



AN OVERVIEW OF NEPAL BUDGET

A TAX PERSPECTIVE
2022-23 [2079-80]



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Foreword:

Honorable Finance Minister Janardan Sharma “Prabhakar” presented the Annual Budget of Rs. 1.794 Trillion (PY Rs 1.647 Trillion) on Sunday, Jestha 15, 2079 (May 29th, 2022) for the F/Y 2079-80 (2022-23) through Finance Bill 2079.

The budget is aimed as departure budget from import to production, from risk to macroeconomic stability and from deprivation to inclusion. It is estimated that GDP growth rate for FY 2078-79 (2021-22) will remain at 5.8%. Per Capita income has reached to USD 1381. Average Inflation rate in the first nine months of the fiscal year stood at 7.3%.

FOR PRIVATE CIRCULATION ONLY



The Provisions of Customs, Excise, VAT, and Rebates & Relief section under this Finance Bill is applicable from immediate effect, while Provisions of Income Tax Act is applicable from Shrawan 01, 2079.

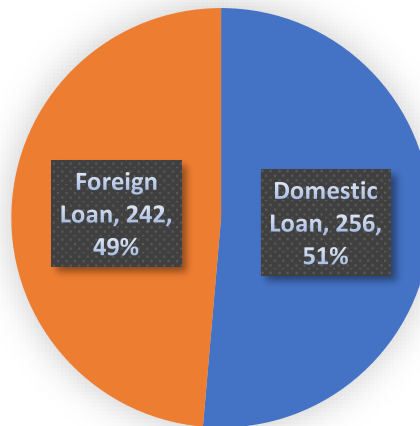
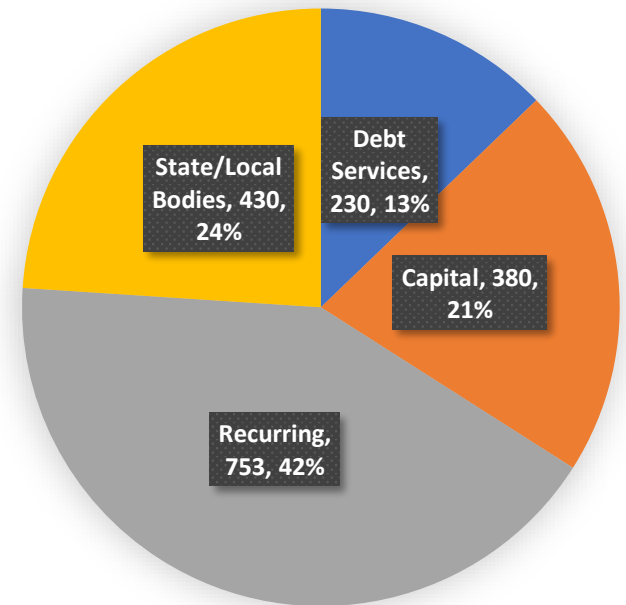
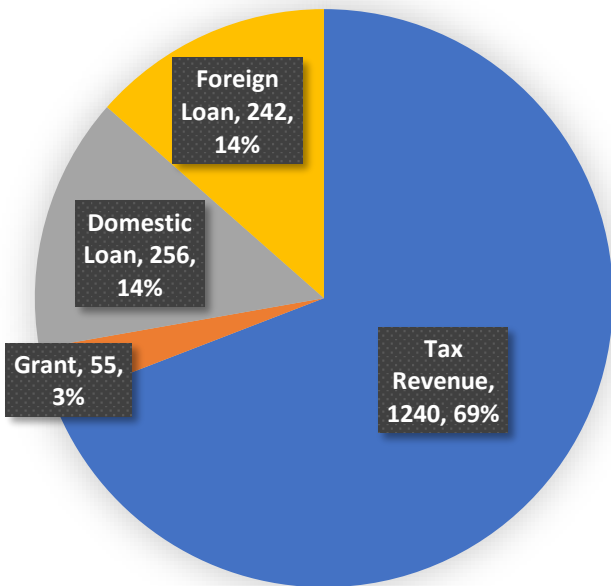


**Budget Rs. 1.794 Trillion (PY
Rs. 1.647 Trillion)**

Sources in "Billion"

Expenditures in "Billion"

**Budget Deficit Rs. 498
Billion (PY Rs. 559.3
Billion)**





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Key Policy Announcements:

Health Sector:

- Construction of 655 basic hospitals under construction at local level shall be completed in the next year. Total budget of NPR 10 Billion is allocated for the same.
- A National Center for Disease control will be established for the prevention and control of diseases.
- Blood bank under the government ownership will be established in every state

Labor & Employment:

- Allocation of budget of Npr 7 Billion to generate Two lakh employment under Prime Minister Employment program.
- Arrangements will be made to include self employed citizens in the contribution based Citizens pension scheme.

Energy Sector:

- 715 MW of energy will be added in the National grid in the next year.
- NEA will start the charging stations at 50 points to promote use of electric vehicle.
- Arrangement shall be made for procurement of Electric vehicles by Public Institutions.
- Subsidy on LP gas will be reduced gradually to promote subsidy on electricity usage.
- IPO of shares of NEA at premium shall be offered to the general public and the proceeds shall be used for the reservoir-based project.
- 75% of the cost of construction of transmission line will be reimbursed to the developer constructing transmission line from the project site to the substation.
- Private investment shall be promoted for Expansion of transmission lines.



Industrial Sector:

- Adequate supports to the “Made in Nepal” and “Make in Nepal” campaigns launched by private sector.
- “Prime Minister Nepali Production and Consumption growth Programme” will be launched to promote local production, job creation and export growth.
- Minimum investment for Foreign Direct Investment shall be reviewed to 2 Crore.
- Cash subsidy upto 8% will be provided on export of very high potential products like Cement, Clinker, steel, footwear, processed water and business based on Information technology/Business process outsourcing etc.
- Subsidy of 2 to 15 percent on electricity tariff to the industries consuming electricity worth more than Rs. 100 Million per month.

Agriculture Sector:

- National Campaign for Agriculture production for self-reliance will be launched in the next year. The campaign will focus on to increase the domestic production for self-reliance.
- Arrangements shall be made to make barren and unused land available on lease to farmers through farmers cooperatives groups in coordination with Federal, State and Local levels.
- A Microfinance fund of Rs. 500 Billion will be established to disburse agriculture loan to farmers.
- Contribution based Farmer Pension Scheme under the government program will be launched
- Budget of Rs. 760 Million allocated for 80 percent subsidy in the insurance premium of agriculture and animal insurance.

Tourism & Aviation Sector:

- Rebate on annual license and renewal taxes for FY 2079-80 to the covid effected hotels and other tourism-based industries.
- Various programs will be launched to attract 1 million tourists in the next year.
- Second terminal and taxiway will be constructed at TIA.



Financial, Insurance & Capital Market:

- Regulation, Inspection and Supervision system of Microfinance and Savings & Credit cooperatives shall be made effective.
- Arrangements shall be made for each branch of commercial banks to provide credit to at least five agricultural production and processing industries.
- Micro Insurance companies will be established.
- Arrangement shall be made for insurance company to invest a certain percentage of its investment in infrastructure development projects.
- Arrangements shall be made to invest the savings of EPF, CIT and SSF in productive sectors including agriculture.
- Arrangements shall be made to open the investment of NRNs in the secondary market.
- 10% of IPOs shall be reserved for the Nepalese went abroad for employment.
- Arrangements shall be made for compulsory listing at stock exchange of entities with Capital of Rs. 1 Billion or more, or turnover of Rs. 5 Billion or more, or entities using natural resources and public limited companies receiving grants, concessions or tax exemptions from the state.
- Existing limit of Deposit insurance of 3 Lacs shall be increased to 5 lacs.

Public Institutions:

- Necessary arrangements shall be made to operate the government owned cement industries with export potential at full capacity.
- Janakpur Churoth Kaarkhana, Krishi Auzaar Kaarkhana, Gorkhali Rubber Udyog, Orient and Magnesite, Hetauda Kapda Udyog and Butwal Dhaago Kaarkhana will be brought into operation under suitable format.
- Arrangements shall be made for the office bearers to use the garments produced by the Hetauda Textile Industry.

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Fiscal & Economic Review:

GDP & Key Fiscal Indicator

- GDP expected to grow by 5.8 % in the running fiscal year.
- Per Capita Income is Expected at USD 1381.
- Inflation rate in the first nine months stands at 7.3%.
- Total revised estimation of Government expenditure in FY 2078-79 is Rs. 1.447 Trillion (88.6% of original budget). Out of the total expenditure current expenditure is estimated to be Rs. 972 Billion (91.2% of original budget) and Capital expenditure is estimated to be Rs. 309 Billion (79.4% of original budget) and Financial expenditure is estimated to be Rs. 175 Billion (92.7% of original budget)





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Snapshots on Tax Proposals:

Direct Tax Proposals:

- Slabs for Natural person revised.
- Deduction for Investment Insurance increased to NPR 40,000/-.
- Additional rebate on Income tax for Export oriented manufacturing industry.
- Income tax rate for Co-operatives increased.
- Agriculture income of company, Firm etc is fully exempted from Income Tax
- COD for Hydropower projects deferred upto Chaitra 2083 for claiming Income Tax Rebate
- Tax Holiday for Electric vehicle manufacturing and Agriculture Equipment manufacturing units
- Tax Rebate for Covid effected sectors for FY 2078-79.
- Capital Gain Tax on sale of land/building by natural person increased
- only 1% income tax applicable for resident natural person receiving payment in foreign exchange for providing services relating to software, consulting services, uploading audio-video content on social media network
- Only 1% income tax applicable on any resident person involved in the business based on information technology and receiving foreign exchange for such services.
- Shareholder for the purpose of Section 57 shall include partner also.
- Digital Service tax on any non-resident person providing digital services in Nepal.

Indirect Tax Proposals:

- Fish, dried, salted or in brine; smoked fish, whether or not cooked before or during the smoking process; flours, meals and pellets of fish, fit for human Consumption brought under the ambit of VAT



- VAT registration requirement for a non-resident person providing digital services to any consumer in Nepal.
- Compulsory computerized billing for business doing turnover in excess of Rs. 10 Crore.
- Import duty on products like, Nuts, Energy drinks, Soap, Laminated sheets, suitcases, briefcases, footwears, Electric cars of capacity higher than 100 KW, etc are increased.
- Only 1% duty on import of raw materials imported by industry manufacturing sanitary pads, diapers, baby wipes etc.
- 25% Duty rebate on import of vehicles under chapter 87.02 and 87.03 by vehicle assembling units.
- 90% rebate on import duty of sanitary pads, sanitary towels etc.
- Excise Duty on various products like fish, sea food, nuts, dates, confectioneries, tobacco products, energy drinks, alcoholic beverage, cigarettes, perfumes, beauty & makeup products, footwear, CR or HR coils, Aluminum profiles, vehicles in excess of 1500 CC, Electric cars, toys, games, playing cards etc increased.
- New products like banana, pepper, ginger, saffron, turmeric, oil seeds, crispy bread, ginger bread, pizza, wafers, cake, cookies, toilets or facial tissue, umbrella, artificial jewelries etc brought under Excise tariff.
- Excise duty @ 5% on domestic production of beauty products levied.
- Exemption on Import duty, excise duty and VAT on import of equipment by Vaccine Manufacturing Industry.
- Exemption on Import duty, excise duty and VAT on import of equipment by Liquid Oxygen manufacturing industry.

