

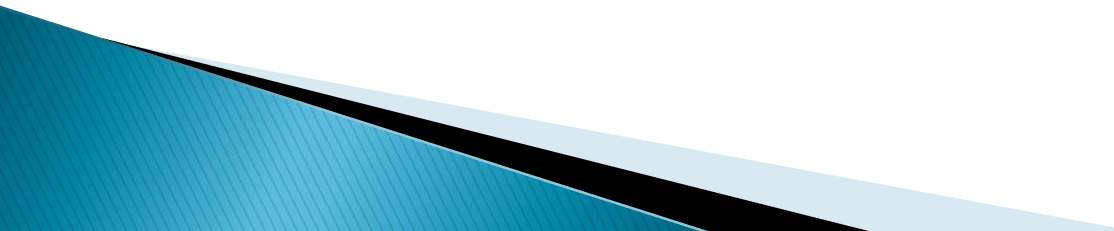


# BHUTAN CUSTOMS STATUS ON VALUATION & POST CLEARANCE AUDIT

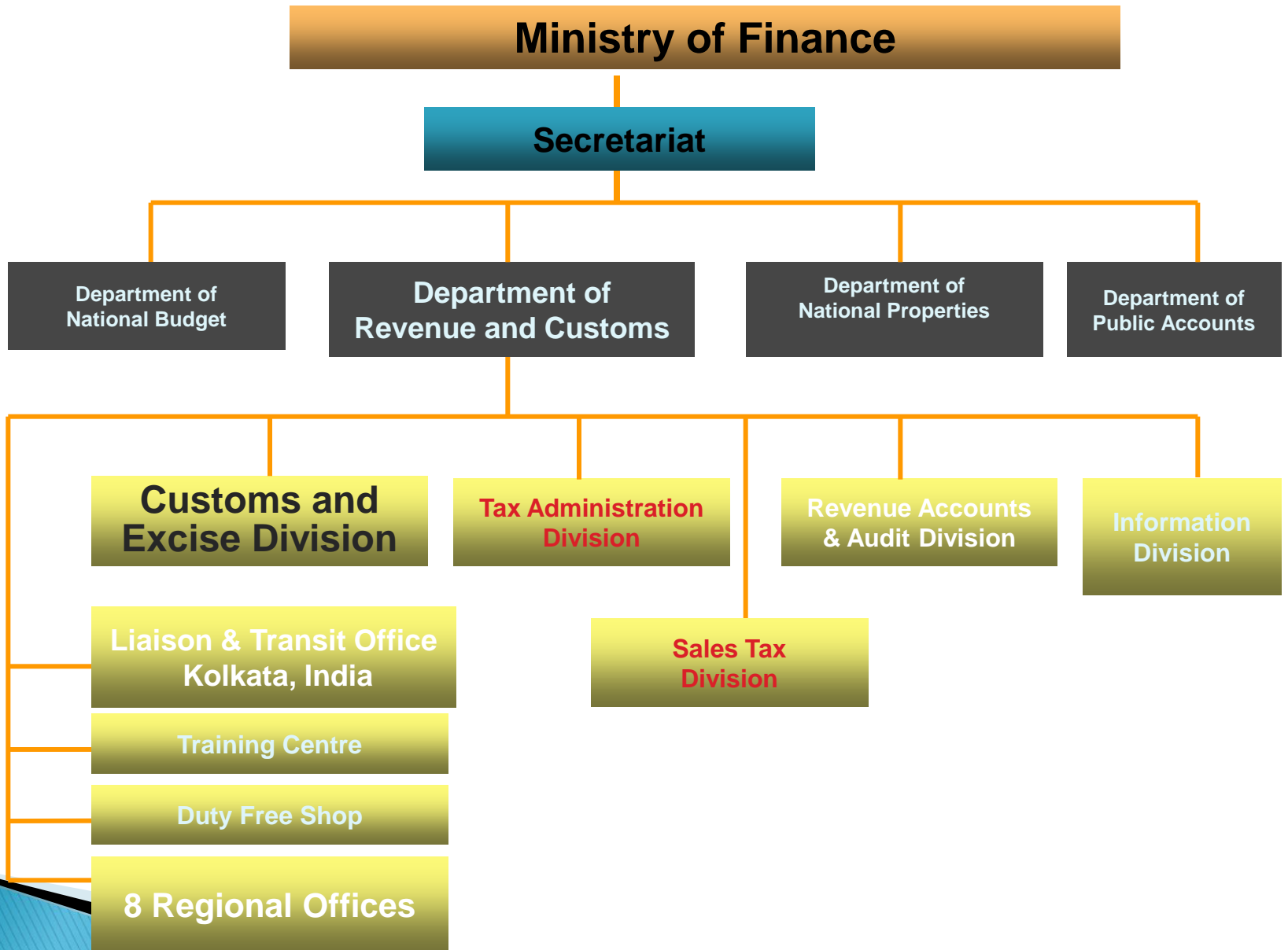
**Presenter :**

- ▶ Mr. Pema Wangchen, Joint Commissioner
