

Revenue Mobilization

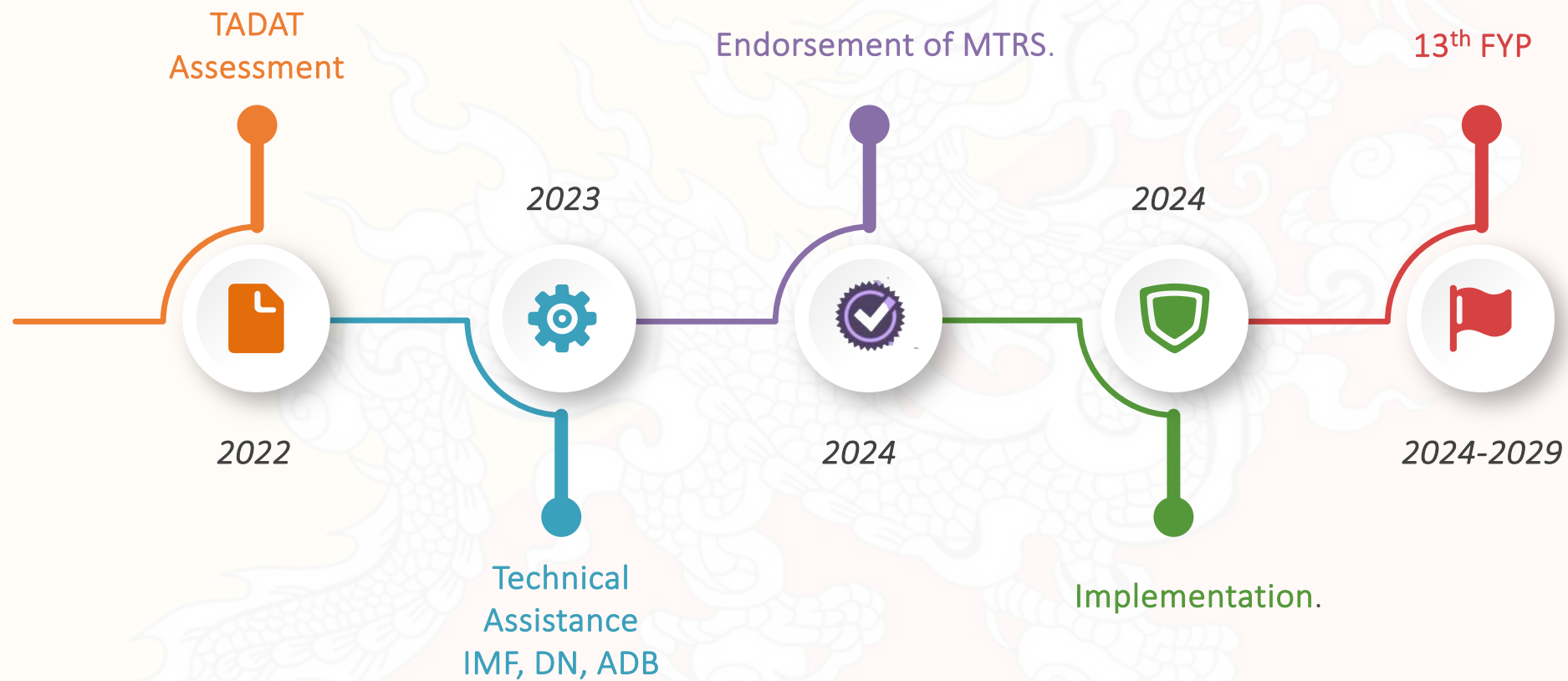
9th Tokyo Fiscal Forum
June 5-6, 2024

Deki Wangmo

Department of Revenue and Customs,
Ministry of Finance,
Royal Government of Bhutan



