006)	(+) or (-) Nu.	(+) or (-) %	N/Revenue %	
1	3514.191	Chhukha	1	3621.118	106.927	3.04	51.9	
2	1946.429	Thimphu	2	2553.090	606.661	31.17	36.6	
3	252.011	Samtse	4	269.359	17.348	6.88	3.9	
4	165.646	Samdrup Jongkhar	3	229.373	63.727	38.47	3.3	
6	56.064	Paro	5	94.193	38.129	68.01	1.4	
5	69.984	Sarpang	6	83.307	13.323	19.04	1.2	
7	23.183	Trashigang	7	26.445	3.262	14.07	0.4	
8	18.246	Bumthang	8	20.049	1.803	9.88	0.3	
9	13.713	Mongar	9	17.517	3.804	27.74	0.3	
10	11.457	Wangdue Phodrang	10	9.259	(2.198)	(19.18)	0.1	
13	6.304	Trongsa	11	7.117	0.813	12.90	0.1	
12	7.086	Haa	12	6.793	(0.293)	(4.13)	0.1	
15	5.452	Trashi Yangtse	13	6.524	1.072	19.66	0.1	
14	5.771	Zhemgang	14	6.189	0.418	7.24	0.1	
11	8.644	Tsirang	15	5.174	(3.470)	(40.14)	0.1	
18	3.585	Lhuentse	16	5.062	1.477	41.20	0.1	
17	4.314	Punakha	17	4.762	0.448	10.38	0.1	
19	3.087	Dagana	18	3.815	0.728	23.58	0.1	
16	4.496	Pema Gatshel	19	3.766	(0.730)	(16.24)	0.1	
20	0.746	Gasa	20	1.519	0.773	103.6	0.0	
				6120.409	6974.431	854.022	13.95	100.0

7. PRIVATE SECTOR

The revenue from private sector excluding the joint public sector corporations amounted to Nu. 443.979 million showing a decline of 11.72% or Nu. 58.97 million compared to the previous year. The decline in revenue is mainly on account of BIT, due to decrease in collection from TDS on contractors, tax holidays and incentives. Revenue from private sector accounts for 10.76% of tax revenue and 6.43% of the total revenue.

7.1 Private Sector Revenue

Source of Revenue	Nu. in million		
	FY 2004-2005	FY 2005-2006	% growth (+) or (-)
1 Corporate Income Tax	64.498	71.162	10.332
2 Business Income Tax	423.156	356.538	(15.74)
3 Health Contribution	14.425	15.940	10.50
4 Export Tax	0.870	0.339	(61.03)
Total Private Sector Revenue	502.949	443.979	(11.72)
% of Tax Revenue	14.87	10.76	
% of Total National Revenue	8.29	6.43	

7.1.1 Corporate Income Tax

The collection from CIT has been fairly good, contributing Nu. 71.162 million registering a growth of 10.3% as compared to previous year's collection. The increase is largely due to recoveries of outstanding taxes and timely assessment of taxes.

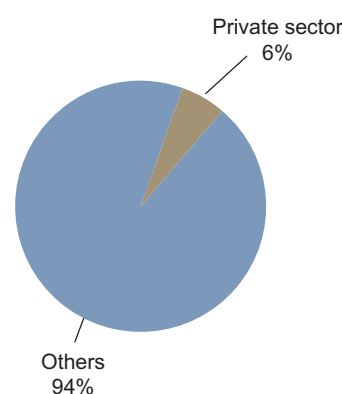
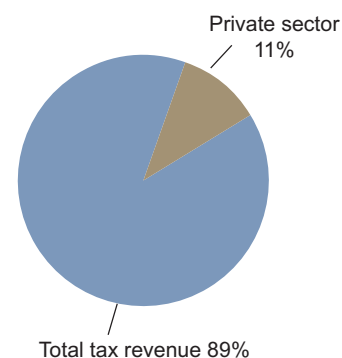
7.1.2 Business Income Tax

The collection from BIT amounted to Nu. 356.538 million showing a decline of 15.74% or Nu. 66.618 million. The completion of THPA construction has led to the decline in collection from TDS on contractor tax.

7.1.3 Health Contribution from Private Sector

The collection on account of health contribution stands at Nu. 15.940 million registering an increase of Nu. 1.515 million or 10.50% compared to the previous year. The increase may be attributed to the increase in the number of private sector employees and enhancement of salary scales.

Private Sector and Tax Revenue



1.6% of the total revenue comes from top ten companies

8. TOP TEN PRIVATE COMPANIES/BUSINESS

The top ten private companies contribute Nu. 111.755 million to the total revenue registering an increase of Nu. 33.375 million from the previous year's collection. Revenue from the top ten companies constitutes 1.6% of the total revenue. The contributions for the year as per their performances are given below:

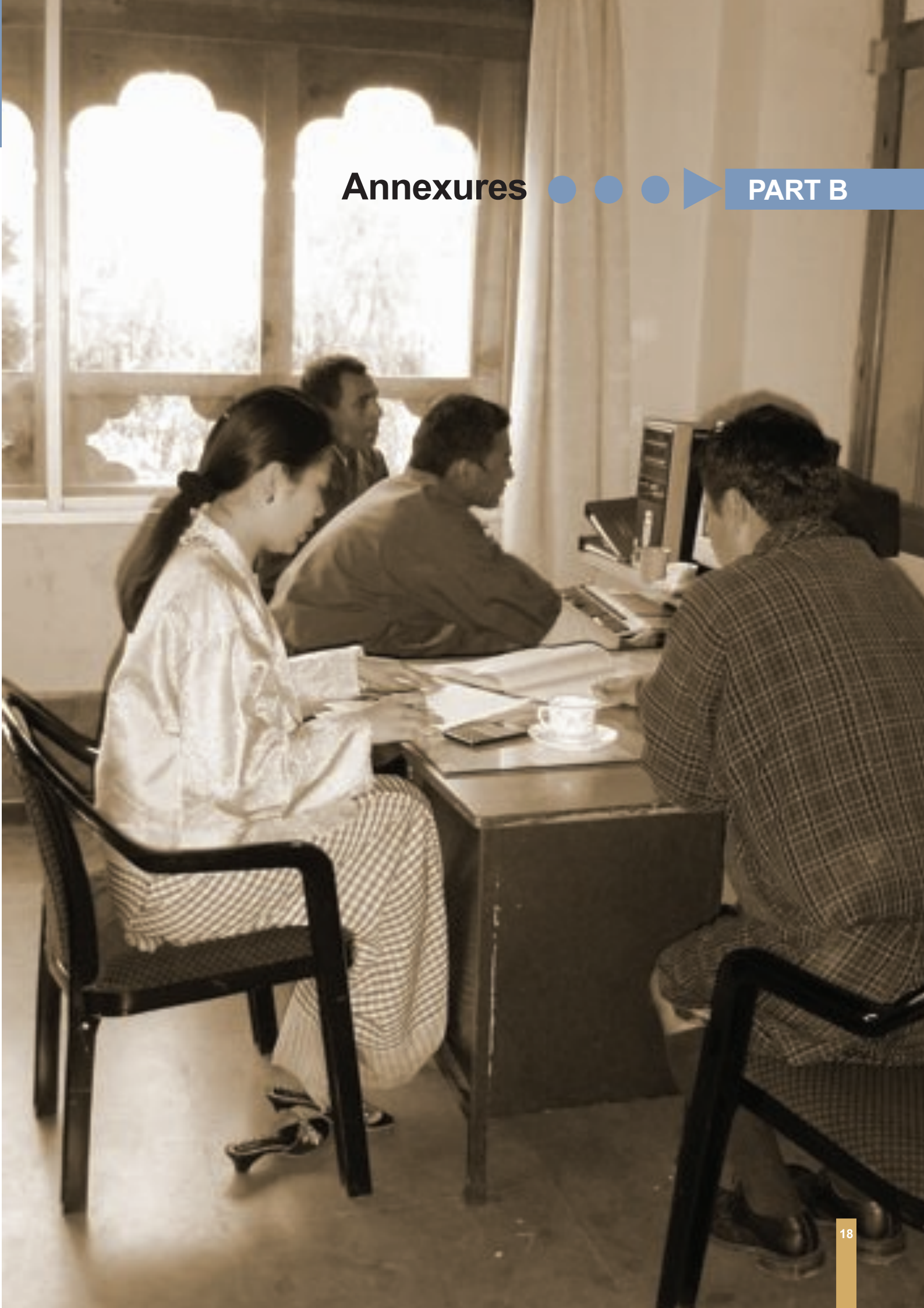
Nu. in million

TOP TEN PRIVATE COMPANIES		
Rank	Private Sector/Company	FY 2005-2006
1	TCC	36.189
2	BCCL	24.383
3	Druk Satair Limited	15.212
4	Eastern Bhutan Coal Company Limited	13.882
5	Yarab Private Limited	6.184
6	Lhaki Cement	4.233
7	Yuendrung Construction	3.115
8	BFPL	2.948
9	Bhutan Polymers	2.927
10	Singye Group of Companies	2.682
Total		111.755

9. FUTURE OUTLOOK

The commissioning of THPA will lead to a dramatic increase in domestic revenue in the form of increased CIT and Dividend for the RGoB. However, the full impact may only be seen from the fiscal year 2007-08 onwards.

The creation of BST division and the establishment of a new regional office at Mongar are expected to improve revenue collection, better taxpayer services and more effective monitoring. In line with these developments, DRC will also be looking into the possibilities of shifting sales tax from the point of entry to the point of sale on some selected items.



ANNEXURE II REVENUE PERFORMANCE BY REGION : FY 2005-2006

Regional Revenue & Customs Office: Paro

Nu. in million

SI.No	SOURCE OF REVENUE	FY 2005-2006		FY 2004-05	Achievement to		Collection compared	
		Collection	Target	Actual	Target	%	Nu.	%
A	Tax Revenue	80.924	68.203	44.479	12.721	18.65	36.445	81.94
I	Direct Tax	49.508	38.663	33.170	10.845	28.05	16.338	49.26
1	Business Income Tax	10.899	6.822	6.498	4.077	59.76	4.401	67.73
1.1	BIT	4.151	6.822	2.352	(2.671)	(39.15)	1.799	76.49
1.2	Contractor Tax	6.748		4.146	6.748		2.602	62.76
2	Personal Income Tax	10.698	5.271	3.648	5.427	102.96	7.050	193.26
2.1	TDS on PIT	10.010	5.040	3.472	4.970	98.61	6.538	188.31
2.1.1	Salary Tax	9.352	4.618	3.252	4.734	102.52	6.100	187.58
2.1.2	Rental Income	0.335	0.217	0.154	0.118	54.28	0.181	117.53
2.1.3	Interest	0.166	0.090	0.064	0.076	83.95	0.102	159.38
2.1.4	Other sources	0.157	0.115	0.002	0.042	36.76	0.155	7750.00
2.2	Final PIT	0.680	0.231	0.164	0.449	194.37	0.516	314.63
2.3	PIT :Fines & penalties	0.008		0.012	0.008		(0.004)	(33.33)
3	Other Tax Revenue	27.911	26.570	23.024	1.341	5.05	4.887	21.23
3.1	Municipal Tax	0.721	0.298	1.316	0.423	141.99	(0.595)	(45.21)
3.2	Health Contribution	3.060	2.352	1.683	0.708	30.10	1.377	81.82
3.3	Foreign Travel Tax	15.854	13.439	9.606	2.415	17.97	6.248	65.04
3.4	Royalties	8.276	10.481	10.419	(2.205)	(21.04)	(2.143)	(20.57)
3.4.1	Forest Products	8.276	10.481	10.419	(2.205)	(21.04)	(2.143)	(20.57)
II	Indirect Tax	31.416	29.540	11.309	1.876	6.35	20.107	177.80
4	Sales Tax	21.157	20.703	7.174	0.454	2.19	13.983	194.91
4.1	ST on Goods & Commodities	2.816	1.852	1.675	0.964	52.05	1.141	68.12
4.2	ST on Hotel & Restaurant	17.194	18.174	5.182	(0.980)	(5.39)	12.012	231.80
4.3	ST On Cable TV & Cinema	1.147	0.677	0.317	0.470	69.42	0.830	261.83
5	Import Duty	10.259	8.837	4.135	1.422	16.09	6.124	148.10
5.1	Drinks & Food Stuff	2.041	1.661	0.155	0.380	22.88	1.886	1216.77
5.2	Goods & Commodities	8.203	7.176	3.980	1.027	14.31	4.223	106.11
5.3	Fines & Penalties	0.015						
6	Other Tax Revenue	0.000	0.000	0.000	0.000		0.000	
6.1	Sale Of Revenue Stamps	0.000	0.000	0.000				
B	Non-Tax Revenue	20.062	19.393	18.671	0.669	3.45	1.391	7.45
7	Adm. Fees & Charges	5.446	5.710	5.612	(0.264)	(4.62)	(0.166)	(2.96)
7.1	Judiciary Fees & Charges	0.318	0.560	0.549	(0.242)	(43.21)	(0.231)	(42.08)
7.2	House Rent	2.801	3.074	3.066	(0.273)	(8.88)	(0.265)	(8.64)
7.3	Hire Charges	0.109		0.003	0.109		0.106	3533.33
7.5	Rural life insurance	0.781	0.669	0.579	0.112	16.74	0.202	34.89
7.6	Other Admn. Charges & Fees	1.437	1.407	1.415	0.030	2.13	0.022	1.55
8	Capital Revenue	1.088	0.702	0.324	0.386	54.99	0.764	235.80
8.1	Sale of Govt. Properties/ Assets	0.221	0.104	0.054	0.117	112.50	0.167	309.26
8.2	Sale of Agricultural pdts.	0.655	0.325		0.330	101.54	0.655	
8.3	Tender document sales	0.212	0.273	0.270	(0.061)	(22.34)	(0.058)	(21.48)
9	Revenue From Govt. Dept.	13.522	12.973	12.728	0.549	4.23	0.794	6.24
9.1	Municipal Revenue	0.522	0.540	0.518	(0.018)	(3.33)	0.004	0.77
9.2	Public Works Division			0.001	0.000		(0.001)	(100.00)
9.3	Department of Civil Aviation	0.402		0.188	0.402		0.214	113.83
9.4	Animal Husbandry	0.260	0.100	0.098	0.160	160.00	0.162	165.31
9.5	Agriculture	0.469		0.715	0.469		(0.246)	(34.41)
9.6	Forest	0.872	1.198	0.304	(0.326)	(27.21)	0.568	186.84
9.7	Survey	0.001		0.088	0.001		(0.087)	(98.86)
9.8	Industrial Plot/Shed Rent	0.065			0.065			
9.9	MoFA (passport & visa fees)	10.401	10.955	10.637	(0.554)	(5.06)	(0.236)	(2.22)
9.10	Education	0.139	0.142	0.140	(0.003)	(2.11)	(0.001)	(0.71)
9.11	Health	0.062	0.038	0.038	0.024	63.16	0.024	63.16
9.12	Registration	0.329		0.001	0.329		0.328	32800.00
10	Other Non Tax Revenue	0.006	0.008	0.007	(0.002)	(25.00)	(0.001)	(14.29)
10.1	Other o/s dues and recoveries	0.003	0.008	0.007	(0.005)	(62.50)	(0.004)	(57.14)
10.2	Security / Earnest Money	0.003						
Total Revenue (A+ B)		100.986	87.596	63.150	13.390	15.29	37.836	59.91

