



Budget Highlights 2080/81

Major Highlights

- ❑ No extra allowance and incentives to civil servants.
- ❑ No salary increment of civil servants
- ❑ Removal of minimum limit criteria for Foreign Investment in Information Technology. Moreover, the minimum criteria in FDI will be different industry-wise.
- ❑ New company can be registered with an **Authorized Capital of Rs. 100** and no fees for the registration and increment of Share Capital. **(In previous days, there were the registration charges as per the Authorized Capital)**
- ❑ Excise rate increased in case of beer, alcohol, tobacco and cigarettes.
- ❑ Continuation of the **Old Age Allowance** amounting to **Rs.4000** to elderly citizens.
- ❑ Legislation will be enacted to facilitate the sale of Nepali goods and services through E-Commerce Platform.
- ❑ Implementation of **E-Bidding** in all government offices to enhance transparency and efficiency in public procurement processes to streamline procurement procedures and ensure fair competition.
- ❑ **Auctioning of scrapped government vehicles within six months**, contributing to the efficient utilization of resources

Major Budget Highlights (Continued...)

- ❑ **No further acquisition of new government vehicles**, furniture, and buildings.
- ❑ Introduction of **Cash allowances** for government employees using government vehicles instead of fuel facilities.
- ❑ **Abandonment of 20 government institutes**: As part of the streamlining process, 20 government institutes will be discontinued. This move aims to optimize resources, eliminate duplication of functions, and enhance operational efficiency.
- ❑ **Merger of similar government bodies**: Similar government bodies will be merged to streamline operations and reduce administrative overhead. This consolidation of institutions will lead to better coordination, improved service delivery, and cost savings.
- ❑ Government will provide **land titles (Lalpurja) to 25,000 landless people** of 110 local levels
- ❑ **Tax clearance with the QR Code** will be given to the taxpayer.
- ❑ **For the transaction above 25 crore** for the entity, **IRD's CBMS(Central Billing Monitoring System)** should be used.

Taxes and Service fees

❑ Health Risk Tax

On import and production within the country

(Hand Rolled Cigarettes (Bidi)- **Rs. 30 paisa per stick**)

(Cigarettes, Cigars- **Rs.60 paisa per stick**)

(Pan Masala and Tobacco related products- **Rs.60 per kg**)

❑ Education Service Tax

Tax= **3% of Foreign Exchange Amount** (Previously it was 2% of Foreign Exchange Amount)

Education Service fee shall be levied during exchange of foreign currency from the students going abroad for studies.

❑ Infrastructure Development Tax

Tax = **NRs 10 per liter**

Levied on import of petrol and diesel at customs point

Taxes and Service fees (Continued...)

❑ Telephone Ownership Fee

Telephone Ownership Fee: NRs 500

However, in case of mobiles, for every SIM card and recharge card, 2% of value of recharge card is collected as telephone ownership fee

❑ Telephone Service Fee

Telecommunication Service Fee: 10% on the service fees

However, TSC shall not be levied on Interconnection Charges for network usage and repair and maintenance charges up to 50% of the fixed broadband service fees

❑ Pollution Control Fee

NRs 1.5 per Litre for Petrol and diesel shall be levied at the time of supply as pollution control fee

❑ Road Maintenance and Improvement Fee

NRs 4 per Litre for Petrol and NRs 2 per Litre for diesel shall be levied at the customs point for road maintenance and Improvement

Taxes and Service fees (Continued...)

❑ **Film Development Fee**

Film Development Fee shall be levied as follows:

All categories of foreign films : 15% of Entry Fee

All categories of foreign films broadcasted through cabins: 20% of Entry Fee

Cinema Halls shall make provisions for issuing tickets through electronic system (E-ticketing system) and such system shall be linked with server of central cinema management system.

❑ **Casino Royalty**

To General Casino : 50 million per annum

To Casino Using Modern Machine & Equipment's : 15 million per annum

Licensed person or entity shall pay 40 % of the royalty amount within Poush end 2079, 70 % of the royalty amount within Chaitra end 2079 and 100 % of the royalty amount within Ashadh end 2080.

Taxes and Service fees (Continued...)

❑ Digital Service Tax

Digital Service Tax shall be levied at the rate of **2% of the transaction value** of digital services provided by Non Resident Person to Resident consumers, in case **the annual transaction of digital service exceeds 20 lakhs**.

The person **providing digital services in Nepal shall have to submit the transaction details & tax as per the income year**.

Impact of non filing of return

In case, if the return is not submitted of the respective income year, **0.5% of the annual transaction as additional fees shall be levied** and if the respective tax is not deposited and paid within the time limit, then 15% additional interest shall be levied.

Taxes and Service fees (Continued...)

❑ **Luxury fee (Newly Introduced fees by Finance Act 2080/81)**

Luxury fee shall be levied at the rate of **2% on purchase amount which shall be deposited within 25th day of the next month and also the return and information regarding it shall be submitted to IRD within 25th day of the next month** on the below mentioned luxury goods and services consumed in Nepal:

- **Services provided by five star hotels and above and Luxury Resorts** (Levied at the time of availment of services)
- **Imported Liquor** (Levied at Custom entry point)
- **Diamond, Pearls, Stones studded gold or precious metal jewelleryes more than 10 lakh** (Levied at the time of sale from seller)

If the amount is not deposited within the time limit, **15% p.a. additional interest** charge shall be levied and if the return and information regarding it is not submitted, **2.5% p.a. additional charge** shall be levied.