Timeline



Formulation of MTRS

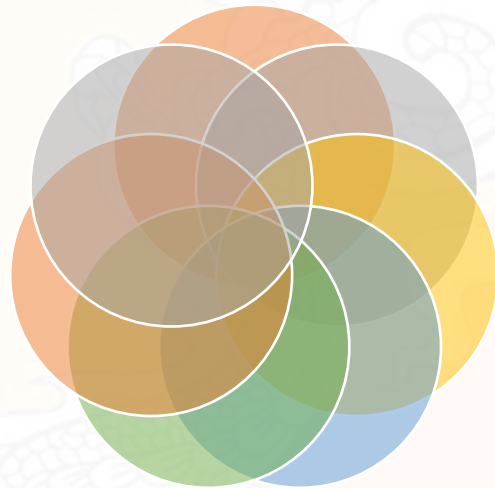
AIMS

Encourage growth by supporting private sector activities for improved revenue mobilization

Strengthen IT framework through greater integration

Incentivise outcomes, NOT inputs

Minimize exemptions, targeted redistribution via expenditure policy



Expand Tax Base and rationalize Tax Rates

Simplify tax regime for improved compliance and reduced administration costs & effort

Improve **certainty** of tax regime

OBJECTIVES

Improve Revenues to GDP ratio from 22% in 2022-23 to 24% by 2028-29

Recurrent tax revenues cover all current expenditures

Formulation of MTRS

Technical Consultations

Diagnosis of tax policy, tax administration, legal framework

Technical assessments and studies

Rigorous vetting of proposed reforms

Finalise MTRS reforms

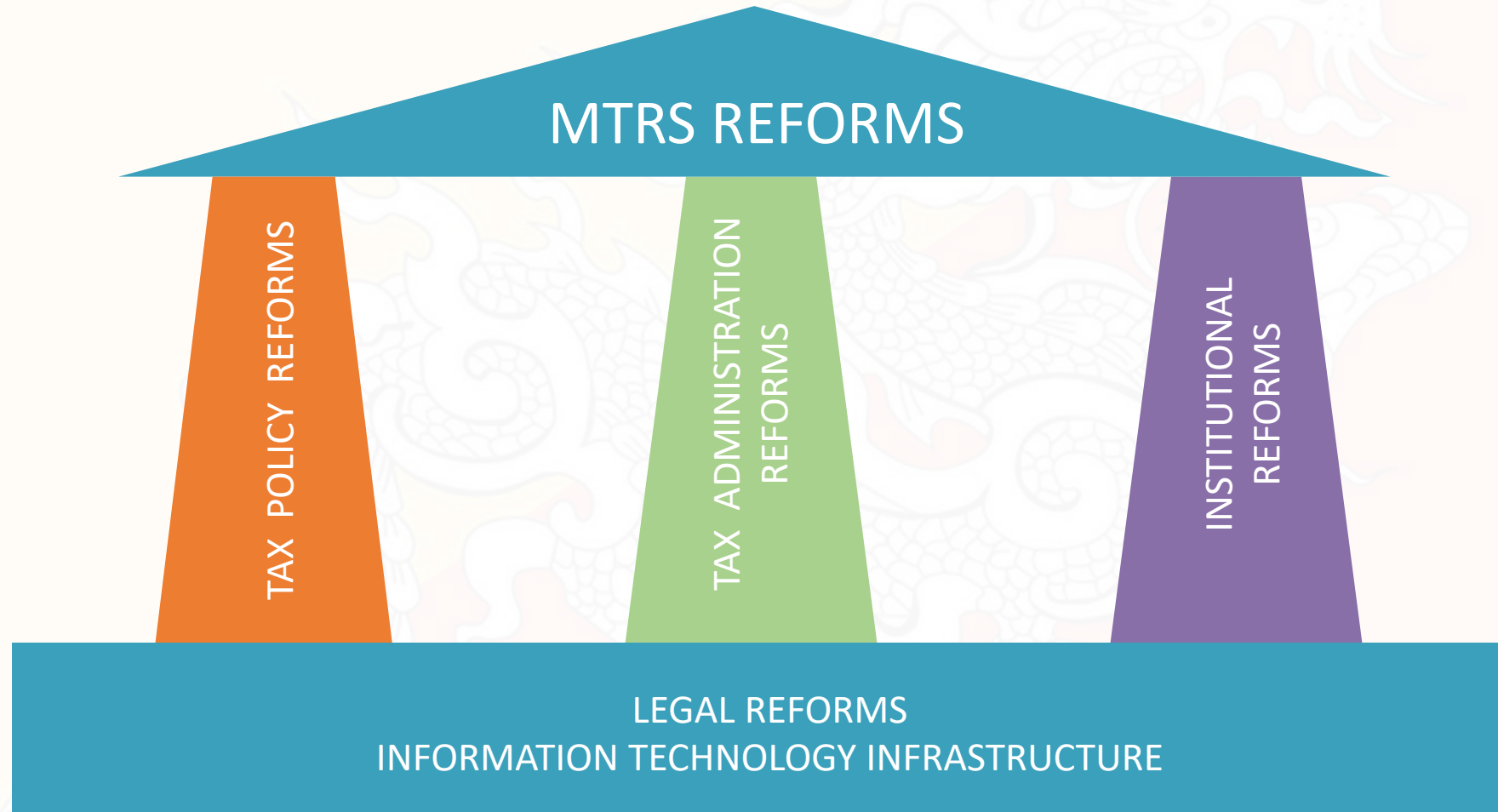
Prioritizes reforms in two major tax policies

