



ཚོང་ཕྱི་རྒྱུ་བཀོད་དབང་འཛིན།

CORPORATE REGULATORY AUTHORITY

འབྲུག་གི་ཚོང་ཕྱི་འདུག་སྒྲིལ་གྱི་བཅའ་ཡིག་ ༢༠༢༤
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REGULATIONS FOR WINDING UP OF COMPANIES IN
BHUTAN 2024

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



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REGULATIONS FOR WINDING UP OF COMPANIES IN BHUTAN, 2024

In the exercise of the power vested by sections 140 (b), 413, and 414 of the Companies Act of Bhutan 2016, the Corporate Regulatory Authority (CRA) hereby adopts the Regulations for Winding Up of Companies in Bhutan, 2022 (Amended, 2024) for the companies in Bhutan, to provide procedures for winding up as follows:

PART I

Preliminary

Title and Commencement

1. This Regulation shall:
 - (1) Be called Regulations for Winding Up of Companies in Bhutan, 2022 (Amended, 2024); and
 - (2) Come into force on September 1, 2024

Application

2. Subject to the limitations hereinafter mentioned, this Rule shall apply to the proceedings in the winding up of every company under the Companies Act of Bhutan 2016 (Act).

PART II

General Provisions

Voluntary Winding Up

3. A company may be wound up voluntarily, as per sections 312 and 313 of the Act. Following it, the directors shall make a declaration of solvency as a prescribed form provided in Annexure I.

Files of proceedings in CRA

4. All petitions, orders, forms, notices, bills of costs, and other documents in a winding up shall be kept and remain on record in the CRA. It shall be stored in a single continuous file (physical/electronic).

PART III

Regulatory Authority

Powers and Functions of the CRA

5. The Registrar as per section 397 of the Act:
 - (1) may, at his discretion, or
 - (2) shall, if so required by this regulation, accept information in electronic form as satisfying a requirement of this Regulation for the delivery of a document if the information provided is equivalent to that required in the document.
6. The CRA shall advise the government on matters covered under this Regulation or any law as per section 410 of the Act.

Power of CRA to accord approval, etc., subject to conditions

7. Where the CRA is required or authorized by provisions of this Regulation:
 - (1) to accord approval or consent to or in relation to, any matter;

- (2) to give any direction about any matter, the CRA, as per section 412 of the Act may grant such approval, consent, or direction subject to such conditions, limitations, or restrictions as it may think fit to impose and may, in the case of contravention of any such condition, limitation, or restriction, rescind or withdraw such approval, consent or direction.

Register of Companies applying for Winding Up

8. The CRA shall maintain a register of companies containing:
 - (1) the information contained in documents delivered to the Registrar under any law, and
 - (2) the certificates issued by the Registrar under the provisions of the Act
9. Information contained in documents delivered to the Registrar may be recorded and kept in any form the Registrar thinks fit, provided it is possible to inspect it and produce a copy of it.

PART IV

Winding Up Process

Extraordinary General Meeting

10. Where it is proposed to voluntarily wind up a company, its Board of Directors shall convene an extraordinary general meeting, in accordance with sections 180 to 184 of the Act, to discuss voluntary winding up and make a declaration of solvency. The meeting shall meet the quorum of two-thirds of its total strength or two directors whichever is higher as stated in section 149 of the Act.
11. The meeting for voluntary winding up shall convene the meeting within forty-five days as accorded in section 183 of the Act, after giving notice in writing to all the Board of Directors as per section 148 of the Act.

Special Resolution on Winding up

12. The company, on the recommendations of the Board, shall pass a special resolution where creditors and shareholders are informed of the company being wound up voluntarily, as provided in section 194 of the Act.
13. The company shall, under section 194, convene a general meeting with its shareholders within 30 days after passing a special resolution on voluntary winding up.
14. The quorum for the meeting with the shareholders shall be a three-fourths majority as per section 194 of the Act, where they will also decide on the appointment of a liquidator and fix the liquidator's remuneration as per section 322 of the Act.
15. Notice of appointment or change of liquidator is to be submitted to the Registrar by the company along with his consent after fourteen days from the meeting as per sections 324 and 325 of the Act.

16. As accorded in section 318 of the Act, a copy of the Notice of the resolution shall be filed with the Registrar of Companies within fourteen days after passing the resolution, and the company shall give notice of the resolution by advertisement in the newspaper circulating in the country.

