

FDI APPLICATION GUIDELINES 2019



**Ministry of Economic Affairs
Royal Government of Bhutan**

FDI APPLICATION GUIDELINES 2019

Table of Contents

FDI REGISTRATION.....	1
COMPANY INCORPORATION AND OPENING OF FC ACCOUNT	2
BUSINESS APPROVAL.....	3
BUSINESS LICENSE	4
WORK PERMIT & VISA.....	4
TRANSFER OF SHARES	5
ANNEXURE I.....	7
ANNEXURE II.....	10
ANNEXURE III.....	17
FOREIGN DIRECT INVESTMENT PROCESS MAP	19

FDI Registration

1. The proponent of the proposed FDI business can apply for name clearance to the Registrar of Companies online through www.cra.gov.bt. The name approved will be valid for a period of 60 days during which the proponent can submit the application for FDI registration.

The following documents are required for name clearance:

- (1) Valid Citizenship Identity Card Number (Bhutanese)
 - (2) Valid Security Clearance Certificate (Bhutanese)
 - (3) Email addresses (Bhutanese and Non-Bhutanese)
 - (4) Phone Numbers (Bhutanese and Non-Bhutanese)
 - (5) Notarized passports of Directors, CEO and Shareholders (Non-Bhutanese)
 - (6) Recent passport size photos with white background and signature images [.jpg] (Bhutanese and Non-Bhutanese)
2. Upon obtaining the name clearance, the proponent can file an application for FDI Registration to the Department of Industry. The application shall be in the prescribed form along with required documents mentioned therein (Annexure I).
 3. The application must be signed by the proponent or authorized representative of the proposed FDI Business.
 4. Upon receipt of an application for FDI Registration, the FDI Division will assess the application. In cases where the application is incomplete or unclear, the FDI Division may solicit additional information or clarification from the proponent.
 5. The FDI Division will decide on the application. If approved, the Division will issue an FDI Registration Certificate (FDIRC) within five working days from the date of receipt of the complete application.

6. If the application is rejected, the proponent will be informed in writing within the same timeframe stating the grounds for rejection.

Company Incorporation and Opening of FC Account

7. Upon issuance of FDIRC, the proponent or authorized representative of the business may incorporate the FDI Company with the Registrar of Companies.
8. The proponent or authorized representative can file application for incorporation online at www.cra.gov.bt. The following are the documents required to be submitted online:
 - (1) Documents common to foreign individual and institutional investors:
 - i. Recent passport size photos and signature images (.jpg) of all the Directors, CEO, Shareholders, Applicant and witness with white background;
 - ii. Notarized passport(s) for all foreign Director, CEO and Shareholders;
 - iii. A copy of Joint Venture Agreement between investors or shareholders;
 - iv. A copy of the FDIRC.
 - (2) For individual investor
 - i. CV of Investors;
 - (3) For FDI institutional investor:
 - i. Shareholders Resolution of the Parent Company expressing intent to invest in the proposed FDI company;
 - ii. Certificate of Incorporation of the Foreign Investor Company - Notarized by licensed Public Notary;
 - iii. Article of Incorporation of the Foreign Investor Company - Notarized by licensed Public Notary;
9. Subject to the above documents being duly completed as required, incorporation will be completed within a day.

10. The business may then open a foreign currency account with a local bank in the name of the FDI Company.
11. The company shall submit the details of FC account to the Department within one month from the date of its creation.

Business Approval

12. Upon issuance of FDIRC, the proponent shall prepare and submit two copies of the business plan. The guidelines for preparation of the business plan is in Annexure II.
13. The FDI Division will forward the business plan for obtaining clearances such as location clearance, environment clearance and sector clearance.
14. The location clearance is issued by local administration/competent authority. The environment clearance for delegated activities are also issued by the local administration/competent authority. For the non-delegated activities, proponents shall submit application for environment clearance together with the business plan to the Department.
15. Upon receipt of required clearances, the FDI Division will process for approval of the project. The turnaround time for the approval or rejection of the project will be:
 - (1) Priority Activities – 10 working days from the date of receipt of complete documents
 - (2) Other Activities – 15 working days from the date of receipt of complete documents
16. Decision on the proposals will be communicated to the proponent and all relevant agencies.
17. The approval will specify all terms and conditions that the business must abide by during the establishment and operation of the business.

