



Amendments in Tax Laws made by Finance Ordinance 2078



Financial Year 2078/79

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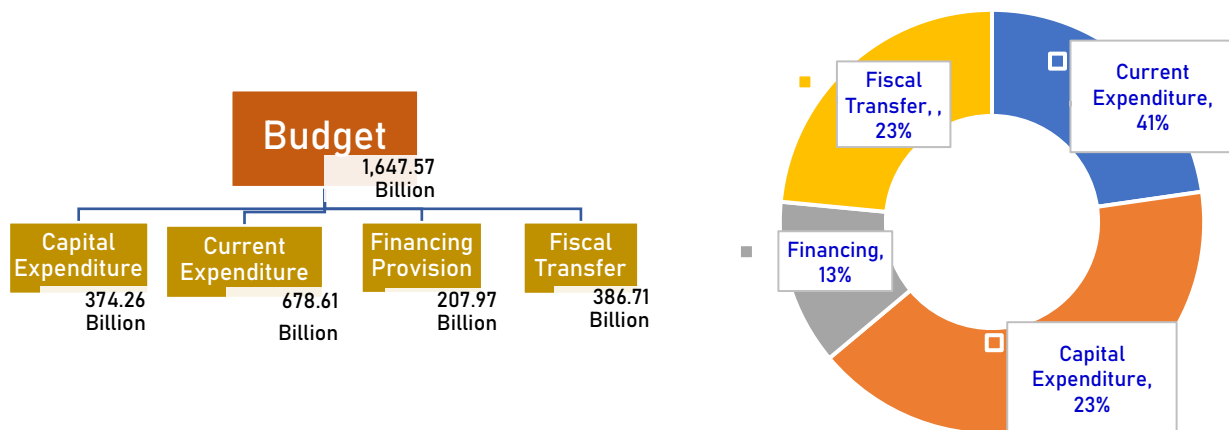
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Amendments in Taxation Made by Nepal Budget FY 2021/22 Highlights

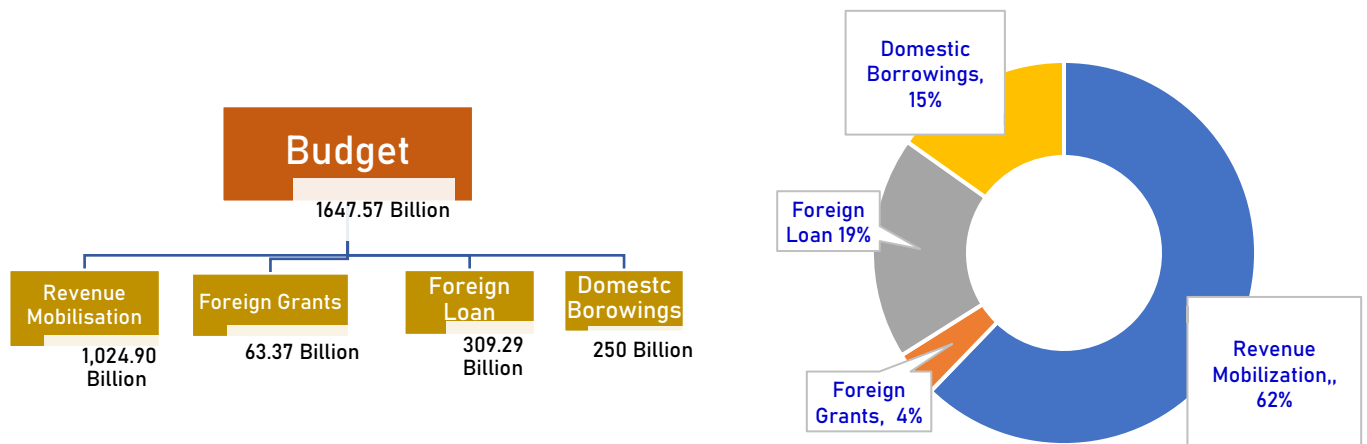
On Saturday, 29 May 2021, Honorable Finance Minister Mr. Bishnu Prasad Poudel presented the full budget for the fiscal year 2078/79 (2021/22). The allocation of resources, objectives, priorities, and significant policy statement of the budget is highlighted in this document.

1. Source and Allocation of Budget

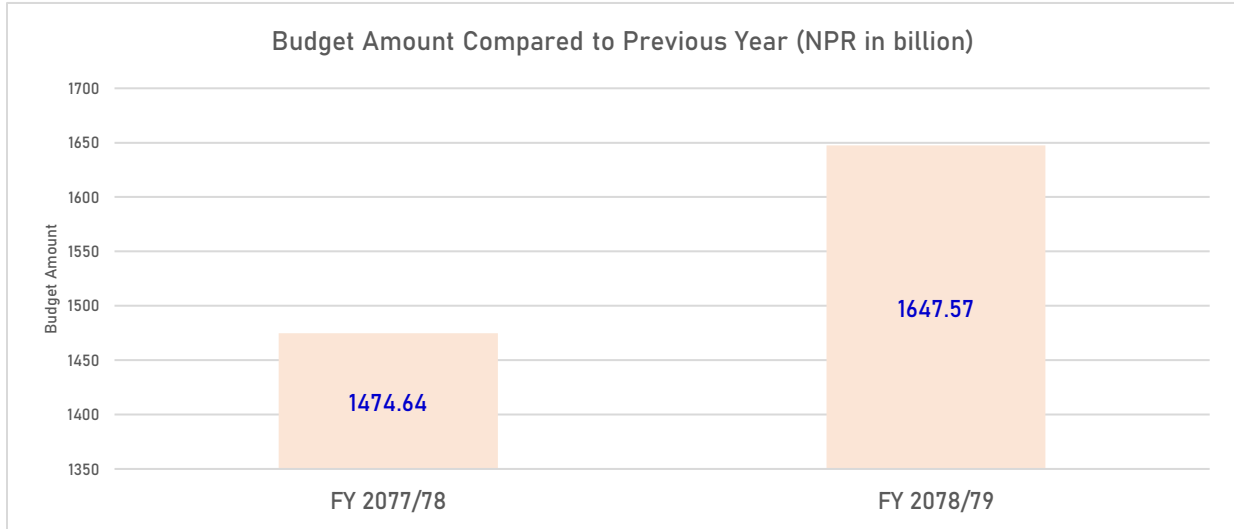
Allocation of Budget(NPR)



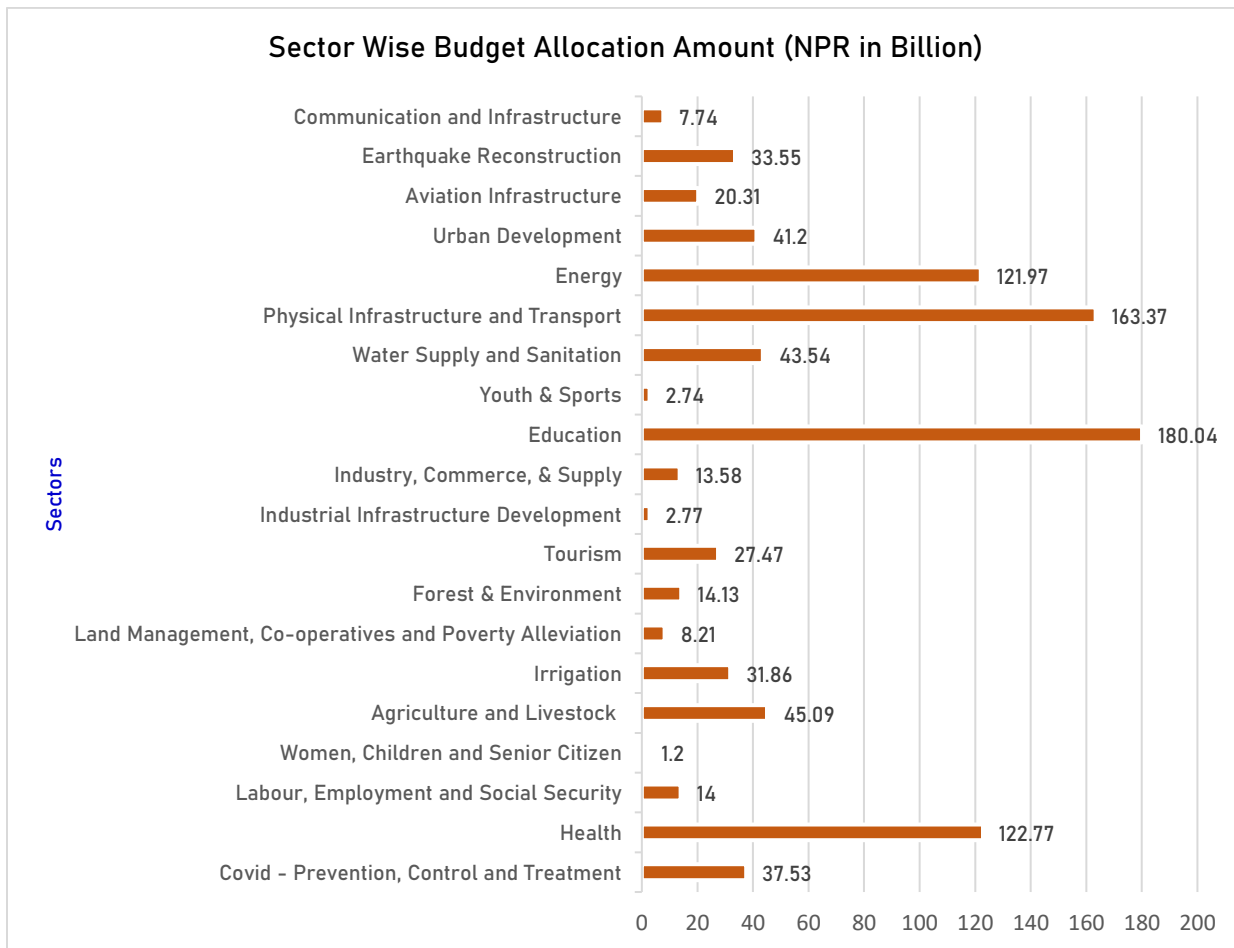
Source of Finance (NPR)



