

# **THIRD PARLIAMENT OF BHUTAN**

## **3<sup>RD</sup> SESSION**



**Resolution No. 03**

### **SUMMARY OF THE RESOLUTIONS OF THE NATIONAL ASSEMBLY OF BHUTAN**

**(JANUARY 15 - JUNE 17, 2020)**

**Speaker : Wangchuk Namgyel**



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# **Summary of the Resolutions of the Third Session of the Third Parliament of Bhutan**

## **1. Opening Ceremony**

The Third Session of the Third Parliament of Bhutan commenced on the auspicious 20<sup>th</sup> Day of the 11<sup>th</sup> Month of Earth Female Pig Year corresponding to 15<sup>th</sup> January, 2020. His Majesty the Druk Gyalpo was received in an elaborate Serdrang and Chibdrel Ceremony to the Parliament. The Third Session was opened with a Zhug-drel-phunsum-tshog-pai ten-drel ceremony and commenced with the Opening Address by the Speaker.

## **2. Introduction and Adoption of Bills**

### **2.1 Income Tax (Amendment) Bill of Bhutan 2020**

On 16<sup>th</sup> January, 2020, the Member In-Charge of the Bill (Minister for Finance) moved the Motion to deliberate the Income Tax (Amendment) Bill of Bhutan 2020. The House, after declaring the Bill as a Money Bill, deliberated and passed the Bill and referred it to the National Council. The House redeliberated on the Bill to discuss on the recommendations of the National Council and adopted as follows:

**In the Income Tax Act of Kingdom of Bhutan 2001, hereinafter referred to as the Act, Section 14.2 of Chapter 4 under Part I is amended as:**

“Entertainment expenses directly related to sales promotion of the business shall be allowed as deductions on the actual expenses incurred or 2 percent of the assessed net profit, whichever is lower.

However, “Publicity and advertisement expenses shall be allowed as deductions on actual expenses incurred or 5 percent of assessed gross income, whichever is lower”.

**In the Act, Section 45.1 of Chapter 9 under Part I is amended as:**

“The rate of Income Tax for State Enterprise under full tax liability shall be 30 percent of the net profit”. (For the purpose of this Bill, State Enterprise shall have the meaning as defined in the Public Finance (Amendment) Act of Bhutan 2012).

**In the Act, after section 45.1 of Chapter 9 under Part I, new section is inserted, namely:**

**Section 45.1A**

“The rate of income tax for companies other than the State Enterprise under full tax liability shall be 25 percent of the net profit”.

**In the Act, section 45.2(a) of Chapter 9 under Part I is amended as:**

“Permanent establishment at the rate of 25 percent of the net profit.”;

**In the Act, section 4.1 of Chapter 2 under Part III is amended as:**

“Nu. 300,000.00 per annum of the net taxable amount under section 13.1 shall be exempt from taxation as a basic exemption”.

**In the Act, after section 5.2 of Chapter 3 under Part III, new section is inserted, namely:**

“Notwithstanding section 5.1, pension income shall be exempt from Personal Income Tax”.

**In the Act, section 8.3 of Chapter 3 under Part III is amended as:**  
“Total dividend income from Bhutanese companies not exceeding Nu. 30,000.00 per annum shall be exempt from Personal Income Tax”.

**In the Act, section 12.2 of Chapter 3 under Part III is amended as:**  
“The allowable deductions for education expenses for students shall be the actual cost of the education expenses or Nu. 350,000, whichever is lower as prescribed in the rules.”

**In the Act, after Section 12.2 of Chapter 3 under Part III, new section is inserted, namely:**

“The allowable deductions for education expenses shall be Nu.20,000 per child in the absence of supporting documents.”

**In the Act, after section 14 of Chapter 3 under Part III, new section is inserted, namely:**

#### **Section 14 A**

#### **SURCHARGE**

“Surcharge at the rate of 10 percent shall be applicable on Personal Income Tax amount if the annual Personal Income Tax is equal to or more than Nu. 1,000,000.00. For the purpose of this Act, surcharge means additional tax levied on an existing tax payable or tax paid”.



**In the Act, after Part III, new Part is inserted, namely:  
“PART IV, CHAPTER 1, TAXES ON LOTTERY WINNINGS”.  
TAX RATES**

Income tax at the rate of 20 percent shall be applicable on all lottery winnings or prizes equal to or more than Nu. 5,000.00 per lottery ticket. Applicable tax shall be deducted at source and treated as final tax.

While ascertaining the support of the House on the above sections, 35 Members voted “Yes”, 1 Member voted “No” and 8 Members Abstained, out of 44 Members present and voting, and therefore adopted the Bill to come into force from Income Year 2020, on 14<sup>th</sup> February, 2020 corresponding to 21<sup>st</sup> Day of the 12<sup>th</sup> Month of the Earth Female Pig Year.