Business License

18. Upon approval of the business, the FDI Company shall obtain business license from the concerned Regional Trade and Industry Office within three months from the date of issuance of project approval.

Work Permit & Visa

19. Companies can apply online to the Department of Labour (DoL) at www.molhr.gov.bt/dol through the laborNet link for approval of foreign workers. The procedures for applying for foreign workers is annexed as Annexure III. The documents required are follows:
 - (1) Business license/FDIRC;
 - (2) Copy of passport (other countries) or voters card (Indians);
 - (3) Notarized qualification certificate.
20. The DoL will verify the application and accord approval online within three days of submission of complete documents.
21. Once an application is approved, the employer must:
 - (1) In case of foreign workers from India, Bangladesh and Maldives, the concerned employer or Foreign Worker Recruiting Agency (FWRA) must report in person with foreign workers to the Regional Immigration Office and submit the following documents for processing work permit.
 - i. A copy of Work Permit Application Approval from the Department of Labour
 - ii. A copy of valid passport or voter card of individuals
 - iii. Duly filled work permit application form by individuals
 - iv. Medical Fitness Certificate issued by competent Government Medical Officer in Bhutan
 - v. A copy of qualification certificate, as applicable
 - vi. Duly filled Employer Undertaking Form with official seal and signature of the employer
 - vii. Duly filled Individual Undertaking Form endorsed by the employer

- viii. Any other document specified in the work permit approval
- (2) Upon submission of above documents and completion of due verification process, foreign workers will be required to fulfil biometric procedure (fingerprint scan and facial photograph).
- (3) In the case of foreign workers requiring Visa, following basic documents must be submitted for issuance of Employment Visa:
 - i. Copy of Approved Work Permit Application of the Department of Labour, Ministry of Labour and Human Resources;
 - ii. Copy of passport of the individuals that is mentioned in the Approved Work Permit Application;
 - iii. Duly filled Visa Application form of the Department of Immigration signed by the individual foreign worker (form available at www.mohca.gov.bt);
 - iv. Copy of qualification certificate submitted to the Department of Labour, Ministry of Labour and Human Resources; and
 - v. Any other documents, as may be required.
- (4) Upon submission of all the required documents and payment of applicable fees, a minimum of three working days per person is required for processing and issuance of the Visa.

Transfer of Shares

- 22. The FDI Company shall apply to the Department for approval of the transfer of shares along with the following documents:
 - (1) Consent letter and/or share transfer agreement between transferor and transferee stating the number of shares, face value of share and the proposed transfer price;
 - (2) Last traded price from the stock exchange for public listed companies or valuation by Chartered Accountant or valuation firms for other companies;

- (3) Copy of the shareholders resolution; and
 - (4) All such documents required for registration of a new foreign investor at the time of obtaining an FDIRC if the proposed share transfer is to a new foreign investor.
23. In case of a publicly listed company, the transfer of shares shall be through stock exchanges.
24. FDI Division will assess the application for transfer of share. If found in conformity to the FDI Regulations, the Division will advise the Company to submit evidence of payment made to the transferor.
25. Upon receipt of the evidence of payment, the Department will issue the approval for the transfer of shares.
26. The Department shall notify Registrar of Companies for processing statutory transfer under the Companies Act of Bhutan upon submission of the evidence of payment. .
27. The FDI Company thereafter shall submit the following documents to effect the share transfer to the Registrar of Companies:
 - (1) Prescribed share transfer form;
 - (2) A copy of the special resolution passed by the shareholders in the general meeting;
 - (3) No objection letters from all lending Financial Institutions; and
 - (4) The old share certificate(s) – which shall be surrendered.

Annexure I

FDI Registration Application Form

Please ensure that all information and required attachments are included.

1. Name of the proposed business (as approved by the Registrar of Companies):

2. Proposed activity:

3. Project cost (million Nu):

a) Equity (million Nu):

b) Loan (million Nu):

4. Proposed location:

5. Proposed ownership:

Sl.	Investors (Company/individuals)	Nationality	Ownership (%)
1			
2			
3			

6. Land requirement (in acres/sq. ft):

7. Principal Foreign Investor:

Name: _____

Nationality: _____

Age/Sex: _____

Designation: _____

Company/Organization: _____

Mailing Address: _____

Website (if available): _____

Phone: _____ Fax: _____ E-mail: _____

8. Authorised Representative (Contact person):

Name: _____

Age/Sex: _____

Designation: _____
Company/Organization: _____
Mailing Address: _____
Phone: _____ Fax: _____ E-mail: _____

