

**BUDGET HIGHLIGHTS RELATED TO TAXATION (F.Y 2083-84)**

**1. CHANGES IN INCOME TAX SLAB RATE -SCHEDULE 1**

<b>FOR RESIDENT NATURAL PERSONS OPTING SINGLE ASSESSMENT</b>			
<b>Existing</b>		<b>Revised</b>	
<b>Limit</b>	<b>Rate</b>	<b>Limit</b>	<b>Rate</b>
Up to Rs. 500,000	1%*	Up to Rs. 10,00,000	1%*
Above Rs. 500,000 Up to 700,000	10%	Above Rs. 10,00,000 Up to 15,00,000	10%
Above Rs. 700,000 Up to 10,00,000	20%	Above Rs. 15,00,000 Up to 25,00,000	20%
Above Rs. 10,00,000 Up to 20,00,000	30%	Above Rs. 25,00,000 Up to 40,00,000	27%
Above Rs. 20,00,000 Up to 50,00,000	36%	Above Rs. 40,00,000	29%
Above 50,00,000	39%		

<b>FOR RESIDENT NATURAL PERSONS OPTING COUPLE ASSESSMENT</b>			
<b>Existing</b>		<b>Revised</b>	
<b>Limit</b>	<b>Rate</b>	<b>Limit</b>	<b>Rate</b>
Up-to Rs. 6,00,000	1%*	Up to RS. 10,00,000	1%*
Above Rs. 6,00,000 Up to 8,00,000	10%	Above Rs. 10,00,000 Up to 15,00,000	10%
Above Rs. 8,00,000 Up to 11,00,000	20%	Above Rs. 15,00,000 Up to 25,00,000	20%
Above Rs. 11,00,000 Up to 20,00,000	30%	Above Rs. 25,00,000 Up to 40,00,000	27%
Above Rs. 20,00,000 Up to 50,00,000	36%	Above Rs. 40,00,000	29%
Above 50,00,000	39%		

\* Tax @ 1% Social Security Tax (SST) does not apply to sole proprietorship taxpayers (Business Income), pension income, income from contribution-based pension funds, or individuals contributing to the Social Security Fund.

**DEDUCTIONS/REDUCTIONS/REBATES, that can be claimed, while calculating TAXABLE EMPLOYMENT INCOME & TAX LIABILITY:**

<b>Particulars</b>	<b>Limit</b>	<b>Provisions/Conditions</b>
<b>Remote Area Allowance</b>	Area wise deduction allowed from Taxable Income as follows; Area "Ka" Rs. 50,000 Area "Kha" Rs. 40,000 Area "Ga" Rs. 30,000 Area "Gha" Rs. 20,000 Area "Nga" Rs. 10,000	Person employed in rural area
<b>Pension Income Allowance</b>	Lower of Additional 25% of basic exemption or Actual Pension	If a resident natural person has a pension income
<b>Handicapped Allowance</b>	Additional 50% basic exemption shall be allowed.	If a resident natural person has taxable income and is physically disabled.

Particulars	Limit	Provisions/Conditions
<b>Life Insurance Premium</b>	Lower of Actual Payment or NPR. 40,000	Resident Natural Person has paid for investment insurance premium
<b>Health Insurance Premium</b>	Lower of Actual Premium or NPR. 20,000	Resident natural person paid for health insurance under valid life insurance policy for spouse and children.
<b>Private Building Insurance Premium</b>	Lower of Actual Payment or NPR. 10,000.	Resident natural person has insured a private building under his/her ownership with a resident insurance company.
<b>Contribution to Approved Retirement Fund</b>	Lower of the Following; a) 1/3 of assessable Income b) NPR. 500,000 c) Actual Contribution	A resident natural person has personal income and contributes to retirement fund.
<b>Education Fee</b>	Lower of 25% of Annual Fees or 25,000	Resident natural person has paid an annual amount as tuition fees to a resident person for the education of their children.
<b>Foreign Employment Allowance</b>	75% of Foreign Employment Allowance	Allowance received by the foreign diplomatic mission employees of Nepal.
<b>Female Tax Credit</b>	10% of Tax Liability	If the women have income from employment only.

## CAPITAL GAIN TAX

Particulars		Revised Rate	Old Rate
<b>Gain on Disposal of Listed Shares by Resident Natural Person (SEC.95 Ka (2Ka))</b>	Listed Shares held for more than 365 days	7.5%	5%
	Listed Shares held for less than 365 days	10%	7.5%
<b>Gain On Disposal of Land &amp; Building (NBCA) by Resident Natural Person (SEC.95Ka (5Ka, Kha))</b>	Owned by individual for over 5 years	7.5%	5%
	Owned by individual for up to 5 years	10%	7.5%
	Involuntary disposal of Land and Building of the natural person due to compulsory acquisition by Govt Decision.	2.5%	7.5%/10%

## 2. AMNESTY AND RELIEF PACKAGES

FINANCE BILL SECTION	PROVISION
28 Special Provision Regarding Income Tax Exemption for Construction or Service	<b>Special Provision Regarding Income Tax Exemption for Construction or Service</b> <i>Special Provision Regarding Income Tax Exemption for Construction or Service Providing Persons Operating Under Foreign Aid Agreements.</i> <b>Eligible Persons:</b> <ul style="list-style-type: none"> <li>Non-resident persons (foreign companies or individuals).</li> </ul>

FINANCE BILL SECTION	PROVISION
<p><b>Providing Persons Operating Under Foreign Aid Agreements.</b></p>	<ul style="list-style-type: none"> <li>Registered branches of such non-residents in Nepal.</li> <li>Foreign Permanent Establishments (PEs) operating in Nepal as contractors or service providers.</li> </ul> <p><b>Mandatory Conditions</b></p> <p>The income tax exemption must be explicitly written and guaranteed in:</p> <ul style="list-style-type: none"> <li>The Foreign Aid Agreement signed between the Government of Nepal and the donor agency, OR</li> <li>An official Implementation Letter issued following a decision by the Council of Ministers</li> </ul> <p><b>Exemption Scope</b></p> <ul style="list-style-type: none"> <li><b>100% waiver</b> on regular Income Tax on the project's earnings for fiscal years prior to <b>2082/83</b>.</li> </ul> <p>Full exemption from the specific taxes/withholdings levied under Schedule-1, Section 2, Sub-section (6) (Repatriation Tax) of the Income Tax Act, 2058.</p>
<p><b>29</b></p> <p><b>Special Provision Regarding Exemption/Facility to be Maintained as Share Investment of the Government of Nepal.</b></p>	<p><b>Special Provision Regarding Exemption/Facility to be Maintained as Share Investment of the Government of Nepal.</b></p> <p>Nepal Electricity Authority (NEA) projects related to:</p> <ul style="list-style-type: none"> <li>Hydropower Generation</li> <li>Transmission Lines</li> <li>Power Distribution</li> </ul> <p>Funded under foreign aid agreements with:</p> <ul style="list-style-type: none"> <li>European Investment Bank (EIB)</li> <li>Asian Infrastructure Investment Bank (AIIB)</li> </ul> <p>Where there is <b>no provision for tax exemption in the agreement</b>, or where it is specified that the applicable tax/duty is to be borne by the borrower (NEA) itself.</p> <p><b>a customs duty of only one percent 1%</b> shall be levied on the import of goods as per the approved master list and <b>all other remaining taxes, fees, charges, and duties are 100% exempted</b>.</p> <p>The total financial value of the exempted taxes/duties will be legally converted into the <b>Government of Nepal's equity/share investment</b> in NEA.</p> <p>The detailed Masterlist of required equipment/materials must be formally approved and recommended to the Department of Customs by a Gazetted Special Class Officer of the respective Ministry.</p>
<p><b>30</b></p> <p><b>Special Provision Regarding Waiver of Past Sales Tax, Entertainment Tax, Hotel Tax, Contract Tax, or Income Tax Dues, Fees, Charges, Interest, and Fines</b></p>	<p><b>Special Provision Regarding Waiver of Past Sales Tax, Entertainment Tax, Hotel Tax, Contract Tax, or Income Tax Dues, Fees, Charges, Interest, and Fines</b></p> <ul style="list-style-type: none"> <li>Outstanding excise duty arrears payable pursuant to the Excise Act, 2015, as well as</li> <li>Outstanding arrears of Hotel Tax, Entertainment Tax, Contract Tax, and Sales Tax which were previously replaced by the Value Added Tax (VAT) Act, 2052 <b>shall be completely waived</b>.</li> </ul> <p>In the case of outstanding tax arrears assessed pursuant to the old <b>Income Tax Act, 2031</b>, if the individual/entity owing such arrears has <b>not obtained a Permanent Account Number (PAN) and is no longer involved in any income-generating activity</b>, the concerned tax office may officially <b>write off and clear (strike off the ledger)</b> such outstanding arrears.</p>
<p><b>31</b></p> <p><b>Special Provision Regarding Waiver of</b></p>	<p><b>Special Provision Regarding Waiver of Luxury Fee and Value Added Tax (VAT)</b></p> <p>If a seller did not collect the</p> <ul style="list-style-type: none"> <li><b>Luxury Fee</b> levied according to law on gold and gold jewellery, or</li> </ul>