## **2.2 Tax (Amendment) Bill of Bhutan 2020**

On 16<sup>th</sup> January, 2020, the Member In-Charge of the Bill (Minister for Finance) moved the Motion to deliberate the Tax (Amendment) Bill of Bhutan 2020. The House, after declaring the Bill as a Money Bill, deliberated and passed the Bill and referred it to the National Council. The House redeliberated on the Bill to discuss on the recommendations of the National Council and adopted as follows:

**In the Act, section 5.2.2 of Chapter 5 is amended as:**

“The sales tax rate at 7 percent shall be applicable on tourist SIM telecom services as notified by the Ministry”.

**In the Act, after section 5.2.2 of Chapter 5, new section is inserted, namely:**

“5.2.3 The sales tax on all prepaid and postpaid telecom services shall be exempt”.

**In the Act, after Chapter 5, new Chapter is inserted, namely:**

“Chapter 6, Revision of Duty, Sales Tax and Green Tax”.

**On the Commencement Date, “The Act shall come into force as per the Section 46 B of the Public Finance (Amendment) Act 2012”.** On that, the majority of the Members supported the recommendations through show of hands. While ascertaining the support on the recommendations, 18 Members voted “Yes”, 16 Members voted “No” and 9 Members Abstained out of 43 Members present and voting, and therefore adopted the Bill through simple majority and shall come into force with effect from 16<sup>th</sup> January, 2020 corresponding to 23<sup>rd</sup> Day of the 12<sup>th</sup> Month of the Earth Female Pig Year. **14<sup>th</sup> February, 2020 corresponding to 21<sup>st</sup> Day of the 12<sup>th</sup> Month of the Earth Female Pig Year.**

### **2.3 Tourism Levy (Amendment) Bill of Bhutan 2020**

On 16<sup>th</sup> January, 2020, the Member In-Charge of the Bill (Minister for Finance) moved the Motion to deliberate the Tourism Levy (Amendment) Bill of Bhutan 2020. The House, after declaring the Bill as a Money Bill, deliberated and passed the Bill and referred it to the National Council. The House redeliberated on the Bill to discuss on the recommendations of the National Council and adopted as follows:

- a. The National Assembly initially adopted tourism levy exemption to 11 Dzongkhags (Lhuentse, Monggar, Tashigang, Tashiyangtse, Pemagatshel, Samdrupjongkhar,

Tsirang, Dagana, Zhemgang and Trongsa). The National Council added four additional Dzongkhags (Chhukha, Gasa, Haa and Samtse) and adopted exemption to 15 Dzongkhags altogether. Following the extensive deliberation on the list, and ascertaining support on Section 8 of the Bill through show of hands, majority of the Members decided not to provide exemption to any of the Dzongkhags, and therefore, rescinded the list of Dzongkhags for levy exemption.

- b. The Title of the Bill was changed as “The Tourism Levy Bill of Bhutan 2020.”
- c. An international leisure tourist shall be liable to pay tourism levy of USD 65 per night halt as Sustainable Development Fee.
- d. A regional leisure tourist shall be liable to pay concessional tourism levy of Nu.1,200 per night halt as Sustainable Development Fee.

While ascertaining the support on those sections, 33 Members voted “Yes”, and 7 Members Abstained out of 40 Members present and voting, and therefore adopted the Bill through majority vote, and shall come into force with effect from 1<sup>st</sup> July, 2020 corresponding to 11<sup>th</sup> Day of the 5<sup>th</sup> Month of the Iron Male Rat Year. **19<sup>th</sup> February, 2020 corresponding to 26<sup>th</sup> Day of the 12<sup>th</sup> Month of the Earth Female Pig Year.**

#### **2.4 Fiscal Incentive (Amendment) Bill of Bhutan 2020**

On 16<sup>th</sup> January, 2020, the Member In-Charge of the Bill (Minister for Finance) moved the Motion to deliberate Fiscal Incentive (Amendment) Bill of Bhutan 2020. The House, after declaring the Bill as a Money Bill, deliberated and passed the Bill and referred it to the National Council. The House redeliberated on the Bill to discuss on the recommendations of the National Council and adopted as follows:

## **Commencement**

This Bill comes into force retroactively from Income Year 2019.

### **In the Fiscal Incentives Act of Bhutan 2017, Section 5 is amended as:**

“Income Tax exemption to small and micro businesses in rural areas shall expire by 31<sup>st</sup> December 2024”.

While ascertaining the support on the National Council’s recommendations, 4 Members voted “Yes”, and 33 members voted “No” and 8 Members Abstained out of 45 Members present and voting, and therefore could not adopt the National Council’s recommendations. Therefore the Fiscal Incentives (Amendment) Bill of Bhutan 2020 was adopted as per the resolutions of the National Assembly of Bhutan. **17<sup>th</sup> February 2020 corresponding to 24<sup>th</sup> Day of the 12<sup>th</sup> Month of the Earth Female Pig Year.**

## **2.5 Goods and Services Tax Bill of Bhutan 2020**

On 16<sup>th</sup> January, 2020, the Member In-Charge of the Bill (Minister for Finance) introduced the Goods and Services Tax (GST) Bill of Bhutan 2020 for deliberation in the House. The House, after declaring the Bill as a Money Bill, deliberated and passed the Bill and referred it to the National Council. The House redeliberated on the Bill to consider recommendations of the National Council on the Bill and adopted as follows:

- a. “The taxable supplies and taxable imports of goods and services shall be levied at a GST rate of 7%.”
- b. The GST registration turnover threshold shall be Ngultrum 5,000,000 per annum as prescribed in the regulation under this Act.

