



Amendments in Tax Laws Made by Budget 2079/80

Financial Year 2079/80

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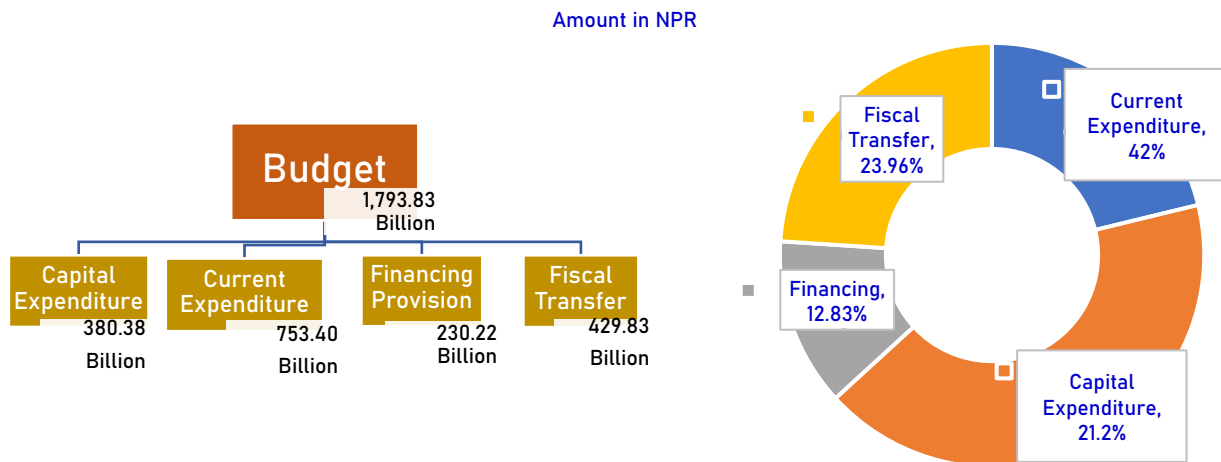
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Nepal Budget FY 2022/23 Budget Highlights

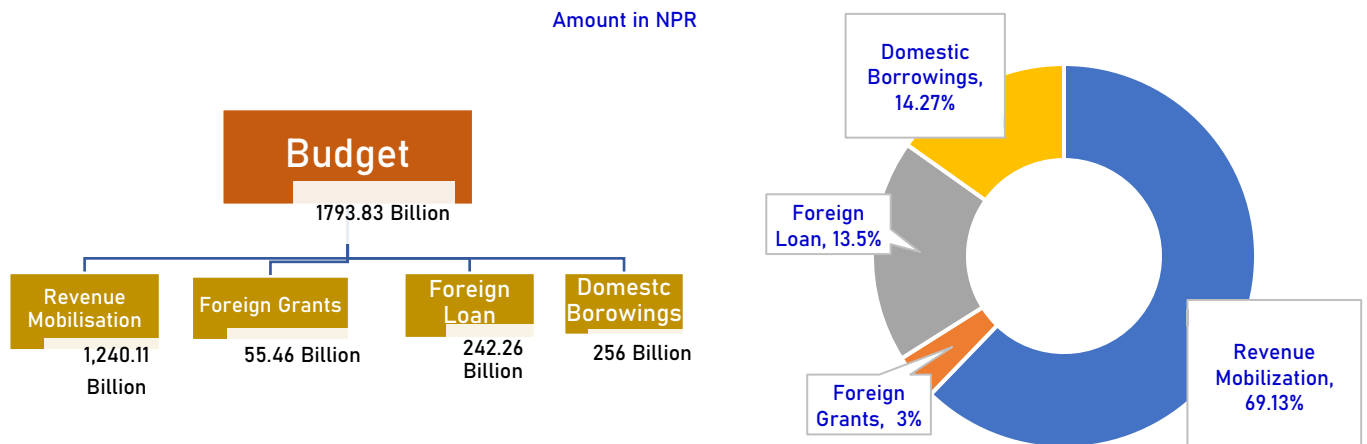
On Sunday, 29 May 2022, Honorable Finance Minister Mr. Janardan Sharma presented the full budget for the fiscal year 2079/80 (2022/23). The allocation of resources, objectives, priorities, and significant policy statement of the budget is highlighted in this document.

