



BUDGET HIGHLIGHTS 2082/83

Tax Perspective

SSA Associates
Chartered Accountants

Naxal, Kathmandu

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Overview of Budget

1. Federal Budget 2083/84 (2025-26)

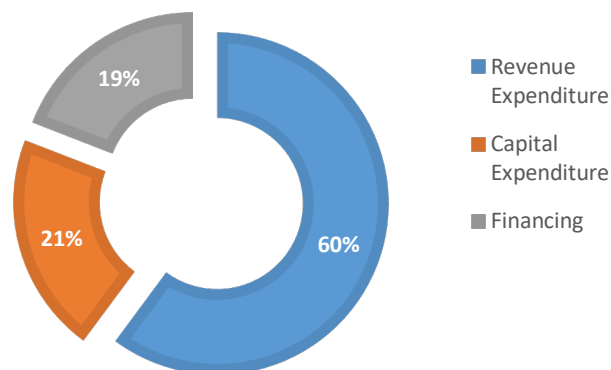
- ❖ **Presented on:** 15th Jestha, 2082 (29th May, 2025)
- ❖ **Presented by:** Honorable Finance Minister, Bishnu Prasad Poudel
- ❖ **Summary of Budget**

- **Allocation of Budget in Billions (NRs.)**

Budget Head	Amount
Revenue Expenditure	1,180.98
Capital Expenditure	407.89
Financing	375.24
Total Budget	1,964.11

Note: The budget has increased by 5.6% of the original budget (NRs. 1,860.3 Billions) and by 15.36% of the revised budget (NRs. 1,662.36 Billions) for the fiscal year 2081/82.

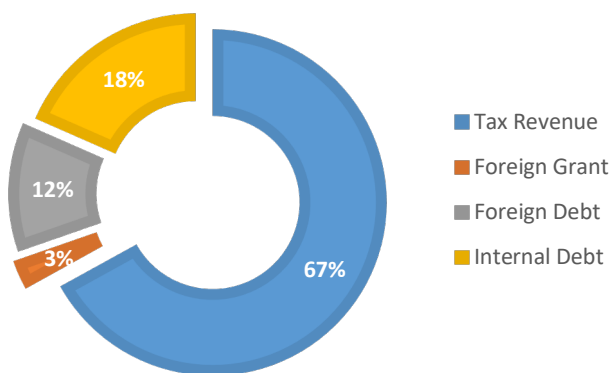
ALLOCATED BUDGET



- **Sources of Fund in Billions (NRs.)**

Source	Amount
Tax Revenue	1,315.00
Foreign Grant	53.45
Foreign Debt	233.66
Internal Debt	362.00
Total	1,964.11

SOURCES OF FUND



❖ **Targeted Economic Growth Rate and Inflation Rate**

- Expected Economic Growth Rate for fiscal year 2082/83 is 6%
- Expected Inflation Rate for fiscal year 2082/83 is 5.5%

❖ **Objectives of Budget**

- To achieve high, sustainable and broader economic growth for poverty eradication.
- To develop entrepreneurship along with public and private sector investment for employment a generation.
- To encourage use of modern technologies and enhance economic capacity.
- To maintain social justices through social protection and development.
- To promote quality public service delivery and Governance.

❖ **Budget Priorities:**

- Enhancement of Entrepreneurship, Employment, Production and Productivity
- Expansion of Investment in productive and High-Quality Physical Infrastructure
- Qualitative Improvement in Public Sector
- Balanced Development and Assurance of Social Security
- Citizen Friendly Services, Corruption Control and Governance Reform

❖ **Strategies of the Budget:**

- Improving Creditworthiness and Financial Transparency: By accelerating efforts to remove Nepal from FATF grey list.
- Empowering in the Private Sector as a Catalyst for Economic Growth: By the reforms in laws through ordinances to boost its morale and by creating an investment environment.
- Mobilizing Resources for Sustainable Development Goals Achievement: By prioritizing resource diversification, professionalizing revenue administration, and strengthening the tax system.
- Strengthening Trade and Empowering Youth Entrepreneurs: Through exports of competitive goods and services and promoting domestic production of consumer goods.

2. Major Highlights of the Budget 2082/83

- Minimum support price (*Samarthan Mulya*) of crops like paddy, maize, wheat, sugarcane, coffee etc. will be defined 15 days prior to the planting season.
- Classification, merger, and structural reform of cooperative institutions will be carried out. Effective regulations of saving and credit cooperatives will be ensured through the National Cooperative Regulatory Authority
- Deposits of up to five lakh rupees in cooperative institutions will be insured through Deposit and Credit Guarantee Fund. A cooperative loan recovery tribunal will be established.
- Industries obtaining approval to establish new industry in Special Economic Zones and industrial areas will be granted rent exemptions during the initial three years of operation. The monthly rental rate in Special Economic Zones has been reduced from NPR 20 per square meter to NPR 5 per square meter. Industries located in industrial areas that export more than 30% of their production will be eligible for the same concessions as those provided to industries in Special Economic Zones.
- Civil Aviation Authority of Nepal (CAAN) will be restructured by separating it into a regulatory body and a service provider entity, and institutional strengthening will be carried out accordingly.
- Voter ID card will be linked with National ID card.
- Senior citizenship allowance will be provided only to those aged over 70 years. The age limit remains the same for those currently receiving the allowance, as well as for individuals from remote and marginalized areas.
- The contingency amount will be reduced to 3% for projects with a cost estimate of NPR 1 billion, and to 2% for projects with a cost estimate exceeding NPR 1 billion.

Amendments made by the Budget

1. Taxes and rebates as per the Finance Act:

- Taxes levied by the Finance Act without enacting separate laws:

Tax	Provision	Tax rate
Digital Service Tax	Digital Service will be levied on the electronic services provided and transaction value of data sales collected from users in Nepal by non-resident person. Exception: 1) The annual transactions of electronic services up to thirty lakh 2) Sales transactions made through a digital interface to business users in Nepal for commercial purposes	2% on the transaction value
Luxury Tax	Levied on the following: 1) Services provided by the five-star hotel or higher, and luxury resorts 2) Imported Liquors (Custom duty and Excise duty should be included while determining Luxury Tax) 3) Sale of gold and gold ornaments.	2% on the transaction value
Health Risk Tax	Levied and collected on the following imported and domestically produced goods as follows: i. Bidi ii. Cigarettes and cigars iii. Heated tobacco for inhalation without combustion: iv. E-cigarettes/ vapes (with or without nicotine) v. Other products with or without nicotine for smoking, chewing surti, khaini, gutkha, pan masala, scented betel nut, mouth fresheners, and hookah flavours	i. NRs. 0.30 per piece ii. NRs. 0.60 per piece iii. 10% of value determined for customs duty purposes iv. NRs. 30 per piece v. NRs. 60 per KG
Foreign Employment Service tax	Levied on person going on foreign employment through licensed person on business of foreign employment.	1% of total amount received
Education Service Tax	Levied on students pursuing education in foreign country, and collected by Banks and Financial Institutions at the time of providing exchange facilities	3% of the Education Fee
Infrastructure Development Tax	Levied on import of Petrol and Diesel at the Custom Frontier	NRs. 10 per litre

Road Repair and Improvement Tax	Levied at Customs Frontier <ul style="list-style-type: none"> • On Petrol • On Diesel 	<ul style="list-style-type: none"> • NRs. 4 per litre • NRs. 2 per litre
Cinema Development Tax	Levied on entry fee on showing foreign movies at Nepali cinema hall	As per Schedule 3 of Finance Act
Pollution Control Tax	Levied on petrol and diesel to be distributed in Nepal and collected by the importer	NRs. 1.5 per litre
Telephone Ownership Tax	levied to customer installing telephone In case of prepaid phone, at every sim card and recharge card	NRs. 500 2% of the value
Telephone Service Fee	Levied to customers of telephone, internet and mobile, and to be collected by Internet Service Provider or Telecom Service Provider	10% of telephone fee
Casino Royalty	Operation of casino by person or entity licensed to operate casino If it is played using modern machine or equipment only	NRs. 50 million per annum NRs. 15 million per annum

