



*Nepal Budget Highlights
2020-21*

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Highlights of Budget

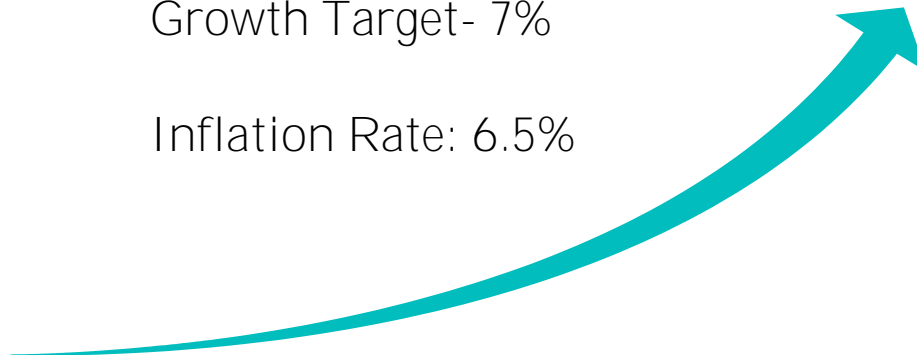


Objectives

- 1. Ensuring safe and comfortable lifestyle of citizens by safeguarding health of citizens from communicable as well as all types of diseases along with disasters*
- 2. Continue the speed of development by ensuring rapid economic revival through maximum operational use of available means, opportunities and capacity to*
- 3. Enhancing the role of public welfare of the state through fulfillment of fundamental rights of citizen*
- 4. Continue formation of elevated, advanced, independent, prosperous, and socialism= oriented economy through social, financial and physical infrastructure development*

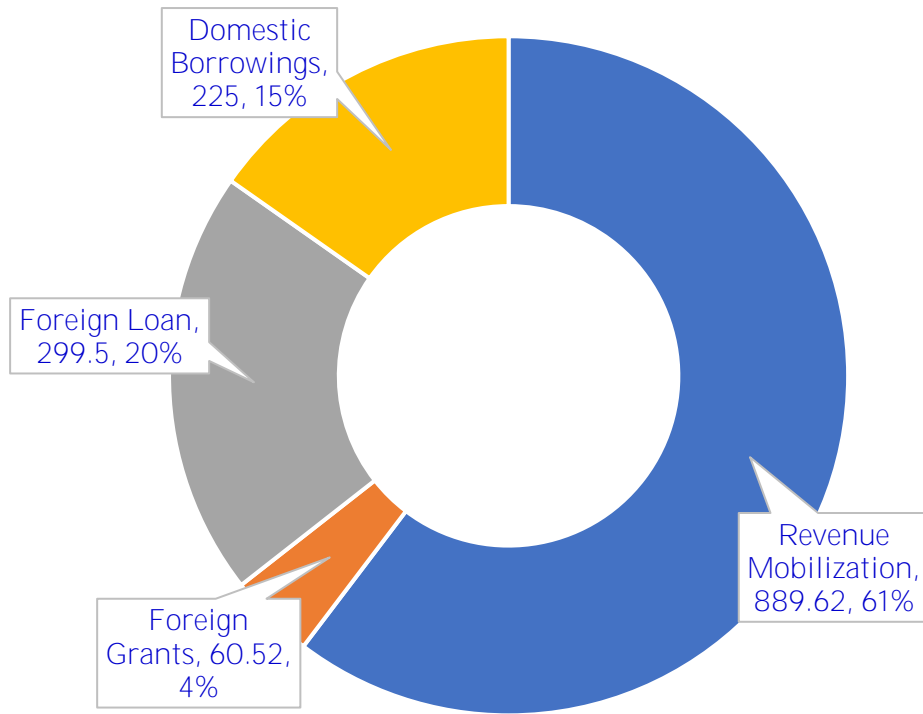
Growth Target- 7%

Inflation Rate: 6.5%

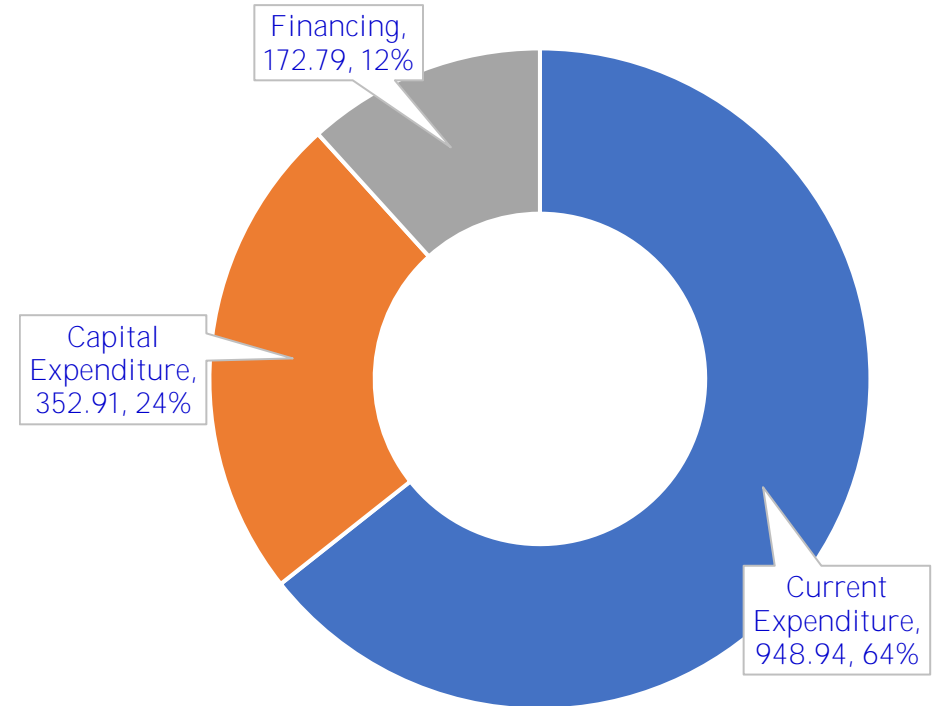


Source of Finance and Allocation of Budget

Source of Finance (NPR in billion)

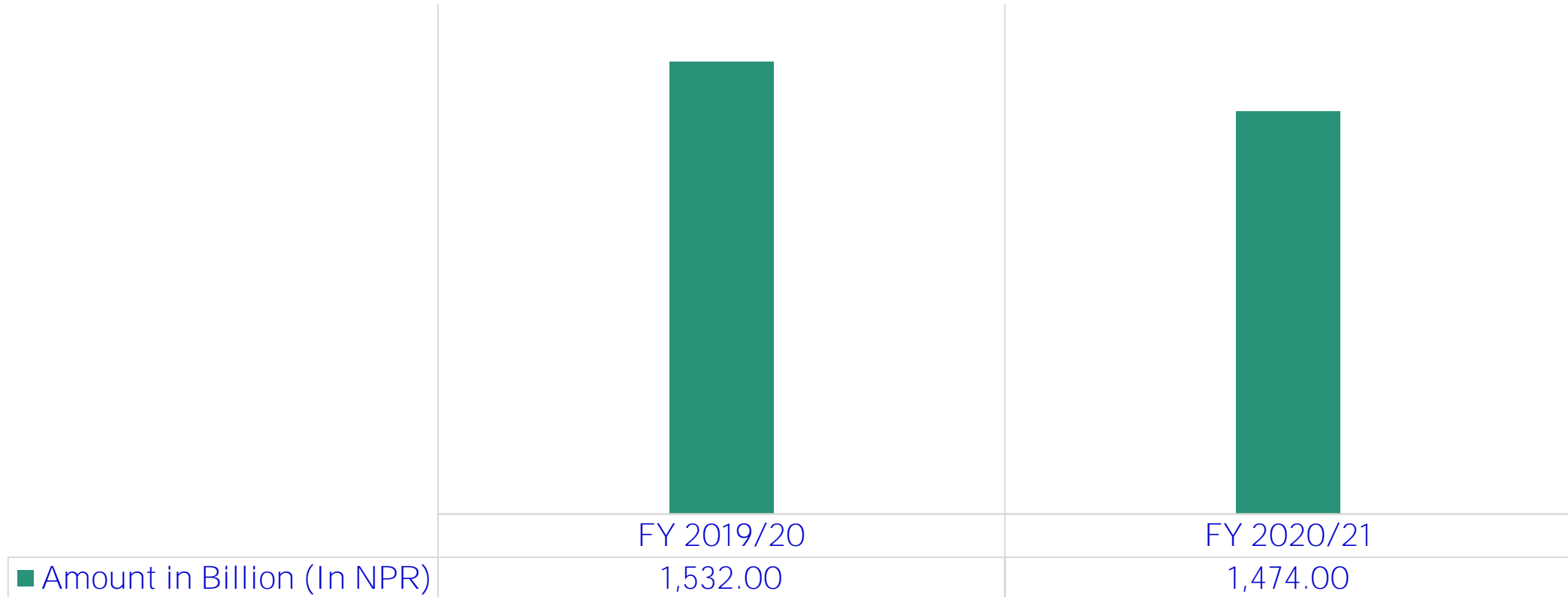


Allocation of Budget (NPR in billion)



