



AN OVERVIEW OF NEPAL BUDGET

A TAX PERSPECTIVE
2023-24 [2080-81]



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Foreword:

Honorable Finance Minister Mr. Prakash Sharan Mahat presented the Annual Budget of Rs. 1751 Billion (PY Rs 1794 Billion) on Monday, Jestha 15, 2080 (May 29th, 2023) for the F/Y 2080-81 (2023-24) through Finance Bill 2080.

The budget is directed to build a strong economy with high, sustainable and far-reaching economic growth by addressing the problems and challenges seen in the economy, creating a robust economy with the help of sustainable and widespread economic growth lifting the moral of private sector.

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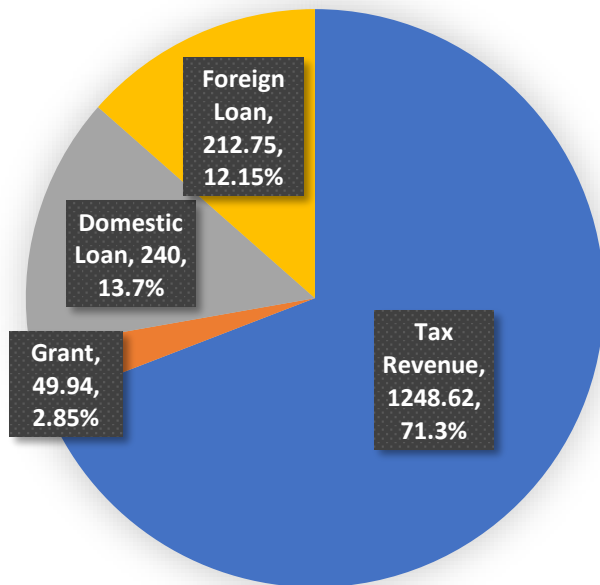
The Provisions of Customs, Excise, VAT, and Rebates & Relief section under this Finance Bill is applicable from immediate effect, while Provisions of Income Tax Act is applicable from Shrawan 01, 2080.



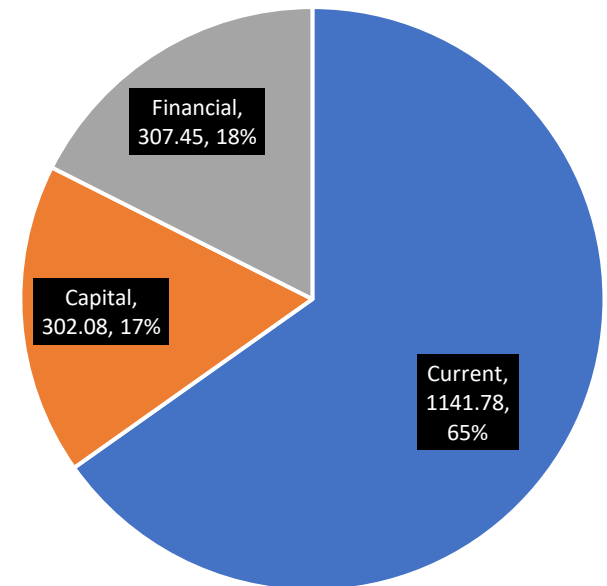
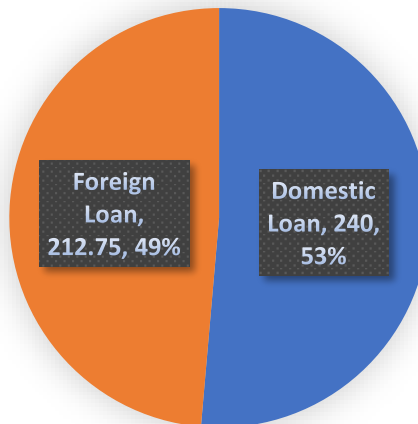
Budget Rs. 1751 Billion (PY Rs. 1794 Billion)

Sources in "Billion"

Expenditures in "Billion"



Budget Deficit Rs. 452.75 Billion (PY Rs. 498 Billion)





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Key Policy Announcements:

Health Sector:

- NPR 8 Billion allocated for the 5, 10 and 15 bed hospitals in 322 local levels.
- NPR 2.5 billion allocated to continue the grant for disadvantaged citizens to treat conditions like heart disease, kidney disease, cancer etc.
- NPR 820 million allocated to purchase health equipment in 100 hospitals is set to be completed next year.

Labor & Employment:

- NPR 5.94 billion allocated to Prime Minister Employment program.
- NPR 4000 monthly allowance continued to senior citizens above 68 years.
- Foreign Employment service providers will need to pay 1% of their collection from migrant workers to be used in the interest of migrant workers
- “Remittance Bond” will be introduced for overseas workers, shall be used for infrastructure development.

Energy Sector:

- NPR. 38.32 billion allocated for construction and improvement of transmission lines.
- NPR. 1.74 billion allocated for alternative sources of electricity
- Government intends to restructure the Nepal Electricity Authority.

Education Sector:

- NPR 3.2 billion allocated for scholarships for students from marginalized, impoverished groups.
- NPR 1.42 billion allocated to continue distribution sanitary pads for girls in community schools.
- NPR 8.45 billion allocated to continue free mid-day meal programs in community schools.
- NPR 3.58 billion allocated to distribute free textbooks to students in community schools.



Industrial Sector:

- Private Sector campaigns, 'Make in Nepal' and 'Made in Nepal', to be encouraged for the promotion and expansion of indigenous production.
- Provision to eliminate fees for company registration and capital increment. Companies can be established with minimum authorized capital of Rs. 100.
- NPR 1.25 Billion allocated for encouraging start-ups. An incubation center to be established to develop a start-up ecosystem.
- NPR 1.02 billion allocated for providing concessional credit subsidies and market promotional programs under the Small Enterprise Development program.
- NPR 1 Billion allocated to a special fund for research, innovation and invention.

Agriculture Sector:

- NPR 3.22 Billion allocated for the Prime Minister's Agriculture Modernization Project.
- NPR 400 Million allocated to subsidize farmers with 50 percent of the cost of seeds, provided the purchase is from high-quality seed producers.
- Rs. 30 Billion allocated to subsidize chemical fertilizers to farmers.
- Rs. 1.2 Billion allocated for youth start-up grant program to entice young people to agricultural and livestock businesses and foster local entrepreneurship.
- Rs. 950 Million allocated for subsidizing crop and livestock insurance premiums for more than 2 million farmers.

Tourism & Aviation Sector:

- 2023 to 2032 declared as the "Tourism Decade".
- NPR 2.12 Billion allocated to promote the tourism, identify new destinations for tourism and develop infrastructure.
- The Civil Aviation Authority of Nepal to be split into two autonomous entities, the regulator and the service provider.
- The government intends to restructure the national carrier Nepal Airlines Corporation.