If the luxury tax is not levied, 25% fees as fine shall be levied.

Taxes and Service fees (Continued...)

❑ Foreign Tourism Fees (Newly Introduced fees by Finance Act 2080/81)

Luxury fee shall be levied at the rate of **5% on payment made by Nepali Tourist going abroad from Fiscal Year 2080/81.**

❑ Foreign Employment Service Fee (Newly Introduced fees by Finance Act 2080/81)

A person licensed to conduct foreign employment business shall file Foreign Employment Service fee at the rate of **1% of the amount collected from the person going abroad for foreign employment.** Such amount will be spent for the benefit of the person going abroad for foreign employment.

Special provision related to Mobile Registration

❑ If the Cellular phone Owner/User of phones that are being used till 2080 Jetha 15 but cannot get registered in Mobile Device Management System wants to get registered in the System, they are required to submit the details of IMEI number within 2080 Ashadh end along with deposit of the following lumpsum amount in the accounts declared by the Ministry of Finance, Government of Nepal-

- 1. Iphone and Mobiles of Value More than 1 lakhs: Rs. 10,000 per set**
- 2. Smart Mobiles: Rs 3000 per set**
- 3. Simple Mobile other than smart Mobiles: Rs. 200 per set**

The telecom authority shall make management to register such mobile after collection of such evidence. But persons who has returned from foreign employment after more than 6 months after getting labor permit can get registered his 1 set mobile free of cost.

Waiver and Exemptions

❑ **Section 25: Waiver of pending taxes and interest from FY 2073-74**

Pending tax and the applicable interest upto FY 2073-74 assessed upto Ashadh end, 2065 shall be waived to the extent of Rs. 50,000 per record.

❑ **Section 26: Waiver of fees and interest for payment of taxes on bonus distributed from premium collected on FPO**

Entities that have failed to include the Dividend income as Taxable Income upto Fiscal Year 2078-79 from the distribution of bonus shares from shares issued at a premium through FPO as required by Section 56(3) of the Income Tax Act, 2058, will have the opportunity to avail the waiver on fees and applicable interest if the applicable tax is paid by Mangsir end, 2080.

❑ **Section 27: Waiver of fees and interest on bargain purchase gain in merger and acquisitions**

Entities that have failed to include the bargain purchase gains from merger and acquisitions in their taxable income upto Fiscal Year 2078/79 will have the opportunity to avail waiver of the fees and interest if the applicable taxes is paid by Mangsir end, 2080.

❑ **Section 28: Tax Exemption for Media House Business**

A concession of 25% shall be provided on applicable tax chargeable to business income for the Fiscal Year 2079/80 for a resident person carrying out Media House Business. (Hence Effective tax rate= $25\% \times 75\% = 18.75\%$)

Waiver and Exemptions (Continued...)

❑ **Section 29: Waiver of tax, fees and interest relating to business of securities, land and real state (Only for natural person)**

A natural person engaged in the regular business of securities, land and real estate who has not submitted business income details or filed tax returns for the FY 2076-77 and FY 2078-79 will be eligible for a waiver of the remaining **50% of tax, fees and interest**. To qualify for this waiver, the individual must declare the business income and pay 50% of the tax amount as per the Income Tax Act, 2058 by Chaitra end, 2080.

❑ **Section 30: Tax exemption to person conducting the foreign employment business or educational consultancy service business.**

If the entities which has been conducting the foreign employment business or educational consultancy service business failed to declare their actual domestic or foreign income or failed to pay the actual amount of tax will be eligible for a waiver of fees and interest if the outstanding tax is paid along with the necessary declaration by Chaitra end, 2080.

❑ **Section 31: Waiver of VAT for Eye Hospital**

Eyes hospital, whether registered in VAT or not, will have the remaining VAT along with the interest, additional fees and penalties waived **if they make a payment of 5% of the transaction value between the period from FY 2076-77 to Jestha 14, 2080 by Ashoj end, 2080**

❑ **Section 33: Waiver to Non-resident providing electronic services**

Non-resident person providing electronic services with an annual turnover exceeding Rs.20 lakhs will be eligible for a waiver of charges, interest and additional fees if they obtain a PAN number and file VAT returns for the period upto Jestha end, 2080 by Ashadh 25,2080. This provision also applies to non-resident people who have already taken PAN.

Waiver and Exemptions (Continued..)

❑ Section 34: Waiver of VAT for Hire Purchase Business

The applicable VAT, interest, additional fees and penalties will be waived off for persons involved in the hire purchase business involved in the hire purchase business who have not collected and deposited value-added tax in the past.

They will need to pay 2% of the total amount of taxable transactions from the FY 2074-75 and 2077-78 by Mangsir end, 2080.

❑ Section 35: Waiver of VAT for NGOs

Non-governmental organizations, registered under the Organization Registration Act, 2034, that have received grants or donations from donor agencies or international non-governmental organizations will be eligible for a **waiver of the assessed value-added tax, additional charges, interest and fines.**

To avail this waiver, the NGOs must file an application to IRD by Mangsir end, 2080, in cases where payment is due after tax assessment of the case is pending under administrative review or revenue tribunal after the cases are withdrawn at the respective levels.

Waiver and Exemptions (Continued...)

❑ **Section 36: Waiver of outstanding VAT for construction business**

The person involved in the construction business registered under the VAT Act, 2052 who have not submitted the returns or paid the applicable VAT upto Chaitra end, 2079 will be waived with Fees, additional charges, and penalties **if the person furnish the VAT return and pay the outstanding VAT and 50% of the applicable interest by Poush end, 2080.** The waiver facility also applies to persons involved in construction businesses who have furnished returns upto Chaitra end, 2079 without depositing the applicable VAT amount.

Section 37: Waiver of VAT for Carriage/transportation business.

Persons involved in the business of Carriage/Transportation services requiring registration under the VAT Act, 2052, but have not paid the VAT amount due to non-registration, will be eligible for a waiver of the remaining VAT, additional fees, interest and penalties **if they make payment of 5% of the total value of taxable transactions of the relevant taxable period by Poush end, 2080.** This waiver also applies to cases pending under administrative review or in legal proceedings in other judicial bodies.

Waiver and Exemptions (Continued)

❑ **Section 38: Waiver of VAT for herbal industries**

Herbal Industries, registered or not under VAT, conducting taxable transactions under the VAT Act, will be waived the VAT, Interest, Additional fees and penalties if they make a payment of 5% of the transaction value between FY 2071-72 to Jetha 14, 2080 by Poush end, 2080. This waiver also applies to cases where payment is due after tax assessment or cases pending under administrative review or in legal processing in other judicial bodies, provided the cases are withdrawn at the respective levels.

❑ **Section 39: Special Provisions for milk-based beverage industry**

Waiver of delayed fees and penalties will be provided to milk-based beverage industries, whether licensed under the self-removal system of excise duty or not, if they register for excise duty (if not already registered), file the return, and pay the duty for transactions upto Chaitra end, 2079 by Ashoj end, 2080. This waiver facility is also available on the withdrawal of cases pending under administrative review or in legal proceedings in other judicial bodies, and for filing the return and paying the duty for transactions upto Ashoj end, 2080 as assessed against the industries.

Amendment in Income Tax Act, 2058

Section	Amended Provision (2080/81)	Existing Provision (2079/80)
2(KaNa1)	<p>Definition: "Adjusted Taxable Income" means an amount of taxable income of a person for an income year as calculated by ignoring reductions referred to in Section 12, 12Ka, 12Kha, 12Ga and deductions referred to in Section 14(2), Section 17, or 18.</p>	<p>Definition: "Adjusted Taxable Income" means an amount of taxable income of a person for an income year as calculated by ignoring reductions referred to in Section 12 and deductions referred to in Section 14(2), Section 17, or 18.</p>
10(da)	<p>The following amounts shall be exempt from tax:</p> <p>Amount earned as per its objectives by Educational Institute established with the objective of not for earning and distributing profit on the basis of an agreement with the Government of Nepal or concerned entity of Government of Nepal.</p>	<p>The following amounts shall be exempt from tax:</p> <p>Amount earned as per its objectives by Educational Institute established with the objective of not for earning and distributing profit on the basis of an agreement with the Government of Nepal or concerned entity of Government of Nepal.</p>

Amendment in Income Tax Act, 2058

Section	Amended Provision (2080/81)	Existing Provision (2079/80)
11(1)	<p>No tax shall be levied on an income earned by carrying on agricultural business other than income earned by carrying on an agricultural business by getting registered as a firm, company, partnership, and corporate body and other than on agricultural income earned from an agricultural business in the land as referred to in clauses (Gha) and (Nga) of Section 12 of the Act Relating to Land, 2021(1964).</p> <p>Provided, if any income is earned by carrying on agricultural business, business of dehydrating vegetables, and cold storage business by any firm, company, partnership firm, and other corporate body, 50 % tax on applicable income tax shall be exempted.</p>	<p>No tax shall be levied on an income earned by carrying on agricultural business other than income earned by carrying on an agricultural business by getting registered as a firm, company, partnership, and corporate body and other than on agricultural income earned from an agricultural business in the land as referred to in clauses (Gha) and (Nga) of Section 12 of the Act Relating to Land, 2021(1964).</p> <p>Provided, if any income is earned by carrying on agricultural business, business of dehydrating vegetables, and cold storage business by any firm, company, partnership firm, and other corporate body, 100 % tax on applicable income tax shall be exempted.</p>
11(2Kha)(Ga)	<p>Exemption shall be provided as below on the tax to be imposed on income of special industry that operates fully throughout the year in any income year.</p> <p>Ka) By 1/3rd of tax if tax had been imposed at the rate of 30% on income of resident natural person Kha) By 20% on tax applicable on income of the entity</p> <p>Ga) If a person who has availed facility pursuant to clause (ka) or (kha) is also found to have any other tax exemption facility under this section, the person shall get such additional tax exemption facility as well.</p>	<p>Exemption shall be provided as below on the tax to be imposed on income of special industry that operates fully throughout the year in any income year.</p> <p>Ka) By 1/3rd of tax if tax had been imposed at the rate of 30% on income of resident natural person Kha) By 20% on tax applicable on income of the entity</p> <p>Ga) If a person who has availed facility pursuant to clause (ka) or (kha) is also found to have any other tax exemption facility under this section, the person shall get such additional tax exemption facility as well.</p>

Amendment in Income Tax Act, 2058

Section	Amended Provision (2080/81)	Existing Provision (2079/80)
11 (3Gha)	<p>Tax exemption shall be provided as below to a person engaged in commercial transactions of electricity:</p> <p>Ka) 100 % tax exemption for the first 10 years from the date of starting of commercial transaction and 50 % tax exemption for next 5 years shall be provided to the licensed person starting commercial production and distribution of hydroelectricity, electricity from solar, electricity from wind, and bioelectricity within Chaitra 2084.</p> <p>Provided, 100 % tax exemption for the first 15 years and 50 % tax exemption for the next 6 years shall be provided to reservoir-based and semi reservoir-based hydropower projects with a capacity higher than 40 MW and hydropower projects operated in lower belts as tandem operation with such projects, completing financial closure within Chaitra end, 2085.</p>	<p>Tax exemption shall be provided as below to a person engaged in commercial transactions of electricity:</p> <p>Ka) 100% tax exemption for the first 10 years from the date of starting of commercial transaction and 50 % tax exemption for next 5 years shall be provided to the licensed person starting commercial production and distribution of hydroelectricity, electricity from solar, electricity from wind, and bioelectricity within Chaitra 2083.</p> <p>Provided, 100% tax exemption for the first 15 years and 50 % tax exemption for the next 6 years shall be provided to reservoir-based and semi reservoir-based hydropower projects with a capacity higher than 40 MW completing financial closure within Chaitra end, 2085.</p>
11(3Nga)(Ga)	<p>Tax exemption on income earned from export in any income year from a source in Nepal shall be as follows:</p> <p>(a) If tax is chargeable at the rate of 20% on an income of a resident natural person, 25% of that tax, and if 30% is taxable, 50% of that tax,</p> <p>(b) 20% of tax leviable on the income of an entity,</p>	<p>Tax exemption on income earned from export in any income year from a source in Nepal shall be as follows:</p> <p>(a) if tax is chargeable at the rate of 20% on an income of a resident natural person, 25% of that tax, and if 30% is taxable, 50% of that tax,</p> <p>(b) 20% of tax leviable on the income of an entity,</p>

Amendment in Income Tax Act, 2058

Section	Amended Provision (2080/81)	Existing Provision (2079/80)
	(c) 50% of tax on income earned in foreign currency by exporting services based on information technology such as business process outsourcing, software programming, cloud computing up to FY 2084/85.	(c) additional fifty percent of the tax on income earned from the export of goods produced in Nepal after deduction of the exemption under clause (ka) or (Kha).
11(5)	In case a person is entitled to more than one concession on a single income under this section, such person shall get only one concession chosen by him in addition to the concession available under sub section 2kha.	In case a person is entitled to more than one concession on a single income under this section, such person shall get only one concession chosen by him.
22 (2)	While calculating the income from employment or investment of a natural person accounts shall be kept in cash basis for the purpose of tax. However, accounts shall be maintained in accrual basis in concerned income year if the natural person receives a lump sum amount as income from employment related to previous years after the court's final decision of the case.	While calculating the income from employment or investment of a natural person accounts shall be kept in cash basis for the purpose of tax.
88 88(9ka)	While making payment of interest, natural resource, rent, royalty, service fee, commission, sales bonus, retirement payment, and any other consideration having source in Nepal and in making payment of any amount of retirement payment by a resident person, tax shall be withheld at the rate of 15 % on gross amount of payment.	While making payment of interest, natural resource, rent, royalty, service fee, commission, sales bonus, retirement payment, and any other consideration having source in Nepal and in making payment of any amount of retirement payment by a resident person, tax shall be withheld at the rate of 15% on gross amount of payment.

Amendment in Income Tax Act, 2058

Section	Amended Provision (2080/81)	Existing Provision (2079/80)
	<p>Provided that, tax shall be deducted at following rate on following payments:</p> <p>(8) At the rate of 2.5% on payment for transport service and rent of transportation vehicle.</p> <p>However, tax shall be deducted at the rate of 1.5 % on payment for transport service or rent of transportation vehicles provided by a person registered in VAT.</p> <p>(9ka) Reservoir-based and semi-reservoir-based hydropower projects with a capacity higher than 200 MW completing financial closure within Chaitra end, 2082 (B.S) shall deduct tax at the rate of 5% on payment of interest on loan taken on foreign currency from a foreign bank or other foreign financial institutions.</p>	<p>Provided that, tax shall be deducted at following rate on following payments:</p> <p>(8) At the rate of 2.5% on payment for transport service and rent of transportation vehicle.</p>
88(3)	<p>Notwithstanding anything contained in sub-section (1), where a resident bank, financial institution, cooperative society or any other institutions issuing debentures or company listed under prevailing laws pay the flowing interest, or any amounts having the nature of an interest to a natural person with respect to deposit, security, debenture or government bond, the bank or the institution of the company shall withhold tax on the gross amount of the payment at the rate of 6 %.</p> <p>Ka) Payment which has a source in Nepal; and Kha) Payment that is not received by the individual in the course of conducting a business</p>	<p>Notwithstanding anything contained in sub-section (1), where a resident bank, financial institution, cooperative society or any other institutions issuing debentures or company listed under prevailing laws pay the flowing interest, or any amounts having the nature of an interest to a natural person with respect to deposit, security, debenture or government bond, the ban or the institution of the company shall withhold tax on the gross amount of the payment at the rate of 5%.</p> <p>Ka) Payment which has a source in Nepal; and Kha) Payment that is not received by the individual in the course of conducting a business.</p>

Amendment in Income Tax Act, 2058

Section	Amended Provision (2080/81)	Existing Provision (2079/80)
88(4) (Kha2)	Removed	Notwithstanding anything contained in sub-sections (1), (2) and (3), this section shall not be applicable while making following payments: Payment of interest on loan taken on foreign currency from a foreign bank or other foreign financial institutions by reservoir-based and semi-reservoir-based hydropower projects with a capacity higher than 200 MW completing financial closure within Chaitra end, 2082 (B.S)
89(3)	<p>Notwithstanding anything contained in sub-section (1), tax shall be deducted as follows from any payment to be made to a non-resident person by a resident person under a contract or agreement.</p> <p>Ka) 5% on agreement or contract.</p> <p>Kha) 1.5 % on payment of premium to non-resident insurance company or on commission given against reinsurance premium received from the non-resident insurance company.</p> <p>Ga) Except written in clause (ka) or (Kha), if the Department has issued a written notice to the resident person, at the rate specified in the notice.</p> <p>Provided that, this subsection shall not be applicable while making payment for the purchase of weapons, ammunition and communication equipment for their own purpose by Nepal Army, Nepal Police, and Nepal Armed Force.</p>	<p>Notwithstanding anything contained in sub-section (1), tax shall be deducted as follows from any payment to be made to a non-resident person by a resident person under a contract or agreement.</p> <p>Ka) 5% on agreement or contract.</p> <p>Kha) 1.5 % on payment of premium to non-resident insurance company or on commission given against reinsurance premium received from the non-resident insurance company.</p> <p>Ga) Except written in clause (ka) or (Kha), if the Department has issued a written notice to the resident person, at the rate specified in the notice.</p> <p>Provided that, this subsection shall not be applicable while making payment for the purchase of weapons, ammunition and communication equipment for their own purpose by Nepal Army, Nepal Police, and Nepal Armed Force.</p>

Amendment in Income Tax Act, 2058

Section	Amended Provision (2080/81)	Existing Provision (2079/80)
95Ka(6Kha)	In case a resident natural person not involved in business operations receives payment in foreign currency by providing software or similar electronic service outside Nepal, the concerned bank, financial institution or money transfer entity shall deduct advance tax at the rate of 5% on the amount received while making such payment.	In case a resident natural person not involved in business operations receives payment in foreign currency by providing software or similar electronic service outside Nepal, the concerned bank, financial institution or money transfer entity shall deduct advance tax at the rate of 1% on the amount received while making such payment.
95Ka(6Ga)	In case a resident natural person not involved in business operation receives payment in foreign currency by providing consultancy service outside Nepal on personal capacity, concerned bank financial institution of money transfer entity shall deduct advance tax at the rate of 5% on the amount received while making such payment.	In case a resident natural person not involved in business operation receives payment in foreign currency by providing consultancy service outside Nepal on personal capacity, concerned bank financial institution of money transfer entity shall deduct advance tax at the rate of 1% on the amount received while making such payment.
95Ka(6Gha)	In case a resident natural person not involved in business operations receives payment in foreign currency by uploading audio-video content in social media network, concerned bank, financial institution or money transfer entity shall deduct advance tax at the rate of 5% on the amount received while making such payment.	In case a resident natural person not involved in business operations receives payment in foreign currency by uploading audio-video content in social media network, concerned bank, financial institution or money transfer entity shall deduct advance tax at the rate of 1% on the amount received while making such payment.
95Ka(6Nga)	In case a person sells goods, services or goods and services through the E-commerce platform, the resident E-commerce operator shall deduct advance tax at the rate of 5% at the time of payment against sale of goods, services or good and services.	No Provision

