



RULES ON THE PROPERTY TAX ACT OF BHUTAN 2022

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



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ROYAL GOVERNMENT OF BHUTAN
MINISTRY OF FINANCE
TASHICHHODZONG
THIMPHU

FOREWORD

The Ministry of Finance is pleased to issue the Rules on the Property Tax Act of Bhutan 2022, enacted during the 8th Session of the 3rd Parliament. This Rules supersede all previous rules governing property tax and have been structured in alignment with the Act for easy reference. Designed to be clear and practical, this Rules should be read in conjunction with the Property Tax Act of Bhutan 2022 to ensure a comprehensive understanding of the legal and procedural framework. Every effort has been made to maintain simplicity and clarity to facilitate efficient administration and enhance taxpayer convenience.

It is the responsibility of taxpayers to ensure accurate and timely payment of property tax, while the relevant authorities are entrusted with the fair, transparent, and effective assessment and collection of taxes.

The Ministry of Finance is confident that this Rules would provide clarity on the procedural and technical aspects of property taxation, benefiting both taxpayers and authorities ensuring smooth implementation of the Property Tax Act of Bhutan 2022.

(Lekey Dorji)
Finance Minister

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PREAMBLE

In exercise of the powers conferred by Section 54 of the Property Tax Act of Bhutan 2022, the Ministry of Finance hereby promulgates the Rules on Property Tax Act of Bhutan 2022 as follows:

CHAPTER 1 PRELIMINARY

Title

1. This Rule is the Rules on the Property Tax Act of Bhutan 2022.

Commencement

2. This Rules comes into force on the 2nd Day of the 11th Month of the Wood Male Dragon Year corresponding to the 1st Day of the 1st Month of 2025.

Extent

3. This Rules extends to the whole of the Kingdom of Bhutan.

Suppression

4. This Rules supersede all pervious circulars, notification, and rules governing property tax.

CHAPTER 2 IMPOSITION OF TAXES

General

5. Land tax is payable each year on all registered land at the rate of 0.1% on the taxable land value.
6. Building tax is payable each year on all buildings at the rate of 0.1% on the taxable building value.

Person liable to pay property tax

7. The person liable to pay the land tax on any parcel of land shall be the registered owner of the land under the Land Act of Bhutan 2007.
8. The person liable to pay the building tax on any building shall be the owner of the building registered with the relevant Agency.
9. The person liable to pay the building tax on any sub-divided unit of a building shall be the owner of the sub-divided unit registered with the relevant Agency.
10. Where a land is co-owned by more than one individual, the owners of the land must pay the land tax in proportion to their respective land rights as specified in the Thram.

11. Where there is no structure on the co-owned land and the individuals proportionate land right is not specified in the Thram, all the owners of the land must pay the applicable land tax in equal proportion.

Tax on new buildings

12. For the newly constructed building, building tax become payable from the month the Local Government issues the occupancy certificate.
13. Where a building or a part of a building is rebuilt, enlarged, altered or improved, building tax becomes payable on the revised taxable value of the building for the year.

Temporary Structures

14. For the purpose of Section 59(1) of the Act, “Temporary Structures” means any structure, where the degree and purpose of annexation to the land is temporary in nature.
15. Temporary structures are non-taxable and includes but not limited to the following:
 - (1) Animal Sheds: All structures used for animal shelters, except those operating under a business license.
 - (2) Labor Camps and Project Sheds: Temporary shelters built on project sites, intended to be removed after project completion, except those operating under a business license.
 - (3) Ancillary Structures: Structures built as ancillary to the main structure that do not generate income or serve a tertiary function in relation to the primary building's purpose.

Taxable Building Value

16. For the purpose of building tax, the value of the building shall be the Annual Assessed Capital Value.
17. The value of the building is calculated as follows:

$$\text{Assessed Capital Value} = r \times AR$$

r is the capitalization rate as prescribed under Schedule 1(2) of the Act; and
where

AR is the Annual Rental Value (Annual Rental Value shall be the annual fair market rent of the building that is reasonably expected from the building in the year).

18. For the purpose of Section 3 (iv) of Schedule 1 of the Act, The Competent Authority, in collaboration with the Department responsible for human settlement, must declare median rent for all geographical areas by different uses classified into commercial, residential, official, religious, defence, mixed uses and any other uses deemed necessary.