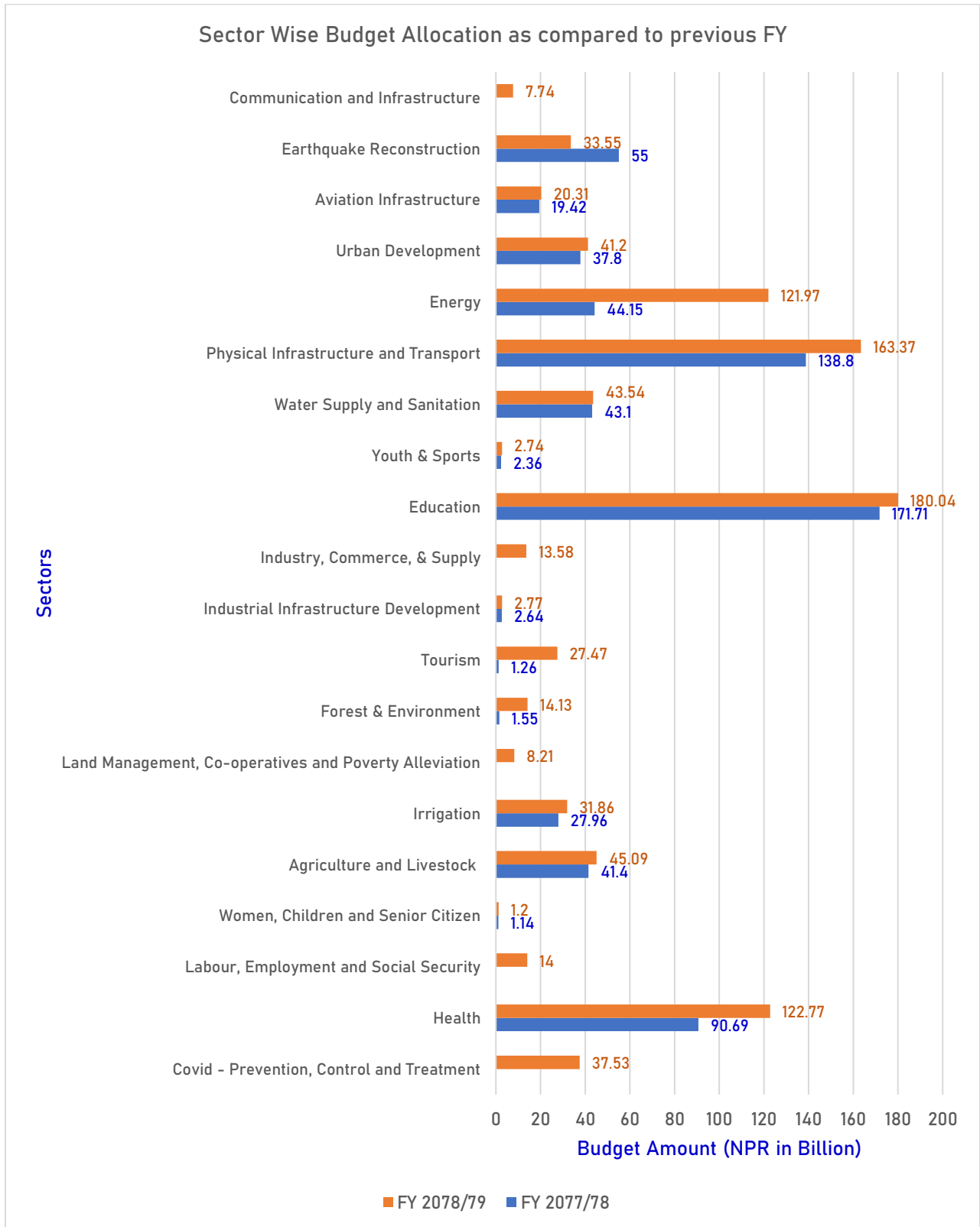
2. Budget Amount Comparison



3. Sector Wise Budget Allocation



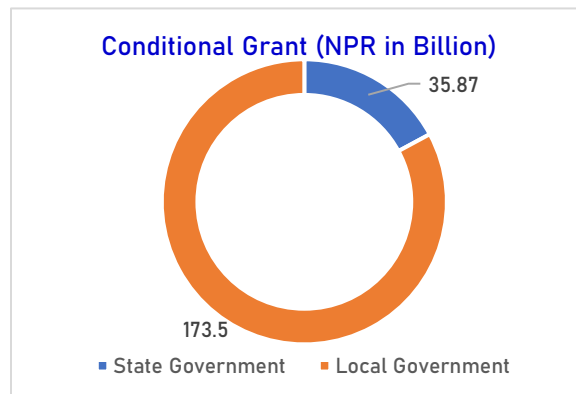
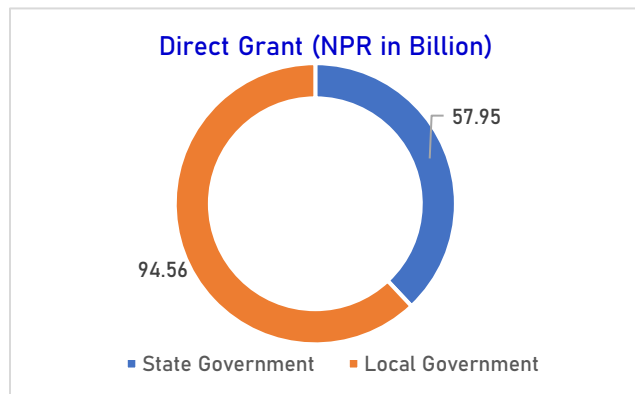
Sector wise Budget allocation as compared to previous Financial Year (NPR in billion)



4. Fiscal Transfer

NPR in Billion

Heading	State Governments	Local Governments
Direct Grant	57.95	94.56
Conditional Grant	35.87	173.50
Matching Grant		12.37
Special Grant		12.46
Total		386.71



5. Objectives of Budget

- Safeguard the life of every citizen from Covid-19 pandemic.
- Ensure rapid economic revival by speeding up economic and Developmental activities.
- Develop and strengthen national public welfare, provide social security and protection with social justice.
- Uplift economy by mobilizing public, private and cooperative resources into productive sector.

6. Priority Areas

- Expand testing areas, treatment system, supply of health equipment, free vaccination and other infrastructures on health sector, effective mobilization of doctors and health workers in order to prevent and control of transmission of Covid-19.
- Continue economic activities by providing relief to affected families by Covid-19 and concession/revival of private sectors.
- Ensure employment and work to those entering into labour market and those who have lost employment.
- Ensure social security and protection based on lifecycle to all Nepalese.
- Increase agricultural production and productivity and guarantee food security.
- Investment in skill based education.

- Development of infrastructure that is important strategically for rapid industrialization and give immediate results.
- Balanced development through coordination and cooperation between central, provincial and local government.
- Eradicate all discrimination, with rational access to outcomes of development
- Accountable governance system, guarantee sense of security, corruption control, good governance and effectiveness in service delivery.

7. Budget Highlights

1. Substantial Increment in Budget in Health Sector to address the Covid-19 crisis as well as to improve healthcare system. (increase by around 35.2%)
2. Mandatory provision shall be made for maintaining own oxygen plant in every hospital having capacity of more than 100 beds.
3. Full exemption of VAT and Customs duty in import of required equipment for establishment of oxygen industry. 50% grant to be made available for establishment of oxygen plants by public and private hospitals. Waiver of 50% in electricity fee used in production of oxygen during the Covid-19 pandemic.
4. 20% discount shall be made available in sale of rice, wheat, pulses, salt, cooking oil, sugar and cooking gas by 'Khadya Byabastha tatha Byapar Company', and Salt Trading Company during lockdown/prohibitory period.
5. 100%, 50% 30% waiver shall be provided for consumers consuming only 20 units/150 units/250 units of electricity per month respectively during the lockdown/prohibitory period.
6. 100% waiver on drinking water bill for consumers consuming up to 20,000 litres per month during the lockdown/prohibitory period.
7. Waiver on the demand charge for electricity throughout the lockdown/prohibitory period to hotels, cinema industry and production-based industries.
8. Facility as applicable to production-based industries shall be provided to hotels and tourism industry.
9. 25% of transportation fee shall be provided as grant, during prohibitory/lockdown period, to facilitate the transportation of milk, vegetables, fish, meat along with other perishable consumables from production point to nearby market.

10. Loan up to NPR 80,000 at 1% interest rate to be provided to students above class 10 for purchase of a laptop. In addition to it, a sim card shall be provided at free of cost to students above 16 years of age.
11. Contribution to Social Security Fund made by organisations and employees for the months of Jestha and Asadh 2078 shall be provided by government.
12. Waiver up to 50% on house rent, land and warehouse rent to businessmen operating business on premises owned by government.
13. Continue the facility of refinancing by Nepal Rastra Bank at the rate of 5% interest to the business affected by Covid-19.
14. To revive the badly affected tourism sector, provision of 10 days of paid leave to civil servants shall be made and free one-month visa to tourists has been provisioned.
15. To encourage entrepreneurship, loan up to NPR 2.5 million shall be provided at 1% interest rate, 100% rebate on income tax has been provisioned for start-ups for up to five years from the date of operation, a one stop system shall be established to facilitate the establishment and operation of such start-ups
16. Access to insurance to be extended to at least one third of the population next year by expanding the scope of insurance service. Arrangement to allow the insurance premium of private residential property up to NPR 5,000 as deduction for income tax purposes
17. Waiver in road tax and renewal charge shall be provided if the vehicle running on petrol is replaced by electric vehicle
18. Old age allowance has been increased to NPR 4,000 per month and all social security allowance has been increased by 33%
19. The use of electronic payment devices will be made easy, accessible and secure. A National Payment Switch will be established in the coming Fiscal Year to facilitate payment and modification of transactions within Nepal by maintaining interconnection between payment cards, retail payment, QR code and other electronic payment methods. Nepal's own payment card will be used.
20. 1% additional interest to be provided if Remittance amount is deposited in fixed deposit.
21. Effective Implementation of the National Strategy for Prevention of Money Laundering and Control of Financial Investment in Terrorism.
22. License and renewal fee waiver for sectors such as cinema, handicraft, aviation, media, advertising, health club among others.