• **Tax amnesty provided by Finance bill, 2082**

Section	Provision of Tax Amnesty	Conditions
21	Provision of Bank Guarantee on import by Hydroelectricity Projects On recommendation of Department of Electricity Development (DOED)	Bank guarantee facility for custom duty and VAT can be availed on import of construction equipment, machineries, tools and their spare parts, penstock pipe and steel plate required for generation, transmission and distribution by the contractor, project promoter of hydroelectricity projects which has obtained the theoretical approval for power generation potential upgradation and design amendment.
22	Special provision on allowance of Transportation fees as expenses	If a transport service provider has incurred freight as expenses from the PAN unregistered Natural person in the fiscal year 2078/79, 2079/80 and 2080/81 for business purposes, then the incurred expenses can be claimed as deductible in the respective years, if the payments has been made deducting TDS under Section 88 (1)(8) of the Income Tax Act, 2058
23	Special Provision Regarding the Transfer of Contribution-Based Retirement Funds	Retirement funds currently operating as approved retirement funds under the Income Tax Act, 2058 must be mandatorily transferred to or aligned with the retirement funds established under the following laws by the end of Ashadh 2083: <ol style="list-style-type: none"> 1. The Employees Provident Fund Act, 2019 2. The Citizen Investment Trust Act, 2047 3. The Social Security Fund Act, 2074 4. The Retirement Fund Act, 2075

		As per sub-section (1), if a contributor transfers the lump sum amount of their contribution-based retirement fund from an approved fund to the designated fund within the specified period, such transferred amount shall not be subject to withholding tax under the Income Tax Act, 2058
24	Waiver of Penalty, Fine, Fee and Interest for Social Institutions	Community hospitals, health institutions, and transport-related organizations registered under the Association Registration Act 2034, which has been assessed or reassessed by the concerned tax office under the Value Added Tax Act 2052, the Income Tax Act 2058, and the applicable Finance Acts for any liabilities incurred before 15th Jestha 2082, shall be eligible for a waiver of interest, fines, fees and penalties if the assessed amount is fully paid by the end of Poush 2082.
25	Rebates to the taxpayer remaining to submit the VAT Returns	If a person registered in VAT but has not yet deposited VAT and not submitted VAT return for the period on or before Chaitra 2081, now deposits VAT and submits returns along with 25% of applicable interest within Poush end 2082, then the fees, penalty and remaining interest will be waived off. Even if VAT returns for transactions up to Chaitra 2081 were filed but tax remains unpaid, paying the due tax and 25% of interest by the end of Poush 2082 will result in waiver of remaining penalties and interest.
26	Rebates to the taxpayer remaining to submit the Excise Returns	If a person registered in Excise but has not submitted excise return up to Chaitra end, 2081, now deposits excise and submits returns, along with 50% of the applicable late fees, within Poush end 2082, then the fees, penalty and remaining interest will be waived off. Even if excise returns for transactions up to Chaitra 2081 were filed but tax remains unpaid, paying the due tax and 50% of late fees by the end of Poush 2082 will result in waiver of penalties and balance late fees.
27	Waiver on VAT to the International airline operators and ticket service providers	If a person engaging in international airline operations and ticket service providers who was required to be registered for VAT but did not collect VAT either being registered under VAT or without being registered for VAT from 2081 Kartik 1, deposit the collected VAT within Ashoj end, 2082, additional fee, interest, and penalty shall be exempted.
28	Exemption to Taxpayers who have been assessed for not submitting Income Tax Return	If an individual who has not submitted an income tax return for any year was previously assessed for tax by the relevant tax office under Section 101 of the Income Tax Act, 2058, and subsequently submits the Income Tax Return and pays the applicable tax amount or even if the Income Tax return is yet to be submitted, that individual may still file the Income Tax Return and pay the corresponding tax by the end of Poush 2082. For Income Tax Returns submitted or to be submitted under this provision, the relevant tax office may reassess the tax before the end of Asadh 2083 and determine the revised tax liability. The limitation of periods specified in Section 20(4) of

		the VAT Act, 2052 and Section 101(3) of the Income Tax Act, 2058 shall not be applicable during this assessment process.
29	Special Provision relating to person outside Nepal providing Digital Services	Sub-Clause (5) of Clause (ar) of Section 2 of the Income Tax Act, 2058 will not be applicable in case of a non-resident person providing electronic services in Nepal who is registered in accordance with Section 16 of the Finance Act, 2081 and Section 10kha(1) of the Value Added Act, 2052.
30	Concession in case of Change in Ownership	Pursuant to Section 57(1), if a resident entity has undergone a change in ownership involving an interest in another resident entity, and if any outstanding tax liability has been assessed on the basis of such ownership change, the interest and fees related to the amended assessment shall be waived provided the assessed tax amount is paid by the end of Ashadh 2082.
31	Waiver on Income Tax of Public and Private Vehicle	If the income tax for the income year 2081/82 and 2082/83 is paid with in the end of Poush 2082 by the Public and Private Vehicles owner that are more than twenty years and can't be operated, income tax and interest prior to Income year 2081/82 shall be waived
	Waiver of VAT on clearing house services	The Value Added Tax levied to the clearing services have been waived.

2. Amendment in Income Tax Act, 2058

Section	Existing Provision	Amended Provision
2(Bha)	<p><u>Definition: Entity</u></p> <p>"Entity" means the following organization or body:</p> <p>(1) A partnership, trust or company, (2) Rural Municipality, Municipality or District Coordination committee, (3)..... (4).....</p>	<p><u>Definition: Entity</u></p> <p>Entity" means the following organization or body:</p> <p>(1) A partnership, trust or company, (2) Rural Municipality, Municipality or District Coordination committee, (3)..... (4).....</p>
2(Tra1)	<p><u>Definition: Contribution Based Retirement Payment</u></p> <p>"Contribution Based Retirement Payment" means the payments of the amount deposited in approved retirement fund derived from the monthly deduction from remuneration of the employee or workers along with the addition by the employer as retirement contribution and the increment in such amount</p>	<p><u>Definition: Contribution Based Retirement Payment</u></p> <p>"Contribution Based Retirement Payment" means amount deposited in approved retirement fund, which has already been included in income of natural person, and the increment in such amount.</p>
2(Ka Da)	<p><u>Definition: Permanent Establishment</u></p> <p>(5) A place outside Nepal where the person resides and assumes a significant digital presence in Nepal, or a place outside Nepal where a data server is kept and is engaged in the transaction of data or services in Nepal for at least 90 days in a period of last twelve months.</p>	<p><u>Definition: Permanent Establishment</u></p> <p>(5) Removed</p>
4(4kha)	<p>No Provision (Presumptive tax and turnover based tax is compulsory for the taxpayers in that category)</p>	<p>Notwithstanding anything contained in sub section (4) and (4Ka), the person shall choose to make this provision applicable for that Income Year.</p> <p><i>Explanation: Presumptive Tax {Sec 4(4)} and turnover based tax {Sec 4(4ka)} are optional. Taxpayer can opt to file D-03 return.</i></p>
11 (2Kha)	<p>Exemption shall be provided as below on the tax to be imposed on income of special industry.....that operates fully throughout the year in any income year.</p>	<p>Exemption shall be provided as below on the tax to be imposed on income of special industry, hotel, resort and information technology industry that operates fully throughout the year in any income year.</p>

	<p>Ka) By one third of tax if tax had been imposed at the rate of 30% on income of resident natural person</p> <p>Kha) By 20% on tax applicable on income of the entity</p>	<p>Ka) By one third of tax if tax had been imposed at the rate of 30% on income of resident natural person</p> <p>Kha) By 20% on tax applicable on income of the entity</p>
11(3)	Tax shall be levied as follows on the income earned by any person from a special industry..... and information technology industry in any income year:	Tax shall be levied as follows on the income earned by any person from a special industry, hotel, resort, and information technology industry in any income year:
11(3Ga)	Industry related to software development, data processing, cyber cafe, digital mapping established in technology park and information technology park and industry related to zoological, geological, biotech park as specified by the Government of Nepal by a notification in the Nepal Gazette shall have fifty percent exemption from income tax.	Industry related to software development, data processing, cyber cafe, digital mapping established in technology park and information technology park and industry related to zoological, geological, biotech park as specified by the Government of Nepal by a notification in the Nepal Gazette shall have seventy-five percent exemption from income tax.
11(3 Na)	100 % tax exemption is provided up to 5 years from the date of commencement to the start-up business, as prescribed by department, having annual transaction up to 1 crore rupees by utilizing innovative knowledge, concept, skill, technology, system.	100 % tax exemption is provided up to 5 years from the date of commencement to the start-up business, as prescribed by department, having annual transaction up to 10 crore rupees by utilizing innovative knowledge, concept, skill, technology, system.
11(3Ya)	No Provision	Industry Producing Green Hydrogen shall have income tax exemption for 5 years from the date of commencement of business.
11(3Ra)	No Provision	Industry producing and assembling electric vehicle charging machine shall have income tax exemption for 5 years from the date of commencement of business .
11(3La)	No Provision	A person who builds or constructs and operates an industrial zone or industrial village will be exempted from income tax for the first ten years from the date of commencement of business and fifty percent for the next five years.