Financial, Insurance & Capital Market:

- Continuation of 1% additional interest rate to promote the remittance through official means.
- Persons sending remittance through official means should be included in Social Security scheme.
- Restructuring of Government banks should be done to make them more efficient.
- Provisions shall be made to open investment in listed hydropower companies and other real sectors for Non-resident Nepalese.
- Necessary infrastructure will be established to operate Commodities Exchange Market and SMEs platform.
- Citizen pension scheme shall be formulated for including self employed person in pension scheme through Citizen Investment Trust.

Information & Communications:

- Plan to provide high-speed optical broadband connections to all local bodies, public schools, colleges, and hospitals to expand 4G network across the nation.
- Digital Nepal Framework to be implemented after necessary amendments. Promotion of digital literacy to increase the reach and use of the “Nagrik App”.
- Formation of “Electronics Data Act” to ensure electronic data security, collection and usage.
- Formation of “The National Cybersecurity Center” to minimize the cyber security risks.
- Promotion of film tourism. Dolakha and Banepa to be developed as film cities.
- Minimum threshold for foreign investment in the Information Technology (IT) sector to be removed.

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Fiscal & Economic Review:

GDP & Key Fiscal Indicator

- GDP expected to grow by 2.16 % in the running fiscal year 2022-23 against the budget growth of 8%.
- Inflation rate in the first nine months stands at 7.76%.
- Imports decreased 16.1%, exports decreased 26.3% and trade deficit decreased 17.9% in the first nine months.
- Remittances increased 13.9% in USD terms in the first nine months.
- Balance of payments remained at a surplus of \$ 1.39 Billion in the first nine months.
- Deposits at BFIs have increased 11% and private sector credit increased 3.5% in first nine months.





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Snapshots on Tax Proposals:

Direct Tax Proposals:

- New tax rate for natural person having income in excess of NPR 5 Million.
- Rebate on Income tax for Export oriented manufacturing industry decreased.
- Income tax rate for Co-operatives involved in saving and credit business increased.
- 50% rebate on applicable income tax on Agriculture income of company, Firm etc
- COD for Hydropower projects deferred upto Chaitra 2084 for claiming Income Tax Rebate
- 50% rebate on tax rate to IT based industry having income from export of services
- TDS on interest paid to natural person by BFIs increased to 6%.
- Income tax on vehicle income by natural person changed
- TDS increased to 5% under Section 95ka (6kha),(6ga),6(gha)
- Ecommerce operator are required to deduct TDS at 1% on certain payments.

Indirect Tax Proposals:

- Items like Onions, Potatos, Apples, Kerosene, Frozen meat, Sea food, cotton yarns etc are brought under the ambit of VAT
- Services like Air travel, Goods carriage service, Trekking and Tour package etc are brought under the ambit of VAT
- Reverse VAT will be applicable on purchase of transportation services from unregistered suppliers.
- Import duty on various products like spice, cardamom, white oil, unmanufactured tobacco, stationeries, granite, parts of footwear, Micro bus, etc have been increased
- Import duty on Sugar, composite LP Gas cylinder, Electric cars of more than 100 KW capacity etc have been decreased.



- Quantity based Import duty on Gold and Silver removed and value-based import duty introduced.
- Excise duty on products like Mollasses, Spaggheti, Pasta, Juice, Potato chips, Flavored Milk, ENA, Alcoholic liquor, Cigarettes, Granites, tiles, marbles, Sim card, Memory card, Electric cars upto 100 KW etc have been increased.
- Export Duty on used rubber tyre at Rs. 5 per kg levied.
- Firms carrying out annual transactions of more than Rs 250 million will be incorporated in the Central Billing Management System.
- Registered taxpayers with annual turnover upto NPR 10 Million shall have an option to submit VAT returns once in four months.

Rebates & Reliefs:

- 2% luxury tax has been imposed on certain goods/services.
- 5% Foreign travel fee imposed on foreign travel.
- Rebates for old assessment liabilities upto FY 2063-64
- Rebates on tax liabilities on premium collected on FPO and gains on merger/aquisitions.
- Rebates to Foreign Employment agencies/Education consultancy not declaring real transactions in previous years.
- Rebates to Eyes hospital relating to their old VAT liabilities.
- Rebates to Suji manufacturers/sellers on VAT liability of previous years.
- Rebates to Hire purchase businesses on VAT liabilities of earlier years.
- Rebates to NGOs on VAT liabilities of earlier years.
- Rebates to Construction businesses on due VAT liabilities.
- Rebates to freight forwarder and Herbs based industries on VAT liabilities of previous years.
- Rebates to Milk based beverage industries on excise duty of previous years.

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	2080-81		2079-80		Remarks
	Resident	Rate	Resident	Rate	
A	Up to Rs. 600,000 in case of Couple (includes widow & widower) & Rs. 500,000 in case of unmarried	1%	Up to Rs. 600,000 in case of Couple (includes widow & widower) & Rs. 500,000 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. 200,000	10%	
C	Next Rs 300,000	20%	Next Rs 300,000	20%	
D	Next upto Rs. 20 Lacs	30%	Next upto Rs. 20 Lacs	30%	
E	Next upto Rs. 50 Lacs	36%	Next upto Rs. 50 Lacs	36%	
F	in excess of Rs. 50 Lacs	39%	in excess of Rs. 50 Lacs	36%	
2.	Non Resident		Non Resident		
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 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.
- Applicable tax rates for Natural person/Proprietorship firm involved in Manufacturing/export business.

Type	Applicable tax rate where Slab Rate is 20%	Applicable tax rate where Slab Rate is 30%		
		Upto 20 Lacs	20 Lacs to 50 Lacs	In Excess of 50 Lacs
Manufacturing Income	20%	20%	24%	26%
Export Income	15%	15%	18%	19.5%
Export Income from Manufacturing	15%	10%	12%	13%





Corporate Tax Rates

Applicable Basic rate of taxes for entities are as follows:

Corporate Entities [other than Natural Person]	Applicable Tax Rate 2080-81 (2023-24)	Applicable Tax Rate 2079-80 (2022-23)
Bank & Finance Company, General Insurance Company, Entities involved in Financial Transactions 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	5%	7.5%
b. Cooperatives operating in Sub Metropolitan	7%	10%
c. Cooperatives operating in Metropolitan	10%	15%
Co-operative registered under Cooperative Act 2074 and involved in saving and credit business [Section 2(3) of Anusuchi 1]:		
d. Cooperatives operating in Municipality	10%	7.5%
e. Cooperatives operating in Sub Metropolitan	15%	10%
f. Cooperatives operating in Metropolitan	20%	15%
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%



Corporate Entities [other than Natural Person]	Applicable Tax Rate 2080-81 (2023-24)	Applicable Tax Rate 2079-80 (2022-23)
Any Corporate Entities (Private Ltd., Limited, Partnership Firm etc) not specifically mentioned above	25%.	25%.