23. Arrangements to be made to make all types of payments, grants and cash transfers by the Government of Nepal and social security allowances through banking system.
24. 2.5 million loan at 5% to be provided for students who have completed their bachelor's degree. (Bachelor certificate to be taken as collateral)
25. Accidental Insurance up to NPR 7 Lakhs shall be provided to journalists where government shall contribute 50% of premium amount.

8. Amendments in Tax

Indirect Tax

1. VAT paid on Diesel and LP Gas used in taxable business shall be eligible for input tax credit.
2. VAT exemption on "transportation charges, rental of transport vehicle, cargo, E-library services, deposit security fee, trekking & tour services, certificate of origin fee".
3. For export industry under Bonded Warehouse facility, importing raw material against Bank Guarantee, unable to export processed goods within timeline, deadline for releasing bank guarantee has been extended to 2078 Chaitra end.
4. Custom Duty, VAT and Excise duty has been exempted till Poush end 2078, for the import/production and sale of Oxygen Gas, Liquid Oxygen, Oxygen concentrator and other live-saving materials and machines.
5. 100% waiver on Excise duty and significant reduction of Custom Duty on import of electric vehicles.
6. 1% Custom duty levied on induction stove. 100% waiver on excise duty and reduction in custom duty rates on refrigerator, grinder, rice-cooker, fan and other electronic equipment.
7. Reduction in 50% custom duty on import of baby feeding milk.
8. Increment in Excise duty of liquor, beer, wine, cigarette, other tobacco related products and soft drinks.
9. Provision of electronic billing system shall be made mandatory for all VAT registered taxpayers.
10. Immediate refund of 10% of VAT amount shall be arranged on purchase of Goods/Services through Debit/Credit card, QR code, Scan to pay and others electronic medium.

11. For protection of local industries, provision has been made to ensure that custom duty on industrial raw material is 1 level lower as compared to finished goods.
12. Exemption of custom duty on import of equipment and their parts used in industries for producing Tea, Jute, Cinema, Pashmina, Hatchery industry and Agriculture & Nursery firm.
13. 50% waiver of Custom duty on import of one transport vehicle by agricultural cooperative.
14. No requirement of approval of sales and purchase register from tax officer
15. Renewal of Exim Code shall be provided for 5 years

Direct Tax

1. Rebate of 90%, 75% and 50% in income tax rate shall be provided to taxpayers having annual turnover up to NPR 20 Lakhs, 20-50 lakhs and 50 lakhs-1 Crores respectively
2. 1% rate of tax shall be leviable on total taxable income of businesses highly affected by COVID-19 including Hotel, Travel and trekking, transportation and aviation services, cinema industries and media houses. In addition to it, loss of such business can be carried forward for 10 years.
3. Donations made to funds established by Central, Province or local level government for prevention, control and treatment of COVID- 19 can be claimed as expenditure for computation of taxable income in FY 2077/78.
4. Payment from funds allocated to Corporate Social Responsibility for construction of specialized hospitals and supplies of health equipment for treatment relating to COVID-19 to Health institutions specified by Ministry of Health and Population can be claimed as tax deductible expenditure for FY 2077/78.
5. Additional 25% concession shall be provided in computation of taxable pension income.
6. Transaction limit for Presumptive tax-payers have been increased from NPR 20 lakhs to NPR 30 lakhs. Transaction limit for turnover based taxation has been increased from NPR 50 lakhs to NPR 1 crore.
7. Tax exemption has been provided to income from mutual funds.
8. 50% rebate provided to taxable income from commercial agriculture to encourage commercialization of agriculture, its production and employment generation.
9. For economic resurgence after the Covid 19 pandemic, investments in manufacturing industries shall be encouraged by reviewing corporate tax rates.

10. 100% tax concession is provided to start-up businesses from the date of transaction up to 5 years from operation.
11. Seed capital provided by private industries and institutions up to NPR 1 lakh each to a maximum of 5 Start-up businesses can be claimed as tax deductible expenditure.
12. 20% tax concession is provided to income generated from sales of locally produced raw materials and sales of ancillary raw materials to special industries.
13. 10% rate of tax shall be levied on export income generated by special industries.
14. Tax shall not be withheld on payment of interest in borrowings among cooperatives and cooperative banks.
15. Reduction in withholding tax rate on payment of interest of borrowing from foreign banking and financial institutions by banks.
16. 50% rebate shall be provided for first 3 years of operation and 25% rebate shall be provided for further 2 years to the industries that produce finished goods by way of recycling materials that directly affect the environment
17. 50% rebate shall be provided for first 3 years from the production and 25% rebate shall be provided for further 5 years to the industries relocating to Industrial Area.

Tax Amnesty

1. Companies registered under Company Act 2063, and Private Firm Registration Act 2014 which has not submitted annual returns and has not renewed till FY 2075/76 shall be granted 90% waiver in applicable fee and penalty in case the returns are submitted and penalty (only 10%) are paid within Ashwin end 2078
2. If the legal cases (except relating to fake invoices) pending till Asadh 2077, under Income Tax Act 2058, Value Added Tax, 2052 and Excise Duty Act 2058 with Inland Revenue Department, Revenue Tribunal and Courts, are withdrawn and tax liability and 50% of interest thereon are paid within Mangsir end 2078, fee, additional fee and penalties shall be waived off.
3. If tax liability and interest thereon remaining under Income Tax Act 2058, Value Added Tax, 2052 and Excise Duty Act 2058, until Ashad end 2076 are paid within Poush end 2078, fee, additional fee and penalties shall be waived off.

9. General Amendments

Section 8 – Education Service Tax

Existing Provision	Revised Provision
No Penalty for delay deposit of education service tax	15% rate of interest on delay deposit of education service tax by banks and financial institutions
No clear provision of refund of foreign currency in case students return the foreign currency to banks and financial institutions	Refund of foreign currency to students shall be as prescribed by Inland Revenue Department in case students return the foreign currency to banks and financial institutions

Section 16 (6) – Casino Royalty

Casino royalties should be deposited with Ministry of culture, tourism and civil aviation within 6 months from the start of the fiscal year.

Existing Provision	Revised Provision
Amount to be waived off : Pending additional fee and annual additional fee till FY 2075/76	Amount to be waived off : Pending additional fee and annual additional fee till FY 2076/77
Condition: On payment of full royalty payable along with 50% of additional fee levied and annual additional fee till FY 2075/76 and payment of royalty amount, additional fee levied thereon, and annual additional fee amount of FY 2076/77 within Chaitra 2077	Condition: On payment of full royalty payable along with 50% of additional fee levied and annual additional fee till FY 2076/77 and payment of royalty amount, additional fee levied thereon, and annual additional fee amount of FY 2076/77 within Chaitra 2078

Section 20 – Special Provision on Waiver of Fee, additional fee and penalties

Condition	<ul style="list-style-type: none">• If the legal cases (except relating to fake invoices) pending till Asadh 2077, under Income Tax Act 2058, Value Added Tax, 2052 and Excise Duty Act 2058 with Inland Revenue Department, Revenue Tribunal and Courts, are withdrawn.• Tax liability and 50% of interest thereon are paid within Mangsir end 2078
Available to	Taxpayers (except relating to fake invoices) whose cases are pending with Inland Revenue Department, Revenue Tribunal and Courts under Income Tax Act 2058, Value Added Tax, 2052 and Excise Duty Act 2058
Waiver	Fee, additional fee and penalties shall be waived off

Section 21 (1) – Special Provision on Waiver of Fee, additional fee and penalties

Condition	75% of tax liability is paid within Poush end 2078
Available to	Taxpayers whose tax liability is payable as per Excise Act, 2015 B.S, Income tax Act, 2031 B.S., and other Acts repealed by Value Added Tax Act 2052 (Hotel Tax, Entertainment Tax, Contract Tax and Sales Tax Act etc.)
Waiver	Remaining Tax, Interest, Fee and Penalty shall be waived off.

Section 21 (2) – Special Provision on Waiver of Fee, additional fee and penalties

Condition	Tax liability till Asadh 2076 and interest till the date of application thereon are paid within Poush end 2078 (except cases relating to fake invoices)
Available to	Taxpayers (except cases relating to fake invoices) whose has tax liability is outstanding with Inland Revenue Department under Income Tax Act 2002 and Excise Duty Act 2002
Waiver	Fee, additional fee and penalties shall be waived off

Section 21 (3) – Special Provision on Waiver of Fee, additional fee and penalties

Condition	Dues under Income Tax Act 2002 and VAT Act 1996 assessed by by IRD before Jestha 14, 2078 which is not under legal proceeding
Available to	Non-profit oriented community hospital, health institution and transport service provider providing transport service through electronic network whose has tax liability pending with Inland Revenue Department under Income Tax Act 2002 and Vat Act, 1996
Waiver	Entire dues if applied till Poush end 2078

Section 22 – Special Provision on Waiver of Tax, Fee, additional fee and penalties on Certificate of Origin

Condition	Certificate of Origin is issued till Jestha 14, 2078
Available to	Entities issuing Certificate of Origin for the purpose of export till Jestha 14, 2078
Waiver	VAT Liability or VAT liability assessed by Inland Revenue Office on account of issuance of Certificate of Origin and interest, additional fee and penalty thereon

Section 23 – Special Provision on Waiver of Tax, Fee, additional fee and penalties to Trekking and Tour Packages

Condition	<ul style="list-style-type: none">• Self-declaration of VAT liability in respect of taxable sales that was categorized as tax exempted sales and accordingly VAT was not collected till Jestha 14, 2078• Payment of such VAT liability till Poush end 2078
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Available to Travel and Trekking agencies

Waiver Interest, additional fee and penalty thereon

Same waiver is also available in case of assessment by Inland Revenue Office and to those cases pending in Administrative Review and Revenue Tribunal that are withdrawn on fulfillment of above conditions

Section 24 – Special Provision on Waiver of Tax, Fee, additional fee and penalties to Health Institutions

Condition Payment of VAT on Purchases which could not be set off against VAT on sales till Asadh end 2079

Available to Health Service Providers (Institutions)

Waiver Interest and additional fee thereon

Section 25 – Special Provision on deductible expenditure for Transport Services

In FY 2076/77, if transport companies have taken vehicle on rent for its business purpose from individual person without PAN invoice and has deposited applicable withholding tax, such payment can be claimed as expenses.