1. Source and Allocation of Budget

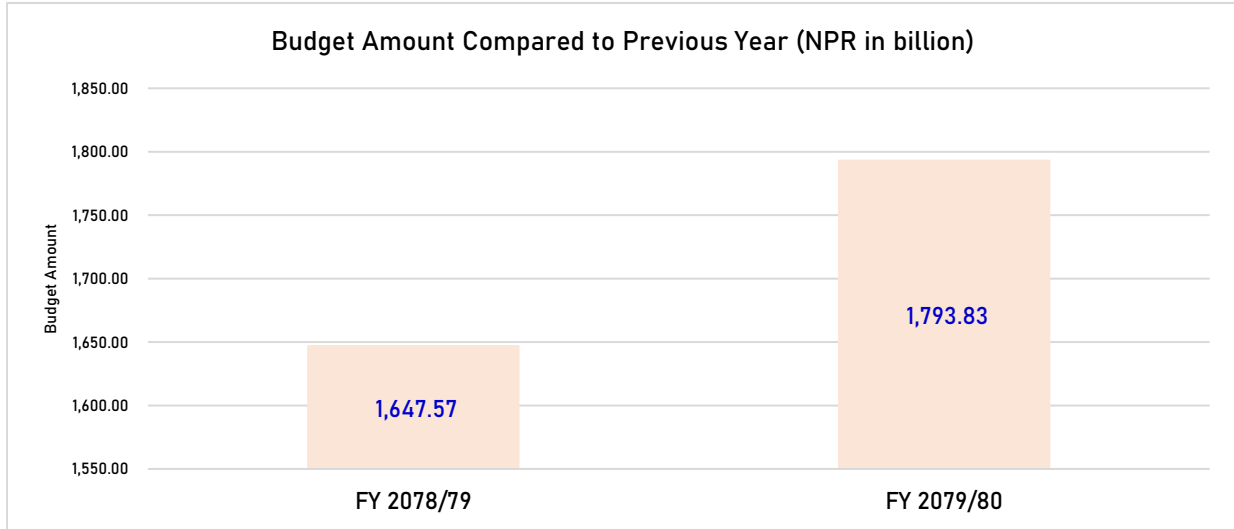
Allocation of Budget



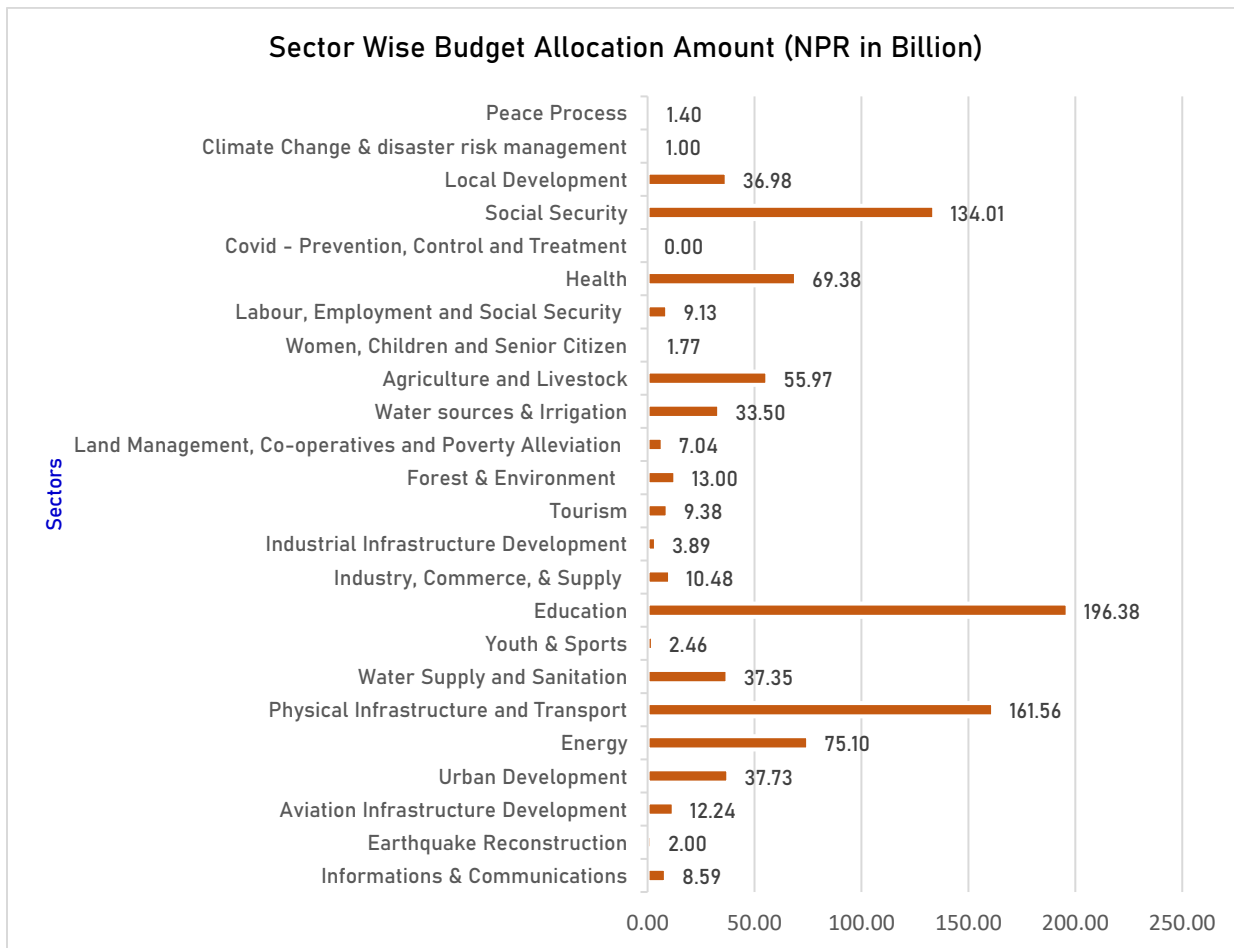
Source of Finance



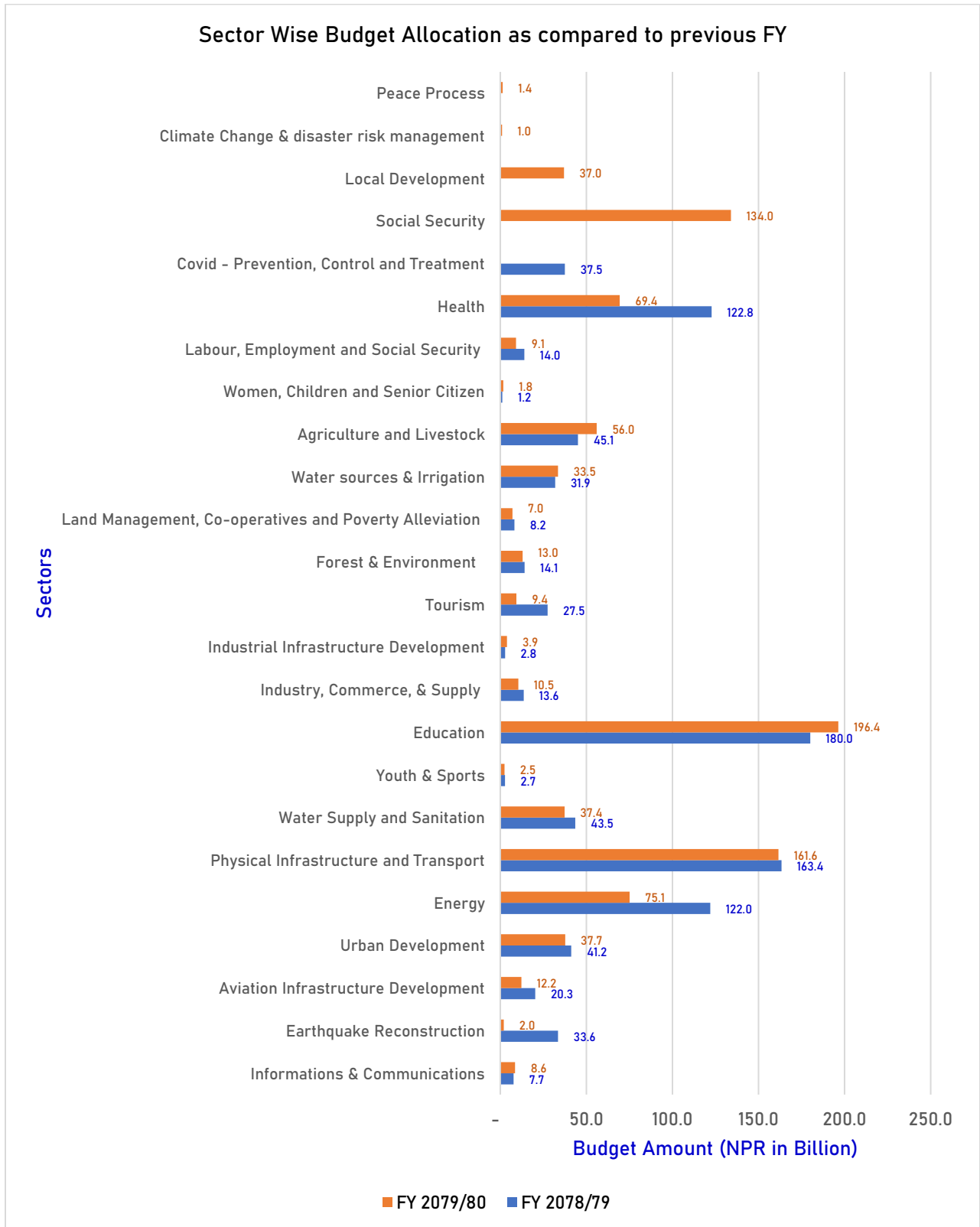
2. Budget Amount Comparison



3. Sector Wise Budget Allocation



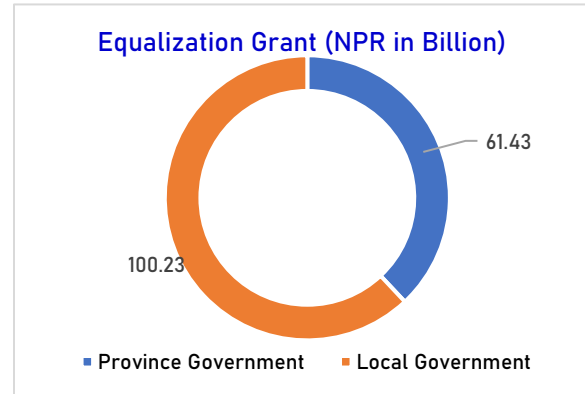
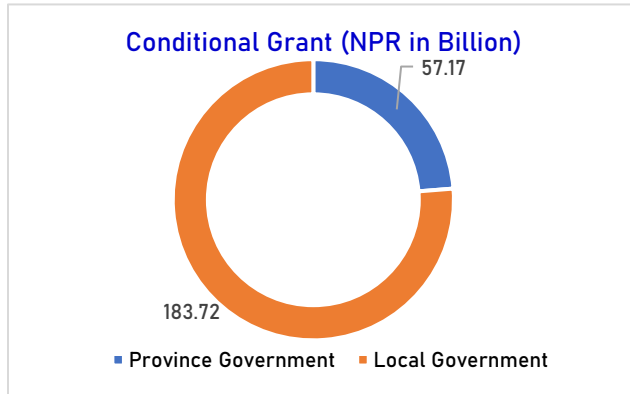
Sector wise Budget allocation as compared to previous Financial Year (NPR in billion)



4. Fiscal Transfer

NPR in Billion

Heading	Province Governments	Local Governments
Conditional Grant	57.17	183.72
Equalization Grant	61.43	100.23
Special Grant	4.56	9.14
Matching Grant	6.3	7.27
Total	129.46	300.36



5. Objectives of Budget

- To achieve high and sustainable economic growth by building a production-based economy.
- To create employment and alleviate poverty through integrated mobilization of available natural resources, manpower, capital and technology.
- To maintain financial discipline and to maintain macroeconomic stability by keeping inflation within prescribed limits
- To establish federalism as a vehicle of prosperity by transferring resources at the province and local levels.
- To build the base of balanced, inclusive, self-reliant and socialism-oriented economy through economic and social transformation.

6. Priority Areas

- Transformation of the agricultural sector
- Increase productivity, job creation and poverty alleviation in collaboration with government, private and cooperative sectors.
- Local economic development based on innovation
- Human Resource Development
- Infrastructure development and capital formation

- Hydropower generation, transmission line expansion and rural electrification
- Industrial development, investment promotion and revival of tourism sector
- Environmental Protection, Disaster Management and Risk Reduction of Climate Change
- Effective public service and promotion of good governance and periodic elections
- Scientific research and development.

7. Budget Highlights

1. Health and education sectors to be prioritized to increase human development index by 0.65 %.
2. NPR 10 billion to be allocated for the agriculture promotion program.
3. Government to focus on production and agriculture to decrease imports by 20 %.
4. Minimize the imports of grains: rice, maize and wheat by 30% and establish 100 food warehouses across the country
5. A Farmers' Welfare Fund to be established for providing pensions to farmers for which Government will provide the 10 percent of total contribution by farmers. NPR 1 billion allocated as seed money for this purpose.
6. An additional grant of NPR 50 million to be provided to best three local governments of every province that works for the transformation of agriculture.
7. NPR 260 million to be allocated for operating business incubation centers in all seven provinces.
8. Program to be launched to bring 1 million tourists in the FY 2079/80.
9. Adequate budget to be allocated for the construction of petroleum pipelines along the Amlekhgunj-Lothar (Chitwan), Siliguri-Charaali (Jhapa).
10. Bhairahawa and Simara special economic zones to be brought into operation and construction of Panchkhal special economic zone to be completed within FY 2078/79.
11. Reduction of minimum threshold for Foreign Direct Investment injection from NPR 50 million to NPR 20 million.
12. Arrangement to be made for approval of foreign investment up to NPR 100 million through automated system. If large investors request for FDI approval electronically, arrangements will be made to provide preliminary approval within seven days so that pre-preparation work can be done. Arrangement will be made to complete the remaining process related to investment approval and operation of industry within 6 months.
13. Eligible age for old age allowance has been lowered to 68 years from 70 years
14. Provision to be made for extension of licenses of Covid-19 affected hydropower projects by up to 2 years.
15. Salary of government employees increased by 15%

16. Arrangement to be made to allow only registered companies/entities to operate the real estate business. In metropolitan and sub-metropolitan cities, such arrangement will be enforced from FY 2079/80.
17. An integrated real estate valuation system based on geographical information system will be developed and arrangements will be made to make the same valuation system mandatory for all stakeholders.
18. Subsidy to be provided to organizations producing tools to be used by differently abled people.
19. Arrangements to be made for investment by Non-Resident Nepalese in secondary stock market. 10 percent reservation in IPO will be made for Nepalese working abroad.
20. National identity cards to be provided to all Nepalese within two years, 2 million Nepalese to get national ID card within this FY.
21. The Government targets to reduce recurrent expenditure by 15 percent. New vehicles not to be purchased for government offices for the next fiscal year.
22. Venture capital to be promoted and challenge fund to be established for promotion of manufacturing industries.
23. Provision to be introduced requiring insurance companies to invest defined percent of their investment in infrastructure development projects.
24. Review of land Ceiling to be carried out in respect of lands required for establishment of industry.
25. Arrangement to be made to fix minimum support price of specialized agriculture and live-stock products specified by the local level.
26. In order to develop young entrepreneurship and promote innovation, the program of providing start-up capital will be continued and the impact of this program will be evaluated and improved. Arrangements will be made to provide project-based loan. In such businesses, capital management will be done through venture capital and study and research will be encouraged.
27. Arrangement will be made requiring large and medium enterprises to support startups.
28. Arrangement will be made to allow Nepalese construction companies to involve in construction business abroad.
29. 50% discount on the fee or fee for renewal of passport, consular service and renewal of work permit to the Nepali citizens working abroad sending remittances through formal channels.
30. Arrangement of levying 100% additional registration fee shall be made to persons purchasing more than a house/apartment on purchase of additional house/apartment.
31. Following provision/arrangement regarding obtaining Permanent Account Number (PAN) shall be made introduced and implemented:

- ❖ Provisions will be made requiring all government bodies at the Federal, Province and Local levels to obtain PAN and submit the details of withholding tax through electronic means.
- ❖ Provision will be made for providing PAN to all Nepalese citizen at the time of providing citizenship and national identity card.
- ❖ Provision shall be made requiring minor citizens involved in any business/investment based on birth registration or minor identity card and parent's identity card.
- ❖ Provision shall be made requiring submission of PAN and Tax Clearance Certificate at the time of renewal of labour Permit and VISA of foreign nationals.
- ❖ Mandatory arrangement shall be made requiring professionals to submit PAN and Tax Clearance Certificate at the time of renewal of profession certificate.
- ❖ Arrangement shall be made requiring to submit PAN at the time of purchasing four-wheeler vehicle.

