




SARA



**Amendments in Tax Laws
by
Finance Bill 2018/19**

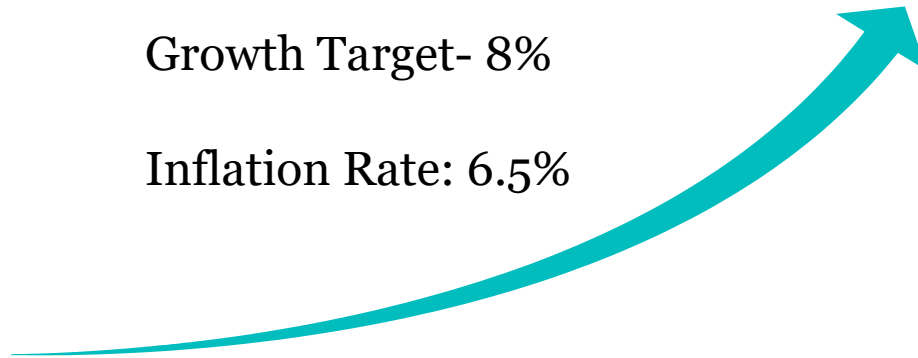
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Objectives

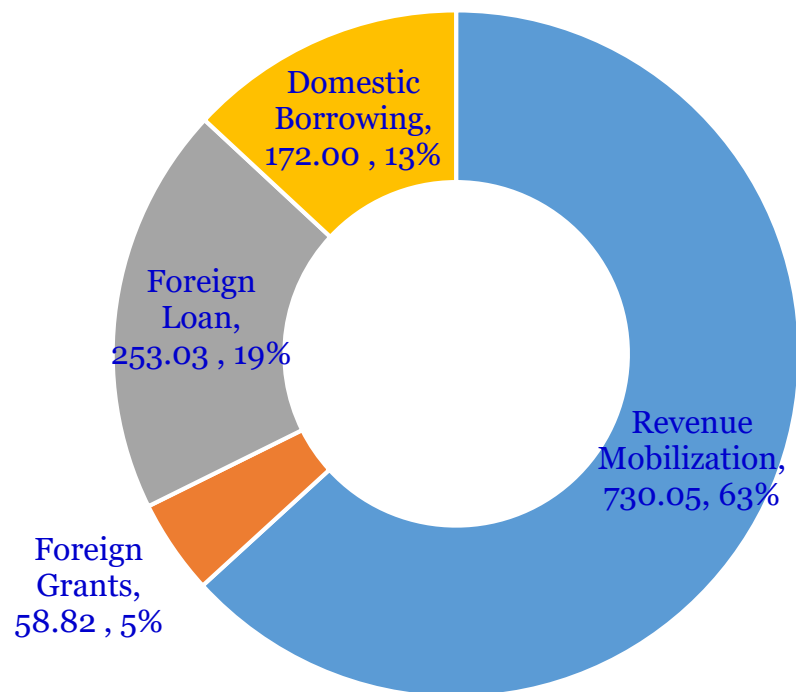
1. *Ending the Extreme Poverty and Marginalization through fulfillment of Minimum Basic Needs for living*
2. *Development and Optimum Utilization of Resources, Opportunities and Capacities for Rapid Economic and Human Development.*
3. *Development of Economic, Physical and Social Infrastructure for creation of Prosperous, Strong, Independent and Socialism Oriented Economy.*

