

HIGHLIGHTS OF FEDERAL BUDGET OF NEPAL

FISCAL YEAR 2083/84 (2026/27)



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NEPAL
(Established under the Nepal Chartered Accountants Act 2053)



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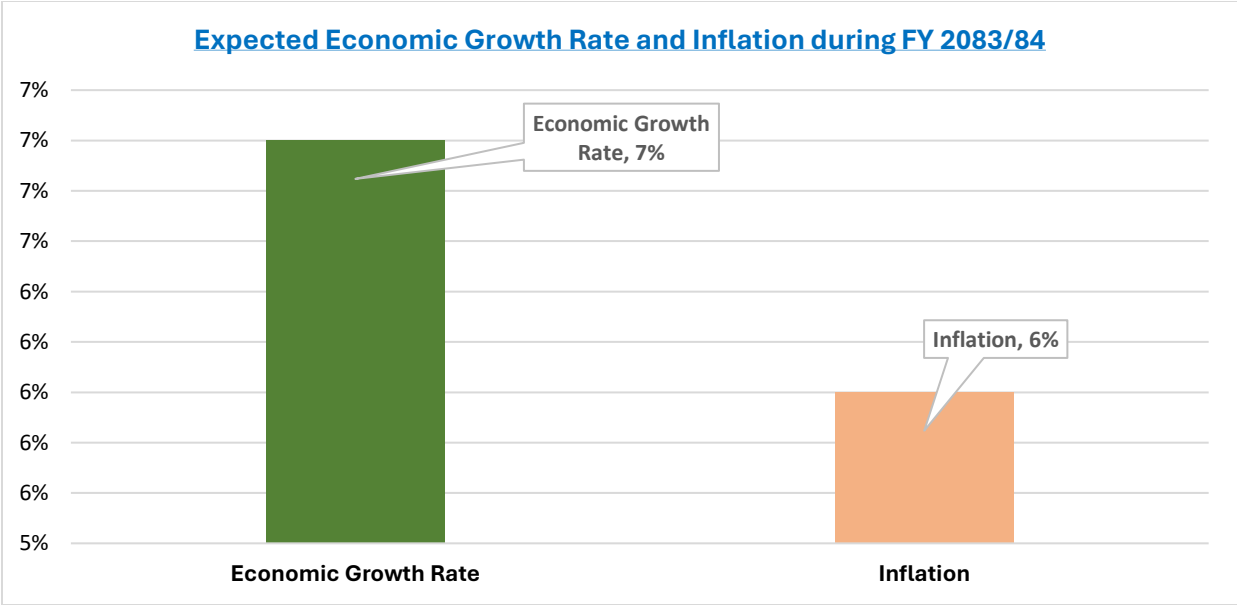
A QUICK INSIGHT OF NEPAL'S FEDERAL BUDGET 2082/83 (2025/26)

1. BUDGET SUMMARY

The annual budget acts as a tool to strengthen a nation's economic, social, and governmental system by outlining economic policies, setting priorities and directing investments, which ultimately promotes overall development of the Country. The Federal Budget of Nepal for Fiscal Year 2083/84 (2026/27) has prioritized governance, production-oriented economy, technology friendly transformation and equitable economic growth.

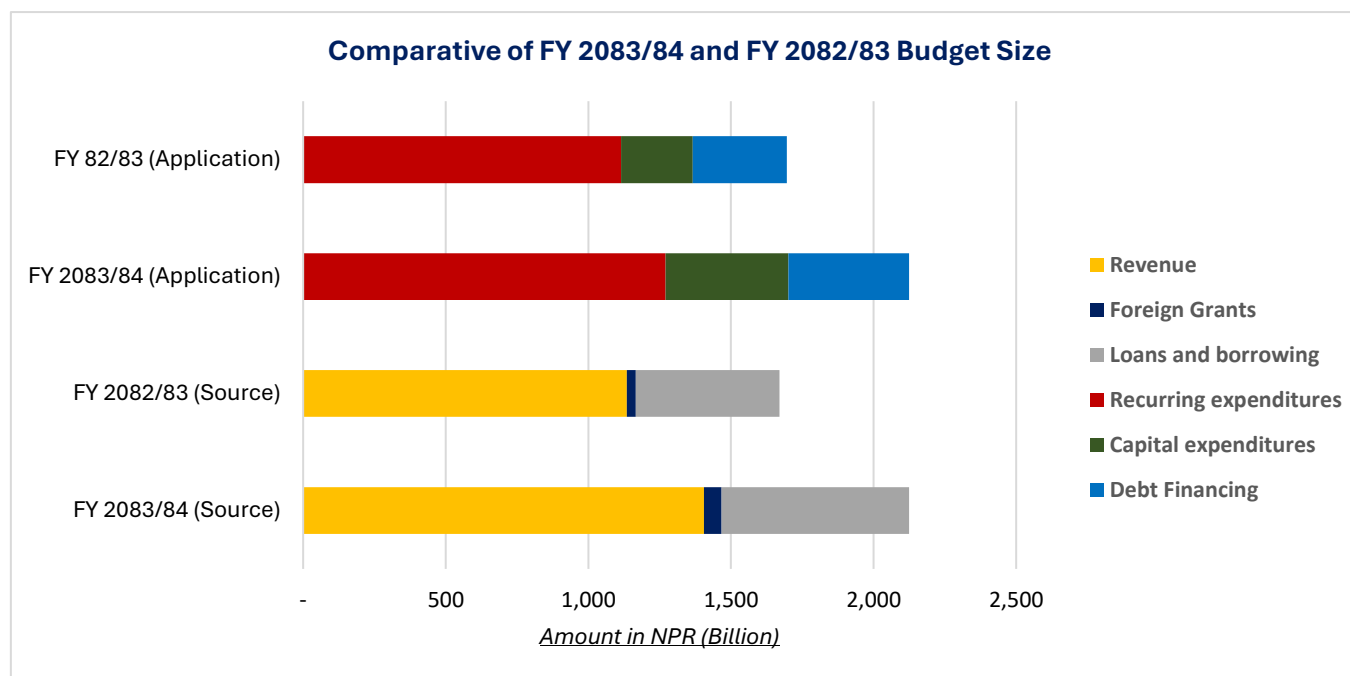
Federal Budget for the Fiscal Year 2083/84 as presented by Hon'ble Finance Minister, Mr. Swarnim Wagle, PhD in the House of Representatives and National Assembly on 29th May 2026 (2083 Jeshta 15) has been summarized below:

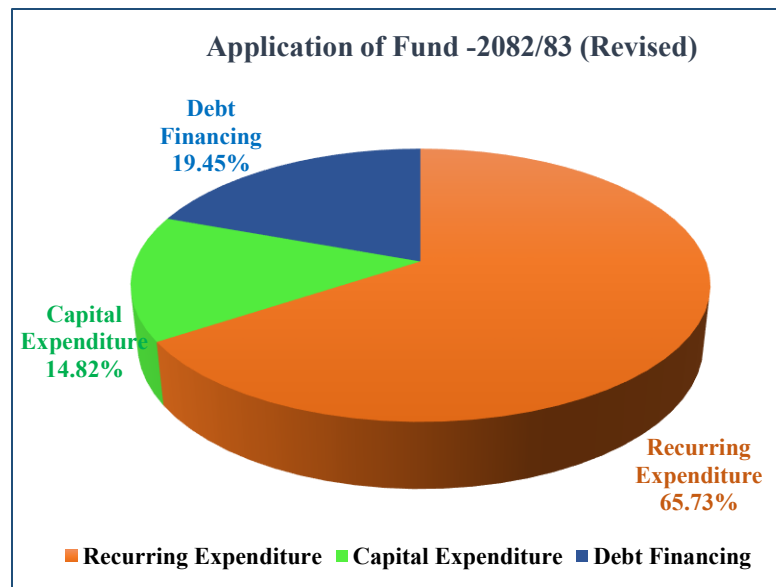
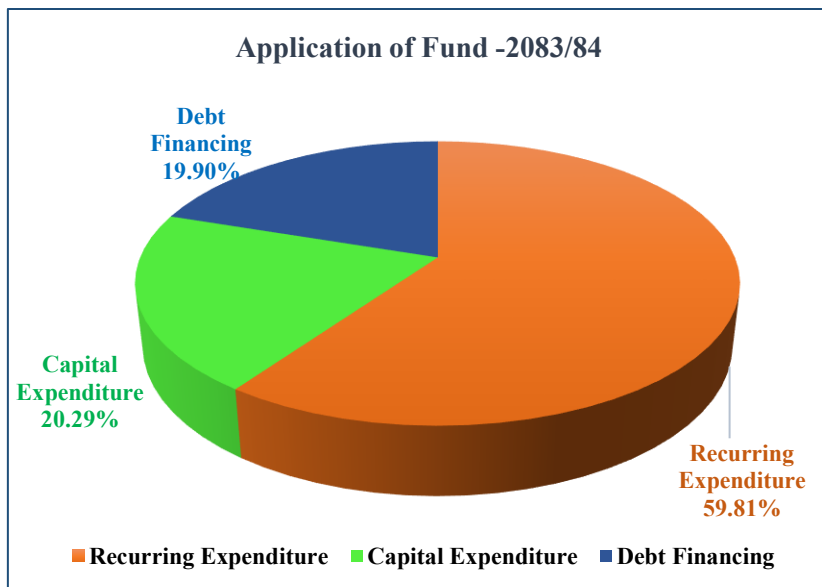
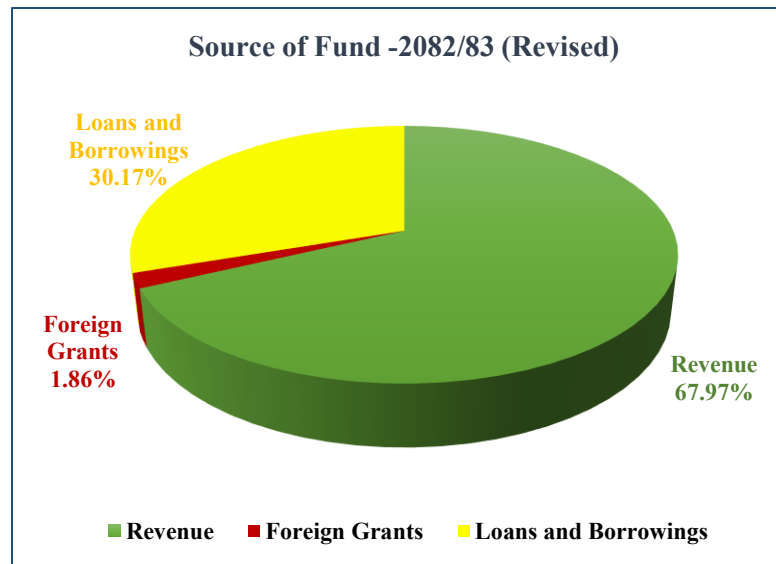
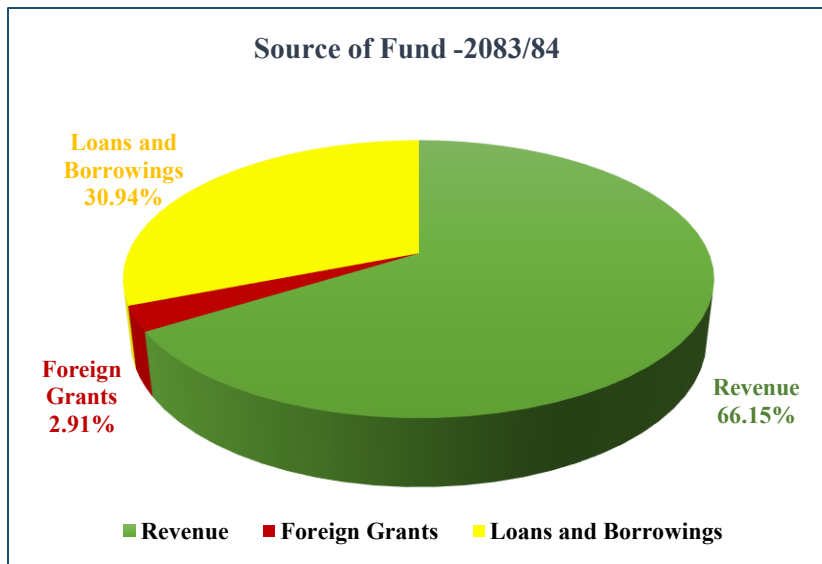
1.1. ECONOMIC GROWTH RATE AND INFLATION



1.2. COMPARISON OF BUDGET SIZE

| SN | Source of Fund | NPR (Billion)- 2083/84 | Revised NPR (Billion)-2082/83 | Application of Fund | NPR (Billion)- 2083/84 | Revised NPR (Billion)-2082/83 |
|----|---------------------|---------------------------|----------------------------------|------------------------|---------------------------|----------------------------------|
| 1 | Revenue | 1,405.31 | 1,135.22 | Recurring expenditures | 1,270.58 | 1,115.04 |
| 2 | Foreign Grants | 61.74 | 30.99 | Capital expenditures | 431.11 | 251.39 |
| 3 | Loans and borrowing | 657.29 | 503.97 | Debt Financing | 422.65 | 329.89 |
| | Total | 2,124.34 | 1,670.18 | Total | 2,124.34 | 1,696.32 |





