

**This Regulation is subordinated to:
THE TENANCY ACT OF THE KINGDOM OF BHUTAN
WOOD MONKEY YEAR 2004**

Part 1 — General

Definitions

1 In this regulation, "**Act**" means THE TENANCY ACT OF THE KINGDOM OF BHUTAN 2004

Chapter 2:

Powers of the Tenancy Authority

Section 2:2

“The Head of the Authority may make Rules to enforce the provisions of this Act”.

Title

1. This regulation shall be called Regulations for the Tenancy Act.

Definitions

2. “**Act**” means the Tenancy Act of Bhutan 2004;

“**Authority**” means the designated department under the Ministry of Works and Human Settlement;

“**Agreement**” means the agreement required by section 6 of this Act;

“**Emergency**” means an occasion when the rental unit or leased land is affected by the natural calamities;

“**Lease**” means to grant exclusive right to another, to possess, occupy and use of land or house for specified term, in return for rent or other consideration;

“**Lease agreement**” means the agreement required by Section 6.2 of the Tenancy Act;

“**Lessee**” means a person to whom a lease is made;

“**Lessor**” means a person who grants a lease;

“**Negligence**” means as defined under Bhutan Penal Code;

“**Owner**” includes a person who owns a housing accommodation, a lawful successor, a legal entity or an authorised agent to rent such housing accommodation to others;

“**Premises**” means surrounding and other forming part of the rental unit or leased land;

“**Parties**” means the owner and the tenant or the lessor and lessee under this Act;

“**Rent**” means any consideration paid for the use or occupancy of any property;

“**Rental unit**” means a room or house and any associated land used or intended for use as rented residential or commercial premises;

“**Security deposit**” means the sum of money deposited by the tenant or lessee with the owner or the lessor to protect the owner or lessor against contingencies arising out of tenancy due to tenant or lessee;

“**Substantial damage**” means such damage which endangers the life and property;

“**Store**” means a place where goods or supplies are stored;

“**Services and facilities**” includes those services and facilities listed in schedule I;

“**Sub-lease**” means sharing of a rental unit or leased land by a tenant or lessee with a third person;

“**Tenancy**” means the possession and occupancy of a rental unit or leased land in consideration for rent over a certain period under the tenancy agreement;

“**Tenant**” means a person who holds or possesses a rental unit for rent, and includes his family members;

“**Warehouse**” means a building or structure used to store goods or any other items for a length of time.

Effective Date

3. The Regulations shall come into force upon approval by the Competent Authority.

Purpose

4. The purpose of the regulation is:
To empower the authorities to process the implementation of the TENANCY ACT

Exemptions from the Act

5. Rental units operated by the following are exempt from the requirements of the Act:

6. The Palaces and the Crown Properties
7. The buildings and units of the Monk body to house the Dratsang
8. The Residences of the Ministers
9. The buildings, ware house units and land occupied by the armed forces of the Kingdom of Bhutan
10. Hotels and guesthouses.
11. Accommodation owned or operated by an educational institution and provided by that institution to its students or employees.
12. Accommodation at the disposals of the National Workforce.
14. Shall not apply to use of land under the Land Act, 1979.