21(1)(B)	Tax payable under this Act and fines and similar other fees paid to the Government of any country and any local body thereof for violation of any law or any rule or regulation made under such law, tax recovered under Section 95ka(7) and not utilized in the said income year However, taxes paid to the provincial government and local level can be deducted as expenses.	Tax payable under this Act and fines and similar other fees paid to the Government of any country and any local body thereof for violation of any law or any rule or regulation made under such law, tax recovered under Section 95ka(7) and not utilized in the said income year. However, taxes paid to the provincial government and local level can be deducted as expenses.
63(1)	In case a resident person desirous of keeping a retirement fund submits an application to the Department for permission to do so, the Department shall grant permission as prescribed. Provided that, no approval shall be required for a retirement fund established by Citizen Investment Trust established under Citizen Investment Trust Act, 2047, retirement fund maintained by Social Security Fund under Contribution based Social Security Fund Act, 2074 and by Provident Fund established under Provident Fund Act, 2019 and by retirement Fund maintained by Pension Fund established under Pension Fund Act, 2075.	Removed
65(2)	No Clarification (payment to any approved retirement fund is deductible from assessable income of natural person as per the conditions)	Clarification: For the purpose of this section Approved Retirement Funds means Employee Provident Fund established under the Employee Provident Fund Act, 2019, Citizens Investment Trust fund established under the Citizens Investment Fund Act, 2047, retirement fund operated by Social Security Fund established under the Contribution-Based Social Security Fund Act, 2074 and retirement fund operated by pension fund established under Pension Fund Act, 2075.
67: clarification (kha)	For the purpose of section 67, "liabilities to be borne in Nepal" means the liability of resident person.	For the purpose of section 67, "liabilities to be borne in Nepal" means the liability of resident person created by the activities operating in Nepal.

92(1ta)	Payment for rent of Vehicle or transport Vehicle and payment for carriage service to a natural person except sole proprietorship firm.	Payment for rent of Vehicle or transport Vehicle and payment for carriage service to a natural person paying taxes as per Section 1(13) of Annexure-1. <i>Explanation: rental/ carriage income of sole proprietorship firm and natural person from only those vehicles having black number plate-Final Withholding. Other such incomes are NOT Final Withholding</i>
95ka(7)	Advance tax shall be collected as below at custom point on goods imported, as per the prevailing laws on custom duty, for business purpose: ka..... Kha.....	Removed
95ka(8)	A person or entity required to collect advance tax pursuant to Sub-section (1), (2), (5) and (6) shall be deemed to have collected such tax at the time when tax has to be collected even if advance tax has not been collected.	A person or entity required to collect advance tax pursuant to Subsection (1), (2), (5) , (6),(6A),(6B),(6C),(6D) and (6E) shall be deemed to have collected such tax at the time when tax has to be collected even if advance tax has not been collected.
97(2) (c)(Ka)	No provision	Section 4(4) (Presumptive Tax) and section 4(4ka) (Turnover based tax) have been made optional for taxpayers. They may elect to file D-03 return. Information regarding election of this provision shall be provided as per section 97.
97(3)	The person required to submit return of income under Sub-section (2) shall, in addition of income to be included, also include income as per clause (d) of Section 5, Sub-section (3) of Section 7, Clause (a) of Sub-section (3) of Section 8, Clause (a) of Sub-section (3) of Section 9 and income earned under business concession facility as per Section 11. Provided that, it is not compulsory to include meeting allowance and interest income.	The person required to submit return of income under Sub-section (2) shall, in addition of income to be included, also include income as per clause (d) of Section 5, Sub-section (3) of Section 7, Clause (a) of Subsection (3) of Section 8, Clause (a) of Sub-section (3) of Section 9 and income earned under business concession facility as per Section 11. Provided that, it is not compulsory to include meeting allowance, interest income and Retirement Payment
113(8)	If the amount recovered in accordance with Section 95ka (7) in any income year is in excess of the tax liability on annual tax computation, the same shall not be carried forward or refunded in the next income year.	Removed

117(1)(Gha)	No Provision	If the income tax return for any income year is not submitted pursuant to Section 97(2), an amount equal to zero point one percent per year of the assessable income after deducting the final withholding income or twelve hundred rupees per statement and one hundred rupees per month if the period is less than one year, whichever is higher.
Section 23(2) Schedule 2	2) of Section 19 of this Act and Sub section (2kha),(3Cha), (3tha) of Section 11 and the entities mentioned in Section 2(3) of Schedule-I shall get an addition of one-thirds to the rate of depreciation applicable to the depreciable assets mentioned in categories "A", "B", "C" and "D" mentioned in sub-section (1) of this Schedule.	The projects mentioned in sub-section (2) of Section 19 of this Act and Sub section (2kha),(3Cha), (3tha) of Section 11 and the entities mentioned in Section 2(3) of Schedule-I shall get an addition of one-thirds to the rate of depreciation applicable to the depreciable assets mentioned in categories "A", "B", "C" and "D" mentioned in sub-section (1) of this Schedule

3. Amendment in VAT Act, 2052

Section	Existing Provision	Amended Provision
2 (Ta 2)	<p>Electronic Services refers to the following services that are provided to the users via the internet in an automated manner with minimal human intervention, where the use of information technology is essential:</p> <p>(a) Advertising Services (b) Movies, television, music, over the-top (OTT) services, and other similar subscription based services (c) Data collection related services (d) Cloud services (e) Gaming services (f) Services related to mobile applications (g) Internet marketplace (online marketplace) and services provided through them, (h) Software supply and updates (upgrades), (i) Download services including data, images, etc., (j) Consulting, skill development, and training services, Other services of similar nature not specifically mentioned in clause (a) to (j)</p>	<p>Electronic Services refers to the following services that are provided to the users via the internet in an automated manner with minimal human intervention, where the use of information technology is essential:</p> <p>(a) Paid personal consultation services, (b) Targeted online advertising services Explanation: For the purpose of this section, "targeted online advertising" refers to any form of digital communication that promotes a product, service, or brand through a digital interface (such as an electronic platform, website, application, or other similar medium), where the interface collects and/or generates user-interaction data (directly or indirectly) to deliver personalized advertisements. (c) Movies, television, music, over-the top (OTT) services, and other similar subscription-based services (d) Data collection related services (e) Cloud services (f) Gaming services (g) Services related to mobile applications (h) Internet marketplace (online marketplace) and services provided through them, (i) Software supply and updates (upgrades), (j) Download services including data, images, etc., (k) Consulting, skill development, and training services, (l) Other services of similar nature not specifically mentioned in clause (a) to (k)</p>
17 (8)	<p>Notwithstanding anything contained elsewhere in this section, the name of a taxpayer who does not file the tax returns for a consecutive period of six months may be made public, and if there is any amount due for tax deduction by such a taxpayer, such amount may be suspended and his/her registration may also be suspended.</p>	<p>Replaced by Section 30 (2)</p>

21(1) nga	By causing to deduct amounts due to the taxpayer by local bodies, or any body corporate owned by Government of Nepal, or Government of Nepal.	By causing to deduct amounts due to the taxpayer by local bodies, province government or any body corporate owned by Government of Nepal, or Government of Nepal.
25 (1 Kha)	If a consumer makes payment of the goods or services purchased via electronic medium in accordance to the prevailing laws, then the ten percent of the tax amount paid shall be refunded as cash incentive and deposited in the bank account as per the procedure prescribed by the Department.	If a consumer makes payment of the goods or services purchased via electronic medium in accordance to the prevailing laws, then the ten percent of the tax amount paid shall be refunded as cash incentive immediately as per the procedure prescribed by the Department.
25 (1 Ga)	No provision	If the amount deposited as per subsection (6) of Section 31Ka after the final decision of the court or the competent authority on the revised tax assessment is found to be in excess, such excess amount shall be refunded to the taxpayer upon request.
29 (Yna 1)	No provision	A fine of one hundred thousand rupees for each instance of conducting transactions without registering branch or warehouse.
30	(1) If a person, who has already been penalized, commits any of the acts mentioned in Section 29 two or more times, the Chief Tax Officer may order the tax officer to suspend business operations at that person's business premises for up to seven days. (2) No Provision	(1) If a registered person commits any of the offense mentioned under Section 29 two or more times, the Director General may, for each instance, order the tax officer to suspend the business operations of such person at their business premises for a maximum of seven days. (2) Notwithstanding anything mentioned elsewhere in this section, if a taxpayer fails to submit a tax return continuously for a period up to six months, their name may be made public, and if there is any amount due for tax deduction by such a taxpayer, such amount may be suspended and his/ her registration may also be suspended.
33 (2)	While calculating the amount of deposit or bank guarantee as per sub-section (1), 25 percent of the tax amount filed under administrative review in the department shall also be included in the calculation.	While calculating the amount of deposit or bank guarantee as per sub-section (1), one-fourth of the tax amount filed under administrative review in the department shall also be included in the calculation.