Goods and Service Tax Act

Fiscal Incentives Act.

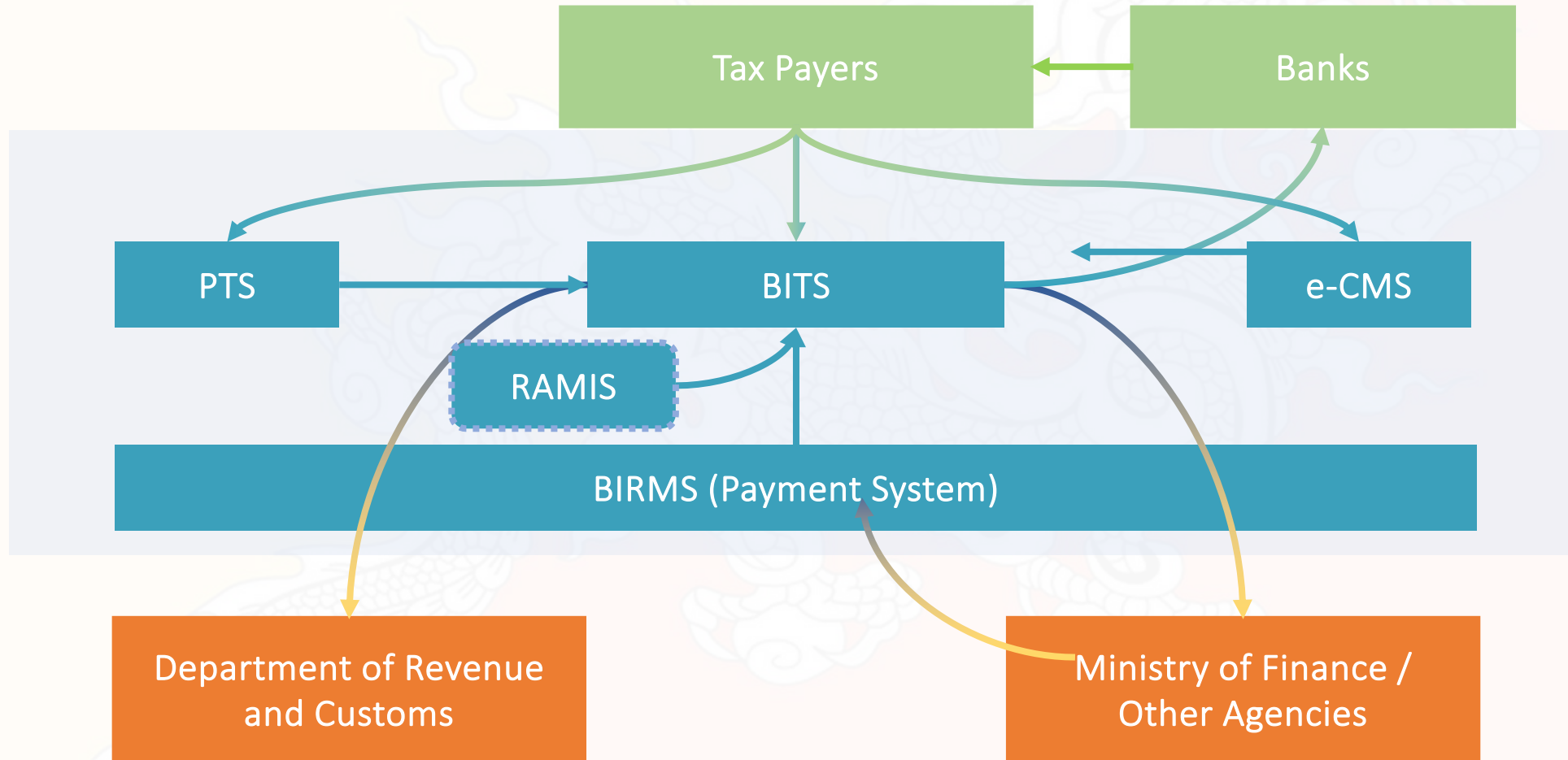
Component 2: Tax System Reforms

MTRS



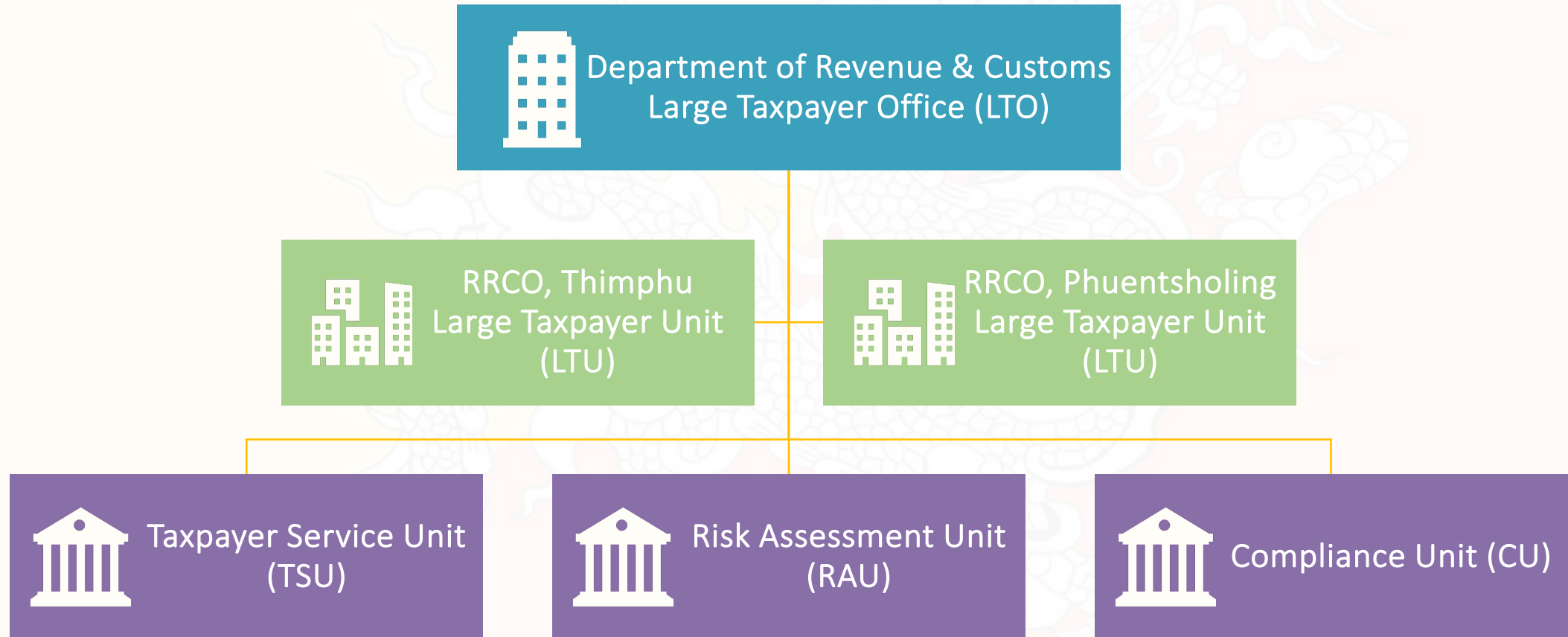
Implementation of MTRS

Tax Administration Reforms – An Integrated IT Framework



Implementation of MTRS

Institutional Reforms – Tax Type to Tax Function



Implementation of MTRS

Policy and Legal Reforms