FINANCE BILL SECTION	PROVISION
<p><b>Luxury Fee and Value Added Tax (VAT)</b></p>	<ul style="list-style-type: none"> <li>• <b>Value Added Tax (VAT)</b> levied on diamonds, jewellery, gems, and precious stones <b>prior to Bhadra 2, 2082 BS</b>, such amounts shall be <b>automatically waived</b>, and there shall be no requirement to submit any returns/details for the same.</li> </ul> <p>If any person/taxpayer engaged in the business of making, or repairing gold and silver jewelry, utensils, or idol-related items for prior years or up to <b>Fiscal Year 2082/83</b> was required by law to <b>collect Value Added Tax (VAT)</b> but failed to do so, such VAT amount along with its applicable interest, additional fees, and fines <b>shall be waived</b>, and such persons shall not be required to submit tax returns for it.</p>
<p><b>32</b></p> <p><b>Special Provision Regarding the Destruction of Expired or Unusable Goods</b></p>	<p><b>Special Provision Regarding the Destruction of Expired or Unusable Goods</b></p> <p><b>Raw materials, semi-finished goods, or finished products</b> located within manufacturing industry premises that have</p> <ul style="list-style-type: none"> <li>• <b>expired or</b></li> <li>• <b>become unfit for use</b> whether subject to excise duty or not under the Excise Act, 2058</li> </ul> <p>can be <b>physically destroyed and written off the official inventory registers Poush End, 2083 BS</b> on the <b>strict condition that no excise duty refund shall be claimed</b>. <b>Disposal</b> must be executed in an "as-is" state following an on-site verification report (Muchulka) under the coordination of the Chief of the concerned Inland Revenue Office, and in the presence of representatives from the District Administration Office, the District Treasury and Controller Office, and the local Chamber of Commerce and Industry;</p> <p>However, for any items that can be reprocessed or recycled, an assessment must be conducted before hand to maintain proper records, allowing the Inland Revenue Office to grant formal permission for their reuse.</p>
<p><b>33</b></p> <p><b>Special Provision Regarding the Destruction of Excise Tickets:</b></p>	<p><b>Special Provision Regarding the Destruction of Excise Tickets:</b></p> <p>Excise Tickets stored in warehouses that have been</p> <ul style="list-style-type: none"> <li>• fully or partially destroyed by fire during the Gen-Z movement, or</li> <li>• have otherwise become unfit for use due to various other reasons,</li> </ul> <p>shall be <b>physically destroyed and written off the official ledger in their current "as-is" condition</b>;</p> <p>This process shall be executed after conducting a detailed <b>inventory reconciliation</b> and preparing an on-site verification deed (<i>Muchulka</i>) under the coordination of the Chief of the respective jurisdictional Inland Revenue Office, and in the presence of authorized representatives from both the District Administration Office and the District Treasury and Controller Office.</p>
<p><b>34</b></p> <p><b>Special Provision Regarding Waiver of Fines and Interest on Duty Assessments Arising from Post Clearance Audit:</b></p>	<p><b>Special Provision Regarding Waiver of Fines and Interest on Duty Assessments Arising from Post Clearance Audit:</b></p> <p>Where <b>duties have been assessed</b> following a Post Clearance Audit (PCA) conducted pursuant to the Customs Act, 2064 or the Customs Act, 2082 up to <b>Baishakh End, 2083 BS</b> and</p> <ul style="list-style-type: none"> <li>• remain unpaid, or</li> <li>• are currently sub-judice under appeal in the Revenue Tribunal or other courts, if the concerned importer <b>withdraws the case and pays the entire principal amount</b> of customs duty, excise duty, and Value Added Tax (VAT) maintained under such assessment by Poush End, 2083 BS,</li> </ul> <p>the applicable fines and all interest accrued up to the date of application to claim this facility shall be <b>entirely waived</b>.</p>

FINANCE BILL SECTION	PROVISION
<p>35</p> <p><b>Special Provision Regarding Customs Duty Exemption and Green Tax on Fuel</b></p>	<p><b>Special Provision Regarding Customs Duty Exemption and Green Tax on Fuel</b></p> <p>1) A <b>fifty percent (50%) exemption</b> on the prevailing customs duty rates shall be granted on the import of</p> <ul style="list-style-type: none"> <li>• Motor Spirit (Petrol) falling under Customs Sub-heading 2710.12.10,</li> <li>• Kerosene falling under Sub-heading 2710.19.10, and</li> <li>• High-Speed Diesel (HSD) falling under Sub-heading 2710.19.30.</li> </ul> <p>2) Notwithstanding anything contained elsewhere in this Act, a <b>Green Tax at the rate of Ten Rupees (Rs. 10) per liter</b> shall be levied on the <i>import of Petrol and Diesel</i>.</p> <p>The Government of Nepal may, at any time, remove or alter the tax exemptions and rates specified in sub-sections (1) and (2) by publishing a formal notification in the Nepal Gazette (Rajpatra).</p>
<p>36</p> <p><b>Special Provision Regarding Fee Exemption for Shipping Companies Returning Containers:</b></p>	<p><b>Special Provision Regarding Fee Exemption for Shipping Companies Returning Containers:</b></p> <p>Where Shipping containers, owned by any domestic or foreign shipping company and utilized for cargo transportation, have remained within customs premises for a long duration whether <b>confiscated or not</b> pursuant to prevailing customs laws</p> <p>If the concerned shipping company submits an application to take back such containers by <b>Mangsir End, 2083 BS</b>, they shall be permitted to return those containers <i>without levying any fees or demurrage charges</i>.</p>
<p>37</p> <p><b>Special Provision Regarding Income Tax Exemption for Entities Coming into the Tax Ambit/Scope:</b></p>	<p><b>Special Provision Regarding Income Tax Exemption for Entities Coming into the Tax Ambit/Scope:</b></p> <p><b>Universities, Diplomatic Bodies, Development Partners, or Non-Resident Investors</b> in Nepal whether they have obtained a Permanent Account Number (PAN) or not; <b>shall not be required to</b> submit income returns or file income tax for periods up to <b>Fiscal Year 2082/83 (2025/2026 AD)</b>, <b>except for the withholding tax (Withholding Tax / TDS)</b> already deducted at source on payments made up to that period.</p> <p>If community schools and community health institutions submit their income returns for <b>Fiscal Year 2082/83</b> along with the tax amount due as per those returns and file an application by <b>Poush End, 2083 BS</b>, they</p> <ul style="list-style-type: none"> <li>• shall be <b>exempted</b> from filing income returns for prior years, and</li> </ul> <p>the tax, interest, and fees leviable on such past income shall be <b>entirely waived</b>.</p>
<p>38</p> <p><b>Special Provision Regarding the Waiver of Tax, Interest, and Fees for Organizations Registered under the Organizations Registration Act, 2034 or Other Organizations:</b></p>	<p><b>Special Provision Regarding the Waiver of Tax, Interest, and Fees for Organizations Registered under the Organizations Registration Act, 2034 or Other Organizations:</b></p> <p>Non-Profit Organizations registered under the Organizations Registration Act, 2034 whose governing constitutions explicitly state that any remaining assets upon dissolution shall revert to the Government of Nepal regardless of whether such organizations are registered as tax-exempt entities under the Income Tax Act, 2058 or not</p> <ul style="list-style-type: none"> <li>• If they <b>submit</b> their income returns for the <b>Fiscal Year 2082/83 by Poush End, 2083 BS</b>, the tax, interest, and fees leviable on taxable income generated from donations, contributions, and gifts received <b>during that fiscal year and prior years</b> shall be entirely <b>waived</b>;</li> </ul> <p>Furthermore, if such an organization's sole source of income consists exclusively of received donations, contributions, and gifts, <b>it shall not even be required to submit an income return</b>.</p>
<p>39</p>	<p><b>Special Provision Regarding the Waiver of Interest, Additional Fees, and Fines for Insurance Agents</b></p>

FINANCE BILL SECTION	PROVISION
<p><b>Special Provision Regarding the Waiver of Interest, Additional Fees, and Fines for Insurance Agents</b></p>	<p>Any person operating an insurance agent business failed to collect Value Added Tax (VAT) as required by law <b>up to or prior to Fiscal Year 2082/83</b>,</p> <ul style="list-style-type: none"> <li>the applicable tax amount along with all associated interest, additional fees, and fines shall be <b>entirely waived</b>, and</li> </ul> <p>such persons shall not be required to submit tax returns for the same.</p>
<p>40</p> <p><b>Special Provision Regarding Waiver of Income Tax Interest and Fees</b></p>	<p><b>Special Provision Regarding Waiver of Income Tax Interest and Fees</b></p> <p><b>1) Amnesty for Unregistered Taxpayers</b></p> <p>Where an individual/entity generated taxable income in the past <b>without obtaining a Permanent Account Number (PAN) and failed to file income tax</b>, if such person</p> <ul style="list-style-type: none"> <li>obtains a PAN and</li> <li>submits income returns for <b>Fiscal Years from 2079/80 to 2082/83</b> along with the applicable tax amount by <b>Poush End, 2083 BS</b>, all <b>applicable fees and interest shall be waived</b>;</li> </ul> <p>Furthermore, there shall be no requirement to submit income returns or pay tax, fees, and interest for any fiscal years prior to that period.</p> <p><b>2) Relief for Inactive PAN Holders</b></p> <p>In the case of registered taxpayers who already entered the tax ambit in the past but</p> <ul style="list-style-type: none"> <li>generated no income or</li> <li>conducted no transactions, and</li> <li>have failed to file income returns for <b>up to or prior to Fiscal Year 2081/82</b></li> </ul> <p>If such persons wish to</p> <ul style="list-style-type: none"> <li>-cancel their registration or</li> <li>-resume active operations, and</li> </ul> <p><b>submit their income return and applicable tax</b> for <b>Fiscal Year 2082/83</b> along with</p> <ul style="list-style-type: none"> <li>-an <b>application</b> for closure or resumption to the concerned office by <b>Poush End, 2083 BS</b>, they shall be <b>exempted from filing income returns for prior fiscal years</b>.</li> </ul> <p>If no application is submitted within this deadline, such PANs shall be <b>automatically cancelled</b> by the system; If they later wish to cancel or reactivate it, they must file all pending returns and pay the corresponding tax, fees, and interest accrued for that entire period.</p> <p><b>3) Relief for Registered Taxpayers with Unpaid Arrears</b></p> <p>If any person who has <b>obtained</b> a PAN under the Income Tax Act, 2058 and <b>generated</b> income has outstanding taxes and returns due, if they submit their</p> <ul style="list-style-type: none"> <li>pending income returns</li> <li>along with the principal tax amount</li> <li>plus an <b>additional charge of one percent (1%) of that tax</b> by <b>Poush End, 2083 BS</b>, all applicable fees and interest shall <b>be waived</b>.</li> </ul>
<p>41</p> <p><b>Special Provision Regarding the Waiver of Value Added Tax (VAT) Penalty and Interest</b></p>	<p><b>Special Provision Regarding the Waiver of Value Added Tax (VAT) Penalty and Interest</b></p> <p><b>1. For Taxpayers Who Failed to Collect or Pay VAT</b></p> <p>VAT-registered persons that conducted Vatable transactions in the past but <b>failed to collect or deposit</b> the VAT can get all interest, additional fees, and fines completely waived out.</p> <p><b>To qualify</b>, they must file their VAT returns <b>up to Chaitra End 2082 BS</b> and pay the VAT principal <b>plus a 1% additional amount on VAT</b> by <b>Poush End, 2083 BS</b>.</p>