Section 26 – Special Provision on Renewal of Excise License

On condition that excise license is renewed till Shrawan end 2078 by paying renewal fee of each relevant year, applicable penalty shall be waived. If not renewed on given time frame, it will automatically be void.

Section 27 – Special Provision on deductible of renewal fee of GSM Mobile Service providers

Installment of renewal fee of NTC GSM mobile licenses paid each year can be claimed as deductible expenditure in relevant year and accordingly, Nepal Telecommunication Authority shall include the same amount in taxable income in respective year of receipt.

Section 28 – Special Provision on Tax Rebate due to impact of Covid -19

1. Rebate of **90% (75% in Previous FY)** in applicable tax liability shall be available to following person having annual transaction not more than **NPR 2 million** and annual **profit up to NPR 200,000** i.e. taxpayer mentioned in Section 4(4) of Income Tax Act, 2002:

Particulars	Rates – FY 2077/78	Tax Rebate
Natural Person doing business in		
1. Metropolitan City & Sub Metropolitan City	NPR 7,500	90% rebate in applicable tax liability [For FY 2077/78]
2. Municipality	NPR 4,000	
3. Areas other than mentioned than above	NPR 2,500	

This includes the resident natural person meeting the following criteria:

- Annual transaction not more than NPR 2 million and annual profit up to NPR 200,000.
- Not registered in VAT.
- Having only business income sourced in Nepal in that fiscal year.
- Medical credit not claimed under section 51.
- Advance tax not claimed under Section 93.

2. Rebate of **75% (50% in Previous FY)** in applicable tax liability shall be available following resident natural person having annual turnover of more than NPR 2 million but less than NPR 5 million i.e., taxpayer mentioned in Section 4A of Income Tax Act, 2002:

Particulars	Rates – FY 2077/78	Rebate
Resident Natural Person conducting transaction of:		75% rebate in applicable tax liability [For FY 2077/78]
1. Gas, Cigarette by adding commission or price upto 3%	0.25% of turnover	
2. Other than business mentioned in (a) above	0.75% of turnover	
3. Service Business	2% on transaction amount	

This includes the resident natural person meeting the following criteria:

- Annual turnover of more than NPR 2 million but less than NPR 5 million
- Not registered in VAT
- Having only business income sourced in Nepal in that fiscal year.
- Income does not include income from consultancy and expert service provided by natural person including doctor, engineer, auditor, lawyers, sportsman, artist and consultant

3. **50% (25% in Previous FY)** rebate on tax liability of FY 2077/78 has been provided to person having annual business transaction/turnover not more than NPR 10 million
4. **1% rate of income tax** shall be leviable in case of Hotels, Travel, Trekking, Cinema Industry (Production, Distribution and Screening), Party Palace, Media House, Transport and Aviation service providers having **annual turnover of more than NPR 10 Million in FY 2077/78.**

In addition, loss incurred by above mentioned business in **FY 2076/77 and FY 2077/78 (if any)** will be allowed to be carried forward **for 10 years. (3 years in addition to existing provision in Income Tax Act, 2002)**

Section 29 – Special Provision on Contribution to Fund

Any contribution to funds established by Central, Province or local level government for prevention, control and treatment of COVID- 19 can be claimed as deductible expenditure for FY 2077/78

Section 30 – Special Provision on Tax Rebate on treatment management of Covid -19

Custom Duty, VAT and Excise Duty has been exempted till Poush end 2078, for the import/production and sale of Oxygen Gas, Liquid Oxygen, Oxygen concentrator and other life-saving materials and machines.

Section 31 – Special Provision on tax deductible expenditure from CSR Fund

Payment from funds allocated to Corporate Social Responsibility for construction of specialized hospitals and supplies of health equipment for treatment relating to COVID-19 to Health institutions specified by Ministry of Health and Population can be claimed as tax deductible expenditure for FY 2077/78.

Section 32 – No withholding tax on transfer of retirement fund to SSF

Tax shall not be withheld on transfer of retirement fund from approved retirement fund to SSF in case such transfer is made within Chaitra end 2078

Section 33 – Special provision of waiver on penalty to Company Registrar

Companies registered under Company Act 2063, and Private Firm Registration Act 2014 which has not submitted annual returns and has not renewed till FY 2075/76 shall be granted 90% waiver in applicable fee and penalty in case the returns are submitted and penalty (only 10%) are paid within Ashwin end 2078

10. Details of Amendments in VAT Act, 1996

Section 10 (2) – Mandatory Registration to Certain Business

Existing Provision	Revised Provision
<p>Mandatory Registration of following Business irrespective of Threshold Limit:</p> <p>Brick producing business, liquor, wine, health club, discotheque, massage therapy, motor parts, electronic software, custom agent, toys business, trekking, rafting, ultra light flight, paragliding, tourist transportation, crusher, sand quarries, slate and stone industry related business</p> <p>Mandatory Registration of following Transactions irrespective of Threshold Limit within Metropolitan City, Sub Metropolitan City or any area prescribed by Inland Revenue Department:</p> <p>Hardware, sanitary, furniture, fixture, furnishing, automobiles, electronics, marble, educational consultancy, accounting and auditing services, catering service, party palace business, parking service, machinery using drycleaners, restaurant with bar, ice cream industry, color lab, boutique, uniform supply in educational institution or health institution or other entities</p>	<p>No provision of mandatory registration of any business</p>

In a nutshell, requirement of mandatory registration for list of business has been removed. These businesses can operate without registration in VAT if sales are below NPR 2 million in case of service and NPR 5 million in case of Goods.

Section 10 C – Special provision related to update of registration records.

Existing Provision	Revised Provision
<p>Person registered in VAT shall update its registration information as specified by department notice and record in biometric registration system within the prescribed timeline</p>	<p>Person registered in VAT shall update its registration information as specified by department notice and record in biometric registration system within the prescribed timeline</p>

Thus, record in biometric registration system must be done immediately.

Section 16 (3) and 16A – Record of Transactions

Existing Provision

16 (3) A registered person shall use sales and purchase register **certified by concerned tax officer** for the purpose of keeping accounts

16(3A) An unregistered person dealing in taxable goods or services shall keep self-certified purchase and sales register for each fiscal year. Tax officer can inspect such registers at any point of time.

Thus, self-verified purchase and sales register shall be maintained by both registered and unregistered taxpayers.

In addition to it, penalty mentioned in Sec 29(1)(g1) i.e. NPR 1,000 each time in violation of Sec 16(3A) is also removed

Revised Provision

16(3) A registered person or person not registered in VAT shall use **self-certified sales and purchase register** for the purpose of keeping accounts. Same may be verified by tax officer at any point of time.

16(3A) - **Removed**

Section 16B – Tax Credit in case of loss of goods

Existing Provision

VAT credit on the goods lost due to fire, theft, accident, wear and tear and vandalism may be availed as prescribed

Thus, VAT credit of goods of those whose date of usage has been expired may be availed as prescribed.

Revised Provision

VAT credit on the goods lost due to fire, theft, accident, wear and tear, vandalism and **of those whose date of usage has been expired** may be availed as prescribed

Section 20 (4B) – Bases of Tax Assessment

Existing Provision

No provision under 20(4B)

Revised Provision

If VAT liability is **amended or reduced** by Revenue Tribunal or other court having authority, the tax officer cannot make the amended assessment. However, if the court orders for amended assessment, s/he can make amended assessment

Section 21(1)(i)– Addition in Process of Recovery of VAT

In cases where VAT is not paid within due date, tax officer may publish, telecast or publish the name of such taxpayer in IRD website to recover VAT amount.

Section 32B (2) – Public Circular

Existing Provision

For the information to the public about public circulars, IRD may make available by any medium i.e., by issuing at IRD's website or in any other national newspaper

Revised Provision

For the information to the public about public circulars, IRD may make available by any medium i.e., by issuing at IRD's website or in any other national newspaper or **in any electronic way**

Section 33 – Security to be deposited

Existing Provision

While filing an appeal under VAT Act, 100% of undisputed amount of assessed tax due shall have to be deposited and 50% of the amount of tax in dispute and fine amount shall have to be deposited or a bank guarantee for the same must be furnished.

Revised Provision

While filing an appeal under VAT Act, 100% of undisputed amount of assessed tax due shall have to be deposited and 50% of the amount of tax in dispute and fine amount shall have to be deposited or a bank guarantee for the same must be furnished.

Amount deposited for administrative review i.e., 25% of tax amount shall also be considered in computing above mentioned deposit amount or bank guarantee.

Significant Amendment to Annexure I (VAT Exempt Goods/Services) of VAT Act, 1996

Group 5 Medical and similar health services

Covid and others medical equipment and materials

Import of raw materials to be used for production of herbal medicine by Ayurveda medicines production industry on recommendation of Department of Ayurveda and Alternative Medicine

Group 7 Books, Newspapers, and printed materials

Service Charge of E-Library

Group 9 Passengers and goods transportation services

Air Transport, Public passenger Transportation (Except cable car) and ~~cargo services for the purpose of exports~~
Rent on transportation, Transport service (other than related to supply) and cargo service.

