

Role of Incentives in Promoting FDI for Inclusive and Sustainable Development



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**PRESENTATION
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Bhutan- International Rankings

One of the
Fastest
Growing
Economies

4th in 2011-
2012 (*IMF
World
Economic
Outlook*)

Best In
Travel
Amongst
Top 10
Countries
for 2012

Ranked 6th
by Lonely
Planet

Corruption
Perception
Index 2012

Best in
South Asia
- Ranked
33rd

Global Peace
Index

19th Most
Peaceful

Happy
Planet
Index

Ranked 17th
(2009)

Amongst
the 9 “Star
Emerging
Countries”
by

Overseas
Developme
nt Institute
(UK)

Investment Promotion



- Bhutan is known as a “tourist destination”
- Efforts are made to promote the country also as an investment destination through policy reforms, provision of incentives and other measures.
- Various procedural and regulatory frameworks are being reviewed and simplified such as fast tracking of approvals, revision of companies act, formulation of enterprise registration act, G2C, G2B initiatives amongst a number of other reforms to attract investment.
- Incentives are part of the promotional package to attract investment including the FDI

Selling Points



- Our selling points, amongst others, comprise of
 - ✦ Political stability
 - ✦ Peace and security
 - ✦ Access to vast regional market
 - ✦ Reliable and competitively priced electricity
 - ✦ Low corruption level (33rd CPI)
 - ✦ Political commitment to economic growth
 - ✦ Pristine environment
 - ✦ English speaking workforce amongst others

Priority Sectors



Manufacturing

- Agro based
- Forest based
- Energy (Electricity)
- Water Based products
- Other manufacturing – electronics; electricals ; computer hardware; building materials etc

Services

- Education
- Specialized Health Services
- Hotels/resorts
- Infrastructure facilities
- R & D
- Head Office
- IT/ITES
- Construction
- Waste Management
- Water supply & Mgm (Urban)
- Technical & Vocational Education
- Transportation & related services
- Consultancy
- Financial Services

Incentives for Investment



- FDI Law provides for Equal Treatment in provision of incentives and privileges
- Fiscal Incentives provided to domestic investment also apply to FDI.
- Bhutan moved away from time-bound incentives to sector based incentives in 2010.
- Currently, different forms of incentives are in place namely General Incentives, Specific Incentives and Sector Specific Incentives to different types and sizes of industries including FDI

Types of Incentives



- **General Tax Incentives – applicable to all types of investment are:**
 - Duty exemption on import of capital goods for industries
 - Sales tax exemption on industrial raw materials
 - Tax exemption on hard currency earnings
 - Re-investment allowance upto 25% (tax deductible)
 - Environment friendly technology up-gradation (15% tax rebate)
 - Expenditure incurred in R & D (tax deductible)
 - Use of self generated foreign exchange for import of industrial inputs

Specific Tax Incentives



- Specific tax incentives are provided to promote two main areas namely:
 - Cottage and small Industries (CSIs)
 - ✦ 10 year tax holiday
 - ✦ Additional 10 year in remote location
 - ✦ Income tax exempt on interest income earned by FI through lending to CSIs
 - Waste management

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_6377