FINANCE BILL SECTION	PROVISION
	<p>2. <b>For Taxpayers who Collected VAT but Failed to File Returns</b> VAT-registered person that collected VAT from customers but failed to file their returns can get all interest, additional fees, and fines <b>completely waived</b>.</p> <p><b>To qualify</b>, they must submit VAT returns up to <b>Chaitra 2082 BS</b> and pay the VAT due amount plus a <b>1% additional charge on VAT</b> by <b>Poush End, 2083 BS</b>.</p>
<p>42 VAT Waiver on Paneer</p>	<p><b>VAT Waiver on Paneer</b> All unpaid VAT on sales of milk-made paneer in a previous period has been completely waived.</p>
<p>43 Special Provision Regarding Waiver of Excise Duty Fines and Late Fees</p>	<p><b>Special Provision Regarding Waiver of Excise Duty Fines and Late Fees</b></p> <p>1. <b>Amnesty for Uncollected Excise Duty</b> Whether <i>licensed or unlicensed</i> under the Excise Duty Act, 2058, businesses that conducted past transactions of excisable goods <b>without collecting the excise duty</b> can have all <b>late fees and fines completely waived</b>.</p> <p><b>To qualify</b>, they must submit their transaction statements under Section 10A of the Act and pay the core <b>excise duty plus a 1% additional fee</b> by <b>Poush End, 2083 BS</b>.</p> <p>2. <b>Relief for Expired Excise License</b> Excise License holders who failed to renew their excise licenses on time but wish to continue their business operations can get <b>all past renewal fees and penalties entirely waived</b> if they <b>renew their license and pay the renewal fee for Fiscal Year 2082/83</b> by <b>Ashwin End, 2083 BS</b>.</p> <p>Failure to meet this deadline will result in the automatic cancellation of the license.</p>
<p>44 Special Provision Regarding Waiver of Fines, Interest, and Fees on Outstanding Tax and Excise Arrears</p>	<p><b>Special Provision Regarding Waiver of Fines, Interest, and Fees on Outstanding Tax and Excise Arrears</b></p> <p>1. <b>Relief for Taxpayers with Filed Returns but Unpaid Arrears</b> Taxpayers who <b>have already filed</b> their VAT returns, Income Tax returns, or Excise returns under the respective Acts, but have outstanding liabilities remaining unpaid as of Jestha 15, 2083 BS, If they <b>pay the outstanding tax or excise duty amount along with 1% additional fee</b> by <b>Poush End, 2083 BS</b>, all applicable fees, extra charges, fines, interest, and late fees shall be <b>entirely waived</b>.</p>
<p>45 Special Provision Regarding Waiver of Fees, Fines, and Interest on Assessed Tax Arrears</p>	<p><b>Special Provision Regarding Waiver of Fees, Fines, and Interest on Assessed Tax Arrears</b></p> <p>1. <b>Relief for Arrears Arising from Tax Assessments</b> Where the Inland Revenue Department or its subordinate offices have issued a tax assessment, amended tax assessment, or excise duty assessment under the respective Acts, leaving outstanding VAT, income tax, or excise duties unpaid as of Jestha 15, 2083 BS for any taxpayer, If the taxpayer pays the <b>assessed tax or excise amount along with a 1% additional fee</b> by <b>Poush End, 2083 BS</b>, all applicable fees, extra charges, fines, and remaining interest or late fees shall be <b>completely waived</b>.</p> <p>2. <b>Exclusion for Telecommunication Service Providers</b> Notwithstanding anything contained in sub-section (1), the provisions for relief and waivers under this section <b>shall not apply</b> to any person engaged in the business of providing telecommunication services.</p>
<p>46</p>	<p><b>Special Provision Regarding Waiver of Fees, Fines, and Interest Upon Withdrawal of Pending Litigation and Tax Payment</b></p> <p>1. <b>Withdrawal of Appeals Filed by Taxpayers</b></p>

FINANCE BILL SECTION	PROVISION
<p><b>Special Provision Regarding Waiver of Fees, Fines, and Interest Upon Withdrawal of Pending Litigation and Tax Payment</b></p>	<p>Taxpayers who have <b>challenged</b> a tax assessment, amended assessment, or excise duty determination issued by the Inland Revenue Department or its subordinate offices <b>up to Jestha 15, 2083 BS</b>, and have <b>cases pending under administrative review or before any judicial body</b>, shall be eligible for a <b>full penalty waiver</b>.</p> <p><b>To qualify</b>, they must withdraw their pending litigation and <b>pay the principal VAT, income tax, or excise duty liability along with an additional fee of one percent (1%) of that principal by Poush End, 2083 BS</b>. Upon payment, all associated fees, additional charges, fines, interest, and late fees shall be <b>completely waived</b>.</p> <p><b>2. Settlement of Appeals or Review Petitions Filed by Revenue Authorities</b> In respect of lawsuits referred to in sub-section (1) where the Inland Revenue Department or its subordinate offices have filed an appeal to the Supreme Court (Punarabedan) or have obtained permission for a case review (Mudda Dohoryai Herne), or have a pending review/appeal petition, the <b>Government of Nepal may withdraw the lawsuit</b>.</p> <p><b>To initiate this</b>, the concerned taxpayer must <b>deposit the disputed tax amount plus an additional fee of one percent (1%) of that principal</b> and submit a formal <b>application</b> to the Department or respective office by Poush End, 2083 BS.</p> <p><b>3. Relief for Cases Awaiting Supreme Court Appeal or Re-assessment Execution</b> For cases where the revenue authorities have <b>not yet been granted permission</b> by the <b>Supreme Court to an appeal or review</b>, and a <b>fresh tax re-assessment has not yet been executed by the respective office</b>, the taxpayer may still claim the waiver benefits under sub-section (1). The taxpayer must <b>deposit the disputed tax amount along with an additional fee of one percent (1%) of that principal</b> and submit an <b>application</b> by <b>Poush End, 2083 BS</b> to have all accumulated fees, extra charges, fines, interest, and late fees entirely <b>waived</b>.</p> <p><b>4. Exclusion for Telecommunication Service Providers</b></p> <ul style="list-style-type: none"> <li>Notwithstanding anything contained elsewhere in this section, the amnesty and waiver benefits provided under sub-sections (1), (2), and (3) <b>shall not apply</b> to persons engaged in the business of providing telecommunication services.</li> </ul>
<p><b>47</b></p> <p><b>Special Provision Regarding Income Tax, Interest, and Fee Exemptions for Nepalese Citizens/Residents Employed in the United Nations, International Organizations, or Diplomatic Missions</b></p>	<p><b>Special Provision Regarding Income Tax, Interest, and Fee Exemptions for Nepalese Citizens/Residents Employed in the United Nations, International Organizations, or Diplomatic Missions</b></p> <p>Where a <b>resident individual</b> employed in a</p> <ul style="list-style-type: none"> <li>Nepal-based office of the United Nations, its specialized agencies,</li> <li>Any other international body possessing diplomatic immunity, or</li> <li>A foreign diplomatic mission,</li> </ul> <p>Not enjoying tax exemption privileges under <b>Vienna Convention</b> and has failed to file income tax returns or pay applicable taxes on the remuneration or service fees received from such entities.</p> <p>If such individual <b>obtains</b> a Permanent Account Number (PAN), <b>submits</b> their income returns, and <b>pays</b> the income tax due for Fiscal Years <b>from 2079/80 to 2082/83</b> along with an <b>additional fee of one percent (1%) of that tax by Mangsir End, 2083 BS</b>, all applicable interest and fees shall be completely <b>waived</b>.</p> <p>Furthermore, such individuals shall be entirely exempted from the requirement to file income returns or pay tax, fees, and interest for any fiscal years prior to that period.</p>
<p><b>48</b></p>	<p><b>Special Provision Regarding Waiver of Taxes, Fees, Charges, Interest, and Fines Under the Companies Act, 2063</b></p>