Commencement of Winding Up

17. As per section 320 of the Act, a voluntary winding up shall be deemed to commence at the time when the resolution for voluntary winding up is passed, and from that date, the company shall cease to carry on its business, except so far as may be required for the beneficial of winding up of such business.
18. Application fees for the winding up shall be Nu. 100000 (One Hundred Thousand).

Declaration of Solvency and Preparation of Statement of Affairs

19. In keeping with section 313 and section 314 (a) of the Act, the statutory declaration of solvency to be lodged with the Registrar of Companies must be in the form set out in Annexure I of this Regulation and submitted within fourteen days after passing the resolution for the winding up of the company.
20. As per section 343 of the Act, there shall be made out and submitted to the liquidator a statement of affairs of the company by persons mentioned in section 344 of the Act within twenty-one days from the date of notice of requirement given to them by the liquidator.

Minutes of the General Meetings

21. The meetings shall cause minutes of the general meeting as per section 195 of the Act and submit a copy of the minutes to the CRA as and when required.

22. There shall be a register (physical/electronic) for attendance at the general meeting.

Notice of Appointment of Liquidators

23. For the purpose of section 325, the company shall give notice to the CRA of the appointment of a liquidator (s).
24. The notice of change, resignation, or removal of the liquidators, mentioned in section 324 of the Act, must be submitted to the CRA by any relevant person.

Conflict of Interest

25. In keeping with section 360 of the Act, if the liquidator, in any way, is directly or indirectly, concerned or interested in a contract or arrangement, shall disclose the nature of his/her concern or interest before the notice of appointment has been filed to the Registrar.

Voluntary Winding Up of the Listed Companies

26. The liquidator shall apply for voluntary delisting of shares to the Royal Securities Exchange of Bhutan during the winding-up proceedings.
27. The liquidator shall ensure that all the obligations or encumbrances attached to the shares of a listed company are satisfied or settled with the concerned financial institutions as part of settlements of creditors' claims.

Disposal of Assets and Settlement of Creditors' Claims

28. In the event the liquidator finds that the full claims of the creditors cannot be met, the liquidator shall call a meeting of creditors and present before them a statement of assets and liabilities as provided in section 361 (e) of the Act.

29. A return of convening the creditors meetings together with the notice of the meeting shall be filed by the liquidator with the Registrar, after one week from the date of the meetings as per section 362 (f) of the Act.

Distribution of Surplus Assets to the Company Shareholders

30. As per section 362 (a) of the Act, the liquidator shall secure the company's assets, realize them, and distribute them to the company's creditors and if there is a surplus, distribute them to the shareholders.
31. In the case of the listed companies, the liquidator shall settle all the payments to be made to the shareholders, and the unclaimed funds shall be deposited into the investor protection fund at the end of the dissolution period, with a notice to RSEB and CRA.

General meetings by Liquidators

32. If the winding up continues beyond one year, the liquidator shall summon a general meeting at the end of each year as provided in section 363 of the Act.

Final Call for General Meeting by Liquidator

33. As soon as the affairs of the company are ready, the liquidator shall make a report and account of winding up, and call a final meeting of members as provided in section 362 (e).
34. The liquidator shall submit a notice with a copy of the final account to the Registrar as per section 362 (f) within one week after the general meeting conducted by the liquidator.
35. A notice of such a meeting shall be published in newspapers within one month after liquidators finish preparing the final winding-up account as provided in section 362 (e).

Dissolution of the Company

36. As per section 364 of the Act, where the Registrar has received a copy of the final account and a report of the winding up of a company from the liquidator, the Registrar shall register the winding up report; and on the expiration of 3 months from the registration of the account of the company, the company is deemed to be dissolved.
37. The liquidator shall publish a notice of winding-up of the company in a widely circulated newspaper within seven days from the date of registering the company for winding-up to the Registrar under section 362 (f) of the Act.

Release of Liquidator

38. The liquidator shall be deemed released of its duty as liquidator of the particular company after the end of three months following the dissolution of the company under section 364 of the Act.

PART V

Required Documents

Documents Required for Registration of Winding Up

39. The following documents must be submitted by the liquidator for the registration of voluntary winding up of the company under section 313 read with sections 318, 322, and 325 of the Act to the Registrar:

- (1) Declaration of solvency signed by directors of the company.
- (2) Original copy of the minutes of the first EGM approving the voluntary winding up of the company by the Board of Directors.
- (3) Copy of notice of appointment of liquidator for the company.
- (4) Original Copy of the Special Resolution of the EGM approving the Final winding-up accounts, covering all transactions based on the settlement of all statutory dues of the company.
- (5) Closing audited accounts certified by a certified auditor.