- ▶ Mr. Tandin Wangchhen, Deputy Commissioner

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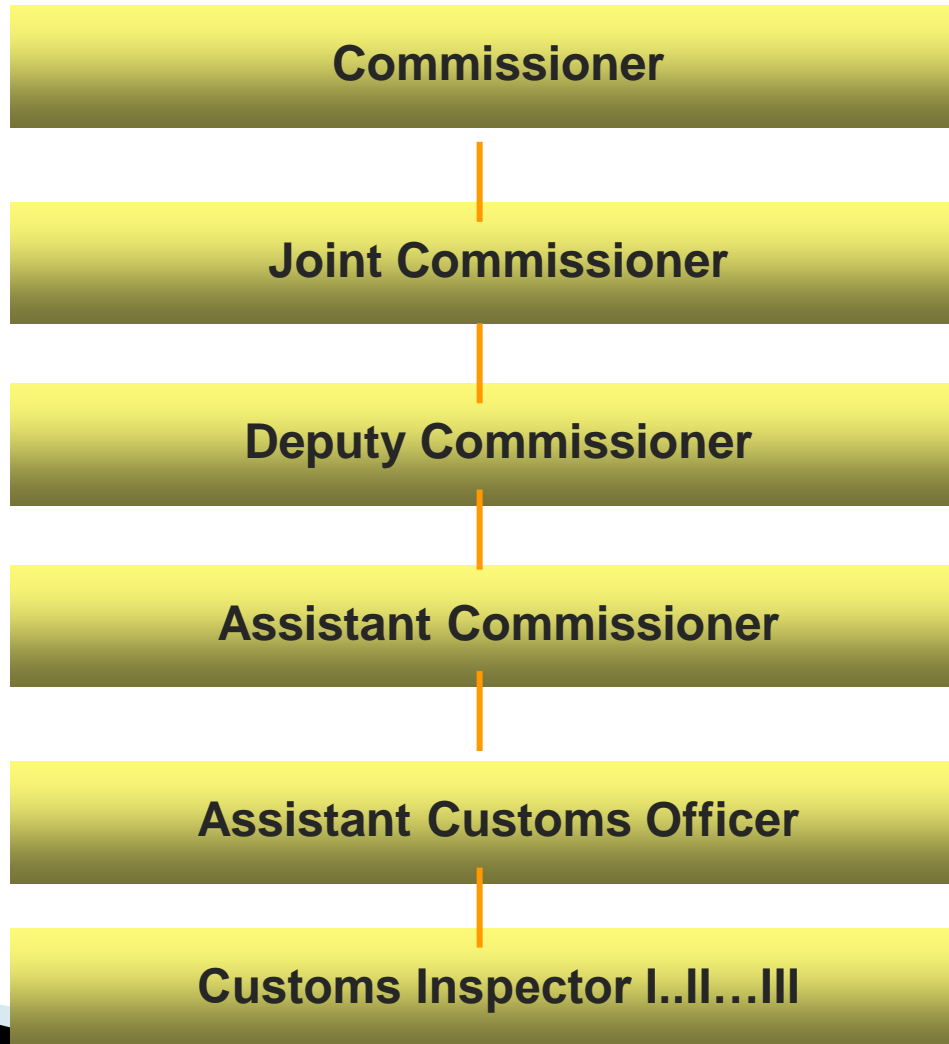
# Organogram