FINANCE BILL SECTION	PROVISION
<p>Special Provision Regarding Waiver of Taxes, Fees, Charges, Interest, and Fines Under the Companies Act, 2063</p>	<p><b>1. Compliance and Closure Amnesty for Defaulting Companies</b> Where a company registered under the Companies Act, 2063 has <b>failed</b> -to submit required returns, -renew its registration, or -pay the taxes, fees, charges, interest, or fines prescribed by the relevant laws <b>within the statutory deadlines</b></p> <p>If such company wishes to <b>either resume active business operations or proceed with corporate dissolution</b>, and submits the required returns and pays the applicable taxes, fees, and charges for <b>Fiscal Year 2082/83 by Ashwin End, 2083 BS</b>, <b>all prior</b> outstanding or accrued taxes, fees, charges, interest, and fines shall be <b>completely waived</b>.</p>
<p>49 Special Provision Regarding Waiver of Fines and Interest on Fees, Charges, or Taxes Levied Under Annual Financial Acts</p>	<p><b>Special Provision Regarding Waiver of Fines and Interest on Fees, Charges, or Taxes Levied Under Annual Financial Acts</b></p> <p><b>1. Amnesty for Outstanding Arrears and Unfiled Returns</b> Where a person with an obligation to pay any fee, charge, or tax <b>under the Annual Financial Acts</b> has failed to <b>deposit, underpaid such amounts, or failed to submit required returns</b>; <b>submits</b> the outstanding tax, fee, or charge along with a <b>1% additional fee</b> and <b>file</b> the missing returns by <b>Mangsir End, 2083 BS</b>, all applicable fines, interest, and penalties shall be <b>completely waived</b>.</p> <p><b>2. Settlement of Determined Liabilities and Pending Litigation</b> In respect of the liabilities referred to in sub-section (1), where such fees, charges, or taxes have <b>been formally assessed as arrears by the respective office</b>, or where a <b>lawsuit regarding the matter is registered and pending before any court or judicial body</b>;</p> <p>If the concerned person <b>withdraws</b> the lawsuit and <b>deposits</b> the assessed fee, charge, or <b>tax amount</b> along with a <b>1% additional fee by Mangsir End, 2083 BS</b>, all applicable fines, interest, and penalties shall be <b>completely waived</b>.</p> <p><b>3. Regularization and Renewal Amnesty for Casino Licenses</b> Where a person licensed to operate a casino has <b>cleared all</b> outstanding arrears, royalties, fees, and additional charges up to Fiscal Year 2082/83 <b>but has failed to renew their license</b>; the license may be regularized on a <b>one-time basis</b> upon <b>payment of a 15% fine on the required renewal fee</b> for the unrenewed period, Subject to the verification that all terms and criteria under the Tourism Act, 2035 and Casino Rules, 2082 have been fulfilled, <b>the license may be renewed for Fiscal Year 2083/84</b>.</p> <p>Provided that in the case of <b>casinos with lawsuits pending in court</b>, the matter shall be governed by the <b>final judgment of the court</b>.</p>
<p>50 Withdrawal of Cases Under the Revenue Leakage (Investigation and Control) Act</p>	<p><b>Withdrawal of Cases Under the Revenue Leakage (Investigation and Control) Act</b></p> <p>In respect of <b>Income Tax and VAT lawsuits filed</b> under the Revenue Leakage (Investigation and Control) Act, 2052 that are <b>currently pending</b> before a court; if the concerned person <b>deposits</b> the <b>full</b> assessed claimed amount (Bigo) along with an <b>additional fee of one percent (1%)</b> of that claimed amount and submits an <b>application</b> to the respective office <b>by Poush End, 2083 BS</b>, the Government of Nepal may <b>waive the fines and withdraw</b> the lawsuit.</p>
<p>51 Special Provision Regarding the Release of Bank Guarantees or Refund of Cash Deposits</p>	<p><b>Special Provision Regarding the Release of Bank Guarantees or Refund of Cash Deposits</b></p> <p>Where an -industry licensed as a bonded warehouse under prevailing customs laws has imported raw materials under a <b>bank guarantee facility</b>, or</p>

FINANCE BILL SECTION	PROVISION
	<p>-a non-licensed industry has done so under a <i>passbook facility</i>, but <b>failed to export</b> the finished goods <b>within the statutory deadline</b></p> <p>If such industry -exports the finished goods, -secures the corresponding foreign currency earnings, and -submits a formal application along with the legally required supporting documents</p> <p>By Mangsir End 2083 BS, the respective bank guarantee may be released or the cash deposit refunded.</p>
<p>52 Special Provision Regarding Tax Exemptions on the Transfer of Vehicles Imported Under Diplomatic or Duty-Free Privileges</p>	<p><b>Special Provision Regarding Tax Exemptions on the Transfer of Vehicles Imported Under Diplomatic or Duty-Free Privileges</b></p> <p>Where a foreign mission or donor agency wishes <b>to transfer a vehicle</b> imported under -diplomatic or -duty-free privileges and -with a manufacturing date not exceeding ten years <b>To any entity of the Government of Nepal</b>, by Poush End, 2083 BS.</p> <ul style="list-style-type: none"> <li>• Vehicles transferred under this provision shall be granted a full exemption from customs duty, value-added tax (VAT), excise duty, and road construction fees.</li> </ul>
<p>53 Interim Administration of House and Land Registration Fees</p>	<p><b>Interim Administration of House and Land Registration Fees</b></p> <p>Until the <b>provincial or local levels</b> are equipped with the necessary tools, resources, technology, human resources, and office management capabilities to collect house and land registration fees under the Intergovernmental Fiscal Arrangement Act, 2074, <b>the respective offices of the Government of Nepal</b> shall collect such fees at the rates determined by the provincial or local levels.</p> <p>The fees so collected shall be deposited into the consolidated fund of the respective province or local level in accordance with the provisions of the said Act.</p>

KSP

**3. CHANGE IN INCOME TAX ACT**

SECTION	OLD PROVISION	NEW PROVISION
8-3-ड		The amount equivalent to sweat equity received as remuneration for employment in the information technology industry सूचना प्रविधि उद्योगमा रोजगारी गरेर पारिश्रमिक वापत प्राप्त हुने स्वेट शेयर बराबरको रकम
10-भ1-2-3		<b>भ-1.</b> Income received from the disposal of land or a private building owned by a natural person where such land or private building is transferred free of charge to the Government of Nepal, a Provincial Government, or a Local Level. <b>भ-2</b> Interest income earned in Nepal from lending activities carried out by a financial institution that is wholly owned by a foreign government and established with a nonprofit making objective. <b>भ-3.</b> Amount earned by drinking water and sanitation consumer organizations registered under the Water Resources Act, 2049 BS, in accordance with their objectives.
10 ठ -1		Amounts earned by a university established and operating in Nepal in accordance with its objectives.
11(3)(ब)		A cinema hall established in an area other than a Metropolitan City or Sub-Metropolitan City shall be entitled to a <b>tax exemption for a period of ten years</b> from the date of commencement of commercial operations
12(1) & (2)	(1) Any person, while calculating their taxable income for any income year, may, for the purposes of this Section, claim a deduction for the amount given as a donation or gift to a tax-exempt organization approved by the Department.  (2) Notwithstanding anything contained in sub-section (1), the allowable expenditure to be deducted in any income year <i>pursuant to the said sub-section shall not exceed one hundred thousand rupees (Rs. 1,00,000) or five percent of such person's adjusted taxable income for that year, whichever is lower.</i>	(1) Any person, while calculating their taxable income for any income year, may, for the purposes of this Section, claim a deduction for the amount given as a donation or gift to a tax-exempt organization approved by the Department.  (2) Notwithstanding anything contained in sub-section (1), the allowable expenditure to be deducted in any income year pursuant to the said <b>sub-section shall not exceed Three hundred thousand rupees (Rs. 3,00,000) or five percent of such person's adjusted taxable income for that year, whichever is lower.</b>

<p>12(घ) <b>Expenses incurred on Corporate Social Responsibility</b></p>		<p>Any person, while calculating the taxable income for any income year, may deduct the amount expended for the purpose of fulfilling corporate social responsibility in accordance with the prevailing law in the same year.</p> <p>Provided that such amount shall not exceed <b>one percent (1%)</b> of the total taxable income of that income year."</p>
<p>21(1)(क)</p>	<p>If a person having an annual turnover of more than twenty lakh rupees in any <i>income year makes a cash payment exceeding fifty thousand rupees at one time in that income year, except in the following circumstances, such amount shall not be allowed to be deducted:</i></p>	<p>If a person having an annual turnover of more than twenty lakh rupees in any income year makes a <i>cash payment exceeding Twenty-Five thousand rupees at one time in that income year, except in the following circumstances, such amount shall not be allowed to be deducted:</i></p>
<p><b>33Ka. Special Provisions Relating to Safe Harbor Rules:</b></p>		<p>(1) Notwithstanding anything contained in Section 33, a person having an annual turnover of up to one billion rupees (Rs. 1 Billion / 100 Crore) who fulfills the conditions pursuant to sub-section (3) may opt for the safe harbor rule provisions for determining the normal market behavior (arm's length) price of controlled transactions.</p> <p>(2) If a person who has opted for the safe harbor rule provisions pursuant to sub-section (1) submits their return of income, the Department shall accept the transfer price as the normal market behavior (arm's length) price.</p> <p>(3) To opt for the safe harbor provisions, any of the following conditions must be fulfilled:</p> <ol style="list-style-type: none"> <li>In the case of an information technology (IT) service exporter, an operating profit margin of at least fifteen percent (15%) on operating expenses has been maintained;</li> <li>In the case of intra-group loans (in foreign currency), the interest rate is determined by adding two hundred to four hundred (200 to 400) basis points to the prescribed reference rate; or</li> <li>In the case of low value-adding services as prescribed by the Department, a profit of a maximum of five percent (5%) is added to the total cost.</li> </ol> <p>(4) Once the option for the safe harbor rule is selected under this Section, such provision shall continuously apply for up to five income years, unless there is a material change in</p>