- (6) The final winding-up report by the liquidator that includes the due process of liquidation, the statement of affairs of the company, and the payment of the final surplus upon winding up to shareholders.
- (7) The Original Certificate and Article of Incorporation along with Company Seals.
- (8) Corporate Income Tax Clearance, No Objection Letter from all lending Financial Institutions.
- (9) Copy of the delisting letter in case of a listed company being wound up.

PART VI

Liquidator

Qualification

40. The individual appointed as Liquidator shall
- (1) Locally reside in Bhutan
 - (2) Be a citizen of Bhutan
 - (3) Hold a degree from a recognized university
 - (4) Have a comprehensive understanding of company law
 - (5) Stay informed about CRA requirements and updates
41. The liquidator must lodge with the Registrar, within one week after the conduct of the general meeting, a statement of appointment stating the date the person was so appointed to officially act as liquidator of the company.

Powers of Liquidator

42. The liquidator of a company shall have the power:
- (1) to institute or defend any suit, protection, or other legal proceedings, civil or criminal, in the name and on behalf of the company;
 - (2) to carry on the business of the company so far as may be necessary for the benefit of winding up of the company;
 - (3) to sell the immovable and movable property and actionable claims of the company by public auction or private contract, with power to transfer the whole thereof to any person or body corporate, or to sell the same in parcels;
 - (4) to raise on the security of the assets of the company any money required;
 - (5) to do all such other things as may be necessary for winding up the affairs of the company and distributing its assets.

- (6) to do all acts and to execute, in the name and on behalf of the company, all deeds, receipts, and other documents, and for that purpose to use, when necessary, the company's seal, if any.
- (7) to inspect the records and returns of the company on the files of the Registrar without payment of any fee;
- (8) To draw, accept, make, and endorse any bill of exchange or promissory note in the name and on behalf of the company, with the same effect with respect to the liability of the company as if the bill or note had been drawn, accepted, made or endorsed by or on behalf of the company in the course of its business.

PART VII

Offenses and Penalties

43. If a company or any other person contravenes any provision of this Regulation for which no punishment is provided elsewhere in this Regulation, the company or any person shall be liable to pay a reasonable fine which may extend to Nu. 100,000 (One Hundred Thousand), and where the contravention is a continuing one, with a further fine which may extend to Nu. 10,000 (Ten Thousand) for every day after the first fine is imposed as per section 405 of the Act. The fine shall also be imposed on individuals who are part of the process of winding up.
44. The liquidator who fails to comply with section 16 of this Regulation shall be guilty of an offense and shall be liable, under section 415 of the Act, to a fine not exceeding Ngultrum 100000.

45. The responsibility for inquiring into the company's affairs, and deciding on the company's solvency, is placed firmly on the directors. If a director makes a false declaration of solvency under section 19 of this Regulation, and upon investigation by the Registrar, the directors/company shall be liable to pay, under section 415 of the Act, a fine of Nu. 100000 (One Hundred Thousand).
46. In the event the Registrar finds that a liquidator violates section 25 of this regulation for *bona fide* reasons, the liquidator shall be guilty of an offense, and under section 415 of the Act shall be liable for
- (1) Fine up to Nu. 100000/- (One Hundred Thousand)
 - (2) Fine up to Nu. 100000/- (One Hundred Thousand) and the suspension of their license
 - (3) Cancellation of their License
47. The liquidator who fails to comply with section 29 of this Regulation shall be liable, under section 415 of the Act, for a penalty not exceeding Ngultrum 100000.

48. The liquidator who fails to comply with section 35 of this Regulation shall be guilty of an offense and shall be liable, under section 415 of the Act, to a fine not exceeding Ngultrum 100000.
49. Any person who defaults in complying with section 37 of this Regulation shall be guilty of an offense and shall be liable to a fine, under section 415 of the Act, not exceeding Ngultrum 20000.