Lease agreements

15. A owner must prepare in writing every tenancy agreement entered into on or after 14th Day of the 6th Month of the Wood Monkey Year, corresponding 30th Day of July 2004.
16. A tenancy agreement must comply with any requirements prescribed in the regulations and must set out all of the following:
 - (a) the standard terms;
 - (b) the correct legal names of the owner and tenant;
 - (c) the address of the rental unit;
 - (d) the date the tenancy agreement is entered into;
 - (e) the address for service and telephone number of the owner or the owner's agent or caretaker;
 - (f) the agreed terms in respect of the following:
 - (i) the date on which the tenancy starts;
 - (ii) if the tenancy is a fixed term tenancy,
 - (iii) the date the tenancy ends,
 - (iv) the amount of rent payable for a specified period,
 - (v) the day in the month, on which the rent is due;
 - (vi) which services and facilities are included in the rent;
 - (vii) the amount of any security deposit and the date the security deposit was or must be paid.
 - (viii) prohibiting pets, or restricting the size, kind or number of pets a tenant may keep on the residential property.
17. Within 21 days after a landlord and tenant enter into a tenancy agreement, the owner must give the tenant a copy of the agreement.
18. A tenancy agreement may be amended to add, remove or change a term, other than a standard term, only if both the owner and tenant agree to the amendment.
19. A owner must not charge a person anything for
 - (a) accepting an application for a tenancy,
 - (b) processing the application,
 - (c) investigating the applicant's suitability as a tenant, or
 - (d) accepting the person as a tenant.

20. A lease agreement must not include a term that all or part of the rent payable for the remainder of the period of the tenancy agreement becomes due and payable if a term of the tenancy agreement is breached.
20. The rights and obligations of a owner and tenant under a tenancy agreement take effect from the date the tenancy agreement is entered into, whether or not the tenant ever occupies the rental unit.

Rent and security deposit

21. The amount of the monthly rent shall be based on comparison of the rent, which is prevailing in the neighbourhood or in the area for a similar house or unit as regards character, size, quality, equipment, services and state of maintenance. The rent has to be reasonable with special consideration to the value of the rented.
22. A tenant shall pay to the concerned authorities for the services and facilities used. The owner shall install individual meters for each rental unit for consumption of water and electricity and provide garbage bins approved by the local authority.
23. A owner may require a tenant to pay a security deposit as a condition of entering into a tenancy agreement or as a term of a lease agreement.
23. A owner must not require or accept a security deposit that is greater than the equivalent of one month's rent payable under the lease agreement.
24. A owner must not do any of the following:
- (a) require a security deposit at any time other than when the landlord and tenant enter into the lease agreement;
 - (b) require or accept more than one security deposit in respect of a lease agreement;
 - (e) require, or include as a term of a lease agreement, that the owner automatically keeps all or part of the security deposit or at the end of the lease agreement.
25. Unless the owner gives written consent, a tenant must not apply a security deposit as rent.

Timing and notice of rent increases

26. A owner must not impose a rent increase for at least 24 months after whichever of the following applies:
- (a) if the tenant's rent has not previously been increased, the date on which the tenant's rent was first established under the tenancy agreement;
 - (b) if the tenant's rent has previously been increased, the effective date of the last rent increase made in accordance with these regulations.

27. A owner must give a tenant notice of a rent increase at least 3 months before the effective date of the increase.
28. A notice of a rent increase must be in writing.
29. If a owner's notice of a rent increase does not comply with sections (26) and (27), the notice takes effect on the earliest date that does comply.
30. A owner may impose a rent increase only up to the amount calculated in accordance with the Act.
31. A tenant may not apply for arbitration to dispute a rent increase that complies with this Part.
32. If a owner collects a rent increase that does not comply with this Part, the tenant may deduct the increase from rent or otherwise recover the increase.

At the start of a lease period

33. The owner and tenant together must inspect the condition of the rental unit on the day the tenant is entitled to possession of the rental unit or on another mutually agreed day.
34. The owner must offer the tenant at least 2 opportunities for the inspection. The owner call for the inspection in writing.
35. The owner must complete a condition inspection report in accordance with the regulations.
36. Both the owner and tenant must sign the condition inspection report and the owner must give the tenant a copy of that report in accordance with the regulations.
37. The owner must make the inspection and complete and sign the report without the tenant if
 - (a) the owner has complied with section (34), and
 - (b) the tenant does not participate on either occasion.
38. The right of a owner to claim against a security deposit for damage to residential property is extinguished if the owner does not complete the condition inspection report and give the tenant a copy of it in accordance with the regulations.
39. The right of a tenant to the return of a security deposit is extinguished if
 - (a) the owner has complied with section 37 (a) [*2 opportunities for inspection*], and
 - (b) the tenant has not participated on either occasion.
40. At the request of a tenant at the start of a new tenancy, the owner must rekey or otherwise alter the locks so that keys or other means of access given to the previous tenant do not give access to the rental unit, and pay all costs associated with the changes herewith.