Group 11 Other Goods and Services

Money Exchange, Swift Services, Hire Purchase Transactions, Deposit and Credit guarantee services.

Service relating to issuing Certificate of Origin for export

Trekking & Tour package related services

11. Details of Amendments in Income Tax Act 2002

Section 2 (ax) – Definition of Service Charge

Existing Provision	Revised Provision
Service Charge means any charge paid to any person, according to market value, for the service rendered by such a person, and, this term includes any commission , meeting allowance, management fee or technical service charge.	Service Charge means any charge paid to any person, according to market value, for the service rendered by such a person, and, this term includes any commission , meeting allowance, management fee or technical service charge.

Thus, **commission** is removed from the definition of service charge.

Section 4 (4) – Presumptive Taxpayers

Below are the changes in conditions to be met by presumptive taxpayers:

Existing Provision	Revised Provision
Person shall be resident natural person.	Person shall be resident natural person.
Person shall derive only business income sourced in Nepal in that fiscal year.	Person shall derive only business income sourced in Nepal in that fiscal year.
Person shall not claim medical credit under section 51 and advance tax under Section 93.	Person shall not claim medical credit under section 51 and advance tax under Section 93.
Person's annual transaction shall not be more than NPR 2 million and annual profit up to NPR 200,000.	Person's annual transaction shall not be more than Rs 3 million and annual profit up to Rs 300,000.
Person shall make a written application to IRD to pay presumptive tax.	Person shall make a written application to IRD to pay presumptive tax.
Person shall not be registered in VAT.	Person shall not be registered in VAT.

Thus, natural person registered in VAT shall also have to pay presumptive tax as below in cases meeting all the criteria mentioned above:

Particulars	Rates – FY 2078/79
Natural Person doing business in	
1. Metropolitan City & Sub Metropolitan City	NPR 7,500
2. Municipality	NPR 4,000
3. Areas other than mentioned than above	NPR 2,500

Section 4 (4A) – Transaction Based Taxpayers

Below are the changes in conditions to be met by transaction-based taxpayers

Existing Provision	Revised Provision
Person shall be resident natural person.	Person shall be resident natural person.
Person shall derive only business income sourced in Nepal in that fiscal year.	Person shall derive only business income sourced in Nepal in that fiscal year.
Person's annual turnover should be more than NPR 2 million but less than NPR 5 million.	Person's annual turnover should be more than NPR 3 million but less than NPR 10 million and annual profit up to NPR 1 million
Person shall not be registered in VAT.	Person shall not be registered in VAT.
Person's income shall not include income from consultancy and expert service provided by natural person including doctor, engineer, auditor, lawyers, sportsman, artist and consultant	Person's income shall not include income from consultancy and expert service provided by natural person including doctor, engineer, auditor, lawyers, sportsman, artist and consultant

Thus, natural person registered in VAT shall also have to pay transaction-based tax as below in cases meeting all the criteria mentioned above:

Particulars	Rates – FY 2078/79
Resident Natural Person conducting transaction of:	
1. Gas, Cigarette by adding commission or price upto 3% <ul style="list-style-type: none"> • Turnover of NPR 3 million > NPR 5 million • Turnover of NPR 5 million > NPR 10 million 	0.25% of turnover 0.30% of turnover
2. Other than business mentioned in (a) above <ul style="list-style-type: none"> • Turnover of NPR 3 million > NPR 5 million • Turnover of NPR 5 million > NPR 10 million 	1% of turnover 0.8% of turnover
3. Service Business	2% on transaction amount

Section 10 – Exempted Amount

Below is the addition of exempted amount:

Sec 10 (l) – Income earned by Mutual Funds within its objectives as approved from Securities Exchange Board of Nepal.

Sec 10 (m) – Income earned by Educational institutions as per its objective established after entering MoU with Nepal Government or entity of Nepal Government without profit motive or not distribution of profit.

Section 11 – Business Concessions

Section	Existing Provision	Revised Provision
11(1)	Applicable tax is levied in case a person generates agriculture income by doing business through registration of private firms, partnership, company or corporate body	In case a person generates agriculture income by doing business through registration of private firms, partnership, company or corporate body, rebate of 50% of tax amount is provided.
11(3E)(c)	Additional rebate of 25% in tax amount provided to Manufacturing Industries for Income generated from Export of Goods.	Additional rebate of 35% in tax amount provided to Manufacturing Industries for Income generated from Export of Goods
11(3R)	Tax Rebate: 25% tax exemption for a period of 5 years from the date of commencement of commercial operation Applicable to: Special industry established and operated in industrial area or industrial village	Tax Rebate: 50% tax exemption for a period of 3 years from the date of commencement of commercial operation and 25% tax exemption for further 5 Years Applicable to: Special industry established and operated in industrial area or industrial village or transferred to industrial zone or industrial village
11(3S)	No Provision till FY 2076/77	Tax Rebate: 20% tax exemption Applicable to: Income earned from sale of locally manufactured raw material or ancillary raw material to special industry
11(3T)	No Provision till FY 2076/77 New Provision in FY 2077/78	Tax Rebate: 100% tax exemption for a period of 5 years from commencement of business

		Applicable to: Turnover earned up to NPR 10 million by startup business prescribed by IRD using new knowledge, skill, thought, technology or practices
11(3U)	No Provision till FY 2076/77 New Provision in FY 2077/78	Tax Rebate: 100% tax exemption for first 3 Years and 50% tax exemption for next 2 Years Applicable to: Any Special industry that is established within Kathmandu valley shifted outside Kathmandu Valley
11(3V)	No Provision till FY 2076/77 New Provision in FY 2077/78	Tax Rebate: 50% rebate for first 3 years from the start of the transaction and 25% rebate for next 2 years. Applicable to: Industry which produces a new product only by recycling used materials that directly affects the environment.

Section 12C – Seed Capital provided in startup business (New Provision)

Seed capital provided to parties other than their related parties up to NPR 1 lakh each to a maximum of 5 Start-up businesses can be claimed as tax deductible expenditure.

Section 47A– Provisions relating to Merger of Bank and Financial Institutions

Section 47A (6) : Time for submission of Intent of Merger as per Section 47A(1) to Inland Revenue Department for an entity that **intends to be disposed by being merged with institution under same class** is extended till Ashad end 2079.

Section 47A(7) : The merger process of entities submitting letter of intent as per Section 47A(6) shall be completed by 2080 Ashad End.

Section 75(2)– Public Circulars

For the information to the public about public circulars, IRD may make available by any medium i.e., **by issuing at IRD's website or by publishing in any national newspaper or publishing/transmitting through any electronic medium.**

Section 88 – Withholding Tax

Section	Existing Provision	Revised Provision
88(1)(8)	<p>WHT on payment of transportation services/transportation vehicles on rent - 2.5%</p> <p>However, if the transport service provider or transport rental provider is registered in VAT, WHT Rate- 1.5%</p>	<p>WHT on payment of transportation services/transportation vehicles on rent - 2.5%</p> <p>However, if the transport service provider or transport rental provider is registered in VAT, WHT Rate- 1.5%</p> <p>Since, VAT on transportation services/transportation vehicles on rent (other than related to supply) is removed, mentioned WHT rate is also removed.</p> <p>Thus, 2.5% will be applicable WHT rate under this section.</p>
88(1)(9)	<p>WHT on payment of interest by resident bank/ financial institutions on loans obtained from foreign banks in foreign currency for the purpose of investment in sectors prescribed by Nepal Rastra Bank - 10%</p>	<p>WHT on payment of interest by resident bank/ financial institutions on loans obtained from foreign banks and other financial institutions in foreign currency for the purpose of investment in sectors prescribed by Nepal Rastra Bank - 10%</p>
88(1)(11)	<p>No specific provision except in respect of provision of foreign exchange facility by BFIs for payment of language exams and standardized test where 15% WHT was applicable under 95A (6a)</p>	<p>WHT on payment of registration fee, education fee and examination fee paid to foreign school or university - 5%</p>
88(1)(12)	<p>15% was being withheld as per section 88 (1)</p>	<p>WHT on payment of interest on deposit by resident banks to life insurance companies- 5%</p>
88(4)(B1)	<p>15% was being withheld as per section 88 (1)</p>	<p>Tax shall not be withheld on payment of interest in borrowings among cooperatives and cooperative banks.</p>
88(4)(e)	<p>Tax shall not be withheld on dividend and interest paid to mutual fund</p>	<p>Provision is removed. However, as income of mutual fund is exempted, automatically, tax shall not be withheld. Thus, no impact of removal of provision.</p>

Section 92 – Final Withholding Payments

Payment of rent for vehicle or transportation vehicles or freight services of natural person except sole proprietorship firms shall be final withholding payment.

Section 95A (1) – Collection of Advance Tax

Particulars	Rates – FY 2077/78	Rates – FY 2078/79
Gain on Disposal of Interest in any Resident Entity (Listed)		
- To Resident Natural Person	5%	
Holding Period >365 Days		5%
Holding Period <365 Days		7.5%
- To Resident Entity	10%	10%
- Others	25%	25%

Section 95A – Collection of Advance Tax

Section	Existing Provision	Revised Provison
95A (4)	Advance Tax shall not be recovered in case of disposal of interest invested by mutual fund	Advance Tax shall not be recovered in case of disposal of interest invested by mutual fund. Provision is removed, however, as income of mutual fund is exempted, automatically, advance tax shall not be collected. Thus, no impact of removal of provision.
95A (6B)	No mechanism of advance tax collection in case of providing software or similar nature electronic services	If any person provides software or similar electronic service outside Nepal and receives payment for the same in foreign currency, rate of advance tax collection on payment of foreign currency by concerned Banks, Financial Institutions and Money Transfer – 1%

Section 96 – Income Tax Return

Existing Provision	Revised Provision
Evidence of selection of presumptive tax is required to be submitted along with income tax return by relevant taxpayers.	Evidence of selection of presumptive tax is required to be submitted along with income tax return by relevant taxpayers. Provision is removed as natural person is not required to make written application to IRD to opt for ay presumptive tax and hence no requirement to submit such evidence arises.