Growth Target- 8%

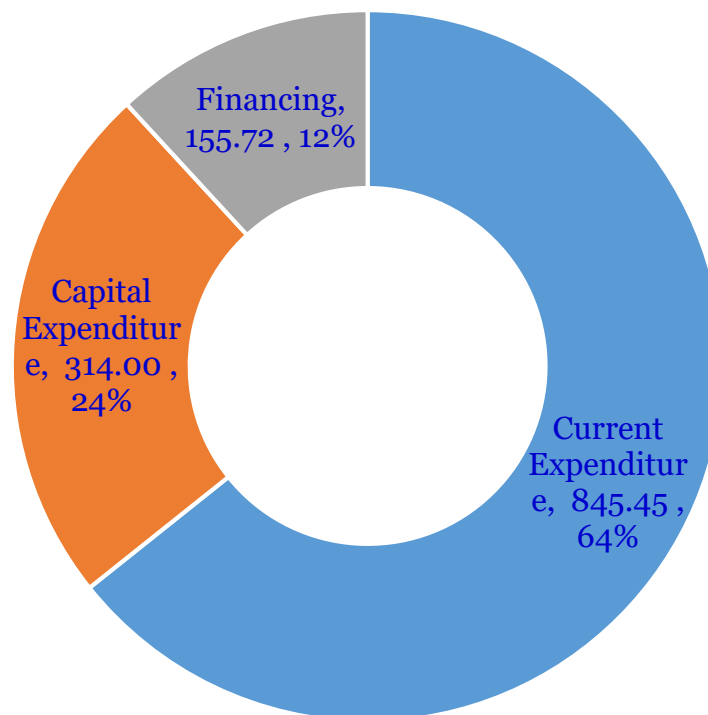
Inflation Rate: 6.5%



Source of Finance *(NPR in billion)*

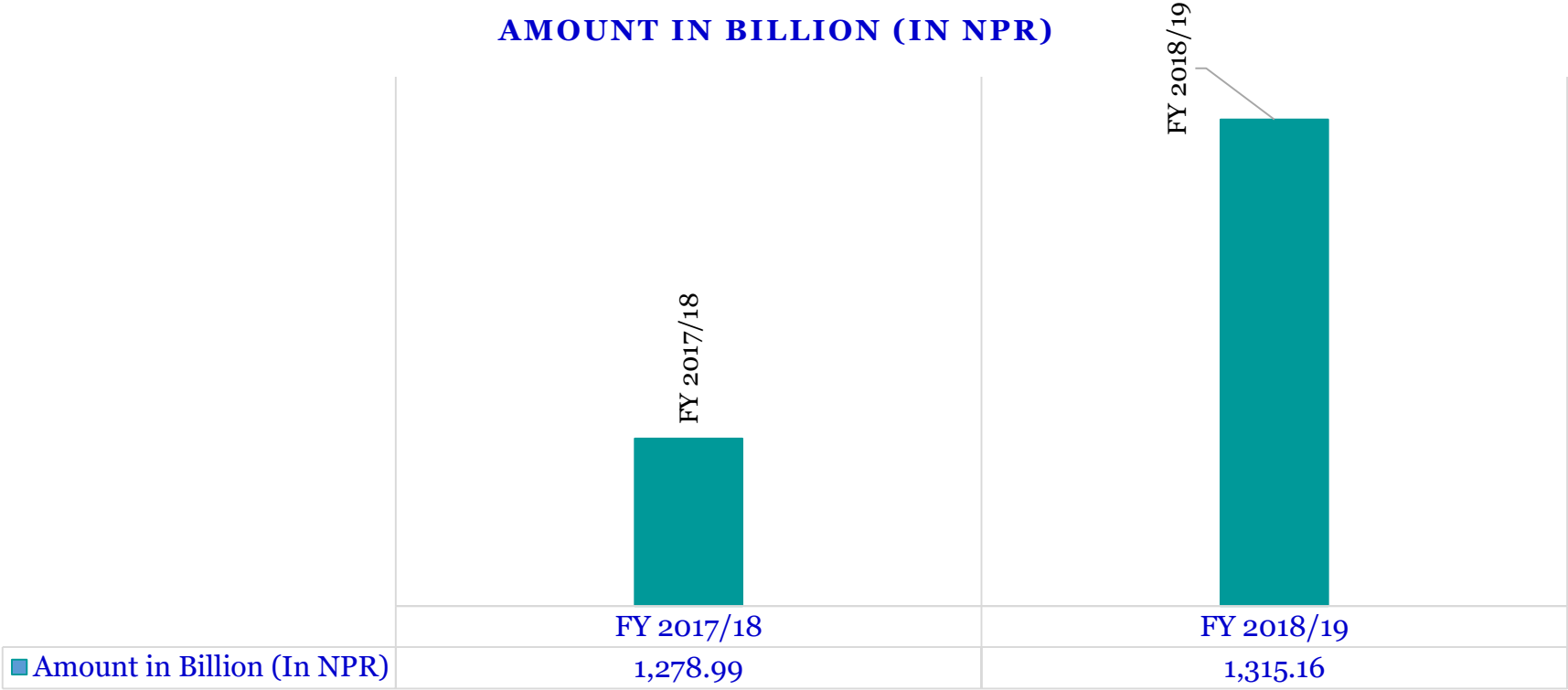


Allocation of Budget *(NPR in billion)*



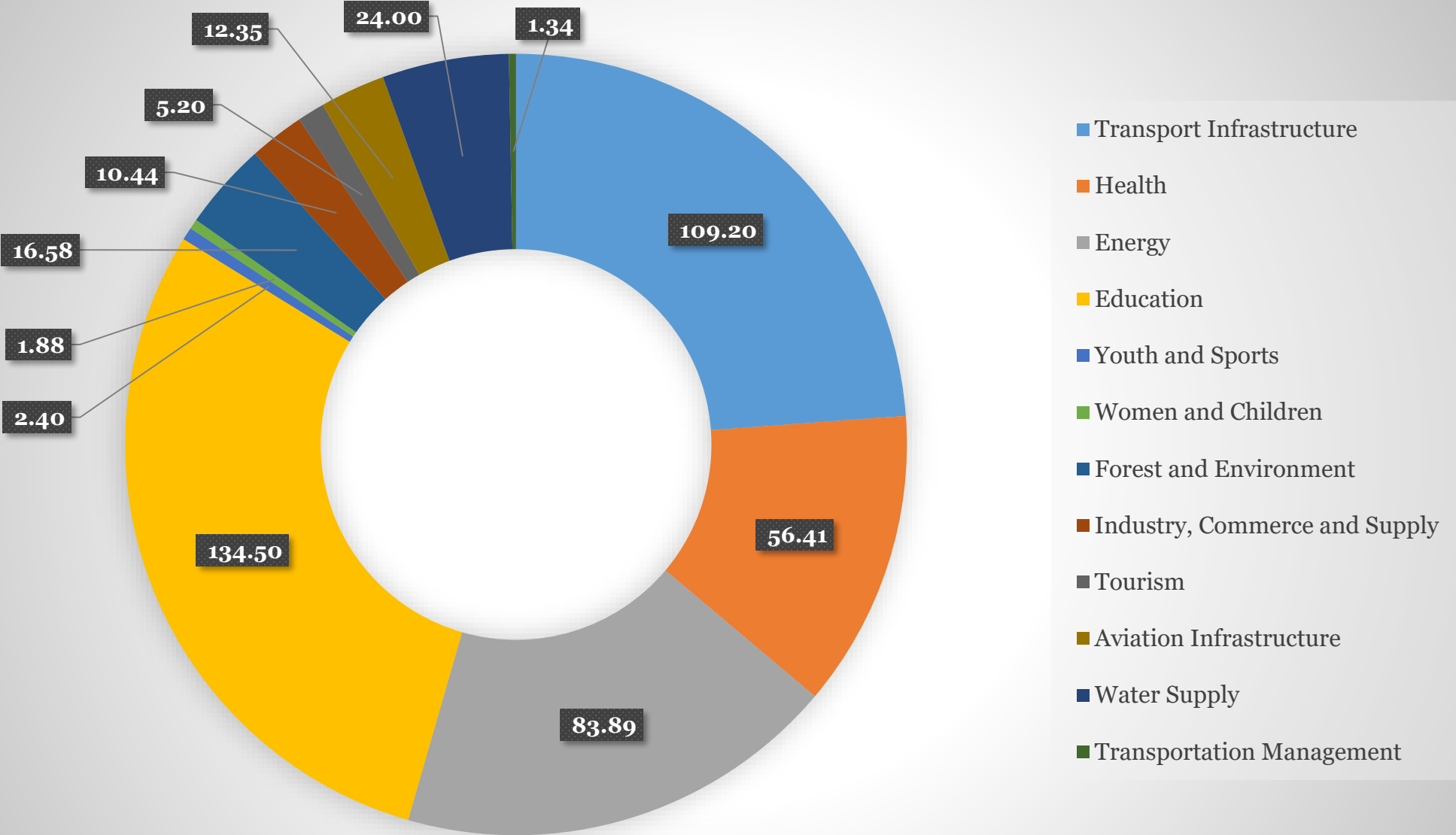
Budget Amount Compared to Previous Year *(NPR in billion)*