		<p>the nature and circumstances of the business.</p> <p>(5) The procedures regarding the implementation of the safe harbor rules under this Section shall be as determined by the Department."</p>
<p><b>33Kha. Power to Enter into an Advance Pricing Agreement:</b></p>		<p>(1) Notwithstanding anything contained elsewhere in this Act, the Department may, in respect of any taxpayer, enter into an Advance Pricing Agreement regarding the basis and method for determining the arm's length price (normal market behavior price) of international transactions occurring between associated persons.</p> <p>(2) Under the mutual agreement procedure specified in a double taxation avoidance agreement entered into by the Government of Nepal with any foreign country pursuant to Section 73, the competent authority of Nepal may, in coordination with the competent authority of the respective foreign country, enter into a bilateral or multilateral agreement as referred to in sub-section (1).</p> <p>(3) An agreement entered into pursuant to sub-section (1) or (2) shall specify the method to be adopted, comparable data, and other necessary conditions for determining the pricing of international transactions. The price determined in accordance with the method and procedure agreed upon in such an agreement shall be deemed to be the arm's length price for the purposes of this Act.</p> <p>(4) An agreement entered into pursuant to sub-section (1) or (2) shall remain effective for the period specified in such agreement. Such period shall not exceed five consecutive income years.</p> <p>(5) While entering into an agreement pursuant to sub-section (1) or (2), a rollback provision may be included by mutual consent to make it applicable to the international transactions of up to a maximum of four income years immediately preceding the year of such agreement.</p> <p>(6) An agreement entered into pursuant to this Section shall be binding on both parties.</p> <p>Provided that, if there is a material change in the conditions or legal provisions specified in the agreement, such agreement shall not be binding.</p> <p>(7) If it is proven that a person entered into the agreement through fraud,</p>

		<p>misrepresentation of facts, or submission of false statements, the Department may cancel such agreement, rendering it void <i>ab initio</i> (ineffective from the very beginning). A notice of such cancellation must be provided to the concerned person.</p> <p>(8) The fee payable by a person wishing to enter into an agreement pursuant to this Section shall be as prescribed.</p> <p>(9) The format of the application required documents, renewal of the agreement, and other procedures for an agreement under this Section shall be as prescribed by the Department.</p> <p>Page No.225</p>
<b>47Ka</b>	Special provisions relating to disposal arising from the merger of businesses	<del>Special provisions relating to disposal arising from the merger of businesses</del>
<b>57(1)</b>	<p>If the ownership of an entity changes by fifty percent or more as compared to its ownership within the past three years, such entity shall be deemed to have disposed of the assets under its ownership or the liabilities borne by it.</p> <p><b>Provided that:</b> In the case of a startup, venture capital, and private equity fund, if the number of shares and capital of the existing shareholders and partners remain intact (unchanged) and the capital is increased by adding new shareholders and partners, the provisions of this sub-section shall not apply.</p>	<p>If the ownership of an entity changes by fifty percent or more as compared to its ownership within the past three years, such entity shall be deemed to have disposed of the assets under its ownership or the liabilities borne by it.</p> <p><b>"Provided that</b> this section shall not apply (be attracted) under the following circumstances:</p> <p><b>In the case of a startup, venture capital, and private equity fund:</b> Where the number of shares and capital of the existing shareholders and partners remain intact (unchanged), and the capital is increased by adding new shareholders and partners; or</p> <p><b>In the case of death:</b> Where due to the death of a beneficiary of an entity, an involuntary disposal of the interest held in such entity takes place and is transferred to the legal heir; or</p> <p><b>In the case of resident entities:</b> Where the ownership of a resident entity changes, and for that same reason, the ownership of another resident entity holding an interest in that entity changes."</p>
<b>82Ka</b>		<p>For the implementation of this Act, subject to the prevailing law, the Department may obtain through electronic means the information or particulars related to the financial transactions of:</p> <ul style="list-style-type: none"> <li>• <b>The person themselves:</b> Any person located in Nepal; or</li> </ul>

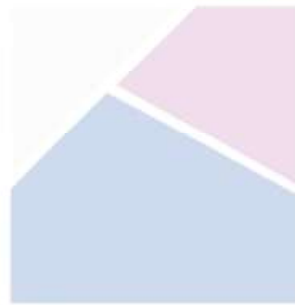
		<ul style="list-style-type: none"> <li>• <b>Associated individuals:</b> Such person's customer, employee, service recipient, or member; or</li> <li>• <b>Data custodians:</b> Any other person or entity holding the data, information, and records of such person.</li> </ul>
<b>88(1)</b>	A resident person shall, while making a payment having a source in Nepal for interest, natural resources, rent, royalty, service fees, commission, sales bonus, <b>retirement payments</b> , and any other investment returns or retirement payments, withhold tax at the rate of <b>fifteen percent (15%)</b> of the total payment amount.	A resident person shall, while making a payment having a source in Nepal for interest, natural resources, rent, royalty, service fees, commission, sales bonus, <b>retirement—payments</b> , and any other investment returns or retirement payments, withhold tax at the rate of <b>fifteen percent (15%)</b> of the total payment amount.
<b>88(1)(14)</b> <b>Withholding of tax</b>		At the rate of twenty percent (20%) on the service fee or commission paid to an insurance agent who is a resident natural person.
<b>89(3KA)</b>	Tax shall be deducted at the rate of one point five percent (1.5%) on payment amounts exceeding fifty lakh rupees (NPR 5,000,000) made for getting work executed through a user committee (Upabhokta Samiti)."	<del>Tax shall be deducted at the rate of one point five percent (1.5%) on payment amounts exceeding fifty lakh rupees (NPR 5,000,000) made for getting work executed through a user committee (Upabhokta Samiti)."</del>
<b>92(1)ब</b> <b>Final Withholding Payments</b>		The amount of gain of a resident natural person who does not wish to submit an income return pursuant to sub-sections (2) i.e. Capital Gain and (5) i.e. Gain on Sale of Land & Building of Section 95A, and of a non-resident person; payment in foreign currency pursuant to sub-sections (6kha), (6Ga), and (6Gha); and payment for services pursuant to sub-section (6Nga).
<b>92(1)ब२</b> <b>Final Withholding Payments</b>		Service fee or commission paid to an insurance agent by a natural resident person.
<b>95ka(5)(Ka1)</b> <b>Collection of Advance Tax</b>		At the rate of <b>two-point five percent (2.5%)</b> , in the case of a non-business chargeable asset (land and building) which has been involuntarily disposed of due to the land of any natural person being acquired by a decision of the Government of Nepal 95ka(5)(Ka1)  Collection of Advance Tax

<p><b>95Ka(5Ka)</b> <b>Collection of Advance Tax</b></p>		<p>Notwithstanding anything contained in sub-section (5), no capital gains tax shall be collected on the disposal of land or a private building if a natural person provides such land or private building free of cost to the Government of Nepal, a Provincial Government, or a Local Level."</p>
<p><b>95Ka(6Cha)</b> <b>Collection of Advance Tax</b></p>		<p>A resident person operating a ride-sharing service (ride-sharing operator) shall collect advance tax at the rate of one percent (1%) on the amount for services provided to a natural person who is affiliated with its platform and provides any service.</p>
<p><b>97(1)</b> <b>Filing of Income Tax Not Required</b></p>	<p>Except where the Department has given an order in writing or issued an order by publishing a public notice, any of the following persons shall not be required to submit an income return for any income year pursuant to Section 96.</p> <p><b>(1)</b> Any person, among the persons mentioned in clause (Ka) of Section 3, who is not required to pay tax in that income year;</p> <p><b>(2)</b> A person mentioned in clause (Ga) of Section 3 in that income year;</p> <p><b>(3)</b> Any resident natural person to whom sub-section (3) of Section 4 applies in that income year;</p> <p><b>(3-1)</b> A resident natural person who, in that income year, has <b>only</b> the income as mentioned in sub-sections (6Kha), (6Ga), and (6Gha) of Section 95A;</p> <p><b>(4)</b> If the vehicle owner who deposits tax pursuant to sub-section (13) of Section 1 of Schedule-1 is a natural person other than a sole proprietorship firm, such natural person;</p> <p><b>(5)</b> A natural person who does not wish to submit an income return and has <b>only</b> the income from the disposal of a non-business taxable asset.</p>	<p>Notwithstanding anything contained in section 96, following persons will not be required to file income tax return</p> <ol style="list-style-type: none"> <li>1. Any person, among the persons mentioned in clause (Ka) of Section 3, who is not required to pay tax in that income year;</li> <li>2. A person mentioned in clause (Ga) of Section 3 in that income year;</li> <li>3. Any resident natural person to whom sub-section (3) of Section 4 applies in that income year;</li> <li>4. If the vehicle owner who deposits tax pursuant to sub-section (13) of Section 1 of Schedule-1 is a natural person other than a sole proprietorship firm, such natural person;</li> <li>5. Prescribed by the Department.</li> </ol> <p><b>Provided that</b> the Department may, by issuing a written order or by publishing a public notice, prescribe that such person must submit an income return.</p>
<p><b>101</b> <b>Amended Assessment</b></p>	<p><b>(1)</b> The Department may make an amended tax assessment to adjust, on a justifiable basis and in accordance with the objectives of this Act, the tax liability of a person whose tax has been assessed pursuant to Section 99 or 100.</p> <p><b>(2)</b> The Department may, if it deems appropriate, further amend an amended tax assessment made pursuant to sub-</p>	<p><b>(1)</b> The Department may make an amended tax assessment to adjust, on a justifiable basis and in accordance with the objectives of this Act, the tax liability of a person whose tax has been assessed pursuant to Section 99 or 100.</p> <p><b>(2)</b> The Department may, if it deems appropriate, further amend an amended tax assessment made pursuant to sub-section</p>