8. Overview of Amendments in Tax

Indirect Tax

1. Modifications made in the customs duty on raw materials imported by manufacturing industries in line with the policy of reducing the customs duty on manufactured goods by at least one level. In addition, to discourage the import of luxury goods, rates of import duty including customs duty and excise duty in luxury goods has been increased.
2. Exemption of 50% and 25% in excise duty and custom duty respectively shall be provided on the import of spare parts or raw materials required for the production of vehicles to the industry established in Nepal for manufacturing or assembling four wheelers on recommendation of Department of Industry.
3. Only 1% customs duty shall be levied on the raw materials or spare parts used by the industries producing electric rickshaws and electric motorcycles or scooters.
4. 90% exemption shall be provided on prevailing customs duty on the import of sanitary pads. Furthermore, arrangement shall be made to ensure that only 1 percent customs duty will be levied on the import of raw material required for the industry producing sanitary pads in Nepal.
5. 100% exemption of custom duty shall be provided to local governments on the import of an agricultural ambulance or transport vehicles for transporting/marketing agricultural products.
Similarly, 50% rebate of custom duty shall be provided on the import of one unit of transport vehicle to be purchased by the Agricultural Cooperative for the transportation of agricultural products.
6. 75% rebate of custom duty shall be provided on the import of maximum 2 school buses to be purchased by community schools.

7. On recommendation of Department of Industry, arrangement has been made to provide 100% exemption in custom duty on required raw material used by the industry producing accessories for person with disabilities.
8. 100% exemption on custom duty shall be provided on urine bags used by differently abled persons.

Direct Tax

1. Arrangements shall be made to bring businesses engaging in economic activities in Nepal using electronic networks from outside Nepal under the scope of income tax.
2. Limit of income tax exemption provided to natural persons and couples by the Income-Tax Act, 2058 increased to NPR 5 lakhs and NPR 6 Lakhs respectively.
3. Limit for deduction of insurance premium for income tax purposes increased to NPR 40,000 from NPR 25,000.
4. 40% income tax exemption to be provided for 5 years from the date of commencement of business to a new industry established to manufacture or assemble four-wheeler electric vehicles.
5. Tax shall be levied @ 1% to person earning foreign exchange by providing software, electronic services, business process outsourcing, or similar IT based services outside Nepal.
6. Tax shall be withheld @ of 1.5% on royalty for literary works.

Tax Rebates

1. Rebate of 75% and 50% income tax shall be provided to taxpayers with an annual turnover of up to NPR 30 Lakhs and an annual turnover of more than NPR 30 Lakhs and up to NPR 1 crore respectively.
2. Rebate of 50% on income tax shall be provided on the business taxable income of FY 2078/79 to industries of tourism sector such as hotel, travel, trekking, cinema business which were most affected by the epidemic of Covid-19.
3. 100% tax exemption shall be provided to the agricultural tools factory for 5 years from the date of commencement of business.
4. 100% income tax exemption shall be provided for 15 years from the date of commencement of business to Special Industry established in the hilly districts of Karnali and Far Western Province providing direct employment to more than 100 Nepalese citizen.

Tax Administration

1. Fiscal Year 2079/80 will be celebrated as the market monitoring year in order to control revenue leakage through intensive and effective monitoring and to increase tax participation.

2. Details relating to business operators will be updated in biometric system to discourage tendency to tax evasion by registering business in the name of other persons.
3. In coordination with the Nepal Oil Corporation, arrangement will be made to require petrol pumps to issue electronic invoices on real time basis.
4. Services including vehicle scanning will be started in the major customs offices using non-interfering inspection equipment.
5. A system will be developed within FY 2079/80 in which all types of taxpayers who have paid their tax returns by submitting their income tax return will be able to print their own tax clearance certificate.

9. General Amendments in Tax

Section 15 – Telecom Service Fee

Particulars	Existing taxability	Revised Taxability
Rate of Service Fee Collection – By Telecom service provider providing telephone, mobile, internet and like services	13%	10%

Section 16 – Casio Royalty

Particulars	Existing provision	Revised provision
Following is the rate of royalty payment by licensed entities operating casino in Nepal		
a) For Operation of Casino	NPR 4 crore per annum	NPR 5 crore per annum
b) For Operating casino games using modern machines and equipment	NPR 1.5 crore per annum	NPR 1 crore per annum
c) Due Date for deposit of royalty	Within 6 months from the start of financial year.	To be deposited in installments as below: <ul style="list-style-type: none"> ❖ Till Poush end : 40% ❖ Till Chaitra End : 70% ❖ Till Ashadh end : 100%

Section 20 – Digital Service Tax (New Provision)

Particulars	Provision
Nature of Tax	Digital Service Tax
Applicability	Non-Resident Person providing digital services to consumers in Nepal
Threshold Limit	Upto NPR 20 lakhs i.e., Digital Service Tax is not levied upto the transaction of NPR 20 Lakhs.
Rate of Digital Service Tax	2% of Service Amount

Requirement of Filing Return	Required to file Return of Transaction in a Financial Year and deposit tax
Interest on Delay Deposit of Digital Service Tax	15% per annum
Penalty on Deficit Deposit	50% of Digital Service Tax Amount
Fee on Delay Filing of Return	0.1% of Annual Transactions per annum
Applicability of Income Tax as per Income Tax Act, 2002	Not Applicable to pay income tax as per Income Tax Act, 2002
Tax Administration By	Inland Revenue Department

Section 21 – Special Provision on Tax Rebate due to impact of Covid -19

1. Rebate of **75% (90% in Previous FY)** in applicable tax liability shall be available to following person having annual transaction not more than **NPR 3 million** and **annual taxable income up to NPR 300,000** i.e., taxpayer mentioned in Section 4(4) of Income Tax Act, 2002:

Particulars	Tax Rates	Existing Tax Rebate	Revised Tax Rebate
Natural Person doing business in			
1. Metropolitan City & Sub Metropolitan City	NPR 7,500	90% rebate in applicable tax liability [For FY 2077/78]	75% rebate in applicable tax liability [For FY 2078/79]
2. Municipality	NPR 4,000		
3. Areas other than mentioned than above	NPR 2,500		

This includes the resident natural person meeting the following criteria:

- Annual transaction not more than NPR 3 million and annual taxable income up to NPR 300,000.
- Not registered in VAT.
- Having only business income sourced in Nepal in that fiscal year.
- Medical credit not claimed under section 51.
- Advance tax not claimed under Section 93.

2. Rebate of **50% (75% in Previous FY)** in applicable tax liability shall be available following resident natural person having annual turnover of more than **NPR 3 million** but less than **NPR 10 million** i.e., taxpayer mentioned in Section 4A of Income Tax Act, 2002:

Particulars	Rates – FY 2077/78	Existing Tax Rebate	Revised Tax Rebate
Resident Natural Person conducting transaction of:			
1. Gas, Cigarette by adding commission or price upto 3%	0.25% of turnover	75% rebate in applicable tax liability [For FY 2077/78]	50% rebate in applicable tax liability [For FY 2078/79]
2. Other than business mentioned in (a) above	0.75% of turnover		

3. Service Business	2% on transaction amount		
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This includes the resident natural person meeting the following criteria:

- Annual turnover of more than NPR 3 million but less than NPR 10 million and annual taxable income up to NPR 1,000,000
- Not registered in VAT
- Having only business income sourced in Nepal in that fiscal year.
- Income does not include income from consultancy and expert service provided by natural person including doctor, engineer, auditor, lawyers, sportsman, artist and consultant

3. Rebate of 50% applicable income tax shall be provided to following:

Industries	Existing Tax Rebate	Revised Tax Rebate
Hotels, Travel, Trekking, Cinema Industry (Production, Distribution and Screening), Party Palace, Media House, Transport and Aviation service providers having annual turnover of more than NPR 10 million in FY 2078/79	Applicable tax rate is 1% rate of income tax	Rebate of 50% applicable income tax rate

Section 22 – Special Provision to Transactions based on Information Technology

Tax shall be levied @ 1% to resident person earning foreign currency by providing following information technology-based services in FY 2078/79 to the extent of receipt of foreign currency:

- ❖ Business Process Outsourcing
- ❖ Software Programming
- ❖ Cloud Computing

Section 23 – Special Provision on deductible expenditure for Transport Services

In FY 2077/78, if transport companies have taken vehicle on rent for its business purpose from individual person without PAN invoice and has deposited applicable withholding tax, same expenses (RENT) shall be allowed for deduction at the time of computation of taxable income of such transport companies. [Proviso to Sec 21 (1) (D2) of Income Tax Act, 2002]

[As per Sec 21(1) (D2), payment for expenses made to person not having PAN shall be disallowed at the time of computation of taxable income]

Special provision on deductible expenditure for Transport Services was introduced in previous FY as well, however, it was applicable for transactions of FY 2076/77.

Section 24 – Special provision of waiver on penalty to Company Registrar

Particulars	Provision
Applicability	Companies registered under Company Act 2063, and Private Firm Registration Act 2014

Non-Compliance	Non-Submission of Annual returns till FY 2076/77 and Non-Renewal of firms
Waiver	95% of applicable Fee and Penalty
Condition of Waiver	Annual Returns are submitted within Poush End 2079; and 5% of Fee and Penalty is paid within Poush End 2079

Such rebate was introduced by government in previous FY as well, however, rate of waiver was only 90%.