AMOUNT IN BILLION (IN NPR)



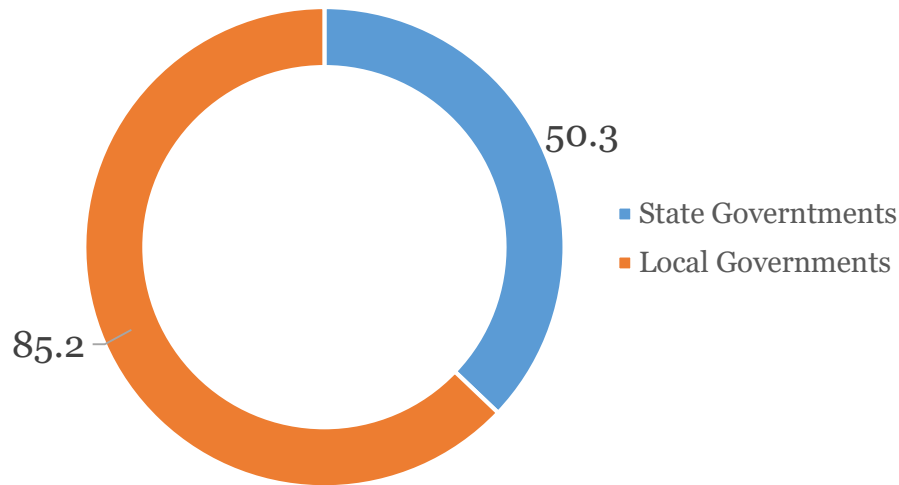
Increment of 3% in Budget Amount as compared to Previous Year.

Sector-wise Budget Allocation *(NPR in billion)*

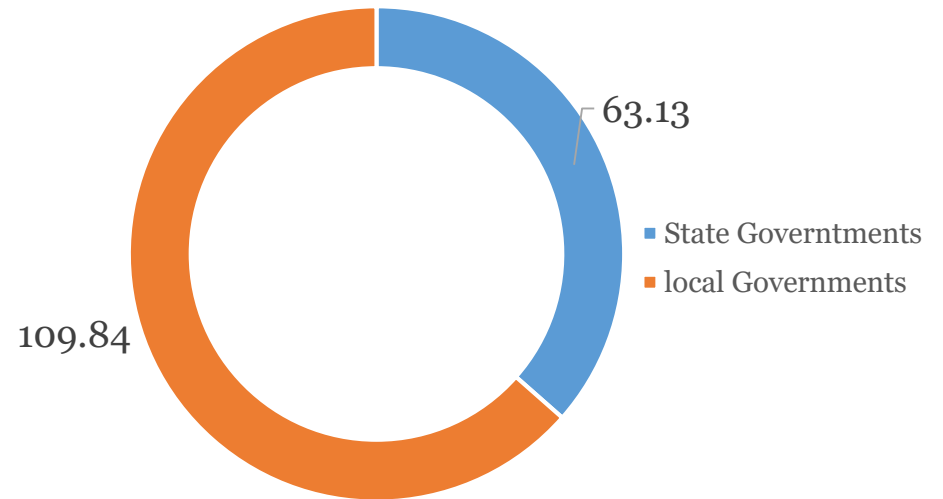


Fiscal Transfer *(NPR in billion)*

Direct Grant *(NPR in billion)*



Conditional Grant *(NPR in billion)*



NPR in billion

Heading	State Governments	Local Governments
Direct Grant	50.3	85.2
Conditional Grant	63.13	109.84
Special Grant	20.00	
Distribution of Revenue	114.24	
Total	442.71	



Budget Highlights

Budget Highlights

Priority Areas

- ❑ Promote the Sectors that create Employment Opportunities for all Citizens
- ❑ Speedy Human Development through development of Health, Education and Social Sectors
- ❑ Achieve Sustainable, Extensive, Equitable and High Economic Growth Rate by developing Capitalization, Technology and Exploration in the sectors of Agriculture, Water Resources and Tourism,
- ❑ Development of Basic and Modern Physical Structures to speed up the Development of Modern Nepal through Construction of Roadways, Railways, Irrigation, Electricity and Urban Infrastructures
- ❑ Reconstruction of Structures damaged by Earthquakes and Floods
- ❑ Enhance the Quality of Public Service Delivery and Good Governance that can be perceived by citizens

Budget Highlights

1. Provision of granting Loan of NPR 7 Lakhs to educated youth at subsidized interest rate of 5% to invest in Business against academic certificates.
2. Provision of granting loan of NPR 10 Lakhs to people returning from foreign countries after certification of their skills to operate related business.
3. Provision of contribution based pension plan is mandatory from Shrawan 01, 2075 to all government employees.
4. Manufacturing Companies established with a capital of Rs. 1 billion or more shall be converted into public limited companies and listed in the capital market

Budget Highlights

Indirect Tax

1. Provision of Mandatory Registration under Value Added Tax (VAT) for carrying out transactions of goods like Liquors, Cigarettes, Sanitary, Electronics, Construction Equipment within Metropolitan and Sub-Metropolitan Cities.
2. Withdrawal of existing system of self-refund of VAT Collected from consumers.
3. Withdrawal of existing Provision of VAT Refund paid on Import of Mobile Sets for sale of such mobile sets to VAT Registered Person
4. Withdrawal of Education Service Fee and Health Service Tax levied on Education and Health Service Consumption

Budget Highlights

Indirect Tax

5. Withdrawal of VAT levied on Health Services provided by Private Hospitals
6. Fine on Non-Filing of VAT Return Waived off for those VAT Registered Person who wishes to regularize in timely submission of tax and returns.
7. Increment of Import Duty on Liquors, Cigarettes and Tobacco substances which are hazardous to health.
8. Applicability of Excise Duty in Import and Domestic Production of Cocoa mixed Chocolates, Perfumes, Toys and Refrigerators
9. Increment in Excise duty on Four Wheeler Vehicles above 1000 cc and Two Wheeler Vehicles above 150 cc.