Amendment in VAT Schedules

Removed from Schedule 1 (VAT is NOW applicable)	Added to Schedule 1 (VAT Exempt)
<ol style="list-style-type: none"> 1. Diesel exhaust fluid fertilizer 2. Ayurvedic preparations Ashokarishta, Dashmularista, Sundarikalpa 3. Rough or unmounted worked diamonds, precious and semi-precious stones (such as rubies, sapphires, and emeralds) and their dust or powder 	<ol style="list-style-type: none"> 1. Fresh, chilled or frozen meat (including edible premium meat) of poultry 2. Import of mills and machinery used in wood and wooden product processing industries, as recommended by the Ministry of Industry 3. Import of machinery, equipment, tools, and devices required for the construction of infrastructure for football, cricket, and multipurpose stadiums, based on the recommendation of the Ministry of Youth and Sports 4. Selected items of Vitamins 5. Rudrakshya Dana
<p>Added to Schedule 2 [0 (Zero)% VAT]</p> <ol style="list-style-type: none"> 1. Import of machinery, equipment, tools, and devices necessary for the production of green hydrogen, based on the recommendation of the Ministry of Energy, Water Resources, and Irrigation 2. Supply of machinery, equipment, parts, and tools by local industry, on the recommendation of the Investment Board, if used for the establishment of an industrial area or industrial village 3. Establishment and promotion of industrial zones and industrial villages under the recommendation of the Investment Board Nepal 	<ol style="list-style-type: none"> 6. Machinery used production of organic and natural manure 7. Clearing House Service 8. Import of machinery, equipment, tools, and devices necessary for the production of green hydrogen, based on the recommendation of the Ministry of Energy, Water Resources, and Irrigation 9. Equipment, tools and construction materials required for the development of industrial area/village qualify for VAT exemption with an Investment Board recommendation and a detailed engineering design 10. Import of material required for the production or assembly of electric vehicle (EV) charging machinery, as per the recommendation of the Ministry of Industry 11. Churpi (traditional hard cheese) 12. Orthopaedic equipment hearing aids excluding parts and accessories 13. Few sub-categories of solar devices & equipment

4. Amendment in Customs Act, 2064

❖ Amendment in Customs Act, 2064

Section	Existing Provision	Amended Provision
2 (N)	Duty means the customs duty levied on goods to be exported or imported pursuant to this Act and the term also includes any tax, fee or service charge levied pursuant to this Act.	Duty means all types of taxes, fees or charges levied on goods to be exported or imported in accordance with the prevailing law and this term also refers to customs duties.
4(5)	Nepal Government on need basis as per Harmonized System could change the digit of heading or subheading or description of goods and services.	Nepal Government on need basis as per Harmonized System could change the after first six digit or description of the subheading of the classification of goods and services.
10(2)	Notwithstanding anything mentioned in Section 10(1) if any goods are reimported under the circumstances below shall be exempted from the custom duty. a) Goods that have been exported through postal services but have been returned due to failure to deliver to the related person. b) Returned after the related person refuses to receive the goods at the foreign country after being approved by custom authority. c) Returned due to noncompliance with quality standards because of any accident or natural disaster. d) No Provision	Notwithstanding anything mentioned in Section 10(1) if any goods are reimported under the circumstances below shall be exempted from custom duty and the custom duty paid at the time of export shall be refunded. a) same. b) same. c) same. d) Returned due to degradation of goods and against the terms and conditions between importer and exporter.
10(3)	No Provision	Notwithstanding anything mentioned under section 10(2), no exemption of custom duty and refund of custom duty paid at time of export shall be given under the circumstances below: • In case goods are returned due to any kind of repair or use of application other than required to be used in case of damage of goods or to check whether the goods are as per the description mentioned in the contract between importer and exporter.

	No Provision No Provision	<ul style="list-style-type: none"> • In case it cannot be identified that the good reimported is the exact one that has been exported. • In case goods are not reimported within 180 days of export.
10(4)	No Provision	Under subsection (c) of 10(3), if the importer requests in writing specifying the reasons for inability to reimport the goods within stipulated time, the custom officer can give time period of additional 90 days.
10(5)	No Provision	The importer could request to leave the goods reimported at the custom office. In case of such left goods are not in condition of auction, the custom officer can approve to scrap or destroy such goods in the periphery of Custom Officers recovering expenditure from importer.
10(6)	No Provision	10(6) In case custom duty has not been paid on the raw materials of reimported goods at the time of production, such custom duty shall be recovered at the time of reimport of such goods.
14(3)	If the manufactured goods from the raw materials imported under bank guarantee pursuant to Sub-section (2), are not exported in accordance with the prescribed conditions or are not sold domestically in convertible foreign currency, fifteen percent will be collected in addition to the customs duty applicable on the day such raw materials are imported.	If the manufactured goods from the raw materials imported under bank guarantee pursuant to Sub-section (2) ,are not exported in accordance with the prescribed conditions or are not sold domestically in convertible foreign currency, fifteen percent will be collected in addition to the custom duty or agriculture reform fees applicable on the day such raw materials are imported.
14(6)	If the goods imported under bank guarantee pursuant to Sub-section (2) ,are not exported in accordance with the prescribed conditions or are not sold domestically in convertible foreign currency, fifteen percent will be collected in addition to the customs duty applicable on the day such raw materials are imported.	If the goods imported under bank guarantee pursuant to Subsection (2), are not exported in accordance with the prescribed conditions or are not sold domestically in convertible foreign currency, fifteen percent will be collected in addition to the customs duty or agricultural reform fees applicable on the day such raw materials are imported.
14(7)	While granting the facility of importation pursuant to this Section, the Customs Officer shall also obtain a bank guarantee for the additional duty amount that may be levied on him pursuant to Sub-section (3) or (6)	While granting the facility of importation pursuant to this Section, the Customs Officer shall also obtain a bank guarantee for the additional duty amount that may be levied on him pursuant to Subsection (3) or (6) in addition to the customs duty levied on such importation.

	in addition to the customs duty levied on such importation.	
15(1)	If any industry exports its products in exchange for payment through the banking system or sells them domestically in convertible foreign currency, the import of raw materials required for the production of such goods may be done by cash deposit amount equivalent to specified duty.	If any industry exports its products in exchange for payment through the banking system or sells them domestically in convertible foreign currency, the import of raw materials required for the production of such goods may be done by cash deposit amount equivalent to specified custom duty or agricultural reform fees.
15(3)	If the goods manufactured from the raw materials imported by depositing cash as per section 15(1) has not exported as prescribed or are not sold domestically in convertible foreign currency, the deposit amount will be deposited in the relevant revenue account and an additional 15% of the customs duty applicable on the day such raw materials are imported into such goods will be recovered.	If the goods manufactured from the raw materials imported by depositing cash as per section 15(1) has not exported as prescribed or are not sold domestically in convertible foreign currency, the deposit amount will be deposited in the relevant revenue account and an additional 15% of the customs duty or agricultural reform fee applicable on the day such raw materials are imported into such goods will be recovered.
19(2)	If goods are left by the importer as per Section 19(1), the Government of Nepal may either utilize the goods itself or sell them through auction in accordance with the prevailing law.	If goods are left by the importer as per Section 19(1), the Government of Nepal may either utilize the goods itself or sell them through auction in accordance with the prevailing law. If neither usage nor auction is feasible, the customs officer may instruct the importer to either reclaim the goods or destroy them at their own expense.
20(2)	The custom duty determined under this Act must be paid by the declarant within seven days from the date it is assessed. If the duty is not paid within this period, interest at the rate of 0.042% per day shall be charged and recovered from the date of duty determination. However, such interest payment period shall not be more than thirty days from the date duty was determined.	The custom duty determined under this Act must be paid by the declarant within seven days from the date it is assessed. If the duty is not paid within this period, interest at the rate of 0.042% per day shall be charged and recovered from the date of duty determination.
24(2)	Notwithstanding anything mentioned under subsection 24 (1), the custom duty shall not be refunded under the circumstances below: <ul style="list-style-type: none"> • If application is not submitted to concerned Custom Office within 60 	Notwithstanding anything mentioned under subsection 24 (1), the custom duty shall not be refunded under the circumstances below: <ul style="list-style-type: none"> • If application is not submitted to concerned Custom Office within 60 days,