Income Exempted from Tax under Section 10
<ul style="list-style-type: none">• 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 2080-81 (2023-24)	FY 2079-80 (2022-23)
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% 50%	100% 100%
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 2080-81 (2023-24)	FY 2079-80 (2022-23)
	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 2080-81 (2023-24)	FY 2079-80 (2022-23)
	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 2084 (PY Chaitra 2083)		
	Upto 10 Years from the date of commercial generation	100%	100%



Section	Heading	Tax Concession/Rebate	
		FY 2080-81 (2023-24)	FY 2079-80 (2022-23)
	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 40 MW and lower coastal projects running in tandem with those projects, doing financial closer within Chaitra 2085 shall get the following concession/rebate: - Upto 15 years - Next 6 Years	100% 50%	100% 50%
11 (3Anga)	a) Export Income of an entity (other than Manufacturing)	20%	20%
	b) Export Income of a manufacturing entity (In addition to as listed in a)	20% (on Applicable tax rate)	50% (After rebate of 20% as above)
	c) Export Income of services business based on IT such as Business Process Outsourcing, Software Programming, Cloud Computing etc upto FY 2084-85 (2027-28)	50%	Only 1% Tax rate was applicable
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]		



Section	Heading	Tax Concession/Rebate	
		FY 2080-81 (2023-24)	FY 2079-80 (2022-23)
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		
	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%



Section	Heading	Tax Concession/Rebate	
		FY 2080-81 (2023-24)	FY 2079-80 (2022-23)
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%
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 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.	40%	40%
11 (3d)	Agricultural Equipment manufacturing Industries established within Ashad, 2082 First 5 years from the date of operation.	100%	100%



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%
Service fee paid for Satellite, bandwidth, optical fiber, telecom equipment or transmission line use	10%
Meeting Allowances	15% (Final Tax upto 20000 per. meeting)
Aircraft Lease	10%

Particulars	Rate
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	6% (PY 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)
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	1.5%



Particulars	Rate
Insurance companies or Commission paid on Reinsurance premium received from Nonresident companies	
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	1.5% (PY 2.5%)
Work done through Upbhokta Samiti in excess of Rs. 50 Lacs [New]	1.5%

Particulars	Rate
Interest Paid by Banks & Financial Institutions on Borrowings from Foreign banks in foreign currency	10%
Interest paid to Foreign Banks or BFIs by Reservoir or Semi reservoir based Hydro project having capacity of more than 200 MW doing financial closure by Chaitra 2082	5% (PY NIL)
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%
- Owned for the period 5 years or more	5%
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)]	



Particulars	Rate
On gain made by any person other than the company licensed to do the business of securities at the rate given below:	
• 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%
• 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%
• In case of gain made by any resident entity on the sale of security of a company listed on the Nepal Stock Exchange	10%
• In case of gain made by any other person on the sale of security of a company listed on the Nepal Stock Exchange	25%
• 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%
• 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%
• 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 natural person (not involved in the business) <ul style="list-style-type: none">- 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(6Gha)	5% (PY 1%)
Note: Such persons need to pay tax on such income @ 5% (PY 1%) only and do not need to file Income	



Particulars	Rate
Tax Return [Updated by Finance Act 2080]	
Ecommerce operator are required to collect and pay TDS on payment to their suppliers/service providers who get listed on their platform to sell their goods/services. 95Ka(6Anga)	1% [New]

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 at 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 at 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.
- **However, Advance tax under this section should be collected at 1.5% if goods imported are Vatable. [Added by Finance Act 2080]**

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/-

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 only business income, having annual income upto Rs 300,000 and annual turnover upto Rs 3,000,000/-, whether or not registered in VAT, shall be taxed as follows:

Individual Conducting Business	2080-81	2079-80
In the metropolitan or sub metropolitan cities	7,500/-	7,500/-
In Municipalities	4,000/-	4,000/-
Anywhere else in Nepal	2,500/-	2,500/-

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	2080-81	2079-80
1. Car, Jeep, Van, Micro Bus		
- Upto 1300 CC	NPR 5500/-	NPR 4000/-
- 1300 to 2000 CC	NPR 6000/-	NPR 4500/-
- 2001 to 2900 CC	NPR 6500/-	NPR 5000/-
- 2901 to 4000 CC	NPR 8000/-	NPR 6000/-
- More than 4000 CC	NPR 9000/-	NPR 7000/-
2. Mini truck, Minibus, Water Tanker	NPR 8000/-	NPR 6000/-
3. Truck, Bus	NPR 10,500/- [New]	
4. Mini Tripper	NPR 9,000/- [New]	
5. Dozer, Excavator, Loader, Roller, Oil Tanker, Tipper, Gas Bullet Etc	NPR 15500/-	NPR 12000/-
6. Tractor	NPR 2500/-	NPR 2000/-
7. Auto Rikshaw, Three Wheeler, Tampo	NPR 2500/-	NPR 2000/-
8. Electric Vehicles		
a. Upto 50 KW	NPR 3,000/-	
b. 50 KW to 125 KW	NPR 4,000/-	
c. 125 KW to 200 KW	NPR 6,000/-	
d. More than 200 KW	NPR 7,500/-	



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.



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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

- HC 1102 Flour other than of wheat, HC 2106 Soyabadi Masyaura
- Floral decorations, Onions, Potato, Apple, Avacado, Frozen Meat and Sea food
- HC 2710 Kerosene, 87012110 to 87019500 Power tiller, Mini tiller
- 87112091, 87112099 Motorcycles for Differently abled people
- HC 5101, 5205, 5207, Aviation Fuel, HC 8407, 8409 Spare parts for Aviation Sector, HC 8802 Aero planes, Helicopters, HC 8805 Aviation sector related items
- Airfare, Trekking and Tour Package
- Domestic Freight Services
- Woolen Carpet, Woolen Yarn of Carpet, Cotton Yarn

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.

Section 8(2Ka) [New] Reverse VAT shall be paid by the person availing freight services/transportation services from non-registered person at the time of availing of such services or payment of such services whichever is earlier. Such VAT shall be allowed as Input credit.



VAT on Digital Service Provided by Non-resident Person

Definition of Digital services introduced by the Finance Bill, 2079 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 and VAT Payment Requirement for Non-resident person providing Digital Services in Nepal:

- A non-resident person doing digital service transaction in excess of NPR 2 million in past 12 months, shall register themselves under VAT and start collecting VAT from the registration date. Application for VAT registration shall be submitted electronically with requisite documents. LTPO shall register and provide registration certificate within 7 days of the application.
- VAT at 13% shall be collected and deposited on the transaction value of Digital Service.
- VAT shall not be collected on digital service provided to other than a consumer in Nepal. Person other than a consumer in Nepal shall pay VAT under reverse VAT mechanism for import of services from outside Nepal, dealt separately under VAT Act.