ANNEXURE II REVENUE PERFORMANCE BY REGION : FY 2005-2006

Regional Revenue & Customs Office: Phuentsholing Nu. in million

SI.No	SOURCE OF REVENUE	FY 2005-2006		FY 2004-05	Achievement to		Collection compared	
		Collection	Target	Actual	Target	Nu	%	Nu.
A	TAX REVENUE	1995.459	1996.710	1886.985	(1.251)	(0.06)	108.474	5.75
I	Direct Tax	1235.370	1234.097	1128.044	1.273	0.10	107.326	9.51
1	Corporate Tax	1005.138	976.082	772.688	29.056	2.98	232.450	30.08
1.1	Bhutan Board Product Ltd.	20.880	12.347	11.310	8.533	69.11	9.570	84.62
1.2	Bhutan Ferro Alloys Ltd.	14.464	26.160	38.196	(11.696)	(44.71)	(23.732)	(62.13)
1.3	Bank of Bhutan Ltd.	56.909	71.707	70.023	(14.798)	(20.64)	(13.114)	(18.73)
1.4	Royal Insurance Corporation of Bhutan Ltd.	35.899	25.75	28.113	10.149	39.41	7.786	27.70
1.5	Chhukha Hydro Power Corporation Ltd.	736.56	725.095	562.136	11.465	1.58	174.424	31.03
1.6	Food Corporation of Bhutan	0.950	2.500	2.636	(1.550)	(62.00)	(1.686)	(63.96)
1.7	Bhutan Carbide & Chemicals Ltd.	24.383	29.120	28.725	(4.737)	(16.27)	(4.342)	(15.12)
1.8	Army Welfare Project Ltd.	2.724	3.960	2.660	(1.236)	(31.22)	0.064	2.41
1.9	State Trading Corp. of Bhutan Ltd.	3.272	4.204	4.754	(0.932)	(22.17)	(1.482)	(31.17)
1.10	2% Cont. tax	16.719	72.462	6.861	(55.743)	(76.93)	9.858	143.68
1.11	3% Cont. tax	86.827		15.958	86.827		70.869	444.10
1.12	TDS on Suppliers	0.758		0.210	0.758		0.548	260.95
1.13	Other Corporations/Enterprises/Fines	4.793	2.777	1.106	2.016	72.60	3.687	333.36
2	Business Income Tax	111.073	122.243	236.269	(11.170)	(9.14)	(125.196)	(52.99)
2.1	BIT	64.939	72.000	36.319	(7.061)	(9.81)	28.620	78.80
2.2	Withholding tax (Tourism)	0.003			0.003		0.003	
2.3	Contractor Tax	46.131	50.243	199.950	(4.112)	(8.18)	(153.819)	(76.93)
3	Personal Income Tax	41.410	44.147	42.045	(2.737)	(6.20)	(0.635)	(1.51)
3.1	TDS on PIT	32.305	38.441	36.611	(6.136)	(15.96)	(4.306)	(11.76)
3.1.1	Salary Tax	17.663	19.725	18.786	(2.062)	(10.45)	(1.123)	(5.98)
3.1.2	Real Property	4.268	3.143	2.993	1.125	35.81	1.275	42.60
3.1.3	Interest	5.861	8.052	5.950	(2.191)	(27.21)	(0.089)	(1.50)
3.1.4	Dividend	3.357	6.248	7.669	(2.891)	(46.27)	(4.312)	(56.23)
3.1.5	Other sources	1.156	1.274	1.213	(0.118)	(9.24)	(0.057)	(4.70)
3.2	Final PIT	8.904	5.499	5.237	3.405	61.92	3.667	70.02
3.3	PIT: Fines & penalties	0.201	0.207	0.197	(0.006)	(2.90)	0.004	2.03
4	Other Direct tax Revenue	77.749	91.625	77.042	(13.876)	(15.14)	0.707	0.92
4.1	Motor Vehicle Tax	26.383	31.737	24.413	(5.354)	(16.87)	1.970	8.07
4.2	Business & Prof. Licences	6.397	6.235	5.635	0.162	2.60	0.762	13.52
4.3	Municipal Tax	2.577	4.182	4.182	(1.605)	(38.38)	(1.605)	(38.38)
4.4	Health Contribution	9.349	10.256	7.926	(0.907)	(8.84)	1.423	17.95
4.5	Royalties	33.043	39.215	34.886	(6.172)	(15.74)	(1.843)	(5.28)
4.5.1	Forestry pdts	3.431	5.494	5.725	(2.063)	(37.55)	(2.294)	(40.07)
4.5.2	Mines & Minerals	29.612	33.721	29.161	(4.109)	(12.19)	0.451	1.55
II	Indirect Tax	760.089	762.613	758.941	(2.524)	(0.33)	1.148	0.15
5	Sales Tax	563.049	553.976	483.148	9.073	1.64	79.901	16.54
5.1	Sales Tax on goods & commodities	349.98	369.040	306.338	(19.060)	(5.16)	43.642	14.25
5.2	Sales Tax on petroleum products	20.855	18.253	21.450	2.602	14.26	(0.595)	(2.77)
5.3	Sales Tax on Hotel & Restaurants	5.384	5.119	3.987	0.265	5.18	1.397	35.04
5.4	Sales Tax on Beer, Aerated water & Alcoholic drinks	183.941	158.723	148.194	25.218	15.89	35.747	24.12
5.5	Sales Tax on Cable TV & Cinema	2.889	2.841	3.179	0.048	1.69	(0.290)	(9.12)
6	Export Tax	0.284	0.650	0.498	(0.366)	(56.31)	(0.214)	(42.97)
6.1	Timbers	0.284	0.650	0.498	(0.366)	(56.31)	(0.214)	(42.97)
7	Excise Duty	47.113	50.228	50.228	(3.115)	(6.20)	(3.115)	(6.20)
7.1	Distillery Products	47.113	50.228	50.228	(3.115)	(6.20)	(3.115)	(6.20)
8	Import Duty	149.643	157.759	225.067	(8.116)	(5.14)	(75.424)	(33.51)
8.1	Goods & commodities/ food stuff	137.715	149.986	217.169	(12.271)	(8.18)	(79.454)	(36.59)
8.2	Customs Service Charges	11.928	7.773	7.898	4.155	53.45	4.030	51.03

ANNEXURE II REVENUE PERFORMANCE BY REGION : FY 2005-2006

Nu. in million

Sl.No	SOURCE OF REVENUE	FY 2005-2006		FY 2004-05	Achievement to		Collection compared	
		Collection	Target	Actual	Target	Nu.	%	Nu.
B	Non-Tax Revenue	1625.659	2068.615	1627.206	(442.956)	(21.41)	(1.547)	(0.10)
9	Admn. Fees & Charges	54.554	62.585	53.075	(8.031)	(12.83)	1.479	2.79
9.1	Judiciary Fees & Charges	0.736	2.000	1.875	(1.264)	(63.20)	(1.139)	(60.75)
9.2	House Rent	9.548	14.524	10.371	(4.976)	(34.26)	(0.823)	(7.94)
9.3	Hire Charges	0.073	0.500	0.260	(0.427)	(85.40)	(0.187)	(71.92)
9.4	Motor Vehicle fees & Charges	6.464	7.545	7.186	(1.081)	(14.33)	(0.722)	(10.05)
9.5	Deport Surcharge on petroleum pdts.	23.645	25.841	21.754	(2.196)	(8.50)	1.891	8.69
9.6	Rural Life Insurance	0.717		0.626	0.717		0.091	14.54
9.7	Other Adm. Fees & charges	13.371	12.175	11.003	1.196	9.82	2.368	21.52
10	Capital Revenue	11.692	0.907	11.367	10.785	1189.08	0.325	2.86
10.1	Sale of Govt. Properties/ Assets	0.202		0.105	0.202		0.097	
10.2	Tender documents	0.755	0.656	0.621	0.099	15.09	0.134	21.58
10.3	Sale of agricultural pdts.	0.117						
10.4	Other capital revenue	10.618	0.251	10.641	10.367	4130.28	(0.023)	(0.22)
11	Revenue from Govt. Depts. Agency	21.975	18.710	18.935	3.265	17.45	3.040	16.05
11.1	Municipal Revenue (Works & Housing)	9.277	6.366	6.938	2.911	45.73	2.339	33.71
11.2	Department of Civil aviation	0.765						
11.3	Animal Husbandry	0.144	0.210	0.263	(0.066)	(31.43)	(0.119)	(45.25)
11.4	Forest	3.347	5.123	3.620	(1.776)	(34.67)	(0.273)	(7.54)
11.5	Survey	0.144	0.100	1.410	0.044	44.00	(1.266)	(89.79)
11.6	Industrial Shed Rental (Trade & Industry)	2.582	2.624	2.234	(0.042)	(1.60)	0.348	15.58
11.7	Other div. of trade & industry	0.033						
11.8	Visa Fees	1.750	2.100	2.352	(0.350)	(16.67)	(0.602)	(25.60)
11.9	Education	0.165	0.139	0.197	0.026	18.71	(0.032)	(16.24)
11.10	Health	0.633	0.708	0.620	(0.075)	(10.59)	0.013	2.10
11.11	Registration	3.135	1.340	1.301	1.795	133.96	1.834	140.97
12	Dividends	1393.774	1851.321	1422.583	(457.547)	(24.71)	(28.809)	(2.03)
12.1	Bank of Bhutan Ltd.	20.000	24.000	40.000	(4.000)	(16.67)	(20.000)	(50.00)
12.2	Bhutan Board Product Ltd.	10.025	10.025	6.877	0.000	0.00	3.148	45.78
12.3	Food Corp. of Bhutan		1.500	1.500	(1.500)	(100.00)	(1.500)	(100.00)
12.4	Chhukha Hydro Power Corporation Ltd.	1356.122	1803.127	1362.151	(447.005)	(24.79)	(6.029)	(0.44)
12.5	Royal Insurance Corp. of Bhutan Ltd.	3.768	2.400	3.536	1.368	57.00	0.232	6.56
12.6	Bhutan Ferro Alloys Ltd.	3.859	7.719	5.789	(3.860)	(50.01)	(1.930)	(33.34)
12.7	State Trading Corp. of Bhutan Ltd.		2.550	2.730	(2.550)	(100.00)	(2.730)	(100.00)
13	Transfer of profits	143.453	135.000	120.672	8.453	6.26	22.781	18.88
13.1	Department of Lottery	143.453	135.000	110.672	8.453	6.26	32.781	29.62
13.2	Transfer of Fund (Reserves)			10.000	0.000		(10.000)	(100.00)
14	Other Non Tax Revenue	0.211	0.092	0.574	0.119	129.35	(0.363)	(63.24)
14.1	Other Non Tax Revenue	0.004		0.053	0.004		(0.049)	(92.45)
14.2	Security / Earnest Money	0.012		0.495			(0.483)	(97.58)
14.3	Recovery of outstanding loans, veh. Loan etc.	0.195	0.092	0.026	0.103	111.96	0.169	650.00
Total Tax and Non-Tax Revenue (A+B)		3621.118	4065.325	3514.191	(444.207)	(10.93)	106.927	3.04