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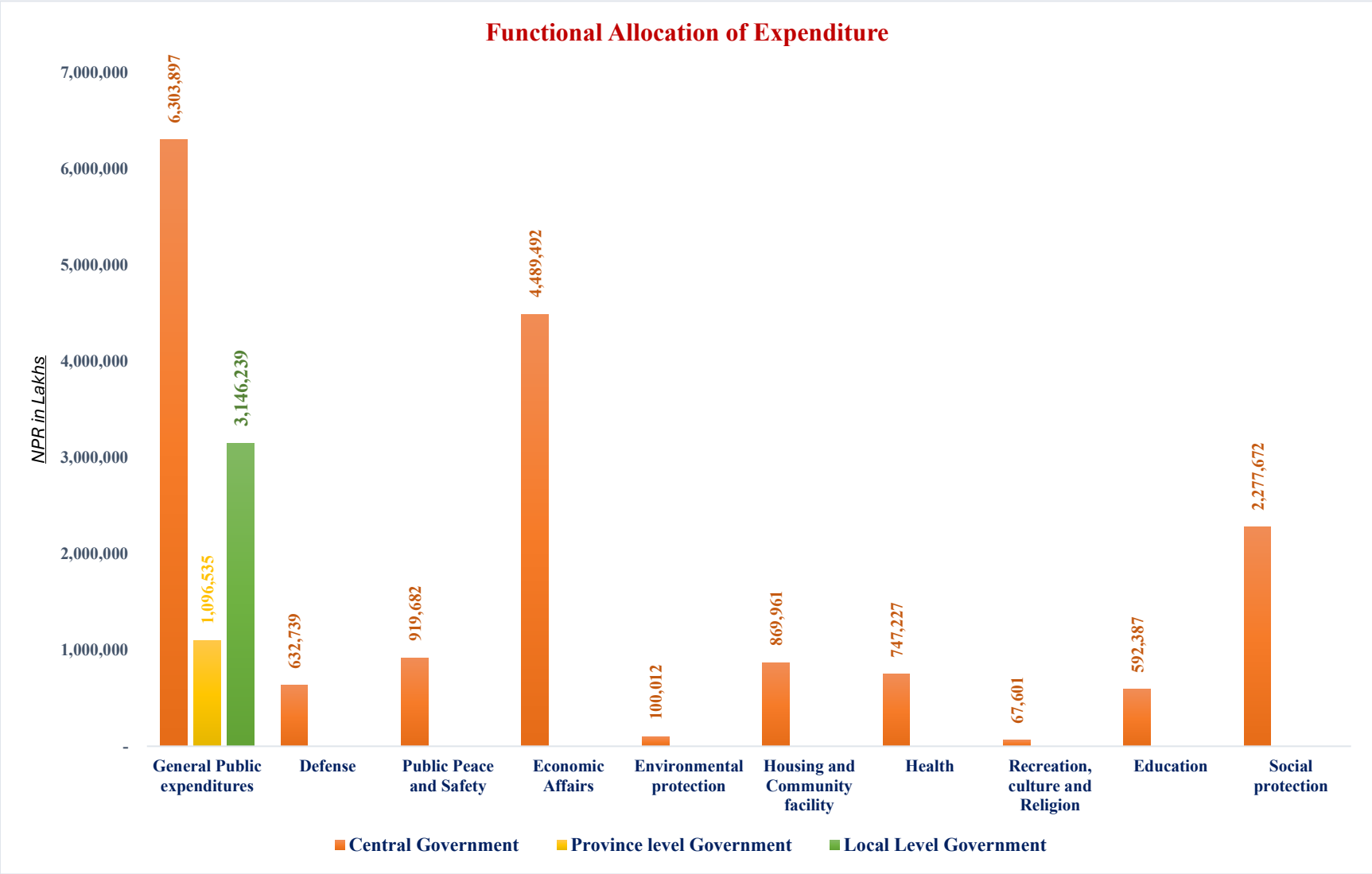
1.3. MINISTRY WISE BUDGET ALLOCATION

(NPR in Lakhs)

| S.N. | Ministry | Central | Province | Local Level | Total Budget | % of Total |
|------|--|-------------------|------------------|------------------|-------------------|----------------|
| 1. | Office of the Prime Minister and Council of Ministers | 74,852 | - | - | 74,852 | 0.35% |
| 2. | Ministry of Finance | 843,648 | 3,710 | - | 847,358 | 3.99% |
| 3. | Ministry of Industry, Commerce and Supplies | 85,501 | - | 7,973 | 93,474 | 0.44% |
| 4. | Ministry of Energy, Water Resources and Irrigation | 1,060,719 | 79,563 | - | 1,140,282 | 5.37% |
| 5. | Ministry of Law, Justice and Parliamentary Affairs | 5,839 | - | - | 5,839 | 0.03% |
| 6. | Ministry of Agriculture, Forests and Environment" | 624,071 | 77,130 | 30,020 | 731,221 | 3.44% |
| 7. | Ministry of Home Affairs | 1,079,528 | - | 3,765 | 1,083,293 | 5.10% |
| 8. | Ministry of Culture, Tourism and Civil Aviation | 102,784 | - | 2,608 | 105,392 | 0.50% |
| 9. | Ministry of Foreign Affairs | 87,382 | - | - | 87,382 | 0.41% |
| 10. | Ministry of Science, Technology and Innovation | 40,004 | - | - | 40,004 | 0.19% |
| 11. | Ministry of Infrastructure Development | 2,783,111 | 123,622 | 121,619 | 3,028,352 | 14.26% |
| 12. | Ministry of Women, Children, Gender and Sexual Minorities and Social Security | 1,216,372 | 2,168 | 7,603 | 1,226,143 | 5.77% |
| 13. | Ministry of Defense | 649,675 | - | - | 649,675 | 3.06% |
| 14. | Ministry of Education and Sports | 628,957 | 46,220 | 1,507,873 | 2,183,050 | 10.28% |
| 15. | Ministry of Information and Communication | 59,360 | - | - | 59,360 | 0.28% |
| 16. | Ministry of Land Management, Cooperatives, Federal Affairs and General Administration | 127,783 | 7,522 | 14,119 | 149,424 | 0.70% |
| 17. | Ministry of Health and Food Hygiene | 559,226 | 56,251 | 348,886 | 964,363 | 4.54% |
| 18. | Ministry of Youth, Labour and Employment | 18,783 | 1,088 | 16,395 | 36,266 | 0.17% |
| 19. | Others than above-including President, Vice-president, Province Head, Constitutional Bodies, Commission, loan repayment and others | 6,953,075 | 699,261 | 1,085,378 | 8,737,714 | 41.13% |
| | Total Budget | 17,000,670 | 1,096,535 | 3,146,239 | 21,243,444 | |
| | % of Total Budget Level Wise | 80.03% | 5.16% | 14.81% | 100.00% | 100.00% |



1.4. FUNCTION WISE BUDGET ALLOCATION





1.5. MAJOR HIGHLIGHTS OF BUDGET 2083/84

MAJOR HIGHLIGHTS OF BUDGET 2083/84

The income tax exemption limit has been doubled, raised to Rs. 1,000,000 (one million rupees) for individuals, and the maximum rate of personal income tax has been reduced by ten percentage points.

Capital gains tax on the sale of securities of listed companies to be treated as final.

Customs duties on 273 types of raw materials have been reduced to ensure industrial raw material duties remain at least one level lower than finished goods. The eleven tiers of customs duties have been confined to seven.

Excise duty has been abolished on 360 goods. Scattered customs point taxes including the infrastructure development tax and road maintenance and improvement fees have been consolidated into a single green tax.

10% VAT discount to be offered at the point of invoice for purchases made through digital payment methods, and the VAT refund system to be automated. Lottery based programs to be initiated to encourage the culture of issuing and receiving invoices.

A High-Level Advisory Committee to be constituted to study and recommend on multi rate VAT.

For tax disputes before courts, if the assessed tax is paid with an additional 1% within the deadline, the case may be withdrawn and all fees, fines, additional duties, and interest waived a special scheme aimed at resolving long-standing disputes arising from legal ambiguities and taxpayer ignorance.

50% income tax exemption has been granted on income earned from exporting information technology services, and a 100% exemption from taxable income applies to sweat equity received by IT sector human resources.

100% income tax exemption for the first 10 years has been extended to anyone establishing new motion picture halls outside Metropolitan and Sub-Metropolitan cities, and to agricultural processing industries.

VAT exemption has been granted on the import of cold storage, packaging, and testing lab machinery for agricultural processing.

Customs duty exemption has been granted on raw materials imported for manufacturing artificial limbs and disability assistive materials. Residential building insurance premiums of up to Rs. 10,000 to be deductible for income tax purposes.

Excise duty on cigarettes, liquor and beer has been increased by up to approximately 10%.

Third-party vehicle insurance has been raised to Rs. 1 million. Customs duties on electric vehicles to be levied on an ad-valorem basis, replacing the peak-power-capacity system.

The Department of Revenue Investigation to be abolished, with its tasks devolved to respective sectoral bodies.

All businesses with annual transactions above Rs. 100 million and issuing electronic invoices to be mandatorily linked to the Central Invoice Monitoring System.

The period required for tax audits has been fixed at 3 years. An AI-driven e-assessment system to be developed for risk-based investigation and audits.

Digital excise stamps to be introduced and an electronic track-and-trace system launched to control excise leakage. The excise administration to be progressively transformed from physical control into a self-removal system based on risk.



MAJOR HIGHLIGHTS OF BUDGET 2083/84

The existing organizational structure of the Government of Nepal to be made leaner and more efficient. 31 entities to be abolished, 6 merged, 6 transferred, and 18 restructured. Funds saved from these reductions to be redirected toward improving administrative efficiency.

Effective from Shrawan 1, 2083, the initial salary scale of public servants has been increased by 10%, and a performance-based monthly incentive allowance equivalent to 10% of the revised salary has been introduced, resulting in an overall increase of approximately 21% in current remuneration. Accordingly, minimum remuneration (including grades) has been set at around Rs. 40,000 and rises to over Rs. 1,00,000 at higher salary scales.

Company Law to be amended for clarity on conflict of interest and disclosure, and to ease the company liquidation process. Bilateral Investment Protection Agreements and Double Taxation Avoidance Agreements to be concluded with additional countries.

The Insolvency Act to be amended to address the financial problems of consumers and micro, small, and medium enterprises. A Limited Liability Partnership law to be formulated to encourage angel investments into venture capital and private equity funds.

The Industrial Enterprises Act to be amended so that mere notification to the Department of Industries suffices for capacity expansion, ownership change, and capital increase.

The Foreign Investment and Technology Transfer Act to be amended so that prior approval from Nepal Rastra Bank is no longer required for investment repatriation notification shall suffice. Convertible instruments, project-linked funding, and hybrid instruments to be included within the scope of foreign investment, and the requirement of prior approval in the automatic approval process to be removed. Provisions enabling Nepalese citizens to invest abroad to be eased. The process for paying service fees, royalties, and technology transfer amounts abroad to be simplified.

The Muluki Civil Code, 2074 to be amended to allow foreign investors to take apartments or residential buildings on long-term lease in designated areas, not exceeding 25% of total units.

A separate commercial disputes tribunal to be established for speedy resolution. Intellectual property protection legislation to be enacted, and credit scoring-based lending for individuals and entrepreneurs to be introduced.

Capital to be increased in Rastriya Banijya Bank. Nepal Airlines Corporation to be transformed into a company with strategic partnership to be identified. Shares of National Life Insurance Company and Bishal Bazaar Company to be issued to the public.

Hydroelectricity Investment and Development Company Limited to be merged with similar institutions to establish a specialized infrastructure entity. Due Diligence Audits of seven public enterprises including Gorakhkali Rubber Industry to be completed within the coming year under a PPP model.

A Sovereign Wealth Fund to be operated from a certain percentage of foreign exchange reserves. A Motherland Fund to be established to invest in strategic projects including at least three months of fuel storage and AI factories.

Offshore bonds in Nepalese currency will soon be issued in the international market. Clean energy bonds and diaspora bonds to be issued, and available climate funds to be maximized. Hedging services at an appropriate premium to be provided from the upcoming fiscal year to mitigate exchange risks on foreign-funded projects.

Nepal to be removed from the anti-money laundering Grey List as expeditiously as possible. The sovereign credit rating to be improved.



MAJOR HIGHLIGHTS OF BUDGET 2083/84

Intraday trading, short selling, and derivatives to be introduced in the securities market in phases.

A National Asset Management Company with special legal powers to be established by the end of Poush to manage rising non-performing loans and non-banking assets.

Approximately 1,000 kilometers of roads to be blacktopped and 275 road bridges to be constructed in the upcoming fiscal year.

In the upcoming fiscal year, 670 MW from hydroelectric projects and 370 MW from solar projects totaling 1,040 MW to be connected to the national transmission system, bringing total installed capacity to 5,535 MW.

Irrigation facilities to be extended to an additional 15,800 hectares of arable land in the upcoming fiscal year, bringing the proportion of irrigated arable land to 64 percent. 70 kilometers of embankments to be constructed and 210 hectares of land reclaimed.

The agricultural sector to be treated as a top priority for commercial transformation, productivity improvement, and dignified livelihoods. Forests and natural resources to be repositioned as a foundation for green industrialization, employment, and import substitution.

A systemic restructuring of the educational ecosystem to be executed based on national school mapping, infrastructure audits, teacher competency tests, and AI and ed-tech readiness assessments.

The education system to be transformed into a 'School-Centric System,' with School Management Committees as the vehicle for quality assurance and parental support accepted for infrastructure construction. A 'Clean Toilet Campaign' to be launched across all educational institutions.

The National Qualifications Framework and Recognition of Prior Learning to be enforced, granting formal recognition to the skills of migrant, informal, and experienced workers. A paid internship system to be institutionalized.

Implementation of 'Vision Kathmandu, 2040' to commence covering integrated infrastructure including underpasses, flyovers, intersection improvements, river corridor infrastructure, parks, solid waste management, utility ducts, and undergrounding of electrical wires.

A Smart Urban Mobility Program to be launched in the Kathmandu Valley incorporating electric public buses, charging stations, tracking systems, and smart bus parks. E-mobility services to be initiated in Pokhara Valley as well.