	<p>days, the goods are discharged from the Custom Office.</p> <ul style="list-style-type: none"> • If the amount to be claimed is below Nepali five hundred rupees. <p>No Provision</p>	<p>the goods are discharged from the Custom Office.</p> <ul style="list-style-type: none"> • If the amount to be claimed is below Nepali five hundred rupees. • If any custom duty exemption was not mentioned at the time of declaration is claimed later for refund.
Rule 6 of Annex 1	<p>The classification of goods falling within a subheading of a heading shall be made, on the basis of the recognition that only subheadings of the same level are comparable, in accordance with the terms in the subheading and the notes to the relevant subheading mentioned in the rules, with necessary modifications. For the purposes of these rules, the notes to the relevant paragraphs and parts shall apply, except where the subject or context otherwise requires. For the purposes of these rules, the notes to the relevant paragraphs and parts shall also apply, except where the context otherwise requires.</p>	<p>The classification of goods falling within a subheading of a heading shall be made, on the basis of the recognition that only subheadings of the same level are comparable, in accordance with the terms in the subheading and the notes to the relevant subheading mentioned in the rules, with necessary modifications. For the purposes of these rules, the notes to the relevant paragraphs and parts shall apply, except where the subject or context otherwise requires.</p>
Amendment in Schedule 4 Section 7(4)		
		Regarding items brought by travelers:
7(4)(1)(3)	<p>The custom department provides the rate of 1st and 15th of every month prevailing in the international market for the valuation of gold and gold jewelry to custom office.</p>	<p>For custom purposes, valuation of gold and gold jewelry, custom officers may use the prevailing rate of international market as well.</p>
7(4)(1)(5)	No Provision	<p>If any foreigner brings excess quantity of gold and silver jewelry than allowed then in case, he/she declares to keep such excess quantity in transit then in such case custom office by issuing the receipt should safely keep those gold and silver jewelry. Custom office should return that jewelry at the time of return from Nepal.</p>
7(4)(3)(3)	<p>For the purpose of calculation of bus seats under heading 87.02 the regular driver and passenger seat shall be counted.</p>	<p>For the purpose of calculating bus seats for driver and passengers under heading 87.02 the standards set as per the law of Vehicle and Transport Management for passenger vehicles shall be applied.</p>
7(4)(5)(2) (Pa)	<p>Heading for imports for industries 72.01 72.02 and 72.04</p>	<p>Heading for imports for industries 72.01 72.02 72.03 and 72.04</p>

7(4)(5) (3) (Kha)	Custom duty on medicine shall be charged 5% except on the subheadings falling under Part-30 (3002.12.00, 3002.13.00, 3002.14.00, 3002.15.00, 3002.41.00, 3002.42.00, 3002.49.00, 3002.51.00, 3002.59.00, 3004.90.41, 3004.90.49 and 3004.90.50 and human nutrition and healthy vitamins)	Custom duty on medicine shall be charged 5% except on the subheadings falling under Part-30 (3002.12.00, 3002.13.00, 3002.14.00, 3002.15.00, 3002.41.00, 3002.42.00, 3002.49.00, 3002.51.00, 3002.59.00, 3003.90.41, 3003.90.49, 3003.90.50 3004.90.41 , 3004.90.49 and 3004.90.50)
7 (4) (5)(3) (Nga)	The industry producing poly coating paper and printed lamination film registered in Value added tax, will have to pay customs duties @ ten percent on all imports under subheading 3919.90.00 as well as under headings 39.20 and 39.21, including all subheadings concerning panel films, B.O.P.P. films, metallized C.P.P. films, and milky C.P.P. films required to produce poly coating paper and printed lamination film.	The industry producing poly coating paper and printed lamination film registered in Value added tax, will have to pay customs duties @ fifteen percent on all imports under subheading 3919.90.00 as well as under headings 39.20 and 39.21, including all subheadings concerning panel films, B.O.P.P. films, metallized C.P.P. films, and milky C.P.P. films required to produce poly coating paper and printed lamination film.
7(4) (5)(3) (Cha)	The industries producing optical fiber cable requiring import Spring Steel Wire falling under subheading 7217.12.00 and Twisted Steel wire under 7312.10.00 as raw materials required to pay custom duty ten percent on such import of raw materials.	The industries producing optical fiber cable requiring to import Spring Steel Wire falling under subheading 7217.10.00 and Twisted Steel wire under 7312.10.00 as raw materials required to pay custom duty ten percent on such import of raw materials.
7(4) (6)(2) (Ttha)	No Provision	The establishment and operation of Football, Cricket and multipurpose stadium on the recommendation from Ministry of Youth and Sports shall require under mentioned heading 56.07 which includes side screen boundary ropes; subheading 8424.10.00 includes fire extinguishers; heading 8531.20.00 includes digital scoreboards; subheading 8432.80.00 includes Turf rollers, subheading 8433.11.00 includes grass cutting machines; subheading 8479.89.40 includes garbage compactors machines; heading 9401.99.00 includes prefabricated seats and subheading 9405.49.00 includes flood lights.

7(4) (6)(2) (Ta)	No Provision	On the recommendation of the Ministry of Energy, Water Resource and Irrigation, the industry producing green hydrogen will import high-pressure cylinders under subheading 7311.00.90 to store hydrogen; hydrogen compressors under subheading 8414.80.00; electrolyzes under subheading 8419.60.00; gas purification equipment under subheading 8421.39.90; moisture measuring devices for hydrogen gas under subheading 9025.80.00; leak detectors under subheading 9026.80.90; and gas monitoring equipment under subheading 9027.10.00.
7(4) (6)(2) (Wa)	No Provision	On the recommendation of Department of Industries, industries involved in production and assembling of charging machine of vehicles imports under subheading 8424.10.00 for fire extinguishers; subheading 8537.20.00 for panels; heading 85.44 for charging cable and connectors; subheading 9028.30.00 for smart electric meters, and subheading 9032.89.00 for controllers.
7(4) (6)(2) (Ra)	The Drug Management department based on production capacity of the industry and the annual consumption parameters imports the PET bottles (polyethylene terephthalate) used only in drug industries, HDPE (high-density polyethylene) bottles, as well as the production of measurement caps for bottles under sub heading 3901.10.00,3901.20.00 for the importation of plastic granules.	The Drug Management department on the basis of production capacity of the industry and the annual consumption parameters imports the PET bottles (polyethylene terephthalate)used only in drug industries , HDPE (high-density polyethylene) bottles, as well as the production of measurement caps for bottles under sub heading 3901.10.00,3901.20.00 and 3907.61.00 for the importation of plastic granules.

❖ Amendment in Custom Rules, 2081

Section	Existing Provision	Amended Provision
Title	Custom Tariff Rules 2081 was in effect.	Custom Tariff Rules (first Amendment) 2082 has been introduced with immediate effect and considered as Main rule.
Rule 5(1)	Under Section 26(1) of the act, if any person for the purpose of processing the raw materials or to manufacture any goods from those raw materials or for any kind of repair of goods or for any other purpose need to export any goods temporarily can do so by stating the purpose of export in Pragya pan Patra to custom office.	Under Section 26(1) of the act, if any person for the purpose of processing the raw materials or manufacture any goods from those raw materials or for any other purpose need to export any goods temporarily can do so by stating the purpose of export in Pragya pan Patra to custom office.
Rule 5(2)	Subsection (2)-If someone temporarily exports any goods as mentioned in subsection (1), security deposit or bank guarantee shall be provided.	If someone temporarily exports any goods as mentioned in subsection (1), a security deposit or bank guarantee equivalent to one percent of the value of the goods to be exported shall be provided.
Rule 7 (4)	If the time mentioned in 7(3) seems insufficient to bring the goods back sent for repair abroad, then application shall be submitted to the Custom Officer clearly mentioning the reasons and if custom officer finds the reasons appropriate may extend the time at once or from time to time up to 6 months.	If the time mentioned in 7(3) seems insufficient to bring the goods back sent for repair abroad, then application shall be submitted to Custom Officer clearly mentioning the reasons and if custom officer finds the reasons appropriate may extend the time at once or from time to time up to 2 years.
Rule 16 (1)	Under section 14(1) as per the prevailing rules and regulations the person who has got approval of bonded warehouse facility for the purpose of export or sale in convertible foreign currency , the goods that are produced by using the raw material, sub raw material and packing raw material not available in Nepal or the clothes produced by Nepal Kapada Udyog importing the thread from abroad on the recommendation from Kapda Udyog organization shall along with the bank guarantee equivalent to the custom duty applicable on such raw material, sub raw material, packing material not available in Nepal and thread shall apply to import against custom officer. Upon verification if all the details seem	Under section 14(1) as per the prevailing rules and regulations the person who has got approval of bonded warehouse facility for the purpose of export or sale in convertible foreign currency , the goods that are produced by using the raw material, sub raw material and packing raw material not available in Nepal or the clothes produced by Nepal Kapada Udyog importing the thread from abroad on the recommendation from Kapda Udyog Organization shall along with the bank guarantee equivalent to the custom duty applicable on such raw material, sub raw material, packing material not available in Nepal and thread shall apply to import against custom officer. Upon verification if all the details seem approval to import.