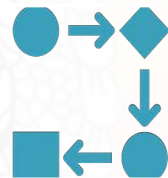
Income Tax Act

- First internal draft completed.
- Seeking technical support from IMF
- Schedule to be put up in the winter session of the parliament 2024



GST Act: Technical support confirmed by IMF

- Rationalizing list of GST exemptions
- Schedule to be put up in the winter session of the parliament 2024



Excise Act

- Studying the rationalization of list of products that attract EET

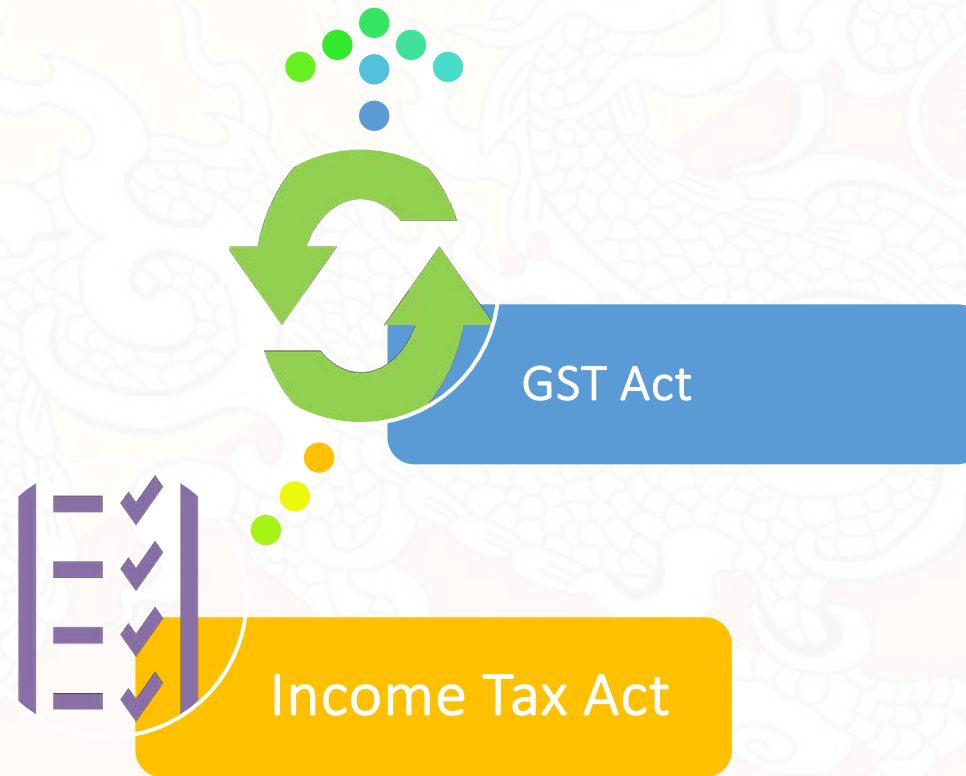
Implementation of MTRS

Capacity Development

Activity & Benefit/ Time Frame	Revenue Generation	Improving DRC operational efficiency	Enhancing Taxpayer Service & Reducing Compliance Cost
Short Term	Activities	Activities	Activities
Medium Term	Activities	Activities	Activities

Implementation of MTRS

Technical support



ありがとう