**CHAPTER 3
VACANT LAND TAX**

Vacant Land Tax (Section 15 of the Act)

19. For the purpose of this Rules, Vacant land tax refers to tax imposed on the land that remains undeveloped despite having access to all necessary urban services.
20. For the purpose of Section 15 of the Act, urban services will be deemed to be made available when all of the following urban services are provided in the area specified:

Sl. No	Areas	Prescribed Urban Services
1	Thimphu Thromde	Paved Road, Electricity, Water, Sewerage, Stormwater Drains, Solid Waste Collection.
2	Paro Town Precinct	
3	Wangdue Phodrang Town	
4	Punakha Town	
5	Trashigang Town	
6	Gelephu Thromde	
7	Samdrup Jongkhar Thromde	
8	Samtse Town	
9	Phuntsholing Thromde	
10	Mongar Town	

21. Vacant Land Tax shall apply to land on which no development has occurred within two years from the date upon which all urban services have been made available.
22. The Local Government must determine the date on which all the urban services were made available for the area specified and publicly notify the owner of the land of such date.
23. Subject to Section 24 of this Rules, “development” under Section 15(4) of the Act means “activities related to construction of buildings, engineering, mining, earthworks, or other operations in, on, over or under land, which is approved by the respective Local Government.”
24. The operations or uses of land shall not be deemed development of land if the operation or use of the land is for:
 - (1) carrying out of minor or preliminary works and temporary use of land as the respective Local Government may determine for the purposes of Section 15(4) of the Act;
 - (2) the purpose of forestry including afforestation; and

- (3) carrying out of any act without the requisite planning permission or approval of the Local Government.
25. The vacant land tax payable for the year ceases to be payable from the year of commencement of development on the land, provided the Local Government is satisfied that the development has been carried out. The year of commencement of the development must be confirmed by the Local Government.
26. Where a building is demolished and no building exists on the land where all of the urban services have been made available, vacant land tax becomes payable if, no development is carried out on the land within one year from the year the building is demolished.
27. Where a vacant land with all the urban services available is transferred, the transferee of the vacant land shall continue to be liable for vacant land tax if no development is carried out on the land within two years from the date on which all of the urban services have been made available.

CHAPTER 4 EXEMPTIONS AND CONCESSIONS

General.

28. Any tax under Chapter 2 of the Act is payable after deduction of all the eligible exemptions and concessions provided under chapter 4 of the Act.
29. If it is proved to the satisfaction of the Competent Authority that taxes have been paid in excess due to an exemption or concession under Chapter 4 of the Act, the owner of the land or building becomes eligible for refund of the amount paid in excess.

Kamzhing

30. For the purpose of Section 20 of the Act, the landowner claiming concession must submit evidence to show that Kamzhing is cultivated and shall be verified by the local government as specified in **Annexure I of the Schedule of Annexures**.
31. No Concession shall be applicable if any form of structures, whether for human habitation or otherwise, are erected on the kamzhing. The local government shall verify whether any such structures are annexed to the kamzhing or otherwise.
32. The Local Government shall verify the cultivation status of Kamzhing land and grant approval thereof. In the event that any declaration made in this regard is determined to be false or inaccurate, the concerned party and the verifying authority shall be subject to tax along with applicable penalties.
33. Naturally grown trees and private forestry on Kamzhing shall not constitute cultivation.

Highland Communities

34. For the purpose of Section 21 of the Act, Highland Communities refers to those communities who maintain their principal residence in the highland areas as prescribed in **Annexure II of the Schedule of Annexures**.

Traditional House

35. 50% of the amount of building tax payable on Traditional House which are used wholly for self-occupied residential purpose shall be exempted.
36. For the purpose of Section 22 of the Act, a Traditional House is considered self-occupied when the Traditional House is actually occupied for residential purposes by the person whose name is registered in the Valuation List as the owner of the Traditional House.
37. Any tax concession granted to an owner under Section 22 of the Act shall cease when:
- (1) the owner ceases to occupy the Traditional House; or
 - (2) the owner leases or subleases the whole or part of the Traditional House.

Protected Traditional Houses

38. 70% of the amount of building tax payable on Protected Traditional Houses in urban centres shall be exempted.
39. The Traditional House should fall in the approved traditional village precincts approved by the Ministry responsible for Human Settlement.
40. For the purpose of Section 59(12) of the Act:
- (1) **“indigenous building materials”** refers to building materials including stone or mud or rammed earth or bamboo or wooden shingles;
 - (2) **“indigenous construction techniques”** refers to traditional methods and practices used to construct a structure.
 - (3) **“traditional architectural requirements”** refers to the Bhutanese traditional architecture as specified in the guidelines issued by the Ministry responsible for Human Settlement.