Section 25 – Special Provision on Waiver of Tax, Fee, Additional Fee and Penalties

Particulars	Provision
Applicability of Waiver	Person having taxable income, who has not deposited tax on such taxable income
Non-Compliance	Applicable Income Tax not deposited with Inland Revenue Department
Condition of Waiver	PAN should be obtained (if not obtained) Income Tax should be deposited within Poush 2079 Income Tax Returns of FY 2075/76, 2076/77 and 2077/78 should be filed within Poush 2079
Waiver I	Fee and Interest applicable in delay deposit of tax and delay filing of returns of FY 2075/76, 2076/77 and 2077/78
Waiver II	If Fee and Interest applicable in delay deposit of tax and delay filing of returns of FY 2075/76, 2076/77 and 2077/78 are deposited within Poush 2079 and applicable returns are filed, 100% rebate on applicable tax, fee and interest shall be provided for Financial Year earlier than 2075/76, also compliance of filing income tax return shall be waived.
If compliances mentioned is not completed within Poush 2079, facility of waiver cannot be enjoyed by taxpayers and 100% of applicable tax, interest shall be levied to taxpayers.	

Section 26 – Special Provision on Waiver of VAT to Joint Ventures (New Provision)

Particulars	Provision
Applicability of Waiver	Joint Venture registered under VAT Act, 1996
Non-Compliance	Applicable VAT till Chaitra 2078 not deposited, and VAT Return not filed with Inland Revenue Department
Condition of Waive Off	Applicable VAT Amount and 50% of Interest Amount should be deposited within Poush 2079 VAT Return should be filed within Poush 2079
Waiver	50% Interest

	Additional Fee Penalty
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Particulars	Provision
Applicability of Waiver	Joint Venture registered under VAT Act, 1996
Non-Compliance	Applicable VAT till Chaitra 2078 not deposited, but VAT Return filed with Inland Revenue Department
Condition of Waive Off	Applicable VAT Amount and 50% of Interest Amount should be deposited within Poush 2079
Waiver	50% Interest Additional Fee

Section 27 – Special Provision on Waiver of Excise Duty (New Provision)

Particulars	Provision
Applicability of Waiver	Registered person under Excise Act, 2002 (Under Self-Removal System)
Non-Compliance	Applicable Excise Duty till Chaitra 2078 not deposited, and Excise Return not filed Applicable Excise Duty till Chaitra 2078 not deposited, but Excise Return filed
Condition of Waive Off	Applicable Excise Duty and 50% of Fee on account of delay deposit should be deposited within Poush 2079 Excise Return should be filed within Poush 2079
Waiver	50% Fee on account of delay deposit Penalty

Section 28 – Special Provision on Excisable Stock (New Provision)

In the case of industries write off of whose excisable stock is already recommended by Inland Revenue Department through physical inspection but the same is outstanding for more than 15 years pending decision, same can be written off by filing an application with the respective Inland Revenue Office within Poush end 2079.

Section 29 – Special Provision to taxpayers' u/s 4(4) and 4(4A) of Income Tax Act, 2002 (Presumptive Taxpayers and Turnover based Tax Payers)

If the presumptive taxpayer u/s 4(4) and turnover based taxpayer u/s 4(4ka) declares any deviations with actual turnover till the FY 2077-78 and pay 1.5% tax on differential turnover within

Chaitra end 2079, the revised turnover to the extent as declared and tax so paid shall be deemed to be final.

If such taxpayers whose assessment has been made under VAT Act and detailed assessment has been made under Income Tax Act till 14 Jetha 2079 on account of difference in turnover declared with actual turnover, makes payment of 1.5% tax on such difference or withdraws the legal cases filed, if any, at various levels (Administrative Review, Revenue Tribunal, or in the Court) and deposits 1.5% of such difference till Chaitra end 2079, remaining tax, fees, additional charges and penalties shall be waived..

Section 30 & 31 – Exemption of custom, Excise, and VAT

Condition	Provision
Import of machines and equipment for establishment of vaccine industry.	100% exemption of VAT, custom and excise duty for FY 2079/80.
Import of machines and equipment for establishment of liquid oxygen	100% exemption of VAT, custom and excise duty for FY 2079/80.

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

10. Detail of Amendments in VAT Act, 1996

Section 2 – Definitions

Section	Existing Provision	Revised Provision
2 (m)	“Registered Person” means the person registered pursuant to Section 10, 10A and 10B to carry out the transaction	“Registered Person” means the person registered pursuant to Section 10, 10A, 10B and 10B1 to carry out the transaction
2 (n)	“Registered Number” means the registration number provided pursuant to Section 10, 10A and 10B.	“Registered Number” means the registration number provided pursuant to Section 10, 10A, 10B and 10B1.
2 (k2)	No Definition of Electronic Service	“Electronic Service” means the following services, which require information technology to provide services to the consumer and are automatically provided through the Internet with minimal human intervention: a. Advertising Services,

		<ul style="list-style-type: none"> b. Movies, Television, Music, Over the Top (OTT) membership and other similar services c. Data Collection Services. d. Cloud Services, e. Gaming Services, f. Mobile Application Services, g. Internet Market Place (online marketplace) services and service provided through h. Supply and updating of Software, i. Service related to downloading statistics, pictures etc. j. Consultancy, skill development and training services, k. In addition to clauses (a) to (j) other similar services.
2 (m1)	No Definition of Non-Resident Person	"Non-resident person" means a person outside Nepal who does not have a permanent business address, business representative or a legally recognized representative in Nepal.

Section 10B1 – Registration of Non-Resident Person providing electronic services (New Provision)

1. Non-resident persons dealing in taxable electronic services of more than NPR 20 lakhs in last 12 months in Nepal is required to register in Value Added Tax.
2. Registration process of non-resident persons dealing in electronic services shall be as determined by Inland Revenue Department (IRD).
3. Likewise, in case of cessation of business activities or closure of business by such person, the deregistration process of such person shall be as prescribed by the Department.

New provision introduced in VAT ACT for non-residents persons dealing in taxable electronic services. As per this provision, if taxable electronic services provided by non-resident is more than NPR 20 lakhs in last 12 months, such person should be registered in VAT.

Section 18 (1b) – Filing of VAT Returns

Procedures of filing return by **non-resident person** shall be as determined by IRD. *(Addition of Non-Resident in Existing Provision of Filing of VAT Return)*

Section 19 (7b) – Payment of VAT

Notwithstanding anything contained in Section 19 (7b) of VAT Act, 1996, procedure of payment of VAT by person registered under Section 10B1 i.e., Non- Resident Person providing electronic services shall be as prescribed by IRD. *(Addition of Non-Resident Person in VAT payment Provision)*

Section 29 (1)(a) – Penalties

Fine of Rs 20,000 for each time shall be imposed to such nonresident person mentioned in Section 10B1 for non-registration. *(Addition of Non-Resident Person in Penalty Provision)*

Section 33 (3)– Security Deposit (Appeal to Revenue Tribunal) (Clarification Added)

At the time of filing an appeal for Revenue Tribunal, deposit voucher deposited on the account of District Treasury Comptroller Office (DTCO) or bank guarantee of equivalent amount shall be submitted.

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

Group	Particulars	Items
Group 1	Basic Agricultural Products	Boletus Mushroom Cantharellus Mushroom Shiitake mushroom (Lentinula edodes) Matsutake mushroom Truffle
Group 4	Agriculture tools	Herbicides Road Tractor for Semi trailer Compression-ignition internal combustion piston engine (diesel or half-diesel) and pushable electric motor up to 18 kw. Compression-ignition internal combustion piston engine and pushable electric motor up to 18kw Pushable electric motor up to 18kw.
Group 5	Medical and similar health services	Diagnostic or laboratory reagent test kit a) For division of blood group b) For testing communicable disease by Zika and Aedes mosquito Electric Wheelchair
Group 7	Books, newspapers and printed materials	E-book and E-newspaper charges

Group 11	Other Goods and services	Water tube boilers producing more than 45 tons per hour. Lyophilization apparatus, freeze drying unit and spray dryers Cold isostatic press
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Significant Amendment to Annexure 2 (Zero VAT Goods/Services) of VAT Act, 1996

- ❖ Deep cycle lead acid battery used by domestic industry for the production of electric vehicles on the recommendation of Ministry of Forest and Environment

11. Detail of Amendments in Income Tax Act, 2002

1. Section 11

Section 11(1) – Agriculture Income

100% Rebate on Applicable Tax Rate: Income derived from agriculture business, **vegetable dehydration business** and **cold store business** by registered firm, company, partnerships and organized institutions

Section 11(3)(b) – Rebate to Special Industry

Tax shall be exempted for 15 years from the date of commencement of business to special industry which provides direct employment to more than 100 Nepalese citizens established in Karnali and the hilly districts of Far Western province. *(Addition of hilly districts of Far Western province in existing rebate provision of Income Tax Act, 2002)*

Section 11(3)(d) – Rebate to Hydro Power Companies

Existing Provision	Revised Provision
Tax Exemption: 100% exemption for first ten years from the date of commercial operation of electricity and 50% exemption for next five years thereafter	Tax Exemption: 100% exemption for first ten years from the date of commercial operation of electricity and 50% exemption for next five years thereafter
Applicable to: Person or entity having license to generate, transmit or distribute electricity provided if commercial operation starts <i>within 2082 Chaitra end</i> . Such facility shall also be provided to electricity produced from solar, bio or wind energy.	Applicable to: Person or entity having license to generate, transmit or distribute electricity provided if commercial operation starts <i>within 2083 Chaitra end</i> . Such facility shall also be provided to electricity produced from solar, bio or wind energy.
However, in the case of reservoirs and semi-reservoir hydropower projects of more than	However, in the case of reservoirs and semi-reservoir hydropower projects of more than

200 MW of which financial closure is completed within *Chaitra 2082*, 100% percent income tax exemption will be given for the first 15 years and 50% tax exemption for the next 6 years.

40 MW of which financial closure is completed within *Chaitra 2085*, 100% percent income tax exemption will be given for the first 15 years and 50% tax exemption for the next 6 years.

Section 11(3W) – Rebate on Health Industry

Existing Provision	Revised Provision
100% exemption in tax shall be provided to industries producing health vaccines, oxygen gas and sanitary pads for <i>3 years</i> from the date of commencement of production and 50% for the next 2 years.	100% exemption in tax shall be provided to industries producing health vaccines, oxygen gas and sanitary pads for <i>5 years</i> from the date of commencement of production and 50% for the next 2 years.