	appropriate, custom officer shall give approval to import.	
Rule 16 (2)	The bank guarantee to be provided under 16(1) shall be equivalent to the duty applicable on goods to be imported and fifteen percent of the duty amount calculated.	The bank guarantee to be provided under 16(1) shall be equivalent to the duty applicable on goods to be imported and fifteen percent of the custom duty or agriculture improved tax.
19 (1)	The industries availing facility of bonded warehouse shall apply within the time limit as per Rule 17 or additional time as per Rule 18 along with required documents against the custom officer for release of bank guarantee.	The industries availing facility of bonded warehouse shall apply within 15 days from the expiry of the time limit as per Rule 17 or additional time as per Rule 18 along with required documents against the custom officer for release of bank guarantee.
19(2)	The goods sold from the tax-exempt shops shall within time limit as per Rule 17 or additional time limit as per Rule 18 shall be submitted along with required documents for the release of bank guarantee placed for the imports of goods for such sale.	The goods sold from the tax-exempt shops shall within 15 days from the expiry time limit as per Rule 17 or additional time limit as per Rule 18 shall submit along with required documents for the release of bank guarantee placed for the imports of goods for such sale.
21 (2)	In case of recovery of duties from the bank guarantee as per 21(1), the duties shall be the custom duty at the date of import and additional 15% as per section 14(3) of Custom Tariff Act,2081.	In case of recovery of duties from the bank guarantee as per 21(1), the duties shall be the custom duty or agriculture improved tax at the date of import of goods and additional 15% as per section 14(3) of Custom Tariff Act,2081.
23 (1)	As per section 16(1)(b) of the Act the industries established in special economic zone importing the raw materials, in order to manufacture the goods for export or to sell within the country in convertible foreign currency shall provide Bank Guarantee of one year equivalent to the amount of duties applicable for such raw material, in the format available in Schedule-3 to the custom officer to import the raw materials.	As per section 16(1)(b) of the Act the industries established in special economic zone importing the raw materials, sub raw materials and packing material not produced in Nepal in order to manufacture the goods for export or to sell within the country in convertible foreign currency shall provide Bank Guarantee of one year equivalent to the amount of duties applicable for such raw material, sub raw material and packing material not produced in Nepal in the format available in Schedule-3 to the custom officer to import the raw material, sub raw material and packing material not produced in Nepal.
24	Refund of duties of sold raw materials to industries. 24(2) After the application is received for refund if upon verification custom officer finds it appropriate to refund the duty shall	Change of the word "duty" to "Custom Duty"

	refund the same within thirty days of receipt of the application.	
25 (1)	Under section 15 of the act if any industries export their goods through LC or through any other banking system or sell same in convertible foreign currency within the country, such industries shall provide security deposit equivalent to the duties of import of raw materials required to manufacture the goods.	Under section 15 of the Act if any industries export its goods through LC or through any other banking system or sell same in convertible foreign currency within the country, such industries shall provide security deposit equivalent to the custom duties or agriculture improvement fees of import of raw materials, sub raw materials or packing material not produced in Nepal required to manufacture the goods.
25 (2)	While importing raw materials one can import the same by declaring that the goods produced from such materials will be exported. Security deposit equivalent to the duties applicable on such raw material shall be provided along with the application as per the format available in Schedule4.	While importing the raw materials, sub raw materials and packing material not produced in Nepal one can import the same by declaring that the goods produced from such materials will be exported. Security deposit equivalent to the custom duties or agriculture improvement fees applicable on such raw material, sub raw material and packing material not produced in Nepal shall be provided along with the application as per the format available in Schedule-4
25 (3)	On the basis of application received pursuant to subsection (2), the security deposit received against the raw material not produced in Nepal shall be examined. While importing the raw materials or exporting the goods, the same shall be clearly mentioned in the passbook provided to the importer.	25(3) On the basis of application received pursuant to subsection (2), the security deposit received against the raw material, sub raw material and packing material not produced in Nepal shall be examined. While importing the raw materials, sub raw materials or packing material nor produced in Nepal or exporting the goods same shall be clearly mentioned in the passbook provided to importer.
25 (4)	25(4) The finished products produced from the raw materials shall be exported or sold in convertible foreign currency within 12 months of import.	The finished products produced from the raw materials, sub raw materials or packing material not produced in Nepal shall be exported or sell in convertible foreign currency within 12 months of import.
27	If the goods produced by importing the raw materials under Rule 25 are not exported as per the provision of the same rule or not sold within the country in convertible foreign currency or any application is not provided under Rule 26 then such goods are considered as sold in the domestic market. In such	If the goods produced by importing the raw materials under Rule 25 are not exported as per the provision of same rule or not sold within the country in convertible foreign currency or any application is not provided under Rule 26 then such goods are considered as sold in the domestic market. In such case the custom duty applicable as per

	case the custom duty applicable as per section 15(3) of the Act on such sale shall be recovered from the bank guarantee provided and an additional 15% of the custom duties shall be recovered from the importer.	section 15(3) of the Act on such sale shall be recovered from the bank guarantee provided and additional 15% of the duties, custom duties or agriculture improvement fees shall be recovered from the importer.
31(1)	Under section 24(1) of the act if in case any importer or exporter at the time of import or export has paid excess duties or penalties than prevailing rules and regulation, one shall apply to the custom office for such excess amount refund.	31(1) Under section 24(1) of the act if in case any importer or exporter at the time of import or export has paid excess custom duty or agriculture improvement fees than prevailing rules and regulation, one shall apply to the custom office for such excess amount refund.

SSA

5. Amendment in Excise Duty Act, 2058

Section	Existing Provision	Amended Provision
2(ana1)	Alcohol” means any substance containing more than 0.5% alcohol, produced by decomposing/fermenting grains, fruit, or any other starchy substance, through a biochemical process or by any other method and the term includes liquor, jaand, chhyang, whisky, rum, gin, brandy, vodka, beer, wine, sherry, champagne, cider, perry, mead, malt beverages, industrial alcohol, rectified spirit, malt spirit, silent spirit, denatured spirit, ENA and heads spirit.	<u>Definition: Alcohol</u> Added the following items to the existing definition: sake, soju, vermouth, alcoholic beverages, liquor
4(ga)(2) (Ka)	When vehicles imported under diplomatic facility by foreign missions or donor organizations whose production date has not exceeded ten years, are transferred to any project as per the approved annual program of the project, and the number plate is changed to a government number plate, or when vehicles (excluding those imported under cost or bank guarantee under full or partial custom duty exemption facility) whose production date has not exceeded ten years are transferred to a local authority , community school, community hospital, or government body after the completion of the project, with the approval of the Ministry of Finance.	The definition has "local level" instead of "local authority".
9(1)	Provision related to license: No one shall produce, export, import, sell, or store goods subject to excise duty, or provide services subject to excise duty without obtaining a license as per this Act or the rules made under this Act. However, it shall not be required to obtain an excise license for the import of excisable goods or for the import, sale, or storage of goods under the self-clearance system under diplomatic facility on the recommendation of the Ministry of Foreign Affairs, Government of Nepal.	Provision related to license: No one shall produce, export, import, sell, or store goods subject to excise duty, or provide services subject to excise duty without obtaining a license as per this Act or the rules made under this Act. However, it shall not be required to obtain an excise license for the import of excisable goods or for the export, import or sale of goods other than tobacco-based items under the self-clearance system under diplomatic facility on the recommendation of the Ministry of Foreign Affairs, Government of Nepal.

