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CORPORATE REGULATORY AUTHORITY

**REGULATION FOR ACCOUNTING AND AUDITING OF
COMPANIES IN BHUTAN, 2024**

**ROYAL GOVERNMENT OF BHUTAN
MINISTRY OF INDUSTRY, COMMERCE AND EMPLOYMENT**



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REGULATION FOR ACCOUNTING AND AUDITING OF COMPANIES IN BHUTAN, 2024

In exercise of the powers vested by section 410 (b) read with sections 245, 248, and 266 of the Companies Act of Bhutan, 2016, the Corporate Regulatory Authority hereby adopts the Regulation for the Accounting and Auditing Standards of Companies in Bhutan, 2024 to provide for management of accounting and auditing standards, as follows:

PART I

PRELIMINARY

Title, Extend, and Commencement

1. This regulation shall:
 - (1) be called, “*Regulation for Accounting and Auditing Standards of Companies in Bhutan, 2024*”
 - (2) come into force on 1st September, 2024
 - (3) govern the matter relating to accounting standards for all Companies incorporated under the Companies Act of Bhutan.

Repeal

2. This regulation will repeal all the provisions of Auditing and Accounting Standard Rules, 2012.

PART II

ACCOUNTING AND AUDITING STANDARDS

Accounting Standards

3. The Corporate Regulatory Authority (CRA) hereby prescribes the accounting standards issued by the Accounting and Auditing Standard Board of Bhutan (AASBB) under section 245 of the Companies Act 2016, for all the companies as follows:
 - (1) The Bhutanese Accounting Standards (BAS), 2020 shall apply to listed companies, unlisted companies having total assets worth Nu.100 million, State-Owned Companies, Financial institutions, and fully owned subsidiaries of the similar companies.
 - (2) The Bhutanese Accounting Standards for Small and Medium Companies (SMCs), 2012 shall apply to small and medium companies as defined in this regulation.

Exemption on Filing Audited Accounts

4. The following companies may apply for exemption from filing of audited accounts as prescribed under section 3 of this regulation in keeping with section 247, read with section 248 of the Companies Act, 2016
 - (1) A non-operational dormant) company, not listed on the Stock Exchange which does not have any revenue in the current and immediate past financial years; and,
 - (2) Dormant Companies, not listed on the Stock Exchange whose business activities are yet to commence due to incomplete infrastructure development or reasons beyond the control of the company.
 - (3) Defunct companies after strike-off till winding-up or reinstatement as an active company.

Procedure for obtaining exemption from filing audited accounts

5. The dormant companies fulfilling the conditions of section 4 of this regulation, shall apply for exemption from statutory audit requirements by filling up the form as prescribed in Annexure I, along with tax clearance from the nearest RRCO and unaudited financial statements.

Auditing Standards

6. The auditor shall conduct the audit in accordance with the auditing standards prescribed by the Accounting and Auditing Standards Board of Bhutan, the General Terms of reference for Auditors, and minimum audit reporting requirements prescribed by the Royal Audit Authority.

PART III

ACCOUNTING AND AUDITING PROFESSIONALS

Accounting practitioners

7. The accounting practitioners certifying and preparing financial statements for companies shall have the following qualifications:
- (1) Certified Public/Practicing Accountants (CPA)
 - (2) Chartered Accountants (CA)
 - (3) Association of Chartered Certified Accountants (ACCA)
 - (4) Bachelors in Commerce/BBA in major in accounting
 - (5) Master's in Business Administration (Finance and Accounting)
 - (6) Certificate in Accounting
 - (7) Diploma in Accounting
 - (8) Masters in Relevant accounting field.

8. The AASBB shall certify the accounting practitioners listed in this regulation after assessing their competence through a certification course or training prescribed and conducted by the AASBB.

Auditing and Certification Practice

9. The accounting professionals eligible to practice as statutory auditors shall have the following qualifications and Empanelment with the Royal Audit Authority as a statutory auditor:
 - (1) Certified Public/Practicing Accountants (CPA)
 - (2) Chartered Accountants (CA)
 - (3) Associations of Chartered Certified Accountants (ACCA)

Corporate Action Practitioners

10. The accounting professionals eligible to practice as corporate actions practitioners including liquidators, Merger and Acquisitions advisors, and accounting and auditing consultants shall have any of the following qualifications:
 - (1) Certified/Practicing Public Accountants (CPA)
 - (2) Chartered Accountants (CA)

(3) Association of Chartered Certified Accountants
(ACCA)

11. The AASBB-certified accounting professionals listed in this regulation shall undergo a certificate course and refresher course on corporate action procedures and provisions of the Companies Act, as prescribed by the CRA to qualify as corporate action practitioners under section 10 of this regulation.

Interpretation of Accounting Standards

12. The final interpretation of the accounting standards shall be vested with the Accounting and Auditing Standard Board of Bhutan.

Definitions

13. For the purposes of this Regulation, unless the context otherwise requires:
- (1) **Act** means the Companies Act of Bhutan and amendments thereto.

- (2) **Accounting Standards** means the Accounting Standards as adopted from time to time by the Accounting and Auditing Standards Board of Bhutan (AASBB).
- (3) **Annexure** means the annexure to this regulation.
- (4) **Company** means a registered Company as defined in the Companies Act
- (5) **Small and Medium Companies (SMCs)** means a Company:
 - (a) Whose equity or debt securities are not listed or are in the process of listing on any stock exchange, whether in Bhutan or outside.
 - (b) Which is not a Bank, Financial Institution, or Insurance Company.
 - (c) Which has a paid-up capital of less than Nu. 100 million
 - (d) Which is not a subsidiary or Holding Company of a Company that is not a Small and Medium Company.

Explanation: For the purposes of this Regulation, a Company shall qualify as a Small and Medium Company, if all or any of the conditions mentioned above are satisfied at the end of the relevant accounting period.

- (6) **A Dormant company** is a company that is incorporated and not in commercial operation with no significant accounting transaction and has not filed annual returns during the last two or more financial years.
- (7) **Corporate action practitioner** is an accounting professional specializing in services involving management and execution of corporate actions such as companies' capital restructuring, liquidation, merger and acquisition, and liquidation of companies.

Annexure I***Application for seeking section 248 audit exemption by
companies (Rule 4)***

Company Information:	
Name of the Company:	
Email Address:	
Registered Office/Location:	
Registration Number:	
Company Officer/Representative:	
Financial Period Start Date:	
Financial Period End Date:	

Information Required:	
Reason(s) why the company is unable to comply with the statutory audit under section 247 of the Companies Act.	
Attach full set of signed AGM Resolution and signed Unaudited financial statements of which the company is seeking exemption for.	Yes/No
Attached tax clearance	Yes/No
Attached Directors report	Yes/No
Number employees	
Particulars of charges created, modified or satisfied in past 2 years.	
Shareholders Details:	
Any other documents:	