ANNEXURE II REVENUE PERFORMANCE BY REGION : FY 2005-2006

Regional Revenue & Customs Office : Thimphu

		Nu. in million						
Sl. No	SOURCE OF REVENUE	FY 2005-2006		FY 2004-05	Achievement to		Collection compared	
		Collection	Target	Actual	Target	%	Nu.	%
A	Tax Revenue	1,644.229	1,277.388	1,101.252	366.841	28.72	542.977	49.31
I	Direct Tax	833.399	716.143	605.294	117.256	16.37	228.105	37.68
1	Corporate Income Tax	216.945	190.737	123.280	26.208	13.74	93.665	75.98
1.1	FDCL	14.098	13.825	12.568	0.273	1.97	1.530	12.17
1.2	AWPL	1.229	1.192	1.157	0.037	3.10	0.072	6.22
1.3	BTCL		3.335	3.176	(3.335)	(100.00)	(3.176)	(100.00)
1.4	Bhutan Telecom Corp. Ltd.	89.376	80.000	57.671	9.376	11.72	31.705	54.98
1.5	BNBL	65.176	50.000	28.125	15.176	30.35	37.051	131.74
1.6	Kuensel Corporation Ltd.	0.500	3.575	3.250	(3.075)	(86.01)	(2.750)	(84.62)
1.7	Basochhu Hydro Power Corporation Ltd.	41.878	33.330	12.052	8.548	25.65	29.826	247.48
1.8	2% Cont.tax		1.608	1.531	(1.608)	(100.00)	(1.531)	(100.00)
1.9	3% Cont.tax		0.069	0.066	(0.069)	(100.00)	(0.066)	(100.00)
1.10	TDS on Suppliers		0.491	0.468	(0.491)	(100.00)	(0.468)	(100.00)
1.11	Other Corporations	4.688	3.312	3.216	1.376	41.55	1.472	45.77
2	Business Income Tax	156.978	125.257	115.743	31.721	25.32	41.235	35.63
2.1	BIT	51.305	34.985	33.319	16.320	46.65	17.986	53.98
2.2	Withholding tax (Tourism)	7.244	8.281	7.887	(1.037)	(12.52)	(0.643)	(8.15)
2.3	Contractor Tax	98.429	81.991	74.537	16.438	20.05	23.892	32.05
3	Personal Income Tax	62.763	59.546	52.055	3.217	5.40	10.708	20.57
3.1	TDS on PIT	49.875	52.545	45.694	(2.670)	(5.08)	4.181	9.15
3.1.1	Salary Tax	34.071	40.45	35.174	(6.379)	(15.77)	(1.103)	(3.14)
3.1.2	Real Property	4.983	5.959	5.182	(0.976)	(16.38)	(0.199)	(3.84)
3.1.3	Interest	10.821	0.022	0.02	10.799	49086.36	10.801	54005.00
3.1.4	Dividend		6.082	5.289	(6.082)	(100.00)	(5.289)	(100.00)
3.1.5	Other sources		0.032	0.029	(0.032)	(100.00)	(0.029)	(100.00)
3.2	Final PIT	12.756	6.918	6.289	5.838	84.39	6.467	102.83
3.3	PIT:Fines &penalties	0.132	0.083	0.072	0.049	59.04	0.060	83.33
4	Other Tax Revenue	396.713	340.603	314.216	56.110	16.47	82.497	26.25
4.1	Motor Vehicle Tax	41.778	45.260	34.815	(3.482)	(7.69)	6.963	20.00
4.2	Business & Prof. Licences	12.123	14.077	12.805	(1.954)	(13.88)	(0.682)	(5.33)
4.3	Municipal Tax	0.303	0.366	0.333	(0.063)	(17.21)	(0.030)	(9.01)
4.4	Health Contribution	19.009	17.771	16.155	1.238	6.97	2.854	17.67
4.5	Royalties	323.500	263.129	250.108	60.371	22.94	73.392	29.34
4.5.1	Forest Products	9.059	11.33	10.300	(2.271)	(20.04)	(1.241)	(12.05)
4.5.2	Mines & Minerals	0.002	0.145	0.138	(0.143)	(98.62)	(0.136)	(98.55)
4.5.3	Tourism	314.439	251.654	239.670	62.785	24.95	74.769	31.20
II	Indirect Tax	810.830	561.245	495.958	249.585	44.47	314.872	63.49
5	Sales Tax	28.558	29.765	28.411	(1.207)	(4.06)	0.147	0.52
5.1	Sales Tax on Goods & Commodities	1.444	1.702	1.547	(0.258)	(15.16)	(0.103)	(6.66)
5.2	Sales Tax on Beer, Aerated water & Alcoholic drinks.	3.584	4.989	4.535	(1.405)	(28.16)	(0.951)	(20.97)
5.3	Hotel & Restaurant	19.897	18.963	18.592	0.934	4.93	1.305	7.02
5.4	Sales Tax On Cable TV/Cinema	3.633	4.111	3.737	(0.478)	(11.63)	(0.104)	(2.78)
6	Export Tax	0	0	0	0.000		0.000	
6.1	Other export tax		0	0	0.000		0.000	
7	Excise Duty	776.405	527.547	461.948	248.858	47.17	314.457	68.07
7.1	Distillery Products	20.147	21.289	20.770	(1.142)	(5.36)	(0.623)	(3.00)
7.2	Excise Duty Refund (GOI)	756.258	506.258	441.178	250.000	49.38	315.080	71.42
8	Import Duty	1.119		2.024	1.119		(0.905)	(44.71)
9	Other Tax Revenue	4.748	3.933	3.575	0.815	20.72	1.173	32.81
9.1	Sale Of Revenue Stamps	4.748	3.933	3.575	0.815	20.72	1.173	32.81

ANNEXURE II REVENUE PERFORMANCE BY REGION : FY 2005-20065

Nu: in million

SI.No	SOURCE OF REVENUE	FY 2005-2006		FY 2004-05	Achievement to		Collection compared	
		Collection	Target	Actual	Target	%	Nu.	%
B	Non Tax Revenue	924.401	748.325	861.694	176.076	23.53	62.707	7.28
10	Adm. Fees & Charges	73.057	73.193	68.612	(0.136)	(0.19)	4.445	6.48
10.1	Judiciary Fees & Charges	11.677	8.029	7.647	3.648	45.43	4.030	52.70
10.2	House Rent	38.244	36.571	33.246	1.673	4.58	4.998	15.03
10.3	Hire Charges	7.002	11.594	10.540	(4.592)	(39.61)	(3.538)	(33.57)
10.4	Motor Vehicle fees & Charges	7.692	9.662	8.679	(1.970)	(20.39)	(0.987)	(11.37)
10.5	Rural Life Insurance	1.897	1.000	2.465	0.897	89.70	(0.568)	(23.04)
10.6	Other Admn. Charges & Fees	6.545	6.337	6.035	0.208	3.29	0.510	8.45
11	Capital Revenue	88.494	104.950	176.023	(16.456)	(15.68)	(87.529)	(49.73)
11.1	Sale of Govt. Properties/ Assets	46.027	61.933	120.344	(15.906)	(25.68)	(74.317)	(61.75)
11.2	Coal Mine Bid Value	13.650		52.100	13.650		(38.450)	(73.80)
11.3	Sale of agricultural pdts.	0.043	0.088	0.080	(0.045)	(51.14)	(0.037)	(46.25)
11.4	Tender Document Sales	4.488	3.849	3.499	0.639	16.60	0.989	28.27
11.5	Dolomite Mine Bid Value	13.65			13.650		13.650	
11.6	Other capital revenue	10.636	39.080		(28.444)	(72.78)	10.636	
12	Revenue From Govt. Dept.	41.744	30.453	28.413	11.291	37.08	13.331	46.92
12.1	Div Of Roads	0.211	0.021	0.019	0.190	904.76	0.192	1010.53
12.2	PWD Mechanical cell	0.721	0.215	0.205	0.506	235.35	0.516	251.71
12.3	Municipal Revenue	0.077	0.253	0.241	(0.176)	(69.57)	(0.164)	(68.05)
12.4	Radio spectrum management	2.069	2.574	2.451	(0.505)	(19.62)	(0.382)	(15.59)
12.5	Contractor Dev. Board	2.019	2.144	1.949	(0.125)	(5.83)	0.070	3.59
12.6	Department of Civil aviation			0.246	0.000		(0.246)	(100.00)
12.7	Animal Husbandry	2.083	1.789	1.626	0.294	16.43	0.457	28.11
12.8	Agriculture	0.666	0.522	0.475	0.144	27.59	0.191	40.21
12.9	Dept. of Forest	0.717	0.892	0.811	(0.175)	(19.63)	(0.094)	(11.59)
12.10	Div. Of Survey	12.816	9.097	8.27	3.719	40.88	4.546	54.97
12.11	Industrial Plot/Shed Rent	3.749	1.551	1.410	2.198	141.72	2.339	165.89
12.12	Other div.of trade & industry	3.086	1.966	1.872	1.120	57.00	1.214	64.85
12.13	Passport & Visa fees	6.418	2.515	2.286	3.903	155.23	4.132	180.75
12.14	Education	0.768	0.522	0.497	0.246	47.17	0.271	54.53
12.15	Health	3.008	2.370	2.257	0.638	26.93	0.751	33.27
12.16	Registration	2.939	3.253	3.098	(0.314)	(9.65)	(0.159)	(5.13)
12.17	NEC	0.397	0.770	0.700	(0.373)	(48.44)	(0.303)	(43.29)
13	Dividends	100.284	107.891	79.570	(7.607)	(7.05)	20.714	26.03
13.1	BNBL	11.339	8.916	8.099	2.423	27.18	3.240	40.00
13.2	Asian Reinsurance Corporation	1.244	1.244	1.745	0.000	0.00	(0.501)	(28.71)
13.3	Bhutan Telecom Corp. Ltd.	40.102	44.994	40.904	(4.892)	(10.87)	(0.802)	(1.96)
13.4	FDCL	12.000	13.200	12.000	(1.200)	(9.09)	0.000	0.00
13.5	BTCL	0.597	0.657	0.597	(0.060)	(9.13)	0.000	0.00
13.6	Basochu Hydro Power Corporation Ltd.	35.002	38.880	16.225	(3.878)	(9.97)	18.777	115.73
14	Transfer Of Profit	359.815	144.701	263.803	215.114	148.66	96.012	36.40
14.1	RMA	314.721	100.000	180.809	214.721	214.72	133.912	74.06
14.2	Special Drawing Rights	0.393		0.994	0.393		(0.601)	(60.46)
14.3	Transfer of fund (Reserves)			30.000	0.000		(30.000)	(100.00)
14.4	Transfer from Others	44.701	44.701	52.000	0.000	0.00	(7.299)	
15	Other Non-Tax Revenue	13.808	3.195	2.950	10.613	332.18	10.858	368.07
15.1	Other Non Tax Revenue	10.182	2.695	2.450	7.487	277.81	7.732	315.59
15.2	Security / Earnest Money	0.022					0.022	
15.3	Treaty Payment 1949.	0.500	0.500	0.500	0.000	0.00	0.000	0.00
15.4	Audit Recovery Account	3.104					3.104	
16	Interest on loan from corp.	247.199	283.942	242.323	(36.743)	(12.94)	4.876	2.01
	Total Revenue (A+ B)	2,568.630	2,025.713	1,962.946	542.917	26.80	605.684	30.86

ANNEXURE II REVENUE PERFORMANCE BY REGION : FY 2005-2006

Regional Revenue & Customs Office : Samdrup Jongkhar

Nu. in million

Sl.No	SOURCE OF REVENUE	FY 2005-2006		FY 2004-05	Achievement to Target		Collection compared to 2004-2005	
		Collection	Target	Actual	Nu	%	Nu.	%
A	TAX REVENUE	179.655	139.683	137.714	39.972	28.62	41.941	30.46
I	Direct Tax	133.600	103.917	97.378	29.683	28.56	36.222	37.20
1	Corporat IncomeTax	29.612	20.322	19.109	9.290	45.71	10.503	54.96
1.1	AWPL	0.518	1.170	1.286	(0.652)	(55.73)	(0.768)	(59.72)
1.2	DSCCL	15.212	8.652	14.693	6.560	75.82	0.519	3.53
1.3	EBCCL	13.882	10.500	2.898	3.382	32.21	10.984	379.02
1.5	2% contractor tax			0.032	0.000		(0.032)	
1.6	3% contractor tax			0.198	0.000		(0.198)	
1.7	Fines on CIT & others			0.002	0.000		(0.002)	(100.00)
2	Business IncomeTax	37.886	26.705	25.930	11.181	41.87	11.956	46.11
2.1	BIT	15.032	7.681	7.315	7.351	95.70	7.717	105.50
2.2	Contractor tax	22.854	19.024	18.615	3.830	20.13	4.239	22.77
3	Personal Income Tax	11.464	10.037	9.397	1.427	14.22	2.067	22.00
3.1	TDS on PIT	10.624	9.009	8.390	1.615	17.93	2.234	26.63
3.1.1	Salary	7.206	6.089	5.525	1.117	18.34	1.681	30.43
3.1.2	Real property	0.748	0.724	0.711	0.024	3.31	0.037	5.20
3.1.3	Interest	1.755	1.845	1.811	(0.090)	(4.88)	(0.056)	(3.09)
3.1.4	Dividend	0.847	0.244	0.239	0.603	247.13	0.608	254.39
3.1.5	Other sources	0.068	0.107	0.104	(0.039)	(36.45)	(0.036)	(34.62)
3.2	Final PIT	0.764	0.743	0.728	0.021	2.83	0.036	4.95
3.3	PIT: Fines & penalties	0.076	0.285	0.279	(0.209)	(73.33)	(0.203)	(72.76)
4	Other Tax Revenue	54.638	46.853	42.942	7.785	16.62	11.696	27.24
4.1	Motor vehicle tax	9.780	10.424	8.02	(0.644)	(6.18)	1.760	21.95
4.2	Business & professional licences	4.323	3.014	2.955	1.309	43.43	1.368	46.29
4.3	Municipal tax	3.153	1.713	1.729	1.440	84.06	1.424	82.36
4.4	Health contribution	6.173	5.947	4.988	0.226	3.80	1.185	23.76
4.5	Royalties	31.209	25.755	25.250	5.454	21.18	5.959	23.60
4.5.1	Forest products	6.509	6.897	6.762	(0.388)	(5.63)	(0.253)	(3.74)
4.5.2	Mines & Minerals	24.700	18.858	18.488	5.842	30.98	6.212	33.60
II	Indirect Tax	46.055	35.766	40.336	10.289	28.77	5.719	14.18
5	Sales Tax	28.786	22.552	26.827	6.234	27.64	1.959	7.30
5.1	Sales tax on goods & commodities	9.712	6.194	6.074	3.518	56.80	3.638	59.89
5.2	Sales tax on petroleum pdts	16.285	10.896	10.682	5.389	49.46	5.603	52.45
5.3	Sales tax on hotels & restaurants	0.449	0.244	0.239	0.205	84.02	0.210	87.87
5.4	Sales tax on cable TV & cinema	0.897	1.145	1.166	(0.248)	(21.66)	(0.269)	(23.07)
5.5	Sales tax on beer, aerated water & alcoholic drinks	1.443	4.073	8.666	(2.630)	(64.57)	(7.223)	(83.35)
6	Export Tax	0.025	0.004	0.300	0.021	525.00	(0.275)	(91.67)
6.1	Timber	0.025	0.004	0.300	0.021	525.00	(0.275)	(91.67)
7	Excise Duty	17.244	13.210	13.209	4.034	30.54	4.035	30.55
7.1	Distillery products	17.244	13.210	13.209	4.034	30.54	4.035	30.55