Section 11(3X) – Rebate on Automotive Industry (Electric Vehicles) (New Provision)

Particulars	Provision
Applicable to	Industry established till Ashadh end 2082 BS with an objective of manufacturing and assembling electric vehicles
Tax Rebate	40% exemption on Applicable Tax
Period of Rebate	5 years from the date of commencement of business

Section 11(3Y) – Rebate on Agriculture Tools producing Industry (New Provision)

Particulars	Provision
Applicable to	Industry established till Ashadh end 2082 BS for the purpose of producing agricultural tools
Tax Rebate	100% exemption on Applicable Tax
Period of Rebate	5 years from the date of commencement of business

Section 11(3C) – Concessions to National Priority Infrastructure Development Projects and Industries:

Existing Provision	Revised Provision
<i>Source of investment will not be sought</i> for investment made till Chaitra end 2080 in national priority Hydropower Projects International Airport, Undergrounds and Roads, Infrastructure Development Projects like Railways, Cement Industry, Steel Industry, Agro-based Industries, Tourism Services Related Industries and Employing More Than 300 Nepali Citizens and manufacturing industry consuming more than 50% local raw materials (excluding	<i>Same Provision has been removed.</i>

cigarettes, bidis, cigars, edible tobacco, khaini, gutka, betel spice, liquor and beer industries),

Thus, source of investment shall be required/disclosed for mentioned investment projects.

2. Section 21(3) Explanations (c)

Existing Provision	Revised Provision
"Cash payment" means payment except a payment by a letter of credit, account payee cheque, draft, money order, telegraphic transfer, money transfer (hundi) through a bank or financial institution to be deposited in bank account and a transfer made by any other means between banks or financial institutions.	"Cash payment" means payment except a payment by a letter of credit, account payee cheque, draft, money order, telegraphic transfer, money transfer (hundi) through a bank or financial institution to be deposited in bank account, payment made through a digital wallet approved by Nepal Rastra Bank and a transfer made by any other means between banks or financial institutions.

Note: Payment for expenses through digital wallet approved by NRB (such as E-sewa, khalti, IME pay etc.) will also be considered as payment by mode other than cash and hence, will not be disallowed in case of payment more than 50,000 at a time.

3. Section 57(1A)

Existing Provision	Revised Provision
For the purpose of computing change in ownership of 50% percent or more than 50% of any entity, following ownership of such entity shall only be included:	For the purpose of computing change in ownership of 50% percent or more than 50% of any entity, following ownership of such entity shall only be included:
<ul style="list-style-type: none">❖ Ownership held by a shareholder holding 1% or more than 1% of the total ownership, and❖ Ownership held by the associated person of a shareholder holding more than 1% of the total ownership of such entity, among shareholders holding less than 1% of the total ownership of that entity	<ul style="list-style-type: none">❖ Ownership held by a shareholder or partner holding 1% or more than 1% of the total ownership, and❖ Ownership held by the associated person of a shareholder or partner holding more than 1% of the total ownership of such entity, among shareholders or partners holding less than 1% of the total ownership of that entity

Note: When considering a change in control as per section 57, the word "shareholder" has been replaced with the word "shareholder or partner."

4. Section 88(1)(13) – Withholding tax on payment of Royalty

Tax shall be withheld @ of 1.5% on royalty to a resident for literary works

5. Section 95A (5)

Particulars	Existing Provision	Revised Provision
The Land-Revenue Office shall collect advance tax at the time of registration on capital gain from the disposal of land or private building of any individual:		
(a) Ownership of Land & Building >= 5 years	2.5%	5%
(b) Ownership of Land & Building <5 years	5%	7.5%

6. Section 97(1) (c1) – Addition in List of Person not required to file Income Tax Return

Following are the addition in list of persons not required to file Income Tax Return:

Resident Natural person generating income only through transactions mentioned in Section 95A (6B), 6(C) and (6D) of Income Tax Act, 2002

Note:

- a. Income mentioned in Sec 95A (6B): Income generated in foreign currency by Resident Natural Person, not involved in business, through supply of software or similar electronic services outside Nepal
- b. Income mentioned in Sec 95A (6C): Income generated in foreign currency by Resident Natural Person, not involved in business, by providing consultancy services outside Nepal
- c. Income mentioned in Sec 95A (6D): Income generated in foreign currency by Resident Natural Person, not involved in business, by uploading audio/video materials on social media.

7. Section 116(6) – Security Deposit (Appeal to Revenue Tribunal) (Clarification Added)

At the time of filing an appeal to Revenue Tribunal, deposit voucher deposited on account of District Treasury Comptroller Office (DTCO) or bank guarantee of equivalent amount shall be submitted.

8. Amendments in Annexures of Income Tax Act, 2002

Annexure 1

Clause 1 (1) : Taxable Income of a Natural Person

Fiscal Year 2078/79 (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	

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

Fiscal Year 2079/80 (If Assessed as Single)	
Income Slab	Rate of Tax
First Rs. 500,000	1%
Next Rs. 200,000	10%
Next 300,000	20%
Above 10,00,000	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 2078/79 (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

Fiscal Year 2079/80 (If Assessed as Couple)	
Income Slab	Rate of Tax
First Rs. 600,000	1%
Next Rs. 200,000	10%
Next 300,000	20%
Above 11,00,000	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	

Clause 1 (4)(3): Taxable Income of a Natural Person

Applicable tax rates on the gain on disposal of Non- Business Chargeable assets (Land and Building) have been amended as follows:

Period of Ownership	Applicable Tax Rate	
	Existing	Revised
Less than 5 Years	5%	7.5%

5 Years or more	2.5%	5%
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Clause 1 (4A): Taxable Income of a Natural Person

Particulars	Provisions
Rate of Tax	1% of Total Income
Applicable to	Resident Natural person generating income only through transactions mentioned in Section 95A (6B), 6(C) and (6D) of Income Tax Act, 2002

Note:

- d. Income mentioned in Sec 95A (6B): Income generated in foreign currency by Resident Natural Person, not involved in business, through supply of software or similar electronic services outside Nepal
- e. Income mentioned in Sec 95A (6C): Income generated in foreign currency by Resident Natural Person, not involved in business, by providing consultancy services outside Nepal
- f. Income mentioned in Sec 95A (6D): Income generated in foreign currency by Resident Natural Person, not involved in business, by uploading audio/video materials on social media.

Clause 1 (12): Taxable Income of a Natural Person

Deduction limit of Life Insurance Premium for computing taxable employment income increased from NPR 25,000 to NPR 40,000

Clause 2 (3): Tax Rates for Co-Operatives

Particulars	Existing Provision	Revised Provision
Tax rate for the Co-Operatives		
a. If being operated in a Municipality,	5%	7.50%
b. If being operated in a Sub-metropolitan city,	7%	10%
c. If being operated in a Metropolitan city,	10%	15%

12. Detail of Amendments in Excise Act, 2002

Section 10D - Power of excise duty officer to assess excise duty

Section	Existing Provision	Revised Provision
Section 10D(i)	Excise duty officer may assess excise duty excise duty if any person carries	Excise duty officer may assess excise duty excise duty if any person carries out

	out transaction of goods without obtaining the license	transaction of goods or services without obtaining the license
section 10D(j)	No Provision	Excise duty officer may assess excise duty if the stock of excise tickets is found to be less or more than the stock as per book

Section 16 – Punishment

Section	Existing Provision	Revised Provision
Sec 16(1)(b)	<p>If a person produces or imports goods subject to excise duty without obtaining license, then such person shall be liable to punishment u/s 16 of the Act.</p> <p><i>i.e., imprisonment up to 1 year or fine equivalent to claim amount or both</i></p>	<p>If a person produces or imports goods or services subject to excise duty without obtaining license, then such person shall be liable to punishment u/s 16 of the Act.</p> <p><i>i.e., imprisonment up to 1 year or fine equivalent to claim amount or both</i></p>
Sec 16(2)(b))	<p>If a licensee produces, releases, sells, distributes, stores or imports liquor, cigarette and tobacco products by using a fake excise duty ticket then such person shall be liable to punishment u/s 16(2) of the Act.</p> <p><i>i.e., a fine of 200% of the claimed amount or NPR 100,000, whichever is higher, with confiscation of the claimed amount, or imprisonment for a term not exceeding one year or both.</i></p>	<p>If a licensee produces, releases, sells, distributes, stores or imports liquor, cigarette and tobacco products by using a fake excise duty ticket, or without the use of excise duty ticket then such person shall be liable to punishment u/s 16(2) of the Act.</p> <p><i>i.e., a fine of 200% of the claimed amount or NPR 100,000, whichever is higher, with confiscation of the claimed amount, or imprisonment for a term not exceeding one year or both.</i></p>
Sec 16(4)(l)	<p>Excise duty officer may impose a fine equivalent to 100% of the amount of excise duty claimed as credit if any person licensed under Excise Act commits offence under Section 3A(3) only.</p>	<p>Excise duty officer may impose a fine equivalent to 100% of the amount of excise duty claimed as credit if any person licensed under Excise Act commits offence under Section 3A.</p> <p>(There are 5 sub sections within section 3A, thus punishment applicable in non-compliances of all sub-sections)</p>

Sec 16(4)(S2)	No Provision	Where balance of excise ticket is found to be less/excess, excise duty officer may impose a fine a) In case of low ticket balance : 100 % of the amount of excise duty b) In case of excess balance, more than one lakh rupees in ticket balance
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Section 19(6C) – 1. Security Deposit (Appeal to Revenue Tribunal) (Clarification Added)

At the time of filing an appeal to Revenue Tribunal, deposit voucher deposited on account of District Treasury Comptroller Office (DTCO) or bank guarantee of equivalent amount shall be submitted.