Rebates & Reliefs:

- Waiver of fines for companies registered under Companies Act and Firms registered under Private firms registration Act.
- Rebates to the person coming under tax bracket
- Rebates to JV on non-payment of VAT upto Chaitra 2078
- Rebates to the Excise license holder on non-payment of Excise upto Chaitra 2078.
- Rebates to the persons who have filed return upto 2078 under Section 4(4)/4(4ka) of Income Tax Act.

Note: Changes are highlighted in red and new additions are shown separately in red box.

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Direct Taxes

Personal Tax

Basic rate of taxes & slabs for Natural person are as follows:

S.No	2079-80		2078-79		Remarks
	Resident	Rate	Resident	Rate	
1.					
A	Up to Rs. 600,000 in case of Couple (includes widow & widower) & Rs. 500,000 in case of unmarried	1%	Up to Rs. 450,000 in case of Couple (includes widow & widower) & Rs. 400,000 in case of unmarried	1%	Nil (in case of Proprietorship firm & Natural person making the contribution in Social Security Fund)
B	Next Rs. 200,000	10%	Next Rs. 100,000	10%	
C	Next Rs 300,000	20%	Next Rs 200,000	20%	
D	Next upto Rs. 20 Lacs	30%	Next upto Rs. 20 Lacs	30%	
E	Balance in Excess of Rs 20 Lacs	36%	Balance in Excess of Rs 20 Lacs	36%	
2.					
A	Any Amount	25%	Any Amount	25%	



Note:

- 1 % tax should be deducted and deposited as Social Security tax for those who are not contributing under SSF.
- In case of physically disabled resident individual, an additional 50% of exemption limit shall be allowed to be deducted.
- Husband and Wife having separate income from source are given choice to adopt either to get assessed separately or jointly as couple.
- Additional deduction of 25% of the amount falling under 1st slab (upto 5 Lac for unmarried/6 lacs for couple) for the purpose of calculation of taxable income of Resident natural person having pension income.
- Deduction of Insurance premium paid for the personal owned house of the resident natural person upto maximum NPR 5,000.
- Deduction equal to life insurance premium paid or Rs. 40,000 (PY Rs. 25,000/-) Annually, whichever is lower is allowed for computation of taxable Income.
- Deduction equal to Health Insurance Premium paid or Rs. 20,000/- Annually whichever is lower is allowed for computation of taxable Income.
- Remote Area Allowance up to Rs. 50,000 PA is exempted from Tax.
- Employees working in Nepalese mission abroad are allowed 75% of their foreign allowances as tax exempted.
- In case of women having income from salary only, shall be allowed an additional rebate of 10% of tax payable.
- 1/3rd rebate on Slab rate of 30% on Income of Proprietorship firm/Natural Person from Special Industry (Manufacturing Other than Alcohol/Tobacco). **[Section 11(2kha)]** So applicable tax rate for this slab will be 20% & additional tax of 4% (20% of applicable tax rate) on taxable income in excess of Rs. 20 Lacs.
- Export income of Proprietorship firm/Natural Person from manufacturing Industry shall be taxed at the rate of **7.50% [PY 9.75%]** on the slab rate higher than 10% **[Section 11(3Anga)]**. Further additional tax of **1.50% [PY 1.95%]** (20% of applicable tax rate) on taxable income in excess of Rs. 20 Lacs shall also be added.





Corporate Tax Rates

Applicable Basic rate of taxes for entities are as follows:

Corporate Entities [other than Natural Person]	Applicable Tax Rate 2079-80 (2022-23)	Applicable Tax Rate 2078-79 (2021-22)
Bank & Finance Company, General Insurance Company, Telecom Sector, Internet Service, Money Transfer, Capital Market Business, Merchant Banking Business, Commodity Future Market, Stock Business, Stock & Commodity broker, Alcohol, Beer, Tobacco, Cigarette, Entities registered under Nepal Petroleum Act 2040. [Section 2(2) of Anusuchi 1]	30%	30%
Co-operative registered under Cooperative Act 2074 (Other than those dealing in exempted business) [Section 2(3) of Anusuchi 1]:		
a. Cooperatives operating in Municipality	7.5%	5%
b. Cooperatives operating in Sub Metropolitan	10%	7%
c. Cooperatives operating in Metropolitan	15%	10%
Non-resident person Providing Shipping, Air Transport or Telecommunications Services in Nepal	5%	5%
Airline Services having office and business in Nepal but not operating flights to and within Nepal	2%	2%
Repatriated income of a foreign permanent establishment of a non-resident person situated in Nepal	5%	5%
Any Corporate Entities (Private Ltd., Limited, Partnership Firm etc) not specifically mentioned above	25%.	25%.

Income Exempted from Tax under Section 10

- Amount earned by Mutual Funds approved by SEBON as per their objective. [10(7)]
- Amount earned by Not for Profit making educational institutions under MOU with GON or such concerned authority. [10(8)]



Tax Concession & Rebate

Section	Heading	Tax Concession/Rebate	
		FY 2079-80 (2022-23)	FY 2078-79 (2021-22)
11(1)	Agricultural Income (Other than those earned by Company, firm, organized institution) Income earned by Company, firm, organized institution through agriculture, Dehydration of vegetables and cold storage business	100% 100%	100% 50%
11(2)	Co-operative Societies registered under Co-operative Act 2074 for conducting business based on agriculture & forestry and Co-operative Societies doing any type of transactions in Gaunpalika	100%	100%
11(2kha)	Income earned by Entities involved in the business of Special Industry (Manufacturing of other than Liquor & tobacco products). [Note: A person getting rebate under this section will also get rebate under another sections, if eligible]	20%	20%
11 (3)(Ka)	Special Industry & IT Industry Providing Direct employment to:		
	100 or more Nepali citizens throughout the year	10%	10%
	300 or more Nepali citizens throughout the year	20%	20%
	500 or more Nepali citizens throughout the year	25%	25%
	1000 or more Nepali citizens throughout the year	30%	30%
	100 or more Nepali citizens with 33% employment to women, Dalit & handicapped throughout the year	Additional 10% of payable tax rate	
11 (3)(Kha)	Special Industries operated in		
	Least developed areas (For first 10 years from the date of Commercial Production/operation)	90%	90%



Section	Heading	Tax Concession/Rebate	
		FY 2079-80 (2022-23)	FY 2078-79 (2021-22)
	Industries operated in Undeveloped areas (For first 10 years from the date of Commercial Production/operation)	80%	80%
	Industry operated in less developed areas (For first 10 years from the date of Commercial Production/operation)	70%	70%
	However, Industry operated in Karnali State and Hilly districts of Far-Western State , providing direct employment to more than 100 Nepalese citizens will be given the above tax rebate facility for the first 15 years from the date of commercial operation.		
11(3)(Ga)	Special Industries & Tourism Industries (other than casinos) Investing more than NPR 1 billion and providing direct employment to more than 500 persons throughout the year will get following tax rebate from the date of commencement of operation		
	Upto 5 Years (from the date of commencement of operation)	100%	100%
	After 5 years & upto 8 th year (for 3 years)	50%	50%
	If Existing Special Industries expand their existing capacity by 25%, increase their capital investment to more than NPR 2 Billion and provide direct employment to more than 300 persons throughout the year, then above exemption shall be applicable on the income generated from such expansion.		
11 (3Ka)	Special Economic Zone:		
	Industries established in Special economic zone (SEZ) of Himali Districts and Government designated Hilly Districts from date of commercial production.		
	Upto 10 Years	100%	100%
	After 10 years	50%	50%
	Industries established in Special economic zone (SEZ) of Other Regions from date of commercial production		



Section	Heading	Tax Concession/Rebate	
		FY 2079-80 (2022-23)	FY 2078-79 (2021-22)
	Upto 5 Years	100%	100%
	After 5 years	50%	50%
	Dividend Distributed by Industries established in Special economic zone (SEZ), dividend tax shall		
	Upto 5 Years	100%	100%
	After 5 years upto 8 th year (for 3 years)	50%	50%
	Royalty, Technology Transfer, and Management Fee paid to foreign investor establishing industries in SEZ	50%	50%
11 (3Kha)	Industries involved in excavation & exploration of Minerals, Petroleum, Natural Gas & Fuel if starts operation till Chaitra 2080		
	First 7 years of operation from the date of Commercial operation	100%	100%
	Next 3 Years	50%	50%
11(3ga)	Industries involved in operation of zoological, Geological, biotech related parks and Industries involved in Software Development, Statistics, Cyber cafes, digital mapping business established in Government notified Information Technology Park.	50%	50%
11(3Gha)	Hydropower projects, solar energy projects, waste-to-energy and wind turbines projects commercially start generation/transmission/distribution of electricity by Chaitra end 2083 (PY Chaitra 2082)		
	Upto 10 Years from the date of commercial generation	100%	100%



Section	Heading	Tax Concession/Rebate	
		FY 2079-80 (2022-23)	FY 2078-79 (2021-22)
	After 10 years upto 15 th year (for 5 years)	50%	50%
	However, Reservoir or semi reservoir-based hydropower projects of size in excess of 200 MW, doing financial closer within Chaitra 2085 (PY Chaitra 2082) shall get the following concession/rebate: - Upto 15 years - Next 6 Years	100% 50%	100% 50%
11 (3Anga)	Export Income of an entity (other than Manufacturing)	20%	20%
	Export Income of a manufacturing entity	Additional Rebate of 50% [PY 35%] after adjusting above rebate	
11 (3Cha)	Entities involved in:		
	Tram/Trolley Bus Operation	40%	40%
	Construction & operation of Ropeway, Cable car or Sky Bridge	40%	40%
	Railway	50%	50%
	Construction & operation of Airport	50%	50%
	Construction & operation of Roads, Bridge or Tunnel Way	50%	50%
	Note: Tax Rebate to above Industries shall be applicable for the first 10 years from the date of commercial operation [Added by Finance Act 2077]		
11(35)	Manufacturing, Tourism, Hydropower generation, distribution and transmission and IT related Industries listed in Stock Exchange.	15%	15%
11 (3Ja)	Industries manufacturing Brandy, Cider and Wine using fruits/flowers in		