CHAPTER 5: COLLECTION AND RECOVERY OF TAX

Amendment of Valuation List

41. Where the Valuation List is amended under Section 26 of the Act, the Competent Authority must notify the general public stating the amendment and the date from which the proposed amendment shall be effective.
42. Any alteration to the Valuation List required for the purpose of correcting any of the matters referred to in Sections 25(1) and (2) of the Act or for the correction of any clerical or arithmetical error therein does not in itself constitute an amendment and may be made at any time.

Objection to Valuation List

43. Any owner aggrieved by the taxable value of land or building in the Valuation List may raise an objection as per the form prescribed in **Annexure III of the Schedule of Annexures**.

Collection and payment of taxes

44. The Local Government and the Department of Revenue and Customs is responsible for the collection of taxes in accordance with the provisions of the Act.
45. The Local Government and the Department of Revenue and Customs shall deposit all amounts collected into the Government Revenue Account.
46. The acquiring agency shall ensure that the taxes for the seized properties are paid on time.
47. The registered owner of the property is liable to pay the property tax for properties under Freeze Notice.
48. All taxes levied under the Act are due and payable by the registered owner of land or building from 1st November to 31st December of each year.
49. All taxes paid in excess shall be refunded after due verification by the Competent Authority. The Taxpayer may claim the refund as per **Annexure IV of the Schedule of Annexures**.

Penalty

50. For late payment of taxes, a late payment penalty of 24% per annum shall be levied from the due date till the date of payment of taxes.

Recovery of Tax

51. The Department may, prior to applying the recovery measure as specified under Section 32 of the Act, recover the outstanding tax and penalty dues by entering into an instalment agreement with the person as per Section 29 of the Act.
52. Any properties subject to prior interests such as mortgage, lease, hypothecation, or by operation of any other laws in force, any tax dues under this Act, including any late payment penalty, must constitute a first charge on the land or building on which the tax is payable. This charge shall have priority over all other encumbrances on the said land or building. In the event of Bankruptcy, the Bankruptcy Act must prevail.
53. Where the Department is unable to recover the dues under the provisions of the Act and Rules, the case shall be forwarded to the Court of Law.

Adjustment of auction proceeds against tax and penalties due

54. The proceeds from the auction must be adjusted against the taxes due and penalties thereof and inform the defaulter of the adjustment in writing and refund the excess amount, if any, to the taxpayer.

CHAPTER 6 APPEALS

Appeal

55. The owner of land or building may by written notice appeal to the Appeal Committee at the Regional Office against any decision made under the Act.

General Conditions

56. In a proceeding, the burden will lie with the taxpayer to prove that the decision is incorrect.
57. An appeal by an appellant and the decision passed by any of the three tier Appeal Committee must be in writing and must include detailed case description, justification and other required information.
58. Notwithstanding Section 43, 46 and 49 of the Act, any decision on appeal pertaining to land valuation may be extended beyond the prescribed working days.
59. An appellant may attach copies of necessary documents and proof or evidence to facilitate the committee's decision, if required.
60. The three tier Appeal Committee must, on receipt of an appeal, record with proper details, date, address, ground of appeal and appeal registration number, and if an appeal is not exhaustive, additional information shall be sought as considered necessary.

CHAPTER 7 MISCELLANEOUS

Remission

61. For the purpose of Section 57 of the Act, a person/agency must apply for remission through the Ministry of Finance or National Land Commission Secretariat or Ministry responsible for Human Settlement.
62. The Ministry of Finance, upon receiving the application and recommendations from the Ministry responsible for Human Settlement and National Land Commission, shall appraise Lhengye Zhungtshog.
63. The Lhengye Zhungtshog, on the joint recommendation of the Ministry of Finance, National Land Commission Secretariat and the Ministry responsible for human settlement, may approve for the land and building tax to be remitted wholly or in part, subject to the following conditions but not limited to:
 - (1) registered property is affected by natural disasters;
 - (2) person has been declared bankrupt as per the Bankruptcy Act of Kingdom of Bhutan 1999;
 - (3) property is critical for national security purposes, necessitating remission to ensure its continued operation or development in support of national security objectives;

- (4) property is deemed to serve significant public interest necessitating remission to facilitate its continuous operation or development in the public interest;
- (5) property is affected by government intervention such as acquisition, demolition and any other compulsory developmental restrictions imposed by the government such as declaration of no development zone and also the protected agricultural land particularly Chhuzhing.