9. Principal Local Partner (if relevant):

Name: _____
Age/sex: _____
Father/Spouse Name: _____
Citizenship ID No.: _____
Designation: _____
Company/Organization: _____
Website (if available): _____
Geog: _____ Dungkha: _____ Dzongkha: _____
Phone: _____ Fax: _____ E-mail: _____

10. Details of foreign investor(s)' bank account for transfer of equity to a foreign currency account in Bhutan:

Account Name:
Account No.:
Name of the Bank:
Country:

11. Declaration:

I/We, the undersigned, being duly authorized, declare to the best of my/our knowledge and belief that the information contained in this application is correct and complete and I/We authorize the Department to make all necessary inquiries and to conduct all necessary checks in relation to this application. In case the information provided in the application form is found to be false, the Department may withdraw the registration and take action as per the laws of the land.

Promoter/Authorised representative: _____
Signed at: _____ this _____ Day of _____ 20 _____

Signature: _____ Legal Stamp

Documents to be submitted with the application

- i. Proposed Name as approved by the Registrar of Companies;
- ii. Notarised copy of Company Incorporation Certificate or equivalent (if investor is a company)/Notarised copy of passport and CV of Foreign Investor (if investor is individual) (if not in English – Notarised translated version of the same);
- iii. Company Profile/CV of local partner(s) including proof of financial capability such as bank & income statement;
- iv. Tax return/audited accounts of foreign investor (s) for last financial year;
- v. Tax return/audited accounts of the founder(s)/promoter(s) in the case of Special Purpose Vehicle (SPV);
- vi. Letter of Authority or Power of Attorney for the authorised representative/contact person;
- vii. Shareholders' resolution of the foreign investing company;
- viii. Where land is being contributed as local equity, document(s) establishing title and mutually agreed value of land;
- ix. If the proposal is for FDI in an existing domestic entity: Audited Final Accounts of the existing entity for the last financial year and company valuation report.

Annexure II

Guidelines for Preparation of Business Plan

The business plan shall include information not limiting to the following:

1. Proposed project name:

Provide name of the business as approved by the Registrar of Companies
(Online at www.cra.gov.bt)

2. Promoter(s) details:

a. Local Partner(s) details (where relevant):

Name:

CID No:

Date of Birth:

Contact Number (s):

Email ID:

b. Permanent Address of Local Partner(s):

Village/Town:

Gewog:.....

Dzongkhag/Dungkhag/Thromde:

c. Details of Foreign Investor (s):

Name of Individual/Company:

Nationality:.....

Mailing Address:

Email: Contact No:

Website:

d. Profile of Investor (s):

Please provide brief profile of the foreign investor(s).

In case of more than one promoter, please provide details of all the investors separately.

e. Details of Contact Person/Authorized Representative:

Name:.....

Nationality:.....

Mailing Address:.....

Contact Number (s):

Email ID:

3. Project activity:

Specify project activity/activities

4. Project description:

Provide brief description of the project

5. Location of Project:

Village/Town:

Gewog:

Dzongkhag/Dungkhag/Thromde:

The proponent need to obtain location clearance from relevant authority.

6. Land (acre/decimal/sqft):

- i. Land requirement for the project.
- ii. Provide details of land such as Thram No., Plot No., Ownership Type, etc. in case of private land (Please enclose a copy of the land ownership certificate)

- iii. Provide proper authorization from the family members/landowner(s), in case of family/joint/third party ownership.
- iv. Provide land lease certificate/land allotment order in case of State Reserved Forest Land (SRF)/Land in Industrial Parks/Estates from concerned agencies.

7. Layout plan of plant/factory:

Provide Plant/Factory layout drawn to scale (with dimension).

8. Project cost (excluding working capital):

Provide detailed breakdown of the project cost including cost of land, building, machineries, site development, equipment, etc.

9. Project Financing:

Provide information on the sources of finance including debt to equity ratio.

10. Installed capacity:

Provide information on installed capacity of the project. In the event of multiple activities/products, provide details of installed capacity of each activity/product. The business plan must contain information on capacity utilization for different phases/stages of the project.

11. Machineries and equipment details:

Provide information on all machineries and equipment required for the project with details of their origin and estimated costs.