Intensive preparations are underway for Visit Nepal Year 2085 and Nepal Wellness Year 2027.

The Civil Aviation Authority to be restructured by upcoming Poush, establishing distinct roles for the regulator and operator, to remove Nepal from the European Union's Air Safety List.

Nepal's first Sovereign AI Compute Center to be established at Syuchatar, Kathmandu. Thousands of AI processing units to be purchased to provide subsidized compute capacity for entrepreneurs and startups. Clean hydroelectric energy to be transformed into high-value AI compute services.

Remaining shares of Nepal Telecom (after retaining 66%) to be sold to the general public by the end of Poush; proceeds to be used to develop Nepal into a Tech Hub.

A Fintech Marketplace to be established under Nepal Rastra Bank supervision. Dozens of government services to be integrated into the Nagarik App. IT software procurement across government entities to be executed through a single entity.



MAJOR HIGHLIGHTS OF BUDGET 2083/84

Legal provisions to be made enabling remote work for foreign employers while residing in Nepal. Investment abroad to be opened for the IT service sector. A 50% income tax exemption to be provided to IT service export income.

Contemporary amendments to 'Non-Resident Nepalese Citizenship' provisions of the Constitution to be executed, giving concrete shape to the slogan 'Once a Nepalese, Always a Nepalese.' Non-resident Nepalese to be granted all forms of economic, social, and cultural rights and included in nation-building.

Legal, technical, and administrative infrastructure to be prepared to enroll Nepalese citizens abroad in democratic processes and guarantee their voting rights. A new bill to extensively reform the visa system and investment-friendly immigration management to be presented to Parliament.

The key macroeconomic targets set for the upcoming fiscal year and beyond are as follows:

- 90% health insurance coverage of Nepalese within 3 years, significantly reducing out-of-pocket medical expenditure.
- 65% of citizens to have access to safe and clean drinking water within 3 years; 100% within 5 years.
- Irrigated arable land to reach 64% in the upcoming fiscal year, with an additional 15,800 hectares irrigated.
- Total installed electricity capacity to reach 5,535 MW by the end of the upcoming fiscal year.
- Nepal to be removed from the anti-money laundering Grey List as expeditiously as possible.



2. MAJOR AMENDMENTS IN TAX LAWS

2.1. SPECIAL AMENDMENTS MADE BY FINANCE BILL, 2083

| SECTION | PROVISIONS |
|-------------------|---|
| Section 14 | Provision on Skill Promotion Fee A Skill Promotion Fee of 0.5% shall be levied and collected on sale of gold, silver, and their ornaments and articles made from it consumers. |
| Section 15 | Provision on Education Service Fee An Education Service Fee of 3% shall be levied and collected on the amount of foreign currency exchange provided for tuition fees to students traveling abroad for educational purposes. |
| Section 16 | Provision on Education Equity Fee An Education Equity Fee of 3% shall be levied and collected on all categories of fees and charges collected by private educational institutions. |
| Section 17 | Provision on Health Equity Fee A Health Equity Fee of 3% shall be levied and collected on all categories of service fees collected by private health institutions. |
| Section 26 | Provision of Tax Treatment of Destroyed Business Stock and Input VAT Relief Where the uninsured business stock of any business or industry has been destroyed as a result of the Gen-Z Movement, and the concerned person submits an application to the relevant Inland Revenue Office within the period prescribed under Rule 39(a)(1) of the Value Added Tax Regulations, 2053, together with a loss verification report, the value of such damaged stock shall, pursuant to Section 15 of the Income Tax Act, 2058, be allowable as the cost of goods sold. Furthermore, any input VAT relating to such stock shall remain eligible for claim in accordance with Section 17 of the Value Added Tax Act, 2052. |
| Section 27 | Provision on Duty Exemption and Fee Waiver for Damaged Businesses Affected by the Gen-Z Movement In respect of damage to buildings, furniture, machinery, and equipment caused by fire or vandalism in industries, businesses, or commercial establishments affected during the Gen-Z Movement, a fifty percent (50%) exemption on customs duty and excise duty shall be granted on the import of goods required for the restoration and resumption of operations of such establishments, based on the details of the damaged assets as verified through the report of the insurance surveyor. In the case of casino businesses affected by damage arising from the Gen-Z Movement, royalty and renewal fees shall be waived for the period during which such businesses were unable to operate. |



| SECTION | PROVISIONS |
|--------------------------|--|
| <p>Section 31</p> | <p>Provision on Remission of Luxury Tax and Value Added Tax on Precious Metals and Jewelry Any luxury tax on gold and gold jewelry, or value added tax on diamonds, jewels, gemstones, and precious stones, that was required by law to be collected by the seller at the time of sale but was not collected prior to 2 Bhadra 2082, shall be automatically remitted. No return, statement, or other particulars in respect thereof shall be required to be filed.</p> <p>Any Value Added Tax that a person engaged in manufacturing or repairing gold and silver jewelry, utensils, idols, or similar articles was required to collect under the law during Fiscal Year 2082/83 or any prior fiscal year, but failed to collect, shall be remitted and any interest, additional charges, and penalties arising from such failure shall also be remitted. No tax return or related statement shall be required to be filed in respect of such amount.</p> |
| <p>Section 32</p> | <p>Provision on Write-off of Expired Industrial Goods and Excise Duty Treatment Any raw materials, finished goods, or semi-finished goods whether subject to or exempt from excise duty under the Excise Duty Act, 2058 that have expired or become unfit for use and are located within the premises of an industrial enterprise may be written off and removed from inventory, provided that no claim for excise duty refund is made in respect thereof.</p> <p>For this purpose, an on-site valuation and inventory record of such goods shall be prepared in their existing condition. The goods may be destroyed and written off on or before the end of Poush 2083, in the presence of representatives from the District Administration Office, the Treasury and Comptroller Office, and the local Chamber of Industry and Commerce, under the coordination of the Chief of the concerned Inland Revenue Office.</p> |
| <p>Section 33</p> | <p>Provision on Write-off of Damaged Excise Duty Stamps Excise duty stamps that were wholly or partially destroyed by fire during the course of the Gen-Z Movement, or that have become unfit for use due to other reasons and remain in storage, shall be destroyed and written off from the records.</p> <p>For this purpose, an inventory reconciliation and on-site valuation of such stamps in their existing condition shall be conducted, and the destruction and write-off shall be carried out in the presence of representatives of the District Administration Office and the Treasury and Comptroller Office, under the coordination of the Chief of the Inland Revenue Office having jurisdiction over the relevant area.</p> |
| <p>Section 34</p> | <p>Provision on Settlement of Post-Clearance Audit Liabilities with Waiver of Penalty and Interest Where any customs duty, excise duty, or Value Added Tax has been assessed pursuant to a post-clearance audit under the Customs Act, 2064 or the Customs Act, 2082, and such assessed amount remains unpaid as of the end of Baisakh 2083, or where the matter is pending before the Revenue Tribunal or any other court and is subsequently withdrawn by the</p> |



| SECTION | PROVISIONS |
|-------------------|---|
| | <p>importer, the importer may avail himself or herself of this facility by paying the full amount of the customs duty, excise duty, and Value Added Tax so assessed on or before the last day of Poush 2083.</p> <p>Upon payment of the full assessed amount within the prescribed period, any penalty imposed thereon and all interest accrued up to the date of submission of the application for availing this facility shall be waived.</p> |
| Section 36 | <p>Provision on Release of Shipping Containers without Demurrage Charges</p> <p>If shipping containers owned by domestic or international shipping companies are held in customs premises from a long period of time (whether confiscated or not) are reclaimed by the concerned company upon application submitted by the end of Mangsir 2083, such containers shall be released without charging any fees or demurrage.</p> |
| Section 37 | <p>Provision on Income Tax Return Exemption and Waiver for Certain Institutions and Entities</p> <p>Universities, diplomatic missions, development partners, and non-resident persons investing in Nepal, whether or not they have a Permanent Account Number (PAN), shall not be required to file income returns for fiscal years up to 2082/83, except for advance tax already deducted at source.</p> <p>Community schools and community health institutions shall, upon filing the income return for fiscal year 2082/83 and depositing the tax amount as per such statement along with an application within the end of Poush 2083, not be required to file income returns for prior years, and any tax, interest, and fees applicable on such income shall be waived.</p> |
| Section 38 | <p>Provision on Tax Waiver and Return Exemption for Non-Profit Institutions</p> <p>An institution which have constitutional provision that in the event of dissolution its remaining assets shall devolve to the Government of Nepal and is established with an objective of not generating profit, whether or not such institution is registered as a tax-exempt entity under the Income Tax Act, 2058, if such institution submits its income statement for fiscal year 2082/83 within the end of Poush 2083, then tax, interest, and fees applicable on taxable income derived from donations, grants, and gifts received by such institution for fiscal year 2082/83 and earlier periods shall be waived.</p> <p>If only the amounts received as donations, grants, and gifts are shown as income by such institution, no income return shall be required to be submitted.</p> |
| Section 39 | <p>Provision on VAT Waiver and Return Exemption for Insurance Agent</p> |



| SECTION | PROVISIONS |
|--------------------------|--|
| | <p>If any person engaged in the business of insurance agent has not collected Value Added Tax as required by law for the fiscal year 2082/83 or prior periods, the tax payable, along with any interest, fees, charges, and penalties thereon, shall be waived, and such person shall not be required to file any tax return.</p> |
| <p>Section 40</p> | <p>Provision on PAN Regularization, Return Filing, and Waiver of Fees and Interest</p> <p>As per Section 40(1) if any person who has earned taxable income without obtaining a Permanent Account Number (PAN) and has not filed income tax returns may, if obtain a PAN and submit income statements for fiscal years 2079/80 to 2082/83, and pay the applicable tax accordingly, then any fees and interest applicable to such tax shall be waived. The person shall not be required to file income statements or pay any tax, fees, or interest for fiscal years prior to 2079/80.</p> <p>As per Section 40(2) , if a taxpayer who has obtained a Permanent Account Number (PAN) but has not engaged in any income-earning activity or business and has not filed income tax returns for fiscal year 2081/82 or earlier may, upon filing the income statement for fiscal year 2082/83 and paying the applicable tax, apply for cancellation of registration or resumption of business within the end of Poush 2083 Upon such filing and application, the taxpayer shall not be required to submit income statements for prior fiscal years.</p> <p>Where no such application is submitted within the prescribed period, the PAN shall be automatically cancelled. In case of subsequent reactivation or resumption of business, the taxpayer shall be liable to file income statements and pay applicable tax, fees, and interest for the intervening period.</p> <p>As per Section 40(3), where a person holding a Permanent Account Number (PAN) under the Income Tax Act, 2058 has earned taxable income but has failed to file the corresponding income tax returns or pay the applicable tax, such person may, upon filing the income return and paying the outstanding tax together with an additional amount equal to one percent of such tax within the end of Poush 2083, be granted a waiver of all fees and interest otherwise leviable on such tax.</p> |
| <p>Section 41</p> | <p>Provision on VAT Liability Settlement and Waiver of Interest, Fees and Penalties</p> <p>Where a person registered under the Value Added Tax has engaged in taxable transactions but has failed to collect and deposit the applicable Value Added Tax, such person may, upon depositing the collectible tax together with an additional amount equal to one percent thereof and filing the relevant tax returns for the period up to Chaitra 2082 within the end of Poush 2083, be granted a waiver of all interest, fees, charges, and penalties otherwise leviable on such tax.</p> |



| SECTION | PROVISIONS |
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| | <p>Where a person registered under the Value Added Tax regime has engaged in taxable transactions and has collected the applicable tax but has failed to file the required tax returns, such person may, upon filing the tax return for the period up to Chaitra 2082 within the end of Poush 2083 and depositing the tax due as per such return together with an additional amount equal to one percent of such tax, be granted a waiver of all interest, fees, charges, and penalties otherwise leviable on such tax.</p> |
| Section 42 | <p>Provision on VAT Waiver on Outstanding Paneer (Cheese) Sales Value Added Tax relating to the outstanding unpaid amount on past sales of paneer (cheese) produced from milk is hereby waived.</p> |
| Section 43 | <p>Provision on Excise Duty Settlement, License Renewal, and Waiver of Fees and Penalties Where any person, whether or not holding a licence under the Excise Duty Act, 2058 , has engaged in transactions of excisable goods in the past but has failed to collect the applicable excise duty, such person or establishment, upon filing the return under Section 10(ka) of the Excise Duty Act, 2058 within the end of Poush 2083 and depositing the excise duty due as per such return together with an additional amount equivalent to one percent of such duty, shall be granted a waiver of all late fees and penalties otherwise leviable thereon.</p> <p>Where a license holder under the Excise Duty Act, 2058 has failed to renew the license within the prescribed period and intends to renew the license and continue the business, such license holder shall, upon payment of the renewal fee for fiscal year 2082/83 within the end of Ashoj 2083 and completion of renewal accordingly, be granted a waiver of renewal fees and penalties applicable for preceding fiscal years.</p> <p>The license of license holder who fails to renew the license within the prescribed period shall be automatically cancelled.</p> |
| Section 44 | <p>Provision on Settlement of Outstanding Tax and Excise Liabilities with Waiver of Fees, Interest, and Penalties Any person who has filed Value Added Tax returns, income tax returns, and excise duty returns under the Value Added Tax Act, 2052 , Income Tax Act, 2058, and the Excise Duty Act, 2058 , respectively, but has outstanding VAT, income tax, or excise duty liabilities as of 15 Jestha 2083, may pay the outstanding tax or excise duty amount together with an additional amount equal to one percent of such outstanding liability within the end of Poush 2083. Upon such payment, all applicable fees, additional charges, penalties, interest, and late fees relating thereto shall be waived.</p> |
| Section 45 | <p>Provision on Settlement of Assessed Tax and Excise Liabilities with Waiver of Interest, Penalties, and Fees Any person whose Value Added Tax, income tax, or excise duty has been assessed or reassessed by the Inland Revenue Department or its subordinate offices on or before 15 Jestha 2083, and who has outstanding assessed tax or excise duty</p> |