- c. A new Section after Section 302: “A department shall pay the tax return to the taxpayer no later than 30 days after GST is being filed.”
- d. Section 105: “Adjustments shall be made where there is a significant change in the extent to which an acquisition is applied in making exempt supplies or for private purposes in accordance with regulations prescribed under this Act.”
- e. Section 200: “A permit may be required for the manufacture, import, export or transport of excisable goods, and the Department may issue permits as per the regulations prescribed under this Act.”
- f. Part III: Tax administration, Section 238: “A person who is dissatisfied with a decision of the Taxation Review Tribunal may appeal to the High Court within ten working days from the date of issue of the decision and reasons for the decision.”
- g. Section 261: “A person shall pay late payment penalty on outstanding tax, but late payment penalty shall not be levied on late payment penalty and administrative penalties.”
- h. Section 267 (3): “In other circumstances, as prescribed under the regulations under this Act, where it would be unduly harsh for the taxpayer to be liable for the full amount of late payment penalty or administrative penalty.”
- i. Section 270: “The Department may search, inspect and investigate a person, documents, premises, conveyance or goods for enforcement of this Act as per sections 271, 272 and 273 in accordance with the Civil and Criminal Procedure Code of Bhutan.”

- j. Section 272: “The Department may, as per the regulations prescribed under this Act and the Civil and Criminal Procedure Code of Bhutan, conduct a search without a court warrant of a person, conveyance, documents, premises or goods if there is imminent risk of a person disposing of or destroying evidence or the person escaping.”
- k. Section 336 (24) (b): “Software and the updating thereof, except for subsection (c) to (i) of the section 336 (24).”
- l. The Goods and Services Tax will be monitored online.
- m. The Goods and Services Tax Bill of Bhutan 2020 shall come into force with effect from 1<sup>st</sup> July, 2021.
- n. Among the other exemptions, farm equipment is to be included.

With regard to the recommendation of the National Council for the Government to introduce the Public Finance (Amendment) Act 2012 for amendment, the House directed the Government to decide on the recommendation.

With regard to the recommendation of the National Council to withdraw the Adoption of the Goods Services Tax Bill of Bhutan 2020, only one Member from the total of 40 Members present showed support through show of hands. Therefore, the Goods and Service Tax Bill of Bhutan 2020 was adopted as per the resolution of the National Assembly of Bhutan. **5<sup>th</sup> Day of the 1<sup>st</sup> Month of Iron Male Rat Year corresponding to 28<sup>th</sup> February, 2020.**

## **2.6 Property Ownership Transfer Tax Bill of Bhutan 2020**

On 16<sup>th</sup> January, 2020, the Member In-Charge of the Bill (Minister for Finance) introduced the Property Ownership Transfer Tax Bill of Bhutan 2020 in the House for deliberation. The House, after declaring the Bill as Money Bill, deliberated and passed the Bill and referred it to the National Council. The House redeliberated on the Bill to consider recommendations of the National Council on the Bill and adopted as follows:

- a. Section 4(2) of the Act, “sale value of the building or the assessed value whichever is higher as prescribed in the rules”.
- b. Section 5 of this Act, “The Property transfer tax shall be levied at the rate of 1% of the sale value of motor vehicle or value as assessed by the Competent Authority, whichever is higher”.
- c. Section 7: “The property transfer tax “shall be payable by the person as specified in the sale deed”.
- d. Section 8: Notwithstanding Section 7 of this Act, “the buyer shall pay applicable tax rate on the minimum reserve price” according to the Act.
- e. Section 9, New sub-section 10: “Transferred to Zhung Dratshang or Dratshang Lhentshog”.
- f. Section 9, New sub-section 11: “Transferred between members registered under the same census record”.
- g. Section 13 Definition, New sub-section 6: “Religious Organization” means any organization registered under the Religious Organizations Act of Bhutan 2007”.

- h. Section 13 Definition, New sub-section 7: “Zhung Dratshang” means the monastic body of the Kingdom of Bhutan”.

