

# NEPAL BUDGET SYNOPSIS FY 2077-78 BS (FY 2020-21 AD)\*



**B.R.S.S. & ASSOCIATES,**

CHARTERED ACCOUNTANTS

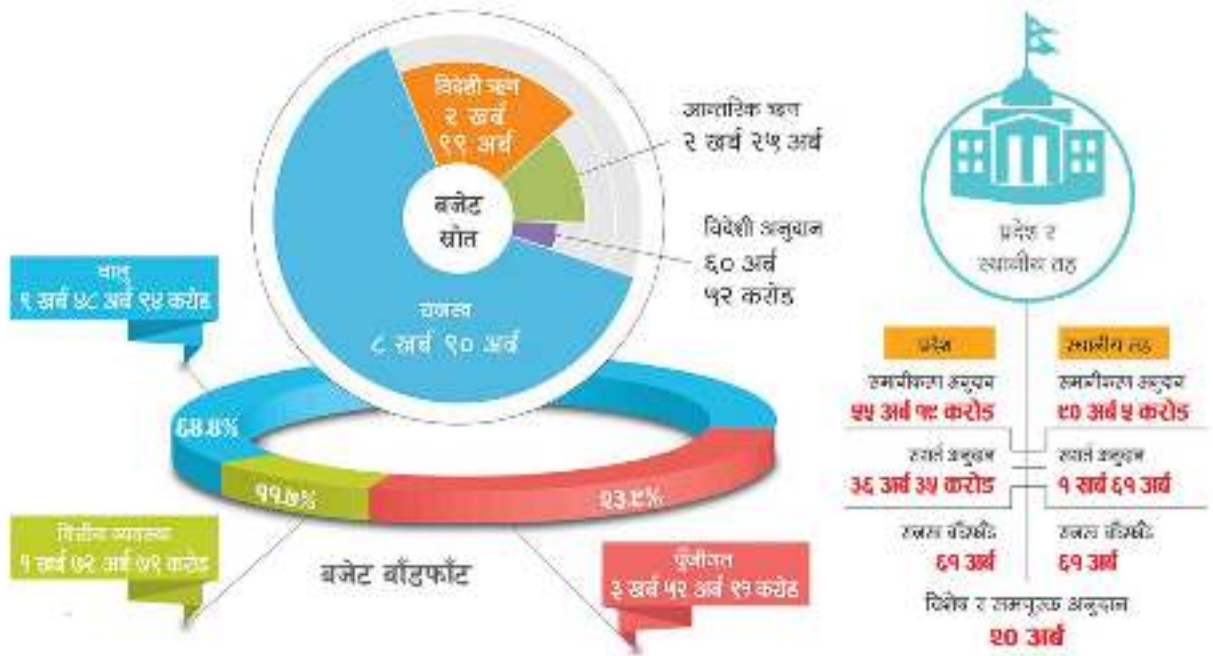
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# 1. Rupee Movement



In Billion

Particulars	FY 2077/78	%	FY 2076/77	%
<b>Allocation of Fund</b>				
Current Expenditure	948.94	64.35%	957.10	74.83%
Capital Expenditure	352.91	23.93%	408.01	31.90%
Financial Management	172.79	11.72%	167.86	13.12%
<b>Total</b>	<b>1,474.64</b>	<b>100.00%</b>	<b>1,532.97</b>	<b>100.00%</b>
<b>Source of Fund</b>				
Tax Revenue	889.62	60.33%	981.14	76.71%
Foreign Grant	60.52	4.10%	58.00	4.53%
<b>Total Revenue &amp; Grants</b>	<b>950.14</b>	<b>64.43%</b>	<b>1,039.14</b>	<b>67.79%</b>
<b>Total Surplus / (Deficit)</b>	<b>(524.50)</b>		<b>(493.83)</b>	
<b>Deficit Management</b>				
Foreign Loan	299.50	20.31%	298.83	23.36%
Internal Loan	225.00	15.26%	195.00	15.25%
<b>Total</b>	<b>524.50</b>	<b>35.57%</b>	<b>493.83</b>	<b>32.21%</b>
<b>Grand Total</b>	<b>1,474.64</b>	<b>100.00%</b>	<b>1,532.97</b>	<b>100.00%</b>



# Brief Budget Summary

## 2. Brief Budget Summary

### DIRECT TAX

- Tax Exemption for Drinking Water & Sanitation Consumer Group
- No major changes in Corporate tax rate, **New Tax Rates for Co-Operatives.**
- **TDS rate for “Dhuwani Sewa”** has been revised, Other minor changes in TDS
- Payment to casual labour **without PAN allowed up to 3000/-** per person per day

### INDIRECT TAX

- **Information in Bio-metric system to be updated by Ashad 2078, under VAT Act**
- Excise duty increased for Tobacco based products, EV rate hiked to (30%-80%)
- Custom rates increased for EV, Petrol, Diesel, Kerosene, Gold, New Baggage rules
- **Increase of health risk tax in Cigarettes, Cigar, Gutka & Pan Masala.**
- **No Changes** in Yearly Vehicles Taxes

### PROVISION WITHDRAWN / RELAXATION / EXTENSION

- **Exemption of excise duty for raw material of Ethanol used in Sanitizer & PPE.**
- **Reduction of tax at the rate of 20% for COVID-19 effected business for Airways services, Transportation service, Hotel sector, Travel & Trekking** for Fiscal year 2076-77 (*For Business having turnover more than Rs. 1 Crore*)
- **4 Monthly VAT filing** and its payment for **Tourism, Transportation (Dhuwani Sewa), Printing, Online Publication or broadcasting, Hotel and Cinema Hall**
- **Small & Cottage Industry tax rebate** of 75 % for doing 0- 20 lakh transactions, 50% for doing 20 -50 lakh transaction & 25% for doing 50 lakh to 1 crore transaction
- **VAT Refund for Pharmaceuticals Industry from FY 2077-78**
- **100% exemption on Income tax for cooperatives operating in rural municipality.**
- **Exemption of tax on retirement payment on transfer of fund from approved retirement funds to Social security fund up to Chaitra end, 2077.**
- **Industries will be provided 50% rebate in electricity demand charge during lockdown.**
- Industries and public transportation that have been affected due to COVID will get an extension in insurance.
- **Company registration and dissolution is made easier.**
- **Film industry will get extension on their loan interest.**
- **Exemptions to the Person/ Entity who want to regularize their Tax Compliances**

### NEW PROVISION

- **Entrepreneurs will be provided a loan @ 2% interest rate for startups from BFIs and Subsidized loan / Re-finance facilities @ 5% to Small & Cottage Industry and other COVID -19 affected Industries**
- **Kishan Credit card to be introduced.**
- **“Land Bank” to be introduced with initial Capital of Rs. 50 Crore. And “Ghumti Bima” to be introduced**
- **The commodity market will be brought into functioning.**
- **Capital market scope to be enhanced by introducing debt management and stock dealers functioning will be encouraged**
- National payment gateway to be implemented.
- Each Commercial Bank Branch to Provide subsidized loan 10 entrepreneurs & development bank to provide for 5 entrepreneurs.
- **Electronic Ticketing Mandatory for Cinema Hall by Poush, 2077.**

### IMPORTANT TARGETS

- Establishment of 300 bed hospital in Kathmandu and 50 bed hospitals in every capital of Provinces for communicable diseases and 272 hospitals in local levels for basic health facilities
- **Economic Growth Rate expected 7.00% & Inflation Rate expected below 7%**
- One phone number for the whole country in order to access ambulance service.
- One doctor, one healthy life program to be encouraged.
- **Free education up to secondary level.**
- **1300 MW electricity production to be added in upcoming fiscal year.**
- **Nepal Electricity Authority Management to be reconstructed**
- **Nepal Television's capacity to be strengthen and will be telecasted in international level.**
- **39 border posts will be established for border security.**
- Nepal's own satellite system will be introduced.