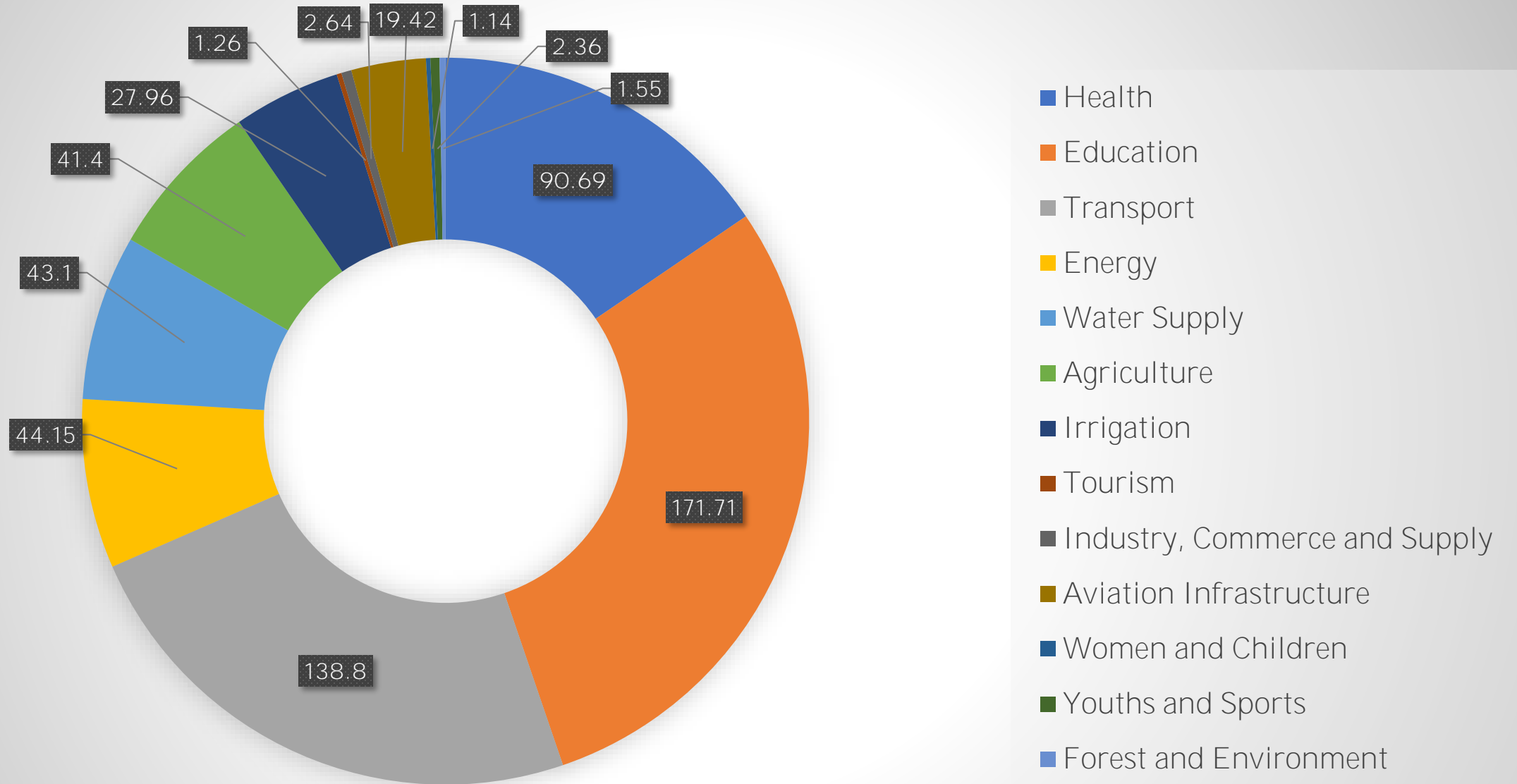
Budget Amount Comparison

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



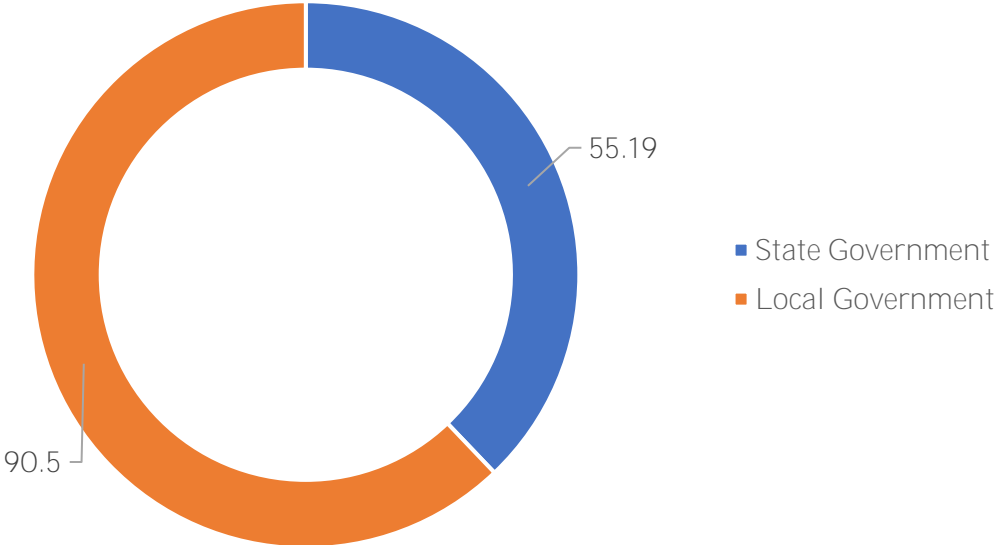
Decrease of 3.93% in Budget Amount as compared to Previous Year.

Sector-wise Budget Allocation (NPR in billion)

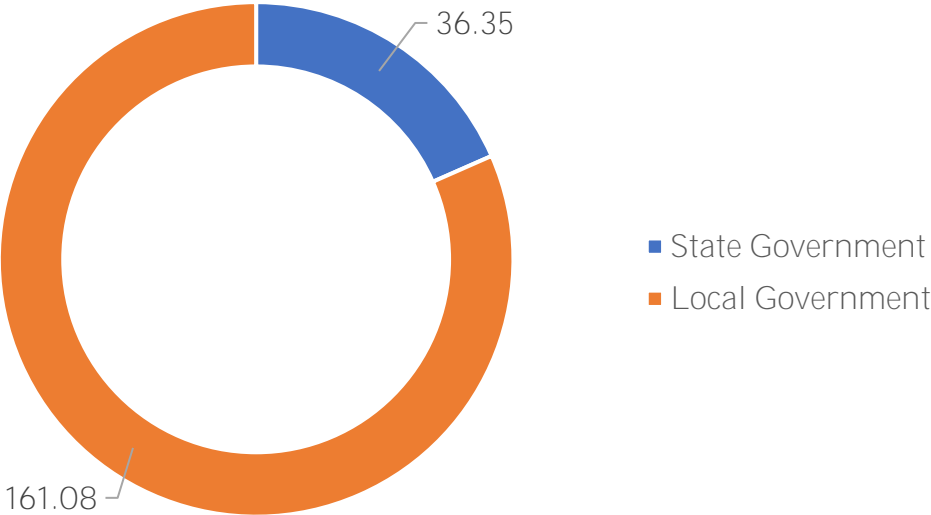


Fiscal Transfer *(NPR in billion)*

Direct Grant (NPR in Billion)



Conditional Grant (NPR in Billion)



NPR in billion

Heading	State Governments	Local Governments
Direct Grant	55.19	90.5
Conditional Grant	36.35	161.08
Special Grant	19.93	
Distribution of Revenue	122.14	
Total	485.19	