Section 116 – Appeals at Revenue Tribunal

Existing Provision	Revised Provision
While filing an appeal at Revenue Tribunal under Income Tax Act, 2002, 100% of undisputed amount of assessed tax due shall have to be deposited and 50% of the amount of tax in dispute, fee and fine amount shall have to be deposited or a bank guarantee for the same must be furnished.	While filing an appeal at Revenue Tribunal under Income Tax Act, 2002, 100% of undisputed amount of assessed tax due shall have to be deposited and 50% of the amount of tax in dispute, fee and fine amount shall have to be deposited or a bank guarantee for the same must be furnished. Amount deposited for administrative review i.e., 25% of tax amount shall also be considered for computing above mentioned deposit amount or bank guarantee.

Amendments in Annexures of Income Tax Act, 2002

Annexure 1

Annexure 1	Existing Provision	Revised Provision
Clause 9A Taxable Pension Amount	Provision was there till FY 2076/77 which was deleted by Finance Ordinance 2077.	Notwithstanding anything written in this section, where a resident natural person has pension income, additional deduction from taxable amount equal to 25% of amount prescribed under first tax slab or limit prescribed whichever is lower is available
Clause 16A Insurance Premium of owned Residential House	No Provision	NPR 5,000 or actual premium amount of insurance, whichever is lower, of owned residential house shall be claimed as deduction by natural person to compute taxable income

Clause 17 - Rate of Transaction based tax

Rebate of **75%** in applicable tax liability shall be available following resident natural person having annual turnover of more than NPR 3 million but less than NPR 10 million and **annual taxable income up to NPR 1 million** i.e. taxpayer mentioned in Section 4A of Income Tax Act, 2002:

Particulars	Rates - FY 2076/77	Rates - FY 2077/78
Resident Natural Person conducting transaction of:		
4. Gas, Cigarette by adding commission or price upto 3% <ul style="list-style-type: none"> • Turnover of NPR 3 million > NPR 5 million • Turnover of NPR 5 million > NPR 10 million 	0.25% of turnover	0.25% of turnover 0.30% of turnover
5. Other than business mentioned in (a) above <ul style="list-style-type: none"> • Turnover of NPR 3 million > NPR 5 million • Turnover of NPR 5 million > NPR 10 million 	0.75% of turnover	1% of turnover 0.8% of turnover
6. Service Business	2% on transaction amount	2% on transaction amount

This includes the resident natural person meeting the following criteria:

- Annual turnover of more than NPR 3 million but less than NPR 10 million and **annual taxable income up to NPR 1 million**
- ~~Not registered in VAT~~
- Having only business income sourced in Nepal in that fiscal year.
- Income does not include income from consultancy and expert service provided by natural person including doctor, engineer, auditor, lawyers, sportsman, artist and consultant.

12. Details of Amendments in Excise Act 2002

Section 4D (2) - Control over Sales and Distribution

Existing Provision	Revised Provision
The person, other than hotels and restaurant business who operates liquor transactions shall make the transactions of liquor and tobacco only.	The person, other than hotels, party palace and restaurant business who operates liquor transactions shall make the transactions of liquor and tobacco only.

Section 9 (6B) – Cancellation of Excise License

If any person holding excise license does not renew its license within the given timeframe provided by Act, excise license shall be automatically void.

Section 9 (6B) – Penalty

Penalty of 200% of duty amount or NPR 1 lakhs whichever is higher or 1 year of imprisonment or both shall be levied in case of copying of brand, production, distribution, and storage/sale of products without branding

Section 19 (6A) and 6(B) – Appeals at Revenue Tribunal

While filing an appeal at Revenue Tribunal, 100% of undisputed amount of assessed duty due shall have to be deposited and 50% of the amount of duty in dispute, fee and fine amount shall have to be deposited or a bank guarantee for the same must be furnished.

Amount deposited for administrative review i.e., 25% of tax amount shall also be considered for computing above mentioned deposit amount or bank guarantee.

Major Changes in Excise Rates

Heading/Sub heading	Description of Product/Goods or Service	Existing Rate of Excise Duty	Revised Rate of Excise Duty
2106.90.00	Food preparations not elsewhere specified or included-others		
2106.90.20	Pan Masala without tobacco	Rs. 650 per kg	Rs. 812 per kg
2106.90.60	Scented nut shell without tobacco	Rs. 225 per kg	Rs. 281 per kg
2202	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavored, and other non-alcoholic beverages, not including fruit or vegetable juice of heading 20.09		
2202.91.00	Alcohol free Beer	Rs. 17 per liter	Rs. 20 per liter
2202.99.10	Energy Drink	Rs. 30 per liter	Rs. 36 per liter
2202.99.90	Others	Rs. 11 per liter	Rs 14 per liter
2203.00.00	Beer made from malt	Rs. 165 per liter	Rs 198 per liter
2204	Wine of Fresh Grapes including fortified wines; grapes must other than that of heading 2009		
2204.10.00	Sparkling Wine		
2204.10.10	Wine containing not more than 12% alcohol (on import)	Rs. 370 per liter	Rs. 444 per liter
2204.10.20	Wine containing 12% to 17% alcohol	Rs. 370 per liter	Rs. 444 per liter
2204.10.30	Wine containing more than 17% alcohol	Rs. 430 per liter	Rs. 516 per liter
2204.21.00	In container holding 2ltr or less		
2204.21.10	Wine containing not more than 12% alcohol (on import)	Rs. 370 per liter	Rs. 444 per liter
2204.21.20	Wine containing 12% to 17% alcohol	Rs. 370 per liter	Rs. 444 per liter
2204.21.30	Wine containing more than 17% alcohol	Rs. 430 per liter	Rs. 516 per liter
2204.22.00	In container holding more than 2ltr but less than 10 ltr		
2204.22.10	Wine containing not more than 12% alcohol (on import)	Rs. 370 per liter	Rs. 444 per liter
2204.22.20	Wine containing 12% to 17% alcohol	Rs. 370 per liter	Rs. 444 per liter
2204.22.30	Wine containing more than 17% alcohol	Rs. 430 per liter	Rs. 516 per liter
2204.29.00	Others		
2204.29.10	Wine containing not more than 12% alcohol (on import)	Rs. 370 per liter	Rs. 444 per liter
2204.29.20	Wine containing 12% to 17% alcohol	Rs. 370 per liter	Rs. 444 per liter

2204.29.30	Wine containing more than 17% alcohol	Rs. 430 per liter	Rs. 516 per liter
	Other grape must		
2204.30.10	Wine containing not more than 12% alcohol (on import)	Rs. 370 per liter	Rs. 444 per liter
2204.30.20	Wine containing 12% to 17% alcohol	Rs. 370 per liter	Rs. 444 per liter
2204.30.30	Wine containing more than 17% alcohol	Rs. 430 per liter	Rs. 516 per liter
2205	Vermouth and other wine of fresh grapes flavored with plants or aromatic substance		
2205.10.00	In container containing 2 liter or less		
2205.10.10	Wine containing not more than 12% alcohol (on import)	Rs. 370 per liter	Rs. 444 per liter
2205.10.20	Wine containing 12% to 17% alcohol	Rs. 370 per liter	Rs. 444 per liter
2205.10.30	Wine containing more than 17% alcohol	Rs. 430 per liter	Rs. 516 per liter
2205.90.00	Others		
2205.90.10	Wine containing not more than 12% alcohol (on import)	Rs. 370 per liter	Rs. 444 per liter
2205.90.20	Wine containing 12% to 17% alcohol	Rs. 370 per liter	Rs. 444 per liter
2205.90.30	Wine containing more than 17% alcohol	Rs. 430 per liter	Rs. 516 per liter
2206.00.00	Other fermented beverages, mixture of fermented beverages and mixture of fermented beverages and nonalcoholic beverages, not elsewhere specified or included		
2206.00.10	Country Beer	Rs. 35 per liter	Rs. 43 per liter
2206.00.20	Champaign, Perry, Mead, foreign cider	Rs. 430 per liter	Rs 516 per liter
2206.00.30	Domestic Cider	Rs. 430 per liter	Rs. 516 per liter
2206.00.40	Mixtures of fermented beverages containing more than 17% alcohol	Rs. 430 per liter	Rs. 516 per liter
2206.00.90	Others	Rs. 430 per liter	Rs. 516 per liter
2207	80% or more alcohol density of undenatured ethyl alcohol		
2207.10.10	Undenatured ethyl alcohol	Rs. 60 per liter	Rs. 70 per liter
2207.10.20	Rectified spirit of 80% or more volume alcohol used as liquor raw material	Rs. 60 per liter	Rs. 70 per liter
2207.10.30	E.N.A (Extra Neutral Alcohol)	Rs. 65 per liter	Rs. 76 per liter
2207.10.40	Anhydrous ethanol (more than 99% alcohol)	Rs. 7 per liter	Rs. 9 per liter
2207.10.90	Others	Rs. 65 per liter	Rs. 76 per liter