	<p>section (1) on a justifiable basis as many times as necessary.</p> <p><b>(3)</b> While making a tax assessment pursuant to sub-section (1) or (2), the Department must do so within <b>four years</b> from the following dates:</p> <ul style="list-style-type: none"> <li>• <b>(a)</b> In the case of a tax assessment made pursuant to Section 99, the due date for submitting the income return;</li> <li>• <b>(b)</b> In the case of a tax assessment made pursuant to sub-section (2) of Section 100, the date on which the notice of tax assessment was served to the assessed person pursuant to Section 102;</li> <li>• <b>(c)</b> In the case of a tax assessment made pursuant to sub-section (1) or (2), the date mentioned in clause (a) or (b) relating to the original tax assessment that was amended pursuant to sub-section (1).</li> </ul> <p><b>(4)</b> Notwithstanding anything contained in sub-section (3), if a person's tax assessment is found to be incorrect due to <b>fraud</b>, the Department may amend such tax assessment at any time. However, such an amendment must be completed within <b>one year</b> from the date of receiving information regarding the fraudulent submission of details or tax assessment.</p> <p><b>(5)</b> Notwithstanding anything contained in sub-section (3), where a tax assessment has been amended or the assessed tax has been reduced by the <b>Revenue Tribunal</b> or other competent courts, the Department shall not amend such tax assessment to that extent.</p>	<p>(1) on a justifiable basis as many times as necessary.</p> <p><b>(3)</b> While making a tax assessment pursuant to sub-section (1) or (2), the Department must do so within <b>Three years</b> from the following dates:</p> <ul style="list-style-type: none"> <li>• <b>(a)</b> In the case of a tax assessment made pursuant to Section 99, the due date for submitting the income return;</li> <li>• <b>(b)</b> In the case of a tax assessment made pursuant to sub-section (2) of Section 100, the date on which the notice of tax assessment was served to the assessed person pursuant to Section 102;</li> <li>• <b>(c)</b> In the case of a tax assessment made pursuant to sub-section (1) or (2), the date mentioned in clause (a) or (b) relating to the original tax assessment that was amended pursuant to sub-section (1).</li> </ul> <p><b>(4)</b> Notwithstanding anything contained in sub-section (3), if a person's tax assessment is found to be incorrect due to <b>fraud</b>, the Department may amend such tax assessment at any time. However, such an amendment must be completed within <b>one year</b> from the date of receiving information regarding the fraudulent submission of details or tax assessment.</p> <p><b>(5)</b> Notwithstanding anything contained in sub-section (3), where a tax assessment has been amended or the assessed tax has been reduced by the <b>Revenue Tribunal</b> or other competent courts, the Department shall not amend such tax assessment to that extent.</p>
<p><b>113</b> <b>Tax Refund</b></p>	<p>Where any person has paid tax in excess of the tax liability required to be deposited by him, the Department may direct (adjust) the excess deposited tax amount from the tax amount required to be deposited by him pursuant to this Act. Upon making such deduction, the Department shall refund any remaining excess amount to the concerned person.</p> <p><b>(2)</b> If a person is not required to deposit the tax associated with the interest deposited pursuant to Section 119, the Department shall refund such interest to that person.</p>	<p>Where any person has paid tax in excess of the tax liability required to be deposited by him, the Department may direct (adjust) the excess deposited tax amount from the tax amount required to be deposited by him pursuant to this Act. Upon making such deduction, the Department shall refund any remaining excess amount to the concerned person.</p> <p><b>(2)</b> If a person is not required to deposit the tax associated with the interest deposited pursuant to Section 119, the Department shall refund such interest to that person.</p>

	<p>(3) If any person applies to the Department, as prescribed, to receive a refund of the amount pursuant to sub-section (1), the Department shall refund such amount within <b>sixty (60) days</b> from the date the application is received.</p> <p>(4) A person applying pursuant to sub-section (3) must submit such application within <b>two (2) years</b> from the later of the following dates. If the application is not submitted within that limitation period, the amount pursuant to sub-section (1) shall not be refunded:</p>	<p>(3) If any person applies to the Department, as prescribed, to receive a refund of the amount pursuant to sub-section (1), the Department shall refund such amount within <b>sixty (60) days</b> from the date the application is received.</p> <p>(4) A person applying pursuant to sub-section (3) must submit such application within <b>five (5) years</b> from the later of the following dates. If the application is not submitted within that limitation period, the amount pursuant to sub-section (1) shall not be refunded:</p>
<p><b>119Ka</b> <b>Fine to be levied</b></p>		<p>If a taxpayer who issues electronic invoices pursuant to sub-section (4) of Section 81 uses software capable of deleting or altering data, a fee of five lakh rupees (NPR 500,000) shall be imposed; and if they fail to comply with any other provisions of the same section, a fee of one lakh rupees (NPR 100,000) shall be imposed</p>
<b>DEFINITION AND CLARIFICATION UNDER INCOME TAX ACT</b>		
<p><b>2-क-ख1</b></p>		<p>"International transaction" means any transaction involving goods, services, financing, or intangible property entered into by a person with one or more non-resident persons, and includes any other transaction that has an impact on income, expenses, assets, or liabilities.</p>
<p><b>2-क-न-4</b></p>		<p><b>For the purposes of Sections 33, 33Ka, and 33Kha:</b></p> <p><b>Ka-</b>An entity that, either by itself or together with its related persons, associated entities, or other persons/entities related to such associated entities, controls or derives benefits from 30% or more of the income, capital, or voting rights of another entity.</p> <p><b>Kha-</b>An entity that has received a loan amounting to 50% or more of its total assets from a person providing the loan.</p> <p><b>Ga-</b>An entity whose income-generating activities are substantially or wholly dependent upon the intellectual property rights, technical know-how, or commercial rights of another person.</p> <p><b>Gha-</b>An entity that supplies 90% or more of the raw materials or consumable goods required by another person.</p>
<p><b>Clarification</b></p>	<p>Agricultural business' means a business of producing crops from public or private land,</p>	<p>Agricultural business' means the business of crop cultivation, fruit farming, animal and</p>

<b>Agriculture Business</b>	or obtaining agricultural produce or crops through the use of land under a tenancy arrangement	poultry husbandry, fish farming, and beekeeping.
-----------------------------	--	--



**KSP**

#### 4. CHANGES IN VAT ACT

SECTION	OLD PROVISION	NEW PROVISION
7(१क)		Notwithstanding anything contained in sub-section (1), the Government of Nepal may, by a notification published in the Nepal Gazette, establish multiple rates not exceeding the rate of tax referred to in sub-section (1) and specify the goods and services subject to tax accordingly.
7(१ख)		Notwithstanding anything contained in sub-section (1) and (1s), when a person who operates a ride-sharing service and provides transportation and transportation services to a person affiliated with a platform operated by a resident ride-sharing operator, the person operating the ride-sharing service and the person providing electricity services to the end consumer shall determine and collect tax at the rate of <b>five percent</b> on the taxable value in accordance with this Act and the rules made under this Act.
8(२ख)		When a resident engages in a transaction with a person providing a vehicle or transportation service through a platform operated by a person operating a ride-sharing service (ride-sharing operator), the ride-sharing platform operator shall determine and collect tax at the taxable value in accordance with this Act and the rules made under this Act."
14(क)	<p>1.A taxpayer may, upon obtaining prior approval from the Department, issue electronic invoices</p> <p>2.Notwithstanding anything contained in sub-section (1), the Department may, by publishing a notice, require taxpayers specified in such notice to compulsorily issue invoices through electronic means and connect such electronic system to the Department's Central Billing Monitoring System (CBMS).</p> <p>3.The Department shall formulate and implement procedures relating to the security and reliability of software or equipment used for issuing invoices through electronic means. Such procedures shall be complied with by the concerned developers, distributors, and users.</p>	<p>1.The Department may prescribe standards and procedures and make necessary arrangements enabling specified persons to issue invoices through electronic means.</p> <p>2. Notwithstanding anything contained in sub-section (1), the Department may, by publishing a notice, require taxpayers specified in such notice to:</p> <p>(a) compulsorily issue invoices through electronic means and connect such electronic system to the Department's Central Billing Monitoring System (CBMS); or</p> <p>(b) issue electronic invoices using the billing system made available by the Department.</p> <p>3.The Department shall formulate and implement procedures relating to the security and reliability of software or equipment used for issuing electronic invoices.</p>

18 (1क)	Notwithstanding anything contained in sub-section (1), the taxpayers of the districts having no Inland Revenue Office or Taxpayer Service Office may submit the amount of tax and tax return to the Funds and Accounts Controller Office of the concerned district within the 15th day of the month by which he or she is required to submit his or her tax return. The Funds and Accounts Controller Office shall send the tax return and the details of the tax payment received as such to the concerned Inland Revenue Office or Taxpayer Service Office within seven days.	Notwithstanding anything contained in sub-section (1), taxpayers of districts where there is no Inland Revenue Office may submit the tax amount and tax return required to be filed by the fifteenth day of the relevant month to the concerned local level or the District Treasury and Comptroller Office. Such concerned local level or District Treasury and Comptroller Office shall forward the tax return and details of the tax payment received to the concerned Inland Revenue Office within seven days.
18 (4)		If a taxpayer wishes to amend a tax return that has already been submitted on time, the taxpayer may amend the tax return <b>within seven days</b> from the date of submission, in accordance with the procedures prescribed by the Department.
29(१छ२)	If a taxpayer who has obtained approval, or who is required to obtain approval, for issuing electronic invoices is found to have used software capable of deleting or modifying such information, a fine of NPR 500,000 (Five Hundred Thousand Rupees) shall be imposed.	A taxpayer who issues electronic invoices pursuant to Sub-section (1) or (2) of Section 14s and is found to have used software capable of deleting or modifying data shall be liable to a fee (penalty) of NPR 500,000. <i>Further, if the taxpayer fails to comply with the other provisions mentioned in the same sub-section, a fee (penalty) of NPR 100,000 shall be imposed.</i>
29(१ट)	For each instance of violation of this Act or the rules made under this Act, a fine of NPR 1,000 shall be imposed	For each instance of violation of this Act or the rules made under this Act, a fine of <b>NPR 10,000</b> shall be imposed
29(१ड)		A penalty of NPR 50,000 shall be imposed for each instance of violation of the Directive issued by the Department regarding the regulation of the internal transportation/movement of goods for business purposes.