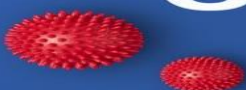
**COVID -19 Relief  
Package / Relaxation**

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## 3. COVID -19 Relief Package / Relaxation

S. No.	Particular	Relaxation
1	<b>Covid-19, Tax Relief for Income Year 2076/77</b> - Presumptive Taxpayer [D01] turnover up to 20 lakhs - Turnover Based Taxation [D02] turnover 20- 50 lakhs - Corona affected business having turnover up to Rs 1 Crore [D03] - Hotel, Travel, Trekking, Transportation or Airlines with annual turnover above Rs. 1 crore [D03]	<b>Tax Rebate</b> 75% 50% 25%  20%
2	<b>Co-Operatives Tax Rate Located in</b> - Rural Municipality - Municipality - Sub Metro City - Metropolitan City	<b>Rate of Tax</b> 0% 5% 7% 10%
3	Contribution to Corona Infection Prevention, Control and Treatment Fund of Nepal Government established by Federal Government, Provinces Government & Local Government. <i>(Applicable for F.Y 2076/77)</i>	<b>100% Tax Deductible Expense</b>
4	Casual Worker Wages PAN not required if following payment is made, expense is tax deductible. <i>(Applicable for F.Y 2076/77)</i>	<b>Rs. 3000/- per Worker Per Day</b>
5	Expense for which PAN is not required and expense is deductible <i>(Applicable for F.Y 2076/77)</i>	<b>Rs. 2000/ -</b>
6	PAN Invoice not required for any if Purchase is made from following and expense is tax deductible. <i>(Applicable for F.Y 2076/77)</i>	<b>Purchase of agricultural, forestry, animal or other household items directly from natural person not having business transaction</b>
7	Additional 1/3 depreciation on A, B, C, D block of Assets is allowed to	1. Special Industries under Section 11 Or 2. Any entity constructing and operating road, bridge, tunnel, ropeway, railway or overhead bridge Or 3 Operating tramway or trolley bus
8	Electricity Rebate 50% for Industry (Rebate on Demand Charges). <i>(Applicable for F.Y 2076/77)</i>	<b>All the Industry affected by Covid -19, shall be eligible to get 50% rebate in electricity demand charge during the lockdown</b>
9	Electricity Rebate on household consumption on the basis of Usage. - Up to 10 Units - Up to 150 Units - Up to 250 Units	- 100% Discount - 25% Discount - 15% Discount

# COVID-19



## **New Provision in Finance Bill, 2077 For Non- Filers & Pending Cases Settlement**





## 4. New Provision in Finance Bill, 2077 for Non- Filers in Income Tax, VAT & Settlement of Pending Cases

S. No.	Particular	Conditions	Relaxation
1	<b>Any person involved in taxable transaction and having taxable income but not registered in tax till date</b>	If registered and paid tax for the year 2074/75 & FY 2075/76 within Falgun, 2077	All the charges and interest will be waived on such tax. Further, no tax to be paid on income before FY 2074/75.
2	<b>Natural Person having turnover up to Rs. 50 Lacs and already registered in PAN but not submitting Tax return</b>	If filed return and paid the applicable tax along with 25 % of the amount of interest from FY 2073/74, FY 2074-75 & FY 2075/76 within Falgun, 2077	All the additional charges, charges and remaining interest shall be waived
3	<b>Any registered person having turnover above Rs. 50 Lacs but not submitting income tax return for the year 2073/74 or previous years</b>	If tax return filed for all such period and paid tax and 25 % of the interest amount till Falgun, 2077	All the charges and remaining interest shall be waived
4	<b>VAT registered person not submitting VAT Return and not paying VAT up to 2075 Ashad</b>	VAT registered person not submitting VAT Return and not paying VAT up to 2075 Ashad- if filed return and paid VAT along with 50 % of Interest within Falgun, 2077	All fine, additional charges and remaining interest shall be waived
5	<b>Any person not submitting VAT returns up to 2073 Ashad</b>	--	Shall Automatically be deregistered and all the late fine for not submitting of return on time shall be waived. <b>However any VAT Payable shall be recovered.</b>
6	<b>Relief for Water and Sanitation Consumer Organization (<i>Upbhokta Khanepani</i>) registered under Water Resource Act, 2049</b>	--	All the arrear of tax on taxable income within its objectives till FY 2076/77 is waived including any tax payable created from the tax assessment made by tax office up to FY 2075/76. (This has been added to Tax exemption list along with waiving off of all dues. No refund facility in case tax has been paid.)
7	<b>Pending case at IRD Administrative review, <i>Rajswa Nayidikaran</i> or Court up to Ashad 2075.</b>	If all taxes and interest are paid within Falgun, 2077.	All charges, fine shall be waived and cases to be withdrawn.

## **4(a). New Provision in Finance Bill, 2077 – Suspension of PAN & Other Provisions**

### **Suspension of Permanent Account Number:**

The department may suspend permanent account number in any of the following circumstances :

- If ceases to involved into transactions
- In respect of entity, if the entity is closed, sold or transferred
- In respect of private firm, if the owner dies
- Registration in error

The procedures related to suspension of permanent account number shall be as prescribed.

### **E-Ticketing Provision for Cinema Hall**

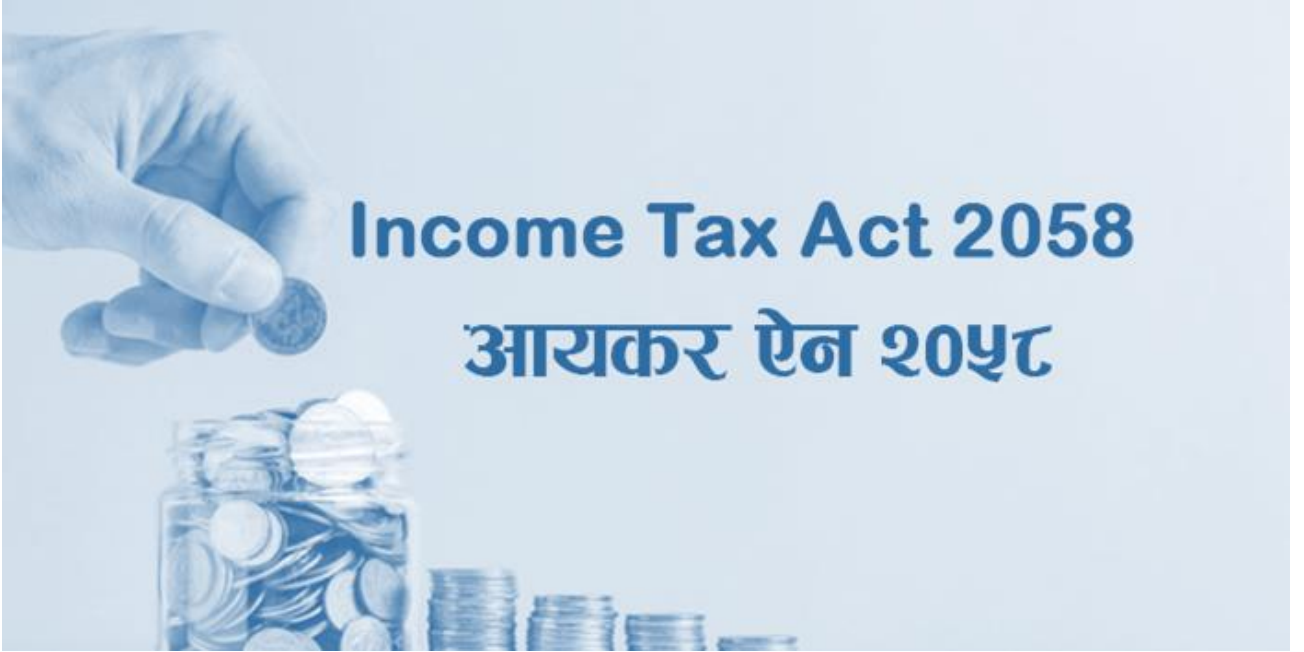
All Cinema hall should issue e-ticket by Poush, 2077 and data should be linked to central server of Central Cinema Management System

### **Telecom Service Charges**

50% rebate on Telecom Service Charges for fixed broad band service charges on repair & maintenance charges

### **Additional Health Risk Tax**

Additional tax levied on Bidi Rs. 25 Paise Per Khilli, Ciggrates & Cigar Rs. 50 Paise Per Khilli and Tobacco, Ghutka, Pan Masala Rs. 40/ k.g.



**Income Tax Act 2058**

**आयकर ऐन २०५८**


**AMMENDMENT IN INCOME TAX RATES,  
REBATES, TDS RATES, FINE & PENALTY**

## 5. Direct Tax Proposals


(No Changes in existing provision)

### Personal Tax For Natural Person - For Resident

Assessed as Individual	FY 2077/78	Assessed as Couple	FY 2077/78
Earning Slab	Effective Rate	Earning Slab	Effective Rate
Upto 400,000/-	1.00%	Upto 450,000/-	1.00%
Next 100,000/-	10.00%	Next 100,000/-	10.00%
Next 200,000/-	20.00%	Next 200,000/-	20.00%
Next 1,300,000/-	30.00%	Next 1,250,000/-	30.00%
Above 2,000,000/-	36.00%	Above 2,000,000/-	36.00%



**SINGLE**



**MARRIED**

### Notes

- 1% tax mentioned above (i.e. Social Security Tax or SST) is not applicable for proprietorship firms, pension holders and contributors of contributory pension fund **also 1% SST is not applicable to natural person** opting for couple assessment in case contribution is made to **Contribution based Social Security Fund**.
- 20% Surcharge (On Tax Calculated for income above NRs. 20 Lakh) if the total income exceeds NRs. 20 Lakhs. This is applicable to proprietorship firm also. (Effective rate above 20 lakhs is 36.00%)
- In case of resident disabled natural person an additional 50% of exemption limit shall be allowed to be deducted.
- 10% tax rebate to resident woman earning remuneration income only.
- Remote area allowance NRs. 50,000 (Deductible from taxable Income)
- Employees employs at foreign agency in Nepal, deduction 75% of foreign allowance from taxable income.
- Medical tax credit for approved medical expenses, get rebate of NRs. 750/- or Medical expenses incurred whichever is lower.
- Foreign Tax Credit, Foreign tax paid can be deducted as expense or reduction in tax liability up to avg. rate of tax applicable in Nepal at the option of taxpayer.
- Husband and Wife having separate income source are given choice to adopt either to get assessed separately or jointly as family.
- Deduction of Life insurance premium paid to Resident or Non-resident Insurance Company, a sum equal to premium paid or NRs. 25,000/- and Health insurance premium deduction NRs 20,000/- allowed. .
- Deduction for retirement fund contribution is available @ 1/3rd of salary or NPR 300,000 whichever is lower (IT Rule 21).
- Income from Non-chargeable business assets (i.e. land, buildings and shares) is taxable as follows (Capital Gain):
  - @ 2.5% (if land or land and building held for more than 5 years) and 5% (if up to 5 years) for transaction value exceeding 10 Lakhs.
  - @ 10% for natural person, 15% for resident entity on sale of shares of non-listed entity
  - @ 5% for natural person, 10% for Resident entity on sale of shares of listed entity
- Tax @ 15.00% on income from export and Tax @ 20.00% on income from special industry shall be levied on the income on which 30.00% tax would have been charged otherwise.

## For Non- Resident Person

(No Changes in existing provision)

For Non- Resident	FY 2077/78
Nature of Transaction	Rate
Income earned from normal transactions.	25.00% Flat
Income earned from providing shipping, air transport or telecommunication services, postage, satellite, optical fiber project.	5.00%
Income earned providing shipping, air transport of telecommunication services through the territory of Nepal	2.00%
Repatriation by Foreign Permanent Establishment.	5.00%
Capital Gain tax on sale of shares (Withholding tax 25% subject to tax treaties).	25.00%

[ **DTAA:** To avoid double taxation, Nepal Government has tax treaty with 11 countries namely India, Sri Lanka, Mauritius, Thailand, Qatar, Pakistan, Norway, Korea, Austria, China & Bangladesh. Taxpayer have right to opt the provisions contained in either Nepal Income Tax Act, 2002 or Treaty whichever is beneficial to them. ]

## Presumptive Tax

The amount of Presumptive Tax for natural person having income up to Rs 2 Lakh and turnover up to Rs 20 Lakh has been revised, as follows:

Individuals Conducting Business	Lump Sum Tax	Remarks
	FY 2077-78	
In the Metropolitan or Sub Metropolitan Cities	7,500	No Changes in existing provision, <b>However for FY 76-77, 75% rebate is available.</b>
In Municipalities	4,000	
Anywhere else in Nepal	2,500	

## Notes

The Criteria for assumption of presumptive Taxpayer under this section includes:

Resident Natural Person who fulfills all the following conditions:

- The person generates income only from business having source in Nepal
- The person does not claim Medical Tax Credit
- The person does not claim advance tax arising out of tax withheld by withholding agent
- The transaction of the business exceeds Rs. 20 Lakhs and is less than Rs. 50 Lakhs
- The person is not registered for VAT purpose, and
- The person does not have income related to consultancy and expert professional services including that provided by doctor, engineer, auditor, lawyer, sportsman, artist, and consultant.

## Transaction Based Tax

Individuals Conducting Business	Lump Sum Tax	Remarks
	FY 2077-78	
Person who sales cigarette, gas by adding commission or profit up to 3%	0.25% of the turnover or Rs. 7,500 whichever is higher	No Changes in existing provision <b>However for FY 76-77, 50% rebate is available.</b>
Person who is engaged in the transaction other than above	0.75% of the turnover or Rs. 7,500 whichever is higher	
Person engaged in service providing business <b>excluding services provided by doctor, engineer, auditor, lawyer, sportsman, artist, and consultant</b>	2% of the turnover or Rs. 7,500 whichever is higher	

## Notes

Tax as above should be paid in 2 installments. 1st install in Poush End and 2nd Install & Final in Ashad based on actual transaction up to 20<sup>th</sup> day of the month respectively.



## Tax Rates Entities

Entities	TAX RATE	REMARKS
	FY 2075-76	
Normal Tax Rate	25.00%	No Changes in Existing Provision
Company operating in the following areas Telecom, Internet, Money Transfer, Capital Market, Stock Exchange, Merchant Banking, Commodity future market, stock brokers	30.00%	
Bank & Finance Company, General Insurance Company, Petroleum entities; Cigarette, Beer, Liquor, Khaini, Gutkha and Pan masala manufacturing Company	30.00%	
Special Industries (Manufacturing, Forest, Agriculture and Mining Industries; except Liquor, Cigarette, Khaini Guthaka and panparag as defined in Sec. 11) & IT Industries	20.00%	
Entities constructing & operating road, bridges, tunnel, ropeway, trolley bus and tram	20.00%	
Entity wholly engaged in the projects conducted so as to build public infrastructure, own, operate and transfer (BOOT) it to the GON & in power generation, transmission, or distribution	20.00%	
Non-resident person Providing Shipping, Air Transport or Telecommunications Services in Nepal (sec 70)	5.00%	
Private Ltd., Limited, Partnership Firm not specifically mentioned above	25.00%	
Airline Services having office in and business in Nepal but not operating flights to and within Nepal	2.00%	
Export income of Manufacturing Industries	15.00%	
Income of Mutual Funds	Exempt	
Other Export Entities	20.00%	
Co-operative Institution registered under Co-operative Act, 2074. - Cooperative registered inside Rural Municipality - Cooperative registered inside Municipality - Cooperative registered inside Sub Metropolitan City - Cooperative registered inside Metropolitan City	0% 5% 7% 10%	



# Tax Rebates / Concession

Type Of Industry	Tax Rebate	Remarks
	FY 2077-78	
Industries established in Special Economic Zone situated in mountainous districts and hilly districts prescribed by Nepal Government - For the first 10 years - After such period	-Tax Exempt -50% of the applicable tax rate	No Changes in Existing Provisions
Industries established in Special Economic Zone situated in other regions - For the first 5 years - After such period	-Tax Exempt -50% of the applicable tax rate	No Changes in Existing Provisions
Income from Foreign technology and management service fee and royalty of Foreign investor in Special Economic Zone	50% tax rebate on applicable tax rate	No Changes in Existing Provisions
Industry established within IT Park, biotech park, <b>Zoological Park, Geological Park</b> , and technology park as specified in the Gazette	50% tax rebate on applicable tax rate	<b>Zoological Park, Geological Park word Added</b>
Brandy based on fruits, cider and wine manufacturers in undeveloped area	40% tax rebate on applicable tax rate for period of 10 years	No Changes in Existing Provisions
Entities (Manufacturing, Tourism, Hydro electricity production, distribution and transmission, IT industry established within IT Park, biotech park and technology park as specified in the Gazette) listed in Securities Market	15% tax rebate	No Changes in Existing Provisions
Person involved in exploration & extraction of petroleum, Mining and natural gases & <b>fuel</b> , will start its operation within Chaitra end 2080.	Tax exempt for first 7 years and 50% of applicable rate on subsequent 3 years	<b>Fuel Word Added</b>
Income earned by manufacturing industries through export sales	25% concession on applicable rate	No Changes in Existing Provisions
Income earned from Road, Bridge, Airport, tunnel way construction and operation or from tram and trolleybus operation	52% concession on applicable rate	No Changes in Existing Provisions
Royalty income earned from export of intellectual Assets	25% concession on applicable rate	No Changes in Existing Provisions
Income earned from the disposal of intellectual assets	50% concession on applicable rate	No Changes in Existing Provisions
Special industry (Manufacturing) and IT industry providing direct employment to >100 Nepalese citizen during entire year >300 Nepalese citizen during entire year >500 Nepalese citizen during entire year >1000 Nepalese citizen during entire year	10% of the applicable tax rate 20% of the applicable tax rate 25% of the applicable tax rate 30% of the applicable tax rate	No Changes in Existing Provisions
Special industry providing direct employment to 1200 or more Nepali citizen	30% of the applicable tax rate	No Changes in Existing Provisions
Special industry providing direct employment to 100 or more Nepali citizen including women, dalits and disabled in the proportion of 33%	Additional 10% rebate on above rate	No Changes in Existing Provisions
Special industry operating in following regions have following tax rates for first 10 years from date of commercial operation: a. Underdeveloped Regions, b. Undeveloped Regions, c. <b>Less developed</b> Regions	a.90% of applicable tax rate b. 80% of applicable tax rate c.70% of applicable tax rate	<b>"Partly Developed"</b> Replaced by Word <b>"Less Developed"</b>
Hydropower projects, solar energy projects, waste-to-energy and wind turbines projects commercially start generation of electricity by Chaitra end 2080	Tax Exempt for first 10 years and 50% of the applicable tax rate thereafter for next 5 years	No Changes in Existing Provisions
Special Industry & <b>Tourism Industry (Except Casino)</b> with capital investment of Rs. 1 billion and direct employment of 500 people during whole year Further, if existing special industry increases its installed capacity by 25% and inject new investment so as to reach the capital to <b>Rs. 2 billion</b> and employs <b>300 persons</b> during the whole year	Tax Exempt for first 5 years and 50% of the applicable tax rate thereafter for next 3 years Full exemption on the profit earned on the increased capacity and 50% exemption on such profit for additional 3 years	<b>Tourism Industry Added &amp; 1 Billion Amount Increased to 2 Billion and 500 People reduced to 300 People.</b>
Tourism Industry or International Airlines Operators with capital investment of Rs. 2 billion. <del>Further, if existing such industry/ Airlines Operators increases its present capacity by 25% and inject new investment so as to reach the capital to Rs. 2 billion</del>	Tax Holiday for first 5 years from the date of commencement of business and 50% tax exemption for additional 3 years. Full exemption on the profit earned on the increased capacity and 50% exemption on such profit for additional 3 years	<b>Deleted Provision : Further, if existing such industry/ Airlines Operators increases its present capacity by 25% and inject new investment so as to reach the capital to Rs. 2 billion</b>
In case special industry, industry based in agriculture and tourism sector provides direct employment to at least 100 Nepalese national during the whole year,	Rebate 30% of applicable tax rate.	No Changes in Existing Provisions
Tax on dividend by Special industry, industry based in agriculture and tourism sector which capitalizes its profit (issues bonus shares) for the purpose of expansion of capacity of industry.	Exempt	No Changes in Existing Provisions
The licensed person or entity commencing commercial production, transmission or distribution of hydroelectricity within Chaitra 2080. The exemptions shall also be provided to electricity produced through solar, wind or bio fuel energy. Provided that For those that are in commercial operation on the date of implementation of this provision, the facilities mentioned at the time of granting license shall be applicable	Full exemption of Income tax for first ten years and 50% exemption in income tax for next five years from the <b>date of Commercial Production</b>	"from the date of commercial production" added
Existing Pvt.Ltd company with paid up capital of more than Rs. 50 crores converts into public company.	10% tax rebate for 3 years from the date of conversion	No Changes in Existing Provisions
Tea Production and Processing, dairy industry and textile industry	50% tax rebate	No Changes in Existing Provisions
Community Hospital	20% tax rebate	No Changes in Existing Provisions
Small scale industry (Laghu Udyam) having fixed capital upto 5 lac (Except land and building), total annual turnover below 50 Lac and employing upto 9 employees (including Proprietor)	100% tax rebate for <b>7 years</b> from the date of commencement of operations and <b>10 years</b> incase operated by women.	<b>2 Years &amp; 3 years Additional Benefit Added.</b>



# Tax Deduction at Source



**TDS CHART FOR FY 2077/ 2078 (FY 2020/21)**

# TDS Rate Chart for FY 2077-78

Particulars	Rate	Remarks
	FY 2077-78	
Remuneration (Sec.87)	Normal rate of Individual	No Change in Existing Provision
<b>Investment Returns &amp; Service Fees (Sec.88)</b>		
Natural Resource Payment	15.00%	No Change in Existing Provision
Interest income from deposit up to Rs 25,000 under 'Micro Finance Program', 'Rural Development Bank', 'Postal Saving Bank' & CoOperative (u/s-11(2) in rural areas	Tax Exempt	No Change in Existing Provision
Rent - Natural Person (As per Municipality Rules) - Final Tax	-	No Change in Existing Provision
Rent - Individuals Hire Charges	10.00% (Final Tax)	No Change in Existing Provision
Rent – Lease/ Others	10.00%	No Change in Existing Provision
Rent payable to the vehicle rental service provider registered in VAT	1.50%	No Change in Existing Provision
Royalty	15.00%	No Change in Existing Provision
<b>Goods Transportation Services (Dhuwani Sewa)</b>		
VAT Registered Service Providers	<b>1.50%</b>	<b>New Provision</b>
NON- VAT Registered Service Providers	2.50%	No Change in Existing Provision
<b>Gain from Investment Insurance</b>		
- In case of death claim	Exempt	No Change in Existing Provision
- In other case	5.00% (Final Tax)	No Change in Existing Provision
<b>Service/ Consultancy Fees &amp; Others</b>		
Service Fees /Consultancy Fee paid to Non - VAT registered Service Provider	15.00%	No Change in Existing Provision
Service fees / Consultancy fees paid to VAT registered resident person or Dealing in Tax exempt transaction	1.50%	No Change in Existing Provision
Meeting Allowances (Final Tax up to NRs. 20000/-)	15.00%	No Change in Existing Provision
Verification of answer sheet and preparation of question paper	15.00% (Final Tax)	No Change in Existing Provision
Commission	15.00%	No Change in Existing Provision
Bonus on Sales/target bonus	15.00%	No Change in Existing Provision
Aircraft Lease Payment	10%(Final Tax)	No Change in Existing Provision
Commission paid by Resident Employment Companies to Non Residents	5.00% (Final Tax)	No Change in Existing Provision
Dividend distributed by Resident Companies to Residents	5.00% (Final Tax)	No Change in Existing Provision
Dividend distributed by Resident Companies to Non Residents	5.00% (Final Tax)	No Change in Existing Provision
Interest on Deposits / Debentures from Resident Bank, Finance Companies or listed companies and on Govt. Bonds to Individuals not related to business.	5.00% (Final Tax)	No Change in Existing Provision
Interest to Others-not stated above	15.00%	No Change in Existing Provision
Income distributed by Mutual Fund to Natural Person	5.00% (Final Tax)	No Change in Existing Provision
Payment against use of Satellite, Bandwidth, Optical Fiber, Telecom related equipment or electric transmission line	10.00%	No Change in Existing Provision
Income distributed by Mutual Fund to Other Person (Entity)	15.00%	No Change in Existing Provision
Gains from Unapproved Retirement interests	5.00% (Final Tax)	No Change in Existing Provision
Lump Sum Retirement Payment from Approved Fund & Nepal Government under Sec 65(1b)	5.00% (Final Tax)	No Change in Existing Provision
Teaching-not on regular basis (Part time teaching)	15.00% (Final Tax)	No Change in Existing Provision
Casual income	25.00% (Final Tax)	No Change in Existing Provision
Dividend distributed by Partnership Firm	5.00% (Final Tax)	No Change in Existing Provision
Gain From Commodities Future Market (Sec 95Ka)	10.00%	No Change in Existing Provision
<b>Contract Payments (Sec.89)*</b>		
Payment under contract exceeding Rs.50,000/-	1.50%	No Change in Existing Provision
<b>Payment to non-resident person under a contract (Sec 89(3)):</b>		
Payment under service contract to Non-resident	15.00% (Final Tax)	No Change in Existing Provision
<del>Repair for Aircraft &amp; Other contract</del> Agreement or Contract Payments made abroad	5.00% (Final Tax)	<b>Repair for Aircraft &amp; Other contract Word Removed &amp; Replaced by Contract or Agreement</b>
Premium paid to non-resident insurance company & Commission paid against reinsurance premium received from non-resident insurance company.	1.50% (Final Tax)	No Change in Existing Provision
<b>Others:</b>		
Capital gain tax on sales of land and land & building owned by natural person (Deducted by Malpot Office) i) For more than 5 years ii) For less than 5 Years iii) In Other cases - Capital Gain Tax	2.50% 5.00% 1.50% (Sales Value)	No Change in Existing Provision
Work done through Consumer Committee (Upbokta Samiti) if the amount exceeds Rs. 50 lakhs.	1.50%	-
Transfer of fund from existing Contributory fund to Social Security Fund within Chitra 2077.	No Tax Deduction	<b>New Provision</b>
Making payment abroad from Nepal for Language and other test, deduction to be made by resident bank offering foreign exchange service remittance.. (This is over and above education tax)	15%	<b>New Provision</b>
Gain on sale of listed and non-listed shares by individual & company - Individual listed shares & non listed shares - Entity listed shares & non listed shares	5% & 10% 10% & 15%	No Change in Existing Provision

# Fine, Interest & Penalty Under Income Tax Act, 2058

Section	Headings	Fine
117 (1) (Ka)	Estimated Tax Return unde Section 95 (1)	Lower of Rs 5000 or 0,1% of assessable income
117 (1) (Kha)	Non filing of details of tax deducted at sources in the format prescribed by IRD u/s 95 (ka) (5) (Securities Market)	1.5% per annum of withholding taxable amount from the date of filing to be made to the date of filing made on month or part of the month basis.
117 (1) (Ga)	Not filing of Income Tax Return (ITR) as prescribed by IRD u/s 96 (1)	-For presumptive tax payer as mentioned in sec. 4(4): NPR. 100.00 Per month.  - For person other than above person: 0.1% of Assessable income without deduction or NRs.100 per month, whichever is higher.
117(1)(Gha)	Failure to submit Income Tax Return by tax exempt entities within prescribed time	0.1% p.a. on the amount of receipts
117(2)	Failure to maintain documents as per section 81 - Not maintaining documents in prescribed format - Not authenticated by auditor or other documents - Failure to maintain proper record of documents authenticating expenses, documents required assessing income tax liability, and documents authenticating tax return submitted to IRD	0.1% of Assessable income without deduction or NRs.100 per month, whichever is higher.
117(3)	Failure to file withholding tax returns (TDS Returns)	2.5% p.a.of the the WHT amount
118(1)(Ka)	Instalment tax to be deposited under Section 94 is not made as prescribed	15% p.a. on the outstanding amount
119 (ka)	Violation of any provisions of the Act or Rules	Fine of Rs. 5,000 to Rs. 30,000
119(1)(4)(ka)	Failure to pay tax on or before the date on which the tax is payable.	15% p.a. on the outstanding amount
120(ka) & (Kha)	Making false or misleading statement to the IRD knowingly, recklessly or unknowingly	100% & 50% of the amount of short tax for knowingly and unknowingly, respectively
121	A person who knowingly or recklessly aids or abets another person to commit an offence under the law.	100% of the underpayment of tax
123	Person not depositing Income Tax	Penalty of NPR. 5,000 to NPR. 30,000 or Imprisonment of 1 month to 3 months or both
124	Person who submits False or Incorrect Statement intentionally (Not in case of error)	Penalty of NPR. 40,000 to NPR. 1,60,000 or imprisonment of 6 months to 2 years or both

# INDIRECT Taxes



**AMMENDMENT IN VAT, EXCISE AND CUSTOM  
RATES FOR FY 2077/ 2078 (FY 2020/21)**

## 6. Indirect Tax Proposals

### Amendments in VAT Act, 2052

#### VALUE ADDED TAX (VAT)

- Threshold of VAT on goods remains at NRS 50 Lakhs and the threshold for Service and Service and Goods mixed business remains NRS. 20 Lakhs
- VAT Rate remains unchanged at 13.00%

#### MAJOR AMENDMENTS IN VALUE ADDED TAX (VAT)

- Micro Enterprises Insurance purchase are now **exempt from VAT**.
- **VAT Refund for Pharmaceuticals Industry from FY 2077-78**, if Raw material are procured locally and also VAT exempt for Import of Raw Materials. Refund application to be made in every four month and refund shall be made within 30 Days from the date of application.
- **VAT Return & Payment on 4 Monthly Basis** for Printing & Electronic Publication or Broadcasting Entity, Hotel, Tourism, Transportation (*Dhuwani*) & Film Industries Business.
- Sec 10(2)(ka)(ka) "*Kabadi & Patru Bebashya*" or "*Waste Management Co.*" are now exempt from Compulsory Registration in VAT.
- *Sec 10 (2) (Kha)(kha)* "*Shirting Suiting Business*", "*Legal Services*" are now exempted from Compulsory Registration in VAT. However boutique is not exempt.
- **Goods/ Services purchased by UN or its member or its special agency for the purpose of conducting activities of UN or its member or its special agency, VAT shall be refunded.**
- **VAT withheld and deposited on behalf of the contractors by government entity (fully or partially owned), public institution, or association** for the purchase of goods or services under contract shall be adjusted against the vat payable of the contractor and contractor can apply for VAT refund, if VAT amount in not utilized for continues 4 Month, Refund to be made within 60 days of application. Such claim cannot be adjusted against next month VAT payable. **No interest shall be paid on VAT refund.**
- **VAT Exemption on import of following items** (Surgical works PPE, Viral Transport Media, PCR test Kit, RDT Test Kit, Surgical gloves, Face Mask, Digital Thermometer, Ventilator, PCR Machine, Protective goggles, Thermal Gun) by Ministry of Health or by various organization as recommended by Ministry of Health to fight against COVID-19.
- **VAT exemption on import of one bus with capacity of 30 or more seat** by community-based school for purpose of student transportation on recommendation of Ministry of Education. If vechole sold within 10 Years Vat shall be levied.

#### MAJOR AMENDMENTS FINE & PENALTY

- Sec 29 (ka) (1) fine now revised from Rs. 10,000/- to 20,000/-, Non-Compliance to Tax Officer decision to get registered in VAT, Rs. 20,000/- for each **tax period (Per Notice)** to be imposed.
- Operating Business without VAT registration, if it required to get register, tax officer may impose fine 50% of VAT Amount.



**Fine, Interest & Penalty Under Value Added Tax Act, 2052**

Section	Headings	Fine
29 (1) (Ka)	Operation of business without registering in VAT u/s10(1) Not registered in VAT within 30 days from the date of operation of business for specific business of specific area u/s 10(2)	<b>NRs. 20,000.00 per tax period, per notice from tax Officer . (Earlier it was 10,000)</b>
29 (1) (Kha)	Not displayed VAT Certificate in conspicuous place in Principal Place) Not usage of VAT number in all related transactions as prescribed u/s10(6) No Intimation in change of above two points within 15 days from the date of change u/s 10(7)	NRs.1,000 for each time.
29 (1) (Kha 1)	No display of Tax board as per required u/r 14 (Ka) or not displaying VAT Certificate in all offices if transactions are done from more than one place u/s10(5) No display of Tax board in a fixed place u/r 14(Ka)	NRs. 2,000.00 each time NRs. 1,000.00
29 (1) (Kha 2)	Sec 10 (7) Default, failed to update information within 15 days from the date of change of registration information	NRs.10,000 for each time.
29(1) (Ga)	Non- Issuance of VAT Bill by registered seller u/s 14(1) When transporter does not accompany VAT Invoice while transporting taxable goods worth more than NPR.10,000.00 u/s 14 (4)	NRs.10,000 for each time for not giving Bill & NRs. 1000 for not taking bill NRs.10,000 for each time.
29(1) (Gha)	Collection of VAT by unregistered person u/s 15	100% of VAT collected by unregistered person
29(1) (Nga)	Taxpayer not kept an up-to-date account of his transactions of the tax period u/s 16 Obstruction by tax payer while supervision	NPR.10,000.00 NRs. 20,000.00 every time for not providing to inspect
29(1)(Cha)	Accounts kept by tax payer not included; i.The date of transactions; ii.The value of each transaction; iii.If the other party of the transaction is registered, his registration number; and iv.Other prescribed matters related to transactions. u/s 16(2)	Up to NPR. 5,000.00
29(1) (Chha)	Purchase book and sales book not certified by the concerned tax officer u/s 16 (3) Taxpayer not preserved the accounts of transactions for a period as prescribed u/s 16(4)	NPR. 10,000.00
29(1) (Chha ka)	Purchase Book and Sales book not self certified by un-registered person if they transact on taxable goods and service u/s 16(3ka)	NPR. 1,000.00
29(1) (ja)	Violation of u/s 17, if vat return is not submitted	Higher of: 0.05% per day of Tax amount or, NRs.1,000.00 per tax period
29(1) (Jha)	Obstruction in Inspection by a tax officer u/s 23	NRs.5,000 for each time.
29(1) (Ya)	Under Invoicing	Higher of: NRs. 2,000.00 for each invoice Or Penalty as charged u/s 29(2) i.e. 100% of "Bigo Amount"
29(1)(Ta)	On infringement of this Act and Rules	NRs. 1,000 for each time.
29(1) (Tha)	Usage of Software which can erase and rectify the data by person having or not having approval for computerized billing	NRs. 500,000.00
26	Tax or any amount not deposited under this Act within stipulated time.	Interest at the rate of 15% p.a. from the date when the same to be deposited to the date of deposit
29(1 Ka)	Taxpayer reduced tax liability by making infringement of any provisions of this Act or Rule	Up to 25% of the tax payable
29(2)	Person commits any of the following offences: i.Preparing false accounts, invoices or other documents; ii.Committing a fraud and thereby, an evasion of tax; iii. If an unregistered person acts as a registered person; iv. Purchase of goods or services in Under Invoicing u/s 23(Ga) v. Carrying out business during suspension	Equal to the amount of tax Or Imprisonment up to six months or both
29(3)	Person helping in default, giving wrong suggestion knowingly which help in reducing VAT wrongfully	Equal to the amount of 50% of such less VAT paid

# Amendments in Excise Duty Act, 2058

## EXCISE DUTY

- **No Major Changes in Excise Act**
- Industries Manufacturing Liquor Tobacco products and Importer or Seller of Such Products cannot conduct any gift program nor they can provide discount to dealer of such products. Any such act would be termed as volition of Licensing terms.
- Excess use of ethanol or spirit in alcohol beyond authorized limit, shall be termed as volition and highest rate of Excise duty on such product shall be applicable as penalty.

## EXCISE DUTY RATES

Products	Excise Rate	Excise Rate
	FY 2077-78	FY 2076-77
<b>Electric Vehiices (Pick Up van, Delivery Van, Car, Jeep)</b>		
Up to 50 KW Motor	30%	0%
50 - 100 KW Motor	40%	0%
100 - 150 KW Motor	50%	0%
150 - 200 KW Motor	60%	0%
200 -300 KW Motor	70%	0%
Above 300 KW Motor	80%	0%
Electric Vehicle Three Wheeler	5%	0%
All kinds of Furniture- wooden, bamboo etc	10%	0%
Wooden Made Pre House	10%	0%
Christmas Festival Materials	5%	0%
Almond	5%	0%
Hukka Flavor	5%	0%
Essential Oil, Perfumes, Csmetics & Toilet Preparations	5%	0%
Pan Masala	650/ kg	610/ kg
Falvoured Supari With Tobacco	225/ kg	275/ kg
Edible Fruits & Nuts, Citrus Fruit Peels	5%	0%
Tobacco & Its Substitutes, Zarda, Gutkha	650/ kg	610/ kg
Tea	10%	0%
Ice Cream	10%	0%
Fresh Chilled Fish & Meat Packing Materials	5%	0%
Dried Meat Packing Materials	5%	0%
Grapes, Mango Etc (Fresh or Dried)	5%	0%
Fruits & Vegetable Protected by Vinegar or Acetic Acid	10%	0%
Slate Stone	5%	-
Lead Acid	5%	-
Iron Wires & Cables	Rs. 1650 Per MT	0
Polythese Bags	5%	-
10 Seater Above Electric Vehciiles	40%	0
Printing Machines	0%	10%
All kinds of Seat used in motor vehicles & other seats	10%	0%
Brakes including brake hubs, coaster breaking hubs, free wheel sporket wheel	0%	5%
Wheel Rims, Spokes, parts & Accessories of motorcycles. Mopeds 8714.10.00	0%	5%
Silencer, Exhaust pipe, Clutch, streeing wheel, safety airbags, Raditor, Gearbox	0%	5%



# Amendments in Custom Duty Act, 2058

## CUSTOM DUTY

- **Discount on custom duty for import of raw materials and goods from India & Tibet under LC**, if custom duty is 5% - 30% discount is 5% and if custom duty in above 30% discount is 3%.
- **Baggage Facility** : Gold up to 50 gm per 10 gm : Rs. 9500/- from 50gm to 100 gm Rs. 10,500/-
- Gold Ornaments up to 50 gm : No Custom duty
- Gold Ornaments up to 50 gm to 100gm per 10 gm : Rs. 10,500/-
- Gold Ornaments up to 100gm – 200gm per 10 gm: Rs. 12,000/- **Quantity beyond this shall be confiscated.**
- Television up to 32". **No custom duty but** should have served 12 in abroad as continues employment.
- **Vehicles can be imported by other than dealer by paying 30% extra duty.**
- No custom duty for PPE and Covid-19, materials by organizations as recommended by Ministry of Health.

## CUSTOM DUTY RATES

Products	Custom Rate	Custom Rate
	FY 2077-78	FY 2076-77
<b>Electric Vehilces (Pick Up van, Delivery Van, Car, Jeep)</b>		
Up to 50 KW Motor (50% Dicosunt Available)	80%	10%
50 - 100 KW Motor (50% Dicosunt Available)	80%	10%
100 - 150 KW Motor (50% Dicosunt Available)	80%	10%
150 - 200 KW Motor (50% Dicosunt Available)	80%	10%
200 -300 KW Motor (50% Dicosunt Available)	80%	10%
Above 300 KW Motor (50% Dicosunt Available)	80%	10%
Electric Vehicles Three Wheeler	30%	10%
Potatoes	15%	10%
Masala	15%	10%
Chocolates	30%	40%
Fry KurKure, Cripshy Chips	30%	40%
Tea	30%	10%
Souces	15%	20%
Spirits for Alcohol	Rs. 1500 / ltr	Rs. 1200 / ltr
Petrol	Rs. 25.20 / ltr	Rs. 15.20 / ltr
Diseal	Rs. 12 / ltr	Rs. 2 / ltr
Kerosene	Rs. 12 / ltr	Rs. 2 / ltr
Urea Except import by farmer	5%	0%
Soap	15%	20%
Plastics Plates	15%	20%
Surgical & Medical Gown	5%	20%
Induction Stove	5%	15%
Electric Equipments Parts	5%	15%
Gold	Rs. 8500 per 10 Gm	Rs. 6500 per 10 Gm
Aata, Maida	15%	20%
Cotton Cloth & Sports Wears	5%	20%
Fevicol Adesive	20%	15%





**VEHICLE  
TAX  
NEPAL**



**Yearly Vehicles Tax  
No Changes has been made this Year**

# Yearly Vehicles Tax

## 1. Private Vehicles Taxes

### Vehicle Type - Motorcycle

CC	Yearly Tax Rate Province 1	Province 2	Province 3	Province 4	Province 5	Province 6	Province 7
Up to 125cc	Rs. 2,800	Rs. 2,500	Rs. 2,850	Rs. 2,500	Rs. 2,500	Rs. 2,500	Rs. 2,500
126cc to 250cc	Rs. 4,500	Rs. 4,000	Rs. 4,500	Rs. 4,000	Rs. 4,000	Rs. 4,000	Rs. 4,000- Rs. 8,000
251cc to 400cc	Rs. 9,000	Rs. 8,000	Rs. 8,900	Rs. 8,000	Rs. 8,000	Rs. 8,000	Rs. 16,000
401cc and higher	Rs. 16,500	Rs. 15,000	Rs. 16,600	Rs. 15,000	Rs. 15,000	Rs. 15,000	Rs. 30,000

### Vehicle Type - Car, Jeep, Van, and MicroBus

CC	Yearly Tax Rate Province 1	Province 2	Province 3	Province 4	Province 5	Province 6	Province 7
Up to 1000cc	Rs. 21,000	Rs. 19,000	Rs. 21,100	Rs. 19,000	Rs. 19,000	Rs. 16,000	Rs. 21,000
1001cc to 1500cc	Rs. 23,000	Rs. 21,000	Rs. 23,300	Rs. 21,000	Rs. 21,000	Rs. 21,000	Rs. 23,000
1501cc to 2000cc	Rs. 30,000	Rs. 23,000	Rs. 25,500	Rs. 23,000	Rs. 23,000	Rs. 23,000	Rs. 25,000
2001cc to 2500cc	Rs. 35,500	Rs. 32,000	Rs. 35,400	Rs. 32,000	Rs. 32,000	Rs. 32,000	Rs. 38,000
2501cc to 2900cc	Rs. 41,000	Rs. 37,000	Rs. 40,900	Rs. 37,000	Rs. 37,000	Rs. 37,000	Rs. 45,000
2901cc and higher	Rs. 58,500	Rs. 53,000	Rs. 58,500	Rs. 53,000	Rs. 53,000	Rs. 53,000	Rs. 65,000

### Machinery Vehicle Type - Crane, Tipper, Roller, Dozer, Excavator, Loader

Vehicle	Yearly Tax Rate Province 1	Province 2	Province 3	Province 4	Province 5	Province 6	Province 7
Crane, Tipper, Roller, Dozer, Excavator, Loader	Rs. 38,500	Rs. 35,000	Rs. 50,000	Rs. 35,000	Rs. 35,000	Rs. 35,000	Rs. 40,000
Mini-Tipper	Rs. 27,500	Rs. 25,000	Rs. 27,500	Rs. 25,000	Rs. 25,000	Rs. 25,000	Rs. 30,000

### Vehicle Type - Tractors, Power Tiller, Three-wheelers, Mini Truck/Mini Bus, Truck/Bus

Vehicle	Yearly Tax Rate Province 1	Province 2	Province 3	Province 4	Province 5	Province 6	Province 7
Tractor	Rs. 4500	Rs. 4,000	Rs. 5,000	Rs. 4,000	Rs. 4,000	Rs. 4,000	Rs. 5,000
Auto Rickshaw, Three-wheelers, Tempo	-	Rs. 5,000	-	Rs. 5,000	Rs. 5,000	Rs. 5,000	-
Power Tiller	-	Rs. 3,000	Rs. 3,300	Rs. 3,000	Rs. 3,000	Rs. 3,000	Rs. 3,500
Mini-Truck / Mini-Bus	Rs. 24,500	Rs. 22,000	Rs. 24,200	Rs. 22,000	Rs. 25,000	Rs. 22,000	Rs. 27,000
Truck / Bus	Rs. 33,000	Rs. 30,000	Rs. 33,000	Rs. 32,000	Rs. 30,000	Rs. 30,000	Rs. 30,000

## 2. Public Vehicles Taxes

### Vehicle Type - Car, Jeep, Van, and MicroBus

CC	Yearly Tax Rate Province 1	Province 2	Province 3	Province 4	Province 5	Province 6	Province 7
Up to 1300cc	Rs. 8,500	Rs. 8,000	Rs. 8,800	Rs. 8,000	Rs. 8,000	Rs. 8,000	Rs. 10,000
1301cc to 2000cc	Rs. 9,500	Rs. 9,000	Rs. 9,900	Rs. 9,000	Rs. 9,000	Rs. 9,000	Rs. 12,000
2001cc to 2900cc	Rs. 11,500	Rs. 11,000	Rs. 12,900	Rs. 11,000	Rs. 11,000	Rs. 11,000	Rs. 14,000
2901cc to 4000cc	Rs. 13,500	Rs. 13,000	Rs. 14,300	Rs. 13,000	Rs. 13,000	Rs. 13,000	Rs. 16,000
4001cc and higher	Rs. 16,500	Rs. 15,000	Rs. 16,500	Rs. 15,000	Rs. 15,000	Rs. 15,000	Rs. 20,000

### Vehicle Type - Others

	Yearly Tax Rate Province 1	Province 2	Province 3	Province 4	Province 5	Province 6	Province 7
Dozer, Excavator, Loader, Roller, Tipper, Crane	Rs. 18,000	Rs. 17,000	Rs. 50,000	Rs. 17,000	Rs. 12,000	Rs. 17,000	Rs. 25,000
Tractor	Rs. 2,700	Rs. 4,000	Rs. 5,000	Rs. 2,500	Rs. 2,500	Rs. 2,500	Rs. 3,000
Auto Rickshaw, Three-wheelers, Tempo	-	Rs. 4,000	-	Rs. 4,000	Rs. 4,000	Rs. 4,000	-
Power Tiller	-	Rs. 2,000	Rs. 3,300	Rs. 2,000	Rs. 2,000	Rs. 2,000	Rs. 2,500
Mini-Truck / Mini-Bus	Rs. 12,500	Rs. 12,000	Rs. 13,200	Rs. 12,000	Rs. 12,000	Rs. 12,000	Rs. 15,000
Mini Tipper	Rs. 15,000	Rs. 14,000	Rs. 15,400	Rs. 14,000	Rs. 14,000	Rs. 14,000	Rs. 15,000
Truck / Bus	Rs. 17,000	Rs. 16,000	Rs. 15,400	Rs. 16,000	Rs. 16,000	Rs. 16,000	Rs. 20,000

Province 4: Tax for Gas Bullet, Oil Injector, Tipper is: Rs. 12,000.



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Important DATE!

Reminder!

## 7. Important Due Dates (Tax & Returns)

Particulars	Tax Payment	Returns Filing	Due Date	Remarks
Income Tax	Annual* (Advance tax schedule is given below)	Annual	Ashoj end	<ul style="list-style-type: none"> <li>•within 3 months from close of FY. i.e. Ashoj end of every year, although extension of 3 months may be requested.</li> <li>•Individuals who only have income from employment are not required to file tax returns whose remuneration income does not exceed NRs 40 Lakhs.</li> </ul>
VAT Compliance	Monthly	Monthly	25th of every Month	Tax Liability for the month is to be paid within 25th of subsequent month, Except Tourism, Transportation and Cinema Hall
VAT Compliance	4 Monthly	4 Monthly	25th of Next Month ending 4th Month	For Tourism, Transportation ( <i>Dhuwani Sewa</i> ), Printing, Online Publication or broadcasting, Hotel and Cinema Hall
Excise Returns	Monthly	Monthly	25th of every Month	Tax Liability for the month is to be paid within 25th of subsequent month
E-TDS Returns	Monthly	Monthly	25th of every Month	Tax Liability for the month is to be paid within 25th of subsequent month
Tax on Movie Ticket	Monthly	Monthly	25th of every Month	Tax Liability for the month is to be paid within 25th of subsequent month

### Advance Tax is to be deposited as follows:

Particulars	Due Date	Quantum Of Tax
1st Installment	Poush End	40% of the total estimated tax liability for the year
2nd Installment	Chaitra End	70% of the total estimated tax liability for the year
Final Installment	Ashad End	100% of the total estimated tax liability for the year

**No Advance Tax Payment & Return required to be filed for tax payer whose estimated taxed for the year is below Rs. 7,500/-**

### Various Other Due Date

Annual Audit	within 6 Month of Close of FY
AGM	within 6 Month of Close of FY
AGM	within 6 Month of Close of FY
Annual Return Filing – Public Co.	within 30 Days from AGM Date
Annual Return Filing – Private Co.	within 6 Month of Close of FY

### Additional Deadlines

<p><b>For Non- Filers</b> Provision to regularize for non-registered tax payer, non-filers tax payer, non-filers under VAT, Tax Payer Having Pending Tax Cases till Ashad 2075.</p>	By Falgun, 2077
Fund Transfer from Existing Contributory Fund to SSF.	By Chaitra, 2077
Pending Case Settlement at IRD, Administrative Review, Court, benefit only if settled within	By Falgun, 2077

## 8. Definition of *Udhyog*, as per Industrial Enterprise Act 2076

२. परिभाषा: विषय वा प्रसङ्गले अर्को अर्थ नलागेमा यस ऐनमा,-

(क) “उद्योग” भन्नाले दफा १७ बमोजिमको उद्योग सम्झनु पर्छ।

### उद्योगको वर्गीकरण तथा स्थिर पूँजी

१७. उद्योगको वर्गीकरण: (१) यस ऐनको प्रयोजनको लागि उद्योगहरूलाई देहाय बमोजिम वर्गीकरण गरिएको छ:-

(क) लघु उद्यम: दफा ८ बमोजिम अनुमति लिनु पर्ने उद्योग बाहेक देहायको अवस्था भएको उद्योगलाई लघु उद्यम मानिनेछ:-

- (१) घर जग्गा बाहेक बढीमा बीस लाख रुपैयाँसम्मको स्थिर पूँजी रहेको,
- (२) उद्यमी स्वयं उद्योगको सञ्चालन र व्यवस्थापनमा संलग्न रहेको,
- (३) उद्यमी सहित बढीमा नौ जनासम्म कामदार रहेको,
- (४) वार्षिक कारोबार एक करोड रुपैयाँभन्दा कम रहेको,
- (५) इञ्जिन, उपकरण वा मेसिनको प्रयोग गरेको भएमा इञ्जिन, उपकरण वा मेसिनमा खपत हुने विद्युतीय ऊर्जा, इन्धन वा अन्य तेल इञ्जिनको क्षमता बीस किलोवाट वा सोभन्दा कम

## 8. Definition of *Udhyog*, as per Industrial Enterprise Act 2076

रहेको।

(ख) घरेलु उद्योग: देहायको अवस्था भएको उद्योगलाई घरेलु उद्योग मानिनेछः-

- (१) परम्परागत सीप र प्रविधिमा आधारित,
- (२) श्रममूलक र खास सीप वा स्थानीय कच्चा पदार्थ एवं स्थानीय प्रविधि, कला तथा संस्कृतिमा आधारित,
- (३) इञ्जिन, उपकरण वा मेसिनको प्रयोग गरेको भएमा बढीमा पचास किलोवाटसम्मको क्षमताको विद्युतीय ऊर्जा प्रयोग गरेको,
- (४) अनुसूची-२ मा उल्लेख भए बमोजिमका उद्योगहरू।

(ग) साना उद्योग: लघु उद्यम र घरेलु उद्योग बाहेकको पन्ध्र करोड रुपैयाँसम्म स्थिर पूँजी भएको उद्योग,

(घ) मझौला उद्योग: पन्ध्र करोड रुपैयाँभन्दा बढी पचास करोड रुपैयाँसम्म स्थिर पूँजी भएको उद्योग,

(ङ) ठूला उद्योग: पचास करोड रुपैयाँभन्दा बढी स्थिर पूँजी भएको उद्योग।



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We have taken all steps to ensure that the information contained herein has been obtained from reliable sources and that this publication is accurate. However, this publication is not intended to give legal, tax, accounting or other professional advice. We recommend appropriate advice be taken prior to initiating action on specific issues.

## **ABOUT**

### **B.R.S.S. & Associates, Chartered Accountants**

B.R.S.S. & ASSOCIATES, Chartered Accountants, is an Auditing, Assurance and Advisory firm, registered with The Institute of Chartered Accountants of Nepal (ICAN), Firm Registration No. 584.

### **Services We Offer**

- Audit & Assurance
- Business Advisory
- Taxation Consultancy
- Payroll & Bookkeeping Services
- Accounting and Business Support
- Project Report & Feasibility Studies
- Project Finance Consulting & Due Diligence

## Our Office Address & Direct Contact

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