Arrangement relating to Tax Administration:

This tax shall be administered by Large Tax Payer's Office.



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 **(as listed by the department)** 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.

Penalty Provision Section 29(1Anga) [New]

Tax officer can impose a penalty of 25% of tax amount, If False VAT refund through electronic medium under section 25(1)(ka), (ka1), (Ka2) has been done.



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	2023-24	2022-23
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%	30%
Areca Nuts (Supari) (0802.80.00)	Rs. 100/Kg	Rs. 100/Kg
Small Cardamom (09083120,3220)	20%	10%
Spice (0910.91.00)	20%	15%
Sugar (1701)	30%	40%
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

Products	2023-24	2022-23
2710.12.10 Petrol	Rs.25200/KL	Rs.25200/KL
2710.19.10 Kerosene Oil & HSD (High Speed Diesel)	Rs.12000/KL	Rs.12000/KL
2710.19.20 Aviation Sprits	Rs.2100/KL	Rs.2100/KL
2710.19.50 Furnace Oil	5%	5%
2710.19.92 Transformer Oil	15%	15%
2710.19.95 White Oil	20%	15%
2710.19.96 Liquid Paraffin Oil	0%	30%
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%	30%
2106.10.00 Protein concentrates and textured protein substances	30%	20%
2106.90.20 Shurti rahit pan masala	40%	40%
2106.90.60 Shurti Rahit Sugandhit	Rs.100/Kg	Rs.100/Kg



Indirect Taxes Highlights

NEPAL BUDGET 2023

Products	2023-24	2022-23
Supari		
Kurkure, Kurmure, Lays etc	40%	40%
2201.10.00 Mineral Water	40%	40%
2202.99.10 Energy Drinks	Rs.100/Ltr	Rs.100/Ltr
2401 Unmanufactured Tobacco	30%	20%
Cigar, Cigarette [2402.10.00, 2402.90.20 2402.90.90]	Rs.9000 / 1000 Pcs	Rs.9000 / 1000 Pcs
3401 Soap	30%	30%
3921.90.11 Laminated Sheets	30%	30%
3923.90.10 Composite LPG Gas Cylinder	5%	30%
Used Pneumatic tyres HC 40.12.20.00	10	10
42.02 Trunks, Suitcases, briefcases, school satchels etc	30%	30%
4811.90.10 Marble Paper	20%	10%
4820.10.00 Registers, account books, Note books, order books, receipt books, letter pads, memorandum pads, diaries and similar articles	30%	20%
4820.30.00 Binders (other than book covers), folders and file covers	30%	15%
4820.30.40 Manifold business forms and interleaved carbon sets	30%	15%

Products	2023-24	2022-23
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%	40%
6406 Part of Footwear	20%	10%/15%
6802.23.00/6802.93.00 Granite	30%	20%
Various sized boards prepared by mixing wooden dust, cement and binding chemicals HC 68.08.00.10	20	20
71.06 Silver	15%	Rs. 107 / 10 Gm
71.08 Gold	15%	Rs. 8500 / 10 Gm
72.09 CR Coils of Iron or Non-Alloy Steel	15%	15%
72.11	10%	10%
84.18 Refrigerators/Refrigerating Unit	15%	15%
8424.41.00 Portable Sprayers	1%	1%



Indirect Taxes Highlights

NEPAL BUDGET 2023

Products	2023-24	2022-23
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 oven 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 parts HC 85.09.40/80/90.00	10	10
Other electro thermic equipment like coffee and tea machines, Toaster, Insect trapper, electric heating	10	10

Products	2023-24	2022-23
receptors HS 85.16.71.00, 85.16.72.00, 85.16.79.10/90, 85.16.80.00		
85.24 Touch Sensitive Display Modules	15%	15%
8528.72.11 Monitors and projectors upto 48 Inch, Unassembled	15%	20%
8528.72.19 Monitors and projectors upto 48 Inch, Others	20%	30%
8708 Spare Parts Motor vehicles	20%	20%
8714 Spare Parts of Motorcycles	20%	20%
8701.10.10 Power Tiller, Mini Tiller	1%	1%
Power Tractor (Chapter 8701) other than power tiller and mini tiller of HC 8701.10.10	5%	5%
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) [8702.40.10,20]	1%	1%
Micro Bus 11 to 14 Seats [8702.40.30]	10%	1%
Electric Motor Cars/Vehicles: Upto 100 KW	10%	10%



Indirect Taxes Highlights

Products	2023-24	2022-23
100 to 200 KW	15%	15%/30%
200 to 300 KW	20%	30%/45%
More than 300 KW	40%	40%/60%
Garbage collector and transportation vehicle with Compactor (Compressing Device)	15%	15%
Motorcycles other than electric:		
Upto 200 CC (Whether unassembled or others)	30%	30%
200 CC to 250 CC		

Products	2023-24	2022-23
- Unassembled	30%	30%
- Others	30%	40%
250 CC to 500 CC		
- Unassembled	40%	40%
- Others	90%	90%
500 CC to 800 CC	80%	80%
More than 800 CC	80%	80%
8806 Unmanned Aircrafts	20%	10%



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 – at Prevailing Duty rate i.e 15%
 - After first fifty Gm and upto 100 Gm – 3% addition in the existing rate of duty i.e 18%
 - A female person and a male person returning from abroad can bring 250 Gms and 225 Gms of Gold Jewellery respectively and rate of duty shall be as follows:
 - Male - Upto first 25 Gm – Nil
 - Female – Upto 50 Gm – Nil,
 - Next 100 Gm – Applicable rate of Duty i.e 15%
 - Next 100 Gm – 3% addition in existing rate of Duty i.e 18%
- Any one carrying gold/Jewelry in excess of above limit shall be seized.
- Custom department shall provide prevailing gold rate list on 1st and 15th day of every Nepalese calendar month to all custom offices based on international market price of gold.



Provision relating to bringing Gold/Silver Jewellery 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.

However, travelers coming from India for social functions like weddings can bring jewelry for their own use by declaring it at the customs office on the condition of taking it back on their return.

Provision relating to person coming back to Nepal from foreign employment

Person returning from foreign employment after 6 months can bring one cellular mobile set in addition to one used by him/her.



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)]
- **No agreement for a project with foreign grant shall be done from Shrawan 01, 2080 with a provision for exemption of Import duty for the products falling under chapter 85.44 like cement, Iron rod, Iron pipe, Plastic pipe, Jastapata for which sufficient domestic production is available.**



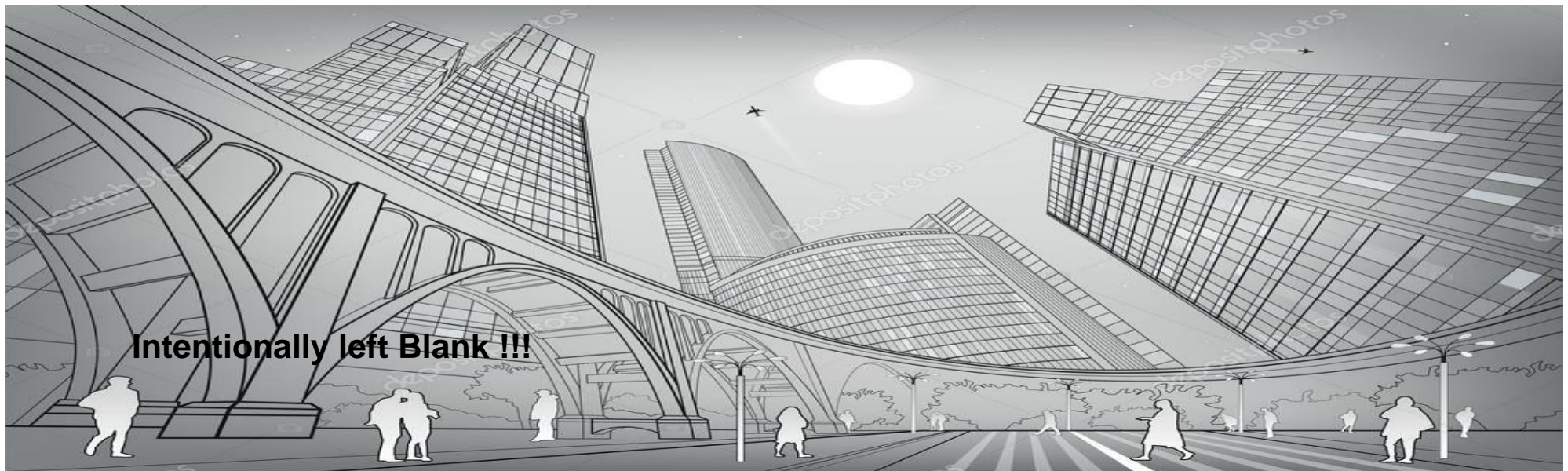
Concessional Rate of duty

- 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.



Concessional Rate of duty

- 1% Import duty on HC 2709.00.00 Crude Petroleum Oil and oil obtained from bituminous minerals manufactured and imported from India.
- 1% Import duty on import of various items like chesis under chapter 8706, motor, battery charger, Steel sheet metal, steel tube, brass metal, Aluminum rod, Aluminum sheet metal etc by industries involved in manufacturing of electric, solar or battery powered vehicles.
- 5% import duty on DEP and Agarbatti Compound by Agarbatti Manufacturing Industries
- 10% import duty on import of Liquid paraffin oil by Agarbatti Manufacturing Industries
- 1% Import duty on the recommendation of Department of Industry on import of Silicon glue, glass tape, fan, motor, mother board and operating board, heating coil and sensor used by Induction/Infrared stove manufacturing industry
- 1% Import duty on import of plastic granuals used for production of Pet bottle, HDPE bottle, bottle cover and measurement cap which are solely used in pharmaceutical industries





Excise Duty

Excise Duty Tariff

Products	2023-24	2022-23
03.01, 03.02, 03.03, 03.04, 03.05, 03.06, 03.07, 03.08, 03.09, Fish/Sea food	NIL	10%
04.02 Milks & Cream concentrated or added sugar	5%	5%
08.01, 08.02 except 08.02.80.00 Coconuts, Brazil nuts and cashewnuts, other nuts	15%	15%
Supari 0802.80.00	Rs 100/KG	Rs 100/KG
08.03 Bananas, including plantains, fresh or dried	5%	5%
08.04.10 Dates (Chohada)	15%	15%
09.04 Pepper	15%	15%
09.10 Ginger, Saffron, turmeric, thyme, bay leaves, curry and other spices	5%	5%
12.07 Oil seeds and oleaginous whether or not broken	15%	15%
Khayar Kattha (1404.90.20)	Rs. 155/ Kgs	Rs. 155/ Kgs
Semi Kattha (Kattha Ras)	Rs. 17 / Kgs	Rs. 17 / Kgs

Products	2023-24	2022-23
(1404.90.10)		
1601, 1602, 1603, 1604, 1605 Preparations of meat, of fish or of crustaceans	15%	15%
Sakkhar, Gud 1701.13.10, 1701.14.10	Rs. 138/ quintal	Rs. 138/ quintal
Molasses (17.03)	Rs. 105/ quintal	Rs. 96/ quintal
17.04 Sugar confectionery (including white chocolate), not containing cocoa.	15%	15%
18.06 Chocolate and other food preparations containing cocoa	15%	15%
Spagetti, Pasta, Noodles etc (1902), Potato Chips (2005.20.10), Kurkure, Kurmure, Lays, Cheeseballs (1905.90.20, 1905.90.81, 1905.90.89)	Rs 20 / Kg	Rs 17 / Kg
19.05, Crispy bread, Ginger bread, Sweet biscuits, wafers, rusks, pizza, cake, cookies, pasteries	15%	15%



Indirect Taxes Highlights

NEPAL BUDGET 2023

Products	2023-24	2022-23
Papad (1905.90.30)	5%	5%
20.03, 20.04, 20.05, 20.06, 20.07, 20.08	15%	15%
2009 Juices	Rs 13 P Ltr	Rs 11 P Ltr
2005.20.10 Alu Chips	19 P Kg	17 P Kg
Extracts, essence and concentrate of Tea, Coffee (21.01)	10%	10%
Pan Masala without tobacco (2106.90.20)	Rs 850 / Kg	Rs 821 / Kg
Sugandhit Supari without tobacco (HC 2106.90.60)	Rs. 365 / KG	Rs. 350 / KG
Alcohol Rahit Beer 2202.91.00	Rs. 35/ Ltr	Rs. 30/ Ltr
Energy Drinks (2202.99.10)	Rs. 50 / Ltr	Rs. 50 / Ltr
Flavored Milk (2202.99.30)	Rs 25 / Ltr	NIL
Other 2202.99.90	Rs. 25/ Ltr	Rs. 25/ Ltr
Beer (22.03)	Rs. 235/ Ltr	Rs. 228/ 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

Products	2023-24	2022-23
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, 2206.00.90]	Rs. 516/ Ltr	Rs. 516/ Ltr
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. 80 / Ltr
ENA 2207.10.30, 2207.10.90, 2207.20.90	Rs. 90 / Ltr	Rs. 86 / Ltr
Anhydrous Ethanol 2207.10.40	Rs. 12 / Ltr	Rs. 12 / Ltr
Denatured Spirit 2207.20.10	Rs.35 / Ltr	Rs.30 / 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.235 / Ltr	Rs.228 / 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,	Rs.1800 / Ltr or Rs.2120/LP Ltr	Rs.1750 / Ltr or Rs.2059/LP Ltr