SCHEDULE OF ANNEXURES TO THE RULES ON PROPERTY TAX ACT OF BHUTAN 2022

The Ministry of Finance is pleased to issue the ‘Schedule of Annexures’ to Rules on Property Tax Act of Bhutan 2022. The schedule of Annexures shall be applicable to Chapters 4 and 5 of the Rules on Property Tax Act of Bhutan 2022. Any item not included in the list, but merits for consideration for exemption shall be reviewed and updated in the schedule with the approval of the Ministry of Finance.

50% Concession Claim Form for Cultivated Kamzhing

This is to certify that the following plots have been cultivated for the Tax Year..... with the following information and eligible for 50% tax concession.

Name:.....CID No:

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Sl. No.	Thram No.	Plot ID	Total Area (In Acres)	Remarks

I hereby declare that the above information is true to the best of my knowledge. In case the declaration is found to be untrue or incorrect, I/We shall be liable for Penalties as per Chapter 5 of the Property Tax Act of Bhutan 2022.

Submitted By:

Signature (Property Owner)

Verified By:

Seal and Signature (Competent Authority in the Local Government)

Name :

CID No:

Gewog :

Contact Number:

Highland Communities

DZONGKHAG	GEWOG	CHIWOOG
Bumthang	Chhoekhor	Nangsiphel_Zangling_ Zhabjethang & Dhur_ Lusibee
Gasa	Lunana	Thangza_Toenchoe , Tshozhong, Lhedhi & Shang_Threlga_Wachey,
	Laya	Loong-Go, Neyloog, Toedkor, Pazhi & Chongra_Loobchag
Haa	Bje	Taloong, Yangthang & Chempa
	Sangbay	Nakha_Tashigang & Shema_Yaba
Lhuentse	Khoma	Rolmateng_Tsang- Ngo
Paro	Tsento	Soe_Yagsa
Thimphu	Lingzhi	Chhuzarkha & Khangkid yuel
	Soe	Damgochong, Jangothang, Dotaapaithang, Dozotoen & Jomphu
Trongsa	Nubi	Dharbab_Sinphoog
Trashigang	Merag	Khiliphoo
	Sagteng	Tenmang, Sagteng & Borangmang
Trashy Yangtse	Boomdeling	Pangkhar_Taphel
Wangdue Phodrang	Saephoog	Boosa_Zeri & Longtoed

Land Revaluation Form

The Chief Engineer,
PAVA Division, MoF Secretariat,
Thimphu

Dear Sir/Madam,

This is to inform you that the property listed below has been assigned a valuation which is not correct. The grounds on which the objection is/are made as follows:

Sl.No	CID No.	Plot ID	Location	PAVA Value	Reasons for corrections

I/We kindly request revaluation to ensure a fair and equitable property tax based on the above facts.

I/We hereby declare that information provided in this declaration and attached documents are true and correct to the best of my/our knowledge. In case the declaration is found to be untrue or incorrect, I/We shall be liable for penalties as per Chapter 5 of the Property Tax Act of Bhutan 2022 including rejection of refund claim.

Yours Sincerely,

Seal and Signature of (Competent Authority in the Local Government)

Name:

CID No:

Gewog:

Contact No:

APPLICATION FORM FOR REFUND

Date:

The Regional Director
Regional Revenue & Customs Office

.....

Reason for Refund:

[Empty rectangular box for Reason for Refund]

Name of the property owner:

CID No:

[Grid for CID No: 10 empty cells]

Contact Number:

[Grid for Contact Number: 8 empty cells]

Bank Account No.:

[Grid for Bank Account No.: 12 empty cells]

Account Holder Name:

Bank Name:

Bank Branch:

Refund details:

Sl No	Name of agency/ Taxpayer	Thram No.	Plot ID	Refund Amount Claimed	Revenue Money receipt No. & date

I/ We hereby declare that information provided in this declaration and attached documents are true and correct to the best of my/our knowledge. In case the declaration is found to be untrue or incorrect, I/We shall be liable for penalties as per Chapter 5 of the Property Tax Act of Bhutan 2022 including rejection of refund claim..

(Name & Signature of the Applicant)

FOR OFFICIAL USE ONLY

Checklist

- Verified the type, amount and eligibility of refund claimed
- Relevant documents are attached as per the checklist
- Confirmed that the taxes are deposited with concerned RRCO
- Confirmed that the claimant has no tax outstanding dues with the Department

Refund Statement

Name of refund claimant	Revenue account head	Total Refund Claimed	Actual Refund Admitted	Remarks

Verified by:

Recommended by:

Approved by:

