



Guidelines for Registration of Cottage Scale Industries 2021

**DEPARTMENT OF COTTAGE AND SMALL INDUSTRY
ROYAL GOVERNMENT OF BHUTAN**

MAY 2021

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Preamble

This Guidelines for Registration of Cottage Scale Industries 2021 is hereby issued as per the provision of Clause 6.1.5 of Cottage and Small Industry Policy 2019. This also has reference to the decision of the 86th session of the Lhengye Zhungtshog and the State of the Nation address by the Hon'ble Prime Minister to the Parliament on 12th December 2020.

1. Title and Commencement

This Guideline shall be called the Guidelines for Registration of Cottage Scale Industries and shall come into effect from 14th May 2021.

2. Objective

To adopt a Registration Certificate System to promote and facilitate growth and development of cottage scale industries.

3. Eligibility

- 3.1 A person having attained the age of 18 years and above shall be eligible to obtain Registration Certificate to operate cottage scale industries.
- 3.2 A person without any adverse record as verified electronically or otherwise from the Security Clearance System of Royal Bhutan Police.
- 3.3 A person shall be permitted to undertake cottage scale industrial activity in any Dzongkhag of his/her choice.
- 3.4 A person shall be eligible to engage in the registered activities in the specified location only. The person shall not be eligible for registration of the same activities in other locations.

4. Registration Procedure

- 4.1 A person intending to venture into any cottage scale industries with investment less than Nu. 1 million shall be required to register. The registration shall be done through:
 - i) online G2C Services - www.citizenservices.gov.bt or www.g2b.gov.bt (*Annexure III*)
 - ii) in a prescribed form (*Annexure IV*) available on the Ministry's website (www.moea.gov.bt).

- 4.2 An applicant shall have a valid Security Clearance Certificate.
- 4.3 With exception to those activities falling under ineligible and prohibited list (*Annexure I*) and registration with sectoral clearances (*Annexure II*) of this Guidelines, sectoral clearances are exempted while obtaining Registration Certificate for cottage scale industries.
- 4.4 Upon acceptance of the registration application, a person shall be issued with a Registration Certificate which can be directly printed from website/system without having to visit office in person.
- 4.5 Upon obtaining the Registration Certificate, the applicant shall register with the Department of Revenue and Customs, Ministry of Finance for taxation purpose.
- 4.6 No registration and renewal fee shall be levied.

5. Validity and Renewal of Registration Certificate

- 5.1 The Registration Certificate shall be valid for three (3) years.
- 5.2 The Registration Certificate shall be renewed before the expiry of the validity period. The renewal shall be subject to clean record.
- 5.3 The renewal of the Registration Certificate is subject to tax clearance certificate issued by the Department of Revenue and Customs, Ministry of Finance.

6. Rights of Registration Certificate Holder

The Registration Certificate holder shall:

- 6.1 have the right to cancel the Registration Certificate after fulfilling all legal obligations.
- 6.2 have the right to upgrade the registration to license system after fulfilling the licensing procedures.
- 6.3 have the right to operate business as per terms specified in the Registration Certificate.

7. Obligations of Registration Certificate Holder

The Registration Certificate holder shall:

- 7.1 obtain Registration Certificate prior to starting a business.
- 7.2 comply with all the provisions of this Guidelines.
- 7.3 comply with all applicable laws, rules and regulation of the Royal Government of Bhutan in the conduct of business.
- 7.4 not lease/sub-lease the Registration Certificate to another person.
- 7.5 only engage in the specified business activity for which a Registration Certificate has been issued.
- 7.6 cooperate and provide any information as required by Local/Central Government agencies.
- 7.7 allow the Ministry or its authorized representative to inspect its premises as and when required.
- 7.8 commence business within six (6) months after obtaining the Registration Certificate.
- 7.9 upgrade to small/medium/large scale industries if their cumulative investment exceeds the cottage scale investment threshold of less than Nu. 1 million and or based on the Ministry of Finance's tax assessment or the Ministry's assessment of the individual's business performance.
- 7.10 locate the business as per the Local Government Plan of the respective Dzongkhags/Dungkhags/Thromdes/Gewogs and not locate the business in the prohibited/restricted areas.
- 7.11 not establish business in the State Reserve Forest land without the approval of the National Land Commission Secretariat as per the Land Act of Bhutan.
- 7.12 ensure to process any changes in the Registration Certificate through the G2B application services. The changes shall be effected only upon approval of the Ministry.
- 7.13 file annual taxes/any levies as applicable under any laws of the Kingdom of Bhutan.
- 7.14 renew the Registration Certificate before the expiry of three (3) years registration period, failing which the certificate shall stand cancelled automatically from the date of expiry.

8. Administrative Actions under Rules of the Ministry

- 8.1 Non-compliance to this Guidelines shall be an offence and shall be dealt as per the relevant provisions of the Rules and Regulations for Establishment and Operation of Industrial and Commercial Ventures in Bhutan 1995 and amendments thereof and/ or other relevant laws of the Kingdom of Bhutan.
- 8.2 Non-renewal of the Registration Certificate from the expiry date shall attract charges equivalent to the late renewal fees applicable as per Rules and Regulations for Establishment and Operation of Industrial and Commercial Ventures in Bhutan 1995 and amendments thereof.
- 8.3 The Registration Certificate not renewed within six (6) months as per provision 8.2 shall be cancelled. A new Registration Certificate may be issued to the same proponent as per Rules and Regulations for Establishment and Operation of Industrial and Commercial Ventures in Bhutan 1995 and amendments thereof.

9. Power to Grant Exemption

- 9.1 The Minister shall have the power to grant exemption under this Guidelines.

10. Amendment

- 10.1 The Ministry shall have the power to amend any provisions of this Guidelines from time to time.

11. Interpretation

- 11.1 The Ministry shall be the competent authority responsible for interpretation of this Guidelines and its decision shall be final and binding.

12. Transitional Provision

- 12.1 Those who currently hold cottage scale licenses are eligible to convert to registration system on or before expiry of their license validity through G2B application process upon production of tax clearance certificate from the Ministry of Finance.

13. Definition

13.1 Cottage Scale Industries¹

Defined as those industries with an investment less than Nu.1 million and engaging up to 4 people. In cases of conflict between employment and investment in the categorization of an industry, investment will take precedence over employment.

13.2 Registration Certificate

Shall mean a permission granted by the Ministry or its Authorized Representative to a person who intends to engage in industrial activities under the cottage scale.

13.3 Sectoral Clearance

Shall mean any clearances required to be issued by regulatory policy and laws, prior to issuance of Registration Certificate by the Ministry or its Authorized Representative.

13.4 Ministry

Shall mean the Ministry of Economic Affairs.

13.5 Minister

Shall mean the Minister for Ministry of Economic Affairs.

13.6 Authorized Representative

Shall mean an agency authorized by the Ministry to exercise power conferred by various acts, rules and regulations of the Royal Government of Bhutan.

13.7 A Person

Shall mean a bona fide Bhutanese citizen.

13.8 Prohibited activities

Shall mean a list of business activities not permitted to operate in the Kingdom of Bhutan.

13.9 Ineligible activities

Shall mean a list of business activities not allowed under this Guidelines.

¹ Cottage and Small Industry Policy 2019

Annexure I: Ineligible and Prohibited List

Sl. No.	INELIGIBLE LIST OF ACTIVITIES
1	Entertainment activities (Drayang, Discotheque, Karaoke, Snooker, Video Game Parlor, Live music, Cinema Hall, Bowling Alleys)
2	Tour Operator/Travel Agent
3	Bar
4	Contract
5	Mining and Quarry
6	Stone Crushing Unit
7	Hotels
8	Sawmills /Integrated Wood-based Industries

Sl. No.	PROHIBITED LIST OF ACTIVITIES
1	Activities that have harmful effects on public health, environment and Bhutanese morals and culture.
2	Arms, ammunitions and explosives
3	Production of hazardous chemicals (as per the restricted list of NEC)
4	Tobacco and tobacco-based products
5	Production, display and sale of Pornographic materials
6	Activities based on imported waste
7	Gambling and Betting
8	Activities that threaten national security and public order
9	Activities that violate any relevant laws of the Kingdom of Bhutan

Annexure II: Register with Sector Clearance List

Sl. No.	REGISTER WITH SECTOR CLEARANCE
1	Bakery / Confectionary
2	Carpet Production using dye
3	Casting of Basic precious metals
4	Consultancy in Aeronautics Services
5	Consultancy in architectural and engineering activities and related
6	Contract -W2 (Traditional Bhutanese Painting/Finishing Works - Internal and external finishing and decorations of all structures in traditional Bhutanese paintings)
7	Dairy Farming
8	Domestic Employment Agent
9	Early Child Care and Development (ECCD) Day Care Center (age 3 and above)
10	Education consultancy and Placement firm / Career Education and Counseling
11	Fabrication activities
12	Fish Farming
13	Foreign Exchange services (Authorized money changer)
14	Foreign Workers Recruitment Agent
15	Home processed food
16	Integrated Farming (Agriculture and Livestock mixed farming)
17	Logging
18	Maintenance and Repair of Motor Vehicles [including washing and polishing etc]
19	Manufacture of Apple Cider Vinegar
20	Manufacture of Card Board
21	Manufacture of Charcoal briquette / wood charcoal
22	Manufacture of corrugated/carton boxes
23	Manufacture of Handmade Paper
24	Manufacture of Incense
25	Manufacture of Mineral/ Spring Water Bottling Plant
26	Manufacture of nails/binding wire/Gabion Wire Mesh
27	Manufacture of sauces, paste, jams, jellies and marmalades
28	Manufacture of Vegetable Oil and Fats (excluding corn oil)
29	Manufacturing of alcohol-based hand sanitizer
30	Manufacturing of beer / Micro Brewery
31	Manufacturing of Bricks/ RCC bricks and blocks, hollow and pavement blocks, Autoclaved Aerated Concrete (AAC) Blocks

32	Manufacturing of Chirata products (without claiming medicinal benefits)
33	Manufacturing of Concrete Tiles
34	Manufacturing of Dairy Products/Milk processing plant, Cheese butter, cream, ghee, cheese and khoya etc., Yoghurt
35	Manufacture of bedding, quilts, pillows, cushions and sleeping bags
36	Manufacture of coir foam mattresses and pillows etc.
37	Manufacture of gelatin and gelatin derivatives, glues of animal origin, prepared glues and other prepared adhesives including adhesives based on rubber or plastics
38	Manufacturing of Fruit and Vegetable Products
39	Manufacturing of fruit/vegetable juices and their concentrates, squashes and powder
40	Manufacturing of herbal products
41	Manufacturing of Herbal Tea
42	Manufacturing of Hume Pipes
43	Manufacturing of Ice Cream and /Milk Candy
44	Manufacturing of Instant Noodles
45	Manufacturing of packaging paper
46	Manufacturing of Pickles
47	Manufacturing of Skin Cosmetics
48	Manufacturing of texturized soya protein nuggets/granules/soya bean curd (Tofu)
49	Natural and Organic Food Processing
50	Noodle production (excluding Instant Noodle production)
51	Office to facilitate the treatment abroad (private patient)
52	Overseas employment services
53	Packaged Snack Food Production
54	Packaging of indigenous food products
55	Piggery Farming
56	Poultry Farming
57	Processing and Powdering of Pulses
58	Processing of Edible nuts, Areca nut, Katha Unit, processing and packaging of pan masala, supari, peanut butter
59	Production of beverages
60	Production of carbonated soft drinks and fruits juices
61	Production of wood turning products and bamboo products.
62	Production of Honey meads (Honey wine and beer)
63	Production of Jari

64	Production of Sea buckthorn (Tarbu) Tea
65	Production, processing and preserving of other meat, meat products, n.e.c. Production of Meat Sausage
66	Rearing of Goats, Production of Milk
67	River Rafting services
68	Salt Crushing/ Iodization Plant
79	Security services
70	Spa and Wellness Services (activities of Sauna & Steam bath, Herbal Bath and massage services)
71	Spa Services
72	Textile production using dye
73	Training institutes

Annexure III: Online Registration Form

REGISTRATION OF COTTAGE SCALE INDUSTRIES



Please read the [Guidelines for Registration of Cottage Scale Industries 2021](#) before filling your application for a Registration Certificate.

Do you have a cottage industry license?

If you already have a valid cottage industry license, you can obtain here the new registration certificate.

- Yes, I already have a license
 No, I don't have a license

Validate and Continue

Investment, activity and Type of Ownership

Fixed Capital Investment

Nu.

Pre-operating expenses

Nu.

Total Fixed Capital Investment

Nu.

Activity and Type of Ownership

Business Activity

Select from dropdown menu

Type of Ownership

Select from dropdown menu

Validate and Continue

Business Name, Contact and Location

Proposed Business Name:

Enter manually

Business Contact and Location

Email

Enter manually

Phone Number:

Enter manually

Dzongkhag:

Select from dropdown menu

Dungkhag

Select from dropdown menu

Gewog

Select from dropdown menu

Village

Select from dropdown menu

Exact Location :

Enter manually

Employment

Male:

Enter manually

Female:

Enter manually

Others

Enter manually

Total employees:

0

Validate and Continue

Undertaking

I undertake to ensure that:

1. The information furnished herewith is true to the best of my knowledge and belief. In the event of detection of false or misleading information, I confer herewith the absolute authority to the Ministry of Economic Affairs or its Authorized Representative to take any action deemed appropriate, including cancellation of Registration Certificate.
2. I have read and understood the Guidelines for Registration of Cottage Scale Industries 2021 in full and confirm to abide by it during the conduct of the business.
3. I shall locate the business as per the Local Government Plan of the respective Dzongkhags/Dungkhags/Thromdes/Gewogs and not locate the business in the prohibited/restricted areas.
4. In the event my business falls under the restricted/prohibited area, I agree to discontinue the business operation immediately upon notification of the Royal Government or its representatives. I shall relocate the business at my own cost and the Royal Government shall not be obliged to compensate any losses incurred thereof.
5. I agree to disclose the scale of business accurately and upgrade to a higher scale of business as deemed necessary.
6. I agree to comply with all the Laws, Rules and Regulations of the Kingdom of Bhutan.
7. That, I agree to register with the Ministry of Finance for tax purposes and file tax.

I have signed this undertaking form under full knowledge and understanding of all obligations to the fullest extent stated therein

Full Name

Date of Signing

Click the “Confirm” button below to receive a link by email or phone to download and print your Registration Certificate.

For queries, please contact your nearest Regional Office of Economic Affairs or the Department of Cottage and Small Industry by phone: +975 2 332741 or email: dcsi@moea.gov.bt

Confirm

Annexure IV: Manual Application Form for Registration



**MINISTRY OF ECONOMIC AFFAIRS
ROYAL GOVERNMENT OF BHUTAN**

A: APPLICATION FORM FOR REGISTRATION OF COTTAGE SCALE INDUSTRIES

(Ownership Type: Sole proprietorship - Business operated by one person)

1. Personal Details for Registration of Cottage Scale Industry:

Name of promoter:

Citizenship Identity Card No:.....

Gender (Tick): Male Female

Mobile no. :

Security Clearance valid (Tick): Yes No (Provide Date of Birth.....)

2. Proposed Business Details:

Business Activity:

Business Name:

3. Business Location

Dzongkhag :

Dungkhag :

Gewog :

Village :

Exact Location :

4. Number of Employees:

Male: Female:

Others:..... Total:.....

5. Investment (initial)

Total Fixed Capital Investment: Nu.....

(Total fixed capital investment is total cost of plant, machineries, equipment and pre-operating expenses)

6. Undertaking by Applicant:

Please attach Undertaking Form – Annexure V



**MINISTRY OF ECONOMIC AFFAIRS
ROYAL GOVERNMENT OF BHUTAN**

B: APPLICATION FORM FOR REGISTRATION OF COTTAGE SCALE INDUSTRIES
(Ownership Type: Partnership - Business operated by more than one person)

1. Personal Details for Registration of Cottage Scale Industry:

Name of promoter:

Citizenship Identity Card No:
.....

Gender (Tick): Male Female

Security clearance valid (Tick): Yes No (Provide Date of Birth.....)

Mobile no. :

Name of promoter:

Citizenship Identity Card No:

Gender (Tick): Male Female

Security clearance valid (Tick): Yes No (Provide Date of Birth.....)

Mobile No.:

2. Proposed Business Details:

Business Activity:

Business Name:

3. Business Location

Dzongkhag :

Dungkhag :

Gewog :

Village :

Exact Location :

4. Number of Employees:

Male: Female:

Others:..... Total:.....

5. Investment (initial)

Total Fixed Capital Investment:

(Total fixed capital investment is total cost of plant, machineries, equipment and pre-operating expenses)

6. Undertaking by Applicant:

Please attach Undertaking Form - Annexure V



**MINISTRY OF ECONOMIC AFFAIRS
ROYAL GOVERNMENT OF BHUTAN**

C: APPLICATION FORM FOR REGISTRATION OF COTTAGE SCALE INDUSTRIES
(Ownership Type: Company – Registered Company with Articles of Incorporation)

1. Company Registration No.:

2. Company Details

Company Name:

Office No.:

Mobile No.:

Email ID:

Type of Company (Tick): Private Public Government

3. Proposed Business Details:

Business Activity:

(listed in the article of incorporation):

Business Name:

4. Business Location:

Dzongkhag :

Dungkhag :

Gewog :

Village :

Exact Location :

5. Number of Employees:

Male: Female:

Others:..... Total:.....