Provisions for Exemption for Import of Vehicles by Educational Institute

Existing Provisions	Revised Provisions
If 1 Vehicle with seat capacity of 30 or more is imported on recommendation of GON/Ministry of Education, Science and Technology, by educational institute for transport of students, excise duty on import is wholly exempted	If 2 Vehicles with seat capacity of 30 or more is imported on recommendation of GON/Ministry of Education, Science and Technology, by educational institute for transport of students, excise duty on import is wholly exempted

Exemption of Excise duty on

- a) Import of materials for assembly of vehicles
- b) Sale of such assembled vehicle

Provisions	Existing	Revised
Where parts under heading 87.02, 87.03 and 87.11 are imported for assembly of vehicle and sale of vehicle thereafter, concession is available on import of such parts and sale of such vehicle.	a) For 87.11 (25 % concession) b) For 87.02 and 87.03 (50% concession)	Concession of 50% for all three headings

Major Changes in Excise Rates

		<i>Figures in % unless specifically specified</i>
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Heading/Sub heading	Description of Product/Goods or Service	Existing Rate of Excise Duty	Revised Rate of Excise Duty
0301.01.00	Live fish		10
	Ethnic fish		
0301.11.00	Fresh water fish	-	10
0301.19.00	Other		10
	Other live fish		
0301.91.00	Trout (salmo trutta)	-	10
0301.92.00	Eel fish		10
0301.93.00	Carp	-	10
0301.94.00	Atlantic and pacific bluefin tuna	-	10
0301.95.00	Southern bluefin tunas	-	10
0301.99.00	Other	-	10
03.02	Fresh or chilled fish other than fish fillet or any meat in the above title 03.04	-	10
0303.11.00	shock eye salmon	-	10
0303.12.00	Other pacific salmon	-	10
0303.13.00	Atlantic salmon or danube salmon	-	10
0303.14.00	Trout (salmo trutta)	-	10
0303.19.00	Other	-	10
	Tilapia, catfish, silurus, clarias fish, ictalurus, carp, cyprinus carpio, carassius, except from subtitle 0303.91.00 to 0303.99.00 edible fish bad to eat		
0303.23.00	Tilapia	-	10
0303.24.00	Catfish	-	10
0303.25.00	Carp	-	10
0303.26.00	Eel		10
0303.29.00	Other	-	10
0303.31.00	Halibut (Reinhardtius hippoglossoides, Hippoglossus hippoglossus, Hippoglossus stenolepis)	-	10
0303.32.00	Plaice (Pleuronectes platessa)	-	10
0303.33.00	Sole (Solea spp.)	-	10
0303.34.00	Turbots (Psetta maxima)	-	10
0303.39.00	Other	-	10
	-Tunas (of the genus Thunnus), skipjack or stripe-bellied bonito (Euthynnus (Katsuwonus) pelamis), excluding edible fish offal of subheadings 0303.91 to 0303.99:		
0303.41.00	Albacore or longfinned tunas (Thunnus alalunga)	-	10
0303.42.00	Yellowfin tunas (Thunnus albacares)	-	10
0303.43.00	Skipjack or stripe-bellied bonito	-	10
0303.44.00	Bigeye tunas (Thunnus obesus)	-	10
0303.45.00	Atlantic and Pacific bluefin tunas (Thunnus thynnus, Thunnus orientalis)	-	10
0303.46.00	--Southern bluefin tunas (Thunnus maccoyii)	-	10
0303.49.00	-Other	-	10
	-Herrings (Clupea harengus, Clupea pallasii), anchovies (Engraulis spp.), sardines (Sardina pilchardus, Sardinops spp.), sardinella (Sardinella spp.), brisling or sprats (Sprattus sprattus),		

	mackerel (Scomber scombrus, Scomber australasicus, Scomber japonicus), Indian mackerels (Rastrelliger spp.), seerfishes (Scomberomorus spp.), jack and horse mackerel (Trachurus spp.), jacks, crevalles (Caranx spp.), cobia (Rachycentron canadum), silver pomfrets (Pampus spp.), Pacific saury (Cololabis saira), scads (Decapterus spp.), capelin (Mallotus villosus), swordfish (Xiphias gladius), Kawakawa (Euthynnus affinis), bonitos (Sarda spp.), marlins, sailfishes, spearfish (Istiophoridae), excluding edible fish offal of subheadings 0303.91 to 0303.99:		
0303.51.00	-Herrings (Clupea harengus, Clupea pallasii)	-	10
0303.53.00	Sardines (Sardina pilchardus, Sardinops spp.), sardinella (Sardinella spp.), brisling or sprats (Sprattus sprattus)	-	10
0303.54.00	-Mackerel (Scomber scombrus, Scomber australasicus, Scomber japonicus)	-	10
0303.55.00	-Jack and horse mackerel (Trachurus spp.)	-	10
0303.56.00	-Cobia (Rachycentron canadum)	-	10
0303.57.00	-Swordfish (Xiphias gladius)	-	10
0303.59.00	Other	-	10
	Fish of the families Bregmacerotidae, Euclichthyidae, Gadidae, Macrouridae, Melanonidae, Merlucciidae, Moridae and Muraenolepididae, excluding edible fish offal of subheadings 0303.91 to 0303.99:		
0303.63.00	Cod (Gadus morhua, Gadus ogac, Gadus macrocephalus)	-	10
0303.64.00	--Haddock (Melanogrammus aeglefinus)	-	10
0303.65.00	--Haddock (Melanogrammus aeglefinus)	-	10
0303.66.00	--Hake (Merluccius spp., Urophycis spp.)	-	10
0303.67.00	--Alaska Pollack (Theragra chalcogramma)	-	10
0303.68.00	Blue whittings (Micromesistius poutassou, Micromesistius australis)	-	10
0303.69.00	Other	-	10
	-Other fish, excluding edible fish offal of subheadings 0303.91 to 0303.99:		
0303.81.00	Dogfish and other sharks	-	10
0303.82.00	-Rays and skates (Rajidae)	-	10
0303.83.00	-Toothfish (Dissostichus spp.)	-	10
0303.84.00	(Dicentrarchus spp.)	-	10
0303.89.00	Other		10
	-Livers, roes, milt, fish fins, heads, tails, maws and other edible fish offal :		
0303.91.00	Livers, roes and milt	-	10
0303.92.00	Shark fins	-	10
0303.99.00	Other	-	10
03.04	Fish fillets and other fish meat (whether or not minced), fresh, chilled or frozen.	5	10
03.05	Fish, dried, salted or in brine; smoked fish, whether or not cooked before or during the smoking process;	5	10

	flours, meals and pellets of fish, fit for human consumption		
03.06	Crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine; smoked crustaceans, whether in shell or not, whether or not cooked before or during the smoking process; crustaceans, in shell, cooked by steaming or by boiling in water, whether or not chilled, frozen, dried, salted or in brine; flours, meals and pellets of crustaceans, fit for human consumption. -Frozen:	5	10
03.07	Molluscs, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine; smoked molluscs, whether in shell or not, whether or not cooked before or during the smoking process; flours, meals and pellets of molluscs, fit for human consumption. -Oyster	5	10
0307.87.00	-Other abalone (Haliotis spp.)	5	10
0307.88.00	Other stromboid conchs (Strombus spp.)	5	10
	Other, including flours, meals and pellets, fit for human consumption:		
0307.91.00	Live, fresh or chilled	5	10
0307.92.00	Frozen	5	10
0307.99.00	Other	5	10
03.08	Aquatic invertebrates other than crustaceans and molluscs, live, fresh, chilled, frozen, dried, salted or in brine; smoked aquatic invertebrates other than crustaceans and molluscs, whether or not cooked before or during the smoking process; flours, meals and pellets of aquatic invertebrates other than crustaceans and molluscs, fit for human consumption.		
3303.00.00	Perfumes and toilet waters	7	15
3304.10.00	Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), including sunscreen or sun tan preparations; manicure or pedicure preparations. -Lip make-up preparations	5	15
3304.20.00	-Eye make-up preparations	5	15
3304.91.00	--Powders, whether or not compressed	5	15
3304.99.10	---Face cream	5	15
3304.99.90	---Other	5	15
3305.10.00	Preparations for use on the hair. -Shampoos	5	15
3305.20.00	-Preparations for permanent waving or straightening	5	15
3305.30.00	-Hair lacquers	5	15
3305.90.10	---Hair oil	10	15
3305.90.20	---Hair colour	10	15
3305.90.30	---Hair cream	10	15
3305.90.40	---Hair conditioner	10	15
3305.90.90	---Other	10	15

3306.10.00	Preparations for oral or dental hygiene, including denture fixative pastes and powders; yarn used to clean between the teeth (dental floss), in individual retail packages -Dentifrices	5	15
3306.20.00	-Yarn used to clean between the teeth (dental floss)	5	15
3306.90.00	-Other	5	15
3307.10.00	Pre-shave, shaving or after-shave reparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included; prepared room deodorisers, whether or not perfumed or having disinfectant properties. -Pre-shave, shaving or after-shave preparations	5	15
3307.20.00	-Personal deodorants and antiperspirants	10	15
3307.30.00	-Perfumed bath salts and other bath preparations	5	15
3307.41.00	--"Agarbatti" and other odoriferous preparations which operate by burning	-	15
3307.49.00	--Other	10	15
3307.90.00	-Other	5	15
3918.10.10	Floor coverings of plastics, whether or not self-adhesive, in rolls or in the form of tiles; wall or ceiling coverings of plastics, as defined in Note 9 to this Chapter. -Of polymers of vinyl chloride: ---Floor coverings, in rolls or in the form of tiles	-	5
3918.10.90	-Of polymers of vinyl chloride: ---Other	-	5
3918.90.10	-Of other plastics: ---Floor coverings, in rolls or in the form of tiles	-	5
3918.90.90	---Other	-	5
3925.90.10	Builders' wares of plastics, not elsewhere specified or included. ---Roofing sheet and Roofing Tile	-	5
3926.20.49	Other articles of plastics and articles of other materials of Headings 39.01 to 39.14 ---Face shield ----Other	-	5
4401.11.00	Fuel wood, in logs, in billets, in twigs, in faggots or in similar forms; wood in chips or particles; sawdust and wood waste and scrap, whether or not agglomerated in logs, briquettes, pellets or similar forms. --Coniferous	-	5
4401.19.00	--Non-coniferous	-	5
4401.21.00	-Wood in chips or particles: --Coniferous	-	5
4401.22.00	--Non-coniferous	-	5
4401.31.00	-Sawdust and wood waste and scrap, agglomerated, in logs, briquettes, pellets or similar forms : --Wood pellets	-	5
4401.39.00	--Others	-	5