2207.20.10	Denatured sprit (80-99% alcohol)	Rs. 17 per liter	Rs. 20 per liter
2207.20.90	Others	Rs. 65 per liter	Rs. 76 per liter
2208.20.00	Spirits obtained by distilling grape wine or rape marc-others		
2208.20.10	Alcoholic elements used as raw material for wine and brandy	Rs. 165 per liter	Rs. 198 per liter
2208.20.91	Liquor with 15 UP capacity containing 48.5% alcohol	Rs. 1325 per liter, Rs 1560 per LP liter	Rs. 1592 per liter, Rs 1872 per LP liter
2208.20.92	Liquor with 25 UP capacity containing 42.8% alcohol	Rs. 990 per liter, Rs 1320 per LP liter	Rs. 1188 per liter, Rs 1584 per LP liter
2208.20.93	Liquor with 30 UP capacity containing 39.94% alcohol	Rs. 920 per liter, Rs 1315 per LP liter	Rs. 1105 per liter, Rs 1578 per LP liter
2208.30.90	Whiskies- Others		
2208.30.91	Liquor with 15 UP capacity containing 48.5% alcohol	Rs. 1325 per liter, Rs 1560 per LP liter	Rs. 1592 per liter, Rs 1872 per LP liter
2208.30.92	Liquor with 25 UP capacity containing 42.8% alcohol	Rs. 990 per liter, Rs 1320 per LP liter	Rs. 1188 per liter, Rs 1584 per LP liter
2208.30.93	Liquor with 30 UP capacity containing 39.94% alcohol	Rs. 920 per liter, Rs 1315 per LP liter	Rs. 1105 per liter, Rs 1578 per LP liter
2208.40.90	Rum and sprit extracted after fermentation of sugarcane products-Other		
2208.40.91	Liquor with 15 UP capacity containing 48.5% alcohol	Rs. 1325 per liter, Rs 1560 per LP liter	Rs. 1592 per liter, Rs 1872 per LP liter
2208.40.92	Liquor with 25 UP capacity containing 42.8% alcohol	Rs. 990 per liter, Rs 1320 per LP liter	Rs. 1188 per liter, Rs 1584 per LP liter
2208.40.93	Liquor with 30 UP capacity containing 39.94% alcohol	Rs. 920 per liter, Rs 1315 per LP liter	Rs. 1105 per liter, Rs 1578 per LP liter
2208.50.90	Gin and Geneva- others		
2208.50.91	Liquor with 15 UP capacity containing 48.5% alcohol	Rs. 1325 per liter, Rs 1560 per LP liter	Rs. 1592 per liter, Rs 1872 per LP liter
2208.50.92	Liquor with 25 UP capacity containing 42.8% alcohol	Rs. 990 per liter, Rs 1320 per LP liter	Rs. 1188 per liter, Rs 1584 per LP liter
2208.50.93	Liquor with 30 UP capacity containing 39.94% alcohol	Rs. 920 per liter, Rs 1315 per LP liter	Rs. 1105 per liter, Rs 1578 per LP liter
2208.60.90	Vodka- others		

2208.60.91	Liquor with 15 UP capacity containing 48.5% alcohol	Rs. 1325 per liter, Rs 1560 per LP liter	Rs. 1592 per liter, Rs 1872 per LP liter
2208.60.92	Liquor with 25 UP capacity containing 42.8% alcohol	Rs. 990 per liter, Rs 1320 per LP liter	Rs. 1188 per liter, Rs 1584 per LP liter
2208.60.93	Liquor with 30 UP capacity containing 39.94% alcohol	Rs. 920 per liter, Rs 1315 per LP liter	Rs. 1105 per liter, Rs 1578 per LP liter
2208.70.90	Liqueurs and cordials-others		
2208.70.91	Liquor with 15 UP capacity containing 48.5% alcohol	Rs. 1325 per liter, Rs 1560 per LP liter	Rs. 1592 per liter, Rs 1872 per LP liter
2208.70.92	Liquor with 25 UP capacity containing 42.8% alcohol	Rs. 990 per liter, Rs 1320 per LP liter	Rs. 1188 per liter, Rs 1584 per LP liter
2208.70.93	Liquor with 30 UP capacity containing 39.94% alcohol	Rs. 920 per liter, Rs 1315 per LP liter	Rs. 1105 per liter, Rs 1578 per LP liter
2208.90.00	Other		
2208.90.91	Liquor with 15 UP capacity containing 48.5% alcohol	Rs. 1325 per liter, Rs 1560 per LP liter	Rs. 1592 per liter, Rs 1872 per LP liter
2208.90.92	Liquor with 25 UP capacity containing 42.8% alcohol	Rs. 990 per liter, Rs 1320 per LP liter	Rs. 1188 per liter, Rs 1584 per LP liter
2208.90.93	Liquor with 30 UP capacity containing 39.94% alcohol	Rs. 920 per liter, Rs 1315 per LP liter	Rs. 1105 per liter, Rs 1578 per LP liter
2208.90.94	Liquor with 40 UP capacity containing 34.23% alcohol	Rs. 465 per liter, Rs 770 per LP liter	Rs. 555 per liter, Rs 924 per LP liter
2208.90.95	Liquor with 50 UP capacity containing 28.53% alcohol	Rs. 375 per liter, Rs 750 per LP liter	Rs. 450 per liter, Rs 900 per LP liter
2208.90.96	Liquor with 70 UP capacity containing 17.12% alcohol	Rs. 35 per liter, Rs 115 per LP liter	Rs. 42 per liter, Rs 138 per LP liter
24.01	Unmanufactured tobacco; tobacco refuse		
2401.10.00	Tobacco, not stemmed/stripped	Rs. 95 per kg	Rs. 118 per kg
2401.20.00	Tobacco, partly or wholly steamed/stripped	Rs. 95 per kg	Rs. 118 per kg
2401.30.00	Tobacco refuse	Rs. 95 per kg	Rs. 118 per kg
24.02	Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes		
2402.10.00	Cigars, cheroots and cigarillos, containing tobacco	Rs. 17 per stick	Rs. 21 per stick
2402.20.00	Cigarettes containing tobacco		

2402.20.10	Not Filtered	Rs. 495 per M	Rs. 618 per M
	Filtered		
2402.20.21	Filtered up to 70 m.m.	Rs. 1135 per M	Rs. 1418 per M
2402.20.22	Filtered 70 m.m. to 75 m.m	Rs. 1475 per M	Rs. 1843 per M
2402.20.23	Filtered 76 m.m. to 85 m.m	Rs. 1920 per M	Rs. 2400 per M
2402.20.24	Filtered more than 85 m.m	Rs. 2715 per M	Rs. 3393 per M
2402.90.00	Others		
2402.90.10	Bidi	Rs. 90 per M	Rs. 94 per M
2402.90.20	All types of Cigar	Rs. 17 per stick	Rs. 21 per stick
24.03	Other manufactured tobacco and manufactured tobacco substitutes; "homogenized" or "reconstituted" tobacco; tobacco extracts and Essences-Others		
2403.19.10	Pipe Tobacco	Rs. 1335 per kg	Rs. 1668 per kg
2403.19.20	Processed tobacco for Cigarettes and bidi	Rs. 275 per kg	Rs. 343 per kg
2403.91.00	"Homogenized" or "reconstituted" tobacco	Rs. 335 per kg	Rs. 418 per kg
2403.99.10	Jarda, Khaini, Snuff, Ghutka and similar preparations containing chewing tobacco	Rs. 650 per kg	Rs. 812 per kg
2403.99.20	Packed chewing tobacco, to be mixed in lime, put up for retail sale	Rs. 335 per kg	Rs. 418 per kg
2403.99.30	Cut tobacco, dust tobacco not for retail sale	Rs. 335 per kg	Rs. 418 per kg
2403.99.91	Hookah flavor	Rs. 1000 per kg	Rs. 1200 per kg
2403.99.99	Others	Rs. 335 per kg	Rs. 418 per kg
8528.72.00	Reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus; Other, color:		
8528.72.10	Of unassembled condition		10%
8528.72.90	Other-television		10%
8529.90.00	Parts suitable for use solely or principally with the apparatus of headings 85.25 to 85.28		
8529.90.10	Of television receiver		10%
8702.20.00	Compression ignition, internal combustion piston engine (diesel and semi diesel) and electrical motor both available		
8702.20.30	Microbus (11 to 14 seats)	55%	40%
8702.20.41	Of unassembled condition	60%	40%
8702.20.49	Others	60%	40%
8702.30.00	Spark ignition, internal combustion reciprocating piston engine and electrical motor both available		
8702.30.30	Microbus (11 to 14 seats)	55%	40%
8702.30.41	Of unassembled condition	60%	40%
8702.30.49	Others	60%	40%

8703.40.00	Other vehicles, spark-ignition internal combustion reciprocating piston engine and electrical motor both available, except the type which is charged by joining the plug in the electricity source		
8703.40.10	Of unassembled condition	60%	40%
8703.40.90	Others	60%	40%
8703.50.00	Other vehicles, spark-ignition internal combustion piston engine (diesel and semi diesel) and electrical motor both available, except the type which is charged by joining the plug in the electricity source		
8703.50.10	Of unassembled condition	60%	40%
8703.50.90	Others	60%	40%
8703.60.00	Other vehicles, spark-ignition internal combustion reciprocating piston engine and electrical motor both available, and the type which can be charged by joining the plug in the electricity source		
8703.60.10	Of unassembled condition	60%	40%
8703.60.90	Others	60%	40%
8703.70.00	Other vehicles, spark-ignition internal combustion piston engine (diesel and semi diesel) and electrical motor both available, and the type which can be charged by joining the plug in the electricity source		
8703.70.10	Of unassembled condition	60%	40%
8703.70.90	Others	60%	40%
2309.10.00	Dog and Cat food available for retail sale		10%
3917.10.00	Sausage casings		5%
3917.21.00	Ethylene, Polymer (taps, pipes, hoses)		5%
3917.22.00	Propylene, Polymer		5%
3917.23.00	Vinyl Chloride, polymer		5%
3917.29.00	Other Plastics		5%
3917.31.00	Minimum Burst pressure of 27.6 mpa with flexible and long taps, pipes and hoses		5%
4412	Plywood, veneer panels and similar layered woods		
4412.10.00	Bamboo		5%
4412.94.00	Blackboard, Laminboard, Batten board		5%
4412.99.00	Others		5%
6404.11.10	Cotton upper layered Canvas shoes		10%
6405.20.10	Other shoes wear (cotton Canvas shoes)		10%
0802.80.00	Areca nut	5%	Rs. 25 per kg
0802.90.00	Others	5%	Rs. 25 per kg
1701.13.10	Sakhhar (Gudgatta)	Rs. 125 per quintal	Rs. 138 per quintal
1701.14.10	Other sugar from sugarcane Sakhhar , gudgatta	Rs. 125 per quintal	Rs. 138 per quintal
1703.10.00	Molasses	Rs. 80 per quintal	Rs. 96 per quintal
1703.90.00	Others	Rs. 80 per quintal	Rs. 96 per quintal

13. Details of Amendments in Customs Act, 2007

Section 18 (7) – Details in Custom Declaration Form

Existing Provision	Revised Provision
No Provision	Details such as brand, model, shape, length, unit, manufacturing company and any identification of goods shall be disclosed in custom declaration forms (pragyapan patra) at the time of import of goods

Section 89B – Exim Code

Existing Provision	Revised Provision
Exim code shall be obtained by the exporter/importers in order to export/import goods with effective from date prescribed by Department	Without Exim code, no person one can export or import goods. However specified exporters can export/import goods without obtaining EXIM code Other provisions related to EXIM code shall be as specified.