Indirect Taxes Highlights

NEPAL BUDGET 2023

Products	2023-24	2022-23
2208.70.99, 2208.90.91, 2208.90.99		
Alcoholic Liquors 2208.20.92, 2208.30.92, 2208.40.92, 2208.50.92, 2208.60.92, 2208.70.92, 2208.90.92	Rs.1345 / Ltr or Rs.1790/LP Ltr	Rs.1306 / Ltr or Rs.1741/LP 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.1250 / Ltr or Rs.1790/LP Ltr	Rs.1215 / Ltr or Rs.1735/LP Ltr
Alcoholic Liquors 2208.90.94	Rs.630/ Ltr or Rs.1050/LP Ltr	Rs.610/ Ltr or Rs.1017/LP Ltr
Alcoholic Liquors 2208.90.95	Rs.485/ Ltr or Rs.970/LP Ltr	Rs.472/ Ltr or Rs.944/LP Ltr
Alcoholic Liquors 2208.90.96	Rs.50/ Ltr or Rs.165/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. 130/ Kgs

Products	2023-24	2022-23
Cigarettes, Cigar 2402.10.00, 2402.90.20, 2402.90.90	Rs. 30/ Pcs	Rs. 30/ Pcs
Cigarette Cigar without filter (2402.20.10)	Rs.730 / M	Rs.710 / M
Cigarette 70 MM with filter (2402.20.21)	Rs. 1690 / M	Rs. 1635 / M
Cigarette over 70 MM upto 75 MM with filter(2402.20.22)	Rs. 2300 / M	Rs. 2225 / M
Cigarette over 75 MM upto 85 MM with filter (2402.20.23)	Rs. 2970/ M	Rs. 2880/ M
Cigarette over 85 MM with filter (2402.20.24)	Rs. 4080 / M	Rs. 3965 / 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. 2000/ Kgs
Processed Tobacco for Cigarette and Beedies 2403.19.20	Rs. 350/ Kgs	Rs. 343/ Kgs
Pan Masala & Gutkha having Nicotine (HC 2403.99.10)	Rs. 850/Kg	Rs. 821/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. 475/ Kgs	Rs. 460/ Kgs



Indirect Taxes Highlights

NEPAL BUDGET 2023

Products	2023-24	2022-23
Hukka Flavor (2403.99.91)	Rs. 1400/Kg	Rs. 1400/Kg
Granite (25.16)	25%	15%
Glaziers' putty, grafting putty, resin cements etc (32.14)	5%	5%
33.03 Perfumes and toilet waters	15%	15%
33.04 Beauty or Make-up Preparations	15%	15%
Hair Oil, Color, Cream, Conditioner, Shampoo etc (3305)	15%	15%
33.06 Dentifrices, Dental Floss	15%	15%
Shaving, Deodorants and Antiperspirants, room deodorizers, Agarbatti (3307)	15%	15%
Plastics And Articles		
3916.10.00 Of Polymers Of Ethylene	5%	NIL
3916.20.00 Of Polymers Of Vinyl Chloride	5%	NIL
3916.90.00 Of Other Plastics	5%	NIL
39.17 [Tubes, pipes and hoses, and fittings therefor (for example, joints, elbows, flanges), of plastics]	5%	5%

Products	2023-24	2022-23
39.18 Floor Coverings of Plastics	5%	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, 4406, 4407, 4409, 4410, 4411, 4413, 4414, 4418, 4419, 4420, Woods and articles	5%	5%
Plywood, veneered panels and similar laminated wood [44.12]	5%	5%
4803, 4818, Toilet or Facial tissue	5%	5%
Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of textile materials [64.04].	20%	20%
66.01 Umbrellas	15%	15%
6802.10.00 Tiles, Cubes and similar articles	15%	0%
6802.21.00, 6802.91.00 -Marble, travertine and alabaster	15%	5%
71.17 Artificial Jewelries	10%	10%



Indirect Taxes Highlights

Products	2023-24	2022-23
72.07 Semi finished items of Iron or non alloy Billet	2500/MT	3500/MT
7209 Cold-rolled product of Iron or non alloy, 7210, 7213	Rs. 4500/MT	Rs. 4500/MT
72.11	Rs. 7500/MT	Rs. 7500/MT
7214, 7215	Rs. 2500/ MT	Rs. 2500/ MT
7216 Angles, shapes and Sections of iron or non- alloy steel	Rs. 7500/MT	Rs. 7500/MT
7217 Wire of iron or non-alloy steel	Rs. 10000/MT	Rs. 10000/MT
7312 Stranded wire, ropes, cables, plaited bands, slings and the like, of iron or steel, not electrically insulated.	Rs. 10000/MT	Rs. 10000/MT
73.18 Screws, bolts, nuts, coach screws, screw hooks, rivets cotters, cotter-pins, washers (including spring washers) and similar articles, of iron or steel.	Rs. 2500/ MT	Nil
7604 Aluminum bars, rods and profiles.	10%	10%
76.10 Aluminium structures, Doors, Windows and their frames, Other articles of cutlery, poons, forks, ladles, skimmers, cake-	20%	0%

Products	2023-24	2022-23
servers, fish-knives, butter-knives, sugar tongs and similar kitchen or tableware		
8212, 8214, 8215 Razors and razor blades,	5%	Nil
Motor Spare Parts (84.09)	5%	5%
8471.30.20 Tablet	5%	Nil
8471.41.10 Interacting Conference Terminal	20%	Nil
8471.41.90, 8471.50.10, 8471.70.10 Computer Server, Network Server, Computer hard disk	5%	Nil
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%



Indirect Taxes Highlights

Products	2023-24	2022-23
8523 Discs, tapes, solid-state non-volatile storage devices, "smart cards" and other media for the recording of sound or of other phenomena, whether or not recorded, including matrices and masters for the production of discs, but excluding products of Chapter 37		
8523.21.00 Cards incorporating a magnetic stripe	5%	Nil
8523.29.00, 8523.41.00, 8523.49.10, 8523.49.90, 8523.51.00, 8523.42.10 (Sim card), 8523.52.20 (Memory Card), 8523.52.90	10%	5%
8525 Transmission apparatus for radio- broadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras, digital cameras and video camera recorders.	5%	5%
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 [With only compression-ignition		

Products	2023-24	2022-23
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	2023-24	2022-23
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%
1000 CC to 1500 CC	65%	65%
1500 CC to 2000 CC	75%	75%