ANNEXURE II REVENUE PERFORMANCE BY REGION : FY 2005-2006

Nu. in million

SI.No	SOURCE OF REVENUE	FY 2005-2006		FY 2004-05	Achievement to		Collection compared	
		Collection	Target	Actual	Target	%	Nu.	%
B	NON-TAX REVENUE	109.032	102.828	78.361	6.204	6.03	30.671	39.14
8	Adm. Fees & Charges	29.363	27.577	27.089	1.786	6.48	2.274	8.39
8.1	Judiciary Fees & Charges	1.152	1.441	1.413	(0.289)	(20.06)	(0.261)	(18.47)
8.2	House Rent	8.610	8.078	7.973	0.532	6.59	0.637	7.99
8.3	Hire Charges	0.349	0.051	0.050	0.298	584.31	0.299	598.00
8.4	Motor Vehicle fees & Charges	1.261	1.281	1.257	(0.020)	(1.56)	0.004	0.32
8.5	Depot Surcharge on Petroleum Products	7.759	6.239	6.117	1.520	24.36	1.642	26.84
8.6	Rural Life Insurance	5.891	6.049	5.930	(0.158)	(2.61)	(0.039)	(0.66)
8.7	Other Admn. Fees & charges	4.341	4.438	4.349	(0.097)	(2.19)	(0.008)	(0.18)
9	Capital Revenue	62.476	62.775	39.734	(0.299)	(0.48)	22.742	57.24
9.1	Sale of Govt. properties & assets	0.591	3.190	2.106	(2.599)	(81.47)	(1.515)	(71.94)
9.2	Sale proceeds from agricultural products	0.475	0.091	0.877	0.384	421.98	(0.402)	(45.84)
9.3	Coal Mine bid value	36.470	36.470	18.235	0.000	0.00	18.235	100.00
9.4	Tender document sales	1.915		1.807	1.915		0.108	5.98
9.5	Gypsum mine bid value	23.025	23.024	16.709	0.001	0.00	6.316	37.80
10	Rev. from Govt. Deptts.	13.192	8.495	7.453	4.697	55.29	5.739	77.00
10.1	Municipal Revenue (W&H)	4.288	2.671	2.619	1.617	60.54	1.669	63.73
10.2	Animal Husbandry	1.355		1.105	1.355		0.250	22.62
10.3	Agriculture	0.035	2.952	0.029	(2.917)	(98.81)	0.006	20.69
10.4	Forest	1.165		1.710	1.165		(0.545)	
10.5	Deptt. Survey	1.426	1.043	0.180	0.383	36.72	1.246	692.22
10.6	Industrial Shed Rental	0.288	0.189	0.202	0.099	52.38	0.086	42.57
10.7	Education	0.618	0.566	0.555	0.052	9.19	0.063	11.35
10.8	Health	0.878	0.468	0.459	0.410	87.61	0.419	91.29
10.9	Registration	3.139	0.606	0.594	2.533	417.99	2.545	428.45
11	Other Non-Tax Revenue	4.001	3.981	4.085	0.020	0.50	(0.084)	(2.06)
11.1	Security / Earnest Money	0.152	0.150	0.15	0.002	1.33	0.002	1.33
11.2	Recovery of Vehicle Instalment	3.849	3.831	3.931	0.018	0.47	(0.082)	(2.09)
11.3	Recovery Against Outstanding Dues/Others			0.004	0.000		(0.004)	(100.00)
	Total (A+B)	288.687	242.511	216.075	46.176	19.04	72.612	33.60

ANNEXURE III DETAILS OF DZONGKHAG REVENUE BY REGION: FY 2005-2006

I THIMPHU REGION

		Nu. in million				
Source of Revenue	Thimphu	Punakha	Wangdue Phodrang	Gasa	Total	
(A) TAX REVENUE (I+II)	1635.260	2.985	5.171	0.813	1644.229	
I Direct Tax	824.430	2.985	5.171	0.813	833.399	
1 Corporate Income Tax	216.945				216.945	
2 Business Income Tax	154.462	0.990	1.513	0.015	156.980	
3 PIT	60.524	0.714	1.222	0.303	62.763	
4 Other Tax Revenue	392.499	1.281	2.436	0.495	396.711	
4.1 Motor Vehicle Tax	41.778				41.778	
4.2 Business & Professional licences	12.123				12.123	
4.3 Municipal Taxes		0.263	0.039		0.302	
4.4 Foreign Travel Tax (Airport Tax)					0.000	
4.5 Health contribution	17.517	0.520	0.825	0.147	19.009	
4.6 Royalties	321.081	0.498	1.572	0.348	323.499	
II Indirect Tax	810.830	0	0.000	0.000	810.830	
5 Sales Tax	28.558				28.558	
6 Export Tax					0.000	
7 Excise Duty	776.405				776.405	
7.1 Excise Duty collection	20.147				20.147	
7.2 Duty refund from GOI	756.258				756.258	
8 Import Duty	1.119				1.119	
9 Other Tax-Revenue	4.748	0	0		4.748	
9.1 Sale of revenue Stamp	4.748				4.748	
(B) NON-TAX REVENUE	917.83	1.777	4.088	0.706	924.401	
10 Adm. Fees & charges	68.266	1.404	2.749	0.637	73.056	
11 Capital Revenue	88.107	0.048	0.339		88.494	
12 Revenue from Govt. Deptts	40.398	0.293	0.985	0.069	41.745	
13 Dividends	100.284				100.284	
14 Transfer of profit	359.815				359.815	
15 Other Non-Tax Revenue	13.761	0.032	0.015		13.808	
16 Interest receipts from corporation	247.199				247.199	
Total Tax & Non-Tax Revenue (A+B)	2553.090	4.762	9.259	1.519	2568.630	
% of Dzongkhag Revenue to Total National Revenue	36.61	0.07	0.13	0.02	36.83	

II SAMDRUP JONGKHAR REGION

		Nu. in million					
Source of Revenue	Samdrup Jongkhar	Trashigang	Mongar	Pema Gatshel	Lhuntse	Tashi Yangtse	Total
(A) TAX REVENUE (I+II)	145.568	13.280	11.596	1.637	3.323	4.251	179.655
I Direct Tax	103.790	9.002	11.596	1.637	3.323	4.251	133.599
1 Corporate Income Tax	29.611						29.611
2 Business Income Tax	28.091	3.374	2.033	0.544	1.544	2.300	37.886
3 Personal Income Tax	5.207	1.858	2.503	0.509	0.543	0.844	11.464
4 Other Tax Revenue	40.881	3.770	7.060	0.584	1.236	1.107	54.638
4.1 Motor Vehicle Tax	9.780						9.780
4.2 Business & Professional licences	2.291		2.032				4.323
4.3 Municipal Tax	1.475	0.273	1.226	0.007	0.118	0.054	3.153
4.4 Health contribution	2.154	1.450	1.179	0.387	0.549	0.454	6.173
4.5 Royalties	25.181	2.047	2.623	0.190	0.569	0.599	31.209
II Indirect Tax	41.778	4.278	0.000	0.000	0.000	0	46.056
5 Sales Tax	28.547	0.239					28.786
6 Export Tax	0.025						0.025
7 Excise Duty	13.206	4.039					17.245
8 Import Duty							0.000
(B) NON-TAX REVENUE	83.805	13.165	5.921	2.129	1.739	2.273	109.032
10 Adm. Fees & charges	16.279	5.380	3.524	1.042	1.536	1.600	29.361
11 Capital Revenue	61.066	0.256	0.620	0.141	0.080	0.313	62.476
12 Revenue from Govt. Deptts	6.460	3.725	1.777	0.916	0.106	0.208	13.192
13 Dividends							0.000
14 Transfer of profit							0.000
15 Other Non-Tax Revenue		3.804		0.030	0.017	0.152	4.003
Total Tax & Non-Tax Revenue (A+B)	229.373	26.445	17.517	3.766	5.062	6.524	288.687
% of Dzongkhag Revenue to							
Total National Revenue	3.29	0.38	0.25	0.05	0.07	0.09	4.14

ANNEXURE III DETAILS OF DZONGKHAG REVENUE BY REGION: FY 2005-2006

III GELEPHU REGION

Nu. in million

Source of Revenue	Sarpang	Bumthang	Tsirang	Trongsa	Dagana	Zhemgang	Total
(A) TAX REVENUE (I+II)	65.409	9.324	2.723	5.070	2.087	3.896	88.509
I Direct Tax	35.441	9.324	2.723	5.070	2.087	3.896	58.541
1 Corporate Income Tax	4.606						4.606
2 Business Income Tax	16.290	2.163	1.343	1.514	1.058	1.362	23.730
3 Personal Income Tax	2.224	0.736	0.474	0.472	0.361	0.648	4.915
4 Other Tax Revenue	12.321	6.425	0.906	3.084	0.668	1.886	25.290
4.1 Motor Vehicle Tax	7.363						7.363
4.2 Business & Prof. Licences	1.583			1.205			2.788
4.3 Municipal Tax	0.494		0.123	0.104	0.018	0.001	0.740
4.4 Health contribution	1.734	0.638	0.460	0.444	0.364	0.626	4.266
4.5 Royalties	1.147	5.787	0.323	1.331	0.286	1.259	10.133
II Indirect Tax	29.968	0.000	0.000	0.000	0.000	0.000	29.968
5 Sales Tax	17.357						17.357
6 Export Tax							0.000
7 Excise Duty	12.611						12.611
8 Import Duty							0.000
(B) NON-TAX REVENUE	17.898	10.725	2.451	2.047	1.728	2.293	37.142
10 Adm. Fees & charges	10.088	9.278	1.502	1.017	1.277	1.603	24.765
11 Capital Revenue	2.759	0.52	0.259	0.069	0.214	0.207	4.028
12 Revenue from Govt. Deptts	5.037	0.855	0.690	0.956	0.233	0.370	8.141
13 Dividends							0.000
14 Transfer of profit							0.000
15 Other Non-Tax Revenue	0.014	0.072		0.005	0.004	0.113	0.208
Total Tax & Non-Tax Revenue (A+B)	83.307	20.049	5.174	7.117	3.815	6.189	125.651
% of Dzongkhag Revenue to							
Total National Revenue	1.36	0.33	0.08	0.12	0.06	0.10	2.05

IV. PHUENTSHOLING REGION

Nu. in million

Source of Revenue	Chukha	Total
(A) TAX REVENUE (I+II)	1,995.46	1,995.46
I Direct Tax	1,235.370	1,235.370
1 Corporate Income Tax	1,005.138	1,005.138
2 Business Income Tax	111.073	111.073
3 PIT	41.410	41.410
4 Other Tax Revenue	77.749	77.749
4.1 Motor Vehicle Tax	26.383	26.383
4.2 Business & Prof. Licences	6.397	6.397
4.3 Municipal Taxes	2.577	2.577
4.4 Health contribution	9.349	9.349
4.5 Royalties	33.043	33.043
II Indirect Tax	760.089	760.089
5 Sales Tax	563.048	563.048
6 Export Tax	0.284	0.284
7 Excise Duty	47.113	47.113
8 Import Duty	149.644	149.644
B NON-TAX REVENUE	1,625.659	1,625.659
9 Adm. Fees & charges	54.553	54.553
10 Capital Revenue	11.692	11.692
11 Revenue from Govt. Deptts	21.976	21.976
12 Dividends	1,393.774	1,393.774
13 Transfer of profit	143.453	143.453
14 Other Non-Tax Revenue	0.211	0.211
Total Tax & Non-Tax Revenue (A+B)	3,621.118	3,621.118
% of Dzongkhag Revenue to		
Total National Revenue	51.92	51.92