While ascertaining the support on the Date of Commencement of the Act as on 21<sup>st</sup> Day of the 11<sup>th</sup> Month of Earth Female Pig Year corresponding to 16th January, 37 Members voted “Yes”, 1 Member voted “No” while 5 Members Abstained out of 43 Members present and voting, and therefore, adopting the Bill through majority votes. **26<sup>th</sup> Day of the 12<sup>th</sup> Month of Earth Female Pig Year corresponding to 19<sup>th</sup> February, 2020.**

## **2.7 Supplementary Budget Appropriation Bill for Financial Year 2019-20**

On 17<sup>th</sup> January, 2020, the Member In-Charge of the Bill (Minister for Finance) introduced the Supplementary Budget Appropriation Bill for Financial Year 2019-20 for deliberation in the House. The House, after declaring the Bill as a Money Bill, deliberated and passed the Bill and referred it to the National Council. The House redeliberated on the Bill to discuss on the recommendations of the National Council and adopted as follows:

- a. Supplementary appropriation to “defray the expenditure on account of revision of pay and allowances for the Royal Bhutan Police, Khesar Gyalpo University of Medical Sciences of Bhutan, Jigme Singye Wangchuck School of Law, revision of stipends and subsidy to SoEs” considered by the Lhengye Zhungtshog in accordance with section 4(2) and 63 of the Pay Revision Act 2019 amounting to a sum not exceeding Nu.903.277 million was adopted.
- b. The revised budget with the supplementary appropriation is “estimated at Nu.65,730.002 million and the fiscal deficit as percent of GDP is estimated to increase to 3.40 percent for the FY 2019-20”.



While voting on the “appropriating of Nu.5 million for the National Assembly of Bhutan’s Parliamentary Committees and Secretariat services”, 44 Members voted “Yes” while 1 Member Abstained out of 45 Members present and voting, and therefore, adopted the Bill through majority support.

The National Assembly of Bhutan had passed the allotment of supplementary appropriation of Nu.5 million for the Parliamentary Committee and Secretariat Services. However, the National Council recommended repealing the appropriation. While ascertaining the support on the National Council’s recommendation, 30 Members voted “Yes”, 2 Members voted “No” and 5 Members Abstained out of 37 Members present and voting, and therefore, adopted the section as per the resolution of the National Assembly of Bhutan.

**3<sup>rd</sup> Day of the 1<sup>st</sup> Month of Iron Male Rat Year corresponding to 26<sup>th</sup> February, 2020.**

## **2.8 Pay Revision (Amendment) Bill of Bhutan 2020**

On 17<sup>th</sup> January, 2020, the Member In-Charge of the Bill (Minister for Finance) introduced the Pay Revision (Amendment) Bill of Bhutan 2020 for deliberation in the House. The House, after declaring the Bill as a Money Bill, deliberated and passed the Bill and referred it to the National Council. The House redeliberated on the Bill to discuss on the recommendations of the National Council on the Bill and adopted as follows:

- a. In the Pay Revision Act of 2019, Section 15 is amended as “The pay scale of NFE instructor shall be revised by 30% increment on the existing consolidated salary” and “The pay scale of ECCD Facilitator shall be revised by 22% increment on the existing consolidated salary.”
- b. In the Act, Section 30 (2) is amended as “The HRA for positions S3 and below shall be revised as a lump sum of Nu.3,500/- per month and extended to ESP employees, Gaydrung and NFE Instructors.”

- c. In the Act, Section 32, Discretionary Grant is amended as follows:
  - i. “The Discretionary Grant for the MPs shall be revised from Nu.0.100m to Nu.0.150m per annum”.
  - ii. “The Discretionary Grant for Dzongdags shall be revised from Nu.0.50m to Nu.0.075m per annum”.
  - iii. “The Discretionary Grant for other public servants shall be maintained at the existing level”.
- d. In terms of Children Education Allowance, “The CEA shall be based on provisions of the Pay Revision (Amendment) Act of Bhutan 2020”.
- e. This Bill comes into force retroactively from 1st July, 2019.

The Section 3 was adopted with 38 “Yes” Votes and 3 “Abstained” Votes from the total of 41 Members present and voting, and therefore adopted the Bill as reviewed by the National Council. **3<sup>rd</sup> Day of the 1<sup>st</sup> Month of Iron Male Rat Year corresponding to 26<sup>th</sup> February, 2020.**

**2.9 Third Reading of the Mines and Minerals Bill of Bhutan 2020**  
The Chairperson of the Economic and Finance Committee (Member from Athang-Thedtsho Constituency) presented the Report of the Third Reading of the Mines and Minerals Bill of Bhutan 2020 to the House. Following an extensive deliberation for six days, while ascertaining the support of the Bill, 44 Members voted “Yes” while 1 Member voted “No” out of 45 Members present and voting and therefore, adopted the bill through majority support. Thereafter, the Bill was sent to the National Council of Bhutan for review. **4<sup>th</sup> Day of the 12<sup>th</sup> Month of Earth Female Pig Year corresponding to 29<sup>th</sup> January, 2020.**