Section	Heading	Tax Concession/Rebate	
		FY 2079-80 (2022-23)	FY 2078-79 (2021-22)
	Least developed areas (For 10 years from the date of Commercial operation)	40%	40%
	Undeveloped areas (For 10 years from the date of Commercial operation)	25%	25%
11 (3Ta)	Tourism Industries Investing more than NPR 2 billion and Airlines industry operating in international sector will get following tax rebate from the date of commencement of operation		
	Upto 5 Years	100%	100%
	After 5 years & upto 8 th year (for 3 years)	50%	50%
	Rebate Clause for Expansion to Existing Industries under this section has been removed by Finance Act 2077.		
11(3 7)	Special Industries & Tourism Industries capitalizing their accumulated profit for capacity expansion, will be allowed rebate in dividend tax.	100%	100%
11 (3 da)	Any Private Limited Company with a Paid up Capital of Rs 50 Crores or more, if converted into Public Company, will get Tax Rebate for 3 Years from the date of conversion into Public Limited Company. But the companies required to be registered as Public Limited Company under the Provisions of Section 12 of Companies Act 2063, shall not be covered under this Provision.	10%	10%
11 (3dha)	Domestic Tea Manufacturing & Processing Industries, Dairy Industries & Textile Industries	50%	50%
11 (3Na)	Health Institutions run by Samudayik Sanstha	20%	20%
11 (3t)	Small Scale Industries (Laghu Udyam) for 7 Years from the date of operation [If such SSI is run by the Female Entrepreneur, then additional 3 years of rebate]	100%	100%
11 (3y)	Entities involved in Build, operate & transfer of Public Infrastructure to Nepal Government and involved in construction of Powerhouse, Generation & transmission of electricity	20%	20%
11 (3b)	Special Industries operating in Industrial zone/Industrial Gram either by new establishment or by relocation: for 3 years from the date of Commercial operation Next 5 years	50% 25%	50% 25%



Section	Heading	Tax Concession/Rebate	
		FY 2079-80 (2022-23)	FY 2078-79 (2021-22)
11 (33)	Income earned by selling domestically produced Raw Material/Auxiliary Raw Material to Special Industry	20%	20%
11 (3g)	Start-Up businesses as specified by the department doing annual turnover upto NPR 10 Million, upto 5 years from the date of start of operation	100%	100%
11 (3k)	If any special industry is relocated outside from Kathmandu First 3 years from the date of relocation Next 2 years	100% 50%	100% 50%
11 (3फ)	Industries producing new goods using only used goods as raw materials, which directly affect the environment First 3 years from the date of operation Next 2 years	50% 25%	50% 25%
11 (3a)	Industries involved in the production of health vaccine, oxygen gas and sanitary pad: First 5 (PY 3) years from the date of operation Next 2 years	100% 50%	100% 50%
11 (3e)	Electric Vehicle manufacturing Industries established within Ashad, 2082 First 5 years from the date of operation. [NEW]	40%	
11 (3d)	Agricultural Equipment manufacturing Industries established within Ashad, 2082 First 5 years from the date of operation. [NEW]	100%	

Section 11 Ga, relating to waiver of requirement of Sources of Fund for investment in National priority projects like Hydropower project, International Airports, Underground roads, railways, Cement industries, Steel Industries, Agriculture based industries, tourism-based industries etc. is removed.



Tax Rebate to Business effected by Covid 19 Pandemic Applicable for FY 2078-79 [NEW]

- Rebate of 75% on applicable tax to the person paying taxes under Section 4(4) of Income Tax Act (Presumptive Taxation).
- Rebate of 50% on applicable tax to the person paying taxes under Section 4(4ka) of Income Tax Act (Turnover based Taxation).
- Rebate of 50% on applicable tax to Hotel, Travel, Trekking, Film Industry (Production, Distribution and exhibition), Party Palace, Media House, Transportation or Airline Industry having turnover in excess of NPR 10 Million on the income earned as per their objective.

Withholding Taxes

Particulars	Rate
Remuneration (Sec.87)	Normal Rate of Individual
Investment Returns & Service Fees (Sec.88)	
Natural Resource Payment	15%
Rent - Natural Person	NIL
Rent - Others	10%
Royalty	15%
Service Fees	15%
Service Fees - VAT Registered	1.5%
Service Fees - Paid to resident entities involved in VAT free business	1.5%
VAT Registered entities involved in business of renting vehicles	1.5%
Sales Bonus & Commission	15%
Dividend & Gain from Investment Insurance	5% (Final Tax upto Rs. 20,000)

Particulars	Rate
Service fee paid for Satellite, bandwidth, optical fiber, telecom equipment or transmission line use	10%
Meeting Allowances	15% (Final Tax)
Aircraft Lease	10%
TDS on Incentive provided under Section 25 (1Kha)	NIL
Interest from Resident Bank & Finance Companies, entity issuing debentures and listed companies to Individuals not related to business	5% (Final Tax)
Lump Sum Retirement Payment from Approved Fund & Nepal Government under Sec 65(1b)	5% (Final Tax)
Retirement Payment	15%
Teaching -not on regular basis	15% (Final Tax)
Windfall Gain (Sec.88Ka)	25% (Final Tax)



Particulars	Rate
Registration Fee, Tuition Fee and Examination fee paid to Foreign School/University	5%
Interest paid by Resident BFIs to Life Insurance Companies	5%
Interest paid by cooperatives bank/institutions on loan provided to each other	NIL
Contract Payments (Sec.89)	
Payment under contract exceeding Rs. 50,000/- by resident	1.5%
Insurance Premium to non-resident Insurance companies or Commission paid on Reinsurance premium received from Nonresident companies	1.5%

Particulars	Rate
Commission paid by resident foreign Employment companies to non-resident	5%
Contract - Payment to non-resident person (Aircraft Repair removed)	5%
Freight Services from Non Vat registered Party	2.5%
Freight Services from Vat registered Party	2.5%
Work done through Upbhokta Samiti in excess of Rs. 50 Lacs [New]	1.5%
Interest Paid by Banks & Financial Institutions on Borrowings from Foreign banks in foreign currency	10%
Withholding taxes are now applicable on the dividend or capital gain on sale of shares to Mutual Fund	
Royalty fee paid to resident person for literary article or composition	1.5%

Particulars	Rate
Advance Tax to be collected u/s 95Ka:	
Capital Gain from Sale of Land & Building to be deducted by Malpot Office	
If sold by Natural Person for Value in excess of Rs. 10 Lacs [95Ka(5)]	
- Owned for less than 5 years	7.5% (PY 5%)
- Owned for the period 5 years or more	5% (PY 2.5%)



Particulars	Rate
If sold by Other than natural person [95Ka(6)]	1.5% of Disposal value
Organization operating the Commodity Future Market should collect the advance tax on the taxable profit of the person doing the business in the market [95Ka(1)]	10%
Capital Gain from Sale of Shares [Sec. 95 ka(2)]	
On gain made by any person other than the company licensed to do the business of securities at the rate given below:	
<ul style="list-style-type: none"> In case of gain made by a natural person on the sale of security of a company listed on the Nepal Stock Exchange and security was held for more than 365 days 	5%
<ul style="list-style-type: none"> In case of gain made by a natural person on the sale of security of a company listed on the Nepal Stock Exchange and security was held for less than 365 days 	7.5%
<ul style="list-style-type: none"> In case of gain made by any resident entity on the sale of security of a company listed on the Nepal Stock Exchange 	10%
<ul style="list-style-type: none"> In case of gain made by any other person on the sale of security of a company listed on the Nepal Stock Exchange 	25%
<ul style="list-style-type: none"> In the case of gain made by a natural person on the sale of security of a company not listed on the Nepal Stock Exchange (to be deducted by the company whose securities are sold) 	10%
<ul style="list-style-type: none"> In the case of gain made by any resident entity on the sale of security of a company not listed on the Nepal Stock Exchange (to be deducted by the company whose securities are sold) 	15%
<ul style="list-style-type: none"> In the case of gain made by any other person on the sale of security of a company not listed on the Nepal Stock Exchange (to be deducted by the company whose securities are sold) 	25%
Banks & Financial Institutions are required to deduct TDS at the time of providing foreign exchange facility for the payment of Language Test & Standardized test fee to students going abroad for studies. (Sec 95Ka(6ka))	15%
BFI's are required to collect and pay TDS on following types of payment received in foreign currency by a	1%



Particulars	Rate
natural person (not involved in the business)	
- for software or such other similar electronic services provided abroad. 95Ka(6kha)	
- for Consulting services provided abroad. 95Ka(6Ga)	
- For uploading audio-video content on social media networks. 95Ka(6Ga)	
Note: Such persons need to pay tax on such income @ 1% only and do not need to file Income Tax Return [Updated by Finance Act 2079]	

Notes:

- ✓ No Taxes on windfall gain in the field of Literature, Art, Culture, Sports, Science, technology, Public administration upto the amount of Rs. 500,000/-.
- ✓ Rs. 50,000/- referred to sec 89 shall be determined by aggregating a payment under a contract with any other payment made by the person or an associate of the person during the previous ten days under the same contract to the same payee or an associate of the payee.
- ✓ Contract means supply of goods or labor or construction, installation or erection of assets under a contract or services as specified by department.
- ✓ No TDS is required to be deducted on the following:
 - Payment of remuneration to the writer of the articles published in Newspaper & magazines.
 - Payment by individuals other than payment in business and payment for house rent.
 - Interest paid to Resident Bank & Financial Institutions.
 - Inter-regional Interchange Fee paid to Bank issuing credit cards.
 - Interest & Fee paid by Nepal Government to Foreign Government or International Organization under any agreement.
 - Payments that are exempted from tax.
 - Interest earned upto Rs.25,000 PA from the deposits with Micro Finance based on Village community, Gramin Bikash Bank, Hulak Bachat Bank and Co-operative u/s 11(2)
- ✓ Withholding tax need to be deposited along with TDS Return with IRD within **25 days** from end of month.



Payment of Withholding taxes [Sec 90(8)]

- In case a person does not deduct withholding taxes as required under the respective sections, then department can impose the additional charge of 50% to 100% of TDS amount.

Advance tax to be collected at the Custom Point Sec 95 ka (7)

- Advance Tax @ 5% of the value of goods shall be collected at the Customs point at the time of Import of Goods falling under Chapter 1 like Buffalo, Goat, Sheep, Himali Goat, under Chapter 3 like Fresh, frozen or live Fish, Under Chapter 6 – Fresh flowers, Under Chapter 7 – fresh vegetables, potato, onion & under Chapter 8 – fresh fruits for Commercial purpose & Dry Vegetable, Garlic, Baby Corn.
- Advance tax @ 2.5% shall be collected at Custom Point at the time of Import of Meat under Chapter 2, Milk Product, Egg, Honey under chapter 4, Kodo, Fafar, Junelo, Chamal, Kanika etc under Chapter 10, Maida, Aanta, Pitho under Chapter 11, Jadibuti, Ukhu under chapter 12, Banaspati janya utpadan under chapter 14.

