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ROYAL MONETARY AUTHORITY OF BHUTAN



RMA/FRSD/34-2017-2018/ 7415

11th May 2018

Chief Executive Officer(s)
All Financial Institutions (BOBL, BNBL, Druk PNB Bank, T Bank, BDBL, RICBL, BIL)
Bhutan

Dear Sir(s),

Subject: Directive on Vehicle loan

This is to notify that it was observed during the recent onsite inspection of the financial institutions that the financial institutions are granting vehicle loans based on the invoice issued by the dealers to the borrower, which are higher than the price reflected in the actual invoice submitted to the Department of Revenue and Customs for the tax purposes, thereby defeating the objective of RMA's directive on LTV requirement.

Therefore, the financial institutions are required to sanction vehicle loans only based on the invoice submitted for the tax purposes. A special onsite team will be deputed to verify the documents pertaining to the transport loans. I would also like to caution you of possible consequences that might arise due to the use of inflated invoice issued by the dealers.

Your cooperation is highly solicited.

Yours Sincerely,

(Dasho Penjore)
Governor

Cc:

1. Director General, Royal Safety and Transport Authority, Thimphu for kind information.
2. Director, Department of Trade, Ministry of Economic Affairs, Thimphu for kind information.
3. Director, Department of Revenue and Customs, Ministry of Finance, Thimphu for kind information
4. Compliance officers, financial institutions for information and compliance.

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