Budget Highlights

Indirect Tax

10. Applicability of Health Risk Tax @ Rs. 0.25 per unit on both Production and Import of Cigarettes.
11. 75% Waiver in Import Duty; 100% Waiver in Excise Duty and VAT in Import of a bus by community schools with seating capacity of 30 or above for use of such community schools.
12. Import of Raw Gold up to 100 gms of Gold by Nepalese Citizens returning from abroad allowed after paying applicable taxes.

Budget Highlights

Direct Tax

1. Non-Taxable Limit for Capital Gain Tax on sale of land and building decreased from NPR 30 Lakhs to NPR 10 Lakhs
2. Waiver of capital gains tax of all production oriented and tourism industries if the retained earnings are reinvested for capital formation in own industries.
3. Income Tax Rebate of 50% at applicable tax rate to Tea, Textiles and Dairy Industries
4. Income Tax Exemption for 5 Years to Micro Entrepreneurial Industries. Further, tax exemption for additional 2 Years if such industries are being operated by women.

Budget Highlights

Direct Tax

5. Rebate of 10% at applicable tax rate to Private Companies having paid up capital of 50 Crores or more intending to convert into Public Companies for 3 Years from the date of such conversion.
6. Rebate of 20% at applicable tax rate to Community Based Hospitals
7. Income Tax, Penalty, Additional Fees and Interest for earlier financial years waived off to Social Enterprises registered as per Enterprise Registration Act, 2034 if they pay the applicable income tax liability if any and submit Income Tax Return of FY 2074/75 within Poush 2075
8. Non-Applicability of Social Security Tax to those participating in the Contribution based Pension
9. Deduction limit of Life Insurance Premium for computing Taxable Employment Income increased from NPR 20,000 to NPR 25,000.
10. Applicable Tax Rate for Merchant Banks, Telecommunication and Internet Services Industry, Money Transfer, Capital Market, Commodity Future Market, Securities Brokers and companies involved in securities business revised to 30%.



General Amendments

General Amendments

Health Service Tax - Removed

Health Risk Tax – New Provision

Health Risk Tax shall be levied at the rate of 0.25 Paisa per unit on Cigarette, Bidi and Sigar whereas NPR 25 per Kg in Chewing Tobacco, Khaini, Gutka and Panmasala in both import and domestic production of such goods.

Health Risk Tax shall be levied Customs Port at the time of Import and distribution of such goods at domestic production

Administration and Regulation shall be as prescribed by Inland Revenue Department

General Amendments

Education Service Fee

Existing Provision	Revised Provision
1 % Education Fee Levied on Admission Fee and Monthly Fee by Educational Institutions	Removed
1% Education Service Fee shall be levied and collected by Banks and Financial Institutions at the time of providing Foreign Currency for education fee to those Students going for Abroad Study	2% Education Service Fee shall be levied and collected by Banks and Financial Institutions at the time of providing Foreign Currency for education fee to those Students going for Abroad Study

General Amendments

Telecom Service Fee (TSC)

Existing Provision	Revised Provision
<p>Rate of Telecom Service Charge(TSC) – 11%</p> <p>Applicable To: Entity Providing Telecom Services</p> <p>Not Applicable To:</p> <ol style="list-style-type: none">Internet and Pager Service Providers (except VOIP Service)Interconnection Charge	<p>Rate of Telecom Service Charge (TSC) - 13%</p> <p>Applicable To: Entity Providing Telecom Services Such as Telephone, Mobile and Internet Services</p> <p>Not Applicable To:</p> <ol style="list-style-type: none">Interconnection Charge

General Amendments

Royalty on Casino Operations

Existing Provision	Revised Provision
<p>Person and entity running casino operations in Nepal in FY 2074/75 shall pay annual royalty of NPR 30 Million. However, NPR 7.5 million shall be the royalty amount if casino operations are operated through modern machines and equipment.</p>	<p>Person and entity running casino operations in Nepal shall pay annual royalty of NPR 40 Million. However, NPR 10 million shall be the royalty amount if casino operations are operated through modern machines and equipment.</p>

General Amendments

Waiver on Fees and Interest

Waiver on Fees and Interest

Additional Fees and Interest shall be waived off to any person who has been engaged in income generating activities but has not paid income tax liability and not submitted income tax returns for Fiscal Years 2071/72, 2072/73, 2073/74 if such person deposits income tax liability and submit Income Tax Return for mentioned three Fiscal Years within Poush 2075 after obtaining Permanent Account Number.

Further, if above provision is complied, income tax liability, additional fees and interest shall be waived off or Fiscal Years before 2071/72.

However, if such person do not comply provision within Poush 2075, above waiver will not be applicable.

General Amendments

Additional Provisions

Waiver on Additional Fees, Interest and Penalty

Pre-Condition for Exemption: **Natural Person** who has not submitted Income Tax Return for Fiscal Year 2072/73 or before that

Waiver Facility : Income tax liability, additional fees and interest shall be exempted for Fiscal Year before 2071/72

Compliance to be Fulfilled: Deposit Income Tax Liability and Submit Income Tax Return for FY 2072/73 and 2073/74 within Poush end 2075.

General Amendments

Waiver on Fees and Interest

Waiver on Additional Fees, Interest and Penalty

Additional Fees, Interest and Fine shall be waived to **VAT Registered Person** who has not submitted VAT Return till Asadh 2074 if such person shall pay VAT Liability and submit VAT Return within Poush 2075.

Provision of cancellation of VAT is introduced if any VAT registered person do not comply above provision and has not submitted VAT Return till Asdah 2071 or before that. In addition to it, Penalty for delay submission of VAT Return or non-submission shall be waived. However, any liability other than such penalty shall not be waived off and shall be collected from such person.