Budget Highlights

Priority Areas

- ❑ Extend and promote quality health services via development of health infrastructure including skilled manpower with a vision of protecting citizens from Corona and all other related health issues
- ❑ Resurrection of sectors like agriculture, industries, tourism, construction and other affected industries by restating the production and supply chain broken by the measures taken for prevention and control of corona virus
- ❑ Create job opportunities and ensure provision of food security, safe residence, social security and protection to people
- ❑ Implement the development projects which can be completed within next year and will result into immediate economic benefits
- ❑ Development and construction of Social, Economic and Physical infrastructures in different areas including Drinking Water Facilities, Quality Education and Information and Communication Technology
- ❑ Implement federalism & reinforce quality and accessible public service as well as strengthening the transparent and accountable governance system

Budget Highlights

1. Substantial Increment in Budget in Health Sector to fight the Covid-19 pandemic as well as to increase public health infrastructure (increase by around 32 %)
2. Target of creating around 700,000 new employment opportunities through various initiatives including Prime **Minister's** Employment Scheme, Concessional Loan, Micro Credit Institutions, Provision of Technical Education and implementation of Employment Information Centre
3. Provision of separate fund of NPR 50 billion to provide loan at 5% to Cottage, Micro and Small Industries as well as Tourism Industries affected by Covid-19 for labor payment as well as for business operation.
4. Fund of NPR 500 million set aside to provide seed fund at 2% to startup businesses.
5. Social Security Contribution of the lockdown period (both employer and employee) of employees registered in SSF will be borne by the Government. Entity may take advance, to be repaid after normalization of situation, against such contribution for labor payment.
6. Requirement to obtain Work Permit to work in Nepal to be implemented strictly.

Budget appears to be focused primarily towards improving public health infrastructures and employment generation to accommodate the labor force displaced locally and returning to Nepal due to Covid 19

Budget Highlights

7. Coverage of Concessional loan to be increased by requiring Banks and FIs to be required to provide at least 10 concessional loan per branch of Commercial Bank and 5 loan per branch of Development Bank
8. Refinance Fund at NRB to be increased to NPR 100 billion to provide refinance facility to banks to provide loan at maximum 5% interest rate to Industries affected by Covid 19 including Cottage, Micro and Small Industries, Agriculture, manufacturing industries, Hotel and Tourism Industries
9. Cooperative Credit Information Centre will be set up and provision will be made for insurance of deposit and credit of Cooperatives.
10. Digitization and cashless economy will be encouraged
11. Country Credit Rating to be completed within 6 months.
12. Secondary market transactions for Debt instrument will be started

Arrangement has been made to provide concessional loan to industries affected by Covid 19 whereas coverage of concessional loan to individuals has been increased.

Covid 19 appears to have reinforced need of digitized and cashless economy

Budget Highlights

13. Provision of rebate in electricity charge to users with limited usage. Also, Waiver of demand charge to industries during lockdown period and rebate of 50% on charge of electricity used in the time when usage is low.
14. NPR 1 lakh of corona insurance will be provided to temporary and permanent government staff as well health workers.
15. Waiver of Parking Fee, Infrastructure tax on aviation fuel and other renewal fees to Nepalese Airlines companies.
16. 50% of premium amount on Group Corona insurance will be borne/subsidized by the government
17. All post-earthquake reconstruction will be completed in coming year
18. Tax Rebates provided to business of aviation services, transportation services, hotel services and travel and trekking services highly affected by Covid-19 as well as Micro and Small Scale Industries
19. One Stop Service Centre operated with the objective of facilitating private investment to be automated.

Arrangement of tax rebates as well as waiver of incidental fees and electricity charges have been made to Tourism and Aviation Sector as well as SME Sectors

Post Earthquake Reconstruction is expected to complete in coming year.

Budget Highlights

Tax Administration

1. Arrangement will be made for small taxpayers with annual turnover up to NPR 20 lakhs to file their income tax return and deposit tax amount through electronic medium including mobile apps.
2. Arrangement will be made to enable taxpayer not having due to obtain tax clearance certificate through automated system.
3. If the legal cases (except false and fake invoices) pending till Asadh 2075, under Income Tax Act 2058, Value Added Tax, 2052 and Excise Duty Act 2058 pending with Inland Revenue Department, Revenue Tribunal and Courts, are withdrawn and tax liability and interest thereon are paid within Falgun end 2077, fee, additional fee and penalties shall be waived off.
4. Tax-payer information portal will be integrated by improving and ensuring inter-relation among all IT systems including Central Invoice Monitoring System, ASYCUDA and VCTS
5. Effectiveness of detailed tax assessment, investigation and custom checks will be improved to control tax avoidance.

Government appears to be directed towards automated tax filing and payment system

Taxpayer has been provided option to withdraw pending legal cases up to Ashadh 2075 and settle dues in exchange of waiver of fees and penalties

General Amendments



General Amendments

Section 7 –Health Risk Tax

Existing Provision

Below are the rates of health risk tax on import and production within the country:

Items	Tax Amount
Cigarettes, Cigars, Hand rolled cigarettes (Beedi)	NPR 0.85 Paisa Per piece
Pan masala and tobacco related products	NPR 25 per kilogram

Revised Provision

Below are the rates of health risk tax on import and production within the country:

Items	Tax Amount
Hand rolled cigarettes (Beedi)	NPR 0.25 Paisa Per piece
Cigarettes, Cigars	NPR 0.50 Paisa Per piece
Pan masala and tobacco related products	NPR 40 per kilogram

General Amendments

Section 9 – Infrastructure Development Tax

Existing Provision	Revised Provision
Tax : NPR 5 Per Litre Levied on : Import of aviation fuel, petrol and diesel	Tax : NPR 10 Per Litre Levied on : Import of aviation fuel , petrol and diesel

Section 14 –Telephone Ownership Fee

Existing Provision	Revised Provision
Telephone Ownership Fee : NPR 500 However, in case of advance payment of mobiles, for every sim card and recharge card, 2% of value of recharge card is collected as telephone ownership fee	Telephone Ownership Fee : NPR 500 However, in case of of advance payment of mobiles, for every sim card and recharge card, 2% of value of recharge card is collected as telephone ownership fee

General Amendments

Section 16 – Casino Royalty

Existing Provision	Revised Provision
<p>Casino royalties should be deposited with Ministry of culture, tourism and civil aviation within 2 months from the start of the fiscal year</p>	<p>Casino royalties should be deposited with Ministry of culture, tourism and civil aviation within 6 months from the start of the fiscal year</p> <p>Provision of Waiver to license holders operating casino business or operating games through modern machine and equipment: (Added by Finance Bill 2077)</p> <p>Amount to be waived off : Pending additional fee and annual additional fee of FY 2075/76</p> <p>Condition: On payment of full royalty payable along with 50% of additional fee levied and annual additional fee of FY 2075/76 and payment of royalty amount, additional fee levied thereon, and annual additional fee amount of FY 2076/77 within Chaitra 2077</p>

Amnesty announced by Finance Bill

Section 20 – Special Provision on Waiver of interest and fee for increasing the scope of tax

- Condition : Obtain PAN, submit income tax returns of FY 2074/75 and FY 2075/76 and deposit income tax liability of both financial years within Falgun end 2077
- Available To: Any person who has earned taxable income, but has not paid any tax liability pursuant to such taxable amount
- Waiver: Interest and fee for FY 2074/75 and 2075/76

Such person will not be required to file income tax returns for financial years earlier than FY 2074/75 and pay any taxes, interest and fee for those years.

Amnesty announced by Finance Bill

Section 21 – Special Provision on Waiver of additional charge, interest, fee and penalty

1. If a natural person registered in PAN, with turnover up to NPR 5 million, who has not submitted income tax returns, submits the income tax returns for FY 2073-74, 2074-75 & 2075-76 and deposits the applicable taxes and 25% of the interest by end of Falgun 2077, the additional charges, fees and penalty for the above period and the taxes, interest and penalty for earlier years will be waived
2. Where a natural person or entity registered in PAN, with turnover of more than NPR 5 million, who has not submitted the returns for FY 2073-74 and earlier years, submits the income tax returns and pays the taxes and 25% of the interest by the end of Falgun 2077, the fees and the balance interest shall be waived off
3. Where a VAT registered person, who has not filed VAT return and paid VAT of Ashad end 2075 files the returns and pays the applicable taxes and 50% of the interest by end of Falgun 2077, the additional charges, fees, penalty and balance of interest will be waived.
4. Taxpayers who have not filed their VAT returns till Ashad 2073 will be automatically deregistered after recovering the remaining due taxes, interest and fees. However, charges applicable for late filing of the returns shall be waived.

Amnesty announced by Finance Bill

Section 22 – Special Provision on Waiver of tax, fee and interest to Drinking Water and Sanitation Consumer Group

Outstanding taxes, fees and interest up to FY 2076-77 of drinking water and sanitation consumers group registered pursuant to Water Resource Act, 2049 has been waived.

