



MINISTRY OF FINANCE

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NOTIFICATION

Date: 19/08/2008

Fiscal Incentives for IT Park Developer and IT/ITES companies at Wangchhu Taba

Upon approval of the Private Sector Development (PSD) Project-IT Park Bhutan at Wangchhu Taba Bhutan as a special economic zone, the Royal Government is pleased to announce the following fiscal incentives for the IT park at Wangchhu Taba, Thimphu for promotion of Information Technology/Information Technology-Enabled Service (IT/ITES) sector.

1. Tax Holidays

- 1.1 A tax holiday of fifteen years from the actual date of commercial operation to the IT Park Developer, who is engaged in the establishment of IT Park and related infrastructure and IT promotion services.
- 1.2 A tax holiday of ten years from the actual date of the commercial operation/production of goods and services, to the IT/ITES business operating within the IT Park and exporting 80% of their products/services.
- 1.3 Tax holiday shall be applicable only to those IT/ITES businesses operating exclusively from the IT Park at Wangchhu Taba, Thimphu.
- 1.4 The tax holiday shall not apply to businesses engaged in the re-export of IT related products.

2 Other Incentives

- 2.1 Customs duty and sales tax on import of plant & machineries required for development of IT Park/infrastructure shall be exempted. However, the requirement for the same shall be scrutinized and verified by the IT Park Authority.
- 2.2 Import of capital goods forming direct inputs for the IT/ITES companies in the IT Park shall be exempted from customs duty and sales tax, subject to the production of a valid exemption certificate issued by the Department of Revenue & Customs at the point of entry. Imports by contractors, on behalf of the project authority shall be as per procedures prescribed in the rules. Import of taxable/dutiable items by the contractors engaged by the project authority such as vehicles, machineries, office equipment, furniture, etc shall not be eligible for exemption.
- 2.3 IT/ITES businesses/companies as defined within the purview of the IT Park shall be exempted from TDS only for the duration of the Tax Holiday.
- 2.4 100% foreign equity participation shall be permitted for the IT Park Developer and IT/ITES companies in the Park.
- 2.5 Flexibility to obtain investment capital globally after obtaining prior permission of the Ministry of Finance/Royal Monetary Authority.
- 2.6 Export earnings in convertible currency by IT business/companies operating from the park shall be exempted from tax only for the duration of the tax holiday.
- 2.7 Domestic sale of IT products shall attract applicable taxes/duties. IT products developed/promoted/exported from the IT Park shall be certified by DIT.
- 2.8 IT/ITES businesses/companies operating from the IT Park availing tax holiday must register with the nearest Regional Revenue Customs Office (RRCO) within 30 days from the date of obtaining license from Ministry of Economics Affairs (MoEA), obtain a Taxpayer Number, maintain proper books of accounts and submit annual returns to the RRCO concerned.
- 2.9 Application for Tax holiday must be submitted to the RRCO concerned in the prescribed form duly certified by DIT, within one month from the date of commercial operation.

Finance Secretary