Amendment in Income Tax Act, 2058

Section	Amended Provision (2080/81)	Existing Provision (2079/80)
95Ka(7)	<p>Advance tax shall be collected and recovered at custom point at the rate of 5% on the value determined for custom purpose on import of he-buffalo, buffalo, he-goat, hogget, sheep, mountain goat (chyangra) falling in Part 1; live, fresh or frozen fish falling in Part 3; fresh flowers falling in Part 6; fresh vegetables, potato, onion falling in Part 7 and fresh fruits falling in Part 8 of HS system and at the rate of 2.5% on import of meat falling in Part 2, dairy products, eggs, honey falling in Part 4, kodo, fapar, junelo, rice, kanika falling in Part 10, flour, wheat flour falling under Part 11, herbs and sugarcane falling in Part 12 and forest-based products falling in Part 14, imported for business purpose.</p> <p>However, advance tax at the rate of 1.5% shall be collected on import of goods on which Value Added Tax (VAT) is applicable.</p>	<p>Advance tax shall be collected and recovered at custom point at the rate of 5% on the value determined for custom purpose on import of he-buffalo, buffalo, he-goat, hogget, sheep, mountain goat (chyangra) falling in Part 1; live, fresh or frozen fish falling in Part 3; fresh flowers falling in Part 6; fresh vegetables, potato, onion falling in Part 7 and fresh fruits falling in Part 8 of HS system and at the rate of 2.5% on import of meat falling in Part 2, dairy products, eggs, honey falling in Part 4, kodo, fapar, junelo, rice, kanika falling in Part 10, flour, wheat flour falling under Part 11, herbs and sugarcane falling in Part 12 and forest-based products falling in Part 14, imported for business purpose.</p>

Amendment in Income Tax Act, 2058

Section	Amended Provision (2080/81)			Existing Provision (2079/80)		
Schedule 1 Sec (1)(2)	Taxable income of resident Individual (NPR)	Taxable income of Couple U/S 50 (NPR)	Tax rates	Taxable income of resident Individual (NPR)	Taxable income of Couple U/S 50 (NPR)	Tax rates
	First 500,000	First 600,000	1%	First 500,000	First 600,000	1%
	500,000 – 700,000	600,000 – 800,000	10%	500,000 – 700,000	600,000 – 800,000	10%
	700,000 – 1,000,000	800,000 – 1,100,000	20%	700,000 – 1,000,000	800,000 – 1,100,000	20%
	1,000,000 – 2,000,000	1,100,000 – 2,000,000	30%	1,000,000 – 2,000,000	1,100,000 – 2,000,000	30%
	2,000,000 – 5,000,000	2,000,000 – 5,000,000	36%	More than 2,000,000	More than 2,000,000	36%
	More than 5,000,000	More than 5,000,000	39%			
Schedule 1 Sec (1)(4Ka)	Notwithstanding anything contained elsewhere in this section, tax shall be levied at the rate of 5% on income pursuant to sub-section (6Kha), (6Ga), (6Gha) of section 95Ka of a resident natural person not engaged in business.			Notwithstanding anything contained elsewhere in this section, tax shall be levied at the rate of 1% on income pursuant to sub-section (6Kha), (6Ga), (6Gha) of section 95Ka of a resident natural person not engaged in business.		

Amendment in Income Tax Act, 2058

Section	Amended Provision (2080/81)	Existing Provision (2079/80)		
Schedule 1 Sec (1)(13)	Notwithstanding anything contained in this section, an annual tax shall be collected as follows from the owners of vehicles on hire at the time of registration or renewal of vehicles through Office of Transport Management.	Notwithstanding anything contained in this section, an annual tax shall be collected as follows from the owners of vehicles on hire at the time of registration or renewal of vehicles through Office of Transport Management.		
	Type of Vehicle	Annual Tax per Vehicle	Type of Vehicle	Annual Tax per Vehicle
	(1) Car, Jeep, Van, Micro Bus		(1) Car, Jeep, Van, Micro Bus	
	(Ka) Up to 1300 cc	NPR.5,500	(Ka) Up to 1300 cc	NPR.4,000
	(Kha) From 1301 cc to 2000 cc	NPR.6,000	(Kha) From 1301 cc to 2000 cc	NPR.4,500
	(Ga) From 2001 cc to 2900 cc	NPR.6,500	(Ga) From 2001 cc to 2900 cc	NPR.5,000
	(Gha) From 2901 cc to 4000 cc	NPR.8,000	(Gha) From 2901 cc to 4000 cc	NPR.6,000
	(Nga) From 4001 cc above-all	NPR.9,000	(Nga) From 4001 cc above-all	NPR.7,000
	(2) Mini-Truck, Mini-bus, Water Tanker	NPR.8,000	(2) Mini-Truck, Mini-bus, Water Tanker	NPR.6,000
	(3) Mini Tipper	NPR.9,000	(3) Mini Tipper	NPR.7,000
	(4) Truck, Bus	NPR.10,500	(4) Truck, Bus	NPR.8,000
	(5) Dozer, Excavator, Loader, Roller,	NPR.15,500	(5) Dozer, Excavator, Loader, Roller,	NPR.12,000
	(6) Oil Tanker, Gas Bullet, Tripper	NPR.12,000	(6) Oil Tanker, Gas Bullet, Tripper	NPR.12,000
	(7) Tractor	NPR.2,500	(7) Tractor	NPR.2,000
(8) Power Tiller	NPR.2,000	(8) Power Tiller	NPR.1,500	
(9) Auto rickshaw, Three-wheeler,	NPR.2,500	(9) Auto rickshaw, Three-wheeler,	NPR.2,000	