Section 23 – Special Provision on Waiver of outstanding tax

Rs 50,000 per record has been waived on tax due for assessment made up to Ashad 2060 on the following:

- ❖ Taxes assessed as per Income Tax Act 2031 but not yet recovered
- ❖ Taxes assessed under the sales tax, entertainment tax, contract tax, hotel tax which were replaced by the VAT Act 2052

Amnesty announced by Finance Bill

Section 24 – Special Provision on Waiver of fee, additional fee and penalty

If the legal cases (except false and fake invoices) pending till Asadh 2075, under Income Tax Act 2058, Value Added Tax, 2052 and Excise Duty Act 2058 pending with Inland Revenue Department, Revenue Tribunal and Courts, are withdrawn and tax liability and interest thereon are paid within Falgun end 2077, fee, additional fee and penalties shall be waived off.

Tax Rebate for business affected by Covid -19

Section 25 – Special Provision on tax rebate to business affected by Covid-19

1. Rebate of 75% 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 2076/77	Tax Rebate
Natural Person doing business in		
1. Metropolitan City & Sub Metropolitan City	NPR 7,500	75% rebate in applicable tax liability
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 Rs 2 million and annual profit up to Rs 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.

Tax Rebate for business affected by Covid -19

Section 25 – Special Provision on tax rebate to business affected by Covid-19

2. Rebate of 50% 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 2076/77	Tax Rebate
Resident Natural Person conducting transaction of:		
1. Gas, Cigarette by adding commission or price upto 3%	0.25% of turnover	50% rebate in applicable tax liability
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

Tax Rebate for business affected by Covid -19

Section 25 – Special Provision on tax rebate to business affected by Covid-19

1. 25% rebate on tax liability of FY 2076/77 has been provided to person having annual turnover not more than NPR 10 million
2. 20% rebate on tax liability of FY 2076/77 has been provided to business of aviation services, transportation services, hotel services and travel and trekking services having annual turnover of more than NPR 10 million

Section 26 – Contribution to Fund

Any contribution to national level, province level or local level fund for prevention, control and treatment of coronavirus can be claimed as deductible expenses while computing taxable income for income year 2076/77.

Section 30 – WHT on Retirement Payment

Applicable tax on retirement payment has been waived upon transfer of fund from approved retirement funds to Social Security Fund by Chaitra end, 2077.

*Amendments in VAT
Act, 1996*



Amendments in VAT Act, 1996

Section 10(2) – Registration

Section	Existing Provision	Revised Provision
10 (2) (a)	<p>Mandatory Registration of following Business irrespective of Threshold Limit:</p> <ul style="list-style-type: none"> i. Health Club ii. Discotheque iii. Massage Therapy iv. Motor Parts v. Electronic Software vi. Customs Agent vii. Playtoys Business viii. Scrap Business 	<p>Mandatory Registration of following Business irrespective of Threshold Limit:</p> <ul style="list-style-type: none"> i. Health Club ii. Discotheque iii. Massage Therapy iv. Motor Parts v. Electronic Software vi. Customs Agent vii. Playtoys Business viii. Scrap Business

In a nutshell, requirement of compulsory registration for Scrap Business has been removed.

Amendments in VAT Act, 1996

Section 10(2) – Registration

Section	Existing Provision	Revised Provision
10 (2) (b)	<p>Mandatory Registration of following Transactions irrespective of Threshold Limit within Metropolitan City, Sub Metropolitan City, Municipality, or any area prescribed by Inland Revenue Department:</p> <ul style="list-style-type: none"> i. Motor parts ii. Legal Consultancy iii. Tailoring business along with shirting suiting materials , 	<p>Mandatory Registration of following Transactions irrespective of Threshold Limit within Metropolitan City, Sub Metropolitan City, Municipality, or any area prescribed by Inland Revenue Department:</p> <ul style="list-style-type: none"> i. Motor parts ii. Legal Consultancy iii. Tailoring business along with shirting suiting materials,

In a nutshell, requirement of compulsory registration for Motor parts, Legal Consultancy and Tailoring business has been removed completely. Whereas requirement of mandatory registration of all defined transactions covered by 10 (2) (b), operating in municipality, has been removed.

Amendments in VAT Act, 1996

Section 25 (1)(a2) – Tax Refund (New Provision)

Provision : Provision of VAT Refund

Applicable to : United Nation Organization , its member organizations and specialized agencies

Conditions: VAT amount paid on purchase of vatable goods and services in Nepal for the purpose of operating as per its objective

Such agencies were already enjoying such facilities under the provision of diplomatic facility as well as terms of bilateral/multilateral agreements with the Government. However, with this provision, it is applicable on a blanket basis for all UN organizations and specialized agencies.

Amendments in VAT Act, 1996

Section 25C1 – Excess VAT Refund on Contract Payment - New Provision

Section 25C1 (1) : 50% of VAT amount withheld and deposited in IRD on behalf of the contractors/suppliers on payment to contractors/suppliers against contract for supply of goods/services by Government or entities held fully or partly by the Government, public institution or association can be adjusted against VAT payable of contractors

Section 25C1 (2) : The amount of VAT so deposited by the government entity as mentioned in 25C1 (1) above , if remains excess after offsetting for a continuous period of 4 months, contractor may file an application for VAT refund

Section 25C1 (3) : If application for VAT refund is received by the tax officer as per sub section 2 , the refund shall be made within 60 days from the date of application

Section 25C1 (4) : Unadjusted VAT amount as per subsection 2 shall not be further adjusted with the VAT payable of next month once the application for the refund has been made

Amendments in VAT Act, 1996

Section 25C2 – Refund of VAT for Pharmaceutical Industries – New Provision

Section 25C2 (1) : Provision of VAT Refund in trimester basis

Applicable to : Pharmaceutical Industries

Conditions: Payment of VAT on purchase of raw materials , auxiliary raw materials and packing materials utilized in production of medicine from domestic industries

Section 25C2 (2) : The amount determined as refundable shall be refunded by tax officer within 60 days of application

Amendments in VAT Act, 1996

Section 29 – Fines and Penalties

Section	Existing Provision	Revised Provision
29 (1) (a)	<p>Penalty Amount : NPR 10,000 per each tax period</p> <p>Offence:</p> <ul style="list-style-type: none"> i. Breaches the order of tax officer for registration (Provision of 5B) ii. Breaches the mandatory registration provision (Provision of Sec 10(1)/10(2)/10A(1)/10B(1) 	<p>Penalty Amount : NPR 20,000 every offence</p> <p>Offence:</p> <ul style="list-style-type: none"> i. Breaches the order of tax officer for registration (Provision of 5B) ii. Breaches the mandatory registration provision (Provision of Sec 10(1)/10(2)/10A(1)/10B(1)

Section 29(1D) – Additional Penalty Provision

Penalty Amount : 50% of VAT Amount

Offence : Where a person who is required to register conducts transactions without registration

Amendments in VAT Act, 1996

Amendments in Annexure I of VAT Act , 1996

Group 5 – Medical Treatment and Similar Health Services

VAT Exemption on import of following items in the name of Ministry of Health or by various organisations, entities and individuals on the condition to provide the items as an aid to the organisations as recommended by Ministry of Health for prevention, control and treatment of COVID-19:

1. Medicine under Chapter 30,
2. Items used for medical and surgical works (P.P.E.) under Heading 39.26, 62.07, 62.08, 62.10 and 62.11
3. Viral Transport Media under Sub-Heading 3821.00.00
4. P.C.R. Test Kit, R.D.T. Test Kit, P.C.R. Reagent and Extraction Kits under Sub- Heading 3822.00.00
5. Surgical Gloves under Sub-Heading 4015.11.00
6. Face Mask under Sub-Heading 6307.90.20
7. Autoclave Machine under Sub-Heading 8419.20.10
8. Digital Thermometer (Thermal Gun) under Sub-Heading 9025.11.00 and 9025.19.10
9. Ventilator under Sub- Heading 9019.20.00
10. Portable P.C.R. Machine under Sub-Heading 9018.90.00
11. Protective Goggles under Sub-Heading 9004.90.00

Amendments in VAT Act, 1996

Amendments in Annexure I of VAT Act , 1996

Group 11 – Other Goods and Services

(A) Following goods/services are exempted from VAT:

- ❖ Any recognized or issued but unused postage stamp is use in any nation, airmail exercise stamp, passport, cheque form or cheque book, tariff ticket, stock share or owned certificate
- ❖ Face mask machine
- ❖ Biofuel producing machinery
- ❖ Incineration machine
- ❖ Micro insurance

Group 11 (B) (16) – VAT shall be exempt on import of one bus with a capacity of 30 or more seats by community-based education institutions for the purpose of transportation of students, on recommendation of Government of Nepal, Ministry of Education, Science and Technology. Vehicles imported under such facility shall not be sold, transferred and changed its ownership within 10 years.

