



དངུལ་རྩིས་ལྷན་ཁག།

ROYAL GOVERNMENT OF BHUTAN  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE & CUSTOMS  
THIMPHU



DRC-TAX/A&L-EX/18B/2013/ 2776

20th February, 2013

Secretary General  
Padling Choeki Ga Tshal  
RICB Building, Thimphu

**Sub: Certificate of Registration as Tax Exempt Organization.**

Sir,

This is with reference to your letter No. Nil dated 20/02/2013 requesting this office for Income Tax Exemption Status of 'Padling Choeki Ga Tshal', wherein registered as Padling Choeki Ga Tshal with the Commission for Religious Organizations vide Registration No. CRO/RC-24/2012/037, dated 06/07/2012.

In this context, this office would like to apprise you that Padling Choeki Ga Tshal as a Tax Exempt Organization is required to fulfill the following obligations and conditions;

1. You are required to furnish any relevant information to the tax authorities on written request.
2. Only income accrued from assets held in the name of the registered CRO & donations received from donors shall be exempted from Income Tax. Where the income is in the name of an individual, irrespective of the position or post of that individual in that organization, that individual shall be liable to pay taxes on such income.
3. The exemption from Income Tax **shall not** cover exemption from other taxes (for e.g. Municipal Taxes, Motor Vehicle Taxes, Property transfer tax, Sales Tax, Customs Duty etc.)
4. The Exemption from Income Tax **shall not** extend to employees of Padling Choeki Ga Tshal.
5. Donations made to **Padling Choeki Ga Tshal** will be allowed as deductible expenditure for Income Tax purposes, in the books of account of the donor. However, such donations must fulfill the conditions laid out in Rule 2.7.6 of Part I and Rule 3.2 of Part III of the Rules on the Income Tax Act, and must be supported by the necessary documentary proof.
6. The Tax Exempt registered CRO should acknowledge the receipt of donations by issuing a receipt to the Donor bearing the signature of the authorized signatory with seal of the CRO. The receipt will have to bear the exemption letter No. of Department of Revenue & Customs and also reflect the names of the Donor (Individual or Business Unit/Company) along with their Citizenship ID number/Taxpayer Number.







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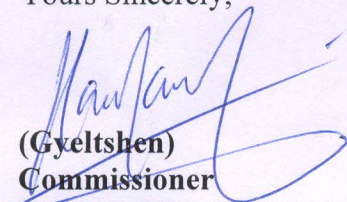
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7. You are required to submit **financial reports/Accounts** annually to the **Thimphu Regional Revenue & Customs Office (RRCO, Thimphu)** for monitoring purposes. The financial reports/accounts will have to be submitted within the 31<sup>st</sup> March following the end of the Income Year.
8. Your Entity will be subject to Audit of their books of accounts by the Tax authorities.
9. The Income Tax Exemption status will be withdrawn in the event, the CRO fails to submit annual financial reports/accounts to the Regional Revenue & Customs Office. The RRCO will serve three reminder notices in the event the CRO fails to file financial reports/accounts to the RRCO. The Income Tax Exemption status shall be withdrawn on the failure to submit the financial reports/accounts after duration of one month, from the date of issue of the 3<sup>rd</sup> reminder notice. The Public shall be notified that the Income Tax Exemption status for the CRO has been withdrawn.
10. Any permanent business activity undertaken by your Entity will not be eligible for tax exemption and neither will the donations made to such business be considered as tax deductible expenses for donor.
11. The exemption will automatically cease in the event of cancellation of Registration, Removal from the register, Insolvency, Dissolution and Liquidation of CROs, or exemption will be withdrawn in the event of misuse and non compliance to this rules and regulations.
12. Like any other withholding agency, Padling Choeki Ga Tshal will be responsible for deducting TDS on disbursements made by them at the rates specified in the IT Act & Rules. In the event of non-deduction or short deduction of TDS, the liability to pay the amount due or short deduction of TDS shall rest with the Padling Choeki Ga Tshal.

Please find enclosed in the annexure, the Exempt Organization Registration Certificate for your organization.

Yours Sincerely,

  
 (Gyeltshen)  
 Commissioner  
 INCOME TAX DIVISION







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**Exempt Organization Registration Certificate**

This is to certify that the **Padling Choeki Ga Tshal** (CRO) is registered as a Tax Exempt Organization with the Department of Revenue & Customs, Ministry of Finance on 20<sup>th</sup> February 2013.

Please note that Registration Number of your Organization is **E40** and it should be used in all your correspondences with the Department.

As a Tax Exempt Organization registered with the Department of Revenue & Customs, Ministry of Finance:

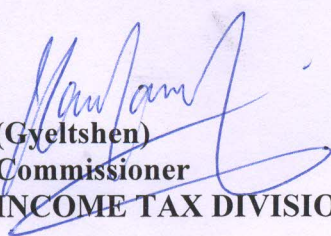
1. Income accrued from assets held in the name of the **Padling Choeki Ga Tshal** shall be exempted from Income Tax.
2. Donations made to your organization shall be eligible as a deductible expense in the hands of the donors, subject to the following conditions laid out in the Rules of the Income Tax Act:

**i. Part I, Rule No. 2.7.6 (For CIT & BIT Donors)**

The donations shall be allowed as tax deductible expenditure upto a maximum limit of 5% of the Assessed Net Profit.

**ii. Part III, Rule No. 3.2 (For PIT Donors)**

The donations shall be allowed as a deduction up to a maximum limit of 5% of the Adjusted Gross Income.

  
**(Gyeltshen)  
Commissioner  
INCOME TAX DIVISION**