9(5)	A license holder who wants to renew the excise license for 3 years at once can do so by paying a prescribed fee.	A license holder who wants to renews the excise license for 3 years at once can do so by paying a prescribed fee.
9(6)	Except for the license holder producers and importers, all other license holders who do not renew their license within the prescribed in sub-section (5) shall have to pay:	Except for the license holder producers and importers, all other license holders who do not renew their license within the prescribed in sub-section (5) shall have to pay:
9(6) (6ka)	To renew the excise license within the period prescribed in Sub-section (5), penalty shall be levied at the following rates:	If the licensed producer or importer fails to renew the excise license within the period prescribed in Sub-section (5), penalty shall be levied at the following rates:
9(6) (6kha)	The license of a license holder who do not renew within the period specified in sub-section (5) or (6) shall be automatically cancelled.	Removed
16(2) (ga2)	No Provision	If any person produces, bottles, seals, packages, or sells or distributes alcohol or tobacco-based goods in violation of the provisions of this Act or the rules, or the conditions specified by the department
16(5)	The utensils or machinery, equipment, vehicle used in the production of goods or services and found to be directly or indirectly used in committing an offence, shall also be seized.	The utensils or machinery, equipment, vehicle used in the production of goods or services and found to be directly or indirectly used in committing an offence under this Act shall also be seized by the excise officer.
19(1)	Provision related to administrative review and appeal: (1)..... However, in case of offence under sub-section (1), (2), (3) and (4) of Section 16, an appeal can be filed at the Revenue Tribunal within 35 days against the decision of the excise officer to imprison the offender.	Provision related to administrative review and appeal: (1)..... However, in case of offence under sub-section (1), (2), and (5) of Section 16, an appeal can be filed at the Revenue Tribunal within 35 days against the decision of the excise officer to imprison the offender.
25(ka)	The Department may issue necessary directives under this Act and the rules made under this Act.	The word "Directives" should be followed by the word "and Norms (mapdanda) " throughout Section 25(ka).

Amendments in Excise Duty Schedule

- Revised rate of Alcohol

Code	Description of Goods	Revised Rate (2082/83)		Existing rate
		As per Litre	As per LP Litre	As per Litre
2208.20.91	Alcohol quantity up to 15 UP	1,860	2,188	1,860
2208.20.92	Alcohol quantity up to 25 UP	1,390	1,853	1,390
2208.20.94	Alcohol quantity up to 30 UP	1,290	1,843	1,290
2208.20.99	Others	1,860	2,188	1,860

- Revised rate of Cigarettes

Code	Description of Goods	Revised Rate (2082/83)	Existing rate (2081/82)
2402.20.10	Without filter	778/m	755/m
2402.20.21	With filter: <u>≤70 mm length</u>	1,792/m	1,740/m
2402.20.22	Length >70 mm and <u>≤75 mm</u>	2,441/m	2,370/m
2402.20.23	Length >75 mm and <u>≤85 mm</u>	3,213/m	3,060/m
2402.20.24	Length >85 mm	4,410/m	4,200/m

- Others

Code	Description of Goods	Revised Rate (2082/83)	Existing rate (2081/82)
8507.80.10	Power Bank per piece	15%	10%
6813.20.10	Brake lining and Clutch Pads (with asbestos) per piece	10%	5%
6813.20.00	Brake lining and Clutch Pads (without asbestos) per piece	10%	5%
6811.40.00	Asbestos-cement per kg	10%	5%
6810.11.10	Bricks and blocks per kg	10%	5%
6808.00.10	Boards made by mixing wood dust, cement, and various binding chemicals per kg	10%	5%

TDS rates applicable for F.Y. 2082/83

Section	Provision	2082/83	2081/82	Remarks
Interest:				
88(1)(9)	Interest payment on loan taken in foreign currency from foreign banks and Financial Institution by Resident Banks and Financial Institution to make investment in sectors prescribed by Nepal Rastra Bank	5%	5%	Final Withholding u/s 92(1)(cha)
88(1)(9ka)	Interest on Loan paid to Foreign Bank/FIs by the reservoir or semi reservoir based Hydropower above 200MW completing its financial closure within Chaitra 2082	5%	5%	Final Withholding u/s 92(1)(cha)
88(1)(12)	Interest payment by Resident Banks and Financial Institution to Life Insurance Companies against their deposits	5%	5%	Not final withholding
88(3)	Interest from BFI, entity issuing debenture, cooperatives, or listed company to:			
	Natural person other than in conducting a business	6%	6%	Final Withholding u/s 92(1)(Nga)
	Tax exempt entity	15%	15%	Final Withholding u/s 92(1)(Nga)
	Others	15%	15%	Not final withholding
88(1)	Others (Normal interest payment having source in Nepal)	15%	15%	Not final withholding
Natural Resource Payment:				
88(1)	Natural Resource Payment having source in Nepal	15%	15%	Not final withholding
Royalty:				
88(1)	Natural Resource Payment having source in Nepal	15%	15%	Not final withholding
88(1)(13)	Payment of royalty income for literary writings and creations to resident person	1.5%	1.5%	Not final withholding
Rent:				
88(1)(3)	Payment for aircraft lease	10%	10%	Not final withholding
88(1)(5)	Rent paid to person conducting business of vehicle leasing registered in VAT	1.5%	1.5%	Not final withholding
88(1)(5)	Rent paid by a resident person having source in Nepal			
	: to natural person except sole proprietorship firm	10%	10%	Final Withholding u/s u/s 92(1)(Tta)
	: to a natural person other than conducting a business for the lease of land or building and associated fitting & fixtures having source in Nepal	10%	10%	Final Withholding u/s 92(1)(Kha)

	: Others	10%	10%	Not Final Withholding
88(1)(8)	Payment made to a person for rent of transport vehicle (Dhuwani)			
	: Registered in VAT	1.5%	1.5%	Not final withholding
	: Not registered in VAT	2.5%	2.5%	
Service Fee:				
88(1)(4)	Payment of service fee to service provider registered in VAT or person carrying out VAT exempt transaction	1.5%	1.5%	Not final withholding
88(1)(7)	Payment for use of satellite, bandwidth, optical fibre, equipment relating to telecommunications or electric transmission cable by a resident person	10%	10%	Not final withholding
88(1)(11)	Payment to Foreign Colleges or University for Registration Fee, Tuition Fee, and Exam Fee	5%	5%	Final Withholding u/s 92(1)(cha)
88(1)	. Meeting fee up to Rs. 20,000 per meeting . Payment made for occasional teaching . Payment for setting question papers and checking answer copies	15%	15%	Final Withholding u/s 92(1)(Ja)
Commission:				
88(1)(2)	Commission paid by resident employment company to non-resident	5%	5%	Final Withholding u/s 92(1)(Cha)
	Others	15%	15%	Not final withholding
Sales Bonus:				
88(1)	Payment of Sales Bonus having source in Nepal	15%	15%	Not final withholding
Retirement Payment:				
88(1)(1)	Payment made by GON or ARF after deducting higher of 5,00,000 or 50%	5% on gain	5% on gain	Final Withholding u/s 92(1)(Chha)
88(2)(Ga)	Payment made by Unapproved Retirement Fund	5% on gain	5% on gain	Final Withholding u/s 92(1)(Gha)
88(1)	Other retirement payments	15%	15%	Not Final Withholding
Dividend:				
88(1)(6)	Payment by mutual fund to:			
	Natural Person	5%	5%	Final Withholding u/s 92(1)(Yna)
	Others	15%	15%	Not Final Withholding
88(2)(Ka)	Normal dividend payment having source in Nepal	5%	5%	Final Withholding u/s 92(1)(Ka)
Investment Insurance:				
88(2)(Kha)	Gain on Investment Insurance	5%	5%	Final Withholding u/s 92(1)(Ga)
Windfall Gain:				