Amendment in Income Tax Act, 2058

Section	Amended Provision (2080/81)	Existing Provision (2079/80)										
	<table border="1"> <tr> <td>(10) Electronic Vehicle</td> <td></td> </tr> <tr> <td>(ka) Up to 50 kw</td> <td>NPR.3,000</td> </tr> <tr> <td>(Kha) 50 kw to 125 kw</td> <td>NPR.4,000</td> </tr> <tr> <td>(Ga) 125 kw to 200 kw</td> <td>NPR.6,000</td> </tr> <tr> <td>(Gha) Above 200 kw</td> <td>NPR.7,500</td> </tr> </table>	(10) Electronic Vehicle		(ka) Up to 50 kw	NPR.3,000	(Kha) 50 kw to 125 kw	NPR.4,000	(Ga) 125 kw to 200 kw	NPR.6,000	(Gha) Above 200 kw	NPR.7,500	
(10) Electronic Vehicle												
(ka) Up to 50 kw	NPR.3,000											
(Kha) 50 kw to 125 kw	NPR.4,000											
(Ga) 125 kw to 200 kw	NPR.6,000											
(Gha) Above 200 kw	NPR.7,500											
Schedule 1 Sec(2)(2)	Tax shall be imposed at the rate of 30% on the taxable income of a bank, financial institution, an entity engaged in the general insurance business, entity engaged in financial transaction or telecommunication and internet service, money transfer, capital market business, securities business, merchant banking, commodity future market, stock and commodity broker business, or in the business of cigaratee, bididi, cigar, chewing tobacco khaini, gutkha, panmasala, liquor, beer or an entity engaged in petroleum operations under Nepal Petroleum Act, 2040.	Tax shall be imposed at the rate of 30 percent on the taxable income of a bank, financial institution, an entity engaged in the general insurance business, or telecommunication and internet service, money transfer, capital market business, securities business, merchant banking, commodity future market, stock and commodity broker business, or in the business of cigaratee, bididi, cigar, chewing tobacco khaini, gutkha, panmasala, liquor, beer or an entity engaged in petroleum operations under Nepal Petroleum Act, 2040.										
Schedule 1 Sec (3)	Co-operative societies registered pursuant to Co-operatives Act, 2074 to carry out transactions except tax exempt transaction shall be taxed as follows:	Co-operative societies registered pursuant to Co-operatives Act, 2074 to carry out transactions except tax exempt transaction shall be taxed as follows:										

Amendment in Income Tax Act, 2058

Section	Amended Provision (2080/81)		Existing Provision (2079/80)	
	Operating Area	Tax Rate	Operating Area	Tax Rate
	Municipality	5%	Municipality	5%
	Sub-metropolitan city	7%	Sub-metropolitan city	7%
	Metropolitan City	10%	Metropolitan City	10%
	However, tax shall be levied as below to co-operatives engaged in savings and credit related transactions:			
	Operating Area	Tax Rate		
	Municipality	10%		
	Sub-metropolitan city	15%		
	Metropolitan City	20%		

Amendment in Value Added Tax Act, 2052

Section	Amended Provision (2080/81)	Existing Provision (2079/80)
8 (2Ka)	Any registered or un-registered person obtaining vehicle on rent or transport service from an un-registered person shall assess and deduct tax on the taxable amount in accordance with this act or rules framed under this act at the time of payment or acquisition of service, whichever occurs earlier.	Not provisioned
17 (5Kha)	The concerned taxpayer shall be allowed to deduct the tax paid pursuant to Subsection (2) and 2ka of Sec. 8, Sec. 12Ka and sub-section 3 of Sec. 15.	The concerned taxpayer shall be allowed to deduct the tax paid pursuant to Subsection (2) of Sec. 8, Sec. 12Ka and sub-section 3 of Sec. 15.
25 (1Kha)	If a consumer makes payment of the goods or services assessed by department by publishing the notice purchased via electronic medium in accordance to the prevailing laws, then the ten percent of the tax amount paid shall be refunded as cash incentive and deposited in their bank account as per the procedure prescribed by the Department.	If a consumer makes payment of the goods or services purchased via electronic medium in accordance to the prevailing laws, then the ten percent of the tax amount paid shall be refunded as cash incentive and deposited in their bank account as per the procedure prescribed by the Department.
29 (1Nga)	Tax officer may impose a fine of 25% of claimed tax amount pursuant to clause ka, kal and ka2 of sub-section 1 of Sec. 25 in case tax refund is obtained through automated electronic medium for the amount that is ineligible for claiming the refund amount	Not provisioned