Advance Income Tax [S. 94]

“Income Tax on current year’s Income” shall be paid in three installments

Time Period	Amount
upto mid of January (Poush end)	40% of the Estimated Tax Payable
upto mid of April (Chaitra end)	70% of the Estimated Tax Payable
upto mid of July (Ashad end)	100% of the Estimated Tax Payable

- ✓ Where an installment of tax paid by a person is less than **90%** of tax payable, the person shall be liable to pay an interest @ 15% for each month and part of month from the date of first installment on the amount to the excess of 90% of the installment that would have paid over the installment paid.
- ✓ Advance tax under Installment to be paid only if the tax liability exceeds Rs 7500/-
- ✓ If any person is given facility to pay tax on installment basis within certain period and he fails to pay such taxes within such time, then he will be charged additional interest @ 5%.



Turnover & Presumptive Tax:

Turnover based Income Tax

Following Resident Natural person are now required to pay income tax based on the turnover of their business:

- Having only business income in Nepal
- Business annual turnover is in the range of 30 lacs to 1 Crore and taxable income from the business is upto 10 lacs.
- Has not earned income from the professional or consultancy services provided by a doctor, engineer, auditor, lawyer, sportsperson, artist, and consultant.

Turnover based tax rate is as follows:

- a. in case of business of Gas, cigarettes where commission or value addition is upto 3%
Turnover in the range of 30 lacs to 50 lacs – 0.25% of turnover
Turnover is in the range of 50 lacs to 1 Crore – 0.30% of turnover
- b. in case of business other than as mentioned in (a) above.
Turnover in the range of 30 lacs to 50 lacs – 1% of turnover
Turnover is in the range of 50 lacs to 1 Crore – 0.80% of turnover
- c. 2% in case of service oriented business.

Minimum turnover tax will be 7,500/- in case turnover tax calculated as above is less than 7,500/-

50% Rebate on above tax shall be provided for FY 2078-79 as per Finance Ordinance 2079 in view of Covid 19.

Installment of turnover tax should be paid as below:

- 1st installment at Poush end – based on the actual turnover upto Poush 20, calculated with the rate as above.
- 2nd and final installment at Ashad end – based on the actual turnover upto Ashad 20 and estimated turnover upto Ashad end calculated at the rate as above.



Presumptive Taxation

Individuals having annual income of Rs 300,000 or annual turnover of Rs 3,000,000/-, whether or not registered in VAT, shall be taxed as follows:

Individual Conducting Business	2079-80	2078-79
In the metropolitan or sub metropolitan cities	7,500/-	1,875/-
In Municipalities	4,000/-	1,000/-
Anywhere else in Nepal	2,500/-	625/-

Others

Inadmissible Expenses

- Salary and wages paid to employees/workers not having PAN number will not be allowed as deduction. Exception to this is the casual wages payment upto Rs. 3000.
- Any invoice in excess of Rs. 2000 not having PAN number of the seller will not be allowed as deduction. Exception to this is the purchase of any agriculture/animal/household items from any Natural person not involved in commercial business.

Loss Carry forward & Setoff

Particulars	Years
Loss incurred by Projects - building & operating public infrastructure and transfer the same to Nepal Government, Projects - building, generating and transmitting electricity and Entity engaged in conducting Petroleum Products under Nepal Petroleum Act	12
Loss incurred by any other business entity	7
Loss of FY 2076-77 and 2077-78 incurred by Hotel, Travel, Trekking, Film Industry (Production, Distribution and exhibition), Party Palace, Media House, Transportation or Airline Industry	10

- ⇒ Loss incurred in business or investments when assesses were enjoying full or partial tax exemption shall not be allowed to carry forward.
- ⇒ Carry Back of Loss is allowed in case of International Competitive Long Term Projects with the permission of Department.



Provision of Revised Income Tax return

Revision in Income tax return is allowed within 30 days of submission, if submitted within prescribed time limit.

Income Tax on Vehicle Income

Persons running vehicles on rent shall be taxed as follows as per vehicle per annum. If the person is individual, tax will be final tax.

Particulars	Tax Per Vehicle
1. Car, Jeep, Van, Micro Bus	
- Upto 1300 CC	NPR 4000/-
- 1300 to 2000 CC	NPR 4500/-
- 2001 to 2900 CC	NPR 5000/-
- 2901 to 4000 CC	NPR 6000/-
- More than 4000 CC	NPR 7000/-
2. Mini truck, Minibus, Water Tanker	NPR 6000/-
3. Dozer, Excavator, Loader, Roller, Oil Tanker, Tipper, Gas Bullet Etc	NPR 12000/-
4. Tractor	NPR 2000/-
5. Auto Rikshaw, Three Wheeler, Tampo	NPR 2000/-

Additional 1/3rd Depreciation [Anusuchi 2 - Sec 3(2)]

- Additional one third depreciation on Fixed Assets of Pool A,B,C,D is available to Special Industries, Industries involved in operation of Tram, Trolley, Construction and operation of Roads, bridges, tunnel, ropeway, cable car, railway, airport, public infrastructure and construction of powerhouse, Generation & transmission of electricity.



Liability of paying taxes shall be on actual beneficiary (Sec 110(ga))

- If it is proved that actual beneficiary of return from a business is different than the person who is the registered owner of the business, then the liability of paying taxes will be on actual beneficiary.

Penalty

Penalty for Non Submission of Income Tax/TDS Return

Particulars	Penalty
If Return of Income u/s 96 is not filed within due date (Self Assessed Tax Return) (Sec 117(1)(ga))	0.1% of turnover or Rs. 100 PM whichever is higher
If Return of Income u/s 95 is not filed within due date (Estimated Tax Return) (Sec 117(1)(ka))	Rs. 5000/- or 0.01% of assessable Income whichever is higher.
If Financial statement of Tax Exempted organization are not submitted within due date	0.1% of Income
If TDS return under Section 90(1) is not filed within the prescribed time limit	Annual fine of 2.5% for every month & part of a month delay
If TDS return under Section 95(ka) is not filed within the prescribed time limit	Annual Fine of 1.5% for every month and part of the month.

Other Deductions

- 50 % of the Capitalized amount can be claimed as deduction in the same fiscal year in respect of capitalized assets used by an entity for the purpose of generating energy for their business.
- Seed Capital given upto 1 Lakh per start-up to maximum of 5 startup will be allowed as deduction. [Section 12(Ga)]
- Transportation charges paid by Transport companies to Natural person not having PAN no. against the rent of such means of transport for FY 2077-78 will be allowed as deduction if TDS under Section 88 was deducted and paid.



Others

- Natural Person having annual income in excess of Rs. 40 Lacs has to Compulsory file Income Tax return. **However, natural persons covered under Section 95Ka (6Kha), (6Ga) & (6Gha) are not required to file Income Tax Return.**
- Limit of compulsory audit of books of accounts is 1 Crore.
- Transfer of shares at Office of Company Registrar will be registered only after presenting the proof of payment of TDS to be deducted on capital gain on sale of shares.
- Taxpayer should update their PAN data in the biometric database of Department. (Sec - 78(4ka))
- **Payment through the medium of approved Digital wallet shall not be considered as cash payment.**
- **Shareholder for the purpose of Section 57 shall include partner also.**



Foreword

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**Indirect Taxes
Highlights**

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Indirect Tax

Value Added Tax

- Single Rate of 13% remains unchanged.

Exclusion of certain Goods/ Services from the Exemption List of VAT Anusuchi 1 [New]

- Fish, dried, salted or in brine; smoked fish, whether or not cooked before or during the smoking process; flours, meals and pellets of fish, fit for human Consumption
- Fish; dried, whether or not salted but not smoked, other than edible fish offal.

Collection of VAT Under Section 8(2) & 8(3)

Payment of VAT U/S 8(2) on Import of Service should be made at the time of Import of Service or Payment for service whichever is earlier and U/S 8(3) on construction of building valuing more than Rs. 50 Lacs remains same as previous year.



Digital Service [New]

Definition of Digital service introduced by the Finance Bill, 2079 which includes the following services:

- a) Advertisement services.
- b) Cinema, Television, Music, Over the Top (OTT), & other similar Membership based services.
- c) Data collection related services.
- d) Cloud services.
- e) Gaming services.
- f) Mobile Application related services.
- g) Online market place services & those services availed through such platform.
- h) Software supply & updates
- i) Data & image download related services.
- j) Consultancy, Skill development & Training services
- k) Other services of similar nature.

Registration Requirement for Non-resident person providing Digital Services in Nepal [10Kha(1)]:

Every non-resident person whose turnover from digital service in Nepal exceeds Rs. 2 million in the preceding 12 months shall be liable to register themselves under VAT.

Such non resident person shall be liable to pay fine of an amount equivalent to Rs. 20,000 on failure to take registration for providing digital services on each such occasion.

Process of registration of such person and payment of VAT by such person shall be prescribed by the department.



Fine/Penalty under Section 29

- Section 29 (1)(ka) Penalty of Rs. 20,000/- for doing business without registration in VAT.
- Section 29 (1gha) Tax officer can impose penalty of 50% of the VAT amount if a person is doing business without registration in VAT.
- Section 29 (1)(kha2) Penalty of Rs. 10,000/- for not intimating any changes in the details provided at the time of VAT registration to the Tax office.
- Section 29 (1) (Ga) Penalty of Rs. 10,000/- to any person registered in VAT not issuing VAT invoice & Penalty of Rs. 1,000/- to any person not taking the VAT invoice.
- Section 29 (1) (Ga1) Penalty of Rs. 10,000/- for goods transported without accompanying VAT invoice.
- Section 29 (1Ga) – Any seller will be penalized for the 50% of the Invoice value if issues invoice without delivery of goods/services along with 6 months imprisonment.

Some Important VAT Rules

- Government Entities, Public organization or persons registered under VAT should purchase the goods/services under contract from a VAT registered Supplier in excess of Rs. 500,000/-. [Rule 6ka(2)]
- Government owned Entity should deduct 30% of the VAT amount while making payment to the contractor/supplier of goods/services under contract and pay the deducted amount to the Tax office in the respective person name. Contractor/supplier will get the credit of this VAT amount or will be able to deduct this amount from the payable VAT amount. [Rule 6ga].
- VAT paid on Petrol for Vehicles ~~Petroleum products (Petrol, diesel & LP Gas)~~ cannot be claimed irrespective of the uses. [Rule 41(1)(ga)]
- A registered person needs to update the records in Biometric System of the department.



VAT Refund Provisions

- Section 25 Ga1 – Refund facility of VAT to contractor who has Continuous VAT credit for 4 months. Such contractors who are supplying any goods/services under contract to any government owned entities and 30% (PY 50%) of the VAT amount is paid to IRD on behalf of such contractor by those entities. If such credit amount is applied for refund than it can not be adjusted with the payable VAT amount of subsequent months.
- Section 25 Ga2 – Pharmaceutical Industries can apply for the refund of VAT paid on purchase of Raw Materials, Auxiliary raw materials and Packing materials from local industries.
- Section 24 (3) – Refund of VAT can be applied if continuous credit for a period of 4 months.
- Section 25 (1ka) – Refund of VAT to Diplomatic mission/Diplomats will be provided on a single purchase/invoice in excess of Rs. 10,000/-.
- VAT Refund to be made within 60 days of application for refund made under Section 24(3). [Rule 45(1)]

Special Provision for Project under Bilateral Agreement

If any project under Bilateral/Multilateral agreement is granted VAT exempted status by the Ministry of Finance, then such project can procure the machineries, equipment or materials relating to the project from local industry at zero rate of VAT under the procedures prescribed by department.