General Amendments

Waiver on Fees and Interest

Special Provision for VAT Exemption

VAT Liability if any including VAT liability assessed by related Tax offices along with Penalty, Additional Fees and Fines related to such liability shall be waived to following:

1. Canteen and Hostel operated by private owned Educational Institutions for their own purpose
2. Services provided by Stock Brokers

Special Provision for Waiver of Tax, Penalty, Fees and Interest for Social Enterprises

Income Tax, Penalty, Additional Fees and Interest for earlier financial years waived off to Social Enterprises registered as per Enterprise Registration Act, 2034 if they pay the applicable income tax liability if any and submit Income Tax Return of FY 2074/75 within Poush 2075

General Amendments

Provisions Related to Intergovernmental Fiscal Arrangement

As per Provisions of Intergovernmental Fiscal Arrangement Act, 2017, following will be the provisions relating to Single Tax Administration:

S.No.	Types of Tax	Levy Authority	Collection Authority
1	Vehicle Tax (except Tanga, Rickshaw, Auto Rickshaw)	State Government	State Government
2	Vehicle Tax (Rickshaw, Auto Rickshaw)	Urban Municipality/Rural Municipality	Urban Municipality/Rural Municipality
3	Land & Building Registration Fees	State Government	Urban Municipality/Rural Municipality
4	Entertainment Tax	State Government	Urban Municipality/Rural Municipality
5	Advertisement Tax	Urban Municipality/Rural Municipality	Urban Municipality/Rural Municipality

Further, before making final institutional arrangement for collection of revenue at lower governments, interim provision shall be made for collection of Vehicle Tax and Land and Building Registration Fees by Nepal Government.

Amendments in VAT Act, 1996

Amendments in VAT Act, 1996

Section 10(2) – Registration

Following additional provision is added in Registration Section of VAT Act:

A. Mandatory Registration of following Transactions irrespective of Threshold Limit:

- i. Industry carrying out the transaction of Bricks after manufacturing it
- ii. Alcohol Distributor
- iii. Wine Shop
- iv. Software
- v. Trekking
- vi. Rafting
- vii. Ultra Light Flight
- viii. Paragliding
- ix. Tourists Transportation
- x. Crusher, Sand Mines, Slates and Stones Industry

Contd..

Amendments in VAT Act, 1996

Section 10(2) – Registration

- B. Mandatory Registration of following Transactions irrespective of Threshold Limit within Metropolitan City, Sub Metropolitan City, Municipality, or any area prescribed by Inland Revenue Department:
- i. Massage Therapy
 - ii. Beauty Parlor
 - iii. Ice Cream Industry
 - iv. Boutique
 - v. Tailoring with Suiting Shirting Business
 - vi. Business of Supply of Uniform to any Educational/Health/Other Institutes

Amendments in VAT Act, 1996

Section 14A – Electronic Billing

Section 14A – Provision of Electronic Billing

Tax payer shall issue an electronic invoice after prior approval of Inland Revenue Department (IRD).

However, IRD may order any taxpayer to issue an invoice through electronic means and order to link with Central Billing Monitoring System(CBMS) of IRD by publishing a notice.

IRD shall prepare and implement Computer Billing Procedure for protection and credibility of the software or equipment issuing invoice. Same Procedure shall be complied by Producers, Distributors, and Users of such electronic means of issuing invoice.

If not complied with , such taxpayer shall be charged with penalty amount of NPR 5 Lakhs [Sec 29(1)(g3)]

Amendments in VAT Act, 1996

Section 15 (3) – Provision of Collection of VAT

Federal and Provincial Governments (*Added by Finance Bill 2075/76*) including Local Bodies or International Organizations or International Institutions/Association/Commission Based in Nepal or Nepal Government or Public Entities dealing in VAT exempt goods shall have to collect VAT at the time of sale of Vatable goods or services.

Section 29 (1C) – Additional Penalty Provision

If any taxpayer issues an invoice without sale of goods/services, penalty of 50% of Invoice Value shall be levied.

Amendments in VAT Act, 1996

Significant Additions: Exempted from VAT

1. Group 5 : Import of Plastic materials used in manufacturing of packing materials for Saline Production Industry on recommendation of Department of Drugs Administration
2. Group 5: Reciprocating Internal Combustion Piston Engine having Cylinder capacity more than 50 cc but not exceeding 250cc under Heading 87.11
3. Group 6 : Canteen and Hostel Facility operated by the Educational Institution for their own purpose
4. Group 11 : Money Transfer, Capital Market, Security Business, Merchant Banking Business, Commodity Future Market and Security and Commodity Brokerage Business.
5. Group 11 : Materials Imported under heading 87.14 for Electronic Rickshaw Production.
6. Group 11 : Import of a bus by community schools with seating capacity of 30 or above for use of such community schools.

Amendments in VAT Act, 1996

Significant Withdrawals: VAT

1. Group 5 : VAT levied on Health Services provided by Private Hospitals
2. Group 11: Solar LED DC bulbs, parts and accessories of solar powered equipment and solar charge controllers from Schedule 1.
3. VAT Square Off Facility provided till FY 2074/75 is withdrawn by Finance Bill 2075/76

S.No	Industry	Rate
1	Match Stick , Incense & Tyre Tube Producing Industries	100%
2	Flour	25%
3	Mustard Oil, Vanaspati Ghee or Other Processed Oil Producing Industries	40%
4	Dairy Products Producing Industries	50%
5	Tea Producing Industries	50%
6	Copper Sheet, Circle & Utensils Producing Industries	25%
7	Textiles Industries	70%, 100%
8	Cellular Mobile Phones Producing or Importing	40%
9	Sugar Producing Industries	90%

Amendments in Income Tax Act, 2002



Amendments in Income Tax Act, 2002

Section 2 - Definitions

Section	Existing Provision	Revised Provision
2 (q) Non- Chargeable Business Assets	Any land, land and building and private building belonging to and disposed of by any natural person for a value less than NPR 30 Lakhs	Any land, land and building and private building belonging to and disposed of by any natural person for a value less than NPR 10 Lakhs

Impact on Tax of Natural Person:

Non-Taxable Limit for Capital Gain Tax on sale of land and building for Natural person decreased from NPR 30 Lakhs to NPR 10 Lakhs

Amendments in Income Tax Act, 2002

Section 2 - Definitions

Section	Existing Provision	Revised Provision
2 (ae) Rent	<p>Rent means a premium received for the house rent as well as for the lease of a tangible property and payment for the provision of that lease.</p> <p>However, Rent does not include any payment made for natural resources.</p>	<p>Rent means a premium received for the house rent as well as for the lease of a tangible property and payment for the provision of that lease.</p> <p>However, Rent does not include any payment made for natural resources and payment for house rent received by any natural person other than proprietorship firm.</p>

Impact:

No withholding of tax is required under Income Tax Act for rent provided to any natural person other than proprietorship firm.