During a lease period

41. A owner must not change locks or other means that give access to residential property unless the owner provides each tenant with new keys or other means that give access to the residential property.
42. A owner must not change locks or other means of access to a rental unit unless
 - (a) the tenant agrees to the change, and
 - (b) the owner provides the tenant with new keys or other means of access to the rental unit.
43. A tenant must not change locks or other means that give access to common areas of residential property unless the owner consents to the change.
44. A tenant must not change a lock or other means that gives access to his or her rental unit unless the owner consents to, or an arbitrator has ordered, the change.

Owners and tenant obligations to repair and maintain

45. A owner must provide and maintain residential property in a state of decoration and repair that
 - (a) complies with the health, safety and housing standards required by law, and
 - (b) having regard to the age, character and location of the rental unit, makes it suitable for occupation by a tenant.
46. A tenant must maintain reasonable health, cleanliness and sanitary standards throughout the rental unit and the other residential property to which the tenant has access.
47. A tenant of a rental unit must repair damage to the rental unit or common areas that is caused by the actions or neglect of the tenant or a person permitted on the residential property by the tenant.
48. A tenant is not required to make repairs for reasonable wear and tear.
49. A owner's obligations under subsection 45 (a) apply whether or not a tenant knew of a breach by the owner of that subsection at the time of entering into the tenancy agreement.

Emergency repairs

50. "**Emergency repairs**" means repairs that are
 - (a) urgent,
 - (b) necessary for the health or safety of anyone or for the preservation or use of residential property, and
 - (c) made for the purpose of repairing
 - (i) major leaks in pipes or the roof,

- (ii) damaged or blocked water or sewer pipes or plumbing fixtures,
 - (iii) damaged or defective locks that give access to a rental unit,
 - (iv) the electrical systems, or
 - (v) in prescribed circumstances, a rental unit or residential property.
51. The owner must post and maintain in a conspicuous place on residential property, or give to a tenant in writing, the name and telephone number of a person the tenant is to contact for emergency repairs.
52. A tenant may have emergency repairs made only when all of the following conditions are met:
- (a) emergency repairs are needed;
 - (b) the tenant has made at least 2 attempts to telephone, at the number provided, the person identified by the owner as the person to contact for emergency repairs;
 - (c) following those attempts, the tenant has given the owner reasonable time to make the repairs.
53. A owner may take over completion of an emergency repair at any time.
54. A owner must reimburse a tenant for amounts paid for emergency repairs if the tenant
- (a) claims reimbursement for those amounts from the owner, and
 - (b) gives the owner a written account of the emergency repairs accompanied by a receipt for each amount claimed.
55. Section 47 does not apply to amounts claimed by a tenant for repairs about which an arbitrator, on application, finds that one or more of the following applies:
- (a) the tenant made the repairs before one or more of the conditions in section (45) were met;
 - (b) the tenant has not provided the account and receipts for the repairs.
 - (c) the amounts represent more than a reasonable cost for the repairs;
 - (d) the emergency repairs are for damage caused primarily by the actions or neglect of the tenant or a person permitted on the residential property by the tenant.
56. If a owner does not reimburse a tenant as required under subsection (54), the tenant may deduct the amount from rent or otherwise recover the amount.

At the end of a lease period

57. The owner and tenant together must inspect the condition of the rental unit before a new tenant begins to occupy the rental unit

- (a) on or after the day the tenant ceases to occupy the rental unit, or
- (b) on another mutually agreed day.