# Customs & Excise Division

## Organogram

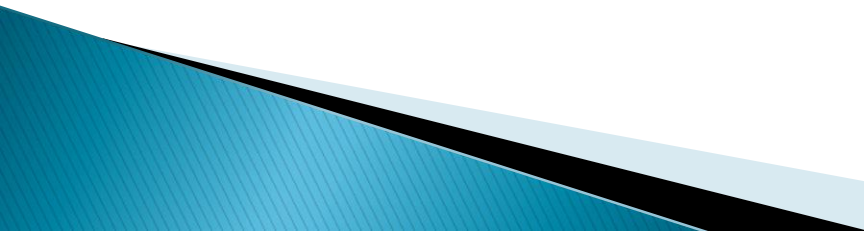


# Three Types of Customs Clearance

- ▶ Import from India
- ▶ Import from Third countries (other than India)
- ▶ Export to India and third Country

Note: Present your documents to the Clearing Agent (Privately owned company). They will assist importers in completion of Customs declaration formalities

# Import from India

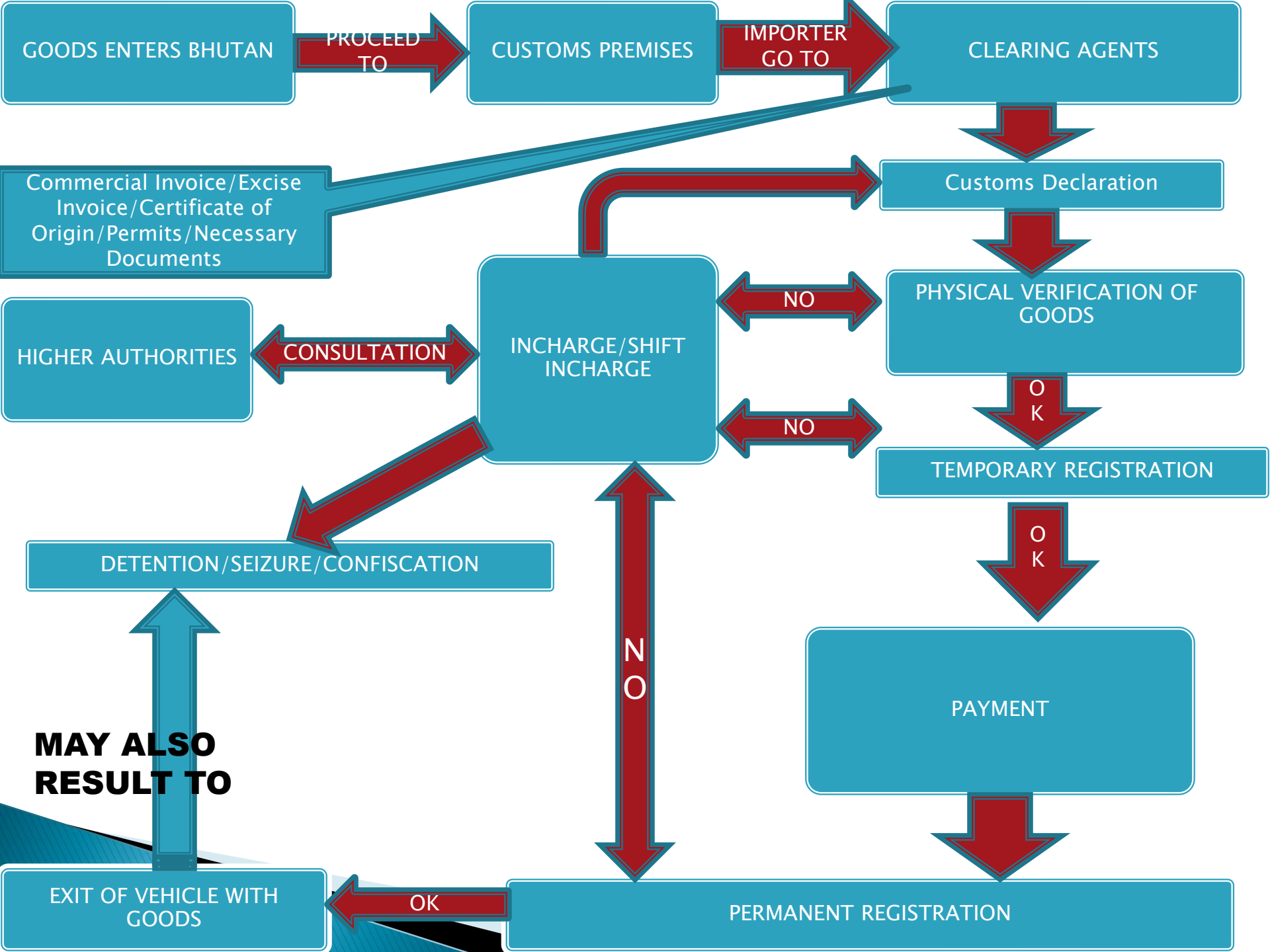
- ▶ No customs duty is levied due to free trade agreement between Govt. of India and Govt. of Bhutan
  - ▶ Sales Tax (BST) is levied at the point of entry
  - ▶ Indian Sales Tax exemption is issued provided if it is procured from authorized dealer/ manufacturer or factory
- 