4402.10.00	Wood charcoal (including shell or nut charcoal), whether or not agglomerated. -Of bamboo	-	5
4402.20.00	-Others	-	5
4403.11.00	Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared. --Coniferous	-	5
4403.12.00	--Non-coniferous	-	5
4403.21.00	--Of pine (Pinus spp.), of which any cross-sectional dimension is 15 cm or more	-	5
4403.23.00	--Of fir (Abies spp.) and spruce (Picea spp.), of which any cross-sectional dimension is 15 cm or more	-	5
4403.24.00	--Of fir (Abies spp.) and spruce (Picea spp.), other	-	5
4403.25.00	--Other, of which any cross-sectional dimension is 15 cm or more	-	5
4403.26.00	--Other -Other, of tropical wood :	-	5
4403.41.00	--Dark Red Meranti, Light Red Meranti and Meranti Bakau	-	5
4403.49.00	--Other	-	5
4403.91.00	--Of oak (Quercus spp.)	-	5
4403.93.00	-- Of beech (Fagus spp.), of which any cross-sectional dimension is 15 cm or more	-	5
4403.94.00	--Of beech (Fagus spp.), other	-	5
4403.95.00	--Of birch (Betula spp.), of which any cross-sectional dimension is 15 cm or more	-	5
4403.96.00	--Of birch (Betula spp.), other	-	5
4403.97.00	--Of poplar and aspen (Populus spp.)	-	5
4403.98.00	--Of eucalyptus (Eucalyptus spp.)	-	5
4403.99.10	---Sawn lengthwise in a thickness not exceeding 5 inches	-	5
4403.99.90	---Other	-	5
4404.10.00	Hoopwood; split poles; piles, pickets and stakes of wood, pointed but not sawn lengthwise; wooden sticks, roughly trimmed but not turned, bent or otherwise worked, suitable for the manufacture of walking-sticks, umbrellas, tool handles or the like; chipwood and the like . -Coniferous	-	5
4404.20.00	-Non-coniferous	-	5
4405.00.00	Wood wool; wood flour	-	5
4406.11.00	Railway or tramway sleepers (cross-ties) of wood --Coniferous	-	5
4406.12.00	--Non-coniferous	-	5
4406.91.00	--Coniferous	-	5
4406.92.00	--Non-coniferous	-	5
4407.11.00	Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed, of a thickness exceeding 6 mm. --Of pine (Pinus spp.)	-	5
4407.12.00	--Of fir (Abies spp.) and spruce (Picea spp.)	-	5
4407.19.00	--Other	-	5

	-Of tropical wood:		
4407.21.00	--Mahogany (Swietenia spp.)	-	5
4407.22.00	--Virola, Imbuia and Balsa	-	5
4407.25.00	--Dark Red Meranti, Light Red Meranti and Meranti Bakau	-	5
4407.26.00	--White Lauan, white Meranti, White Seraya, Yellow Meranti and Alan	-	5
4407.27.00	-- Sapelli	-	5
4407.28.00	--Iroko	-	5
4407.29.00	--Other	-	5
4407.91.00	--Of oak (Quercus spp.)	-	5
4407.92.00	--Of beech (Fagus spp.)	-	5
4407.93.00	--Of maple (Acer spp.)	-	5
4407.94.00	--Of cherry (Prunus spp.)	-	5
4407.95.00	--Of ash (Fraxinus spp.)	-	5
4407.96.00	--Of birch (Betula spp.)	-	5
4407.97.00	--Of poplar and aspen (Populus spp.)	-	5
4407.99.00	--Other	-	5
4409.10.00	Wood (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rebated, chamfered, V-jointed, beaded, moulded, rounded or the like) along any of its edges ends or faces, whether or not planed, sanded or end-jointed. -Coniferous -Non coniferous	-	5
4409.21.00	--Of bamboo	-	5%
4409.22.00	--Of tropical wood	-	5%
4409.29.00	--Others	-	5%
4410.11.00	Particle board, oriented strand board (OSB) and similar board (for example, waferboard) of wood or other ligneous materials, whether or not agglomerated with resins or other organic binding substances. --Particle board	-	5%
4410.12.00	--Oriented strand board (OSB)	-	5%
4410.19.00	--Other	-	5%
4410.90.00	-Other	-	5
4411.12.00	Fibre board of wood or other ligneous materials, whether or not bonded with resins or other organic substances --Of a thickness not exceeding 5 mm	-	10
4411.13.00	--Of a thickness exceeding 5 mm but not exceeding 9 mm	-	10
4411.14.00	--Of a thickness exceeding 9 mm	-	10
4411.92.00	--Of a density exceeding 0.8 g/cm ³	-	10
4411.93.00	--Of a density exceeding 0.5 g/cm ³ but not exceeding 0.8 g/cm ³	-	10
4411.94.00	--Of a density not exceeding 0.5 g/cm ³	-	10
4412.10.00	Plywood, veneered panels and similar laminated wood. -Of bamboo	5	10

4412.31.00	--With at least one outer ply of tropical wood	5	10
4412.33.00	--Other, with at least one outer ply of non-coniferous wood of the species alder (<i>Alnus</i> spp.), ash (<i>Fraxinus</i> spp.), beech (<i>Fagus</i> spp.), birch (<i>Betula</i> spp.), cherry (<i>Prunus</i> spp.), chestnut (<i>Castanea</i> spp.), elm (<i>Ulmus</i> spp.), eucalyptus (<i>Eucalyptus</i> spp.), hickory (<i>Carya</i> spp.), horse chestnut (<i>Aesculus</i> spp.), lime (<i>Tilia</i> spp.), maple (<i>Acer</i> spp.), oak (<i>Quercus</i> spp.), plane tree (<i>Platanus</i> spp.), poplar and aspen (<i>Populus</i> spp.), robinia (<i>Robinia</i> spp.), tulipwood (<i>Liriodendron</i> spp.) or walnut (<i>Juglans</i> spp.)	5	10
4412.34.00	--Other, with at least one outer ply of non-coniferous wood not specified under subheading	5	10
4412.39.00	--Other, with both outer plies of coniferous wood	5	10
4413.00.00	Densified wood, in bloc	-	10
4418.11.00	Builders' joinery and carpentry of wood, including cellular wood panels, assembled flooring panels, shingles and shakes.	-	10
4418.50.00	-Shingles and shakes	-	10
4418.73.00	--Of bamboo or with at least the top layer (wear layer) of bamboo	-	10
4418.74.00	--Other, for mosaic floors	-	10
4418.75.00	--Other, multilayer	-	10
4419.11.00	Tableware and kitchenware, of wood. --Bread boards, chopping boards and similar boards	-	5
4419.12.00	--Chopsticks	-	5
4419.19.00	--Other	-	5
4421.10.00	Other articles of wood. -Clothes hangers	-	5
4421.20.00	-Other	-	5
4421.91.30	---Tooth-picks	-	5
4421.91.90	---Other	-	5
4421.99.30	---Tooth-picks	-	5
4421.99.90	---Other	-	5
4803.00.00	Toilet or facial tissue stock, towel or napkin stock and similar paper of a kind used for household or sanitary purposes, cellulose wadding and webs of cellulose fibres, whether or not creped, crinkled, embossed, perforated, surface-coloured, surface-decorated or printed, in rolls or sheets.	-	5
4818.10.00	Toilet paper and similar paper, cellulose wadding or webs of cellulose fibres, of a kind used for household or sanitary purposes, in rolls of a width not exceeding 36 cm, or cut to size or shape; handkerchiefs, cleansing tissues, towels, tablecloths, serviettes, bed sheets and similar household, sanitary or hospital articles, articles of apparel and clothing accessories, of paper pulp, paper, cellulose wadding or webs of cellulose fibres -Toilet paper	-	5

4818.20.00	-Handkerchiefs, cleansing or facial tissues and towels	-	5
4818.30.00	-Tablecloths and serviettes	-	5
4818.50.00	-Articles of apparel and clothing accessories	-	5
4818.90.00	-Others	-	5
6404.11.10	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of textile materials. ---Canvas shoes having the upper parts of cotton	10	20
6405.20.10	-Footwear with outer soles of leather or composition leather	10	20
6601.10.00	Umbrellas and sun umbrellas (including walking stick umbrellas, garden umbrellas and similar umbrellas) -Garden or similar umbrellas	-	15
6808.00.10	Panels, boards, tiles, blocks and similar articles of vegetable fiber, of straw or of shavings, chips, particles, sawdust or other waste, of wood, agglomerated with cement, plaster or other mineral binders. -Boards or panels of various thickness made of mixtures of saw dust, cement, and different chemical binders	-	5
6808.00.90	-Other	-	5
6809.11.00	Articles of plaster or of compositions based on plaster -Faced or reinforced with paper or paperboard only	-	5
6809.90.00	-Other Articles	-	5
6810.91.00	--Prefabricated structural components for building or civil engineering	-	5
6810.99.00	- Others	-	5
6811.40.00	Articles of asbestos-cement, of cellulose fibre-cement or the like -Containing asbestos	-	5
6811.81.00	-Corrugated sheets	-	5
6811.82.00	-Other sheets, panels, tiles and similar articles	-	5
6811.89.00	-Other articles	-	5
7117.11.00	Imitation jewellery. -Of base metal, whether or not plated with precious metal -Cuff-links and studs	-	10
7206.10.00	Metals and non-alloy steel in brick shape	-	3500 per metric ton
7206.90.00	Metals and non-alloy steel other than brick shape	-	3500 per metric ton
7207.11.00	Semi furnished products of metal and non-alloy steel: with width less than 2 times of length	-	3500 per metric ton
7207.12.00	Semi furnished products of metal and non-alloy steel: with rectangular cross section	-	3500 per metric ton
7207.19.00	Semi furnished products of metal and non-alloy steel: Others	-	3500 per metric ton
7207.20.00	Semi furnished products of metal and non-alloy steel: with carbon % of 25 or more.	-	3500 per metric ton