**2.10 Negotiable Instruments (Amendment) Bill of Bhutan 2020 (Private Member's Bill)**

On 17<sup>th</sup> January, 2020, the Member In-Charge of the Bill (Chairperson of the Good Governance Committee/Member from Lamgong-Wangchang Constituency) moved the motion for deliberation of the Bill. Following an extensive deliberation of the Bill, while ascertaining the support on the Bill, all 44 Members voted in favour, and therefore adopted the Bill. The Bill was submitted to the National Council for its review. **6<sup>th</sup> Day of the 12<sup>th</sup> Month of Earth Female Pig Year corresponding to 31<sup>st</sup> January, 2020.**

**2.11 Anti-Corruption Commission (Amendment) Bill of Bhutan 2020 (Private Member's Bill)**

The Member In-Charge of the Bill (Chairperson of the Good Governance Committee) moved the motion for deliberation of the Bill. After thorough deliberation in the House, the Bill was referred to the Good Governance Committee to further review and directed to report during the 4<sup>th</sup> Session for the Third Reading. **22<sup>nd</sup> Day of the 11<sup>th</sup> Month of Earth Female Pig Year corresponding to 17<sup>th</sup> January, 2020.**

**2.12 Minister and Minister Equivalent Post Holder's Entitlement Bill of Bhutan 2019 (Private Member's Bill)**

The Member In-Charge of the Bill (Chairperson of Social and Cultural Committee/ Member from Bji-Katshog-Uesu Constituency) moved the Motion for the First Reading of the Minister and Minister Equivalent Post Holder's Entitlement Bill of Bhutan 2019. While ascertaining the support on the Bill, only 15 Members supported in favour of the Bill through show of hands out of 45 Members present, and therefore, the Bill could not be adopted for deliberation. **22<sup>nd</sup> Day of the 11<sup>th</sup> Month of Earth Female Pig Year corresponding to 16<sup>th</sup> January, 2020.**

On 17<sup>th</sup> February, 2020, the Member In-Charge of the Bill (Chairperson of Social and Cultural Committee/ Member from Bji-Katshog-Uesu Constituency) once again moved the Motion for First Reading of the Minister and Minister Equivalent Post Holder’s Entitlement Bill of Bhutan 2019. It was submitted that the majority of the Members already voted out the Bill on 16<sup>th</sup> January, 2020. However, as requested by the National Council of Bhutan, the Member In-Charge of the Bill reiterated the importance of considering the deliberation of the Bill in the House. While ascertaining the support on the Bill, only 14 Members supported in favour of the Bill with the show of hands out of 44 Members present. Therefore, the Bill could not be passed for deliberation for a second time.

### **3. Deferral of Bill**

#### **3.1 Local Government (Amendment) Bill of Bhutan 2020**

On 17<sup>th</sup> January, 2020, the Member In-Charge of the Bill (Minister for Home and Cultural Affairs) moved the Motion to defer the Local Government (Amendment) Bill of Bhutan 2020. While ascertaining the support on the motion, majority of the Members supported the motion through show of hands, and therefore, the House directed the Ministry of Home and Cultural Affairs to submit the Bill thereof in the 5<sup>th</sup> Session of the Third Parliament. **22<sup>nd</sup> Day of the 11<sup>th</sup> Month of Earth Female Pig Year corresponding to 17<sup>th</sup> January, 2020.**

### **4. Withdrawal of Bill**

#### **4.1 Impeachment Procedure Bill of Bhutan 2019 (Private Member’s Bill)**

The Member In-Charge of the Bill (Chairperson of Legislative Committee) moved the Motion for First Reading of the Impeachment Procedure Bill of Bhutan 2019. While ascertaining the support on the Bill, only 15 Members voted “Yes” out of 45

members present and voting, and therefore the Bill could not be endorsed for deliberation. **22<sup>nd</sup> Day of the 11<sup>th</sup> Month of Earth Female Pig Year corresponding to 16<sup>th</sup> January, 2020.**

On 19<sup>th</sup> January, 2020, the Member In-Charge of the Bill (Chairperson of Legislative Committee/Member from Bongo-Chapcha Constituency) once again moved the motion for the withdrawal of Bill in accordance with Section 18 of the Legislative Rules of Procedure. Accordingly, the House adopted the motion to withdraw the Bill with majority support through maximum show of hands.

## **5. Re-deliberation of Bills**

### **5.1 Resolution on re-deliberation of Penal Code (Amendment) Bill of Bhutan 2019**

The Chairperson of the Legislative Committee (Member from Bongo-Chapcha Constituency) moved the motion for re-deliberation on the 56 sections of the Penal Code (Amendment) Bill of Bhutan 2019 to the House, which was recommended by the National Council. Upon deliberation, the National Assembly accepted 32 sections, while the House could not come to general consensus on 26 sections. The House decided to refer those 26 sections to the joint sitting of parliament.