- 58. The owner must offer the tenant at least 2 opportunities for the inspection.
- 59. The owner must complete a condition inspection report in accordance with the regulations.
- 60. Both the owner and tenant must sign the condition inspection report and the landlord must give the tenant a copy of that report in accordance with the regulations.
- 61. The owner may make the inspection and complete and sign the report without the tenant if the tenant has abandoned the rental unit.

Consequences for tenant and owner if report requirements not met

- 62. The right of a tenant to the return of a security deposit is extinguished if
 - (a) the owner complied with section 58 [*2 opportunities for inspection*], and
 - (b) the tenant has not participated on either occasion.
- 63. Unless the tenant has abandoned the rental unit, the right of the owner to claim against a security deposit for damage to residential property is extinguished if the owner
 - (a) does not comply with section 58 and 34 [*2 opportunities for inspection*],
 - (b) having complied with section 58 and 33, does not participate on either occasion, or
 - (c) having made an inspection with the tenant, does not complete the condition inspection report and give the tenant a copy of it in accordance with the regulations.

Leaving the rental unit at the end of a tenancy

- 64. Unless a owner and tenant otherwise agree, the tenant must vacate the rental unit by 1 p.m. on the day the tenancy ends.
- 65. When a tenant vacates a rental unit, the tenant must
 - (a) leave the rental unit reasonably clean, and undamaged except for reasonable wear and tear, and
 - (b) give the owner all the keys or other means of access that are in the possession or control of the tenant and that allow access to and within the residential property.

Return of security deposit

- 66. Except as provided in subsection (68) or (69) (a), within 15 days after the later of

- (a) the date the tenancy ends, and
 - (b) the date the owner receives the tenant's forwarding address in writing,
- the owner must do one of the following:
- (c) repay any security deposit to the tenant with interest calculated in accordance with the regulations;
 - (d) file an application for arbitration to make a claim against the security deposit.
67. Section (59) does not apply if the tenant's right to the return of a security deposit has been extinguished under section 34 [*tenant fails to participate in start of tenancy inspection*] or 62 (b) [*tenant fails to participate in end of tenancy inspection*].
68. A owner may retain from a security deposit an amount that
- (a) an arbitrator has previously ordered the tenant to pay to the owner, and
 - (b) at the end of the tenancy remains unpaid.
69. A owner may retain an amount from a security deposit if,
- (a) at the end of a tenancy, the tenant agrees in writing the owner may retain the amount to pay a liability or obligation of the tenant, or
 - (b) after the end of the tenancy, an arbitrator orders that the owner may retain the amount.
70. If a landlord does not comply with section (67), the landlord
- (a) may not make a claim against the security deposit, and
 - (b) must pay the tenant double the amount of the security deposit, as applicable.
71. Despite any other provision of this Act, if a tenant does not give a owner a forwarding address in writing within one year after the end of the tenancy,
- (a) the owner may keep the security deposit and
 - (b) the right of the tenant to the return of the security deposit is extinguished.

Ending a Tenancy

How a tenancy ends

72. A tenancy ends only if one or more of the following applies:
- (a) the tenant or owner gives notice to end the tenancy in accordance with one of the following:
 - (i) section 73 [*tenant's notice*];

(ii) section 75 [*owner's notice: non-payment of rent*];

(iii) section 80[*owners's notice: cause*];

(b) the tenancy agreement is a fixed term tenancy agreement that provides that the tenant will vacate the rental unit on the date specified as the end of the tenancy;

(c) the owner and tenant agree in writing to end the tenancy;

(d) the tenant vacates or abandons the rental unit;

(e) the tenancy agreement is frustrated;

(f) an arbitrator orders that the tenancy is ended.

Tenants notice

73. A tenant may end a tenancy by giving the landlord notice to end the tenancy effective on a date that

(a) is not earlier than one month after the date the landlord receives the notice, and

(b) is the day before the day in the month, or in the other period on which the tenancy is based, that rent is payable under the tenancy agreement.

74. If a owner breaches a material term, the tenant may end the tenancy by giving the owner notice to end the tenancy effective on a date that is after the date the owner receives the notice.