V. SAMTSE REGION

Nu. in million

Samtse	Total
207.293	207.293
138.633	138.633
106.997	106.997
18.931	18.931
7.154	7.154
5.551	5.551
1.215	1.215
2.205	2.205
2.131	2.131
68.66	68.660
42.414	42.414
0.030	0.030
26.216	26.216
62.066	62.066
9.956	9.956
0.172	0.172
3.489	3.489
48.371	48.371
0.078	0.078
269.359	269.359
3.86	3.86

ANNEXURE III DETAILS OF DZONGKHAG REVENUE BY REGION: FY 2005-2006

V PARO REGION:

				Nu. in million
Source of Revenue		Paro	Haa	Total
(A)	TAX REVENUE (I+II)	75.216	5.708	80.924
I	Direct Tax	43.800	5.708	49.508
1	Business Income Tax	10.283	0.616	10.899
2	PIT	10.270	0.428	10.698
3	Other Tax Revenue	23.247	4.664	27.911
3.1	Municipal Taxes	0.722		0.722
3.2	Foreign Travel Tax (Airport Tax)	15.854		15.854
3.3	Health contribution	2.720	0.339	3.059
3.4	Royalties	3.951	4.325	8.276
II	Indirect Tax	31.416	0.000	31.416
4	Sales Tax	21.157		21.157
5	Import Duty	10.259		10.259
6	Other Tax-Revenue	0.000	0.000	0.000
(B)	NON-TAX REVENUE	18.977	1.085	20.062
7	Adm. Fees & charges	4.879	0.568	5.447
8	Capital Revenue	0.984	0.103	1.087
9	Revenue from Govt. Deptts	13.108	0.414	13.522
10	Other Non-Tax Revenue	0.006	0.000	0.006
Total Tax & Non-Tax Revenue (A+B)		94.193	6.793	100.986
% of Dzongkhag Revenue to Total National Revenue		1.35	0.10	1.45

ANNEXURE IV SECTORAL REVENUE PERFORMANCE: FY 2005-2006

Nu. in million

Sector	% of Total		% of Total		Nu	
	FY 2004-2005	Revenue	FY 2005-2006	Revenue	(+) or (-)	(+) or (-)
1 Electricity	1952.564	31.90	2214.263	31.75	261.699	13.40
CHPCL	1924.287	31.44	2092.682	30.01	168.395	8.75
Basochu Power Corporation Corp. Ltd.	28.277	0.46	121.581	1.74	93.304	329.96
2 Trade	1899.145	31.03	2276.451	32.64	377.306	19.87
FCB	4.136	0.07	0.950	0.01	(3.186)	(77.03)
Sales Tax & Depot Surcharge	622.232	10.17	742.442	10.65	120.210	19.32
Excise Duty	565.623	9.24	879.543	12.61	313.920	55.50
STCBL	7.484	0.12	3.272	0.05	(4.212)	(56.28)
CIT & BIT (Trading)	444.249	7.26	463.593	6.65	19.344	4.35
Business Licences	24.195	0.40	25.630	0.37	1.435	5.93
Import Duty	231.226	3.78	161.021	2.31	(70.205)	(30.36)
3 Service (3.1 to 3.9)	1394.087	22.78	1431.393	20.52	37.306	2.68
3.1 Transportation	91.119	1.49	102.081	1.46	10.962	12.03
M.V. Tax & fees	91.119	1.49	102.081	1.46	10.962	12.03
3.2 Communications	104.601	1.71	136.295	1.95	31.694	30.30
P&T (Rev. stamps)	3.575	0.06	4.748	0.07	1.173	32.81
Radio Spectrum Mangt. Unit	2.451	0.04	2.069	0.03	(0.382)	(15.59)
Bhutan Telecom Corp. Ltd.	98.575	1.61	129.478	1.86	30.903	31.35
3.3 DOT (Royalties)	239.670	3.92	314.439	4.51	74.769	31.20
3.4 Municipals (City Corps)	9.200	0.15	8.709	0.12	(0.491)	(5.34)
3.5 Education	1.807	0.03	2.073	0.03	0.266	14.72
3.6 Health	4.259	0.07	5.757	0.08	1.498	35.17
3.7 Department of Lottery	110.672	1.81	143.453	2.06	32.781	29.62
3.8 BIT & CIT (service)	13.045	0.21	10.083	0.14	(2.962)	(22.71)
3.9 Others	819.714	13.39	708.503	10.16	(111.211)	(13.57)
4 Primary	132.218	2.16	136.615	1.96	4.397	3.33
Agriculture	6.836	0.11	9.015	0.24	2.179	31.88
(Agri & Animal						
Husbandary Div.)						
Mining (Royalties)	47.865	0.78	54.336	0.78	6.471	13.52
Forestry (Royalties, FDC & other Receipts)	77.517	1.27	73.264	1.05	(4.253)	(5.49)
5 Finance	361.444	5.91	509.449	7.30	148.005	40.95
RICBL	31.649	0.52	39.667	0.57	8.018	25.33
BOBL	110.023	1.80	76.909	1.10	(33.114)	(30.01)
RMA	181.803	2.97	315.114	4.52	133.311	73.33
BNBL	36.224	0.59	76.515	1.01	40.291	111.23
Others	1.745	0.03	1.244	0.02	(0.501)	(28.71)
6 Manufacturing	264.380	4.32	267.856	3.84	3.476	1.31
AWPL	14.108	0.23	13.437	0.19	(0.671)	(4.76)
BBPL	11.907	0.19	30.905	0.44	18.998	159.55
PCAL	131.074	2.14	131.701	1.89	0.627	0.48
BCCL	28.725	0.47	24.383	0.35	(4.342)	(15.12)
Lhaki Cement	7.087	0.12	4.233	0.06	(2.854)	(40.27)
BFPL	3.093	0.05	2.948	0.04	(0.145)	(4.69)
Yangzom Cement	0.289	0.01	0.032	0.00	(0.257)	(88.93)
BFAL	43.985	0.72	18.323	0.26	(25.662)	(58.34)
Bhutan Polymer Co. Ltd	2.569	0.04	2.927	0.04	0.358	13.94
Others	21.543	0.35	38.967	0.56	17.424	80.88
Total Revenue *	6003.838	98.09	6836.027	98.02	832.189	13.86

* Figures are based on Gross Collections

ANNEXURE V STATEMENT OF ACTUAL COLLECTION AND REVENUE TARGET : FY 2005-2006

	Source of Revenue	Target	Actual	(+ or -)Nu.	(+ or -) %
(A)	TAX REVENUE (I+II)	3766.199	4124.680	358.481	9.52
I	Direct Tax	2290.587	2420.087	129.500	5.65
1	Corporate Income Tax	1296.804	1363.298	66.494	5.13
2	Business Income Tax	325.125	356.538	31.413	9.66
3	Personal Income Tax	131.709	113.354	(18.355)	(13.94)
4	Other Tax Revenue	536.949	586.897	49.948	9.30
4.1	Motor Vehicle Tax	94.308	85.246	(9.062)	(9.61)
4.2	Business & Prof. Licences	26.276	25.630	(0.646)	(2.46)
4.3	Foreign Travel Tax (Airport)	13.439	15.854	2.415	17.97
4.4	Municipal Tax	8.252	8.709	0.457	5.54
4.5	Health contribution	43.165	44.060	0.895	2.07
4.6	Royalties	351.509	407.398	55.889	15.90
II	Indirect Tax	1475.612	1704.593	228.981	15.52
5	Sales Tax	673.355	662.785	(10.570)	(1.57)
6	Export Tax	0.728	0.339	(0.389)	(53.43)
7	Excise Duty	631.000	879.543	248.543	39.39
7.1	Excise Duty collection	124.742	123.285	(1.457)	(1.17)
7.2	Excise Duty Refund from GOI	506.258	756.258	250.000	49.38
8	Import Duty	166.596	157.178	(9.418)	(5.65)
9	Other Tax-Revenue	3.933	4.748	0.815	20.72
(B)	NON-TAX REVENUE	3039.721	2778.227	(261.494)	(8.60)
10	Adm. Fees & charges	204.131	197.131	(7.000)	(3.43)
11	Capital Revenue	174.783	167.826	(6.957)	(3.98)
12	Revenue from Govt. Department	79.346	102.062	22.716	28.63
13	Dividends	2010.190	1542.429	(467.761)	(23.27)
14	Transfer of profit	279.701	503.268	223.567	79.93
15	Other non tax revenue	7.628	18.312	10.684	140.06
16	Interest on loan from corp.	283.942	247.199	(36.743)	(12.94)
	Total (A+B)	6805.920	6902.907	96.987	1.43





Director with division heads

Phuntsho Tobgay: commissioner, sales tax division

Kinzang: commissioner, tax administration division

T. B. Chhetri: commissioner, revenue audit and accounts division

Sangay Zam: director, department of revenue and customs

H. B. Gurung: commissioner, customs and excise division

Kaysang W. Samdup: chief information and media officer, information division

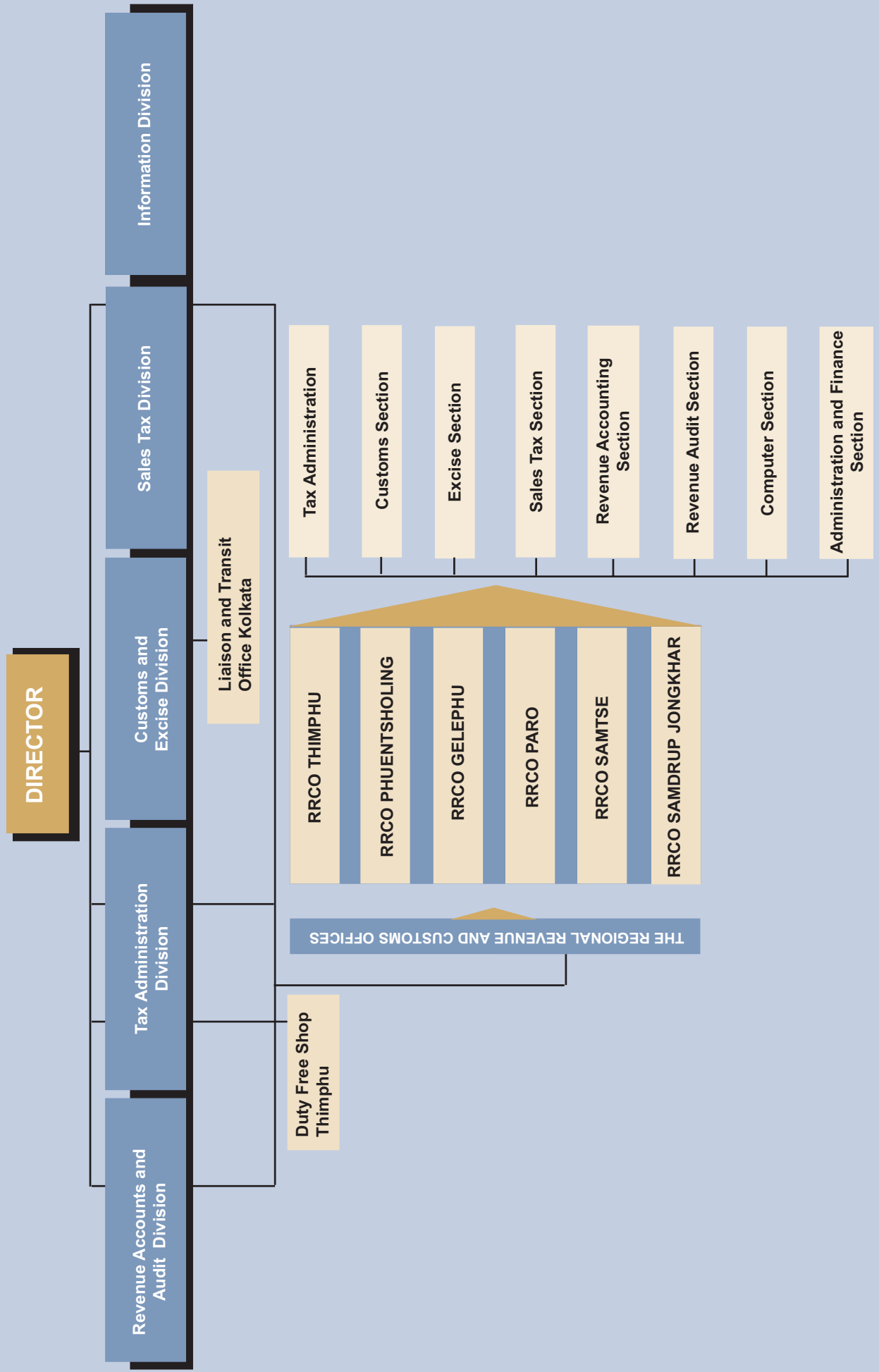


PART C

The performance indicators have been developed to measure the performance of various divisions in the department with the objectives of improving delivery of services, and promoting efficiency and professionalism.

It covers information on the objectives of the divisions, their performance and achievement of the set objectives for the year. (general trend of revenue cost of collection, revenue's contribution to growth, and performance efficiency).

ORGANISATION CHART OF THE DEPARTMENT OF REVENUE AND CUSTOMS



1. STAFF STRENGTH

The staff strength of the department as of 1st July 2006 stands at 474 comprising of 122 officers, 339 inspectors and 13 computer associates. Staffing pattern of the department is given below.