Amendments in Income Tax Act, 2002

Section 11 – Rebate on Business Income

Section	Existing Provision		Revised Provision	
11 (3) Rebate to Special Industry and Information Technology Industry engaging Nepalese Citizen through out the Year	No. of Employees	Tax Rebate on Applicable Tax Rate	No. of Employees	Tax Rebate on Applicable Tax Rate
	≥ 300	90%	≥ 100	90%
	≥ 1200	80%	≥ 300	80%
	≥ 100 of which one third are women, oppressed or handicapped	80%	≥ 500	75%
			≥ 1000	70%
		In addition to it, 10% additional rebate provided if direct employment is provided to 100 or more Nepalese Citizens including at least 33% of women, oppressed or handicapped person		

Amendments in Income Tax Act, 2002

Section 11 – Rebate on Business Income

Section	Existing Provision		Revised Provision	
11 (3B) Rebate to Person Engaging in Transaction of Minerals (Added in FY2075/76), Petroleum, Natural Gas Exploration	Condition	Tax Rebate on Applicable Tax Rate	Condition	Tax Rebate on Applicable Tax Rate
	Starts Commercial Operation by Chaitra 2075 end.	100% exempt up to 7 years and 50% rebate in subsequent 3 years	Starts Commercial Operation by Chaitra 2080 end.	100% exempt up to 7 years and 50% rebate in subsequent 3 years

Amendments in Income Tax Act, 2002

Section 11 – Rebate on Business Income

Following Additional Rebates in Income Tax are introduced by Finance Bill 2075/76:

Section	Nature of Business	Tax Rebate on Applicable Tax Rate
Section 11(3M)	Private Company with capital of NPR 500 Million or more which conducts its operation by converting into Public Company. However, the same provision is not applicable to Companies Specified in Section 12 of Companies Act, 2006	10% for 3 Years from the date of Conversion
Section 11(3N)	Domestic Tea Production and Processing Industry, Dairy Industry, Garments Industry	50%
Section 11(3O)	Health Institution operated by Community Based Organization	20%
Section 11(3P)	Micro Entrepreneurial Industry	100% for 5 Years of Operation (Rebate of Additional 2 Years if it is under entrepreneurship of woman)

Amendments in Income Tax Act, 2002

Section 11B – Relaxation to Infrastructure Development Projects of National Importance

No Source of Income shall be sought on Investment in the following sector:

1. Hydro-Power
2. International Airport
3. Underground Ways
4. Roadways, Railways and
5. Similar Infrastructure Development Projects of national importance
6. Production based Industry employing more than Three Hundred Nepalese Workers using more than Fifty percent of Domestic Raw Material (other than Cigarette, Bidi, Sigar, Tobacco, Gutka, Panmasala, Aalcoholic Beverage and Beers)

Investment Period: Upto Last Day of Chaitra 2076 (Previously it was Chaitra End 2075)

Amendments in Income Tax Act, 2002

Section 21– Deductible Expenses

Taxes paid to Provincial and Local Government is deductible from Taxable Income

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

Section 47A (6): Extension of time for submission of the Intent of Merger as per Section 47A(1) to IRD till Ashad end 2076.

Section 47A(7): Extension of time for submission of the intent as per Section 47A(6) by the entity with respect to conclusion of business combination till Ashad end 2077.

Amendments in Income Tax Act, 2002

Section 88 – Withholding Tax

S.No	Particulars	Rate in FY 2074/75	Rate in FY 2075/76
1	WHT on Payment of Rent [Sec 88(1)(5)]	10%	10% However, no tax to be deducted on payment of Rent to Natural Person
2	WHT on Payment of Rent of Transportation [Sec 88(1)(8)]	NA	2.5%
3	WHT on payment of commission relating to reinsurance premium to non- resident insurance company [Sec 89(3)(b)]	NA	1.5%
4	WHT on payment exceeding 5 Million made towards the works done through the consumer committee [Sec 89(3A)]	NA	1.5%

Amendments in Income Tax Act, 2002

Section 92 – Final Withholding Payment

Following **additions** are made in list of Final Withholding Payments [Sec 92]:

1. Payment of Meeting Fee subject to max. of NPR 20,000 per meeting, Payment for Setting Question Paper and Checking Answer Sheets
2. Payment of Vehicle Rent and Freight made to resident natural person other than sole proprietor

Amendments in Income Tax Act, 2002

Section 95A (2) – Tax Rate for Gain on Sale of Securities

S.No	Particulars	Rates – FY 2074/75	Rates – FY 2075/76
1	Gain on Disposal of Interest in any Resident Entity (Listed) <ul style="list-style-type: none"> - To Resident Natural Person - To Resident Entity - Others 	5% 10% 10%	7.5% 10% 25%
2	Gain on Disposal of Interest in any Resident Entity (Unlisted) <ul style="list-style-type: none"> - To Resident Natural Person - To Resident Entity - Others 	10% 15% 15%	10% 15% 25%

Amendments in Income Tax Act, 2002

Section 95A (7) – Advance Tax on Import

5% of Advance Tax shall be levied and collected at Custom Point

On Import of Following Items:

1. Group 1 of Customs Act, 2007 : Live Animals
2. Group 6 of Customs Act, 2007 : Live Trees and Other Plants; Bulbs, Roots and The Like; Cut Flowers And Ornamental Foliage
3. Group 7 of Customs Act, 2007 : Edible Vegetables and Certain Roots and Tubers
4. Group 8 of Customs Act, 2007 : Edible Fruit and Nuts; Peel of Citrus Fruit or Melons

