

Based on information collected up to October 2005

1. TARIFF MEASURES

Structure of the tariff schedule

Bhutan is using the HS 2002 Nomenclature to prepare its tariff schedule, meanwhile, its applied customs tariff derived from the HS 1996.

Tariff publications

Bhutan tariff is regulated by the Department of Revenue and Customs under

The Ministry of Finance
Thimphu, Bhutan

11 Statutory Customs Duties

Import duties are computed on an ad valorem basis which includes the transaction value of the invoice in addition to any other charges. Customs duty rate of most goods imported into Bhutan from any other country than India, are levied at a maximum rate of 30%. Other goods such as beer are levied at 50%, tobacco and alcoholic beverages and spirits at 100%.



16 Temporary reduced duties

Duty exemption scheme is set on imports of capital goods related to development purposes, which implies the issuance by the Ministry of Finance of an import duty exemption certificate.

Re-import of goods are granted duty free entry if a declaration is made to the customs authorities at the time of export and re-import.



Preferential duties under trade agreements

19.2 Regional and sub-regional agreements

Bhutan together with Bangladesh, India, Maldives, Nepal, Pakistan and Sri Lanka are members of the South Asian Association for Regional Cooperation (SAARC) established on 8 of December 1985 with the aim to promote an accelerated economic growth, and complement bilateral and multilateral relations among member states.

Furthermore, the contracting states established in 1993 the SAARC Preferential Trading Arrangement (SAPTA) to promote and sustain mutual trade and the economic cooperation among its members, through exchanging concessions in accordance with the terms of this Agreement by calling for reduced tariffs on certain goods, such as raw materials, agricultural products, livestock, marine products, and scrap metal, on the condition that goods contain at least 40% value-added if produced in a single SAPTA country, 30% in a lesser developed SAPTA country or 50% if more than one SAPTA member provides input.

In line with the plans, member countries signed in January 2004, the South Asian Free Trade Area (SAFTA) laying down a tariff reduction programme with different timeframe according to the country level of development; SAFTA will enter into force on 1 January 2006.

Bhutan became member in February 2004 of a sub-regional economic grouping including Bangladesh, India, Myanmar, Sri Lanka and Thailand; it was established in 1997 and is confined to countries having direct access to the Bay of Bengal. The grouping aims at enhancing economic ties between these countries through trade and technical collaboration with a view of creating a free trade area later.



19.3 Bilateral agreements

Bhutan signed with India in 1972, the first free trade and commerce agreement to provide trade without application of duties between the two countries.

Bhutan signed in 1980 a trade agreement with Bangladesh, replaced in May 2003 by a five-year tariff concession on duties for a range of product lines between the two countries.



2. PARA-TARIFF MEASURES

22.9 Additional charges n.e.s.

A fee of Nu.150/-per permit is levied on excise permit for import of beer. An additional tax is levied on motor vehicles.

Customs clearance fees such as agency commission of 1% of CIF value of goods and a service charge of 0.25% on CIF value of goods are levied.



Internal taxes and charges levied on imports

23.1 General sales taxes

The Sales Tax, Customs and Excise Act of the Kingdom of Bhutan 2000 provides for the collection of the sales tax at the point of sale and entry. The rate, revised from time to time is calculated on the selling price or the national price fixed by the Ministry of Finance. Currently sales tax rates range from 0% to 15% except for alcoholic beverages and tobacco products that have a 50% rate.

Sales tax is levied on beer and aerated water and cement, but plant and machinery peculiar to and directly related to the manufacture of its products, and raw materials, i.e. items used as direct inputs in the process of manufacture of the finished product, or items that form part of the finished or manufactured product, are exempted from the sales tax.



23.2 Excise taxes

Excise duty levies on domestically manufactured goods are assessed on an ad-valorem rate, and range from 20% to 60% essentially on alcoholic beverages only.

4. FINANCE MEASURES

43 Restrictive official foreign exchange allocation

Foreign exchange regulations introduced in Bhutan in 1997 is administered by the Ministry of Finance, and is obtainable through authorized banks for payment against goods specified in the import licenses.



5. AUTOMATIC LICENSING MEASURES

52 Import monitoring

Imported goods under the excise permit system must be recorded at point of entry in Bhutan.



6. QUANTITY CONTROL MEASURES

Non-automatic licensing

61 Non-automatic licensing

The import policy is regulated by the Ministry of Finance of Bhutan, and licensing applies to all countries but India (except for alcoholic beverages, spirits used in distilleries, narcotics and psychotropic substances), and is required for each consignment of restricted goods and is valid for at most 6 months except for import of capital machinery. In addition, registration is required for any Bhutanese national intending to import goods for trading purposes, with the Department of Trade, Ministry of Trade and Industry.