**The Finance Bill 2083 has introduced changes in Schedule 1 of the VAT Act 2052 removing various items (goods and services) from the schedule to and now attract VAT.**

## 5. CHANGES IN CUSTOM ACT, 2082

SECTION	OLD PROVISION	NEW PROVISION
5(1)	The Government of Nepal, by publishing a notification in the Nepal Gazette, may establish a customs office or a sub-customs office in any customs area as may be necessary.	The Government of Nepal, by publishing a notification in the Nepal Gazette, may establish a customs office or <del>a sub-customs office</del> in any customs area as may be necessary.
5 (1Ka)		The following sub-section (1a) has been inserted after sub-section (1):  There shall be sub-customs offices as designated under the main customs office.
20(10)	Prior to the examination of goods, if a declarant submits a written request to the Customs Officer to amend the declared details of the goods in a manner that does not contradict the documents submitted alongside the declaration, the Customs Officer may grant permission for the amendment of returns.  Provided that if the request for amendment is found to be fraudulent or malicious, permission for amendment shall not be granted.	Prior to the examination of goods, if a declarant submits a written request to the Customs Officer to amend the declared details of the goods in a manner that does not contradict the documents submitted alongside the declaration, the Customs Officer may amend the returns.  Provided that if the request for amendment is found to be fraudulent or malicious, amendment shall not be made.
20 (11)	Where the examination of goods has commenced but clearance ( <i>Janchpass</i> ) has not yet been completed, if the declarant submits an application to the Customs Officer specifying the reasons for amending the declaration, the Customs Officer may, if the reasons are deemed reasonable, grant permission for the amendment of such declaration.  Provided that permission to amend the declaration shall not be granted if any of the following conditions arise:  (a) If it affects the duty payable or the regulatory controls to be exercised by Customs,  (b) If it appears to grant immunity from penalties that may be levied under this Act,  (c) If it causes unnecessary delay in the customs clearance process.	Where the examination of goods has commenced but clearance ( <i>Janchpass</i> ) has not yet been completed, if the declarant submits an application to the Customs Officer specifying the reasons for amending the declaration, the Customs Officer may, if the reasons are deemed reasonable, amend the declaration  Provided that amendment shall not be made in the declaration if any of the following conditions arise:  (a) If it affects the duty payable or the regulatory controls to be exercised by Customs,  (b) If it appears to grant immunity from penalties that may be levied under this Act,  (c) If it causes unnecessary delay in the customs clearance process.
53	Where a decision is made to forfeit any goods pursuant to this Act or prevailing laws relating to customs duties, the objects used for packaging such goods, including parcels, or packets, shall also be confiscated.	(1) Where a decision is made to forfeit any goods pursuant to this Act or prevailing laws relating to customs duties, the objects used for packaging such goods, including parcels or packets, shall also be confiscated.

	<p>Provided that any aircraft, Ship, train, container, motor vehicle, truck, tractor, bus, or similar means of transport or conveyance, or any trailer attached thereto, shall not be confiscated solely on the grounds that it was used for transporting such goods.</p>	<p>(2) When Forfeiting goods pursuant to sub-section (1), the vehicle or means of transport used for transporting such goods shall not be forfeited.</p> <p>Provided that nothing shall prevent the forfeiture of such vehicle or means of transport if the owner of the vehicle or means of transport cannot be found, and no claim is filed even after a notice regarding ownership claims has been issued.</p>
<b>68 (1Ka)</b>		<p>A fee of three thousand rupees (Rs. 3,000) shall be charged when submitting an application pursuant to sub-section (1).</p>
<b>70 (4) (Ga)</b>		<p>(c) Notwithstanding anything contained in Clauses (a) and (b), if the following vehicles or means of transport are used, fines shall be imposed as follows:</p> <p>(1) In the case of carts, <i>tangas</i> (horse-drawn carriages), handcarts, rickshaws, and bicycles, a fine up to <b>ten thousand rupees (Rs. 10,000)</b> on the vehicle owner or the driver/rider.</p> <p>(2) In the case of scooters and motorcycles, a fine up to <b>twenty thousand rupees (Rs. 20,000)</b>.</p>
<b>71 (Gha)</b>	<p>Where the brand, company, model, item number, or any similar identifying detail of an imported good is <b>clearly marked on the good itself or its packaging</b>, and the declarant submits a declaration <b>without specifying</b> such clearly identifiable details, the customs clearance (<i>Janchpass</i>) of such goods shall be executed only upon recovering the applicable customs duty and imposing a fine equal to <b>Fifty Percent (50%)</b> of the duty leviable on the goods.</p>	<p>Where the brand, company, model, item number, or any similar identifying detail of an imported good is <b>clearly marked on the good itself or its packaging</b>, and the declarant submits a declaration <b>without specifying</b> such clearly identifiable details, the customs clearance (<i>Janchpass</i>) of such goods shall be executed only upon recovering the applicable customs duty and imposing a fine equal to <b>Twenty Five Percent (25%)</b> of the duty leviable on the goods.</p>
<b>71 (i)</b>	<p>Where a declarant, while declaring goods through electronic means into the computer system pursuant to sub-section (3) of Section 20, <b>attaches documents</b> that are discrepant or different from the declared specifications, the customs clearance (<i>Janchpass</i>) of such goods shall be executed only upon recovering the applicable customs duty and imposing a fine equal to <b>ten percent (10%)</b> of the customs duty leviable under that declaration.</p>	<p>Where a declarant, while declaring goods through electronic means into the computer system pursuant to sub-section (3) of Section 20, <b>intentionally attaches documents</b> that are discrepant or different from the declared specifications, the customs clearance of such goods shall be executed only upon recovering the applicable customs duty and imposing a fine equal to <b>ten percent (10%)</b> of the customs duty leviable under that declaration.</p>

<p><b>93 (3)</b></p>	<p>When submitting an application pursuant to sub-section (1), the application must be accompanied by proof showing that the duty and fine, if any, levied under the order or decision against which the application is being made, <b>have been paid, or that</b> a cash deposit equivalent to such amount has been deposited with the concerned office as security.</p>	<p>When submitting an application pursuant to sub-section (1), the application must be accompanied by proof showing that the duty and fine, if any, levied under the order or decision against which the application is being made, <del>have been paid, or that</del> a cash deposit equivalent to such amount has been deposited with the concerned office as security.</p>
<p><b>95 (2)</b></p>	<p>A person filing an appeal pursuant to sub-section (1) against a decision or order must pay the undisputed portion of the duty to the <b>Customs Clearance Examination Office</b>, and place a cash deposit equivalent to <b>one hundred percent (100%)</b> of the disputed duty and fine amount as security.</p> <p>Provided that a person who is in detention due to an inability to pay such duty and fine amount may file an appeal without placing a deposit.</p>	<p>A person filing an appeal pursuant to sub-section (1) against a decision or order must pay the undisputed portion of the duty to the <b>Customs Office or Customs Clearance Examination Office</b>, and place a cash deposit equivalent to <b>one hundred percent (100%)</b> of the disputed duty and fine amount as security.</p> <p>Provided that a person who is in detention due to an inability to pay such duty and fine amount may file an appeal without placing a deposit.</p>
<p><b>95 (3)</b></p>	<p>The bank voucher showing that the deposit amount pursuant to sub-section (2) has been deposited into the deposit account maintained at the District Treasury and Accounts Controller Office in the name of the concerned <b>Customs Clearance Examination Office</b> must be submitted along with the appeal.</p>	<p>The bank voucher showing that the deposit amount pursuant to sub-section (2) has been deposited into the deposit account maintained at the District Treasury and Accounts Controller Office in the name of the concerned <b>Customs Office or Customs Clearance Examination Office</b> must be submitted along with the appeal.</p>
<p><b>109 (2)</b></p>	<p>Where, upon conducting a re-examination pursuant to sub-section (1), it is found that any duty to be recovered has been short-levied or omitted, the Customs Officer shall recover such short-levied duty from the owner of the goods.</p> <p>Provided that if it is found that the discrepancy in the duty amount occurred due to the submission of fake bills, invoices, or documents by the declarant, the Customs Officer may impose a fine equal to three hundred percent (300%) of the said discrepant duty amount.</p>	<p>Where, upon conducting a re-examination pursuant to sub-section (1), it is found that any duty to be recovered has been short-levied or omitted, the Customs Officer shall recover such short-levied duty from the owner of the goods.</p> <p>Provided that if it is found that the discrepancy in the duty amount occurred due to the submission of fake bills, invoices, or documents by the declarant, the Customs Officer may impose a fine equal to <b>three hundred percent (300%)</b> of the said discrepant duty amount.</p> <p><b>Also, if the documents so submitted reveal the forgery of government documents, a written request shall be forwarded to the concerned body or authority for action in accordance with prevailing laws.</b></p>