| SECTION | PROVISIONS |
|--------------------------|---|
| | <p>liabilities, shall, upon payment of the outstanding amount together with an additional amount equivalent to one percent of such liability within the end of Poush 2083, be granted a waiver of all fees, additional charges, penalties, and outstanding interest or late fees relating thereto.</p> <p>Provided that this provision shall not apply to persons engaged in the business of providing telecommunications services.</p> |
| <p>Section 46</p> | <p>Provision on Settlement of Tax, Duty, and Excise Disputes with Waiver upon Withdrawal and Payment of 1% Additional Amount</p> <p>As per Section 46(1) if under the Value Added Tax Act, 2052, the Income Tax Act, 2058, and the Excise Duty Act, 2058, where a taxpayer, on or before 15 Jetha 2083 BS, has been subjected to a tax assessment, revised assessment, or excise duty assessment issued by the Inland Revenue Department or its subordinate offices and has instituted an administrative review before the Inland Revenue Department or initiated proceedings before any judicial authority, such taxpayer shall, upon withdrawal of such review or proceedings and payment of the tax, duty, or excise amount as determined under such assessment together with an additional amount equivalent to one percent thereof within the end of Poush 2083, be granted a waiver of all fees, additional charges, penalties, interest, and late fees otherwise leviable thereon.</p> <p>As per Section 46(2), for cases covered under subsection (1), In cases where the Department of Internal Revenue or its concerned office has obtained permission to file an appeal before the Supreme Court, or to seek review/reconsideration of a case, or where such appeal or review proceedings are pending consideration, if the concerned taxpayer pays the disputed tax amount along with an additional amount equivalent to one percent (1%) thereof and submits an application to the Department or the concerned office within the end of Poush of the fiscal year 2083 B.S., the Government of Nepal may withdraw such case.</p> <p>As per Section 46(3), in cases where a taxpayer has not obtained permission to file an appeal before the Supreme Court or to seek a review of a case, but where reassessment of tax by the concerned office has not yet been completed, the taxpayer shall also be eligible for the facility under sub-section (1). If the concerned person, within the end of Poush of fiscal year 2083 B.S., deposits the disputed tax amount along with an additional amount equivalent to one percent (1%) thereof and</p> |



| SECTION | PROVISIONS |
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| | <p>submits an application, then the fees, additional charges, penalties, interest, and late fees imposed on such amount shall be waived.</p> <p>As per Section 46(4), Notwithstanding anything contained elsewhere in this section, the provisions relating to the concession and waiver under sub-sections (1), (2), and (3) shall not be applicable in the case of persons engaged in the business of providing telecommunication services.</p> |
| <p>Section 47</p> | <p>Provision on Tax Amnesty for International Organization Employees</p> <p>A resident person employed by the United Nations Office in Nepal, any organization under the United Nations, any other international organization enjoying diplomatic recognition, or a foreign diplomatic mission, and who is not entitled to tax exemptions under the Vienna Treaty, but has received remuneration or service fees from such entities and has failed to file income tax returns or pay tax as required under the Income Tax Act, 2058 , may obtain a Permanent Account Number (PAN) and, upon filing income tax returns for fiscal years 2079/80 to 2082/83 and paying the applicable income tax together with an additional amount equal to one percent of such tax by the end of Mangsir 2083 , be granted a waiver of interest and fees.</p> <p>Such person shall not be required to file income tax returns or pay any tax, fees, or interest in respect of periods prior to fiscal year 2079/80.</p> |
| <p>Section 48</p> | <p>Provision on Settlement and Waiver of Tax Liabilities for Non-Compliant Companies under Companies Act</p> <p>A company registered under the Companies Act, 2063 which has failed to submit required returns within the prescribed period, renew its registration, or pay any tax, fee, charge, interest, or penalty as required by law, may, if it wishes to continue its business operations or cancel its registration, submit the returns and pay the taxes, fees, and charges applicable for fiscal year 2082/83 within the end of Ashwin 2083. Upon such compliance, all taxes, fees, charges, interest, and penalties imposed or payable in respect of periods prior thereto shall be waived.</p> |
| <p>Section 50</p> | <p>Provision on Settlement and Withdrawal of Revenue Leakage Cases with Penalty Waiver</p> <p>In respect of income tax and value added tax cases filed under the Revenue Leakage in accordance with Investigation and Control Act, 2052 and pending before a court, the Government of Nepal may withdraw such case if the concerned person pays the amount determined as the principal liability together with an additional amount equal to one percent of such liability and submits an application to the concerned office within the end of Poush 2083. Upon such payment, the applicable penalty shall also be waived.</p> |
| <p>Section 52</p> | <p>Provision on Duty-Free Transfer of Diplomatic Vehicles to Government Bodies</p> |



| SECTION | PROVISIONS |
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| | <p>Foreign diplomatic missions or donor agencies that have imported vehicles under diplomatic or duty exemption facilities, where such vehicles are not more than ten years old, may transfer such vehicles to anybody of the Government of Nepal on or before the end of Poush 2083. Vehicles so transferred shall be fully exempt from customs duty, value added tax, excise duty, and road maintenance fee.</p> |





2.2. AMENDMENTS IN INCOME TAX ACT, 2058

| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
|-------------------|---|------------------------------|---|
| 2(Kha1) | <p>Definition: International Transaction</p> <p>"International Transaction" means any transaction of goods, services, finance or intangible property between a person and at least one non resident person, and such term also includes other transactions that affect income, expense, asset or liability.</p> | No Provision | <p>New definition of 'International Transaction' inserted as clause (Kha1) in Section 2.</p> <p>This definition is necessary for the transfer pricing provisions introduced via the new Sections 33Ka and 33Kha (Safe Harbor Rule and Advance Pricing Agreement).</p> |
| 2(Kana)(4) | <p>Definition: Associated Person</p> <p>4) For the purposes of Sections 33, 33Ka and 33Kha, the following are also "associated persons":</p> <p>(Ka) An entity where another entity (alone or jointly with related persons) controls or benefits from 30% or more of the income, capital or voting rights;</p> <p>(Kha) An entity that receives loan which is at least 50% of total assets of person providing loan;</p> <p>(Ga) An entity that earns income depending largely or wholly on the intellectual property rights, technical knowledge or business rights of another person;</p> | No Provision | <p>The definition of 'Associated Person' is expanded with four new sub-clauses specifically for transfer pricing purposes (Sections 33, 33Ka and 33Kha).</p> |



| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
|------------------|---|------------------------------|---|
| | (Gha) An entity which supplies 90% or more of required raw materials or consumables to a person. | | |
| 2(KaBha1) | Definition: Safe Harbor Rule "Safe Harbor Rule" means the circumstances specified in Section 33Ka where a transfer price is accepted as an arm's length price. | No Provision. | New definition inserted to support the Safe Harbor Rule provision under Section 33Ka. |
| 8(3)(Nga) | New clause added: (Nga) Amount received as sweat shares received as benefit from employment in an information technology industry. | No Provision. | A new exemption is introduced for sweat shares received as employment benefit from information technology industries. |
| 10 | New exempt income clauses added: (Jha1) Income from disposing of land or private building donated free of cost to Government of Nepal, Provincial Government or Local Government; (Jha2) Interest income earned by a financial institution wholly owned by a foreign government, established for non-profit purpose, from loan investments in Nepal; (Jha3) Income earned by water supply and sanitation consumer organizations registered under the Water Resources Act, 2049, in accordance with their objectives. | No such provision. | Four new categories of exempt income are added. |



| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
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| | (Tha1) Income earned in accordance with their objectives by universities established and operating in Nepal. | | |
| 11(2Ka) | A new proviso added at the end of Section 11(2Ka): "Provided that, if the interest amount exceeds twenty five thousand rupees, tax shall be imposed on such excess interest amount." | Section 11(2Ka): Annual interest income up to Rs. 25,000 earned from deposits in micro-finance institutions, rural development banks, postal savings banks and cooperatives as prescribed in subsection (2) (i.e operating in rural municipalities) is exempt from tax. | Clarification added. |
| 11(6) Explanation (Ka) | "Agricultural Business" means crop farming, fruit cultivation, animal husbandry, fisheries and beekeeping business. | "Agricultural Business" means a business of producing crops from public or private land, or receiving rent (Kut) or crops from a tenant (Mohi) utilizing the land. | The definition of 'Agricultural Business' has been broaden from crop farming to fruit cultivation, animal husbandry, fisheries and beekeeping also. This amendment will allow tax exemption to more agriculture businesses. |
| 12(2) | 2) Notwithstanding anything contained in Sub-section (1), the expenditure deductible in any income year shall not be three lakh rupees or five percent of the adjusted taxable income of such person for that year, whichever is the lesser. | 2) Notwithstanding anything contained in Sub-section (1), the expenditure deductible in any income year shall not be one lakh rupees or five percent of the adjusted taxable income of such person for that year, whichever is the lesser. | The maximum deductible donation limit under Section 12 has been increased from Rs. 1,00,000 to Rs. 3,00,000. The 5% of adjusted taxable income ceiling remains unchanged. |
| 12Gha | 12Gha. Expenses Incurred for Corporate Social Responsibility: | No Provision | A new section is inserted allowing deduction of CSR expenses up to 1% of total taxable income. |



| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
|-------------------------|---|--|--|
| | <p>Any expense incurred by a person in any income year for the purpose of discharging corporate social responsibility as per prevailing law can be deducted when computing taxable income of that year.</p> <p>Provided that such amount shall not exceed one percent (1%) of the total taxable income of that income year.</p> | | <p>Prior to this amendment, CSR expenses did not have a specific tax deduction provision under the Income Tax Act.</p> |
| 21(2) | <p>A person shall not make a cash payment exceeding Rs. 25,000 in a single transaction in any income year, except in specified circumstances.</p> | <p>Any person with annual turnover exceeding Rs. 20,00,000 shall not make a cash payment exceeding Rs. 50,000 in a single transaction in any income year, except in specified circumstances:-</p> | <p>Two significant changes:</p> <ol style="list-style-type: none"> 1. The Rs. 20 lakh turnover threshold is removed , the cash limit now applies universally to all persons regardless of turnover; 2. The per-transaction cash limit is reduced from Rs. 50,000 to Rs. 25,000. <p>Expenses paid in cash exceeding Rs. 25,000 per transaction are not deductible for tax purposes.</p> |
| 21(3) (Explanation) | <p>Gha) “Capital expenses” means the following expenses other than expenses incurred in issuance of share or debenture:-</p> <ol style="list-style-type: none"> (1) Expenses incurred in feasibility study, exploration and development of natural resources, | <p>Gha) “Capital expenses” means the following expenses:-</p> <ol style="list-style-type: none"> (1) Expenses incurred in feasibility study, exploration and development of natural resources, (2) Expenses incurred in acquiring any property with useful life for more than twelve months or | <p>Expenses incurred in issuance of share or debenture is not considered as Capital Expenses.</p> |



| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
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| | <p>(2) Expenses incurred in acquiring any property with useful life for more than twelve months or</p> <p>(3) Expenses in disposing of a liability.</p> | (3) Expenses in disposing of a liability. | |
| 33Ka | <p>33Ka. Special Provision Relating to Safe Harbor Rule:</p> <p>(1) Notwithstanding any provision mentioned in Section 33, a person with annual transactions up to Rs. 1 Arba who fulfills conditions under subsection (3) may opt for the Safe Harbor Rule to determine the arm's length price of controlled transactions.</p> <p>(2) Where a person opts for the Safe Harbor Rule under sub section (1) submits income return, the Department shall accept the transfer price as arm's length price.</p> <p>(3) To opt for the Safe Harbor Rule, any one of the following conditions must be met: (Ka) Maintaining a minimum 15% operating profit margin on operating expenses for export of Information Technology services; (Kha) Interest rate on inter-group loans (in foreign currency) set at the reference rate plus 200 to 400 basis points; or</p> | No Provision | <p>The Safe Harbor Rule provides taxpayers with annual controlled transactions up to Rs. 1 billion with a simplified method to determine arm's length prices, avoiding the need for detailed transfer pricing studies.</p> <p>Three specific safe harbors are provided for IT service exports, inter-group loans, and low value-added services.</p> <p>Once elected, the safe harbor applies for 5 consecutive years.</p> |



| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
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| | <p>(Ga) Added a maximum 5% profit on total cost for low value-added services as specified by the Department.</p> <p>(4) Once the Safe Harbor Rule under this section is opted, it applies for five consecutive income years unless there is a material change in nature and circumstances of the transaction.</p> <p>(5) Procedures for implementation of Safe Harbour Rule under this section shall be as determined by the Department.</p> | | |
| 33Kha | <p>33Kha. Advance Pricing Agreement (APA) can be concluded:</p> <p>(1) Notwithstanding any provision mentioned in this Act, the Department may enter into an APA with a taxpayer regarding the basis and method for determining arm's length price for international transactions between associated persons.</p> <p>(2) Pursuant to the Mutual Agreement Procedure contained in a tax treaty entered into by the Government of Nepal under Section 73, the competent authority of Nepal may, in consultation and coordination with the competent authority of the relevant foreign jurisdiction, conclude a bilateral or multilateral</p> | <p>No Provision: There was no Advance Pricing Agreement mechanism under the Income Tax Act, 2058.</p> | <p>Nepal introduces the APA mechanism for the first time.</p> <p>APAs provide taxpayers with certainty on transfer pricing treatment for future transactions, reducing disputes.</p> <p>Both unilateral APAs (with the Department) and bilateral/multilateral APAs (with foreign tax authorities under DTAs) are now available.</p> |



| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
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| | <p>agreement as referred to in Sub-section (1).</p> <p>(3) The APA concluded as per sub section (1) & (2) shall specify the pricing method, comparative data and other necessary facts for the purpose of determination of price of international transaction. The price determined as per such method and process shall be accepted as arm's length price.</p> <p>(4) The APA shall be binding for the period specified in agreement . However, such period shall not exceed five consecutive income years.</p> <p>(5) While concluding APAs as per sub section (1) and (2) it may include rollback provisions applicable to a maximum of four prior income years.</p> <p>(6) APA concluded under this section shall be binding to both parties. Provided, it may not binding if there is a material change in conditions or law prescribed in the agreement.</p> <p>(7) If it is established that a person has entered into an agreement by submitting forged documents, falsified facts, or incorrect information, the Department may</p> | | <p>A rollback facility allows the agreed pricing to apply to up to four prior years.</p> |



| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
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| | <p>cancel such agreement with effect from the very beginning. Notice of such cancellation shall be provided to the concerned person.</p> <p>(8) Fee to be paid by person seeking to enter into an agreement under this Section shall be as prescribed.</p> <p>9) The form of application for entering into an agreement under this Section, the supporting documents, the procedure for renewal of such agreement, and other procedural matters shall be as determined by the Department.</p> | | |
| 47Ka | Section 47Ka has been REPEALED. | Section 47Ka: Special provision relating to disposal on merger of business: | Section 47Ka providing special tax continuity provisions for mergers of banking, financial and insurance entities is repealed. Due to this, merging banking/financial/insurance entities will now be subject to the standard disposal provisions under Section 57. |
| 57(1) | If the ownership of any entity changes by fifty percent or more as compared to its ownership until before the last three years, the entity shall be deemed to have | If the ownership of any entity changes by fifty percent or more as compared to its ownership until before the last three years, the entity shall be deemed to have disposed | Section 57 will not be applicable in case of involuntary transfer of interest in an entity to legal heir due to death of a |



| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
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| | <p>disposed the property under its ownership or the liability borne by it.</p> <p>However, the provision of this subsection will not be applicable if the capital has been increased through addition of shareholder or partner keeping the number of shares and capital of the existing shareholders or partners same in Start Up Venture Capital and Private Equity Fund or due to the death of a beneficial owner of an entity, the interest in the entity is involuntarily transferred to legal heirs or where a resident entity's ownership changes and consequently the ownership of another resident entity, in which the first entity has interest, also changes.</p> | <p>the property under its ownership or the liability borne by it.</p> <p>However, the provision of this subsection will not be applicable if the capital has been increased through addition of shareholder or partner keeping the number of shares and capital of the existing shareholders or partners same in Start Up Venture Capital and Private Equity Fund.</p> | <p>beneficial owner and ownership changes in subsidiary entities when parent entity's ownership changes.</p> |
| 59(1Ka) | <p>Amount up to five percent of the amount kept in the risk-bearing fund against loan to be recovered and the amount kept as provision against non-banking asset, by the person operating the banking business subject to the standards prescribed by the Nepal Rastra Bank or entity conducting hire purchase transactions with approval from Nepal Rastra Bank can be deducted as expenses.</p> | <p>Amount up to five percent of the amount kept in the risk-bearing fund against loan to be recovered and the amount kept as provision against non-banking asset, by the person operating the banking business subject to the standards prescribed by the Nepal Rastra Bank can be deducted as expenses.</p> | <p>Hire purchase entities operating under NRB approval can also get deduction under Section 59(1Ka).</p> |
| 75(1Ka) | <p>The interpretation made by the Department under subsection (1) shall be final.</p> | <p>No Provision.</p> | <p>The Department's interpretation/ruling under Section 75(1) is now considered final.</p> |



| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
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| 82Ka (New Section) | Power to Obtain Information or Statement: For implementation of this Act, subject to prevailing laws, the Department may obtain through electronic means, information or statements related to financial transactions of any person situated in Nepal, including such person's customers, employees, service recipients, members, or any other person holding records of such persons. | No Provision. | A broad new information access power is granted to the Inland Revenue Department. The Department can electronically obtain financial transaction data from taxpayers, but also data related to their customers, employees, service recipients, members and other record holders. |
| 88(1) | A new clause (14) is added to the proviso of Section 88(1): (14) At the rate of twenty percent on service charges or commission paid to an insurance agent who is a resident natural person. | No provision. | 2. A specific 20% TDS rate is introduced for commissions/service fees paid to resident natural person insurance agents increasing from 15%. |
| 89(3Ka) | REPEALED. | Tax shall be withheld at the rate of 1.5 percent on payment of an amount exceeding fifty lakh rupees for a work to be performed by the consumer's committee. | No requirement of TDS on payment related to work to be performed by the consumer's committee. |
| 92(1) | New clauses (Yna1) and (Yna2) added after clause (Yna) in Section 92(1): (Ja1) Income/gain of resident natural persons and non-residents who do not wish to file income returns under Section 95Ka(2) and (5); payments in foreign currency under subsections (6Kha), (6Ga) | No Provision | Certain categories of advance tax on disposal of shares, property disposal, foreign currency receipts by natural person, insurance agent commission etc. are deemed final withholding taxes |



| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
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| | <p>and (6Gha); and payments for services under subsection (6Nga);</p> <p>(Ja2) Service charges or commission paid by a resident natural person to insurance agents.</p> | | |
| 95Ka(2)(Ka) & 95Ka(5) | <p>Section 95Ka(2)(Ka):</p> <p>2) If any person other than a resident entity doing transaction on the sale and purchase of securities being registered under the prevailing law derives benefits from the disposal of interest in any resident entity, advance tax shall be collected on such benefit computed pursuant to Section 37, as follows:</p> <p>a) In the case of benefit acquired from the disposal of interest of an entity enlisted in the Securities Board Of Nepal, at the rate of seven and a half percent of the profit amount having ownership over for more than three hundred sixty-five days, ten percent for having ownership for less than three hundred sixty-five days for a resident individual, ten percent of the profit for a resident entity and twenty-five percent of the profit for others, by the entity working for securities exchange market,</p> <p>Section 95Ka(5):</p> | <p>Section 95Ka(2)(Ka):</p> <p>2) If any person other than a resident entity doing transaction on the sale and purchase of securities being registered under the prevailing law derives benefits from the disposal of interest in any resident entity, advance tax shall be collected on such benefit computed pursuant to Section 37, as follows:</p> <p>a) In the case of benefit acquired from the disposal of interest of an entity enlisted in the Securities Board Of Nepal, at the rate of five percent of the profit amount having ownership over for more than three hundred sixty-five days, seven and a half percent for having ownership for less than three hundred sixty-five days for a resident individual, ten percent of the profit for a resident entity and twenty-five percent of the profit for others, by the entity working for securities exchange market,</p> <p>Section 95Ka(5):</p> | <ol style="list-style-type: none"> 1. Capital gains advance tax rates increased by 2.5 percentage on disposal of shares and non business chargeable assets. 2. New concessional 2.5% rate for involuntary government acquisition; 3. Exemption from capital gains tax when donating property to government. 4. Ride-sharing platforms must collect 1% advance tax on driver payments, bringing this sector into the tax net. |



| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
|---------|---|--|---------|
| | <p>The Land Revenue Office shall collect advance tax as follows at the time of registration on capital gain earned from the disposal of land or private building of any individual:</p> <p>Ka) If the disposed non-business chargeable asset (land and building) has the ownership of five years or more at the rate of seven and a half percent ,</p> <p>Ka1) Where a non-business chargeable asset (land and building) owned by a natural person is disposed of through compulsory acquisition pursuant to a decision of the Government of Nepal, tax shall be imposed at the rate two and half percent.</p> <p>Kha) If the disposed non-business chargeable asset (land and building) has the ownership of fewer than five years, at the rate of ten percent.</p> <p>Section 95Ka(5Ka) No capital gains tax shall be deducted when a natural person donates their land or private building free of cost to GON, Provincial Government or Local Government.</p> <p>Section 95Ka(6Nga)</p> | <p>The Land Revenue Office shall collect advance tax as follows at the time of registration on capital gain earned from the disposal of land or private building of any individual:</p> <p>Ka) If the disposed non-business chargeable asset (land and building) has the ownership of five years or more at the rate of five percent ,</p> <p>Kha) If the disposed non-business taxable asset (land and building) has the ownership of fewer than five years, at the rate of seven and a half percent.</p> | |



| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
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| | Resident ride-sharing operators shall collect advance tax at 1% on payments to natural persons providing services through their platform. | | |
| 97(1) | <p>Notwithstanding any provision mentioned in section 96, the following persons shall not be required to submit the income return.</p> <p>Ka) Persons mentioned in clause (ka) of Section 3, any person who is not required to pay tax in that income year,</p> <p>Kha) Any person mentioned in clause (ga) of Section 3 in that income year,</p> <p>Ga) Any resident natural person to which sub-section (3) of Section 4 applies in that income year,</p> <p>Gha) If the owner of a motor vehicle depositing tax pursuant to sub-section (13) of Section 1 of Schedule I is a natural person except for a sole proprietorship firm,</p> <p>Nga) Person specified by Department.</p> <p>Provided that the Department may, by written order or public notice, require any such person to file an income return.</p> | <p>1) Except where the Department issues a written order, any of the following persons shall not be required to submit the income return for any income year pursuant to Section 96:</p> <p>Ka) Persons mentioned in clause (ka) of Section 3, any person who is not required to pay tax in that income year,</p> <p>Kha) Any person mentioned in clause (ga) of Section 3 in that income year,</p> <p>Ga) Any resident natural person to which sub-section (3) of Section 4 applies in that income year,</p> <p>Ga1) A resident natural person having only the income referred to in sub-section (6Kha), (6Ga) and (6Gha) of Section 95ka,</p> <p>Gha) If the owner of a motor vehicle depositing tax pursuant to sub-section (13) of Section 1 of Schedule I is a natural person except for a sole proprietorship firm,</p> <p>e) A natural person not willing to submit an income return having income only from the</p> | <p>The clause exempting persons with only foreign exchange income under section (6Kha),(6Ga) and (6Gha) is removed from the list and covered under Section 92 as final withholding income.</p> |



| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
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| | | disposal of non-business chargeable assets . | |
| 101(3) | 3) The Department while conducting tax assessment pursuant to sub-section (1) or (2), shall complete the assessment within three years from the relevant date. | 3) The Department while conducting tax assessment pursuant to sub-section (1) or (2), shall complete the assessment within four years from the relevant date. | The tax assessment limitation period is reduced by one year from 4 years to 3 years. |
| 113(4) | 4) The person who makes an application pursuant to sub-section (3) has to make such application within five years from the latest date out of the following dates. In cases where an application is not made within that time limit, the amount referred to in sub-section (1) shall not be refunded:- a) The date of expiration of the income year existed by virtue of payment of the excess amount, b) The date on which the excess amount is paid, or c) The date on which the case is decided. | 4) The person who makes an application pursuant to sub-section (3) has to make such application within two years from the latest date out of the following dates. In cases where an application is not made within that time limit, the amount referred to in sub-section (1) shall not be refunded:- a) The date of expiration of the income year existed by virtue of payment of the excess amount, b) The date on which the excess amount is paid, or c) The date on which the case is decided. | The refund claim window is significantly extended from 2 years to 5 years. |
| 119Ka | Section 119Ka:Charge to be Imposed: A taxpayer issuing electronic invoices under Section 81(4) shall be charged a fee of Rs. 5,00,000 for using software that can delete or modify electronic invoice data and Rs. 1,00,000 for non-compliance with other provisions of Section 81(4). | Section 119Ka:Charge to be Imposed: (1) If a taxpayer, who has obtained approval to issue an electronic invoice under section 81(4) or not, uses software in which the data can be deleted or modified, a charge of NPR. 5 lakhs shall be imposed. (2) If a person engaged in the development, installation, or operation of software or equipment related to electronic invoices doesn't comply with the procedure issued by the Inland Revenue Department, a charge of NPR. 5 lakhs shall be imposed. | The existing four-clause fee structure is replaced with a simplified two-tier charge. |



| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---------------------------------|--|--|----------|---------------------|----|-------------------------------|-----|-------------------------------|-----|-------------------------------|-----|---------------------|--------------------|---|--------------|----------|--------------------|----|-----------------------------|-----|------------------------------|-----|-------------------------------|-----|-------------------------------|---------------------|---------------------|---------------------|--------------|----------|--------------------|----|-----------------------------|-----|------------------------------|-----|--|
| | | <p>(3) In case of violation of section 81Ka the lower of NPR. 5,000 or 2% of the total amount shall be imposed as a charge on each monitoring.</p> <p>(4) Except as otherwise provided in this Act, a charge of five thousand to twenty-five thousand rupees shall be imposed to the person who does not comply with any provision of this Act or the Rules framed under this Act.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Schedule 1, Section 1(1) | <p>Income tax slabs for Natural Person/Couple :</p> <table border="1"> <thead> <tr> <th>Income Range</th> <th>Tax Rate</th> </tr> </thead> <tbody> <tr> <td>Up to Rs. 10,00,000</td> <td>1%</td> </tr> <tr> <td>Rs. 10,00,001 – Rs. 15,00,000</td> <td>10%</td> </tr> <tr> <td>Rs. 15,00,001 – Rs. 25,00,000</td> <td>20%</td> </tr> <tr> <td>Rs. 25,00,001 – Rs. 40,00,000</td> <td>27%</td> </tr> <tr> <td>Above Rs. 40,00,000</td> <td>27% + 2% surcharge</td> </tr> </tbody> </table> <p><i>Provided that 1% tax shall not be levied on pension income, person contributing in pension fund or Social Security Fund and income of sole proprietorship firms.</i></p> | Income Range | Tax Rate | Up to Rs. 10,00,000 | 1% | Rs. 10,00,001 – Rs. 15,00,000 | 10% | Rs. 15,00,001 – Rs. 25,00,000 | 20% | Rs. 25,00,001 – Rs. 40,00,000 | 27% | Above Rs. 40,00,000 | 27% + 2% surcharge | <p>Income tax slabs for Natural Person:</p> <table border="1"> <thead> <tr> <th>Income Range</th> <th>Tax Rate</th> </tr> </thead> <tbody> <tr> <td>Up to Rs. 5,00,000</td> <td>1%</td> </tr> <tr> <td>Rs. 5,00,001 – Rs. 7,00,000</td> <td>10%</td> </tr> <tr> <td>Rs. 7,00,001 – Rs. 10,00,000</td> <td>20%</td> </tr> <tr> <td>Rs. 10,00,001 – Rs. 20,00,000</td> <td>30%</td> </tr> <tr> <td>Rs. 20,00,001 – Rs. 50,00,000</td> <td>30% + 20% surcharge</td> </tr> <tr> <td>Above Rs. 50,00,000</td> <td>30% + 30% surcharge</td> </tr> </tbody> </table> <p>Income tax slabs for Couple :</p> <table border="1"> <thead> <tr> <th>Income Range</th> <th>Tax Rate</th> </tr> </thead> <tbody> <tr> <td>Up to Rs. 6,00,000</td> <td>1%</td> </tr> <tr> <td>Rs. 6,00,001 – Rs. 8,00,000</td> <td>10%</td> </tr> <tr> <td>Rs. 8,00,001 – Rs. 11,00,000</td> <td>20%</td> </tr> </tbody> </table> | Income Range | Tax Rate | Up to Rs. 5,00,000 | 1% | Rs. 5,00,001 – Rs. 7,00,000 | 10% | Rs. 7,00,001 – Rs. 10,00,000 | 20% | Rs. 10,00,001 – Rs. 20,00,000 | 30% | Rs. 20,00,001 – Rs. 50,00,000 | 30% + 20% surcharge | Above Rs. 50,00,000 | 30% + 30% surcharge | Income Range | Tax Rate | Up to Rs. 6,00,000 | 1% | Rs. 6,00,001 – Rs. 8,00,000 | 10% | Rs. 8,00,001 – Rs. 11,00,000 | 20% | <p>Provision of different tax slab for individual and couple has been removed and tax slabs have been changes decreasing the applicable tax rates.</p> |
| Income Range | Tax Rate | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Up to Rs. 10,00,000 | 1% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rs. 10,00,001 – Rs. 15,00,000 | 10% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rs. 15,00,001 – Rs. 25,00,000 | 20% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rs. 25,00,001 – Rs. 40,00,000 | 27% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Above Rs. 40,00,000 | 27% + 2% surcharge | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Income Range | Tax Rate | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Up to Rs. 5,00,000 | 1% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rs. 5,00,001 – Rs. 7,00,000 | 10% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rs. 7,00,001 – Rs. 10,00,000 | 20% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rs. 10,00,001 – Rs. 20,00,000 | 30% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rs. 20,00,001 – Rs. 50,00,000 | 30% + 20% surcharge | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Above Rs. 50,00,000 | 30% + 30% surcharge | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Income Range | Tax Rate | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Up to Rs. 6,00,000 | 1% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rs. 6,00,001 – Rs. 8,00,000 | 10% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rs. 8,00,001 – Rs. 11,00,000 | 20% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |



| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|---|-------------------------------|------------------------------|-------------------------------|---------------------|---------------------|-------------------------------|-----------|------------------------------|-----------|-------------------------------|-----------|------------------------------|------------|--|-----------|-----------------|------------|---|-----------------|------------------------|------------------------------|--|--------------------|-----------|-------------------------------|-----------|------------------------------|-----------|-------------------------------|-----------|------------------------------|-----------|--|-----------|-----------------|-----------|----------------|------------|--|------------|--|
| | | <table border="1"> <tr> <td>Rs. 11,00,001 – Rs. 20,00,000</td> <td>30%</td> </tr> <tr> <td>Rs. 20,00,001 – Rs. 50,00,000</td> <td>30% + 20% surcharge</td> </tr> <tr> <td>Above Rs. 50,00,000</td> <td>30% + 30% surcharge</td> </tr> </table> <p><i>Provided that 1% tax shall not be levied on pension income, person contributing in pension fund or Social Security Fund and income of sole proprietorship firms.</i></p> | Rs. 11,00,001 – Rs. 20,00,000 | 30% | Rs. 20,00,001 – Rs. 50,00,000 | 30% + 20% surcharge | Above Rs. 50,00,000 | 30% + 30% surcharge | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rs. 11,00,001 – Rs. 20,00,000 | 30% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rs. 20,00,001 – Rs. 50,00,000 | 30% + 20% surcharge | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Above Rs. 50,00,000 | 30% + 30% surcharge | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Schedule 1, Section 1(13) | <p>Notwithstanding anything contained in this section, an annual tax shall be collected as follows from the owners of vehicles on hire at the time of registration or renewal of vehicles through Office of Transport Management.</p> <table border="1"> <thead> <tr> <th>Type of Vehicle</th> <th>Annual Tax Per Vehicle</th> </tr> </thead> <tbody> <tr> <td>(1)Car, Jeep, Van, Micro Bus</td> <td></td> </tr> <tr> <td>(Ka) Up to 1300 cc</td> <td>NPR.6,500</td> </tr> <tr> <td>(Kha) From 1301 cc to 2000 cc</td> <td>NPR.7,000</td> </tr> <tr> <td>(Ga) From 2001 cc to 2900 cc</td> <td>NPR.7,500</td> </tr> <tr> <td>(Gha) From 2901 cc to 4000 cc</td> <td>NPR.9,500</td> </tr> <tr> <td>(Nga) From 4001 cc above-all</td> <td>NPR.11,000</td> </tr> <tr> <td>(2) Mini-Truck, Mini-bus, Water Tanker</td> <td>NPR.9,500</td> </tr> <tr> <td>(3) Mini Tipper</td> <td>NPR.11,000</td> </tr> </tbody> </table> | Type of Vehicle | Annual Tax Per Vehicle | (1)Car, Jeep, Van, Micro Bus | | (Ka) Up to 1300 cc | NPR.6,500 | (Kha) From 1301 cc to 2000 cc | NPR.7,000 | (Ga) From 2001 cc to 2900 cc | NPR.7,500 | (Gha) From 2901 cc to 4000 cc | NPR.9,500 | (Nga) From 4001 cc above-all | NPR.11,000 | (2) Mini-Truck, Mini-bus, Water Tanker | NPR.9,500 | (3) Mini Tipper | NPR.11,000 | <p>Notwithstanding anything contained in this section, an annual tax shall be collected as follows from the owners of vehicles on hire at the time of registration or renewal of vehicles through Office of Transport Management.</p> <table border="1"> <thead> <tr> <th>Type of Vehicle</th> <th>Annual Tax Per Vehicle</th> </tr> </thead> <tbody> <tr> <td>(1)Car, Jeep, Van, Micro Bus</td> <td></td> </tr> <tr> <td>(Ka) Up to 1300 cc</td> <td>NPR.5,500</td> </tr> <tr> <td>(Kha) From 1301 cc to 2000 cc</td> <td>NPR.6,000</td> </tr> <tr> <td>(Ga) From 2001 cc to 2900 cc</td> <td>NPR.6,500</td> </tr> <tr> <td>(Gha) From 2901 cc to 4000 cc</td> <td>NPR.8,000</td> </tr> <tr> <td>(Nga) From 4001 cc above-all</td> <td>NPR.9,000</td> </tr> <tr> <td>(2) Mini-Truck, Mini-bus, Water Tanker</td> <td>NPR.8,000</td> </tr> <tr> <td>(3) Mini Tipper</td> <td>NPR.9,000</td> </tr> <tr> <td>(4) Truck, Bus</td> <td>NPR.10,500</td> </tr> <tr> <td>(5) Dozer, Excavator, Loader, Roller, Machinery Equipment like Crane</td> <td>NPR.15,500</td> </tr> </tbody> </table> | Type of Vehicle | Annual Tax Per Vehicle | (1)Car, Jeep, Van, Micro Bus | | (Ka) Up to 1300 cc | NPR.5,500 | (Kha) From 1301 cc to 2000 cc | NPR.6,000 | (Ga) From 2001 cc to 2900 cc | NPR.6,500 | (Gha) From 2901 cc to 4000 cc | NPR.8,000 | (Nga) From 4001 cc above-all | NPR.9,000 | (2) Mini-Truck, Mini-bus, Water Tanker | NPR.8,000 | (3) Mini Tipper | NPR.9,000 | (4) Truck, Bus | NPR.10,500 | (5) Dozer, Excavator, Loader, Roller, Machinery Equipment like Crane | NPR.15,500 | Most vehicle tax rates are increased for all headings. |
| Type of Vehicle | Annual Tax Per Vehicle | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (1)Car, Jeep, Van, Micro Bus | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (Ka) Up to 1300 cc | NPR.6,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (Kha) From 1301 cc to 2000 cc | NPR.7,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (Ga) From 2001 cc to 2900 cc | NPR.7,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (Gha) From 2901 cc to 4000 cc | NPR.9,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (Nga) From 4001 cc above-all | NPR.11,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (2) Mini-Truck, Mini-bus, Water Tanker | NPR.9,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (3) Mini Tipper | NPR.11,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Type of Vehicle | Annual Tax Per Vehicle | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (1)Car, Jeep, Van, Micro Bus | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (Ka) Up to 1300 cc | NPR.5,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (Kha) From 1301 cc to 2000 cc | NPR.6,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (Ga) From 2001 cc to 2900 cc | NPR.6,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (Gha) From 2901 cc to 4000 cc | NPR.8,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (Nga) From 4001 cc above-all | NPR.9,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (2) Mini-Truck, Mini-bus, Water Tanker | NPR.8,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (3) Mini Tipper | NPR.9,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (4) Truck, Bus | NPR.10,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (5) Dozer, Excavator, Loader, Roller, Machinery Equipment like Crane | NPR.15,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |



| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|--|---|--|------------|-------------------------------------|------------|-------------|-----------|------------------|-----------|--|-----------|-------------------------|--|------------------|------------|-----------------------|------------|-----------------------|------------|--------------------|------------|-------------------|-----------|---------------------|------------|--|-------------------------------------|------------|-------------|-----------|------------------|-----------|--|-----------|-------------------------|--|------------------|------------|-----------------------|------------|-----------------------|------------|--------------------|------------|--|
| | <table border="1"> <tr> <td>(4) Truck, Bus</td> <td>NPR.12,500</td> </tr> <tr> <td>(5) Dozer, Excavator, Loader, Roller, Machinery Equipment like Crane</td> <td>NPR.17,500</td> </tr> <tr> <td>(6) Oil Tanker, Gas Bullet, Tripper</td> <td>NPR.17,500</td> </tr> <tr> <td>(7) Tractor</td> <td>NPR.3,500</td> </tr> <tr> <td>(8) Power Tiller</td> <td>NPR.3,000</td> </tr> <tr> <td>(9) Auto rickshaw, Three-wheeler, Temp</td> <td>NPR.3,500</td> </tr> <tr> <td>(10) Electronic Vehicle</td> <td></td> </tr> <tr> <td>(ka) Up to 50 kw</td> <td>NPR. 4,000</td> </tr> <tr> <td>(Kha) 50 kw to 125 kw</td> <td>NPR. 5,000</td> </tr> <tr> <td>(Ga) 125 kw to 200 kw</td> <td>NPR. 7,500</td> </tr> <tr> <td>(Gha) Above 200 kw</td> <td>NPR. 9,500</td> </tr> <tr> <td>Electric Rickshaw</td> <td>NPR.3,500</td> </tr> <tr> <td>Two Wheeler Vehicle</td> <td>NPR. 3,000</td> </tr> </table> | (4) Truck, Bus | NPR.12,500 | (5) Dozer, Excavator, Loader, Roller, Machinery Equipment like Crane | NPR.17,500 | (6) Oil Tanker, Gas Bullet, Tripper | NPR.17,500 | (7) Tractor | NPR.3,500 | (8) Power Tiller | NPR.3,000 | (9) Auto rickshaw, Three-wheeler, Temp | NPR.3,500 | (10) Electronic Vehicle | | (ka) Up to 50 kw | NPR. 4,000 | (Kha) 50 kw to 125 kw | NPR. 5,000 | (Ga) 125 kw to 200 kw | NPR. 7,500 | (Gha) Above 200 kw | NPR. 9,500 | Electric Rickshaw | NPR.3,500 | Two Wheeler Vehicle | NPR. 3,000 | <table border="1"> <tr> <td>(6) Oil Tanker, Gas Bullet, Tripper</td> <td>NPR.15,500</td> </tr> <tr> <td>(7) Tractor</td> <td>NPR.2,500</td> </tr> <tr> <td>(8) Power Tiller</td> <td>NPR.2,000</td> </tr> <tr> <td>(9) Auto rickshaw, Three-wheeler, Temp</td> <td>NPR.2,500</td> </tr> <tr> <td>(10) Electronic Vehicle</td> <td></td> </tr> <tr> <td>(ka) Up to 50 kw</td> <td>NPR. 3,000</td> </tr> <tr> <td>(Kha) 50 kw to 125 kw</td> <td>NPR. 4,000</td> </tr> <tr> <td>(Ga) 125 kw to 200 kw</td> <td>NPR. 6,000</td> </tr> <tr> <td>(Gha) Above 200 kw</td> <td>NPR. 7,500</td> </tr> </table> | (6) Oil Tanker, Gas Bullet, Tripper | NPR.15,500 | (7) Tractor | NPR.2,500 | (8) Power Tiller | NPR.2,000 | (9) Auto rickshaw, Three-wheeler, Temp | NPR.2,500 | (10) Electronic Vehicle | | (ka) Up to 50 kw | NPR. 3,000 | (Kha) 50 kw to 125 kw | NPR. 4,000 | (Ga) 125 kw to 200 kw | NPR. 6,000 | (Gha) Above 200 kw | NPR. 7,500 | |
| (4) Truck, Bus | NPR.12,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (5) Dozer, Excavator, Loader, Roller, Machinery Equipment like Crane | NPR.17,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (6) Oil Tanker, Gas Bullet, Tripper | NPR.17,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (7) Tractor | NPR.3,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (8) Power Tiller | NPR.3,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (9) Auto rickshaw, Three-wheeler, Temp | NPR.3,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (10) Electronic Vehicle | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (ka) Up to 50 kw | NPR. 4,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (Kha) 50 kw to 125 kw | NPR. 5,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (Ga) 125 kw to 200 kw | NPR. 7,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (Gha) Above 200 kw | NPR. 9,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Electric Rickshaw | NPR.3,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Two Wheeler Vehicle | NPR. 3,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (6) Oil Tanker, Gas Bullet, Tripper | NPR.15,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (7) Tractor | NPR.2,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (8) Power Tiller | NPR.2,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (9) Auto rickshaw, Three-wheeler, Temp | NPR.2,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (10) Electronic Vehicle | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (ka) Up to 50 kw | NPR. 3,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (Kha) 50 kw to 125 kw | NPR. 4,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (Ga) 125 kw to 200 kw | NPR. 6,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (Gha) Above 200 kw | NPR. 7,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Schedule 1, Section 1(16Ka) | If any resident natural person insures the private building, which is in his/her ownership, in resident insurance company, lower of annual insurance premium amount or 10,000 rupees shall be deducted on calculation of taxable income. | If any resident natural person insures the private building, which is in his/her ownership, in resident insurance company, lower of annual insurance premium amount or 5,000 rupees shall be deducted on calculation of taxable income. | The threshold amount under Section 1(16Ka) is doubled from Rs. 5,000 to Rs. 10,000. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