PART VIII

Withdrawal

Withdrawal from the Winding-Up Process

50. The company may request the registrar, before conducting the special resolution general meeting with the Creditors/shareholders, under section 412 of the Act, and on proof to the satisfaction of the Registrar that all proceedings concerning the winding up ought to be withdrawn, the Registrar shall allow for the withdrawal of the company from the winding-up process.
51. On withdrawal from the wind-up process, the company shall pay fees of Nu. 100000/- (One Hundred Thousand).

Definitions

52. In this Regulation, unless the context otherwise requires or the Act otherwise states:
- (1) “**Act**” means the Companies Act of Bhutan 2016.

- (2) **“Board of Directors”** or **“Board”** in relation to a company shall mean the directors collectively acting as the Board of Directors of the company.
- (3) **“Certificate of Incorporation”** means a Certificate issued by the Corporate Regulatory Authority in the prescribed form.
- (4) **“Chief Executive Officer”** means a full-time manager, by whatever name called, appointed by the Board with the approval of the company in general meetings to manage the day-to-day affairs of the company or as otherwise determined by the Board, or the Articles or shareholders in the general meeting.
- (5) **“Company”** means a company incorporated under this Act, any other legislative provision of the Kingdom of Bhutan, or by Royal Charter and which is included in the register of companies maintained under section 401 of the Act.

- (6) “**CRA**” shall mean the Corporate Regulatory Authority of Bhutan.
- (7) “**Director**” means any person occupying the position of a director by whatever name is called.
- (8) “**Electronic Form**” shall include any medium that is created, recorded, transmitted, or stored in digital or other intangible forms by electronic, magnetic, optical, or by any other means that has capabilities for creation, recording, transmission, or storage similar to those means.
- (9) “**Financial Institution**” shall have the meaning assigned by the Financial Services Act of Bhutan, 2011.
- (10) “**Government**” means the Royal Government of Bhutan.

- (11) **“Person”** includes an individual, a company, a government agency, a natural person in his or her capacity as a legal representative, and any body of persons recognized as a separate legal entity.
- (12) **“Registrar”** means the Registrar of Companies appointed by the Corporate Regulatory Authority.
- (13) **“Regulation”** means the Regulation for Winding Up of Companies in Bhutan 2024.
- (14) **“Corporate Regulatory Authority”** means an autonomous Authority established under Chapter 14 of the Act.
- (15) **“Shareholder”** includes
 - (a) a person whose name is entered in the share register as the holder for the time being of one or more shares in the company;

- (b) a person named as a shareholder in an application for incorporation and who has not relinquished his entitlement to one or more shares; and
- (c) a person who is entitled to have his name entered in the share register under a registered amalgamation proposal as a shareholder in an amalgamated company.

ANNEXURE

ANNEXURE I: DECLARATION OF SOLVENCY

(INSERT COMPANY LETTERHEAD HERE)

Companies Act of Bhutan, 2016

(Refer Section 313)

Letter no.

Date:

STATUTORY DECLARATION OF SOLVENCY

Name of the Company:

Registered Office/Address:

Presented by:

Name:

Designation(CEO/Directors):

WE,.....(names).....(bearing CID#.....),
being all the Directors of M/s. Private
Limited/Limited; hereby do solemnly affirm and declare
that we have formed an opinion that the company is

capable of meeting its total liabilities and the company will not be rendered insolvent within a period of one year from the date of making this declaration.

We hereby append a statement of the Company's assets and liabilities as at(date) (Annexure 1) being the latest date before making this declaration. We also declare that we stand ready to make good any liabilities due to our untruthful declaration of the solvency status of this Company, should such liabilities arise during the above-mentioned period.

(.....)

Name & Signature:

Chief Executive Officer,

CID&Contact Number:

(.....)

Name & Signature:

Director,

CID&Contact Number:

(.....)

Name & Signature:

Director,

CID&Contact Number:

IN THE PRESENCE OF:

(WITNESS name, CID & Contact details):

ANNEXURE II: STATEMENT OF ASSETS AND LIABILITIES

Statements of Assets as at (date) and liabilities being due as of (date)

Name of Company:

SL. No	Particulars	Assets	Liabilities
E.g. Cash balance at bank, land, machinery ETC			
Eg. Liabilities like Loans, etc....in the name of the Company.			

(.....)

Name & Signature:

Chief Executive Officer,

Contact Number:

(.....)

Name & Signature:

Director,

Contact Number:

(.....)

Name & Signature:

Director,

Contact Number:

IN THE PRESENCE OF:

(WITNESS name & Contact details):

Place:.....

Date:.....