7209.15.00	Flat-rolled products of iron or nonalloy steel, of a width of 600 mm or more, cold-rolled (cold-reduced), not clad, plated or coated. --Of a thickness of 3 mm or more	-	4500 per metric ton
7209.16.00	--Of a thickness exceeding 1 mm but less than 3 mm	-	4500 per metric ton
7209.17.00	--Of a thickness of 0.5 mm or more but not exceeding 1 mm	-	4500 per metric ton
7209.18.00	--Of a thickness of less than 0.5 mm	-	4500 per metric ton
7209.25.00	-Not in coils, not further worked than cold-rolled (cold-reduced): --Of a thickness of 3 mm or more	-	4500 per metric ton
7209.26.00	--Of a thickness exceeding 1 mm but less than 3 mm	-	4500 per metric ton
7209.27.00	--Of a thickness of 0.5 mm or more but not exceeding 1 mm	-	4500 per metric ton
7209.28.00	--Of a thickness of less than 0.5 mm	-	4500 per metric ton
7209.90.00	- Other	-	4500 per metric ton
7210.41.00	Flat-rolled products of iron or nonalloy steel, of a width of 600 mm or more, clad, plated or coated. -Otherwise plated or coated with zinc: --Corrugated	-	4500 per metric ton
7211.13.00	Flat-rolled products of iron or nonalloy steel, of a width of less than 600 mm, not clad, plated or coated. --Rolled on four faces or in a closed box pass, of a width exceeding 150 mm and a thickness of not less than 4 mm, not in coils and without patterns in relief	-	7500 per metric ton
7211.14.00	--Other, of a thickness of 4.75 mm or more	-	7500 per metric ton
7211.19.00	--Other	-	7500 per metric ton
7211.23.00	-Not further worked than coldrolled(cold-reduced): --Containing by weight less than 0.25% of carbon	-	7500 per metric ton
7211.29.00	--Other	-	7500 per metric ton
7211.90.00	-Other	-	7500 per metric ton
7213.10.00	Bars and rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel. -Containing indentations, ribs, grooves or other deformations produced during the rolling process	1650 per metric ton	4500 per metric ton
7213.20.00	-Other, of free-cutting steel	1650 per metric ton	4500 per metric ton
7214.10.00	Other bars and rods of iron or nonalloy steel, not further worked than forged, hot-rolled, hot-drawn or hotextruded, but including those twisted after rolling. -Forged	1650 per metric ton	2500 per metric ton

7214.20.00	-Containing indentations, ribs, grooves or other deformations produced during the rolling process or twisted after rolling	1650 per metric ton	2500 per metric ton
7214.30.00	-Other, of free-cutting steel	1650 per metric ton	2500 per metric ton
7214.91.00	--Of rectangular (other than square) cross-Section	1650 per metric ton	2500 per metric ton
7214.99.10	---Re-rollable Bar & Rod(maximum length 1800 mm width 600 mm & thickness 5 mm or more)	1650 per metric ton	2500 per metric ton
7214.99.90	---Other	1650 per metric ton	2500 per metric ton
7215.10.00	Other bars and rods of iron or nonalloy steel. -Of free-cutting steel, not further worked than cold-formed or coldfinished	1650 per metric ton	2500 per metric ton
7215.50.00	-Other, not further worked than coldformed or cold-finished,	1650 per metric ton	2500 per metric ton
7215.90.00	Other	1650 per metric ton	2500 per metric ton
7216.10.00	Angles, shapes and Sections of iron or non-alloy steel. -U, l or H Section, not further worked than hot-rolled, hot-drawn or extruded, of a height of less than 80 mm -L or T Sections, not further worked than hot-rolled, hot-drawn or extruded, of a height of less than 80 mm:	1650 per metric ton	7500 per metric ton
7216.21.00	--L Sections	1650 per metric ton	7500 per metric ton
7216.22.00	--T Sections	1650 per metric ton	7500 per metric ton
7216.31.00	--U Sections	1650 per metric ton	7500 per metric ton
7216.32.00	--l Sections	1650 per metric ton	7500 per metric ton
7216.33.00	--H Sections	1650 per metric ton	7500 per metric ton
7216.40.00	-L or T Sections, not further worked than hot-rolled, hot-drawn or extruded, of a height of 80 mm or more	1650 per metric ton	7500 per metric ton
7216.50.00	-Other angles, shapes and Sections, not further worked than hot-rolled, hotdrawn or extruded	1650 per metric ton	7500 per metric ton
7216.61.00	-Angles, shapes, and Sections, not further worked than cold-formed or cold- finished : --Obtained from flat-rolled products	1650 per metric ton	7500 per metric ton
7216.69.00	--Other	1650 per metric ton	7500 per metric ton
7216.91.00	--Cold-formed or cold-finished from flatrolled products	1650 per metric ton	7500 per metric ton
7216.99.00	--Other	1650 per metric ton	7500 per metric ton
7217.10.00	Wire of iron or non-alloy steel. -Not plated or coated, whether or not polished	1650 per metric ton	10000 per metric ton
7217.20.00	-Plated or coated with zinc	1650 per metric ton	10000 per metric ton

7217.30.00	-Plated or coated with other base metals	1650 per metric ton	10000 per metric ton
7217.90.00	-Other	1650 per metric ton	10000 per metric ton
7223.00.00	Wire of stainless steel.	1650 per metric ton	2500 per metric ton

13. Detail of Amendments in Custom Act, 2007

Section 2 - Definitions

Section	Existing	Revised
2 (m) Import	Import means importing from foreign countries into Nepal.	Import means the act of bringing goods into Nepal from a foreign country. It also includes the act of clearance of containers by the customs office which was impossible to be physically brought in the customs office and such container was purchased from a foreign country by a Nepali Shipping Company operating container service.
2 (ag) Internal Transport		Internal Transport means the act of taking the goods imported in Nepal from any customs office to other customs office for inspection after declaration of such goods from entry custom office

Section 57 - Punishment

Section	Provision added
Section 57(18) Added in existing provision	Goods arriving at a customs office but not checked by that office must be facilitated for internal transport to another customs office for inspection. Further, if the seal with serial number in the GPS connected lock and material challan inside the internal transport container are not same, then - Additional fine of 300% of the value of such goods shall be levied and the goods shall be released or - 200% of the value of such goods shall be fined along with confiscation of such goods.
Section 57(18)(a) Added	If Goods arriving at a customs office are not checked by that office and taken to another customs office for inspection, such goods must be facilitated for internal transport. Failure to use the specified road for transportation or failure to reach the specified customs office within the stipulated time shall attract fine of NPR 50, 000 to NPR 100,000.

Major Changes in Rates of Custom Duty

Decrease in Rates of Custom Duty

Harmonic code	Products	Existing Tariff	Revised Tariff
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2713.11.00	Petroleum coke : Abhasmit	10%	5%
2713.12.00	Petroleum coke : Bhasmit	10%	5%
2836.20.00	Disodium Carbonate	10%	5%
2836.30.00	Sodium bicarbonate	10%	5%
2836.40.00	Potassium carbonates	10%	5%
2836.50.00	Calcium Carbonates	10%	5%
2836.60.00	Barium carbonates	10%	5%
2836.91.00	Lithium carbonates	10%	5%
9114.10.00	Springs, including hair-springs	10%	Removed
8704.21.60	Waste removing Vehicles	30%	15%
0305.10.00	Flours, meals and pellets of fish, fit for human consumption	5%	Removed

Increase in Rates of Custom Duty

Harmonic code	Products	Existing Tariff	Revised Tariff
0309.10.00	Fish	0%	10%
0403.20.00	Dahi (yoghurt)	0%	15%
0410.10.00	Insects	0%	10%
0709.52.00	Mushrooms of boletus species	0%	10%
0709.53.00	Mushrooms of Cantharilus species	0%	10%
0713.10.10	Unbroken peas with cover	15%	30%
0802.80.00	Supari	25/kg	100 per kg
1509.20.00	Highly impure olive oil(Added)	0%	10%
1509.30.00	Impure olive oil	0%	10%
2103.10.00	Bhatmas sauce	20%	0%
2103.20.00	Tomato sauce and ketchup	20%	30%
2103.90.10	Mixed masala	15%	30%
2103.90.20	Pickle	20%	30%
2106.90.60	Supari flavored with surti	50 per kg	100 per kg
2202.99.10	Energy drinks	75 per litre	100 per liter
2207.10.10	Un-denatured ethyl alcohol	50/liter	60 per liter
2207.10.20	Rectified spirit used as raw material in beverages with 80% or more alcohol	50/liter	60 per liter
2207.10.30	Rectified spirit used as raw material in beverages with 80% or more alcohol	50/liter	60 per liter
2207.10.40	Anhydrous ethanol	50/liter	60 per liter
2207.20.10	Denatured spirit (alcohol % greater than 80%but less than 99%)	50/liter	60 per liter
2402.10.00	Surti, cigar, ciggerate and sigarilius	4500 per thousand killi	9000 per thousand khilli
2402.90.20	Other cigars	4500 per thousand killi	9000 per per thousand khilli
2403.99.10	Jarda, Khaini, snuff, ghutka and similar tobacco mixed preparations	40%	80%
2403.99.91	Hukka Flavor	40%	80%
2403.99.20	Surti to be consumed in mixture with lime	40%	80%
3210.00.10	Thermoplastic Road markings Materials	30%	40%

3401.11.00	Medicine based products for the use of body heavens and toilet	20%	30%
3402.50.10	Detergent Powders	20%	30%
3921.90.92	Decorative laminate seats such as sanmaika and fermaika	20%	30%
6402.12.00	Ski-boots, cross-country ski footwear and snowboard boots	30%	40%
7019.11.00	Chopped strands, of a length of not more than 50 mm	5%	10%
8414.70.00	Biologically set non gas cabinets	NA	15%
8428.70.00	Industrial robots	Free	5%
8462.62.00	Mechanical Pressures	NA	5%
8462.63.00	Servo Pressures	NA	5%
8501.71.00	Photovoltaic DC generators with production capacity <= 50 Watt	NA	15%
8501.72.00	Photovoltaic DC generators with production capacity > 50 Watt	NA	15%
8517.13.00	Smart Phones	NA	Exempt
8539.51.00	LED Modules	NA	15%
8703.80.59	Car, Jeep, Van with motor's peak power exceeding 100 kw but not exceeding 200kw:	15%	30%
8703.80.59	Car, Jeep, Van with motor's peak power exceeding 200 kw but not exceeding 300kw:	30%	45%
8703.80.59	Car, Jeep, Van with motor's peak power exceeding 300kw	40%	60%
8711.20.99	Motorcycles (including mopeds) and cycles fitted with an auxiliary motor with or without side-cars; side-cars - Of a cylinder capacity exceeding 200 cc but not exceeding 250 cc	30%	40%
8711.30.90	Motorcycles (including mopeds) and cycles fitted with an auxiliary motor with or without side-cars; side-cars - Of a cylinder capacity exceeding 250 cc but not exceeding 500 cc	30%	70%
8711.40.00	Motorcycles (including mopeds) and cycles fitted with an auxiliary motor with or without side-cars; side-cars - Of a cylinder capacity exceeding 500 cc	30%	80%

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