However, if sale, transfer and change in ownership occurs within 10 years, VAT shall be levied as per prevailing VAT Act. (Added by Finance Bill 2077)

Amendments in VAT Act, 1996

Amendments in Annexure II of VAT Act , 1996

Clause	Existing Provision	Revised Provision
Clause 6	On the recommendation of Ministry of Forest and Environment, deep cycle lid acid battery (sub heading 8507.20.00) produced by native industry and used in electric vehicle	On the recommendation of Ministry of Forest and Environment, deep cycle lid acid battery (sub heading 8507.20.00) produced by native industry and used in electric vehicle (Deleted by Finance Bill 2077)
Clause 11	Zero VAT shall be levied, to projects operating in Nepal in accordance with bilateral or multilateral agreement with tax exempt status (as approved by Government of Nepal, Ministry of Finance), on purchase of any essential machineries instruments or construction materials which are within approved master list provided such materials are purchased from domestic industries manufacturing the same either directly or through contractors of same projects. (Added by Finance Bill 2077)	

*Amendments in
Income Tax Act 2002*



Amendments in Income Tax Act, 2002

Section 10 – Exemptible Amount

Section	Existing Provision	Revised Provision
10(k)	No provision of exemption for Drinking Water and Sanitation Consumer Group	Tax exemption provided to Drinking Water and Sanitation Consumer Group registered pursuant to Water Resource Act, 2049 for the amount derived as per their objective

Section 11 – Professional Exemptions and Facilities

Section	Existing Provision	Revised Provision
11(2)	Rural community-based Co-Operative involved in Financial Transactions are exempt from tax.	Rural community-based Co-Operative involved in Financial Transactions are exempt from tax.

Amendments in Income Tax Act, 2002

Section 11 – Professional Exemptions and facilities

Section	Existing Provision	Revised Provision
11 (3) (b)	Where special industries are operated in very undeveloped (remote), undeveloped, underdeveloped area, 10%, 20% and 30% shall be of applicable tax rate respectively for 10 income years including first income year of operation	Where special industries are operated in very undeveloped (remote), undeveloped, less developed area, 10%, 20% and 30% shall be applicable tax rate respectively for 10 income years from the date of commercial operation

Amendments in Income Tax Act, 2002

Section 11 – Professional Exemptions and facilities

Section	Existing Provision	Revised Provision
11 (3) (c)	<p>Tax Rate Applicable: 100% exempt for first 5 years from the date of commencement of business and 50% exemption for three years thereafter</p> <p>Applicable to: Special Industry</p> <p>Conditions: Capital investment exceeding Rs. 1 billion that provides direct employment to 500 individuals throughout the year</p> <p>Provided that, in respect of special industry currently in commercial operation, where such industry increases its capital investment to at least Rs. 1 billion and provides direct employment to at least 500 individuals throughout the year along with enhancement in capacity by at least 25%, there shall be 100% tax exemption on income generated from enhanced capacity for five years and 50% tax exemption for three years thereafter</p>	<p>Tax Rate Applicable: 100% exempt for first 5 years from the date of commencement of business and 50% exemption for three years thereafter</p> <p>Applicable to: Special Industry and tourism industry (except casino)</p> <p>Conditions: Capital investment exceeding Rs. 1 billion that provides direct employment to 500 individuals throughout the year</p> <p>Provided that, in respect of special industry currently in commercial operation, where such industry increases its capital investment to at least Rs. 2 billion and provides direct employment to at least 300 individuals throughout the year along with enhancement in capacity by at least 25%, there shall be 100% tax exemption on income generated from enhanced capacity for five years and 50% tax exemption for three years thereafter</p>

Note: Tourism Industry is added in this section, however, the facility of exemption for existing tourism industry was covered by Section 11 (3K) previously

Amendments in Income Tax Act, 2002

Section 11 – Professional Exemptions and facilities

Section	Existing Provision	Revised Provision								
11 (3B)	<p>Rebate to Person Engaging in Transaction of Minerals, Petroleum, Natural Gas Research and Exploration</p> <table border="1" data-bbox="415 696 1317 1046"> <thead> <tr> <th data-bbox="415 696 901 849">Condition</th> <th data-bbox="901 696 1317 849">Tax Rebate on Applicable Tax Rate</th> </tr> </thead> <tbody> <tr> <td data-bbox="415 849 901 1046">Starts Commercial Operation by Chaitra 2080 end.</td> <td data-bbox="901 849 1317 1046">100% exempt up to 7 years and 50% rebate in subsequent 3 years</td> </tr> </tbody> </table>	Condition	Tax Rebate on Applicable Tax Rate	Starts Commercial Operation by Chaitra 2080 end.	100% exempt up to 7 years and 50% rebate in subsequent 3 years	<p>Rebate to Person Engaging in Transaction of Minerals, Petroleum, Natural Gas and Fuel Research and Exploration</p> <table border="1" data-bbox="1454 696 2448 1046"> <thead> <tr> <th data-bbox="1454 696 1995 849">Condition</th> <th data-bbox="1995 696 2448 849">Tax Rebate on Applicable Tax Rate</th> </tr> </thead> <tbody> <tr> <td data-bbox="1454 849 1995 1046">Starts Commercial Operation by Chaitra 2080 end.</td> <td data-bbox="1995 849 2448 1046">100% exempt up to 7 years and 50% rebate in subsequent 3 years</td> </tr> </tbody> </table>	Condition	Tax Rebate on Applicable Tax Rate	Starts Commercial Operation by Chaitra 2080 end.	100% exempt up to 7 years and 50% rebate in subsequent 3 years
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Amendments in Income Tax Act, 2002

Section 11 – Professional Exemptions and facilities

Section	Existing Provision	Revised Provision
11 (3C)	Where a software development, statistical processing, cyber café or digital mapping related industry is established in technology park, biotech park, and information technology park prescribed by Nepal Government through a publication of notice in Nepal Gazette, 50% of applicable tax on income of such industry shall be exempted.	Where a software development, statistical processing, cyber cafe or digital mapping related industry is established in geological, zoological, biotech related park operation , information technology park prescribed by Nepal Government through a publication of notice in Nepal Gazette, 50% of applicable tax on income of such industry shall be exempted.

Amendments in Income Tax Act, 2002

Section 11 – Professional Exemptions and facilities

Section	Existing Provision	Revised Provision
11 (3D)	<p>Tax Exemption : 100% exemption for first ten years and 50% exemption for next five years thereafter</p> <p>Applicable to : Person or entity having license to generate, transmit or distribute electricity provided if commercial operation starts within 2080 Chaitra end. Such facility shall also be provided to electricity produced from solar, bio or wind energy.</p>	<p>Tax Exemption : 100% exemption for first ten years from the date of commercial operation of electricity and 50% exemption for next five years thereafter</p> <p>Applicable to : Person or entity having license to generate, transmit or distribute electricity provided if commercial operation starts within 2080 Chaitra end. Such facility shall also be provided to electricity produced from solar, bio or wind energy.</p>

Note: As the text has been added in the Act, the provision of Sec 11(3D) is considered to be amended. However, the practice of availing exemption facility currently is also from the date of commercial operation of electricity (with the understanding mentioned in Income Tax Manual)

Amendments in Income Tax Act, 2002

Section 11 (3F) – Professional Exemptions and facilities

Existing Provision

Exemption shall be as follows on applicable tax on income earned by any entity that carries out the following functions:

Entities	NRT	Tax Rebate	ART
Operation of Trolley or Tram bus	25%	20%	20.00%
Building and operation of ropeway, cable car, railway, tunnel or overhead bridge	25%	20%	20.00%
Building and Operation of Airport	25%	40%	15.00%
Building and operation of road, bride or tunnel way	25%	52%	12.00%
Investment in and operation of tram or trolley bus	25%	52%	12.00%

Revised Provision

Exemption shall be as follows on applicable tax on income earned by any entity that carries out the following functions from the commercial date of operation:

Entities	NRT	Tax Rebate	ART
Operation of Trolley or Tram bus	25%	40%	15.00%
Building and operation of ropeway, cable car, or overhead bridge	25%	40%	15.00%
Building and operation of road, bride or tunnel way, railway, airports	25%	50%	12.50%

Amendments in Income Tax Act, 2002

Section 11 – Professional Exemptions and facilities

Section	Existing Provision	Revised Provision
11 (3H)	Tax Rebate of 40% shall be granted for up to 10 years after the date of commencement of transaction to the industries established in the very undeveloped areas which produce fruit-based brandy, cider as well as wine.	Tax Rebate of 40% and 25% shall be granted for up to 10 years after the date of commencement of transaction to the industries established in the very undeveloped and undeveloped areas respectively which produce fruit-based brandy, cider as well as wine.