Amendments in Income Tax Act, 2002

Section 97 – Submission of Income Tax Return (ITR) Not Required

Section	Existing Provision	Revised Provision
97 (1) (d)	Not Required to file ITR – Natural Person having Income from Vehicle on Rent and Paying Taxes as per Section 1(13) of Annexure 1 of ITA, 2002	Not Required to file ITR – Natural Person other than Sole-Proprietorship Firm having Income from Vehicle on Rent and Paying Taxes as per Section 1(13) of Annexure 1 of ITA, 2002
97 (1) (e)	NA	A Natural Person having only Income as Gain from disposal of Non Business Chargeable Assets may opt not to file ITR

Amendments in Income Tax Act, 2002

Section 110B – Jointly and Severally Liable

Section	Existing Provision	Revised Provision
110B	NA	Persons involved in Joint Venture shall be jointly and severally liable for the payment of tax liability of the Joint Venture

Section 117 (3) – Fee for Delay Filing WHT Return

Section	Existing Provision	Revised Provision
117 (3)	<ol style="list-style-type: none">1. Default: Non-Submission of WHT Return by Withholding Agent as per Section 90(1)2. Fee : 1.5% Per Annum3. Time Period : From Due Date to Date of Submission	<ol style="list-style-type: none">1. Default: Non-Submission of WHT Return by Withholding Agent as per Section 90(1)2. Fee : 2.5% Per Annum3. Time Period : From Due Date to Date of Submission

Amendments in Income Tax Act, 2002

Employment Tax - Income Tax Rates- Schedule 1

Clause 1: Taxable Income of a Natural Person *If Assessed as Single*

Fiscal Year 2074/75	
Income Slab	Rate of Tax
First Rs. 350,000	1%
Next Rs. 100,000	15%
Above 450,000	25%
If the taxable income is above Rs 2,500,000	40% additional tax on the tax amount calculated under 25% slab above (applicable only in the income above 2,500,000)
Provision of 10% exemption is made to female employees.	

Fiscal Year 2075/76	
Income Slab	Rate of Tax
First Rs. 350,000	1%
Next Rs. 100,000	10%
Next 200,000	20%
Above 650,000	30%
If the taxable income is above Rs 2,000,000	20% additional tax on the tax amount calculated under 30% slab above (applicable only in the income above 2,000,000)
Provision of 10% exemption is made to female employees.	

Amendments in Income Tax Act, 2002

Employment Tax - Income Tax Rates- Schedule 1

Clause 1: Taxable Income of a Natural Person *If Assessed as Couple*

Fiscal Year 2074/75		Fiscal Year 2075/76	
Income Slab	Rate of Tax	Income Slab	Rate of Tax
First Rs. 400,000	1%	First Rs. 400,000	1%
Next Rs. 100,000	15%	Next Rs. 100,000	10%
Above 500,000	25%	Next 200,000	20%
If the taxable income is above Rs 2,500,000	40% additional tax on the tax amount calculated under 25% slab above (applicable only in the income above 2,500,000)	Above 700,000	30%
Provision of 10% exemption is not made to female employees.		If the taxable income is above Rs 2,000,000	20% additional tax on the tax amount calculated under 30% slab above (applicable only in the income above 2,000,000)
		Provision of 10% exemption is not made to female employees.	

Amendments in Income Tax Act, 2002

Insurance Deduction for Computing Taxable Employment Income

Existing Provision	Revised Provision
Limit for Deduction – Life Insurance Premium 1. NPR 20,000 2. Actual Premium Amount <i>Whichever is Lower</i>	Limit for Deduction – Life Insurance Premium 1. NPR 25,000 2. Actual Premium Amount <i>Whichever is Lower</i>

Amendments in Income Tax Act, 2002

Schedule 1 (1) (13) – Presumptive Tax Rate on Vehicles

Existing Provision

Particulars	Tax Amount
Minibus, Minitruck, Truck, Bus	NPR 3,000
Car, Jeep, Van and Microbus	NPR 2,400
Three wheeler, auto-rickshaw, tempo Rs.	NPR 1,550
Tractor and Power Tiller	NPR 1,000

Revised Provision

Particulars	Tax Amount
Car, Jeep, Van and Microbus Upto 1300 cc	NPR 4,000
1301 cc to 2000 cc	NPR 4,500
2001 cc to 2900 cc	NPR 5,000
2901 cc to 4000 cc	NPR 6,000
Above 4001 cc	NPR 7,000
Mini-bus, Mini-Truck, Water Tanker	NPR 6,000/
Mini Tipper	NPR 7,000
Truck, Bus	NPR 8,000
Dozer, Excavator, Loader, Roller, Crane like Machinery Equipment	NPR 12,000
Oil Tanker, Gas Bullet, Tipper:	NPR 12,000
Tractor	NPR 2000
Power Tiller	NPR 1500
Auto Rickshaw, Three Wheeler, Tempo	NPR 2,000

Amendments in Income Tax Act, 2002

Schedule 1 (1) (14) – Tax Rate for Natural Person (Special Industry)

Existing Provision	Revised Provision
<p>1. Case: A Natural Person who is fully engaged throughout a year in the operation of a Special Industry mentioned in Section 11 of ITA, 2002,</p> <p>2. Tax Rate: 20% on Taxable Income for which Tax Rate of 25% is applicable</p>	<p>1. Case: A Natural Person who is fully engaged throughout a year in the operation of a Special Industry mentioned in Section 11 of ITA, 2002,</p> <p>2. Tax Rate: 20% on Taxable Income for which Tax Rate of 30% is applicable</p>

Schedule 1 (1) (15) – Tax Rate for Natural Person (Export Industry)

Existing Provision	Revised Provision
<p>1. Case: Income Earned from Export by a Natural Person</p> <p>2. Tax Rate: 15% on Taxable Income for which Tax Rate of 25% is applicable</p>	<p>1. Case: Income Earned from Export by a Natural Person</p> <p>2. Tax Rate:</p> <ul style="list-style-type: none"> ➤ 25% Concession in Taxable Income where 20% tax rate is applicable ➤ 50% Concession in Taxable Income where 30% tax rate is applicable

Amendments in Income Tax Act, 2002

Schedule 2 (2) (2) – Additional Industries @30% Tax Rate

Existing Provision

1. Industry :

- Telecommunication & Internet Service
- Money Transfer
- Capital Market
- Securities Business
- Merchant Banks
- Commodity Futures Market
- Securities & Commodities Broker