2.3. AMENDMENTS IN VALUE ADDED TAX ACT, 2052

| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
|-----------|--|--|---|
| 7 (1 ka) | Notwithstanding anything mentioned in sub section (1), Government of Nepal can establish multiple rate not exceeding the rate mentioned in sub section (1) above and accordingly may prescribe taxable goods and services by publishing notice in Nepal Gadzette. | No Provision | Establishment of multiple VAT rate |
| 7 (1 kha) | Notwithstanding anything mentioned in sub section (1) and (1 ka), person providing ride sharing services by registering in platform operated by residential ride sharing operator and person providing electricity services to end users should assess and collect 5% tax on taxable value as per this Act and Rules under this Act. | No Provision | Introduction of 5% VAT in ride sharing services and electricity usage |
| 8 (2 kha) | Ride sharing platform operator should assess and collect tax on taxable value as per this Act and Rules under this Act at the point of transaction from person providing ride sharing services by registering in platform operated by residential ride sharing operator. | No provision | Collection of VAT from person providing ride sharing services. |
| 14 (ka) | <p>Digital Invoice:</p> <p>(1) Department by prescribing standards and procedures may make necessary arrangements regarding any person issuing invoice through digital medium.</p> <p>(2) Notwithstanding anything mentioned in sub section (1) above, Department by publishing</p> | <p>Digital Invoice:</p> <p>(1) Taxpayer may issue digital invoice by taking pre-approval from Department.</p> <p>(2) Notwithstanding anything mentioned in sub section (1) above, Department by publishing notice may designate taxpayers mentioned in such notice to</p> | More strict measures added |



| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
|------------|---|--|--|
| | <p>notice may designate taxpayers mentioned in such notice to register in Central Bill Monitoring System (CBMS) of Department and compulsorily issue invoice from digital medium or use billing system provided by the Department to issue digital invoice.</p> <p>Department shall make and implement guidelines regarding safety and reliability of software or equipment used to issue invoice from digital medium.</p> | <p>compulsorily issue invoice from digital medium and register such digital medium in Central Bill Monitoring System (CBMS) of Department.</p> <p>Department shall make and implement guidelines regarding safety and reliability of software or equipment used to issue invoice from digital medium. Such guidelines should be followed by related producer, distributor and user.</p> | |
| 18 (1 ka) | <p>Notwithstanding anything mentioned in sub section (1), taxpayer from those districts where there are no inland revenue offices may submit tax amount and tax returns to related local level or Office of Financial Comptroller General of the District within 15 days of the month of submission. Such tax return or tax payment details should be submitted to related Inland Revenue Office by related local level or Office of Financial Comptroller General.</p> | <p>Notwithstanding anything mentioned in sub section (1), taxpayer from those districts where there are no inland revenue offices or taxpayer service offices may submit tax amount and tax returns to Office of Financial Comptroller General of the related district within 15 days of the month of submission. Such tax return or tax payment details should be submitted to related Inland Revenue Office or Taxpayer Service Office by Office of Financial Comptroller General.</p> | <p>Addition of local level and deletion of taxpayer service office</p> |
| 18 (4) | <p>Department may amend those tax returns submitted within deadline by tax payer if required within 7 days from the submission date of the return by following prescribed procedures.</p> | <p>No provision</p> | <p>Amendment of submitted tax return</p> |
| 25 (1 kha) | <p>If any consumer makes payment on purchase of goods and services listed in notice published by Department digitally</p> | <p>If any consumer makes payment on purchase of goods and services listed in notice published by Department digitally</p> | <p>Refund replaced by rebate</p> |



| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
|---------------|---|--|--|
| | as per existing laws, such purchaser shall be provided with immediate rebate of amount equivalent to 10% of tax by Department as per prescribed procedures. | as per existing laws, such purchaser shall be provided with immediate refund of amount equivalent to 10% of tax by Department as per prescribed procedures. | |
| 25 (Ga 1) | No Provision | Provision related to refund of excess tax paid under contract | Deletion of the Provision |
| 29 (1 Chha 2) | If taxpayer issuing digital invoice as per sub section (1) and (2) of Section 14 ka is found to be using software to delete or correct data, Rs 5 lakh fine shall be imposed and if other provisions of same sub sections are not complied Rs 1 lakh fine shall be imposed. | If taxpayer either obtaining permission or not obtaining permission to issued digital invoice is found to be using software to delete or correct data, Rs 5 lakh fine shall be imposed. | Reference of relevant section mentioned and new fine of Rs 1 lakh introduced |
| 29 (1 Ta) | Rs 10,000 each time for violation of this Act or rules under this Act | Rs 1,000 each time for violation of this Act or rules under this Act | Fine increased from Rs 1,000 to 10,000 |
| 29 (1 Da) | Rs 50,000 each time for violation of Directives to be issued by Department related to regulation of internal transfer of commercial purpose goods. | No provision | New fine introduced for violation of Directives to be issued by Department |
| 32 kha (4) | Interpretation as per sub section (1), except if interpreted by Court in another way shall be considered final. | No provision | Clarity regarding court interpretation |

2.4. AMENDMENTS IN EXCISE DUTY ACT, 2058

| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
|--------------------------|---|---|--|
| Section 2 Definitions | (Ka) Clause (Ka1) — "Any Symbol or Digital Excise Ticket " In clause (Ka1), the words "any symbol" replaced by "any symbol or digital excise ticket". | (Ka) Clause (Ka1): Clause (Ka1) contained the words "any symbol" only | or Digital excise ticket added |
| | Kha Clause (Ja1) "Tobacco and nicotine-containing products" means products prepared by mixing elements of tobacco or tobacco products, or by using extracted or synthetic nicotine, including products intended for smoking, chewing, or keeping in the mouth, such as pan masala, gutkha, khaini, and similar substances. The term also includes cigarettes, cigars, electronic cigarettes (vapes), nicotine pouches, and hookah flavors. It further includes any other products that may be designated by the Department as tobacco and nicotine-containing product. | (Kha) Clause (Ja1) — "tobacco product" means tobacco or tobacco product mixed smoking, chewing, betel spices to be kept in mouth, betel quid, chewing betel or similar other materials, and this term also includes cigarette, beedi and cigar; | Kha Ja (1) replaced by new definition of tobacco product to tobacco and nicotine containing products |
| | Ga Clause (ana 1)"Liquor " means any substance with more than 0.5% alcohol produced by fermenting starch-based substances or by any other method, and includes: raksi, jaand, chhyang, whisky, rum, gin, brandy, bhodka, beer, wine, seri, | Ga Clause (Ana1)"Liquor" means any substance with more than 0.5% alcohol — included raksi, jaand, chhyang, whisky, rum, gin, brandy, bhodka, beer, wine, seri, | <u>vermouth, mixed-liquor drinks, cocktails and</u> |



| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
|---|--|---|---|
| | <p>sempen, cider, peri, mid, maltan, sake, soju, <u>vermouth, mixed-liquor drinks, ready cocktail, carbonated wine</u>, madira, spirits, <u>syandidis</u>, industrial alcohol, rectified spirit, malt spirit, silent spirit, denatured spirit, ENA and heads spirit, and other substances declared as madira-related by the Department.</p> <p>(Gha) New Clause (Ana 7 ka) — Risk-based Electronic Clearance: “Risk-Based Selective Clearance Control System” means a system under the physical control regime in which establishments are selected based on risk analysis, and the production, removal (clearance), import, and export of excisable goods are carried out under the limited supervision of an Excise Officer, or an employee designated by such officer.</p> | <p>sempen, cider, peri, mid, maltan, sake, soju, industrial alcohol, rectified spirit, malt spirit, silent spirit, denatured spirit, ENA and heads spirit.</p> <p>New Added Gha (Ana 7 Ka) added after Gha (Ana 7)</p> | <p><u>carbonated wine</u> newly added.</p> <p>Risk-based selective clearance system defined as new concept.</p> |
| Section (3Ka) Self-Clearance System | <p>Sub-section (4) amended: Any excise duty paid for goods incurring loss due to fire, theft, accident, <u>natural disaster destructive</u> incident or expiry of the date of utility of the good, may be deducted as prescribed by the Department.</p> <p>Sub-section (5) amended:</p> | <p>Sub-section (4): Any excise duty paid for goods incurring loss due to fire, theft, accident, destructive incident or expiry of the date of utility of the good, may be deducted as prescribed by the Department.</p> <p>Sub-section (5): While deducting excise duty pursuant to this Section, excise duty paid on import of</p> | <p>Sub-section (4) broadened to include natural disaster.</p> <p>Auxiliary raw materials and packaging materials <u>removed</u> from sub-section (5).</p> |

| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
|-----------------------------------|---|--|---|
| | While deducting excise duty pursuant to this Section, excise duty paid on import of raw materials and machinery parts having customs duty exemption shall not be allowed to be deducted. | auxiliary raw materials, packaging materials, and raw materials and machinery parts having customs duty exemption shall not be allowed to be deducted. | |
| 4(1)(Ka) Excise Exemptions | <p>Clause (Ka) of Sub-section (1) replaced:</p> <p>"1(Ka) Physical Control System and the Risk-Based Selective Clearance Control System apply, excise duty shall be payable at the time the goods are produced and removed from the establishment for sale.</p> <p>Provided that, in the case of a microbrewery, the monthly excise duty shall be paid in advance based on the prescribed yield rate derived from its installed production capacity.</p> | <p>Previous Clause (Ka):</p> <p>"Physical control system and risk-based electronic clearance system shall be applicable."</p> | <p>The provision did not include the specific requirement for micro-brewery advance payment based on limited capacity determined by the Department.</p> <p>Monthly excise advance payment requirement for <u>micro-breweries</u> added.</p> |
| Section 4D Retailers | Amended: In Section 4D, after the words "such industry" the words " <u>to retailers other than those registered for Value Added Tax</u> " are added. | Existing: Section 4D referred to "such industry" without specifying the restriction on retailers who are not registered for VAT. | Industries now restricted from selling to retailers <u>not VAT-registered</u> . |
| Section 9(Kha) License | Provision to Sub-section (5) amended: In clause (Kha) of sub-section (5), " <u>bidi, tobacco, khaini, paan masala, gutkha production</u> " replaced by " <u>production, export, import, sale or storage of madira, tobacco-based and nicotine-containing goods</u> ". | Previous Clause (Kha): Restricted to " <u>bidi, tobacco, khaini, paan masala, gutkha production</u> " specifically bidi, tobacco, khaini, paan masala, gutkha production only. | Scope broadened: now covers <u>production, export, import, sale or storage of madira, tobacco-based and nicotine-containing goods</u> . |
| Sec 9 Kha License: No | New proviso added at the end of Sub-section (1): " <u>Provided that if the time limit</u> | Newly added | <u>Suspension period does not block the license renewal</u> |

| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
|---|--|---|---|
| Block During Renewal | <u>for renewal of excise license expires during the period of suspension, it shall not be deemed to have lapsed."</u> | | <u>timeline</u> — prevents double-penalty. |
| Section 10 Kha Self-Clearance: Tobacco Exclusion | <u>"Provided that for goods other than tobacco-based and nicotine-containing goods under the self-clearance system, authentication from the authorized person of the license holder shall be required."</u> | Newly added | Non-tobacco excisable goods under self-clearance now require <u>authentication from the license holder's authorized person</u> . |
| Section 10Gh (Chhu) Raw Material for Madira | New Clause (Chhu) inserted in Sub-section (1) of Section 10Gh: <u>"(Chhu) If the alcohol content of madira raw materials, substances in spirit production process, pre-export ready madira, and exported madira differs by more than 0.5% from the declared alcohol capacity."</u> | Newly added | New <u>0.5% alcohol content tolerance threshold</u> introduced for all madira production and export stages. |
| Section 10Chhu Alcohol % Variance in Export | Section 10Chhu — existing text amended: In Section 10Chhu, after "at any time" insert: <u>"madira raw materials, substances in spirit production process, pre-export ready madira"</u> and after "alcohol content" insert: <u>"differs by more than 0.5% from the declared alcohol capacity"</u> . | Section 10Chhu referred to "at any time" with a general alcohol content measurement obligation — without specifying the <u>0.5% tolerance threshold for raw materials and production stages</u> . | <u>0.5% alcohol content variance threshold</u> now applies at all stages: raw materials, spirit production, pre-export ready madira. |
| Section 10(Ja1) & New 10(Ta1) | Section (10Ja1) — New Sub-section (3) added: <u>"(3) The use of digital excise ticket shall be as determined by the Department."</u> Section 10(Ta1) — Track and Trace System: <u>"(1) The Department may implement a Track and Trace system to control and regulate the production, storage,</u> | Section 10Ja1(2): No provision for Department mandate on digital excise ticket usage. Newly added | Digital excise ticket usage consolidated under Department. <u>Track and Trace system</u> introduced for full supply-chain electronic monitoring of madira and tobacco goods. |



| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
|--|--|---|---|
| | vehicle owner, the vehicle shall not be confiscated; <u>the vehicle owner shall be fined twenty-five thousand rupees and the driver shall be fined up to fifteen thousand rupees or imprisoned for up to three months or both.</u> " | | |
| Section 22Ka | Section 22(Ka) amended: After "fee or fine" added <u>health risk tax applicable as per Finance Act</u> ". | Section 22Ka referred to "fee or fine" only — no reference to <u>health risk tax</u> . | Health risk tax under Finance Act is now explicitly incorporated into Section 22Ka. |
| New Section 25Ka | New Section 25Ka inserted: "25Ka. Power to issue Directives and Standards: Under this Act and the rules made thereunder, the Department may issue necessary directives and establish standards for production, excise quality, and sale/distribution for regulation and control of madira, tobacco-based goods and other excisable goods." | Newly added | Department is now empowered to issue both <u>Directives and Standards</u> —significantly expanded regulatory authority. |
| Finance Bill Sec. 56(15) Throughout the Act | "Tobacco-based goods" (tobacco-based goods) replaced by " <u>tobacco-based and nicotine-containing goods</u> " (<u>tobacco-based and nicotine-containing goods</u>) wherever it appears. Additionally: " <u>Taxpayer Service Office</u> " (<u>Taxpayer Service Office</u>) [DELETED] from wherever it appears in the Act. | "Tobacco-based goods" appeared throughout without reference to <u>nicotine-containing goods</u> . " <u>Taxpayer Service Office</u> " appeared in the Act as a reference point for taxpayers. | <u>Nicotine-containing goods</u> (e-cigarettes, vapes, nicotine pouches) brought explicitly within scope throughout the Act. <u>Taxpayer Service Office</u> reference removed. |
| Finance Bill Sec. 56(16) Schedule (Anusuchi) | Complete Schedule (Section 3 related — Excise Duty Rate Schedule) replaced: The entire Excise Duty Rate Schedule is [replaced in full] with a new updated | Previous Excise Duty Rate Schedule applied rates as fixed for FY 2082/83. | Entire excise duty rate schedule updated for FY 2083/84. New rates apply to all excisable goods including |



| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
|--------------------------------------|--|------------------------------|---|
| Excise Duty Schedule Replaced | Schedule as per Finance Bill 2083, covering <u>[revised excise duty rates applicable for FY 2083/84]</u> . | | madira, tobacco, vehicles, and other goods. |

2.5. AMENDMENTS IN CUSTOM DUTY ACT, 2081

| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
|----------------------|--|--|--|
| Section 13 | (5) The words "as prescribed by the Ministry", the words " as prescribed by the authority " are substituted | The Ministry may provide tariff facilities as prescribed for goods brought back into Nepal from any part of Nepal using foreign routes or for goods sent back abroad using Nepalese routes. | Ministry word replaced with authority |
| Section 14, 15 & 16 | In sections 14, 15 and 16, the words "raw materials" appearing at various places are replaced by the words " raw materials or auxiliary raw materials (including packing materials not produced in Nepal) " | In sections 14, 15 and 16, the words " raw materials " appearing at various places | Auxiliary raw material also included. |
| Section 28 (A) | Administrative Review and Appeal: A person who is dissatisfied with a decision made by a customs officer pursuant to this Act may file an administrative review and appeal in accordance with the prevailing customs law." | No provision | After Section 28, Section 28A is added to include provision related to administrative review and appeal. |
| Annexure 4 Section 1 | 1 (Ga) In the case of silver, (a) Duty will be levied on silver up to five hundred grams as per the prevailing rate. (Gha) In the case of silver jewellery, - There will be no duty on silver jewelry weighing up to five hundred grams. Duty will be levied at the prevailing rate on silver jewelry up to five hundred grams in excess of the quantity mentioned in sub-section (a). | No provision | Additional provision added for duties to be levied on silver brought with them by passengers returning from abroad |
| Annexure 4 Section 1 | (5) If any foreign passenger or non-resident Nepali or Nepali residing abroad | No provision | Provision introduced for foreign passenger or non- |



| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
|---------------------------------|--|---|---|
| | with permanent residence permit brings gold and silver ornaments exceeding the prescribed quantity and declares to deposit them in transit at the Customs Office, the Customs Office shall keep such ornaments safely and give a receipt to the concerned passenger. When such passenger returns from Nepal, the Customs Office shall return the ornaments deposited by him. | | resident Nepali or Nepali residing abroad with permanent residence permit brings gold and silver ornaments exceeding the prescribed quantity |
| Annexure 4 Section 6 | (Kha) -A television up to sixty-five inches in size brought by a traveler who has lived abroad for at least twelve consecutive months. | 5 (Kha)- A television up to thirty-two inches in size brought by a traveler who has lived abroad for at least twelve consecutive months. | More inch's TV allowed to bring custom free for personal use to Nepali citizens with a labor permit who have returned from foreign employment |

2.6. AMENDMENTS IN CUSTOM ACT, 2082

| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
|------------|--|--|---|
| Section 5 | In sub-section (1), the phrase "or small customs office" (वा छोटी भन्सार कार्यालय) has been removed. A new sub-section (1a) has been added after sub-section (1), which states: "(1a) There shall be such small customs offices as prescribed under the main customs office. " | (1) The Government of Nepal may, by publishing a notification in the Nepal Gazette, establish a Customs Office or a Small Customs Office as per the requirement in any Customs area. | Small customs offices kept under the main customs office. |
| Section 20 | In sub-section (10), for the words " may allow amendment of the statement ", the words " may amend the statement " have been substituted, and for the words " no amendment shall be permitted " in the restrictive clause of the same sub-section, the words " shall not be amended " have been substituted. | (10) If, before the examination of the goods, the declarant makes a written request to the Customs Officer to amend the details of the goods declared by him/her so that they are not inconsistent with the documents submitted with the declaration, the Customs Officer may grant permission for amendment of such details. However, if the request for amendment appears to be fraudulent or malicious, the details will not be allowed to be amended. | Changes in wordings of subsection |
| Section 20 | In sub-section (11), for the words " may grant permission for amendment of the declaration ", the words " may amend the declaration " shall be substituted, and the restrictive provision of the same sub-section shall be amended. | In a case where the examination of the goods has been started but the examination has not been passed, if the declarant applies to the Customs Officer for amendment of the declaration, explaining the reasons, and if the reasons are found reasonable, the | Changes in wordings of subsection |



| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
|------------|--|---|--|
| | <p>The words "amendment shall not be permitted" in the phrase have been replaced with the words "shall not be amended".</p> | <p>Customs Officer may grant permission for amendment of such declaration.</p> <p>However, if any of the following circumstances arise, amendment shall not be permitted.</p> <p>(a) If it affects the duties to be paid or the regulations to be made by customs, (b) If it appears that he/she will be exempted from the punishment that may be imposed under this Act, (c) If there is an unnecessary delay in the verification process.</p> | |
| Section 53 | <p>The following Section 53 is substituted for Section 53: -</p> <p>"53. Other items to be confiscated: (1) This Act or If a decision is made to seize any item pursuant to the prevailing law relating to customs duties, the items, including parcels or packets used to pack such item, will have to be seized.</p> <p>(2) While seizing goods pursuant to Sub-section (1), the vehicle or means of transportation used for transporting such goods shall not be seized.</p> <p>Nepal, however, if the owner of such vehicle or means of transportation is not</p> | <p>Other items to be confiscated: If a decision is made to confiscate any item pursuant to this Act or the prevailing law relating to customs duties, items including parcels or packets used to pack such item shall be confiscated.</p> <p>However, no aircraft, vessel, train, container, motor vehicle, truck, tractor, bus or other vehicle or means of transportation or trailer attached thereto shall be seized on the basis of being used in the transportation of such goods.</p> | <p>Old section removed and new added to include additional provision regarding other items to be confiscated</p> |



| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
|------------|---|--|--|
| | found and no claim is made in the notice of claim issued in that regard, there shall be no impediment to confiscating such vehicle or means of transportation.” | | |
| Section 68 | The following sub-section (1A) is added after sub-section (1) of Section 68: - “(1A) A fee of three thousand rupees shall be charged for submitting an application pursuant to sub-section (1).” | No Provision | Fee prescribed for application regarding importers can now apply for and receive a binding "Advance Ruling" from the Director General before the goods physically arrive in Nepal. |
| Section 70 | The following clause (ga) is added after clause (kha) of sub-section (4) of section 70: - “(ga) Notwithstanding anything contained in clauses (ka) and (kha), the following vehicles shall be subject to the following fines: - (1) In the case of a cart, horse-drawn carriage, handcart, rickshaw, or bicycle, the owner or driver shall be fined up to ten thousand rupees. (2) Up to twenty thousand rupees in the case of scooters and motorcycles. | No provision | Additional provision introduced for Penalties and Punishments |
| Sec 71 | In clause (gha), for the words "fifty percent" the words "twenty-five percent" are substituted. | If the imported goods or their packaging clearly indicates the brand, company, model, item number or any other similar details that would identify such goods, the declaration is made without | Fine % reduced from 50% to 25% for declaration made without disclosing the details that would clearly identify such goods |



| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
|-------------------|---|--|---|
| | | disclosing the details that would clearly identify such goods. To inspect such goods by imposing a fine of fifty percent of the duty payable on such declarant and collecting the duty payable, | |
| Section 71 | In clause (jha), after the word "document", the word " intentionally " has been added. | If the declarant attaches a document in a different form than the one required to be attached when declaring the details of the goods in the computer system electronically pursuant to Sub-section (3) of Section 20, such declarant shall be fined ten percent of the customs duty payable pursuant to that declaration and the duty payable shall be recovered and such goods shall be inspected. | Additional word introduced to make clarity regarding intentional false declaration of documents |
| Section 93 | The words " also paid or " in sub-section (3) of section 93 have been omitted. | When submitting an application pursuant to Sub-section (1), proof that the fee and fine imposed pursuant to such order or decision against which the application is being made has also paid or that an amount equivalent to the same has been deposited in cash at the concerned office shall be attached to the application. However, if a person who is in detention and has failed to pay the amount of such fee or fine wishes to file an application for | Removal of wording to exclude fee and fine for submitting application against order or decision |



| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
|--------------------|---|---|--|
| | | review, he or she may file the application without posting bail. | |
| Section 95 | In sub-sections (2) and (3) of Section 95, before the words “Customs Inspection”, the words “ Customs Office or ” are added. | (2) The person filing an appeal pursuant to Sub-section (1) shall pay the undisputed duty out of the amount of duty and fine imposed pursuant to such decision or order and shall deposit one hundred percent of the disputed duty and fine in cash to the concerned Customs Inspection Office . Provided that a person who is in custody for failure to pay such fees and fines may appeal without posting bail. (3) The bank voucher deposited in the deposit account of the Treasury and Controller of Accounts in the name of the concerned Customs Inspection Office in the name of the concerned Customs Inspection Office shall be submitted along with the appeal. | Changes in wordings of subsection |
| Section 109 | At the end of the restrictive clause of sub-section (2) of Section 109, the following shall be added: " If it is found that a government document has been forged from the document so submitted, it must be sent in writing to the concerned body or to the officer for necessary fine as per prevailing law. " | If, during the re-examination pursuant to Sub-section (1), it is found that the duty to be collected has been exempted, the Customs Officer shall recover the duty so exempted from the owner of the goods. However, if it is found that the customs duty has been affected due to the declarant submitting a fake bill, invoice | Additional Provision introduced to include fine imposing authority under this subsection |



| SECTION | AMENDED PROVISION (2083/84) | EXISTING PROVISION (2082/83) | REMARKS |
|--------------------|--|---|---|
| | | or document, the customs officer may impose a fine of three hundred percent of the difference in duty. | |
| Section 114 | <p>Sub-section (4) of Section 114 shall be replaced by the following sub-section: (4) It is stated: -</p> <p>"(4) If a person who wishes to cancel an export or import code number submits an application to the Department after paying the renewal fee, the Department may cancel the export or import code number of such person."</p> | (4) If the export or import code number is not renewed within the time limit, it will automatically be cancelled. | Removal of the automated expiration trap, businesses must now proactively apply and clear their outstanding renewal dues if they want to legally close or cancel their EXIM code. |

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