The accepted recommendations were passed based on majority voting by the National Assembly with 34 Members voting “Yes”, 1 Member voting “No” while 7 Members chose to abstain out of the 42 Members present. **4<sup>th</sup> Day of the 1<sup>st</sup> Month of the Iron Male Rat Year corresponding to the 27<sup>th</sup> February, 2020.**

## **5.2. Resolution on re-deliberation of the Civil and Criminal Procedure Code (Amendment) Bill of Bhutan 2019**

The Chairperson of the Legislative Committee (Member from Bongo-Chapcha Constituency) moved the motion for the re-deliberation on 19 sections of the Civil and Criminal Procedure Code (Amendment) Bill of Bhutan which were recommended for amendment by the National Council. Upon deliberation, the National Assembly accepted 12 sections while the House could not come to general consensus on 7 sections. The House decided to refer those 7 sections to the joint sitting of Parliament.

While ascertaining the support on the recommendations, 40 Members voted “Yes” and 1 Member Abstained out of the 41 Members present and voting and, therefore adopted the recommendations through majority votes. **4<sup>th</sup> Day of the 1st Month of the Iron Male Rat Year corresponding to the 27<sup>th</sup> February, 2020.**

## **6. Resolution on International Covenants**

### **6.1. Resolution on ratification of Charter (Amendment) of the SAARC Development Fund 2020**

The Member in-charge of the Bill (Minister for Finance) moved the motion for the ratification of the Charter (Amendment) of the SAARC Development Fund 2020. Accordingly, the House ratified the Charter (Amendment) of the SAARC Development Fund 2020 with 41 Members voting “Yes” and 3 Members abstaining out of 44 Members present and voting, through simple majority votes.

### **6.2. Resolution on ratification of the BIMSTEC Convention on Cooperation in International Terrorism, Transnational Organized Crime and Illicit Drug Trafficking**

The Acting Member In-Charge (Minister for Foreign Affairs) moved the motion for ratification of the BIMSTEC Convention on

Cooperation in International Terrorism, Transnational Organized Crime and Illicit Drug Trafficking. Accordingly, the House ratified the Convention with 41 Members voting “Yes” and 1 Member voting “No” out of 42 Members present and voting, through simple majority votes.

## **7. Deliberation on National Key Result Areas (NKRAs) and Sustainable Development Goals (SDG)**

- 7.1 The Women, Children and Youth Committee reported on the 5<sup>th</sup> SDG “Gender Equality” and also presented 6 recommendations pertaining to gender equality to which the House adopted based on the majority show of hands.
- 7.2 The Social and Cultural Committee reported on the 8<sup>th</sup> SDG (Decent work and Economic Growth) and presented 4 recommendations pertaining to Decent Work and Economic for acceptance of the House. Accordingly, the House resolved that the relevant agencies adopt and support the recommendations.
- 7.3 The Environment and Climate Change Committee reported on the 13<sup>th</sup> SDG, Climate Action, and its linkage with the 5<sup>th</sup>, 6<sup>th</sup> and 17<sup>th</sup> National Key Result Areas of 12 Five Year Plan. Besides the Key Performance Indicators, 8 recommendations were also presented which is crucial to achieve the Key Result Areas. While ascertaining the support on the 8 recommendations 38 Members voted “Yes”, 2 Members voted “No” while 3 Members Abstained out of 44 Members present and voting, and therefore adopted the recommendations.

## **8. Resolution of the Local Governments Petitions**

### **8.1. Petition from Zhemgang Dzongkhag regarding direct allocation of budget to Gewogs**

The Member from Panbang Constituency moved the motion regarding the need to allocate budget meant for small, basic and special programs directly to the accounts of the Gewog. Following the extensive deliberation, while ascertaining the support on the motion through show of hands, only 13 Members voted “Yes” out of 45 Members present and voting. Therefore, the motion could not be adopted and thus it was resolved to retain the same as before.

### **8.2. Petition regarding the Farm Shops**

The Member from Bardo-Trong Constituency moved the motion regarding the need to make agricultural equipment, technology and seeds available in the farm shops and the need of the Government to buy back agricultural products produced by the farmers. Following an extensive deliberation, all the members supported the motion through show of hands, and thus adopted the motion. Furthermore, the House directed the Ministry of Agriculture and Forests to review and amend the policy and operations of Farm Shops, and submit a report thereof to the next session of the Parliament.

## **9. Status report of Resolutions passed in the Second Session**

### **9.1. Report on Formulation of a Comprehensive Policy for Disabled People**

The Minister for Labour and Human Resource reported that the comprehensive policy formulated to cater the rights and equality of disabled people as per the provisions of the Constitution of the Kingdom of Bhutan, and the visions of Gross National Happiness would solve problems pertaining to unequal employment opportunities and overall enhancement of livelihood of disabled people. The Minister therefore submitted that it is imperative that the Government needs to support it accordingly.



## **9.2. Report on Power System Master Plan 2040**

The Minister for Economic Affairs reported that according to the Power System Master Plan 2040, there were a total of 155 potential project sites, excluding the 6 commissioned hydroelectric projects, 13 identified projects and 44 project sites that fall under the various protected areas. The Minister stated that out of the 155 identified project sites, 90 projects have been estimated to generate 36.4 GW of electricity, out of which 33 GW has been recognized to have high techno-economical potential. Following an extensive deliberation, it was resolved that all works would be implemented as per the report submitted by the ministry.