88ka(1)	Normal windfall gain	25%	25%	Final Withholding u/s 92(1)(Jha)
88ka (2)	National and international level prize for contribution in literature, arts, culture, sports, journalism, science, technology and public administration:			
	Exempted by GoN by publishing notice in Nepal Gazette	No TDS	No TDS	
	Others up to Rs. 500,000	No TDS	No TDS	
	Excess of Rs. 500,000	25% on excess amount	25% on excess amount	Final Withholding u/s 92(1)(Jha)
Contract payment:				
89(1)	Contract for 50,000 or more	1.5%	1.5%	Not Final Withholding
89(3) (ka)	Payment to Non-resident person for any agreement or contract- including the purchase of arms and ammunitions, weapons, and communication equipment for self-use by Nepal Army, Nepal Police and Armed Police Force	5%	5%	Final Withholding u/s 92(1)(Cha)
89(3) (kha)	On payment of Premium or while paying commission to Non-resident Insurance company for the Reinsurance Premium Received	1.5%	1.5%	Final Withholding u/s 92(1)(Cha)
89(3) (ga)	Other payments to Non-resident prescribed by department	as prescribed	as prescribed	Final Withholding u/s 92(1)(Cha)
89 (3ka)	Payment made for work to be done through User Committee (Upabhokta Samitee) above Rs 50 lakh	1.5%	1.5%	Not Final Withholding
No Withholding Tax:				
88(1) (5)	House Rent paid to a natural person			
88(1) (10)	Encouragement amount paid to customers if a consumer pays for goods or services using card, e-wallet, mobile banking, and other digital payment systems.			
88(4)	Payment made by natural person other than in conducting a business			
88(4)	Payment of interest to resident Bank or Financial Institution			
88(4)	Payment of interest on loan provided to each other by Cooperative Bank and Cooperatives			
88(4)	Payment that are exempt from tax or subject to withholding u/s 87			
88(4)	Payment of interchange charge by banks issuing credit cards			
88(4)	Payment for articles in newspaper			
88(4)	Payment of interest and dividend to Mutual Fund			
89(3)	Payment on purchase of arms & ammunitions, bullet & communication equipment by Nepal Army, Nepal Police and Armed Police Force for its own purpose.			

Tax Rates applicable for 2082/83

Tax rates as per Schedule 1 of Income Tax Act, 2058

• Tax rates for Natural Person

Section	Provision	2082/83	2081/82
Resident Natural Person:			
1(1)	Assessed as Individual		
	Up to NRs. 500,000		
	:employment income except pension	1%	1%
	:business and investment income	0%	0%
	next 200,000	10%	10%
	next 300,000	20%	20%
	next 1,000,000	30%	30%
	next 3,000,000	36%	36%
	Balance amount	39%	39%
1(2)	Assessed as Couple		
	Up to NRs. 600,000		
	:employment income except pension	1%	1%
	:business and investment income	0%	0%
	next 200,000	10%	10%
	next 300,000	20%	20%
	next 900,000	30%	30%
	next 3,000,000	36%	36%
	Balance amount	39%	39%
	Note: 1% tax shall not be applied to natural person contributing to pension fund or contribution based Social Security Fund		
Non Resident Natural Person			
1(8)	Income earned from normal transactions (if withholding tax u/s 88, 88ka, 89 are not applicable)	25%	25%
2(7)	Income earned from providing shipping, air transport or telecommunication services, postage, satellite, optical fibre project.	5%	5%
2(7)	Income earned providing shipping, air transport of telecommunication services through the territory of Nepal	2%	2%
2(6)	Repatriation by Foreign Permanent Establishment.	5%	5%
Natural person carrying out business u/s 4(4)			
1(7)	Metropolitan and sub- metropolitan city	7,500	7,500
	Municipality area	4,000	4,000
	Others	2,500	2,500

The tax amounts in Section 1(7) is applicable to resident natural person fulfilling the following conditions:

- The person has income from source in Nepal only
- The person does not claim Medical Tax Credit as per Section 51 and adjustment of withhold tax as per Section 93

- c. If the income and turnover of the business does not exceed the threshold of 3 lakhs and 30 lakhs rupees respectively.

• **Tax deductions for natural person as per Schedule 1**

Section	Provision	2082/83	2081/82
1(5)	Remote area allowance as per Grade	Maximum 50,000	Maximum 50,000
1(6)	Foreign Diplomatic Allowance	75% of foreign allowance	75% of foreign allowance
1(9ka)	Pension exemption for resident natural person having pension income	Lower of: a) actual pension; or b) 25% of amount of basic slab	Lower of: a) actual pension; or b) 25% of amount of basic slab
1(10)	Handicapped allowance for incapacitated person	50% of amount in basic slab	50% of amount in basic slab
1(12)	Deduction for resident natural person paying premium under Investment Insurance Policy	Lower of: a) actual premium; or b) Rs. 40,000	Lower of: a) actual premium; or b) Rs. 40,000
1(16)	Deduction for resident natural person paying premium to resident insurance company under Health Insurance Policy	Lower of: a) actual premium; or b) Rs. 20,000	Lower of: a) actual premium; or b) Rs. 20,000
1(16Ka)	Deduction for resident natural person paying premium to resident insurance company for insurance of private building under his/her ownership	Lower of: a) actual premium; or b) Rs. 5,000	Lower of: a) actual premium; or b) Rs. 5,000
1(11)	Female tax credit for resident natural person who is female having only employment income	10% on tax amount	10% on tax amount

• **Other taxes related to Natural Person**

Section	Provision	2082/83	2081/82
Gain on Disposal of NBCA			
1(4)	Land and building owned for less than 5 years	7.50%	7.50%
	Land and building owned for 5 years or more	5%	5%

	Gain on disposal of listed shares holding less than or equal to 365 days	7.50%	7.50%
	Gain on disposal of listed shares holding more than 365 days	5%	5%
	Others	10%	10%
Others			
	Resident natural person not involved in business but receiving payment in foreign currency		
95ka(6kha)	for providing software or similar kind of service outside Nepal	5%	5%
95ka(6ga)	for providing consultancy services outside Nepal	5%	5%
95ka(6gha)	for uploading audio-visual material in social network	5%	5%

• **Presumptive tax details**

Amount (Rs.)

Section	Provision	2082/83	2081/82
Presumptive tax to owners of vehicles on hire:			
1(13)	1) Car, jeep, van, micro bus		
	ka) up to 1300 CC	5,500	5,500
	kha) 1301 to 2000 CC	6,000	6,000
	ga) 2001 to 2900 CC	6,500	6,500
	gha) 2901 to 4000 CC	8,000	8,000
	nga) 4001 and above CC	9,000	9,000
	2) Mini truck, minibus, water tanker	8,000	8,000
	3) Mini tipper	9,000	9,000
	4) Truck, Bus	10,500	10,500
	5) Dozer, Excavator, Loader, Roller, Crane, similar machinery equipment	15,500	15,500
	6) Oil tanker, Gas bullet, Tipper	15,500	15,500
	7) Tractor	2,500	2,500
	8) Power Tiller	2,000	2,000
	9) Auto- rickshaw, Three wheeler, Tempo	2,500	2,500
Presumptive tax to owners of vehicles on hire:			
	a) Up to 50 KW	3,000	3,000
	b) 50 KW to 125 KW	4,000	4,000
	c) 125 KW to 200 KW	6,000	6,000
	d) All above 200 KW	7,500	7,500

• **Tax rates for Entity**

Section	Provision	2082/83	2081/82
2(1)	Normal tax rate	25%	25%

2(2)	Increased rate for: <ul style="list-style-type: none"> • Bank and financial institutions • General Insurance • Telecommunication and Internet Service Provider • Money Transfer • Capital Market Business and Securities Business • Merchant Banking Business and Commodity Future Market • Securities and Commodity Broker Business • Entities engaged in business of cigarette, bidi, cigar, surti, khaini, panmasala, alcohol • Entities engaged in petroleum operations under Nepal Petroleum Act, 2040 	30%	30%
2(7)	Non-resident entity carrying on air and water transport and Telecommunications services in Nepal		
	If the goods and passengers embarking from Nepal	5%	5%
	If a person books a ticket from Nepal but departure is from any foreign country	2%	2%

• **Tax rates for Cooperatives as per Section 2(3) of Schedule 1**

Provision	2082/83	2081/82
Cooperatives engaged in transactions of Saving & Credit:		
Operating in Metropolitan City area	20%	20%
Operating in Sub Metropolitan City area	15%	15%
Operating in Municipality area	10%	10%
Other cooperatives except tax exempt cooperatives		
Operating in Metropolitan area	10%	10%
Operating in Sub metropolitan area	7%	7%
Operating in Municipality area	5%	5%

• **Transaction based tax as per Section 1(17) of Schedule 1**

The provision is applicable in case of resident natural person fulfilling the following conditions:

- The person has income from source in Nepal only
- The person has turnover more than Rs. 30 Lakhs but up to Rs. 1 Crore and profit is up to Rs. 10 lakhs
- The person doesn't provide consultancy services & expert services

Provision	2082/83	2081/82
Transaction of gas, cigarette with up to 3% commission or value addition	0.25%	0.25%
Service	2%	2%
Transactions other than mentioned above	1%	1%