Owners's notice: non-payment of rent

75. A owner may end a tenancy if rent is unpaid on any day after the day it is due, by giving notice to end the tenancy effective on a date that is not earlier than 10 days after the date the tenant receives the notice.

76. A notice under this section must in writing.

77. A notice under this section has no effect if the amount of rent that is unpaid is an amount the tenant is permitted under this Act to deduct from rent.

(4) Within 5 days after receiving a notice under this section, the tenant may

(a) pay the overdue rent, in which case the notice has no effect, or

(b) dispute the notice by applying for arbitration.

78. If a tenant who has received a notice under this section does not pay the rent or apply for arbitration in accordance with subsection (4), the tenant

(a) is conclusively presumed to have accepted that the tenancy ends on the effective date of the notice, and

(b) must vacate the rental unit to which the notice relates by that date.

79. If

(a) a tenancy agreement requires the tenant to pay utility charges to the landlord and

(b) the utility charges are unpaid more than 30 days after the tenant is given a written demand for payment of them,

the owner may treat the unpaid utility charges as unpaid rent and may give notice under this section.

Owners's notice: cause

80. A owner may end a tenancy by giving notice to end the tenancy if one or more of the following applies:

(a) the tenant does not pay the security deposit within 30 days of the date it is required to be paid under the tenancy agreement;

(b) the tenant is repeatedly late paying rent;

(c) there are an unreasonable number of occupants in a rental unit;

(d) the tenant or a person permitted on the residential property by the tenant has

(i) significantly interfered with or unreasonably disturbed another occupant or the owner of the residential property,

(ii) seriously jeopardized the health or safety or a lawful right or interest of the owner or another occupant, or

(iii) put the owner's property at significant risk;

(e) the tenant or a person permitted on the residential property by the tenant has engaged in illegal activity that

(i) has caused or is likely to cause damage to the owner's property,

(ii) has adversely affected or is likely to adversely affect the quiet enjoyment, security, safety or physical well-being of another occupant of the residential property, or

(iii) has jeopardized or is likely to jeopardize a lawful right or interest of another occupant or the owner;

(f) the tenant or a person permitted on the residential property by the tenant has caused extraordinary damage to a rental unit or residential property;

(g) the tenant does not repair damage to the rental unit or other residential property, as required under section 45 [*obligations to repair and maintain*], within a reasonable time;

(h) the tenant

(i) has failed to comply with a material term, and

(ii) has not corrected the situation within a reasonable time after the landlord gives written notice to do so;

(i) the tenant purports to assign the tenancy agreement or sublet the rental unit without first obtaining the landlord's written consent.

(j) the tenant knowingly gives false information about the residential property to a prospective tenant or purchaser viewing the residential property;

(l) the tenant has not complied with an order of an arbitrator within 30 days of the later of the following dates:

(i) the date the tenant receives the order;

(ii) the date specified in the order for the tenant to comply with the order.

81. A notice under this section must end the tenancy effective on a date that is

(a) not earlier than one month after the date the notice is received, and

(b) the day before the day in the month, or in the other period on which the tenancy is based, that rent is payable under the tenancy agreement.

82. A tenant may dispute a notice under this section by applying for arbitration within 10 days after the date the tenant receives the notice.

83. If a tenant who has received a notice under this section does not apply for arbitration in accordance with subsection (4), the tenant

(a) is conclusively presumed to have accepted that the tenancy ends on the effective date of the notice, and

(b) must vacate the rental unit by that date.

Form and content of notice to end tenancy

84. In order to be effective, a notice to end a tenancy must be in writing and must

(a) be signed and dated by the owner or tenant giving the notice,

(b) give the address of the rental unit,

(c) state the effective date of the notice,

(d) except for a notice under section 73 or 74 [*tenant's notice*], state the grounds for ending the tenancy, and

(e) when given by a owner, be in the approved form.