Amendments in Income Tax Act, 2002

Section 11 – Professional Exemptions and facilities

Section	Existing Provision	Revised Provision
11 (3K)	<p>Where a tourism related industry or airlines operating international flights is established with capital investment exceeding NPR 2 Billion, the income of such industry is exempted for first five years from the date of commercial operation and there shall be 50% exemption on income tax for three years thereafter.</p> <p>Provided that, where an existing such industry increases its capacity by 25% and capital investment to 2 Billion, the income from the increased capacity is exempt from income tax for five years and there shall be 50% exemption of income tax for three years thereafter on income from increased capacity</p>	<p>Where a tourism related industry or airlines operating international flights is established with capital investment exceeding Rs. 2 Billion, the income of such industry is exempted for first five years from the date of commercial operation and there shall be 50% exemption on income tax for three years thereafter.</p> <p>Provided that, where an existing such industry increases its capacity by 25% and capital investment to 2 Billion, the income from the increased capacity is exempt from income tax for five years and there shall be 50% exemption of income tax for three years thereafter on income from increased capacity</p>

Note: Proviso in this section is deleted. However, the facility of exemption for existing tourism industry is now covered by Section 11 (3C)

Amendments in Income Tax Act, 2002

Section 11 – Professional Exemptions and facilities

Section	Existing Provision	Revised Provision
11 (3P)	100% tax exemption shall be available to micro industry for 5 (five) years from the date of commencement of business or transaction. Further, if such micro industry is run by woman entrepreneur , tax exemption shall be availed for another 2 (two) years	100% tax exemption shall be available to micro industry for 7 (seven) years from the date of commencement of business or transaction. Further, if such micro industry is run by woman entrepreneur , tax exemption shall be availed for another 3 (three) years

Section 11 (3R) – New Provision of Tax Rebate to Special industry established and operated in industrial area or industrial village

Tax Rebate : 25% tax exemption for a period of 5 years from the date of commencement of commercial operation

Amendments in Income Tax Act, 2002

Section 11 – Clarifications related to Industrial Enterprise Act

Section	Existing Provision	Revised Provision
11 (6) (b) Clarification Clause	Highly undeveloped (remote), “underdeveloped” area means areas specified in Industrial Enterprises Act, 2073	Highly undeveloped (remote) ”, “undeveloped” “underdeveloped” area means areas specified in Industrial Enterprises Act, 2076
11 (6) (c)/ 11(6) (d) Clarification Clause	Sec. 15 (2) of Industrial Enterprises Act, 2073 in these sections are replace by Sec. 17 (2) of Industrial Enterprises Act, 2076.	

Amendments in Income Tax Act, 2002

Section 21 – Provision of Deductible Expenses (PAN Related)

Section	Existing Provision	Revised Provision
21 (1) (D1)	Payment of remuneration and wages to the employees and workers not having Permanent Account Number (PAN) shall be disallowed at the time of calculating taxable income	Payment up to NPR 3,000 on account of wages of one-off nature made to the natural person without having Permanent Account Number (PAN) can be claimed as deductible expenses while computing income from business and investment for the fiscal year 2076/77
21 (1) (D2)	Expense of invoice more than NPR 1,000 not containing PAN shall be disallowed at the time of calculating taxable income	Where the payment is in respect of invoices Purchase of Agro items, forest items, animal products and any other domestic goods from natural person not involved in business and expenses up to NPR 2,000 per invoice without PAN can be claimed as deductible expenses while computing income from business and investment for the fiscal year 2076/77

Amendments in Income Tax Act, 2002

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

Section 47A (6) : Time for submission of the Intent of Merger as per Section 47A(1) to Inland Revenue Department is extended till Ashad end 2078.

Section 47A(7) : The merger process of entities submitting letter of intent as per Section 47A(6) shall be completed by 2079 Ashad End.

Section 78 – Permanent Account Number

Suspension of Permanent Account Number:

1. IRD may suspend PAN in any of the following circumstances :
 - *If ceases to involved into transactions*
 - *In respect of entity, if the entity is closed, sold or transferred*
 - *In respect of private firm, if the owner dies*
 - *Registration by error*
2. The procedures related to suspension of permanent account number shall be as prescribed

Amendments in Income Tax Act, 2002

Section 79/88 – Service of Documents / Withholding Tax (WHT)

Section	Existing Provision	Revised Provision
79 (1) (b)	Any of the documents to be served or handed over to any person under this Act shall be deemed to have been served or handed over to him in case it is personally handed over to the concerned person or to the manager of an entity in case of an entity	Any of the documents to be served or handed over to any person under this Act shall be deemed to have been served or handed over to him in case it is personally handed over to the concerned person or his representative or his employee or to the manager or any representative or employee designated by the manager of an entity in case of an entity
Section 88 (1) (5) (c)	10% of VAT of the related invoice will be deposited to bank account of buyer on purchase of goods or services through card or online mechanism. Withholding tax shall not be deducted in such refund	Provision Deleted

Amendments in Income Tax Act, 2002

Section 88 – Withholding Tax (WHT)

Section	Existing Provision	Revised Provision
88 (1) (8)	WHT on payment of rent on transportation services - 2.5%	WHT on payment of transportation services/transportation vehicles on rent - 2.5% However, if the transport service provider or transport rental provider is registered in VAT, WHT Rate- 1.5%
88 (1) (9)	New Provision of WHT – 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%	
88 (1) (10)	New Provision of WHT – WHT shall not be applicable where a consumer receives reward amounts pursuant to prevailing law as a result of making payment through electronic medium including payment card, digital wallet, mobile banking at the time of purchase of goods or services	

Amendments in Income Tax Act, 2002

Section 89 – Withholding Tax (WHT) on contract payment

Section	Existing Provision	Revised Provision
88 (3) (a)	WHT on payment of Repair of aircraft and other contract agreement - 5%	WHT on payment of Repair of aircraft and other contract agreement - 5%

Section 90 – Statement and payment of tax withheld

Section	Existing Provision	Revised Provision
90 (8)	Where a person does not submit tax and return pursuant to 90(1) and 90(2) or where IRD is satisfied that circumstance under 90(5) prevails, IRD may order for the payment of tax not paid or less paid and interest under section 119 . Provided that, a show-cause notice shall be served upon the person to submit proof along with the reason to issue such order with 15 days time limit.	Where a person does not submit tax and return pursuant to 90(1) and 90(2) or where IRD is satisfied that circumstance under 90(5) prevails, IRD may order may order for the payment of tax not paid or less paid and interest under section 119 including fees under Sec. 120 where the person fails to withhold tax . Provided that, a show-cause notice shall be served upon the person to submit proof along with the reason to issue such order with 15 days time limit.

Amendments in Income Tax Act, 2002

Section 95A (6A) – Collection of Advance Tax

Resident bank and financial institutions which provides foreign currency exchange facility for language and examination fees to students going for abroad studies shall collect advance tax of 15% on such fee at the time of providing foreign currency exchange facility in respect of payment of such examination fee.

Amendments in Income Tax Rates – Annexure I

Clause 1 (2) (e) – Income Tax for Natural Person - Income tax on first NPR 450,000 taxable income (i.e. 1% on NPR 450,000) shall not be levied in case of taxpayer registered as sole proprietorship firm, income from pension and natural person contributing based on pension fund and **social security fund**. (In case of Couple)

Note: On practical note, person opting either single or couple for income tax purpose was availing the exemption of 1% tax facility previously also. This is just clerical changes in respect of individual opting for couple status

Amendments in Income Tax Act, 2002

Annexure 1 - Clause 1(9) – Collection of Advance Tax

Existing Provision	Revised Provision
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 actual pension whichever is lower is available	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 actual pension whichever is lower is available.