61.7 Prior authorization for sensitive product categories

Imports from India of bottled alcohol (beer), spirit and narcotics and psychotropic substances require an excise permit issued by the Regional Revenue and Customs Office (RRCO). And importation of any type of alcoholic beverages from countries other than India is subject to an import permit issued by the Customs authorities.



61.71 To protect human health

An import permit issued by the Bhutan Agriculture and Food Regulatory Authority (BAFRA) is required for the importation of meat, dressed chicken, pork, mutton and fish or crustaceans, cereals, pulses, seeds, fruits and vegetable for consumption, food of plant origin, food ingredients, food additives, and processed food products.

A special permission issued by the Ministry of Health and Education, Ministry of Agriculture is required for the importation of drugs and pharmaceutical products.



61.72 To protect animal health and life

Importation of the following goods require a permit issued by the BAFRA: animals for slaughter, poultry birds, animals for breeding and rearing, pet animals, frozen semen and veterinary vaccines.



61.73 To protect plant health

Import permit requirement from the BAFRA for the importation of seeds for propagation, ornamental plants and seeds for research.



61.74 To protect environment

Permission from the Ministry of Trade and Industry is required for the importation of the following goods: plastic carry bags, Doma (betel nut), wrappers and ice cream pouches.

Importation of the following goods requires a special permission issued by the following bodies: chemicals and fertilizers from the Ministry of Agriculture; Industrial and toxic waste and residues from the National Environment Commission, Ministry of Trade and Industry and scraps from the National Environment Commission.



61.77 To ensure human safety

A special permission issued by the Ministry of Trade and Industry is required for the importation of used or second hand goods, machinery, vehicles, equipments and parts thereof.



61.78 To ensure national security

The following list of goods is restricted for importation and require a special permission from the Ministry of Trade and Industry: all types of radio communication system with the frequency range of 30kHz to 300 kHz, radio transmitter and transceiver, television and FM radio transmitters, wireless transceiver, cordless telephone, video sender, amateur radio, Inmarsat terminal (portable satellite handset), satellite communications equipment, radio paging system, paging transmitter, pager, communication equipment such as cellular telecommunication base station, cellular handset; satellite broadcast receiver, satellite receiver (other than broadcast), radio repeater station, radio navigation, transmitter/transceiver, radio determination transceiver, receiver; aeronautical (mobile), such as DME, DVOR, etc, aircraft radio equipment, CB radio, radio-determination equipment such as direction finder, radar, etc; all cable and satellite television associated equipment.

Importation of arms and ammunition require a special permission from the Royal Bhutan Army; explosives and explosives devices from the Ministry of Home Affairs, gold and silver in excess of free allowance from the Royal Monetary Authority of Bhutan.



Prohibitions

63.7 Prohibition for sensitive product categories

The following goods are subject to import prohibition: arms and ammunition, explosives narcotic drugs, goods specially prohibited by law or regulation, or international conventions and treaties signed by Bhutan, and second hand or used vehicles other than those imported by diplomatic and international organizations.



63.9 Prohibitions n.e.s.

Import prohibition is set on pornography and pornographic materials, and antiques.



7. MONOPOLISTIC MEASURES

71.1 State trading administration

- The State Trading Corporation of Bhutan is the exclusive organization to import explosives with the permission of the Ministry of Home Affairs; it is also the main importer of steel, bitumen, vehicles and spare parts, vitamins, computer and office equipment.

- Druk Seed Corporation (DSC) is the only agency responsible for the importation of seeds and seedlings fertilizers and pesticides.



8. TECHNICAL MEASURES

81 Technical measures

BAFRA, the Bhutan Agriculture and Food Regulatory Authority is the agency than can propose SPS measures; it screens and monitors sanitary, phyto-sanitary and quality certificate and standard requirements relevant to the goods for importation.



81.11 To protect human health

Sanitary and quality standard certificate requirements for the importation of meat, dressed chicken, pork, mutton and fish or crustaceans, cereals, pulses, seeds, fruits and vegetable for consumption, food of plant origin, food ingredients, food additives, and processed food products.



81.12 To protect animal health and life

A sanitary certificate is required for the importation of animals for slaughter, poultry birds, animals for breeding and rearing, pet animals, frozen semen and veterinary vaccines.



81.13 To protect plant health

A phyto-sanitary certificate is required for the importation of seeds for propagation, ornamental plants and seeds for research in accordance with the Plant Quarantine Act of 1993.



81.2 Marking requirements

Imported goods should be marked so as to show the consignee's mark with port mark, inscribed plainly on the packages numbered in order to be identified easily.



81.3 Labelling requirements

The following labelling requirements should apply to imported food products into Bhutan: the list of ingredients, food additives, details of the manufacturer or distributor, net weight or volume in metric units. applicable storage and use instructions; the label must show equally the product expiration date, percentages of major product ingredients, and special food additives codes.



81.5 Testing, inspection and quarantine requirements

Imports of planting material and live animals are subject to inspection.