Products	2023-24	2022-23
2000 CC to 2500 CC	85%	85%
2500 CC to 3000 CC	95%	95%
In excess of 3000 CC	105%	105%
Having Electric motor along with Petrol or diesel engine	60%	45%
<u>Having Electric Motor Only:</u>		
50 KW to 100 KW (8703.80.59)	10%	0%
100 KW to 200 KW (8703.80.69)	20%	30%
200 KW to 300 KW (8703.80.79)	45%	45%
In excess of 300 KW (8703.80.89)	60%	60%
8711.20.11, 8711.20.91 Motorcycle from 50 CC to 125 CC	40%	40%
8711.20.12, 8711.20.92 Motorcycle from 125 to 200 CC - Unassembled - Other	40% 50%	40% 50%
8711.20.19, 8711.20.99 Motorcycle from 200 to 250 CC	60%	80%
Motorcycle from 250 CC to 400 CC :		
8711.30.11 Unassembled	60%	40%
8711.30.19 Other	60%	90%
Motorcycle from 250 CC to 400 CC :		
8711.30.91 Unassembled	60%	40%



Products	2023-24	2022-23
8711.30.99 Other	80%	90%
Motor Vehicle Parts (87.08)	NIL	NIL
Motor Cycle Spare Parts (87.14)	NIL	NIL
Seats (9401), Furnitures (9403), Prefabricated house (9406)	10%	10%
9616 Scent sprays and similar toilet sprays, and mounts and heads therefor; powder-puffs	5%	Nil

Products	2023-24	2022-23
and pads for the application of cosmetics or toilet preparations.		
9617 Vacuum flasks and other vacuum vessels, complete with cases; parts thereof other than glass inners.	5%	Nil
Toys, games, Sports requisite, Playing cards etc	10%	10%
Cement	Rs. 220/ ton	Rs. 220/ ton

Domestic Production of goods not excisable/rebate is allowed

- 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
- 50% excise rebate at the time of import and at the time of sale of manufactured vehicles to industries importing unassembled vehicles under chapter 87.02, 87.03, 87.11 for manufacturing of vehicles
- Excise on local manufacturing of Milk & Cream concentrated or added sugar (HC 04.02) is exempted.
- 3307.41.00 Agarbatti Domestic manufacturing is not excisable [New]



Domestic Production of goods not excisable/rebate is allowed

- 60% rebate on excise duty on domestic manufacturing of rods [HC 72.13, 72.14, 72.15]
- 50% rebate on domestic production of flavored milk (2202.99.30) [Previously the product was not excisable]
- 50% (PY 100%) Wire of iron or non-alloy steel [7217]

Domestic Production of Certain goods becomes excisable

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

Excise duty at 5% on domestic production of Chocolate and other food preparations containing cocoa [HC 18.06]
[New]

Rebate

No excise duty is levied on import of raw material PE Film sanitary pad (3920.49.90) and perforated PE film (3921.19.90) by sanitary pad manufacturing industries.



Export Duty

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

Products	2023-24	2022-23
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
Used Rubber tyres, Flapes HC 4012	Rs. 5 Per Kg	NIL
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:

Luxury Tax [Section 21 of Finance Bill 2080]

Rate of Tax - 2% of the value

Applicability on:

- a. Service provided by Five star or higher category star hotel and luxury resorts
- b. Imported liquor
- c. Jewelry or ornaments worth more than 10 lacs.

When and who shall collect the tax:

- a. Five star or higher category star hotel and luxury resorts, at the time of providing such services
- b. Custom Point at the time of import of such liquor
- c. Seller of such Jewellery made up of Gold, diamond or precision stones.

Deadline of deposit of tax, return and fine in case of failure to do so:

- Amount should be deposited within 25th day of next month along with return.
- Interest shall be charged at the rate of 15% per annum for non-deposit of amount by the due date.
- Fine of annual 2.5% shall be charged If the return is not filed within due date.
- 25% fine shall be collected if default is made in collection of luxury tax.

Income Tax Rebate to Media House [Section 28 of Finance Bill 2080]

25% tax rebate on applicable tax rate to Media house for FY 2079-80 on income in line with their business objective



Foreign Travel Fee [Section 22 of Finance Bill 2080]

Rate of Tax - 5% of the value

Applicability on:

a. Nepalese tourists travelling abroad for tourism

When and who shall collect the tax:

a. Tour and travel operator shall collect the tax at the time of selling such package

b. Firm or company shall collect the tax at the time of booking expenses of such company related person travelling abroad for business promotion

Deadline of deposit of tax, return and fine in case of failure to do so:

- Amount should be deposited within 25th day of next month along with return.
- Interest shall be charged at the rate of 15% per annum for non-deposit of amount by the due date.
- Fine of annual 2.5% shall be charged If the return is not filed within due date.

Foreign Employment Service Fee [Section 23 of Finance Bill 2080]

Rate of Tax - 1% of the amount collected from persons going abroad for foreign employment

Who shall Deposit the Service fee:

- Foreign employment service provider shall deposit the service fee out of amount collected from the persons going abroad for foreign employment.

Deadline of deposit of Service fee, return and fine in case of failure to do so:

- Amount should be deposited within 25th day of next month along with return.
- Interest shall be charged at the rate of 15% per annum for non-deposit of amount by the due date.



Rebates, Reliefs & Others

NEPAL BUDGET 2023

Section of Finance Ordinance	Applicable to	Criteria	Compliance to make	Timeline	Rebate/Waiver
24	All Users	All mobile phones which are in use in Nepal till Jestha 15, 20280, but could not be registered in the mobile device management system implemented by the Nepal Telecom Authority for various reasons.	<p>Shall pay the following tax:</p> <ul style="list-style-type: none"> - Rs. 10000 each for Iphone or for phone sets having value of more than 1 Lakh - Rs 3000 each for smartphones other than as mentioned above - Rs 200 each for any other phones <p>Shall apply to the NTA along with the deposit voucher and IMEI number of phone set.</p>	Ashad 2080	Such Mobile phones will be registered with the Device Management system. Nepalese citizens coming back from abroad after foreign employment of more than 6 months, on providing such documents, are waived off from paying the tax.
25	Any Person	<ul style="list-style-type: none"> • Assessment upto FY 2063/64 has been done within Ashad 2065 and tax has not been paid yet 	<ul style="list-style-type: none"> • Pay the principal amount of Tax after deducting Rs. 50000 per assessment. 		<p>Rs. 50000 of the principal amounts of tax per assessment order</p> <p>Any interest on such assessment</p>
26	Entities	<ul style="list-style-type: none"> • Who have collected premium on further public offerings • Have distributed the premium amount as bonus shares upto FY 2078-79 • Not included such distributed amount as income under sec 56(3) of IT Act and not paid tax on it 	<ul style="list-style-type: none"> • Shall pay the applicable tax amount on such distribution 	Mangsir, 2080	Additional fee and remaining interest
27	Entities	<ul style="list-style-type: none"> • Entities who went into merger/acquisition • have not included the gain on such Merger/acquisition or bargain purchase gain in their taxable income upto FY 2078-79 • have not paid tax on this gain 	<ul style="list-style-type: none"> • Shall pay applicable taxes on such gain 	Mangsir, 2080	Fee and interest