Amendment in Excise Duty Act, 2058

Section	Amended Provision (2080/81)	Existing Provision (2079/80)
2 (Dha)	"Department" means the Inland Revenue Department .	"Department" means the department designated by Government of Nepal for the purpose of this Act .
3Kha (1) (Kha) (2)	<p>No excise duty shall be levied on the excisable goods or services pursuant to Section 3, under the following circumstances:</p> <p>Ka) If any goods or services are exported outside Nepal or any goods other than liquors or cigarettes are sold to a licensed duty- free shop (bonded warehouse and duty-free shops),</p> <p>Kha) If a licensed bonded warehouse sells cigarettes or alcohol to a person or entity having diplomatic and tariff privilege as per the recommendation of Ministry of Foreign Affairs, Government of Nepal.</p> <p>Provided that,</p> <p>1) Bonded Warehouse shall not be restricted from selling or distributing goods, other than cigarette or alcohol, without levying excise duty on it.</p> <p>2) While importing or purchasing excisable goods produced within Nepal to be sold from a bonded warehouse, cash deposit or bank guarantee equivalent to excise duty applicable on such goods shall be furnished.</p>	<p>No excise duty shall be levied on the excisable goods or services pursuant to Section 3, under the following circumstances:</p> <p>Ka) If any goods or services are exported outside Nepal or any goods other than liquors or cigarettes are sold to a licensed duty-free shop (bonded warehouse and duty-free shops),</p> <p>Kha) If a licensed bonded warehouse sells cigarettes or alcohol to a person or entity having diplomatic and tariff privilege as per the recommendation of Ministry of Foreign Affairs, Government of Nepal.</p> <p>Provided that,</p> <p>1) Bonded Warehouse shall not be restricted from selling or distributing goods, other than cigarette or alcohol, without levying excise duty on it.</p> <p>2) While importing excisable goods to be sold from a bonded warehouse, cash deposit or bank guarantee equivalent to excise duty applicable on such goods shall be furnished.</p>
8(1)	No one shall manufacture, export , import, sell or store an excisable goods or provide excisable services to any other person, without obtaining a license pursuant to this Act.	No one shall manufacture, import, sell or store an excisable goods or provide excisable services to any other person, without obtaining a license pursuant to this Act.
9(1)	No one shall manufacture, export , import, sell or store an excisable goods or provide excisable services to any other person, without obtaining a license pursuant to this Act or the Rules framed under this Act.	No one shall manufacture, import, sell or store an excisable goods or provide excisable services to any other person, without obtaining a license pursuant to this Act or the Rules framed under this Act.

Amendments in Custom Act, 2064

Section	Amended Provision (2080/81)	Existing Provision (2079/80)
13 (15)(Ka)	<p>If the value declared by an importer pursuant to sub-section (3) is less than the customs value determined by the Customs Officer pursuant to this Section, the Customs Officer may do the following in relation to such goods:</p> <p>(Ka) Clearing such goods by collecting fifty percent additional customs duty on such difference value in case of custom duty attractable goods. However, in case of good attracting agriculture development duty or excise duty instead of customs duty, it shall be cleared by collecting fifty percent of additional agriculture development duty or excise duty on such difference value.</p> <p>or</p> <p>(Kha) With the prior approval of the Director General, purchasing, or causing to be purchased, such goods in a manner to pay the amount to be set by adding five percent amount to the value so declared to the importer.</p>	<p>If the value declared by an importer pursuant to sub-section (3) is less than the customs value determined by the Customs Officer pursuant to this Section, the Customs Officer may do the following in relation to such goods:</p> <p>(Ka) Clearing such goods by collecting fifty percent additional customs duty on such difference value, or</p> <p>(Kha) With the prior approval of the Director General, purchasing, or causing to be purchased, such goods in a manner to pay the amount to be set by adding five percent amount to the value so declared to the importer.</p>
18 (1)	<p>Any person who exports or imports any goods shall fill up the declaration form, accompanied by the documents as prescribed, and submit it to the Customs Officer of the concerned area.</p> <p>Provided that, it shall not be necessary to fill up the declaration form in the case of those goods which have been exempted from customs duty by the Government of Nepal by notification in the Nepal Gazette, out of the goods brought and carried by the passenger for personal use while going out from Nepal and coming into from foreign countries.</p>	<p>Section 18 (1), Any person who exports or imports any goods shall fill up the declaration form, accompanied by the documents as prescribed, and submit it to the Customs Officer of the concerned area.</p> <p>Provided that, it shall not be necessary to fill up the declaration form in the case of those goods which have been exempted from customs duty by the Government of Nepal by notification in the Nepal Gazette, out of the goods contained in the luggage and baggage of passengers going out from Nepal and coming into from foreign countries.</p>

Amendment in Custom Act, 2064

Section	Amended Provision (2080/81)	Existing Provision (2079/80)
51 (1)	A person who wishes to act as the customs agent or representative of any importer or exporter to clear goods to be imported or exported from the Customs Office or to do any act related with the Customs Office shall obtain the license of with the Customs Office shall obtain the license of customs customs agent from the Department or Customs Office.	A person who wishes to act as the customs agent of any importer or exporter to clear goods to be imported or exported from the Customs Office or to do any act related with the Customs Office shall obtain the license of with the Customs Office shall obtain the license of customs customs agent from the Department or Customs Office.
60Kha(4)	The investigating officer shall complete the investigation within 25 days from the date when the person related to the case has been arrested . Further, in case of punishment under Sec 57 (1Ga) and (1Gha), necessary opinion of governmental lawyer shall be received, and the case must be filed to the concerned authority.	The investigating officer shall compete the investigation within 25 days from the date of proceeding the investigation , and in case where punishment under Sec 57 (1Ga) and (1Gha) is required, necessary opinion of governmental lawyer shall be received, and the case must be filed to the concerned authority.