## **9.3. Status Report on Bhutan Chamber of Commerce and Industry (BCCI)**

The Minister for Economic Affairs reported that BCCI had signed bilateral agreements with other countries to enhance private sector development. It was also reported that an Annual Performance Agreement (APA) between the BCCI and the Government would be signed commencing next financial year. The House was also informed about the on-going drafting of a financial regulatory framework and an internal audit framework. The Minister further stated that there was no need for an Act since the BCCI would not qualify as an NGO and moreover, the BCCI regulations would fall under the Trade and Investment Bill which is currently being drafted. To that, the Members of the House reiterated that not only does the BCCI require a legal framework; it would also be in best interest to list the Chamber as an NGO according to the BCCI's charter.

## **10. Question Hour**

10.1. As per the schedule for the Third Session of Parliament, 11 rounds of question hour were conducted. Five questions were raised in a written format while 83 questions were raised verbally during the

entire course of the third session sitting to the Prime Minister and the Ministers, bringing forth a total of 88 questions which were deliberated in the House.

## **11. Motion and Resolution**

### **11.1. Motion regarding the Red Zone and Green Zone areas in Dzongkhag Thromdes**

The Member from Chhumig-Ura Constituency moved the motion regarding the red zone and green zone areas in Dzongkhag Thromdes and proposed three recommendations.

A high level legal commission to be established for the identification of Dzongkhag Thromdes and Yenlag Thromdes (satellite towns) as per orders from the Supreme Court.

- Government to place measures to ensure safety in red zone areas and grant permits to land owners who own lands which fall under the urban red zone and green zones to carry out developmental activities at their own risks.
- Government to pay monetary compensation or land substitution to land owners whose lands fall in the red zone and green zone

The House adopted the third motion with 41 Members voting “Yes” and 1 Member voting “No” while 2 Members abstained of the 44 Members present and voting. The first and second motions could not be adopted based on majority show of hands. **13<sup>th</sup> Day of the 12<sup>th</sup> Month of the Earth Female Pig Year corresponding to 13<sup>th</sup> February, 2020.**

### **11.2 Motion regarding the Direct Allocation of the Gewog CMI budget to the Gewogs**

The Member from Bartsham-Shongphu Constituency moved the motion regarding the allocation of the Gewog CMI budget of Nu. 7855 billion reflected in the 12<sup>th</sup> five year plan directly to the Gewogs

from the next fiscal year. After much deliberation, the House could not adopt the motion with 18 Members voting “Yes”, 19 Members voting “No” and 7 Members abstaining of the 44 Members present and voting, through simple majority votes. **13<sup>th</sup> Day of the 12<sup>th</sup> month of the Earth Female Pig Year corresponding to 13<sup>th</sup> February, 2020.**

**11.3 Motion regarding the need to relocate some Government offices, Departments and Institutions to other regions and Dzongkhags to ensure equitable regional development, and to avoid overcrowding of the capital city.**

The Member from Jomotshangkha-Martshala Constituency moved the motion regarding the need to relocate government offices, departments and institutions to other regions and Dzongkhags towards the cause of equitable regional development and controlling overcrowding of the capital city. With 18 Members voting “Yes”, 21 Members voting “No” and 2 Members abstaining from the 41 Members present in the sitting, the motion was rejected. **27<sup>th</sup> Day of the 12<sup>th</sup> Month of the Earth Female Pig Year corresponding to the 20<sup>th</sup> February, 2020.**

**11.4 Motion regarding the need to include Farm Shops, Power Tiller Service, Fuel and LPG Depots, and Community Information Centres under Gewog Administration to ensure effective service delivery to the people.**

The Member from Bardo-Trong Constituency moved the motion regarding the need to enhance service delivery by including Farm shops, power tiller services, fuel and LPG depot and Community information centres under the jurisdiction of the Gewog Administration. With 18 Members voting “Yes”, 21 Members voting “No” and 2 Members abstaining of the 41 Members present during the sitting, the motion was disregarded. **27<sup>th</sup> Day of the 12<sup>th</sup> Month of the Earth Female Pig Year corresponding to 20<sup>th</sup> February, 2020**

## **12. Resolution on the Financial Audit Reports of the Public Accounts Committee**

The Secretary General read out the Royal Kasha of His Majesty the Druk Gyalpo to convene the Joint Sitting of the House. Following that, the Speaker declared the five performance audit reports as the official documents, namely: Performance Audit on Review of Judiciary System and Practices, Performance Audit on Road maintenance works, Performance Audit on Micro financing, Performance Audit on Urban Planning and Development in Thimphu and Review report on Implementation of 11<sup>th</sup> FYP which were presented before the Parliament by the Royal Audit Authority (RAA) as per Article 25.1 of the Constitution of the Kingdom of Bhutan.