Section of Finance Ordinance	Applicable to	Criteria	Compliance to make	Timeline	Rebate/Waiver
29	Natural person doing trading of Shares and Real estate	<ul style="list-style-type: none"> - Natural person doing business of shares and real estate as their regular business - has not filed the tax return and not paid taxes 	<ul style="list-style-type: none"> - Need to file tax return for FY 2076-77 to 2078-79 - Shall pay the 50% of applicable taxes 	Chaitra, 2080	50% of the tax amount, interest and fee of those three years and all taxes, interest and fee for earlier years.
30	Foreign employment/ Education consultancy service provider	<ul style="list-style-type: none"> • Have not declared the real transactions in their previous year's tax returns and • have not paid the actual tax liabilities 	Declare such actual transaction for all those financial years and pay their real taxes	Chaitra 2080	Interest and fee for all those years
31(1)	Eyes Hospital Registered or unregistered in VAT	Done the transaction of taxable goods/service and have not collected/paid VAT on those	<ul style="list-style-type: none"> • pays 5% of the taxable transaction value for the period from FY 2076-77 to Jestha 14, 2080 	Ashoj 2080	VAT, additional fee, fine and penalty for all earlier periods
31(2)		Assessment has been done for not paying VAT on the taxable transactions <ul style="list-style-type: none"> - tax has not been paid against those assessment or - decision is pending for administrative review or at other judicial body. 	<ul style="list-style-type: none"> • Withdraws the pending litigation • pays 5% of the taxable transaction value for the period from FY 2076-77 to Jestha 14, 2080 		
32(1)	Suji Manufacturers or sellers	have not collected/paid VAT on sale of Suji for the period from 2071-72 to Jestha 14, 2076	<ul style="list-style-type: none"> • pays 5% of the transaction value of suji for such period 	Ashoj 2080	VAT, additional fee, fine and penalty for all earlier periods
32(2)		Assessment has been done for not paying VAT on the sale of Suji <ul style="list-style-type: none"> - tax has not been paid against those assessment or - decision is pending for administrative review or at other 	<ul style="list-style-type: none"> • Withdraws the pending litigation • pays 5% of the transaction value of suji for such period 		



Rebates, Reliefs & Others

Section of Finance Ordinance	Applicable to	Criteria	Compliance to make	Timeline	Rebate/Waiver
		judicial body.			
33	Non Resident Persons	Non Resident person providing digital services in excess of NPR 2 Million, already availed the PAN no./yet to avail the PAN No.	<ul style="list-style-type: none"> Pays VAT for the period upto Jestha 2080 	Ashad 26, 2080	Additional Fee, Interest and penalty
34(1)	Hire Purchase Businesses	have not collected/paid VAT for the period upto 2077-78	<ul style="list-style-type: none"> pays 2% of the transaction value for the period from 2074-75 to 2077-78 	Mangsir, 2080	VAT, additional fee, fine and penalty for all periods upto 2077-78
34(2)		Assessment has been done for not paying VAT <ul style="list-style-type: none"> tax has not been paid against those assessment or decision is pending for administrative review or at other judicial body. 	<ul style="list-style-type: none"> Withdraws the pending litigation pays 2% of the transaction value for the period from 2074-75 to 2077-78 		
35	NGOs registered under Organization Registration Act 2034	<ul style="list-style-type: none"> Assessment for VAT has been done on grant received from donor agencies/INGOs, such taxes against assessment are not paid yet or decision is pending for administrative review or at other judicial body against such assessment 	<ul style="list-style-type: none"> Withdraws the pending litigation Applies to related IRD 	Mangsir 2080	VAT, additional fee, fine and interest
36	Construction Business	Those who have filed/not filed VAT return and paid/not paid the VAT amount upto the period of Chaitra 2079.	<ul style="list-style-type: none"> File VAT return, in case not yet filed Pay principal amount of VAT and 50% of interest amount 	Poush 2080	Fine, additional fee and remaining interest
37	Freight Service Provider	<ul style="list-style-type: none"> who did not pay VAT on taxable services, due to the reason of not getting registered in VAT where assessment of such VAT has been done and it has not been paid 	<ul style="list-style-type: none"> Withdraw the pending litigation, in case it is pending Pay 5% of the transaction value 	Poush 2080	Remaining VAT, additional fee, fine and interest



Section of Finance Ordinance	Applicable to	Criteria	Compliance to make	Timeline	Rebate/Waiver
		or litigation against such assessment is pending for decision			
38	Herbs based industries	<ul style="list-style-type: none"> Whether or not registered in VAT and have not collected and paid VAT on taxable sales or Assessment of VAT on such taxable transactions is made and tax against those assessment is not paid or litigation is pending against such assessment 	<ul style="list-style-type: none"> Withdraws the pending litigation, in case it is pending Pays 5% of the transaction value for the period from FY 2071-72 to Jestha 14, 2080 	Poush 2080	Remaining VAT, additional fee, fine and interest
39	Milk based Beverage Industries	<ul style="list-style-type: none"> Milk based flavored drink manufacturing industries dealing in excisable products under self-removal system, whether or not registered under Excise Act and not paid excise on sale of such items or If assessment of such excise duty has been done and taxes are not yet paid or litigation against those assessment is pending 	<ul style="list-style-type: none"> Withdraws the litigation, in case it is pending Get registered themselves under Excise Act, if not yet registered Files the excise return and pays the excise liability for the period upto Chaitra 2079 	Ashoj 2080	Fine and late fee

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 **3% (PY 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 (Purvadhara Kar)

Rs. 10 Per Ltr on Diesel & Petrol

Telecom Service Fee

Telecom, Mobile & Internet Service Provider needs to collect service fee **at 10%** 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** per annum towards casino royalty.

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

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

Time Period	2023-24	2022-23
upto mid of January (Poush end)	40%	40%
upto mid of April (Chaitra end)	70%	70%
upto mid of July (Ashad end)	100%	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 2080]

- 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	2023-24	2022-23
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	2.5% of Value
Motorcycles:		
Upto 150 CC	Rs 15,000/-	Rs 15,000/-
151 to 250 CC	Rs 18,000/-	Rs 18,000/-
251 to 400 CC	Rs 20,000/-	Rs 50,000/-
More than 400 CC	10% of Value	Rs 100,000/-
Electric Motorcycle and Scooter	Rs. 10,000/-	Rs. 10,000/-



Type of Vehicle	2023-24	2022-23
Electric Three wheeler & Transportation vehicle	Rs. 10,000/-	Rs. 10,000/-
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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