12. Power requirement:

Provide information on the total power required for the project in KW/MW. The conditional power sanction order specifying exact power sanction in KW/MW must be sought from Bhutan Power Corporation Limited.

13. Foreign exchange requirement:

Provide information on foreign exchange requirement of the project:

- a) **Capital:** Provide information on foreign exchange requirement for capital expenditure such as for import of plant and machineries.
- b) **Recurrent:** Provide details on annual requirement of foreign exchange for the project's operational purpose. The information must include plan to manage foreign exchange requirement of the project.

14. Raw materials:

This section must highlight information on the raw materials required for the project including the following:

Sl.#	Particulars of raw materials	HS Code	Quantity per annum (Unit)	Unit Price	Source (country)

15. Final Product(s):

This section must including information on the final products as follows:

Sl.#	Product Particulars	HS Code	Quantity (Unit)	Ex-factory Price per unit

16. Market:

Provide details of target markets including projected share percentages amongst domestic, India and other countries.

17. Manpower (during operation):

Provide details on manpower requirement such as category of professional and non-professional, breakdown of Bhutanese and expatriate employees, etc. The section must include plans for training and skills transfer and phasing out of expatriate employees.

18. Environmental impact and mitigation plan:

This section must highlight possible impacts on land, water, air, etc. and the plans to mitigate the impacts.

19. Value Addition:

Please provide details on the cost of production and raw materials cost including its components to compute the value addition achieved by the project. The following formula may be used for its computation:

$$\frac{\text{(Cost of production – Raw materials cost)}}{\text{Cost of production}} \quad \times \quad 100$$

20. Brief description on manufacturing process/technology:

This section must provide brief highlight on manufacturing process with the use of process chart and type of technology used for production.

21. Rationale and benefits of investment:

Provide the reasons for investing in the proposed business and benefits of investment.

Declaration

I/We, the undersigned, being duly authorized, declare to the best of my/our knowledge and belief that the information contained in this application is correct and complete and I/We authorize the Department to make all necessary inquiries and to conduct all necessary checks in relation to this business plan. In case the information provided in the plan is found to be false, the Department may withdraw the proposal and take action as per the laws of the land.

Promoter/Authorised representative: _____

Signed at: _____ this _____ Day of _____ 20_____

NOTE:

- 1. All the clearances must be in the name of the project.*
- 2. The project activity/activities mentioned in all the clearances must be same.*
- 3. For projects in services category, the details under serial No. 10, 14, 15, 19 & 20 above may be provide based on relevance to the project.*
- 4. Any proposal for upgradation/additional activity/activity conversion must contain information vis-à-vis details of the approved existing project.*
- 5. This document should be used only as a guide to prepare business plan and not as a form to be filled up.*