Thus, tax cost of pension holder will increase after deletion of provision

Amendments in Income Tax Act, 2002

Schedule 2 (3) – Tax Rate for Co-operatives

Existing Provision	Revised Provision
<p>Applicable Tax Rate: 20%</p> <p>Applicable To: Co-Operatives registered and carrying out transaction under Cooperative Act, 2048 except those carrying out transaction with tax exemption</p> <p>However, following rebate shall be provided to Cooperative as mentioned below doing financial transaction:</p> <ul style="list-style-type: none"> i. 75% of applicable tax rate if operated in Municipality area (20%- 75% Rebate = 5%) ii. 50% of applicable tax rate if operated in Metropolitan or sub metropolitan area (20%- 55% Rebate = 10%) 	<p>Applicable Tax Rate: 20%</p> <p>Applicable To: Co-Operatives registered and carrying out transaction under Cooperative Act, 2048 except those carrying out transaction with tax exemption</p> <p>However, following tax rates shall be levied to Cooperative as mentioned below doing financial transaction:</p> <ul style="list-style-type: none"> i. Operated in Municipality area – 5% ii. Operated in sub metropolitan area – 7% iii. Operated in Metropolitan area -10%

Note: Thus, effectively, only co-operatives operating in sub metropolitan area has impact on tax rate i.e. previously tax rate was 10% and with revision in annexure provision, 7% is an applicable tax rate

Amendments in Income Tax Act, 2002

Schedule 3 (2) – Additional Depreciation

Existing Provision	Revised Provision
<p>Following entities can claim one third (1/3rd) additional depreciation in addition to the depreciation rate applicable for the assets referred in Pool A, B, C and D mentioned in Annexure 2, Clause 1:</p> <ul style="list-style-type: none"> ❖ Projects mentioned in Sec 19(2) ❖ Entities mentioned in Annexure 1, Clause 2(3) and 2(4) 	<p>Following entities can claim one third (1/3rd) additional depreciation in addition to the depreciation rate applicable for the assets referred in Pool A, B, C and D mentioned in Annexure 2, Clause 1:</p> <ul style="list-style-type: none"> ❖ Projects mentioned in Sec 19(2) ❖ Entities mentioned in Annexure 1, Clause 2(3) ❖ Entities mentioned in Section 11 (2B)/ 11(3F)/ 11(3Q) <ul style="list-style-type: none"> - <i>11 (2B) : Special Industry that operates fully throughout the year</i> - <i>11 (3F) : Entities operating Trolley or Tram bus/ constructs and operates ropeway, cable car, or overhead bridge/road, bride or tunnel way, railway, airports</i> - <i>11(3Q): Any entity that carries on project such as to build, operate any public infrastructure project and transfer it to GoN and builds power house, generates and transmits electricity</i>

Amendments in Income Tax Act, 2002

Employment Tax - Income Tax Rates- Schedule 1 – Slab Rate remains same as of previous year

Clause 1: Taxable Income of a Natural Person

Fiscal Year 2077/78 (If Assessed as Single)	
Income Slab	Rate of Tax
First Rs. 400,000	1%
Next Rs. 100,000	10%
Next 200,000	20%
Above 700,000	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.	

Fiscal Year 2077/78 (If Assessed as Couple)	
Income Slab	Rate of Tax
First Rs. 450,000	1%
Next Rs. 100,000	10%
Next 200,000	20%
Above 750,000	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 not made to female employees.	

Note: 1% shall not be levied to the person contributing to SSF.

*Amendments in Excise
Act 2002*



Amendments in Excise Act, 2002

Section 2 (1A) – Definition of Excise Duty Stamp Added

Definition of Excise Duty Stamp : Excise Duty Stamp means a safety sign designed by Inland Revenue Department (IRD) affixed in any excise duty leviable goods. It includes any kind of safety sign generated electronically or any other signs prescribed by IRD

Section 4E – Provision Related to Gift and Cash Discount

Existing Provision	Revised Provision
Industry relating to alcohol, beer or tobacco contained product and importer and seller of such product shall not organize gift program or such industry shall not provide discount on selling such product to buyers other than those registered in VAT. In case such act is found done, it shall be deemed to have violated the conditions of license.	Industry relating to alcohol, beer or tobacco contained product and importer and seller of such product shall not organize gift program or such industry shall not provide discount on selling such product to buyers other than those registered in VAT . In case such act is found done, it shall be deemed to have violated the conditions of license.

Amendments in Excise Act, 2002

Section 9(5)(c)– Proviso to Renewal of License

Existing Provision	Revised Provision
<p>A licensee who intends to obtain the renewal of license has to renew within the month of Shrawan by paying the fees as prescribed.</p> <p>However, license obtained to produce goods subject to excise duty by industry subject to self-release system or license obtained for providing service subject to excise duty is not required to be renewed.</p>	<p>A licensee who intends to obtain the renewal of license has to renew within the month of Shrawan by paying the fees as prescribed.</p> <p>However, license obtained to produce goods subject to excise duty by industry subject to self-release system except tobacco-based products is not required to be renewed.</p>

Amendments in Excise Act, 2002

Section 16(1)(d)– Penalty

Existing Provision	Revised Provision
In case where any person uses produces, stores or imports alcohol, beer or cigarettes by designing fake excise duty stamp, such person shall be punished as prescribed by Excise Act.	In case of production, bottle seal, and sales of alcohol contrary to the regulation formed under the act or conditions set by IRD, such person shall be punished as prescribed by Excise Act.

Section 16 (4)(s1) : Penalty Provision Added

In case of use of spirit or ethanol in excess to the quantity authorized as per the law, penalty at the highest rate of excise duty on production of alcohol from such spirit and ethanol shall be levied.

Amendments in Excise Act, 2002

Below are the changes in rates in Excise Duty

SN	Sub-headings	Description of goods	Existing duty	Revised duty
1	0802.11.00	Almonds inshell (only on import)	-	5%
2	0802.12.00	Almonds shelled (only on import)	-	5%
3	1404.90.30	Leaves to roll beedis	-	5%
4	2101.20.00	Extracts, essences and concentrates, of tea or mate, and preparations with a basis of these extracts, essences or concentrates or with a basis of tea or mate (only on import)	-	10%
5	2105.00.00	Ice cream and other edible ice, whether or not containing cocoa (only on import)	-	10%
6	2106.90.20	Pan Masala without Tobacco	Rs 610 per kg	Rs 650 per kg
7	2403.99.10	Jarda, Khaini, Snuff, Ghutka and similar preparations containing chewing tobacco	Rs 610 per kg	Rs 650 per kg
8	2403.99.91	Hukka flavour	-	Rs 1000 per kg
9	3202.10.10	Odoriferous substances used in alcoholic solution.	-	5%
10	3307.49.00	Others	-	10%

Amendments in Excise Act, 2002

Changes in Rates in Excise Duty

SN	Sub-headings	Description of goods	Existing duty	Revised duty
11	6305.33.00	Other, of polyethylene or polypropylene strip or the like	-	5%
12	7217.10.00	<u>Wire of iron or non-alloy steel.</u> -Not plated or coated, whether or not polished	-	Rs 1650 per MTon
13	7217.20.00	-Plated or coated with zinc	-	Rs 1650 per MTon
14	7217.30.00	-Plated or coated with other base metals	-	Rs 1650 per MTon
15	7217.90.00	-Other	-	Rs 1650 per Mton
16	7223.00.00	Wire of stainless steel.	-	Rs 1650 per MTon
17	7229.20.00	-Wire of silico-manganese steel.	-	Rs 1650 per MTon
18	7229.90.00	-Other	-	Rs 1650 per MTon
19	7312.10.00	Stranded wire, ropes and cables	-	Rs 1650 per MTon
20	7312.90.00	Other	-	Rs 1650 per MTon

Amendments in Excise Act, 2002

Changes in Rates in Excise Duty

SN	Sub-headings	Description of goods	Existing duty	Revised duty
21	8443.31.00	Machines which perform two or more of the functions of printing, copying or facsimile transmission, capable of connecting to an automatic data processing machine or to a network	10%	Removed
22	8443.32.00	Other, capable or connecting to an automatic data processing machine or to a network	10%	Removed
23	8443.39.00	Other	10%	Removed
24	8702.40.41	Unassembled jeep, car, van	-	40%
25	8702.40.49	Other jeep, car, van	-	40%
26	8703.80.11	Three-wheeler electric vehicle unassembled	-	5%
27	8703.80.19	Other Three-wheeler electric vehicle	-	5%
28	8703.80.21	Electric car, jeep, van pickup power up to 50KW unassembled	-	30%
29	8703.80.29	Other Electric car, jeep, van pickup power up to 50KW.	-	30%
30	8703.80.31	Electric car, jeep, van pickup power more than 50KW and less than 100kW unassembled.	-	40%