Section 89E – National Single Window

1. In order to manage international trade Nepal government shall develop national single window and may appoint any entity to implement the same
2. Implementation of National single window shall be done by Department of Customs until appointment of separate body is done
3. Export related bodies will be associated with the National single window system
4. Notwithstanding other laws and provisions in this Act, related entities of export and import associated with National single window shall work under system mentioned system
5. Other provisions related to National single window system shall be as prescribed.

Major Changes in Rates of Custom Duty

Decrease in Rates of Custom Duty

Heading	Sub heading	Description of Product/Goods or Service	Existing Tariff	Revised Tariff
4.02		Condensed milk with added sugar or other sweetening agents		
		Weight of butter less than 1.5% in the form of dust, granules or other solvents		
	0402.10.20	Milk fed to children in the form of food	40%	20%
		Weight of butter more than 1.5% in the form of dust, granules or other solvents		
	0402.29.10	Milk fed to children in the form of food	40%	20%
40.12		Retreated or used or Pneumatic rubber tyres, solid or cushioned tyres, tread, flap		
	4012.20.00	Used pneumatic tyres	20%	10%
51.08		Yarn of fine animal hair (carded or combed), not put up for retail sale.		
		Carded		
	5108.10.20	Blended protein fiber yarn	5%	1%
		Combed		
	5108.20.20	Blended protein fiber yarn	5%	1%
62.12	6212.90.10	Belly strap, kneecap, wristband, anklet, waistband and others	20%	5%
84.14		Ventilation pumps or vacuum pumps, air or other gas compressors and fans; ventilating or recycling hoods with or without filter fans		
		Fans:		
	8414.51.00	125 W electric motor table, floor, wall, window or ceiling fans	15%	10%
	8414.59.00	Others	15%	10%
	8414.90.00	Parts	15%	10%
84.18		Electrical or other Refrigerator, freezer, other refrigerating or freezing equipment; heat pump except air conditioning machine under title 84.15		
	8418.10.00	Combined Refrigerator and freezer with external door connected	20%	15%
		Household purpose refrigerator		
	8418.21.00	Compression type	20%	15%
	8418.29.00	Other	20%	15%
	8418.30.00	Capacity of less than 800 ltr, Chest type	20%	15%
	8418.40.00	Capacity of less than 900 ltr, upright type	20%	15%
	8418.50.00	Other furniture chests, cabinets, display counters, showcases and similar accessories with refrigerators or freezing equipment for storage and display	20%	15%
84.22		Dish washing machine; bottle or other containers cleaning or drying machinery; machinery used for filling, closing, sealing, or		

		labeling the bottles, cans, boxes, bags, or other containers; machinery used for capsuling the bottles, jars, tubes and similar containers; other wrapping or packaging machinery (heat shrink wrapping machine); machinery used for aerating beverage		
	8422.11.00	Dish washing machine for household purpose	30%	20%
84.50		Washing machine for household or laundry purpose, washer and dryer both available machines		
		Machines with Dry linen capacity of less than 10 k.g		
	8450.11.00	Automatic Machines	30%	20%
	8450.12.00	Other machinery with in-built centrifugal dryer	30%	20%
	8450.19.00	Other	30%	20%
	8450.20.00	Machinery with Dry linen capacity of more than 10 k.g	30%	20%
85.09		Automatic Electrical mechanical home appliances, except for vacuum margins under title 85.08		
	8509.40.00	Food grinder and mixture; juice extractor	15%	10%
	8509.80.00	Other appliances	15%	10%
	8509.90.00	Parts	15%	10%
85.16		Instantaneous or storage and immersion heater; electric space heating apparatus and heating devices; electrical hair styling appliances (like- hair dryer, hair curler, curling tong heater) and hand dryer appliances; cloth irons; household used electrical heating appliances; except for title 85.45 electric heat insulation devices		
	8516.10.00	Electric instantaneous or storage water heaters and immersion heaters	15%	10%
		Electric space heating apparatus and heating devices		
	8516.21.00	Storage heating radiator	15%	10%
	8516.29.00	Other	15%	10%
		Electric heat hair styling appliances and hand used heat appliances		
	8516.31.00	Hair dryer	15%	10%
	8516.32.00	Other hair dressing appliances	15%	10%
	8516.33.00	Dryer appliances using hand	15%	10%
	8516.40.00	Straightening Irons	15%	10%
	8516.50.00	Microwave ovens	15%	10%
		Other stoves (ovens), Cooking ware (cooker), cooking plate, boiling ring, griller and roaster:		
		Electric Stoves:		
	8516.60.11	Induction stove	5%	1%
	8516.60.12	Infrared stove	5%	1%
	8516.60.20	Rice cooker	15%	10%
	8516.60.30	Water heating kettle or jugs	15%	10%
	8516.60.90	Other	15%	10%

		Other Electro-thermic appliances		
	8516.71.00	Coffee or tea maker	15%	10%
	8516.72.00	Toaster	15%	10%
		Others		
	8516.79.10	Insect killing trap	15%	10%
	8516.79.90	Other	15%	10%
	8516.80.00	Electric heating resistors	15%	10%
87.02		Motor vehicles for the transport of ten or more persons, including the driver		
		Jeep, car and vans		
	8702.40.41	Unassembled condition	80%	10%
	8702.40.49	other	80%	10%
87.03		Motor cars and other motor vehicles principally designed for the transports of persons (other than those of Heading 87.02), including station wagons and racing cars		
		Three wheeler vehicles:		
	8703.80.11	Of unassembled condition	30%	10%
	8703.80.19	Others	30%	10%
		Car, jeep and van with the motor giving peak power of 100 k/W		
	8703.80.21	Of unassembled condition	80%	10%
	8703.80.29	Other	80%	10%
		Car, jeep and van with motor giving peak power more than 100 k/W but less than 200 k/W		
	8503.80.51	Of unassembled condition	80%	15%
	8703.80.59	Other	80%	15%
		Car, jeep and van with motor giving peak power more than 200 k/W but less than 300 k/W		
	8703.80.61	Of unassembled condition	80%	30%
	8703.80.69	Other	80%	30%
		Car, jeep and van with motor giving peak power more than 300 k/W		
	8703.80.71	Of unassembled condition	80%	40%
	8703.80.79	Other	80%	40%
		Others		
	8703.80.91	Of unassembled condition	80%	40%
	8703.80.99	Other	80%	40%
87.04		Motor vehicles for the transport of goods		
		Other, compression ignition internal combustion piston engine (diesel or semi-diesel)		
		Total weight of vehicle (g.v.w) not more than 5 tons:		
	8704.21.50	With attached refrigerating system	30%	1%
		Total weight of vehicle (g.v.w) not more than 5 tons:		
		Other:		
	8704.22.96	With attached refrigerating system	30%	1%

		Other		
	8704.90.20	Three wheeler vehicle with only with pushing electrical motor	30%	10%
	8704.90.30	Four wheeler vehicle with only with pushing electrical motor	30%	10%
	8704.90.40	Other vehicle with only with pushing electrical motor	30%	10%
90.19		Mechano-therapy appliances; massage apparatus; psychological aptitude-testing apparatus; ozone therapy, oxygen therapy, aerosol therapy, artificial respiration or other therapeutic respiration apparatus		
	9019.20.40	Oxygen humidifier used in oxygen therapy	5%	1%

Increase in Rates of Custom Duty

Heading	Sub heading	Description of Product/Goods or Service	Existing Tariff	Revised Tariff
18.06		Chocolate and other coco mixed foods		
	1806.10.00	Coco powder, sugar or sweetening agents mixed	30%	40%
	1806.20.00	Other types, liquid, powder, granular or other blocks of 2 k.g or more weighted block or slab or bar or other blocks in a container with immediate packaging of 2 k.g or more	30%	40%
		Other in the forms of block, hive and bar		
	1806.31.00	Filled	30%	40%
	1806.32.00	Unfilled	30%	40%
		Other		
	1806.90.10	When counted on defatted basis if the coco is more than 6% or though not 6% if completely coated with chocolate on the outside produce under the title 19.04	30%	40%
	1806.90.90	Other	30%	40%
39.21		Other plastic plates, sheets, films, files and strips		
		Other printed:		
	3921.90.11	Decorative laminate sheets like sunmica and formica		
	3921.90.19	Other	20%	20%
		Other:	20%	20%
	3921.90.92	Decorative laminate sheets like sunmica and formica	15%	20%
68.08		Cements, plaster or other joining agents used to form plant fibers, straw fibers, wood dust from which small mud tiles, wooden frame, blocks, and similar products are made		
	6808.00.10	Boards with different widths made by mixing wood dust, cement and various binding chemicals	10%	20%
	6808.00.90	other	15%	20%
68.10		cement concrete and artificial stones products made strong or not		
		Building blocks and bricks:	20%	20%
	6810.11.10	A.A.C block	20%	20%
	6810.11.90	Other		
		Others:	15%	30%

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