Table 1: Staffing pattern of DRC

	Tax Administration		Customs & Excise		Revenue Accounts & Audit		Sales Tax		Information Division			Adm & accounts		Total
	Officers	Inspectors	Officers	Inspectors	Officers	Inspectors	Officers	Inspectors	Officers	C. Associates	Officers	Ac's		
DRC, HQ	6	-	9	2	5	4	2	2	4	5	2	7	48	
RRCO Thimphu	10	17	1	4	1	7	1	1	0	1	3	13	59	
RRCO Phuentsholing	11	13	16	56	2	13	1	1	0	1	1	15	130	
RRCO Paro	4	4	5	16	1	2	0	1	0	1	2	7	43	
RRCO Samtse	4	3	3	28	2	4	1	0	0	2	1	10	58	
RRCO Gelephu	4	8	2	27	1	5	0	1	0	2	1	9	60	
RRCO Samdrup Jongkhar	5	7	3	21	1	3	1	0	0	1	1	12	55	
Liaison and Transit Office, Kolkota	0	0	1	8	0	0	0	0	0	0	3	1	13	
Duty Free Shop	0	0	0	0	0	0	0	0	0	0	1	7	8	
Total	44	52	40	162	13	38	6	6	4	13	15	81	474	
As % to Total Staff Strength	9.28	10.97	8.44	34.18	2.74	8.02	1.26	1.26	0.84	2.74	3.16	17.09	100.00	

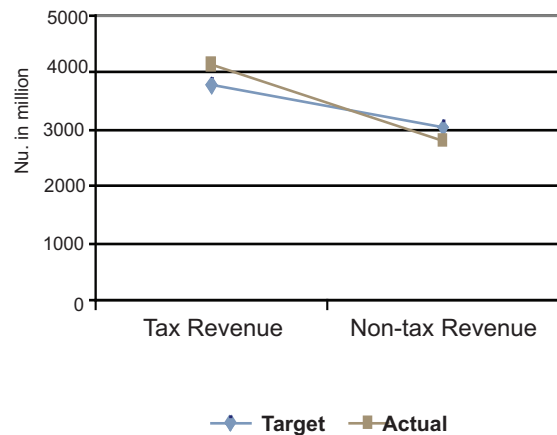
2. PERFORMANCE INDICATORS FOR REVENUE ACCOUNTS & AUDIT DIVISION

2.1 Objectives

The main objectives of the division are to:

- provide quality information on national revenue performance for policy and planning purposes;
- monitor collection and conduct audits of revenue agencies;
- forecast and set revenue targets.

Figure 1: Target vis-à-vis Actual



2.2 Achievements

2.2.1 Revenue Collection

The actual collection for the year amounting to Nu. 6902.907 million has exceeded the set target of Nu. 6805.920 million by 1.43%. The increase in collections has mainly come from tax revenue, which exceeded the target by 9.52%. The increase is largely on account of excise duty refund received in arrears and corporate income tax. Better compliance from taxpayers, timely deposits by revenue agencies and effective monitoring by regional offices have contributed towards this achievement.

2.2.2 Revenue vis-à-vis Recurrent Expenditure

The fiscal policy of RGoB requires that domestic revenue should cover the recurrent expenditure of the royal government. On this front, due to the increasing development activities and policy reforms, the growth in recurrent expenditure is higher than the growth in revenue. In the year 2005-06 estimated recurrent expenditure grew by 19% as against revenue growth of 13.79%. The domestic revenue has met 94% of the estimated recurrent expenditure in the year 2005-06.

2.2.3 Revenue to GDP

Tax revenue share to GDP has increased from 9.56% to 10.06% where as the share of non-tax to GDP has declined from 7.59% to 6.78%.

Revenue to GDP trend over the years as depicted in table 2 shows variations which is mainly due to the nature of some revenue sources which are unpredictable such as excise duty refund from Gol.

Table 2: Revenue, current expenditure and ratio of tax and non-tax to GDP (in Million Ngultrum (Nu))

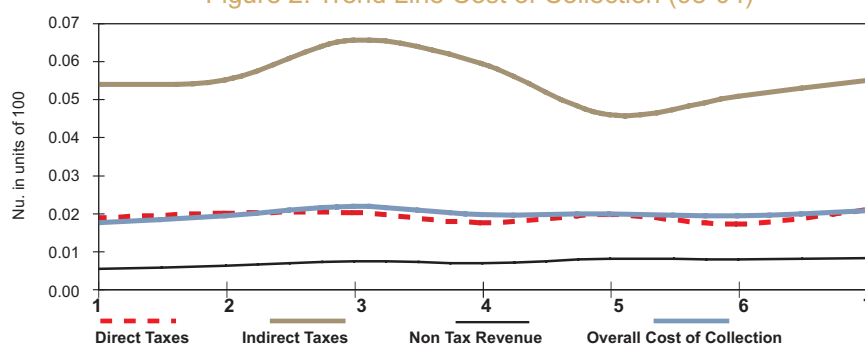
Source of Revenue	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
Direct tax	913.92	1,273.19	1,524.65	1,626.11	1,716.05	1,908.02	2,013.63	2,420.09
Indirect tax (with excise duty refund)	545.65	925.68	667.52	1,049.45	1,212.25	781.88	1,368.74	1,704.59
Indirect tax (without excise duty refund)	463.15	567.05	667.52	722.85	656.55	760.07	927.56	948.34
Total Tax (with excise duty refund)	1,459.57	2,198.87	2,192.17	2,675.56	2,928.30	2,689.90	3,382.37	4,124.68
Total Tax (without excise duty refund)	1377.07	1840.24	2192.17	2348.96	2372.60	2668.09	2941.19	3368.42
Non tax Revenue	2,087.93	2,182.27	2,479.35	2,424.47	1,776.06	2,365.30	2,683.73	2,778.23
Total Revenue	3,547.49	4,381.14	4,671.52	5,100.03	4,785.26	5,055.20	6,066.10	6,902.91
Current Expenditure	3,178.30	3,702.15	4,435.62	4,467.89	4,580.91	5,149.23	6,170.61	7,343.07
GDP ³	16,701.55	19,004.85	21,520.70	24,635.60	27,747.70	31,142.55	35,371.55	41,002.80
Revenue as % of current expenditure	111.62	118.34	105.32	114.15	104.46	98.17	98.31	94.01
Tax as % of GDP (with excise duty refund)	8.74	11.57	10.19	10.86	10.55	8.64	9.56	10.06
Tax as % of GDP (without excise duty refund)	8.25	9.68	10.19	9.53	8.55	8.57	8.32	8.22
Non-tax as % of GDP	12.50	11.48	11.52	9.84	6.40	7.60	7.59	6.78
Total Revenue as % GDP	21.24	23.05	21.71	20.70	17.25	16.23	17.15	16.84

2.2.4 Cost of Collection

Cost of collection, as in any tax system, is a measure for efficiency and effectiveness of the tax administration efforts. Taking into account of all resources⁴ spent in operating or collecting revenue, the costs incurred by the government for collecting every one Ngultrum revenue was recorded at Chetrum 2 for direct tax revenue, Chetrum 5.4 for indirect tax revenue, and Chetrum 0.80 for non-tax revenue.

The collection cost of indirect tax is higher than collection cost of other forms of revenue as benefits of services provided such as; prevention of smuggling, facilitation of trade, and vigilance cannot be measured in monetary terms.

Figure 2: Trend Line Cost of Collection (98-04)



³ Updated GDP figure based on the current market price. Source NSB.

⁴ Includes recurrent costs, capital costs and Danida project contribution, and the ratio is calculated dividing the total administrative costs incurred by the total revenue collections during the period

2.2.5 Revenue Forecasting

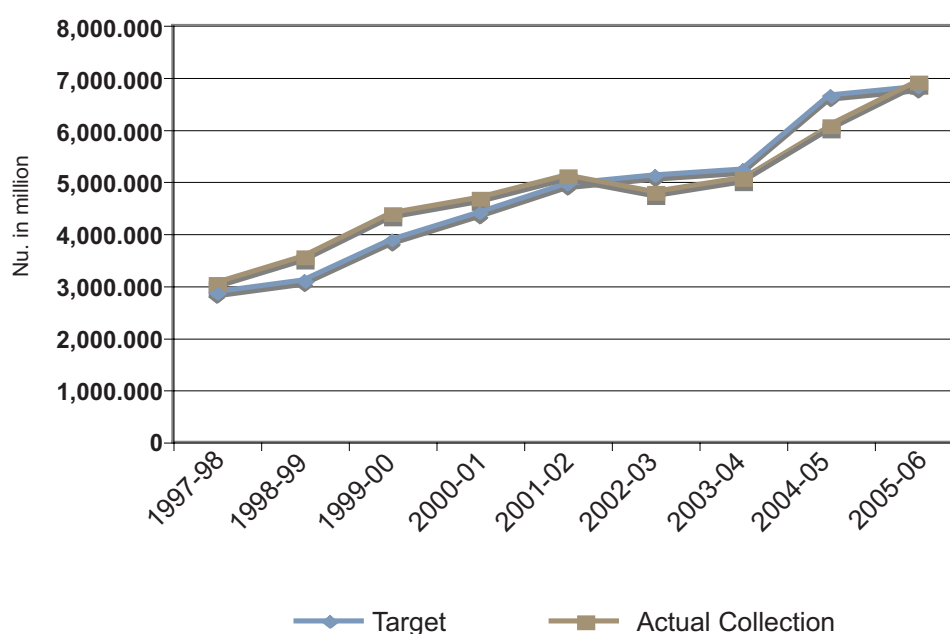
Revenue forecasting is carried out for the whole five year plan period before the launching of the plan and the annual revenue target is revised based on the actual collections made in the preceding years. Starting from the year 2005-06, the division has also followed the Medium Term Fiscal Framework in revising the annual target.

The accuracy of the forecasting is largely dependent on the information provided by the revenue agencies. The department's ability to forecast has improved over the years as can be observed in table 3. However, the accuracy of forecasting is affected by the unpredictable nature of certain sources of revenue, unforeseen policy reforms, inadequate information and other external factors such as avian flu, and SARS.

Table 3: Variation in Estimates (Actual & Forecast)

Years	Target	Collection	Difference in Nu.	% Difference
1997-98	2,860.286	3,035.954	175.668	6.14%
1998-99	3,094.081	3,547.493	453.412	14.65%
1999-00	3,869.791	4,381.137	511.346	13.21%
2000-01	4,389.237	4,671.518	282.281	6.43%
2001-02	4,943.824	5,100.026	156.202	3.16%
2002-03	5,100.215	4,785.260	(314.955)	(6.18%)
2003-04	5,214.757	5,055.195	(159.562)	(3.06%)
2004-05	6,640.903	6,066.101	(574.802)	(8.66%)
2005-06	6,805.920	6,902.907	96.987	1.43%

Fig.3: Target versus Actual Collection - Trends



3. PERFORMANCE INDICATORS FOR TAX ADMINISTRATION DIVISION

3.1 Overview

Tax Administration Division is primarily responsible for:

- Implementation and enforcement of the Income Tax Act of the Kingdom of Bhutan, 2001, and the Rules thereto.
- Overall administration, assessment and collection of direct taxes viz. PIT, BIT, CIT.
- Reviewing and advising Ministry of Finance on all revenue related matters, including tax policy and planning, revision of the Act and Rules from time to time.

3.2 Taxpayer Highlights

The number of registered taxpayers (BIT, PIT, and CIT) during the assessment year ending 31st of December 2005 has recorded a total of 23,844 taxpayers, noting an increase of 8% from the previous income year. The increase under PIT notched the highest at 12% followed by CIT at 9% and BIT at 5%.

In terms of composition, CIT payers constituted only 0.3% of the total taxpayers while BIT and PIT payers constituted 50% and 49% respectively. See details of taxpayer composition in each RRCO in Table4:

Figure 4: Taxpayer Composition

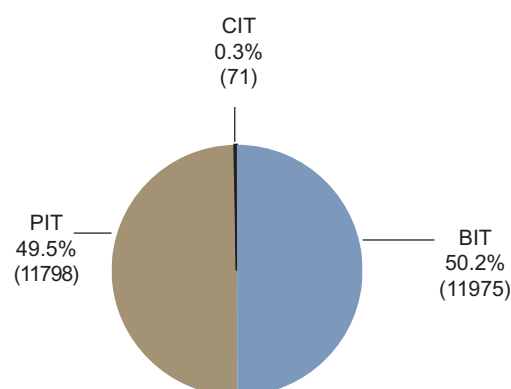


Table 4: Overall Taxpayer Profile

RRCOs	PIT		CIT		Accounts Filers		Non Accounts Filers		Non op	Total		% Distribution
	2003	2004	2003	2004	2003	2004	2003	2004		2003	2004	
Thimphu	5098	5003	27	25	571	620	3922	2273	734	10045	8655	36%
Phuentsholing	2497	2775	20	31	268	278	1013	1200	111	3981	4395	18%
Samtse	574	663	6	6	141	155	858	560	166	1608	1550	7%
Gelephu	922	1027	4	3	59	63	1744	2534	4	3052	3631	15%
Samdrup Jonkhar	1409	1699	8	6	97	117	1415	2222	161	3292	4205	18%
Paro		631		0		48		655	74		1408	6%
Total	10500	11798	65	71	1136	1281	8952	9444	1250	21978	23844	100%
% for 2003	48%	49.5%	0.3%	0.3%			50.2%				100%	

3.3 Estimated Collection

Estimated assessment pertains to those collections made from small businesses where there are no books of accounts maintained and whose annual taxes are assessed on an estimated basis. Taxes are estimated by using one or combination of the following information:

- | | |
|-------------------------------|--------------------------------|
| a) Import information | b) TDS records |
| c) Previous years tax payment | d) Taxes paid by similar units |
| e) Third party information. | |

Total estimated collection for income year 2004 amounted to Nu.32.15 million, posting an increase of 10% over the previous income year. Its contribution to the total direct tax revenue recorded just 2.58% only.