Annexure III

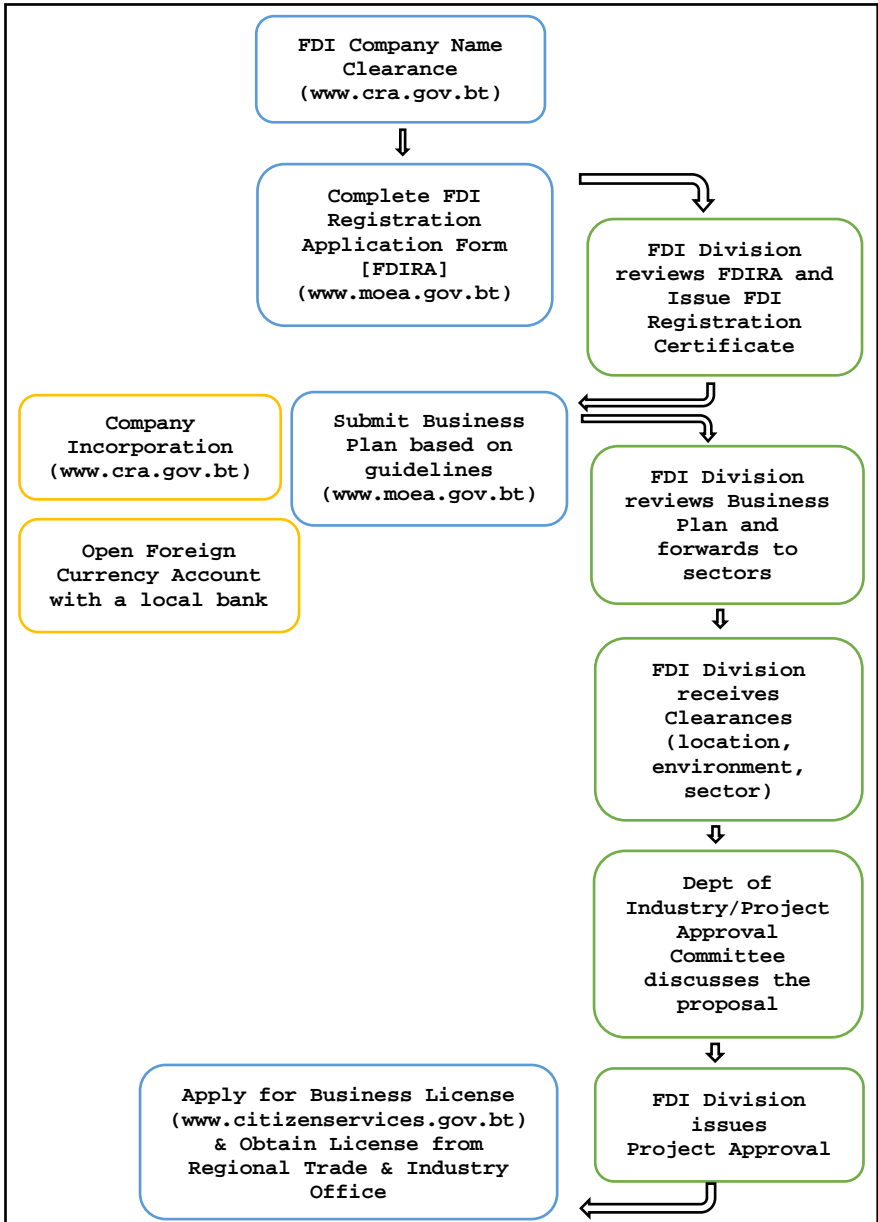
Procedures for applying for foreign workers

1. Any employer who wishes to employ foreign workers must register in the job portal system at www.molhr.gov.bt. The employer can register by clicking the link “employer” and by filling up the appropriate details.
2. Any licensed FWRAs wishing to recruit foreign workers for an employer must firstly register in the job portal system, and then process through Labour Net System with the required details.
3. The employer and the FWRAs must remember the user name & password. The system will not accept a different user name & password for extension/renewal and replacement of foreign workers’ work permits.
4. After logging into the system, the employer/FWRAs can fill up the appropriate application form by clicking on the “Application Form” link.
5. The employer/FWRAs can choose more than one job category by clicking on the “Add more” link in the application form.
6. The employer/FWRAs must ensure that the minimum wage per person per month is indicated in the form.
7. The application will be rejected if the application form is not filled with correct details.
8. The employer/FWRAs must note that while filling up the application form, if it is left idle for more than 10 seconds, the session will be terminated and incomplete application will be generated.
9. The form should then be submitted online to the Department of Labour for approval.
10. When an application form is submitted the system will automatically generate an “Application ID No.” It is important to remember your Application ID No.
11. The Department of Labour will verify the application forms and if found correct accord approval based on existing policies, rules and regulations within 24 hours. Those cases which require the consent of higher authorities will be put up to CLA and will be approved within 48 hours. (Note: Please ensure that the contact address including telephone numbers and email addresses are correctly mentioned. If found to be incorrect on verification the application will be automatically rejected).

12. The status of the application is also conveyed online to the Department of Immigration or Regional Immigration Offices.
13. The employer/FWRA can login with the username and password and check the status of the application (i.e. approved, not approved, submitted to CLO or pending).
14. For those approved applications, the employer/FWRA must report to the Regional Immigration Office (RIO) concerned to sign agreement with the RIO with the necessary documents as specified in the approval.
15. If any of the required document(s) are missing the RIO will not process the work permit.
16. After verifying the documents and if everything is found in order, an online biodata form will be filled by the officer/staff of the RIO concerned.
17. A picture of foreign worker will be taken using a web camera.
18. The work permit card will be printed & issued to the employer/FWRAs only after the work permit card fees of Nu. 200.

The employer/ FWRAs must ensure that the work permit card of foreign worker entering the country is produced to the Immigration Officer at the check post to validate the work permit by using barcode reader.

FOREIGN DIRECT INVESTMENT PROCESS MAP





Ministry of Economic Affairs
Thimphu : Bhutan
www.moea.govt.bt