# Import Clearance procedures

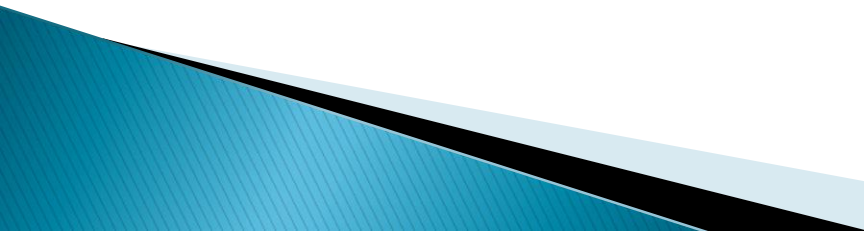
- ▶ Import Declaration.
- ▶ Physical verification.
- ▶ Temporary Registration.
- ▶ Permanent Registration.



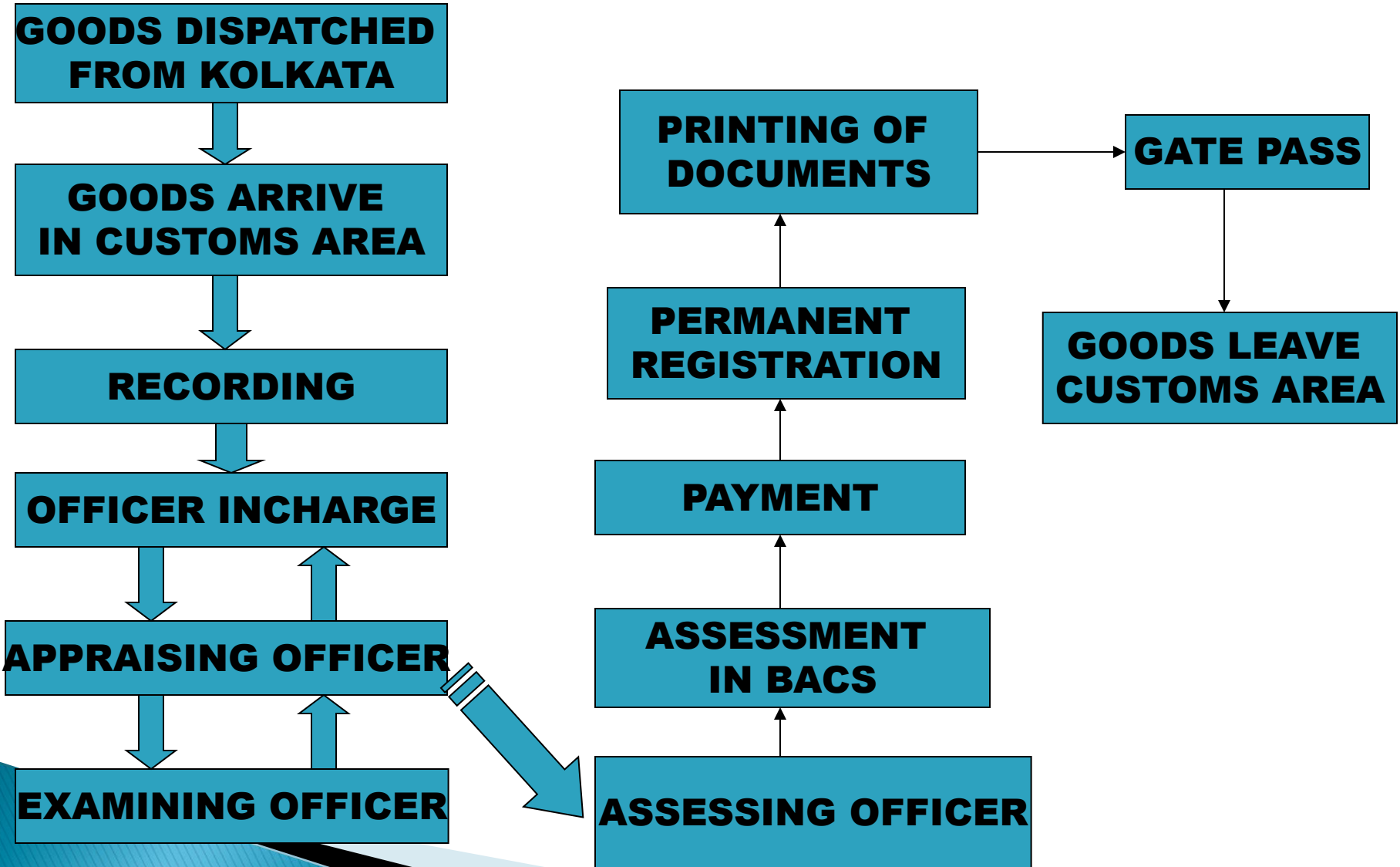




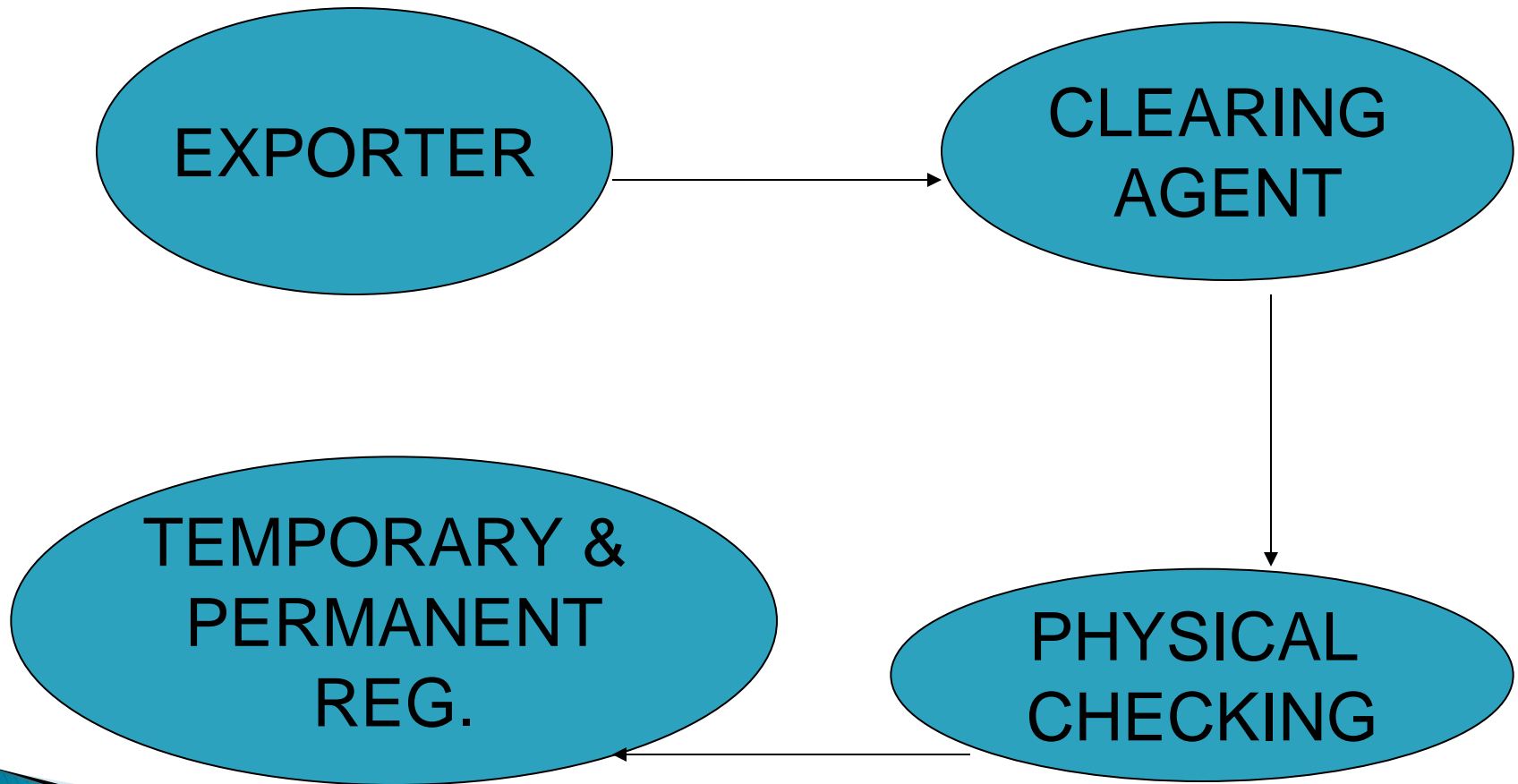
# Import From Third Country

- ▶ Third country mean any country other than India
  - ▶ Import from the Third Country will be allowed only against Import License Except in case of baggage/air cargo/post parcel.
  - ▶ levies of taxes: Customs Duty and Sales Tax
  - ▶ Preferential tax rate applicable as per the international /regional/bilateral agreement
- 