Table 5 presents average estimated collection in 20 Dzongkhags along with the highest and the lowest collection per taxpayer in each Dzongkhag.

The average national collection per estimated unit stood at Nu.4184, while the highest and the lowest collection were Nu.1275 and Nu. 99757 per taxpayer respectively.

Table 5 : Average Estimated Collection

RRCO	Dzongkhags	Number of units from whom tax was collected	Actual estimated collection for 2004	% of Total Tax Rev (Nu.1233.37)	Average Tax Collected in 2004	Min. Tax Collected per TP	Max. Tax Collected per TP
Thimphu	Thimphu	1746	10,809,040	0.88%	6,191	750	100,846
	Wangdue Phodrang	360	1,268,093	0.10%	3,522	500	2,800
	Punakha	137	637,200	0.05%	4,651	500	46,000
	Gasa	30	54,000	0.004%	1,800	600	4,200
	Subtotal	2273	12,768,333	1.04%	5,617	2,350	153,846
Paro	Haa	112	425,463	0.03%	3,799	500	21,000
	Paro	543	2,780,615	0.23%	5,121	500	49,000
	Subtotal	655	3,206,078	0.26%	4,895	1,000	70,000
Phuentsholing	Chhukha	1200	5,124,498	0.42%	4,270	500	100,000
	Subtotal	1200	5,124,498	0.42%	4,270	500	100,000
Gelephu	Bumthang	427	1,186,963	0.10%	2,780	500	22,500
	Dagana	360	704,823	0.06%	1,958	600	10,800
	Sarpang	912	1,599,798	0.13%	1,754	500	26,000
	Trongsa	215	526,522	0.04%	2,449	500	33,000
	Tsirang	304	588,899	0.05%	1,937	600	21,000
	Zhemgang	316	657,406	0.05%	2,080	500	20,000
	Subtotal	2534	5,264,411	0.43%	2,078	500	51,098
Samtse	Samtse	560	1,265,019	0.10%	2,259	500	51,098
	Subtotal	560	1,265,019	0.10%	2,259	500	51,098
Samdrup Jonkhar	Lhuentse	167	289,800	0.02%	1,735	500	9,000
	Mongar	676	854,650	0.07%	1,264	500	35,500
	Tashi Yangtshi	182	388,089	0.03%	2,132	500	20,000
	Tashigang	574	1,159,986	0.09%	2,021	300	70,000
	Pemagtshel	170	458,488	0.04%	2,697	500	10,000
	Samdrup Jongkhar	453	1,371,610	0.11%	3,028	500	28,000
	Subtotal	2222	4,522,623	0.37%	2,035	2,800	172,500
OVERALL		9444	32,150,962	2.61%	4,184	1,275	99,757

3.4 PIT Income slab wise analysis

This part gives an overview of PIT paid based on income levels. The middle-income group, constituting about 93% of the total PIT payers contributed - 30% of the total PIT revenue (Nu. 16.92 million) while the contribution from 7% of the total PIT payers, - constituting the high-income group - contributed 70% of the total PIT revenue (Nu. 30.12 million) for the year.

Table 6 : PIT Analysis

Amount in Nu. millions

PIT Collection by Income Slab wise				
Income Slab	Tax Rates	No of Taxpayers	Tax Amount (a)	% of Tax Paid (a/total tax amount)
0 - 100000	0%	3453	-	0%
100001 - 250000	6%	7506	16.92	30%
250001 - 500000	9%	621	12.13	21%
500001 - 1000000	12%	151	7.71	14%
1000001 - Over	15%	67	19.99	35%
Total		11798	56.65	100%

3.5 Tax Outstanding

Tax outstanding ratio, as a percentage of total collection recorded 2.4% for the income year 2004 compared to 4.1% and 5% in the previous income years (2003 & 2002) indicating improved collection and administration efforts of the division over the years.

Table 7: Tax Outstanding Profile

Amount in Nu. millions

RRCOs	TAX AMOUNT OUTSTANDING			Total Tax Amount	% Arrears
	PIT	CIT	BIT		
Thimphu	0.257	-	0.64	234.55	0.4%
Phuentsholing	0.074	24.20	12.51	886.71	4.1%
Samtse	0.001	2.31	0.99	116.60	2.8%
Gelephu	0.154	-	0.02	12.81	1.3%
Samdrup Jonkhar	0.586	-	0.11	31.44	2.2%
Paro	-	-	0.28	7.82	3.6%
Total	1.073	26.50	14.55	1,289.94	2.4%
Total Tax Amount	57.79	1066.18	165.97	1289.94	
% Arrears	1.86%	2.49%	8.77%	100.00%	

BIT recorded a high outstanding ratio of 8.7% comparing to CIT and PIT, despite 5% reduction in the ratio from 12% in the previous year. CIT outstanding ratio had decreased by 1.94% from 4.4% in the previous year while PIT outstanding ratio had increased to 1.86% in 2004. Our tax outstanding ratio compares favourably by international standards and can be attributed to mandatory desk assessment introduced in 2003, improved tax compliance, and rigorous tax education programs conducted by the division.

3.6 Assessment Highlights

The Income Tax Act requires every return to go through desk assessment (DA) within 90 days of the filing of return and field assessment (FA) process compulsorily within a cycle of every two-income year. In compliance with it, RRCOs conducts DA from the 1st of April for three months till 30th June for BIT & CIT and from the 2nd of March till end of May for PIT, while field assessment is conducted from July through December end. At the DA stage, every return is verified whether FA will be required or not otherwise no further investigation is taken up. The performance of RRCOs vis-à-vis targets and achievement in DA and FA for the assessment year ending 31st December 2005 is given in table 8:

Table 8 : Assessment Status

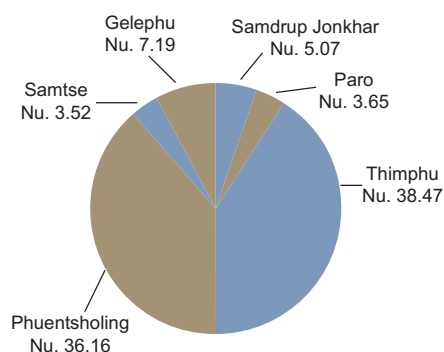
	THIMPHU	PHUENTSHOLING	SAMTSE	GELEPHU	S/JONKHAR	PARO	OVERALL
Overall Coverage							
DA Finalised	85%	99%	100%	100%	98%	100%	93%
DA Pending	845	45	3	2	36	0	931
FA Finalised	99%	99%	91%	88%	73%	98%	93%
FA Pending	1	1	4	7	21	1	35
Tax Officer to Taxpayer ratio	320	152	119	303	350	156	235

The overall coverage under DA and FA for all three types of taxes (BIT, PIT, and CIT) at the national level recorded 93%. This was a commendable achievement considering the ambitious performance target that had been set for the division, and resources constraints faced by the RRCOs. In terms of manpower availability, the ratio of assessing officer to taxpayer in 2004 recorded 1:235, that is, one assessing officer for every 235 taxpayers.

3.7 Assessment Efforts

Additional revenue raised or collected through assessments efforts is taken as a yardstick to measure the effectiveness and efficiency of the division as well as the assessment efforts of individual RRCO. RRCO, Thimphu continued to outperform other regions with an additional collection of Nu. 38.47 million for the year. RRCO, Phuentsholing took the second place with an additional collection of Nu. 36.16 million, recording 208% increase from Nu. 11.75 in the previous income year. The increase under RRCO Samtse and Gelephu were 77% and 40% respectively while RRCO Samdrup Jongkha noted 31% decrease in additional collection.

Figure 5



The overall assessment effort was 7% for the period, which is one of the highest in the region. It increased by 1% from 6% in the previous income year pointing to the fact that 7% of the total revenue is actually collected through administrative and assessment efforts while the other 93% is through voluntary declaration by taxpayers and TDS collections by withholding agencies.

Additional tax collected from BIT through assessment effort noted significantly high compared to additional collection under PIT and CIT, owing to poor compliance with the rules and also non maintenance of the books of accounts in the BIT sector.

Figure 6

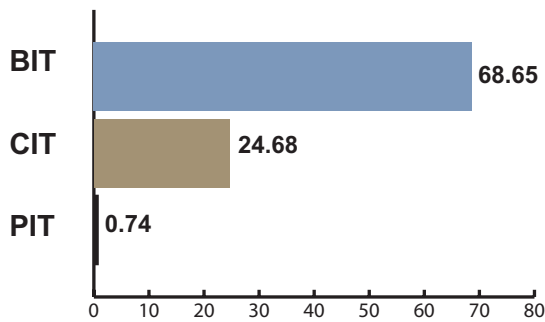
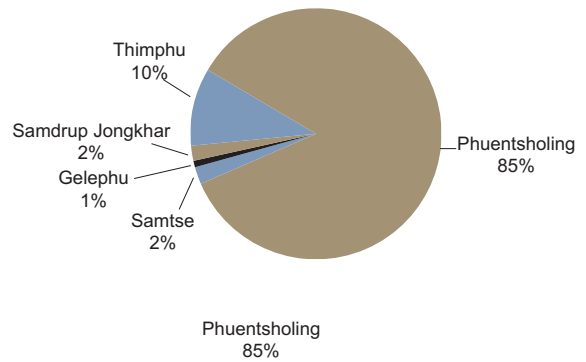


Figure 7



3.8 SALES TAX COLLECTION AT POINT OF SALE

Sales tax collection at the point of sale from beer alone contributed more than 80% of the total collection followed by hotels/ restaurants, cable TV and Cinema. Although the overall collection had increased by 55% over the previous year, sales tax from cinema dropped by 33% due to exemption of local cinemas which were given for promotion of national language and culture. See Figure 7 for details.

Table 9 : ST Collection Source wise

Source	ST Collection	% Distribution
Hotels/ Restaurants	32,752,550	14.6%
Cable TV	9,263,675	4.1%
Cinema	815,427	0.4%
Beer	180,846,356	80.9%
Total	223,678,008	100%

3.9 APPEALS

Tax appeals are heard and examined at three stages; RRCO level, HQ level, Ministry level each of which is constituted by a committee. Tax appeals arise when a taxpayer's rights are infringed by the actions of the tax authorities or when taxpayers disagree with the assessment report issued by the RRCOs. Most appeals were for the waiver of fines and penalties.

From a total of 135 appeals received during the period, RRCO appeal level resolved 96 cases and the remaining 34 cases were resolved at the HQ level. Maximum appeals came for BIT (69 cases) followed by PIT and CIT at 59 and 7 cases respectively. The total fines imposed during the period amounted to Nu. 9 million mostly for non-compliance with the Tax Rules and Act. Fines and penalties condoned amounted to Nu. 2.06 million as compared to Nu. 2.35 million in the previous year.

Table 10 : Appeals and Filing Details

	Amount in Nu. million			
	TAX TYPE			TOTAL
	PIT	CIT	BIT	
Filers	10,456	64	10,088	20,608
Filers	11,606	67	10,725	22,398
Filing Time Extension cases	124	6	59	189
Non Filers	192	-	638	830
Non Operational Taxpayers	-	4	1,250	1,254
Tax Holiday Units	-	9	21	30
Penalty Cases	647	7	653	1,307
Penalty Imposed	0.88	0.14	7.81	9
Penalty Collected	0.41	0.08	1.18	2
Number of Evasion Cases	9	0	5	14
Number of Tax Delinquent Cases	3	0	2	5
TAX APPEALS				-
Number of Appeals Received	59	7	69	135
Appeal Resolved at RRCO Level	39	2	55	96
Amount Waived in appeal at RRCO level	0.19	0.20	1.67	2.06
Appeals Resolved at HQ Level	20	5	9	34
Ongoing Appeals	1	1	3	4

4. PERFORMANCE INDICATORS OF CUSTOMS AND EXCISE DIVISION

4.1 Major Responsibilities of Customs and Excise Division are to:

- Implement Customs and Excise law, rules and regulations in a uniform manner.
- Facilitate smooth trade through simplified procedures and speedy clearance of goods.
- Prevent import and export of restricted and prohibited goods.
- Provide reliable, timely and comprehensive import/export statistics and other information related to trade and travel.
- Co-ordinate and liaise with counterparts.

4.2 Overview

The analysis of the performance indicator of the division is carried out based on the above responsibilities. It covers the following areas:

- Total value of import and export
- Top ten export and import
- Exemptions issued on imports of raw materials and plant and machinery
- Trends in customs seizures, and
- Excise duty collected

4.3 Total Value of Import and Export

The balance of trade is in deficit indicating that Bhutan is basically an import-based economy. Table 11 and 12 depicts the balance of trade with and without the trade in electricity. The import figure⁵ for third country saw major increase due to import of two airbuses.

