

## **BHUTAN RETAIL TRADE REGULATION, 2006**

The Bhutan Retail Trade Regulation, 2006 is a part of the reform process in the Trading regime and an effort towards the creation of a stable and predictable policy environment in the Trading sector. The purpose of the Bhutan Retail Trade Regulation, 2006 is to provide a simple licensing system and to streamline the Retail Trade and keep the sector in tune with international norms and best practices.

### **1. TITLE, COVERAGE & COMMENCEMENT**

1.1 This Regulation shall be called the Bhutan Retail Trade Regulation, 2006.

1.2 This Regulation shall extend to the whole Kingdom of Bhutan.

1.3 This Regulation shall come into force with effect from April 1, 2006.

### **2. DEFINITIONS**

In this Guideline made hereunder unless stated otherwise, shall mean:

2.1. Wholesaler:

Shall mean authorized representative of a Manufacturer / Principal Company to distribute their products to the retailer.

2.2. Retailer:

Shall mean those traders who sell goods directly to the consumer.

2.3. Micro-trader:

Shall mean a person who engages in trading and is registered under the Bhutan Micro Trade Regulation 2006.

2.4. Goods:

Shall mean both goods and products and shall be inter-changeable in its usage.

2.5. Ministry:

Shall mean the Ministry of Trade and Industry

2.6. Minister:

Shall mean the Minister of Trade and Industry.

2.7. Negative List:

Shall mean products prohibited or restricted by the Royal Government for which a separate approval will be required.

2.8. Rules/Regulations:

Shall mean all such rules/regulations made under an Act or otherwise that may be relevant to be applied to trading activities.

### **3. ELIGIBILITY**

3.1 All Bhutanese citizens having attained the age of 18 years shall be eligible to engage in retail business.

3.2 A company incorporated under the provisions of the Companies Act of the kingdom of Bhutan, 2000 is also eligible to engage in retail business.

### **4. LICENSING PROCEDURE**

- 4.1 The retail license applicant shall apply for retail license on the prescribed forms available at the Regional Trade and Industry Offices or on the Ministry's website ([www.mti.gov.bt](http://www.mti.gov.bt)).
- 4.2 The retail license applicant shall submit Photo copies of citizenship identity card, security and other clearance as required by rules from time to time.
- 4.3 The retail business shall be classified as small, medium or large on the basis of their annual sales turn-over.
- 4.4 The license fees shall be levied on the basis of the scale for which a license has been granted as per Annex-I.
- 4.5 The retail license shall be renewed every one year. Renewal shall be subject to clean record.

## **5. ACTIVITY CLASSIFICATION**

- 5.1 The activity classification for the trade sector shall be done in accordance with International Standard Industrial Classification (ISIC) Codes, and Harmonized Commodity Description Code (HS) at 4 digit level as relevant.
- 5.2 The retailer shall be permitted to engage in all activities with the exception of those prohibited and those listed in the Negative List
- 5.3 The retailer shall list three major activities that the retailer trades in the order of prominence.

## **6. RIGHTS OF RETAILER**

- 6.1 The retail license shall confer the retailer with the right to commence retail business from a given location of the enterprise.
- 6.2 The retailer shall be allowed to trade in all goods except for those in the negative list of products.
- 6.3 For trade in goods in the negative list, separate permit/approval from the relevant authorities shall be obtained in accordance with the rules in vogue.

## **7. OBLIGATIONS OF RETAILER**

- 7.1 The retailer shall set up business only after obtaining a license from the Ministry.
- 7.2 The retailer shall comply with all the laws and by-laws of the Royal Government of Bhutan in the conduct of their business.
- 7.3 The retailer shall set up business only in areas designated/permitted by respective Dzongkhag and municipal authorities.
- 7.4 The retailer shall not lease/sublease his license to another party.
- 7.5 The retailer shall not carry out wholesale business.
- 7.6 The retailer shall pass on benefits granted by the principal company and the wholesaler to the consumers.

7.7 The retailer shall ensure that spurious, adulterated and products with expired dates are not sold.

7.8 The retailer shall cooperate and provide any information as required by the Ministry or its authorized representative.

7.9 The retailer shall allow unfettered access to the authorized representative of the Ministry to inspect its premises.

## **8 PENALTIES**

8.1 The retailer shall be liable to penalties for any violation and shall be dealt as per the relevant provisions contained in the” General Guideline for Industrial and Commercial Ventures in Bhutan (1997)” or any other relevant rules and regulations in vogue.

8.2 The retailer shall be levied to a penalty of Nu.10, 000/- for violation of any provisions of this Regulation.

8.3 A repeat violation of the provisions shall result in the cancellation of the license.

## **9 POWER TO GRANT EXEMPTION /AMEND**

9.1. The Minister shall have power to grant any exemption under this Regulation

9.2. The Ministry shall have the powers to amend any provisions of this

Regulation from time to time.

## **10 SUPERSESSION AND INTERPRETATION**

10.1 In the event of conflict of any provisions of this Regulation with any existing Rules, the provisions of this Regulation shall prevail.

10.2 The Ministry shall be the sole authority responsible for interpretation of this Regulation and its decision shall be final and binding.