6. Investment (initial)

Total Fixed Capital Investment:

(Total fixed capital investment is total cost of plant, machineries, equipment and pre-operating expenses)

7. Undertaking by Applicant:

Please attach Undertaking Form - Annexure V



**MINISTRY OF ECONOMIC AFFAIRS
ROYAL GOVERNMENT OF BHUTAN**

D: APPLICATION FORM FOR REGISTRATION OF COTTAGE SCALE INDUSTRIES
(Ownership Type: Other –Cooperative/Group/Government)

1. Details for Registration of Cottage Scale Industry:

- a:** Ministry /Parent Body:
Department/Agency:
Phone No.:
- b:** Cooperative/Group Registration No.:
Phone No.:
-

2. Proposed Business Details:

- Business Activity:
Business Name:
-

3. Business Location

- Dzongkhag:
Dungkhag:
Gewog:
Village :
Exact Location :
-

4. Number of Employees:

- Male: Female:
Others:..... Total:.....
-

5. Investment (initial)

- Total Fixed Capital Investment: Nu:
(Total fixed capital investment is total cost of plant, machineries, equipment and pre-operating expenses)
-

6. Undertaking by Applicant:

Please Attach Undertaking Form - Annexure V

Annexure V: Undertaking Form

I(Name)..... bearing CID No.: have fully understood and hereby agree to abide by the following terms:

1. The information furnished herewith is true to the best of my knowledge and belief. In the event of detection of false or misleading information, I confer herewith the absolute authority to the Ministry of Economic Affairs or its Authorized Representative to take any action deemed appropriate, including cancellation of Registration Certificate.
2. That, I have read and understood the Guidelines for Registration of Cottage Scale Industries 2021 in full and confirm to abide by it during the conduct of the business.
3. That, I shall locate the business as per the Local Government Plan of the respective Dzongkhags/Dungkhags/Thromdes/Gewogs and not locate the business in the prohibited/restricted areas.
4. That, in the event my business falls under the restricted/prohibited area, I agree to discontinue the business operation immediately upon notification of the Royal Government or its representatives. I shall relocate the business at my own cost and the Royal Government shall not be obliged to compensate any losses incurred thereof.
5. That, I agree to disclose the scale of business accurately and upgrade to a higher scale of business as deemed necessary.
6. That, I agree to comply with all the Laws, Rules and Regulations of the Kingdom of Bhutan
7. That, I agree to register with the Ministry of Finance for tax purposes and file tax.

In witness whereof, I have signed this undertaking form under full knowledge and understanding of all obligations to the fullest extent stated therein.

(Affix Legal Stamp)

Signature of applicant:

Name:

CID:

Contact No.:

Name & Signature of Witness:

CID #:

Annexure VI: Registration Certificate Sample



དཔལ་ལྷན་འབྲུག་གཞུང། བཟུང་རྒྱལ་ལྷན་ཁག།
Royal Government of Bhutan
Ministry of Economic Affairs

ནང་བཟོ་རྩིས་ལས་ཁོངས་འགོ་དཔལ་གྱི་ལྟེང་།
Cottage Industries Registration Certificate


Registration Certificate No.	CRC226				
Business Name	Druk Jewellery				
Dzongkhag	Dungkhag	Gewog	Village	Location	
Thimphu	No Dungkhag	Thimphu Thromde	Norzin	Hongkong Market, Norzin Tag	
Activity	Gold Smith				
Classification	Subclassification		ISIC Code		
Services	Others		36911		
Initial Issuance Date	Validity Date				
04-05-2021	04-05-2024				
Owners					
CID	First Name	Middle Name	Last Name		

Terms and Conditions:

1. The information furnished herewith are true to the best of my knowledge and belief. In the event of detection of false or misleading information, I confer herewith the absolute authority to the Ministry of Economic Affairs or its Authorized Representative to take any action deemed appropriate including cancellation of Registration Certificate.
2. I have read and understood the Guideline for Registration of Cottage Scale Industries 2021 in full and confirm to abide by it during the conduct of the business.
3. I shall locate the business as per the Local Government Plan of the respective Dzongkhags / Dungkhags / Thromdes / Gewogs and not locate the business in the prohibited / restricted areas.
4. In the event my business falls under the restricted/prohibited area, I agree to discontinue the business operation immediately upon notification of the Royal Government or its representatives. I shall relocate the business at my own cost and the Royal Government shall not be obliged to compensate any losses incurred thereof.
5. I agree to disclose the scale of business accurately and upgrade to a higher scale of business as deemed necessary.
6. I agree to comply with all the Laws, Rules and Regulations of the Kingdom of Bhutan
7. I agree to register with the Ministry of Finance for tax purposes and file tax.



Scan the QR code to check the authenticity of the document.



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