Trade with India

Bhutan's largest trading partner is India and in the year 2005 Bhutan has imported Nu. 12 billion worth of goods and exported Nu.9 billion, thereby recording a trade deficit of 3 billion. Bhutan's trade deficit with India has more or less remained constant over the years except for the year 2003 where the trade deficit registered abnormal increase of Nu. 4 billion. The increase in the import was due to substantial import of cereals, mineral products, ceramic products, aluminium products, plant & machinery, electrical equipment and scientific instruments.

Main imports are petroleum products, rice and beer. Similarly exports are dominated by electrical energy, calcium carbide, cement and ferro-silicon. New products such as standard copper wire, ingots, textured yarn are also some of the goods being exported.

Trade with Third Countries

Bhutan's trade with countries other than India for the year 2005 recorded an import of Nu.4 billion and export of Nu.1 billion showing a trade deficit of Nu. 2.8 billion. On import front, source of supplies are confined to South East Asia due to proximity of markets. Some of the regular sources of supplies are made from Japan, Singapore, Thailand and South Korea. During the year 2005 export to Hong Kong recorded highest followed by Bangladesh, Japan, Nepal and Thailand. Main export consisted of computer software, jewellery, fresh fruits, processed fruits and mineral products.

⁵ Figures pertain to the year 2005.

Table 11: Balance of trade for last four years (With electrical energy)

(Value Nu. in million)

Country	2002			2003			2004			2005		
	Import	Export	Balance	Import	Export	Balance	Import	Export	Balance	Import	Export	Balance
India	7,607	5,134	(2,473)	10,260	5,926	(4,334)	10,194	7,762	(2,432)	12,795	9,970	(2,825)
Third country	1,973	342	(1,631)	1,338	264	(1,074)	8,446	510	(7,936)	4,240	1,416	(2,824)
Total	9,580	5,476	(4,104)	11,598	6,190	(5,408)	18,640	8,272	(10,368)	17,035	11,386	(5,649)

Source: Bhutan Automated Customs System, DRC

Table 12: Balance of trade for last four years (Without electrical energy)

(Value Nu. in million)

Country	2002			2003			2004			2005		
	Import	Export	Balance	Import	Export	Balance	Import	Export	Balance	Import	Export	Balance
India	7,574	2,790	(4,784)	10,229	3,322	(6,907)	10,191	5,050	(5,141)	12,757	6,530	(6,227)
Third country	1,973	342	(1,631)	1,338	264	(1,074)	8,446	510	(7,936)	4,240	1,416	(2,824)
Total	9,547	3,132	(6,415)	11,567	3,586	(7,981)	18,637	5,560	(13,077)	16,997	7,676	(9,051)

Source: Bhutan Automated Customs System, DRC

4.4 Top Ten Exports and Imports for the Year 2005

4.4.1 Top Ten Exports for the Year 2005

Rank	Commodity Description	Value in Nu: million
1	Electrical energy	3,440
2	Standard wire	769
3	Of calcium	711
4	Ferro-silicon	642
5	Portland cement	611
6	Ingots	593
7	Textured yarn	478
8	Magnetic discs	359
9	Other	310
10	Block board	268
	Others	3,206
	Total	11,387

4.4.2 Top Ten Imports for the Year 2005

BTC Code	Commodity Description	Value in Nu: million
1	HSD	1,276
2	Of polyesters, partially oriented	468
3	Motor spirit	456
4	Rice	420
5	Other	339
6	Beer made from malt	303
7	Other	290
8	Telephonic or telegraphic apparatus	261
9	Motors of output not exceeding 37.5 W	257
10	Hydraulic or pneumatic	253
	Others	12,713
	Total	17,036

4.5 Exemptions of Customs Duty on Raw Materials, Plants and Machineries and Hotels

Total exemptions on customs duty on raw materials, plant and machineries and hotels are given in table 13.

Table 13: Import value and customs duty exempted through issuance of IDEC

(Value Nu. In million)

Year	Raw Materials		Plant & Machinery		Hotels	
	Import value	CD exempted	Import value	CD exempted	Import value	CD exempted
2004	180	34	1,850	552	61	11
2005	960	258	4,668	1,613	26	6
Total	1,140	292	6,518	2,165	87	17

Source: Bhutan Automated Customs System, DRC

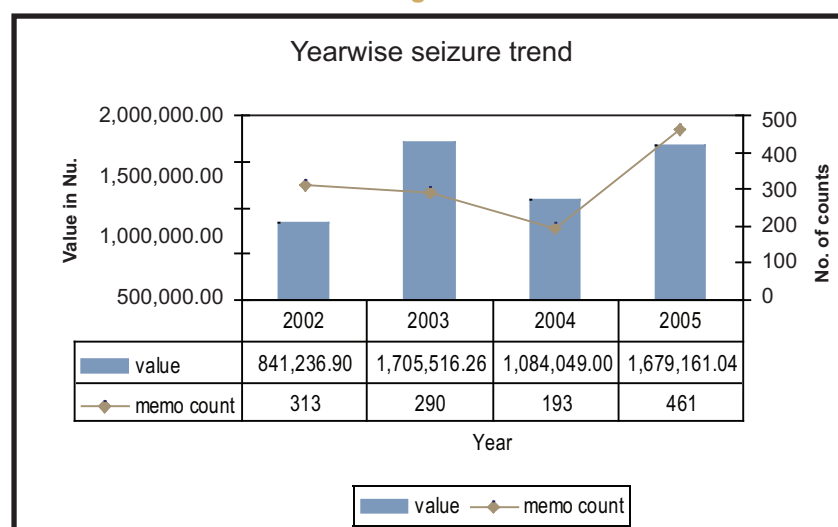
4.6 Trend in Customs Seizures

While analyzing the data received from the various check posts, it is observed that the quality of information received for the year 2005 has improved, thereby enabling better analysis.

Figure 8 shows customs seizures both in terms of value and number of cases reported by the six regional offices for the period 2002 to 2005. In the year 2002 the total number of cases recorded were 313 amounting value of Nu. 0.841million; however in the year 2005 the total numbers of cases recorded were 461 amounting to Nu. 1.67 million. The number of cases has increased by almost 32% from year 2002 to 2005 and in terms of value it has increased by almost 50%.

This was due to lack of complete information on seizures made in the year 2002 as most of the seizures were adhoc and not recorded properly. However, in recent years the seizures have increased after the application of risk management and information sharing amongst the customs offices.

Figure 8



4.6.1 Seizure Cases Reported by Regions for Year 2005

In year 2005 out of 461 cases reported by the six regional offices, Phuentsholing accounted for 66% followed by Paro 17% and Samtse 9%. Phuentsholing has recorded the highest number of cases as it is the major entry point which handles major portion of the imports to Bhutan.

All seizures cases recorded by Paro were that of tobacco products. This was due to increase in the illegal import of tobacco products as a result of the ban on the import of tobacco and tobacco related products for commercial purpose starting 17th December 2004.

Figure 9: Region wise value of seizure 2002

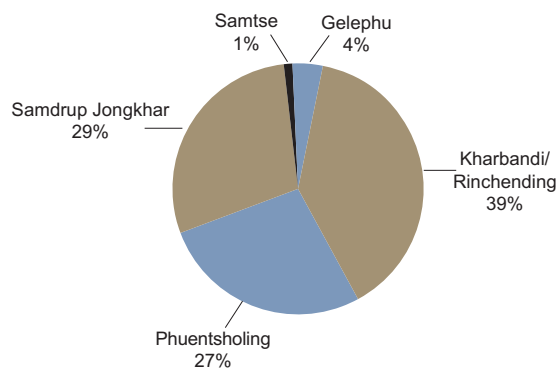
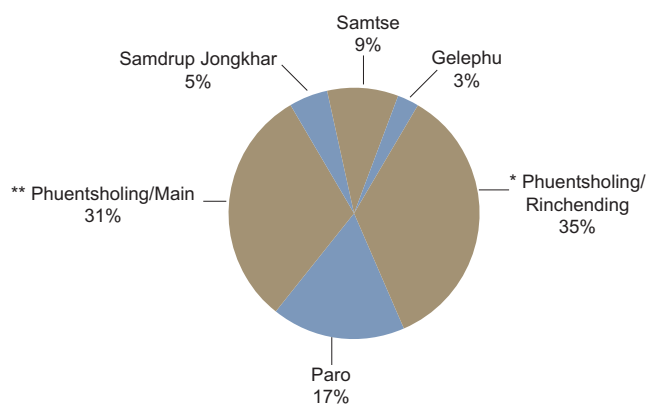


Figure 10: Region wise seizure cases reported for year 2005

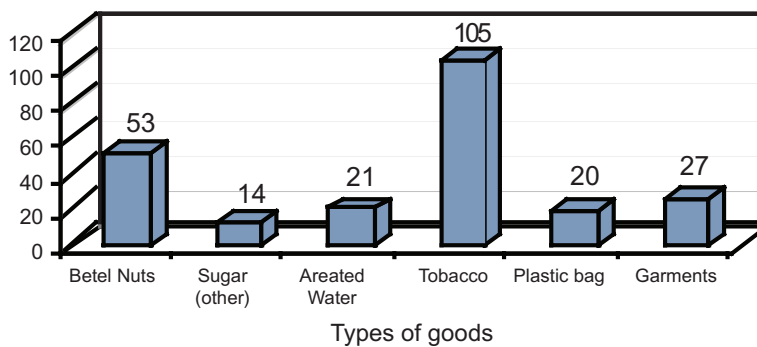


4.6.2 Types of Goods Seized in Year 2005

Figure 11 shows top seven items seized during year 2005. Out of 461 cases recorded for the period, 53.54% or 240 cases were related to top seven items as shown in the chart.

In year 2005, betel nuts and tobacco products were the most common goods seized by the regions and most of the tobacco products were seized by Paro and Phuentsholing regions. Ban of tobacco and tobacco related products for commercial purpose by the Government; increase in tariff from 100% to 200% by DRC has resulted in black marketing of these products. Thus this product remains as high risk goods for the customs.

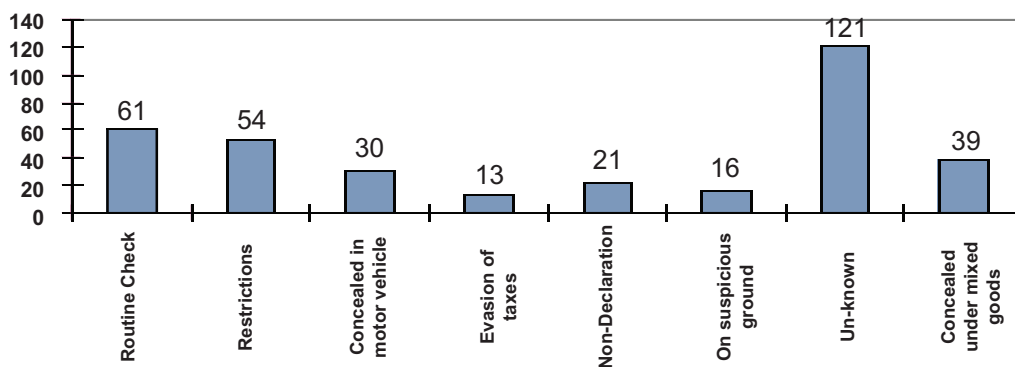
Figure 11: Top seven items seized in year 2005



4.6.3 Method of Concealment

Out of 461 cases reported for year 2005, 355 cases were found using the following method of concealment. Out of 355 cases taken for the study 121 cases recorded were unknown for the analysis. Rest of the concealment methods were concealment inside vehicles, in mixed goods, non-declarations or based on risk assessment/profiling through routine checks.

Figure 12: Concealment methods/modus operandi for 2005



4.7 EXCISE SECTION

Table 14 shows an increase in the excise revenue collection on distillery products by 2.33 % during 2005 despite the fact that sales to liquor vendor dropped by almost 69,000 cases. The increase in the revenue collection was due to revision of the excise duty rate of AWP products on 10th January 2005. The sales of liquor in Samtse and Phuntsholing regions decreased in the year 2005 compared to the sales in the year 2004.

Table 14: Comparative statement of excise duty collection for 2004 and 2005

RRCOs	2004		2005		Difference	
	No. of cases sold	Excise Duty collected (million Nu.)	No. of cases sold	Excise Duty collected (million Nu.)	No. of cases	Excise Duty (million Nu.)
Thimphu	66,095	15.93	66,862	18.24	767	(2.31)
Phuntsholing	185,601	40.14	155,482	42.94	(30,119)	(2.80)
Samtse	129,521	30.33	94,009	24.08	(35,512)	6.25
Samdrup Jongkhar	50,676	12.01	54,662	14.34	3,986	(2.33)
Gelephu	39,382	8.90	39,758	10.22	376	(1.32)
Total	471,275	107.31	401,773	109.82	(69,502)	(2.51)

4.7.1 License Fee Collection

All the liquor shop licenses in the country were auctioned in June 2005. The revenue generated through auction of the liquor shop licenses are shown in table 15. The revenue collection increased by 22.5 % in 2005-06 as compared to the bid value of 2004-05.

Table 15: License Fee Collection

RRCOs	2004-2005	2005-2006	Difference	Remarks
Thimphu	2.86	3.24	0.38	
Phuntsholing	5.06	6.20	1.14	
Samtse	0.82	1.00	0.17	
Samdrup Jongkhar	0.84	1.52	0.68	
Gelephu	1.27	1.33	0.06	
Total	10.85	13.29	2.43	(+) 22.5 %



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