1. Tax Rate: 25%

Revised Provision

1. Industry :

- Telecommunication & Internet Service
- Money Transfer
- Capital Market
- Securities Business
- Merchant Banks
- Commodity Futures Market
- Securities & Commodities Broker

1. Tax Rate: 30%

Amendments in Excise Act, 2002



Amendments in Excise Act, 2002

Amendments in Excise Act, 2002

Section 9B – Cancellation of License

Excise Officer may cancel license of License holder of those producing Liquor, Cigarette, and Tobacco products for maximum period of 3 months in case an excise officer during his preliminary investigations finds the following lapses :

- i. Not using excise sticker or reusing or using duplicate sticker during the course of production or issue or sale
- ii. Production and Storage of mentioned products without maintaining records of raw materials used

Further, such license holder shall not be allowed to produce, sale and distribute the goods during the same period.

Furthermore, if anyone found non complying the above provisions, he/she will be considered as guilty as per Excise Act, 2002

Amendments in Excise Act, 2002

Amendments in Excise Act, 2002

Following are the some of the changes in Excise Rates:

S.No.	Heading	Particulars	Existing Rate	Revised Rate
1	1704.10.00	Sweetened or Unsweetened Chewing Gum	-	10%
2	1805.00.00	Cocoa	-	5%
3	1806.10.00	Chocolates (with or without cocoa, sugar or sweetening ingredients)	-	5%
4	20.09	Juices (per litre)	Rs. 4.50	Rs. 10
5	2106.90.60	Junk Food like Kurkure, Lays, Chips, Cheese Balls(per kg)	Rs. 7.50	Rs. 15
6	2106.90.20	Pan Masala without Tobacco (per kg)	Rs. 462	Rs. 555
7	2106.90.70	Betel Nuts without Tobacco (per kg)	Rs. 171	Rs. 205
8	2202.91.00	Beer without Alcohol (per litre)	Rs. 7	Rs. 15
9	2203.00.00	Beer made from Barley	Rs. 115	Rs. 150
10	2202.99.10	Energy Drinks		Rs. 25

Amendments in Excise Act, 2002

Amendments in Excise Act, 2002

Following are the some of the changes in Excise Rates:

S.No.	Heading	Particulars	Existing Rate	Revised Rate
11	22.04/22.06	Sparkling Wine, Other Wine, Grape Must Upto 12% Alcohol 12% to 17% Alcohol More than 17% Alcohol	Rs. 280 Rs. 280 Rs. 325	Rs.335 Rs. 335 Rs. 390
12	2204.29.40	Wine containing Alcohol upto 12% produced from domestically produced fruits and their extracts	Rs. 80	Rs. 120
13	2208.20.10/2208.30.10/2208.40.10/2208.50.10/2208.60.10/2208.70.10/2208.90.10	Raw Materials (including spirits) used to produce Wine, Brandy, Whiskey, Rum, Gin or Vodka	Rs. 127	Rs. 150
14	72.16	Iron & Non Alloy Angle Shapes & Sections	-	Rs. 1,500 per metric ton

Amendments in Excise Act, 2002

Amendments in Excise Act, 2002

Following are the some of the changes in Excise Rates:

S.No.	Heading	Particulars	Existing Rate	Revised Rate
15	2208.20/30/40 /50/60/70/90	Wine, Brandy, Whiskey, Rum, Gin or Vodka Containing Alcohol 48.5% Containing Alcohol 42.8% Containing Alcohol 39.94%	 Rs. 1,003 per litre or Rs. 1,180 per L P litre Rs. 748 per litre or Rs. 997 per l p litre Rs. 697 per litre or Rs. 996 per l p litre	 Rs. 1,204 per litre or Rs. 1,416 per l p litre Rs. 898 per litre or Rs. 1,197 per l p litre Rs. 836 per litre or Rs. 1,194 per l p litre
16	2523.21/29/30/ 90	Portland Cements	Rs. 180	Rs. 200
17	32.09	Paint, Varnish, Enamel	5%	7%
18	72.13	Iron & Non Alloy Bars, Rods, Coils	Rs. 1,000 per metric ton	Rs. 1,500 per metric ton

Amendments in Customs Act, 2007



Amendments in Customs Act, 2007

Amendments in Customs Act, 2007

Section 13(20) – New Provision Related to Over Invoicing

If the customs officer is of the opinion that any importer has imported goods through **over invoicing**, he can refer the matter to respective department as per the existing federal laws.

Section 89C – New Provision Related to Electronic Payment

1. Electronic Payment may be made in respect of fees, penalty or any other payment to be made to the Customs Office as per the provisions of Customs Act, 2007 or any other existing federal laws.
2. Any other provisions relating to Electronic Payment shall be in the manner prescribed by the Department of Customs.

Amendments in Customs Act, 2007

Amendments in Schedules

Following are the significant change in rates of Custom Duty:

1. Gold imported by the passengers returning from foreign countries shall be taxable at the following rates:
 - i. Upto first 50 grams, Rs. 5,200 per 10 grams
 - ii. More than 50 grams upto 100 grams, Rs. 6,200 per 10 grams

Gold imported more than the quantity mentioned above shall be forfeited.

2. 1% Custom Duty shall be levied only on **recommendation of Ministry of Agriculture, Land Management & Cooperatives** in Green house, Irrigation equipment and other similar machinery equipment imported by agriculture, horticulture and floriculture farms.
3. 75% Waiver in Import Duty; 100% Waiver in Excise Duty in Import of a bus by community schools with seating capacity of 30 or above for use of such community schools on recommendation of Ministry of Education, Science & Technology. Sale, transfer of ownership or transfer of possession in any way of the bus so imported shall not be allowed for a period of 10 years from the date of import, else 100% duty is levied as per the existing laws.

For Further Consultation, Please Contact:

SAR Associates,
Chartered Accountants

64 Bishal Basti “Ka”, Bishal Nagar,
Kathmandu, Nepal

Tel: +977 (1) 442 0807/ 08/ 10

Fax: +977 (1) 444 0528

Website: www.sar.com.np

Email: info@sar.com.np

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