After the presentation of PAC report by the Chairperson of Public Accounts Committee (Eminent Member Phuntsho Rapten of the National Council) into three parts: Part 1: Review Report of Annual Audit Report (AAR) 2018; Part 2: Follow-up Report on Review Reports of AAR 2010-2017; and Part 3: Follow-up on the past resolutions relating to financial audit report and Committee's Findings and Recommendations, the House after lengthy deliberation endorsed the following recommendations;

1. Most of the observed lapses in the audit findings could have been prevented and in some cases, even strong corrective measures put in place had the Internal Audit Units established in various agencies been strong and effective. To prevent recurrence of similar lapses and enhance internal control framework:
  - a. The Central Coordinating Agency (CCA) for Internal Audit Service, Ministry of Finance being the coordinating agency for all Internal Audit Units to review the institutional capacity of Internal Audit Units and the Royal Government to support

capacity building based on the review findings to strengthen overall efficiency, effectiveness and professional management of internal auditors; and

b. CCA and RAA to collaborate in sharing resources to compliment and supplement each other's works and reduce redundancy. For instance, CCA and RAA can mutually work together to add value to each other's annual audit reports and ensure better compliance to the established rules and processes by the agencies. Likewise, CCA and RAA can support each other in strengthening institutional capacity.

2. In the current context, it is generally the mid-level officials who are fixed with direct and supervisory accountabilities on the audit findings and very rarely the head of agency. This was due to lack of a clear framework to fix accountability. In view of this, RAA has very recently developed Rules and Regulation for Fixing Accountability on Audit Findings, 2019. To promote understanding and uniform application of the rules, RAA must carry out awareness on its new rules from 2020.

Similarly, while deliberating on Follow-up Report on Review Reports of AAR 2010-2017 in Chapter 2, the House endorsed the following recommendations by show of hands;

1. The PAC should initiate a coordination meeting between Judiciary, Royal Audit Authority, Office of Attorney General and Anti-Corruption Commission to come up with a way forward to resolve the pending audit irregularities at the earliest.
2. The Government should review the cases from time to time pertaining to those people who have absconded to avoid the court judgment or missing officials related to audit irregularities and inform the Parliament.

While deliberating on chapter 3, some Members submitted that irregularities of Mangdechhu Hydro Power Project should be resolved at the earliest and moreover, the Members reminded the government on the need of reviewing the procurement rules and regulations once again. To that, the ministers on behalf of Government responded that Procurement Rules and Regulation 2019 has been reviewed based on RAA's observations, and regarding the need for a separate Act for Procurement, the Government stated that it may be drafted as and when required at a later date.

Following that, the House with majority support through a show of hands endorsed the Committee's recommendation as "PAC should resolve the pending audit irregularities of Mangdechhu Hydropower Project and other related agencies from Annual Audit Report (2010-2017) latest by June 2020".

While ascertaining the support on the five recommendations (comprised of three recommendations made by the Committee and two additional recommendations from House), 63 Members voted "Yes" and 1 Member Abstained out of 64 Members present and voting, and therefore, endorsed the five recommendations Two-third of majority votes. With that, the deliberation on PAC report concluded. **9<sup>th</sup> Day of the 1<sup>st</sup> Month of Iron Male Rat Year corresponding to 3<sup>rd</sup> March, 2020.**

### **13. Deliberation on the National Budget 2020-21**

On 1<sup>st</sup> June, 2020, the Member In-Charge of the Bill (Minister for Finance) presented the National Budget Report for FY 2020-21, Supplementary Budget Appropriation Bill for the FY 2019-20, and Annual Financial Statements of the previous fiscal years to the House. The House referred the bills to the Economic and Finance Committee for review and deliberation.

On 6<sup>th</sup> June, 2020, the Economic and Finance Committee presented the Review Report on the National Budget for the Financial Year 2020-21. The House endorsed the Budget Appropriation Bill 2020-21 amounting to Nu. 73,989.881 million with the Current Budget of Nu. 32,900 million, Capital Budget of Nu. 36,251.122 million, Repayment of Nu.3,624.60 million and on-lending of Nu.1,214.399 million.

Similarly, the House endorsed the Supplementary Budget Appropriation Bill 2019-20 amounting to Nu. 1924.339 million with Nu. 1,031.062 million submitted in this sitting and Nu. 898.277 million tabled as Supplementary Appropriation Bill for the FY 2019-20, and therefore concluded the deliberation.

#### **14. Concluding Ceremony**

On 17<sup>th</sup> June, 2020, the Speaker of the National Assembly and the Chairperson of the National Council accompanied by the Secretaries General of the two Houses received His Majesty the Druk Gyalpo from Entrance Gate 1. Following the Closing Address by the Speaker of the Parliament, the Members of Parliament led by the Speaker offered prayers for the long life of His Majesty the Druk Gyalpo and concluded the Third Session of the Third Parliament of Bhutan.



(Wangchuk Namgyel)  
**SPEAKER**

On 17<sup>th</sup> June, 2020.