Incentive on Electronic Payment

- Section 25 (1kha) - Incentive of 10% of the VAT amount will be transferred in the bank account of consumer if payment of goods/services done electronically.



Others

- Any two or more persons can form a Joint Venture and register temporarily in VAT for a fixed term work contract. Registration should be cancelled once the term of the project completes. Both the joint venture party will be individually or jointly liable for the taxes relating to the joint venture.
- If tax officer during the physical stock inspection of any taxpayer finds stock in excess of what is mentioned in the stock register, then tax officer can give the order to book income of such excess stock on the basis of current market value and impose 50% penalty of such market value.
- Penalty of Rs. 500,000 will be levied on persons whether approved or not to do computer billing and using software having the facility of erasing or editing data.
- Threshold Limit for Service Organization is Rs. 20 Lakh & others is Rs. 50 Lacs.
- Certification of Purchase Register & Sales register under VAT Act from the Tax officer is not required, now businesses are required to maintain the self-certified Sales/Purchase register in the prescribed format. Persons issuing invoice through electronic means are required to submit the Sales/purchase related data electronically in the prescribed format. [Section 16(3)]
- Section 16(kha) has been amended to include the expired goods for the purpose of Vat credit on lost/damaged goods.

Compulsory Computerized Billing Provision [Notice published by IRD on 2079-02-20]

As per the notice published by IRD, any person having turnover in excess of Rs. 10 Crore in any of the FY 2077-78 or 2078-79, needs to compulsory issue invoice through electronic means.



Custom Duty

- Rebate of 5% allowed on all goods falling under duty rate upto 30% and 3% allowed on all goods falling under duty rate above 30% of Indian Origin imported from India subject to import is made through Letter of Credit.
- Rebate of 5% allowed on all goods falling under duty rate upto 30% and 3% allowed on all goods falling under duty rate above 30% on goods of Chinese origin imported via Tibet is continued subject to import is made through Letter of Credit.
- In case the importer not declaring the detailed description of goods clearly then penalty of 2% on the value fixed by Customs Officer or 1% in case custom duty exempted items shall be imposed.

Fully Exempted Goods List

- ⇒ Pet Chips (HC 3907.60) imported by Industries (within limit prescribed by Industry Department)
- ⇒ POY & Staple Fibres under heading 54 & 55 imported by VAT registered Yarn Industries.
- ⇒ Fertilizers HC 31.
- ⇒ Raw Jutes HC 53 imported by Jute Industries.
- ⇒ Chesis Engine, Motor, Battery Charger imported by Industry for manufacturing of electric / solar / battery operated 3 or 4 wheeler vehicles and carriage vehicles.
- ⇒ **Steel Sheet Metal, Steel Tube, brass Metal Aluminium Rod and Aluminium Sheet Metal imported for manufacturing of chesis and frame of Two wheeler**
- ⇒ Spare parts imported by Jute industry for operation of industry under recommendation of Department of Industry.
- ⇒ Books and magazine published by foreign publishers under HC 49.01, 49.03.49.04 [PY 10%]
- ⇒ Duty on import of digital copy/ tape/ cassette, Rill of historical/old Nepali film, documentary from abroad can be fully exempted by GON on the recommendation of Film development board of Nepal
- ⇒ **Urine Bag (HC 3926.90.31)**



Import Duty Tariff

Products	2022-23	2021-22
02.07 Meat	30%	30%
04.02.10.20 Infant Milk	20%	20%
04.05 Butter, Dairy Spreads	40%	40%
Potato (0701.90.00)	15%	15%
Dried leguminous vegetables, shelled, whether or not skinned or split. (07.13)	30%	15%
Areca Nuts (Supari) (0802.80.00)	Rs. 100/Kg	Rs. 45/Kg
Spice (0910.91.00)	15%	15%
Tallow oil under 15.03, Sodium Silicate under 28.39 Palm Acid Oil, Palm Fatty Acid and acid oil under chapter 38.23 imported by Soap Industries	1.25%	1.25%
Sugar	40%	40%
Dalmoth, Bhujiya, (2106.90.10) Papad (1905.90.30)	30%	30%
Clinker (Chapter 25.23)	Rs.2400/MT	Rs.2400/MT
Portland Cement – Others (Chapter 25.23)	Rs.4050/MT	Rs.4050/MT
2710.12.10 Petrol	Rs.25200/KL	Rs.25200/KL
Kerosene Oil & HSD (High Speed Diesel)	Rs.12000/KL	Rs.12000/KL

Products	2022-23	2021-22
Aviation Sprits	Rs.2100/KL	Rs. 2100/KL
Furnace Oil	5%	5%
Transformer Oil	15%	15%
Coffee, Tea, Herbal Tea (09.01, 09.02)	40%	40%
09.04 Chilli	20%	20%
18.06 Chocolate	40%	40%
19.02 Spaggetti, Macroni, Nodles, Potato Chips etc	40%	40%
20.09 Fruit Juice	Rs 60 / Ltr	Rs 60 / Ltr
21.03 Sauce or Preparations, 21.04 Soup or preparations	30%	20%
2106.90.20 Shurti rahat pan masala	40%	40%
2106.90.60 Shurti Rahit Sugandhit Supari	Rs.100/Kg	Rs.50/Kg
Kurkure, Kurmure, Lays etc	40%	40%
2201.10.00 Mineral Water	40%	40%
2202.99.10 Energy Drinks	Rs.100/Ltr	Rs. 75/Ltr
Cigar, Cigarette [2402.10.00, 2402.90.20 2402.90.90]	Rs.9000 / 1000 Pcs	Rs.4500 / 1000 Pcs
3401 Soap	30%	20%



Indirect Taxes Highlights

NEPAL BUDGET 2022

Products	2022-23	2021-22
3921.90.11 Laminated Sheets	30%	20%
Used Pneumatic tyres HC 40.12.20.00	10	10
42.02 Trunks, Suitcases, briefcases, school satchels etc	30%	20%
49.01 Books	10%	10%
52.05 Cotton Yarn	5%	5%
Goods like Belt for stomach, Knee cap, Anklet, Wrist band, Waist band HC 62.12.90.10	5	5
63.06 Tarpolines, Boat, Landcraft, etc	30%	30%
64.01, 64.02, 64.03, 64.04, 64.05 Footwears	40%	30%
Various sized boards prepared by mixing wooden dust, cement and binding chemicals HC 68.08.00.10	20	20
71.06 Silver	Rs. 85 / 10 Gm	Rs. 85 / 10 Gm
71.08 Gold	Rs. 8500 / 10 Gm	Rs. 8500 / 10 Gm
72.09 CR Coils of Iron or Non-Alloy Steel	15%	5%
72.11	10%	30%

Products	2022-23	2021-22
84.18 Refrigerators/Refrigerating Unit	15%	15%
8424.41.00 Portable Sprayers	1%	1%
Electric motor generating energy upto 125 Watt, joint accessories and spare parts HC 84.14.51/59/90.00	10	10
Refrigerator, Freezer and other refrigerating/freezing equipment HC 84.18.10/21/29/30/40/50.00	15	15
Dish washing machines for home use under HC 84.22.11.00	20	20
Machines having dry linen capacity less or more than 10 Kg HC 84.50.11/12/19/20.00	20	20
85.02 Electrical Generating Set	5%	5%
8504.40.10 AC & DC Charger for Electrical Vehicle	10%	10%
Various electric heating equipment, electric hair drier, Microwave ovan falling under HC 85.16.10/21/29/31/32/33/40/50.00	10	10
Rice cooker, Water heating Kettle, Jug and others HC 85.16.60.20/30/90	10	10
Food grinder, mixture, Juice extractor, other equipment and spare	10	10



Indirect Taxes Highlights

Products	2022-23	2021-22
parts HC 85.09.40/80/90.00		
Other electro thermic equipment like coffee and tea machines, Toaster, Insect trapper, electric heating receptors HS 85.16.71.00, 85.16.72.00, 85.16.79.10/90, 85.16.80.00	10	10
85.24 Touch Sensitive Display Modules	15%	-
8708 Spare Parts Motor vehicles	20%	20%
8714 Spare Parts of Motorcycles	20%	20%
Motorcycle Other than electric	30%	30%
8701.10.10 Power Tiller, Mini Tiller	1%	1%
Power Tractor (Chapter 8701) other than power tiller and mini tiller of HC	5%	5%

Products	2022-23	2021-22
8701.10.10		
Bus Other than electric bus, Mini Bus, Micro bus [87.02]	30%	30%
Car / Jeep / Van except specified electric vehicles	80%	80%
Bus, Mini Bus, Micro Bus (Electric Only) [8702.40]	1%	1%
Electric Motor Cars/Vehicles:		
Upto 100 KW	10%	10%
100 to 200 KW	30%	15%
200 to 300 KW	45%	30%
More than 300 KW	60%	40%
Garbage collector and transportation vehicle with Compactor (Compressing Device)	15%	30%



Gold Carried by the Persons returning from Foreign

- A person returning from abroad can bring 100 Gms of Raw gold and rate of duty shall be as follows:
 - Upto first 50 Gm – Rs. 9500/- Per 10 Gm
 - After first fifty Gm and upto 100 Gm – Rs. 10500/- Per 10 Gm
- A person returning from abroad can bring 100 Gms of Gold Jewelry and rate of duty shall be as follows:
 - Upto first 50 Gm – Nil
 - After first fifty Gm and upto 100 Gm – Rs. 10500/- Per 10 Gm
 - After Hundred Gm and upto 200 Gm – Rs. 12000/- Per 10 Gm
 - Any one carrying gold/Jewelry in excess of above limit shall be seized.



Provision relating to bringing Gold/Silver Jewelry by Foreign Nationals

Foreign Nationals can bring Gold jewellery in excess of 50 Gms and Silver jewellery in excess of 100 Gms after declaring at Customs Point and by depositing 20% of the value of the jewellery. Such deposit will be refunded at the time of return.



Provision relating to the Export & Import through Courier service

Following can not be imported through Courier:

- Goods weighing more than 70 Kg in a package
- Livestock & their body part
- Plants & their seeds
- Gold, silver, Jewellery of any form
- Precious & Semi Precious stone
- Others Import banned products

Following can not be Exported through Courier:

- Goods which falls under the Export duty
- Industries using Bonded warehouse & passbook facility
- Other Export Banned product

Other Provisions relating to the compliance by the Courier agency are detailed in the Section 21 of Anusuchi -1

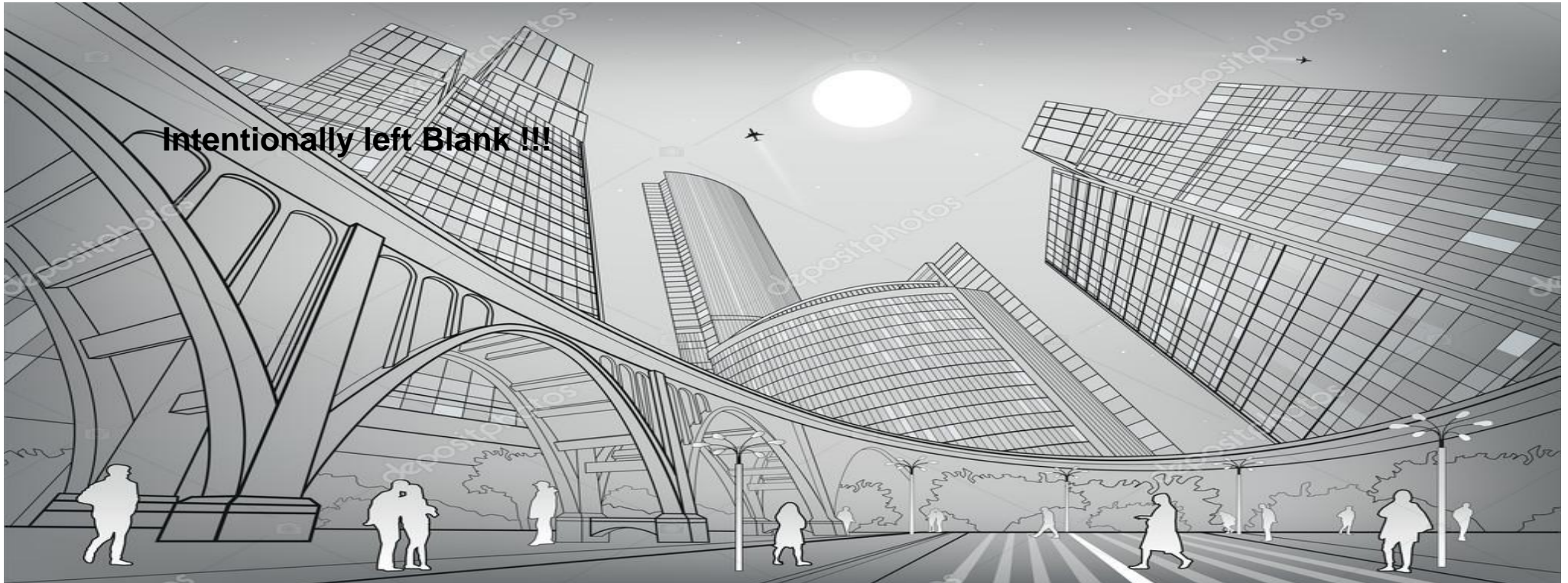
Others

- Brand name, Label, material composition, life of the product etc should be mentioned on the food product or its label at the time of Import. For other than food product, Brand & label should be there on the product.
- After import of the goods, a label containing the details of Importer & distributor should be fixed on the goods before sending them into the market. Such goods can be confiscated at the time of Market inspection if not found as per the requirement of this provision.
- Concession in the Rate of duty under SAFTA agreement will not be provided if there is any difference in the HC as mentioned in COO/Invoice/LC and declaration done at Customs.
- While submitting pragyapan patra for imported goods, information like nature of goods, brand, model, size, measurement, unit, Manufacturer Company and other specifications related to goods has to be declared. [S 18(7)]



Concessional Rate of duty

- Only 5% Import duty on import of Air Handling unit by Pharmaceutical Industry.
- Import duty of Rs. 20,000/- on import of Foreign movie for broadcasting in Nepal
- Only 1% Duty on Machinery & Equipment (HC 8474.80.00) imported by industries registered for processing of used batteries and electricity storage devices.
- Only 1% duty on import of Copper rod under HC 7407.21.00 by Industries registered for manufacturing of Valve of Gas cylinder.
- Only 1% duty on import of Solid or Liquid Dialysis bath concentrate used for treatment of Kidney patients (HC 38.24.99.20)
- Only 1% duty on import of Blended protein fiber yarn (HC 51.08.10.20 & 51.08.20.20)
- Only 1% duty on import of Induction or Infrared Chulo (HC 85.16.60.11/12)
- Only 1% duty on import of Motor vehicles used for transportation of goods where refrigerating system is installed (HC 87.04.21.50 and 87.04.22.96)
- Only 1% duty on import of Oxygen humidifier used for oxygen therapy (HC 90.19.20.40)
- Only 1% duty on import of Oxygen plant and equipment used for manufacturing Oxygen (HC 84.21.39.10/90)
- Only 1% duty on import of Glue/gum used for rat (HC 35.06)
- Only 1% duty on Import of Utensils or tray used for poultry feed and water for chicken (HC 39.24.90.10, 73.23.93/94/99.00) and those used for plantation/cultivation of seeds (HC 39.26.90.99) other than normal kitchen equipment
- Only 10% duty on Import of Jute bleaching oil by Jute industry (HC 27.10.19.70) whereas its normal rate of duty is 15%
- **Only 1% duty (PY 5%) on import of Glue, Super absorbent polymer, PE Film, PPE Film, Tissue paper, Release Paper and Non-woven fabric by the industries manufacturing Disposable Diaper, Baby wipes and Sanitary pads.**
- **25% rebate on applicable rate of duty on import of unassembled vehicles under chapter 87.02 and 87.03 by Vehicle Assembling Industries.**
- **90% rebate on import of Sanitary towel (pad) (HC 9618.00.10) and Tampons/Mensural cups (HC 9619.00.40).**
- **100% rebate on import of raw materials by the industries involved in the manufacturing of goods for disabled persons, on recommendation by DOI.**





Excise Duty

Excise Duty Tariff

Products	2022-23	2021-22
03.01, 03.02, 03.03, 03.04, 03.05, 03.06, 03.07, 03.08, 03.09, Fish/Sea food	10%	5%
04.02 Mils & Cream concentrated or added sugar	5%	-
08.01, 08.02 except 08.02.80.00 Coconuts, Brazil nuts and cashewnuts, other nuts	15%	5%
Supari 0802.80.00	Rs 100/KG	Rs. 25/KG
08.03 Bananas, including plantains, fresh or dried	5%	-
08.04.10 Dates (Chohada)	15%	5%
09.04 Pepper	15%	-
09.10 Ginger, Saffron, turmeric, thyme, bay leaves, curry and other spices	5%	-
12.07 Oil seeds and oleaginous whether or not broken	15%	-
Khayar Kattha (1404.90.20)	Rs. 155/ Kgs	Rs. 155/ Kgs
Semi Kattha (Kattha Ras)	Rs. 17 / Kgs	Rs. 17 / Kgs

Products	2022-23	2021-22
(1404.90.10)		
1601, 1602, 1603, 1604, 1605 Preparations of meat, of fish or of crustaceans	15%	10%
Sakkhar, Gud 1701.13.10, 1701.14.10	Rs. 138/ quintal	Rs. 138/ quintal
Molasses (17.03)	Rs. 96/ quintal	Rs. 96/ quintal
17.04 Sugar confectionery (including white chocolate), not containing cocoa.	15%	10%/5%
18.06 Chocolate and other food preparations containing cocoa	15%	5%
Spagetti, Pasta, Noodles etc (1902), Potato Chips (2005.20.10), Kurkure, Kurmure, Lays, Cheeseballs (1905.90.20)	Rs 17 / Kg	Rs 17 / Kg
19.05, Crispy bread, Ginger bread, Sweet biscuits, wafers, rusks, pizza, cake, cookies, pasteries	15%	-
Papad (1905.90.30)	5%	5%



Indirect Taxes Highlights

NEPAL BUDGET 2022

Products	2022-23	2021-22
20.03, 20.04, 20.05, 20.06, 20.07, 20.08	15%	5%
Extracts, essence and concentrate of Tea, Coffee (21.01)	10%	10%
Pan Masala without tobacco (2106.90.20)	Rs 821 / Kg	Rs 812 / Kg
Sugandhit Supari without tobacco (HC 2106.90.60)	350 / KG	281 / KG
Alcohol Rahit Beer 2202.91.00	Rs. 30/ Ltr	Rs. 20/ Ltr
Energy Drinks (2202.99.10)	Rs. 50 / Ltr	Rs. 36 / Ltr
Other 2202.99.90	Rs. 25/ Ltr	Rs. 14/ Ltr
Beer (22.03)	Rs. 228/ Ltr	Rs. 198/ Ltr
Liquors [2204.10.10, 2204.10.20, 2204.21.10,2204.21.20, 2204.22.10, 2204.22.20, 2204.29.10, 2204.29.20, 2204.30.10, 2204.30.20, 2205.10.10, 2205.10.20, 2205.90.10, 2205.90.20]	Rs. 444/ Ltr	Rs. 444/ Ltr
Liquors [2204.10.30, 2204.21.30, 2204.22.30, 2204.29.30, 2204.30.30, 2205.10.30, 2205.90.30, 2206.00.20, 2206.00.30, 2206.00.40,	Rs. 516/ Ltr	Rs. 516/ Ltr

Products	2022-23	2021-22
2206.00.90]		
Country Beer (Chyaang) (2206.00.10)	Rs. 43 / Ltr	Rs. 43 / Ltr
Undenatured Ethyl Alcohol 2207.10.10, 2207.10.20	Rs. 80 / Ltr	Rs. 70 / Ltr
ENA 2207.10.30, 2207.10.90,2207.20.90	Rs. 86 / Ltr	Rs. 76 / Ltr
Anhydrous Ethanol 2207.10.40	Rs. 12 / Ltr	Rs. 9 / Ltr
Dnatured Spirit 2207.20.10	Rs.30 / Ltr	Rs.20 / Ltr
Spirit used as Raw Material in Liquors 2208.20.10,2208.30.10, 2208.40.10, 2208.50.10, 2208.60.10, 2208.70.10, 2208.90.10	Rs.228 / Ltr	Rs.198 / Ltr
Alcoholic Liquors 2208.20.91, 2208.20.99, 2208.30.91, 2208.30.99,2208.40.91, 2208.40.99, 2208.50.91, 2208.50.99, 2208.60.91, 2208.60.99, 2208.70.91, 2208.70.99, 2208.90.91, 2208.90.99	Rs.1750 / Ltr or Rs.2059/LP Ltr	Rs.1592 / Ltr or Rs.1872/LP Ltr
Alcoholic Liquors 2208.20.92, 2208.30.92, 2208.40.92, 2208.50 92, 2208.60.92, 2208.70.92,	Rs.1306 / Ltr or Rs.1741/LP	Rs.1188 / Ltr or Rs.1584/LP



Indirect Taxes Highlights

NEPAL BUDGET 2022

Products	2022-23	2021-22
2208.90.92	Ltr	Ltr
Alcoholic Liquors 2208.20.93, 2208.30.93, 2208.40.93, 2208.50.93, 2208.60.93, 2208.70.93, 2208.90.93	Rs.1215 / Ltr or Rs.1735/LP Ltr	Rs.1105 / Ltr or Rs.1578/LP Ltr
Alcoholic Liquors 2208.90.94	Rs.610/ Ltr or Rs.1017/LP Ltr	Rs.555/ Ltr or Rs.924/LP Ltr
Alcoholic Liquors 2208.90.95	Rs.472/ Ltr or Rs.944/LP Ltr	Rs.450/ Ltr or Rs.900/LP Ltr
Alcoholic Liquors 2208.90.96	Rs.42/ Ltr or Rs.138/LP Ltr	Rs.42/ Ltr or Rs.138/LP Ltr
Retail Sale of Dog & Cat Food 23.09	10%	10%
Unmanufactured Surti 24.01	Rs. 130/ Kgs	Rs. 118/ Kgs
Cigarettes, Cigar 2402.10.00, 2402.90.20,2402.90.90	Rs. 30/ Pcs	Rs. 21/ Pcs
Cigarettes, Cigar 2402.20.10 Without Filter	Rs. 710 / M	Rs. 618 / M

Products	2022-23	2021-22
Cigarette without filter (2402.20.10)	Rs.710 / M	Rs.618 / M
Cigarette 70 MM with filter (2402.20.21)	Rs. 1635 / M	Rs. 1418 / M
Cigarette over 70 MM upto 75 MM with filter(2402.20.22)	Rs. 2225 / M	Rs. 1843 / M
Cigarette over 75 MM upto 85 MM with filter (2402.20.23)	Rs. 2880/ M	Rs. 2400/ M
Cigarette over 85 MM with filter (2402.20.24)	Rs. 3965 / M	Rs. 3393 / M
2402.90.10 (Tayari Bidi)	Rs. 94 / M	Rs. 94 / M
Water Pipe Tobacco, 2403.11.00, 2403.19.10	Rs. 2000/ Kgs	Rs. 1668/ Kgs
Processed Tobacco for Cigarette and Beedies 2403.19.20	Rs. 343/ Kgs	Rs. 343/ Kgs
Pan Masala & Gutkha having Nicotine (HC 2403.99.10)	Rs. 821/Kg	Rs. 812/Kg
Tobacco 2403.91.00, Packed Chewing Tobacco 2403.99.20, Cut tobacco, dust tobacco not for retail sale 2403.99.30, Others 2403.99.99	Rs. 460/ Kgs	Rs. 418/ Kgs
Hukka Flavor (2403.99.91)	Rs. 1400/Kg	Rs. 1200/Kg



Indirect Taxes Highlights

Products	2022-23	2021-22
Granite (25.16)	15%	15%
Glaziers' putty, grafting putty, resin cements etc (32.14)	5%	5%
33.03 Perfumes and toilet waters	15%	7%
33.04 Beauty or Make-up Preparations	15%	5%
Hair Oil, Color, Cream, Conditioner, Shampoo etc (3305)	15%	10%/5%
33.06 Dentifrices, Dental Floss	15%	5%
Shaving, Deodorants and Antiperspirants, room deodorizers (3307)	15%	10%/5%
39.17 [Tubes, pipes and hoses, and fittings therefor (for example, joints, elbows, flanges), of plastics]	5%	5%
39.18 Floor Coverings of Plastics	5%	-
Crate for Eggs (3923.10.20)	5%	5%
Composite LPG Gas Cylinder (3923.90.10)	5%	5%
3926.90.95 [Plastic Artificial Grass Turf]	5%	5%
4401, 4402, 4403, 4404, 4405,	5%	-

Products	2022-23	2021-22
4406, 4407, 4409, 4410, 4411, 4413, 4414, 4418, 4419, 4420, Woods and articles		
Plywood, veneered panels and similar laminated wood [44.12]	5%	5%
4803, 4818, Toilet or Facial tissue	5%	-
Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of textile materials [64.04].	20%	10%
66.01 Umbrellas	15%	-
71.17 Artificial Jewelries	10%	-
72.07 Semi finished items of Iron or non alloy	3500/MT	2500/MT
72.09 Cold-rolled product of Iron or non alloy	4500/MT	2200/MT
72.10	4500/MT	-
72.11	7500/MT	2200/MT
Iron Rod HC 7213	Rs. 4500/MT	Rs. 2500/MT
Iron Rod HC 7214, 7215	Rs. 2500/MT	Rs. 2500/MT
Motor Spare Parts (84.09)	5%	5%



Indirect Taxes Highlights

Products	2022-23	2021-22
7216 Angles, shapes and Sections of iron or non- alloy steel, 7217 Wire of iron or non-alloy steel	7500/MT	2500/MT
7312 Stranded wire, ropes, cables, plaited bands, slings and the like, of iron or steel, not electrically insulated.	10000/MT	2500/MT
7604 Aluminum bars, rods and profiles.	10%	-
Automatic Teller 8472.90.10, Automatic Bank Note dispenser 8472.90.20, Perforating Machine 8472.90.30, Stapling Machine 8472.90.40	15%	15%
8479.89.91 Air Humidifier & Dehumidifier	5%	5%
Mobile (HC 8517.12.00)	2.5%	2.5%
Smart Watch (8517.62.10)	15%	15%
8517.70.00, Spare Parts of Communication Equipment	10%	10%
Electrical Switches & Equipment (8536.50.00 & 8536.90.00)	15%	15%
Color Television & Picture tube (85.40)	5%	5%
Motor vehicles having capacity of 10 or more passengers		

Products	2022-23	2021-22
[With only compression-ignition internal combustion piston engine (diesel or semi-diesel)]		
Buses (with a capacity more than 25 seats) -8702.10.10	5%	5%
Minibuses (with a capacity 15-25 seats) - 8702.10.20	35%	35%
Microbuses (with a capacity 11-14 seats) - 8702.10.30	55%	55%
Jeep, Car and Van - 8702.10.41, 8702.10.49	60%	60%
Motor vehicles having capacity of 10 or more passengers [With both compression-ignition internal combustion piston engine (diesel or semi-diesel) and electric motor as motors for propulsion]		
Buses (with a capacity more than 25 seats) -8702.20.10	5%	5%
Minibuses (with a capacity 15-25 seats) - 8702.20.20	35%	35%
Microbuses (with a capacity 11-14 seats) - 8702.20.30	40%	40%
Jeep, Car and Van - 8702.20.41, 8702.20.49	40%	40%



Indirect Taxes Highlights

Products	2022-23	2021-22
Motor vehicles having capacity of 10 or more passengers [With both spark-ignition internal combustion reciprocating piston engine and electric motor as motors for propulsion]		
Buses (with a capacity more than 25 seats) -8702.30.10	5%	5%
Minibuses (with a capacity 15-25 seats) - 8702.30.20	35%	35%
Microbuses (with a capacity 11-14 seats) - 8702.30.30	40%	40%
Jeep, Car and Van - 8702.30.41, 8702.30.49	40%	40%
Jeep, Car and Van With only electric motor for propulsion: - 8702.40.41, 8702.40.49	NIL	NIL
Motor Car, principally designed for transportation of persons:		
<u>Petrol or Diesel Engine</u>		
Upto 1000 CC	60%	60%

Products	2022-23	2021-22
1000 CC to 1500 CC	65%	65%
1500 CC to 2000 CC	75%	70%
2000 CC to 2500 CC	85%	80%
2500 CC to 3000 CC	95%	90%
In excess of 3000 CC	105%	100%
Having Electric motor along with Petrol or diesel engine	45%	40%
<u>Having Electric Motor Only:</u>		
100 KW to 200 KW (8703.80.59)	30%	NIL
200 KW to 300 KW (8703.80.69)	45%	NIL
In excess of 300 KW (8703.80.79)	60%	NIL
Motor Vehicle Parts (87.08)	NIL	NIL
Motor Cycle Spare Parts (87.14)	NIL	NIL
Seats (9401), Furnitures (9403), Prefabricated house (9406)	10%	10%
Toys, games, Sports requisite, Playing cards etc	10%	5%
Cement	Rs. 220/ ton	Rs. 220/ ton



Domestic Production of goods not excisable

- Unmanufactured Surti 24.01
- Granite (25.16)
- 39.17 [Tubes, pipes and hoses, and fittings therefor (for example, joints, elbows, flanges), of plastics]
- Plywood, veneered panels and similar laminated wood [44.12]
- Seats (9401), Furnitures (9403), Prefabricated house (9406)
- Sakkhar, Gud 1701.13.10, 1701.14.10
- Papad (1905.90.30)
- Crate for Eggs (3923.10.20)
- Canvas shoes having the upper parts of cotton (HC 6404.11.10, 6405.20.10) is not excisable
- Unmanufactured Surti 24.01

Domestic Production of Certain goods becomes excisable [New]

Excise duty @ 5% on domestic production of beauty/cosmetics products under chapter 33.03, 33.04, 33.05, 33.06, 33.07 will be levied.



Amendments

Section	Topic	Amended Provision for 2079-80	Existing Provision 2078-79
10 (Gha)	Power of excise duty officer to assess excise duty	If physical Stock of Excise stickers are found more or less than the book stock	No Such provision
16(2)(Kha)	Punishment	to produce, release, sell, distribute, store or import liquor, cigarette and tobacco products byusing a fake excise duty ticket or without using excise sticker.	to produce, release, sell, distribute, store or import liquor, cigarette and tobacco products byusing a fake excise duty ticket
16(2)(Kha)	Punishment	4(Dha2) If less stock of excise sticker is found, than fine of 100% of the excise duty and if excess stock of excise sticker is found than, excise officer can ask to recognize the income of the excess excise sticker stock along with 1 lakh of fine.	No such provision

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Export Duty

Export duty rates of some of the items are as follows:

Products	2022-23	2021-22
Kattha Ras (1404.90.10)	Rs. 7/ Kg	Rs. 7/ Kg
Khayar Kattha (1404.90.20)	Rs. 5 / Kg	Rs. 5 / Kg
Sugandhit supari no tobacco (2106.90.60)	Rs. 25 P Kg	Rs. 25 P Kg
Stone Aggregates upto 2.5"	Rs. 600 / Cu. Mtr	Rs. 600 / Cu. Mtr
Stone Aggregates beyond 2.5"	Rs. 1200 / Cu. Mtr	Rs. 1200 / Cu. Mtr
Stone Aggregates & Sand Mixtures	Rs. 1200 / Cu. Mtr	Rs. 1200 / Cu. Mtr
Pan Masala (Surti rahit) (2106.90.20)	Rs. 40/ Kg	Rs. 40/ Kg
Oil Cakes (HC 23.06)	Rs. 1 / Kg	Rs. 1 / Kg
Jarda, Khaini, Nas, Gutkha (HC 24.03.9910)	Rs. 50 / Kg	Rs. 50 / Kg
Plastic fossils, Katran and wastage falling under HC 39.15.10/20/30/90.00	Rs. 5 Per Kg	Rs. 5 Per Kg
Recovered, scrap/wastage paper, paper board and cover falling under HC 47.07.10/20/30/90.00	Rs.10 Per Kg	Rs.10 Per Kg
Scrap iron and related wastage falling under 72.04.10/21/29/30/41/49/50.00	Rs.10 Per Kg	Rs.10 Per Kg
Copper, Aluminum, Zinc and Tin inclusive scrap/wastage materials falling under 74.04.00.00, 76.02.00.00, 79.02.00.00, 80.02.00.00	Rs.10 Per Kg	Rs.10 Per Kg
Primary cell, battery, electric accumulators and their scrap/wastage falling under HC 85.48.10/90.00	Rs.10 Per Kg	Rs.10 Per Kg

Custom Service Fee

Custom service fee is payable on import/export of goods as follows:

- Imports - Rs.500 per *Pragyapan Patra*
- Exports - Rs 100 per *Pragyapan Patra*

- Export of Software through Internet shall be treated as Export sale only after certification from Nepal Rastra Bank on the basis of Invoice, Agreement and Payment Certificate.



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**Rebates, Reliefs
& Others**

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Rebates, Reliefs & Others:

Special Provision for promotion of business based on Information technology [Section 22 of Finance Bill 2079]

Criteria:

- a. Any resident person involved in the business based on Information technology like, Business process Outsourcing, Software programming, Cloud computing etc
- b. earns foreign exchange from such business in FY 2079-80

Facility:

- a. Only 1% of Income Tax is levied on such income to the tune of foreign exchange received.

Special Provision for Establishment of Vaccine Manufacturing Industry [Section 30 of Finance Bill 2079]

Custom duty, excise duty and VAT will be exempted on import of machineries or equipment in FY 2079-80 required for the establishment of any vaccine manufacturing industry as per their approved project scheme.

Special Provision for Establishment of Liquid Oxygen Industry [Section 31 of Finance Bill 2079]

Custom duty, excise duty and VAT will be exempted on import of machineries or equipment under HC 8421.39.10 in FY 2079-80 required for the establishment of any Liquid Oxygen manufacturing industry.



Section of Finance Ordinance	Applicable to	Criteria	Compliance to make	Timeline	Rebate/Waiver
23	Freight/Logistic Service Provider	<ul style="list-style-type: none"> Have paid to the natural person for the freight charge of the transportation vehicle in 2077-78. Have deducted necessary TDS on such payment under Section 88 			Such expenses will be allowed as deduction even if the PAN invoice for the same is not received.
24	Private Firms & Companies	For the firms registered under Private Firms Registration Act 2014 and Companies Registered under Companies Act 2063: <ul style="list-style-type: none"> Non submission of Annual return upto 2076-77 Non renewal of firm/companies 	Submit Annual Return Payment of Penalty & Fee : 5%	Poush 2079	Remaining Fee & penalty : 95%
25	Any Person	<ul style="list-style-type: none"> Have earned taxable income in the previous year, but have not paid the taxes on the same 	<ul style="list-style-type: none"> Take the PAN number and submit the tax return for FY 2075-76, 2076-77 & 2077-78 Pay the taxes for such fiscal years 	Poush, 2079	Interest, Fee & Penalty: 100% Will not be required to file the tax returns of earlier years Any taxes, fine or interest for such earlier years
26	Joint Venture	<ul style="list-style-type: none"> Have not filed the VAT return upto Chaitra 2078 and have not paid the VAT due upto Chaitra 2078 or Have filed the VAT return upto Chaitra 2078, but not paid the VAT 	<ul style="list-style-type: none"> Shall file such VAT returns Pay the principal amount of VAT and 50% of the interest amount 	Poush, 2079	Additional fee and remaining interest
27	License-Holders under Excise	<ul style="list-style-type: none"> Have not filed the Excise return upto Chaitra 2078 and have not paid the Excise due upto Chaitra 2078 or 	<ul style="list-style-type: none"> Shall file such Excise returns Pay the principal amount of Excise and 50% of the late fine amount 	Poush, 2079	Remaining late fine and penalty



Section of Finance Ordinance	Applicable to	Criteria	Compliance to make	Timeline	Rebate/Waiver
		<ul style="list-style-type: none"> Have filed the Excise return upto Chaitra 2078, but not paid the excise 			
28	License-Holders under Excise	Stock write off is recommended by Inland Revenue Department through physical inspection report but the decision on the same is pending	Need to file an application within the prescribed timeline	Poush 2079	Write off of such stock older than 15 years will be allowed
29(1)	Persons filed tax return under Section 4(4) or 4(4ka)	There is a difference in the declared transaction value upto FY 2077-78	Declare such actual transaction value upto FY 2077-78 and pay 1.5% tax on such differential transaction value	Chaitra 2079	Tax paid on such declared value shall be final
29(2)	Persons filed tax return under Section 4(4) or 4(4ka)	<ul style="list-style-type: none"> There is a difference in the declared transaction value upto FY 2077-78 Assessment under Income Tax Act and Value Added Tax Act of such difference value is done within 2079 Jestha, 14 Such additional tax is due 	<ul style="list-style-type: none"> pay 1.5% tax on such differential transaction value as per the assessment Withdraw if any cases are pending at administrative review or any other institution 	Chaitra 2079	Remaining taxes, additional fee, fine or penalty.

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TAX RELIEF



Agriculture Improvement Fee

On import of agricultural products from India & China, listed in Clause 16 of Annexure 1, agriculture development fee will be applicable @ 5% and no custom duty shall be applicable.

Pollution Control Fee

Rs. 1.50 / Ltr on petrol and diesel.

Health Hazard Tax

Beedi	-	Rs. 0.25 Per Pcs
Cigarettes, Cigar (Imported/Local Production)	-	Rs. 0.50 Per Pcs
Tobacco, Khaini, Gutkha, Pan Masala (Imported/Local Production)	-	Rs. 40 Per Kg

This tax for Import item shall be collected at the time of import at Custom Point and for domestic production shall be collected at the time of removal from the factory

Education Service Fee

Educational Service Tax of **2%** from students going abroad for study shall be collected by the bank at the time of providing foreign currency and the same should be deposited within 25th of next month along with return.

Interest shall be charged to the BFI at the rate of 15% per annum for non deposit of ESF by the due date.

In case the student does not go abroad for his/her studies due to any circumstances and the amount is refunded by the foreign educational institution, then ESF collected on such amount shall be refunded,

Infrastructure Development Tax (Purvadhar Kar)

Rs. 10 Per Ltr on Diesel & Petrol

Telecom Service Fee

Telecom, Mobile & Internet Service Provider needs to collect service fee **@ 10% (PY 13%)** from its customers and have to deposit the same along with Value Added Tax. But no such fee shall be applicable on inter connection charges paid by one Telecom Company to other telecom company for using their network and upto 50% of repair & maintenance charge of Fixed Broadband service fee.



Telephone Ownership Fee

A sum of **Rs. 500/-** shall be collected as Telephone Ownership Fee. In case of Prepaid mobile a sum equivalent to 2% of the value of Sim Card and Recharge Card shall be collected as Telephone Ownership Fee.

Casino Royalty

Casinos have to pay **Rs. 50 Million (PY 40 Million)** per annum towards casino royalty.

Casinos using only modern machine and equipment should pay **Rs. 15 Million (PY 10 Million)** annual royalty.

Royalty has to be paid in three installments as detailed below:

Time Period	2022-23	2021-22
upto mid of January (Poush end)	40%	100%
upto mid of April (Chaitra end)	70%	
upto mid of July (Ashad end)	100%	

Additional Charge @ 15% p.a. upto 3 months from the due date shall be charged in case of non-deposit of Royalty on time. Further, Additional fee @ 30% per annum from the end of 3 months will also be charged.

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Digital Service Tax [Section 20 of Finance Bill 2079]

- S. 20(1)** Non-resident person providing any type of digital service to the consumer in Nepal, shall collect 2% of the transaction value as Digital Service Tax. However, such tax is not applicable on annual turnover upto Rs. 20 lacs.
- S. 20(2)** Such person shall submit the return of its business and pay taxes as per the financial year.
- S. 20(3)** If return is not filed within the time limit, then fine @ 0.1% per annum shall be charged. If such person does not pay the taxes within the prescribed time limit, then interest @ 15% per annum shall be charged. If liability relating to such taxes are concealed or not paid, then fine of 50% of such taxes shall be charged.
- S. 20(4)** If taxes are paid under this section, then no income taxes under Income Tax Act 2058 shall be applicable.
- S. 20(5)** Administration of Digital Service Tax shall be done by Inland Revenue Department.

Road Construction & Improvement Fee:

Type of Vehicle	2022-23	2021-22
Micro bus, Bus, Truck, Tipper, Truck Mixture, Mini bus, Mini truck, Mini Tipper	7% of Value	7% of Value
Car, Jeep, Van upto 2000 CC	8% of Value	8% of Value
Car, Jeep, Van in excess 2000 CC	10% of Value	10% of Value
Electric Car, Jeep, VAN except three wheelers	5% of Value	5% of Value
Electric Bus, Minibus, Microbus and goods transportation vehicle of electric motor under chapter 87.04	2.5% of Value	5% of value
<i>Motorcycles:</i>		
Upto 150 CC	Rs 15,000/-	Rs 15,000/-
151 to 250 CC	Rs 18,000/-	Rs 18,000/-
251 to 400 CC	Rs 50,000/-	Rs 50,000/-
More than 401 CC	Rs 100,000/-	Rs 200,000/-



Type of Vehicle	2022-23	2021-22
Electric Motorcycle and Scooter	Rs. 10,000/-	Rs. 12,000/-
Electric Three wheeler & Transportation vehicle	Rs. 10,000/-	Rs. 13,000/-
Three wheeler vehicle and Transportation vehicle 87.03 & 87.04	Rs. 15,000/-	Rs. 15,000/-
Vehicles under 87.02, 87.03 and 87.04 and other than listed above	10% of Value	10% of Value
Chesis under 87.06	9% of Value	9% of Value

Road Construction Fee (Sadak Nirmaan Dastur) on vehicle which are imported, shall be collected at Custom Point at the time of Import itself as against earlier being collected at the time of registration of the vehicle at respective department. Road Construction Fee (Sadak Nirmaan Dastur) shall be collected at the time of registration of vehicle for vehicles already imported and not yet registered until this Finance Act and Vehicles being manufactured locally.

Road Construction Fee on scooters upto 155 CC to be used by disabled person, ambulance, fire brigade and vehicle in chapter 87.05 for special purpose shall be exempted.

Road construction fees on Buses used inside Airport terminal on recommendation of Civil Aviation Authority of Nepal shall be exempted.



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