# FLOW CHART OF THIRD COUNTRY CLEARANCE




# EXPORT FLOW CHART



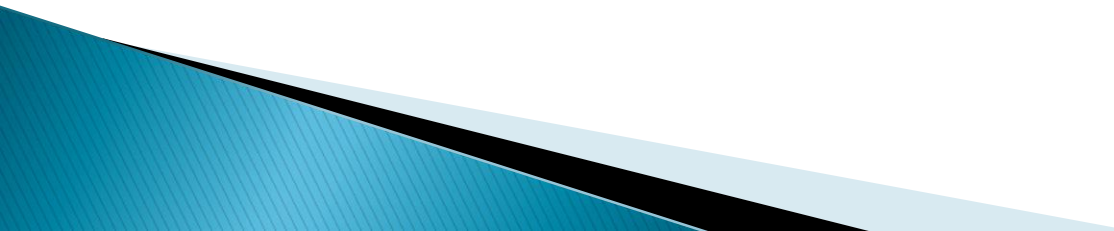
# Levy of Taxes

- ▶ Tariffs are imposed based on harmonized commodity description and coding system
- ▶ Levied on ad valorem and a few goods on specific rate
- ▶ Application of preferential rate within SAARC Countries
- ▶ Slab of the tariff:
  - a) Customs Duty—7 slab  
0%, 10%, 15%, 20%, 30%, 50% and 100%
  - b) Sales Tax—8 Slab  
0%, 5%, 10%, 15%, 20%, 30%, 50% and 100%

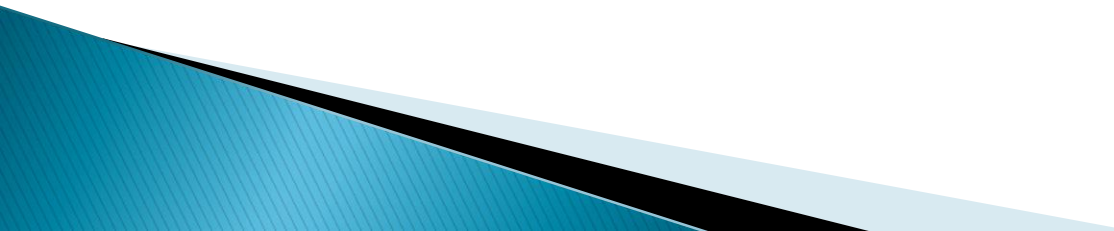
# Application of Valuation Method

- ▶ Most of the transaction based on Price paid or payable
  - ▶ Customs Duty levied on Cost, Insurance and Freight
  - ▶ Sales Tax levied on FOB
  - ▶ Deductive valuation method is applied in case of under valued goods
- 

# Post Clearance Audit

- ▶ In process of developing a Audit Based Control in release of goods with accession to RKC
  - ▶ Drafting Guidelines for the PCA
  - ▶ Developing a ICT for facilitation of PCA
- 

# Challenges

- ▶ Tackling commercial fraud (under valuation and over valuation)
  - ▶ Insufficient valuation data base
  - ▶ Minimum penalty for offence related to valuation fraud.
  - ▶ Lack of proper guidelines on valuation of goods
- 



# THANK YOU

Any questions Please???????