Amendments in Excise Act, 2002

Changes in Rates in Excise Duty

SN	Sub-headings	Description of goods	Existing duty	Revised duty
31	8703.80.39	Other Electric car, jeep, van pickup power more than 50KW and less than 100kW	-	40%
32	8703.80.41	Electric car, jeep, van pickup power more than 100KW and less than 150kW unassembled.	-	50%
33	8703.80.49	Other Electric car, jeep, van pickup power more than 100KW and less than 150kW.	-	50%
34	8703.80.51	Electric car, jeep, van pickup power more than 150KW and less than 200kW unassembled	-	60%
35	8703.80.59	Other Electric car, jeep, van pickup power more than 150KW and less than 200kW.	-	60%
36	8703.80.61	Electric car, jeep, van pickup power more than 200KW and less than 300kW unassembled.	-	70%
37	8703.80.69	Electric car, jeep, van pickup power between 200KW and 300kW others	-	70%
38	8703.80.71	Electric car, jeep, van pickup power more than 300kW unassembled	-	80%
39	8703.80.79	Electric car, jeep, van pickup power more than 300kW others	-	80%
40	8703.80.91	Others	-	80%

Amendments in Excise Act, 2002

Changes in Rates in Excise Duty

SN	Sub-headings	Description of goods	Existing duty	Revised duty
41	8703.80.99	Others	-	80%
42	8708.10.00	Bumpers and parts thereof	5%	Removed
43	8708.21.00	-Safety seat belts	5%	Removed
44	8708.29.00	Other	5%	Removed
45	8708.30.00	Brakes and servo-brakes; parts thereof	5%	Removed
46	8708.40.00	-Gear boxes and parts thereof	5%	Removed
47	8708.50.00	Drive-axles with differential, whether or not provided with other transmission components, and non-driving axles; parts thereof	5%	Removed
48	8708.70.00	Road wheels and parts and accessories thereof	5%	Removed
49	8708.80.00	Suspension systems and parts thereof (including shock-absorbers)	5%	Removed
50	8708.91.00	Radiators and parts thereof	5%	Removed

Amendments in Excise Act, 2002

Changes in Rates in Excise Duty

SN	Sub-headings	Description of goods	Existing duty	Revised duty
51	8708.92.00	Silencers (mufflers) and exhaust pipes; parts thereof	5%	Removed
52	8708.93.00	Clutches and parts thereof	5%	Removed
53	8708.94.00	-Steering wheels, steering columns and steering boxes; parts thereof	5%	Removed
54	8708.95.00	Safety airbags with inflater system; parts thereof	5%	Removed
55	8708.99.00	Other	5%	Removed
56	8714.10.00	parts and accessories of motorcycles (including mopeds)	5%	Removed
57	8714.91.00	-Frames and forks, and parts thereof	5%	Removed
58	8714.92.00	Wheel rims and spokes	5%	Removed
59	8714.93.00	Hubs, other than coaster braking hubs and hub brakes, and free-wheel sprocket-wheels	5%	Removed
60	8714.94.00	Brakes, including coaster braking hubs and hub brakes, and parts thereof	5%	Removed

Amendments in Excise Act, 2002

Changes in Rates in Excise Duty

SN	Sub-headings	Description of goods	Existing duty	Revised duty
61	8714.95.00	Saddles	5%	Removed
62	8714.96.00	-Pedals and crank-gear, and parts thereof	5%	Removed
63	8714.99.90	Others	5%	Removed
64	9401.10.00	Seats of a kind used for aircraft	-	10%
65	9401.20.00	Seats of a kind used for motor vehicles	-	10%
66	9401.30.00	Swivel seats with variable height adjustment	-	10%
67	9401.40.00	Seats other than garden seats or camping equipment, convertible into beds	-	10%
68	9401.52.00	Seats of bamboo	-	10%
69	9401.53.00	Seats of rattan	-	10%
70	9401.59.00	Other seats	-	10%

Amendments in Excise Act, 2002

Changes in Rates in Excise Duty

SN	Sub-headings	Description of goods	Existing duty	Revised duty
71	9401.61.00	Seats with Upholstered wooden frames	-	10%
72	9401.69.00	Seats with other wooden frames	-	10%
73	9401.71.00	Seats with upholstered metal frames	-	10%
74	9401.79.00	Seats with other metal frames	-	10%
75	9401.80.00	Other seats	-	10%
76	9403.10.00	Metal furniture of a kind used in offices	-	10%
77	9403.20.00	Other metal furniture	-	10%
78	9403.30.00	Wooden furniture of a kind used in offices	-	10%
79	9403.40.00	Wooden furniture of a kind used in the kitchen	-	10%
80	9403.50.00	Wooden furniture of a kind used in the bedroom	-	10%

Amendments in Excise Act, 2002

Changes in Rates in Excise Duty

SN	Sub-headings	Description of goods	Existing duty	Revised duty
81	9403.60.00	Other wooden furniture	-	10%
82	9403.70.20	Baby walker	-	10%
83	9403.70.90	Others	-	10%
84	9403.82.00	Furniture of bamboo	-	10%
85	9403.83.00	Furniture of rattan	-	10%
86	9403.89.00	Other	-	10%
87	9406.10.90	Prefabricated buildings of wood (only on import)	-	10%
88	9406.90.90	Prefabricated buildings of others. (only on import)	-	10%
89	9505.10.00	Articles for Christmas festivities	-	5%
90	9505.10.00	Articles for Christmas festivities	-	5%
91	9505.90.00	Other	-	5%

*Amendments in
Customs Act, 2007*



Amendments in Customs Act, 2007

Major Highlights in Custom Duty

1. Custom Duty on petroleum, fuel and diesel has increased by NPR 10 per Liter.
2. Custom Duty levied at 1% for insect traps, blended protein fiber yarn, cocoon fiber, reeling machine, UV Plastic film, insect net, agro net and green house.
3. 50% rebate on custom duty of electric motor, agarbatti compound, face mask producing machines, metal detector, gas anesthesia set, x-ray machine and motorcar for mobile veterinary services.
4. Custom duty of 30% on three-wheeler electric vehicle and 40% on electric jeep, cars and vans.
5. No custom duty imposed for Television up to 32 inch and for other televisions custom duty shall be levied as per the existing custom rate
6. Custom Duty is levied on the import of all types of furniture.
7. Foreign produces fee of 15% repealed.
8. Rebate of custom duty on the import of Machinery and Raw Materials imported by Cottage and Micro Enterprise, Agriculture Business, Mask producing industry and Agricultural machinery.

Amendments in Customs Act, 2007

Major Highlights in Custom Duty

9. Concession on custom duty to the corona affected Ayurveda medicine raw material industry.
10. Agricultural improvement charge has been increased to 9% for FY 2077/78 from 8% in FY 2076/77. Similarly, two rates has been defined as agricultural improvements charge i.e. 5% and 9%.
11. Wheat, paddy, vegetable seeds vision are levied 1% agricultural improvement fee.
12. Discount on custom duties for import of the raw materials and goods from India and Tibet attracting custom duty of 5%-30% and above is subjected to 5% and 3% discounts respectively.
13. Custom duty levied upon the gold and gold ornaments are as below :
14. On import of 1st 50gms of gold, custom duty of NPR 9,500 per 10gms and for the next 50gms, custom duty of NPR 10,500 per 10gms will be levied.
15. No custom duty will be levied on import of 1st 50 gms gold ornaments. For next 100gms NPR 10,500 per 10gms and for next 100gms NPR 12,000 per 10 gms will be levied as custom duty.

Amendments in Customs Act, 2007

Major Changes in Schedule of Custom Duty

SN	Sub-headings	Description of goods	Existing duty	Revised duty
1	0701.90	Potatoes	10%	15%
2	0910.91	Spices	10%	15%
3	1806.10	Chocolate	40%	30%
4	1905.90.81	Non-fried crisps, savory crisp	40%	30%
5	2101.20.00	Tea or meth extract, juice or sandra	10%	30%
6	2103.09.10	Ingredients needed for sauces and sauces	20%	15%
7	2208.20.10	Alcohol used as a raw material for alcohol	NPR 1,200 per liter	NPR 1,500 per liter
8	2710.12.10	Petrol	NPR 15.20 per liter	NPR 25.20 per liter
9	2710.19.10	Fuel	NPR 2 per liter	NPR 12 per liter
10	2710.19.30	Diesel	NPR 2 per liter	NPR 12 per liter

Amendments in Customs Act, 2007

Major Changes in Schedule of Custom Duty

SN	Description of goods	Existing duty	Revised duty
11	Urea	Nil	5%
12	Soap	20%	15%
13	Plastic plates	20%	15%
14	Gowns and hairnets used for surgical and medical work	20%	5%
15	Induction stove	15%	5%
16	Parts of electrical goods	15%	5%
17	Three-wheeler electric motor	10%	30%
18	Electric jeep, car and van	10%	40%
19	Gold	NPR 6500 per 10gms	NPR. 8500 per 10gms

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