<b>114 (4)</b>	If the Exporter or Importer Identification Number (EXIM Code) is not renewed within the stipulated timeframe, it shall be automatically cancelled.	<del>If the Exporter or Importer Identification Number (EXIM Code) is not renewed within the stipulated timeframe, it shall be automatically cancelled.</del>  If a person wishing to cancel their Exporter or Importer Identification Number (EXIM Code) submits an application to the Department for cancellation after paying the required renewal fees, the Department may cancel the Exporter or Importer Identification Number of such person.
----------------	--	--



**6. CHANGES IN EXCISE ACT**

SECTION	OLD PROVISION	NEW PROVISION
<b>2Ka (ka1)</b>	'Excise stamp' means a security-marked symbol affixed on excisable goods in the format prescribed by the Department, and the term also includes a security-marked symbol provided through electronic means or <i>any mark or symbol</i> prescribed by the Department."	The words: "any mark or symbol" shall be replaced by the words: "any mark, symbol, or digital excise stamp".
<b>2Ja(1)</b>	"'Tobacco products' means products intended for smoking, chewing, or keeping in the mouth, such as pan masala, gutkha, khaini, or similar substances prepared by mixing tobacco or elements of tobacco products, and the term also includes cigarettes, bidis, cigars, electronic cigarettes (vapes), and hookah flavors."	'Tobacco and nicotine-containing products' means substances prepared by mixing tobacco or components of tobacco products, or by using extracted nicotine or synthetic nicotine, for smoking, chewing, or oral use, including pan masala, gutkha, khaini, and similar substances; and the term includes cigarettes, bidis, cigars, electronic cigarettes (vapes), nicotine pouches, and hookah flavors, and also includes other products specified by the Department as tobacco and nicotine-containing products."
<b>2Yna(1)</b>	Alcoholic beverages' means any substance containing more than 0.5 percent alcohol, produced by fermenting grain, fruit, or other starch-containing materials through biochemical processes or other methods, and the term includes liquor, jand, chhyang, whisky, rum, gin, brandy, vodka, beer, wine, sherry, champagne, cider, perry, mead, malt, sake, soju, vermouth, alcoholic mixed prepared beverages, industrial alcohol, rectified spirit, malt spirit, silent spirit, denatured spirit, E.N.A., and heads spirit."	'Alcoholic beverage' means any substance containing more than zero point five percent (0.5%) alcohol, produced by fermenting grain, fruit, or any other starch-containing material through a biochemical process or by any other method; and the term includes liquor, jand, chhyang, whisky, rum, gin, brandy, vodka, beer, wine, sherry, champagne, cider, perry, mead, malten, sake, soju, vermouth, alcoholic mixed prepared beverages ,ready-to-drink cocktails ,carbonated wine and alcoholic beverages, spritz, shandy, industrial alcohol, rectified spirit, malt spirit, silent spirit, denatured spirit, E.N.A. (Extra Neutral Alcohol),and heads spirit; and the term also includes any other products designated by the Department as alcoholic products."
<b>2Yna(7)(Ka)</b>		'Risk-based selective clearance control system' means a system under which, from among establishments operating under the physical control system, establishments are selected on the basis of risk analysis, and the production, 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><b>3Ka(4)</b></p>	<p>In the case of goods that have become damaged or destroyed due to fire, theft, accident, or destructive activities, or goods that remain in stock due to expiry of their shelf life, the excise duty paid on such goods may be deducted in the manner prescribed by the Department.</p>	<p>In place of the word: “accident,” the words: “accident, natural disaster, or” have been substituted.</p>
<p><b>3Ka(5)</b></p>	<p>For the purpose of deduction of excise duty under this section, excise duty paid on auxiliary raw materials, packaging materials, and raw materials and spare parts imported under customs duty exemption shall not be deductible.</p>	<p>The words: “auxiliary raw materials, packaging materials, and” have been deleted.</p>
<p><b>4(1)(ka)</b></p>	<p>“In the case of goods produced by industries operating under the physical control system, at the time of their clearance from the establishment for the purpose of sale after production,”</p>	<p>In the case of goods produced by industries to which the physical control system and the risk-based selective clearance control system apply, excise duty shall be payable at the time such goods are produced and cleared from the establishment for sale; provided that, in the case of a microbrewery, the monthly excise duty calculated on the basis of the yield rate, as prescribed, corresponding to its installed capacity, shall be paid in advance.</p>
<p><b>4 Nga</b></p>	<p>“Provisions on gifts and cash discounts: Industries related to alcoholic beverages, beer, or tobacco products, and importers and sellers of such goods, shall not operate any type of gift program, nor shall such industries be allowed to provide discounts on such products during sale. If such activities are found to have been conducted, it shall be deemed a violation of the license conditions.”</p>	<p>After the words “shall such industry.....”, the words “to buyers other than those registered under Value Added Tax” have been inserted.</p>
<p><b>9 (5) (kha)</b></p>	<p>“License holders of bidi, tobacco, khaini, pan masala, gutkha production industries, khandsari industries, and importers of raw sugar and jaggery shall renew their licenses by depositing the renewal fee as prescribed.”</p>	<p>The words “bidi, tobacco, khaini, pan masala, or gutkha production” shall be replaced by the words “export, import, sell, or store alcoholic beverages, tobacco and nicotine-containing products production.”</p>
<p><b>9Kha (1)</b></p>	<p>(1) Where a license holder engaged in the production of excisable alcoholic beverages, cigarettes, or tobacco products produces, clears, or distributes such goods without affixing excise stamps, or by reusing counterfeit or previously used stamps, or where it is found in a preliminary investigation that production and storage have been carried out without maintaining records of raw materials required for production in order to evade excise duty, the</p>	<p><b><u>the following provision has been inserted at the end:</u></b> Provided that where, during the period of suspension, the time limit for renewal of the excise duty license expires, it shall not be deemed to have prevented the renewal of the license.”</p>

	Excise Officer may suspend the license of such license holder for up to three months.	
<b>10Kha(2)</b>	“The purchase, production, clearance, sale, and stock accounts under sub-section (1) shall be certified by the concerned Excise Officer and shall be used for the purpose of maintaining accounts.”	<b><u>the following provision has been inserted at the end:</u></b> “Provided that, except for tobacco and nicotine-containing products to which the self-clearance system applies, in the case of other goods, such records shall be certified by the authorized representative of the license holder and kept maintained.”
<b>10D(1)(chha)</b>	“If the alcohol content of the cleared alcoholic beverage and that of the substance sent for distillation differs by more than one percent,”	“Where the alcohol content of raw materials of alcoholic beverages, substances in the process of spirit production, finished alcoholic beverages prior to clearance, or cleared alcoholic beverages differs by more than or less than zero point five percent (0.5%) from the declared alcohol capacity.”
<b>10Chha</b>	Alcohol content testing: An Excise Officer may, at any time, with approval, conduct testing of the alcohol content or quality of alcoholic beverages that have been cleared and of substances sent for distillation, through the Department’s laboratory or any laboratory designated by the Department. The alcohol content shall not differ by more than one percent, and there shall be no significant deviation in quality.”	After the words “at any time”, the words “raw materials of alcoholic beverages, substances in the process of spirit production, and finished alcohol prior to clearance” have been inserted, and after the words “alcohol content”, the words “varying by more than 0.5 percent from the declared alcohol capacity” have been inserted.
<b>10Nya(1)(3)</b>		The use of digital excise stamps shall be in accordance with the standards/procedures prescribed by the Department.”
<b>10Ta(1)</b>		Use of Track and Trace System: (1) The Department may implement a track and trace system to control and regulate, through an electronic system, the processes of production, storage, possession, clearance, sale, distribution, and transportation of alcoholic beverages and tobacco products. (2) The operation, management, and compliance procedures of the track and trace system shall be as prescribed by the Department.”
<b>16(2)(kha1)</b>		where the conditions prescribed by the Department regarding compliance with the track and trace system are not complied with, or where unauthorized access to the track and trace system is made or facilitated,”

<b>16(4)(ja)</b>	Where, during an examination conducted pursuant to Section 10chha, the alcohol content is found to vary by more than one percent, an amount equal to one hundred percent of the revenue lost (revenue leakage) shall be recoverable as a penalty.”	After the words “alcohol content”, the words “varying by more than 0.5 percent from the declared alcohol capacity” have been inserted.
<b>16(4)(dha3)</b>	NA	If the outstanding excise duty is not paid within the time limit provided under Section 17A of the Act, additional interest at the rate of five percent (5%) per annum shall be charged on the remaining outstanding excise duty,”
<b>16(4)(dha4)</b>	NA	Where alcohol purchased from a duty-free shop or under excise exemption facilities is sold, distributed, or used for commercial purposes, such alcohol shall be confiscated and a penalty equal to its value or one hundred thousand rupees, whichever is higher, shall be imposed.”
<b>16(4)(na)</b>	“Except in cases specifically mentioned in this Section, any violation of this Act or the rules framed under this Act shall be punishable with a fine of ten thousand rupees for each occurrence.”	The word “rules” shall be replaced by the words “regulations, directives, and standards.”
<b>16(5)</b>	The Excise Officer shall confiscate utensils, articles, and any furnace, machine, equipment, and vehicle used in the production of goods or services that have been used directly or indirectly in relation to an offence under this Act.	At the end, the following provision has been inserted: Provided that where the person committing such offence has used a vehicle for such purpose without the permission of the vehicle owner, the vehicle shall not be confiscated, but the vehicle owner shall be liable to a fine of twenty-five thousand rupees, and the driver shall be liable to a fine up to fifteen thousand rupees or imprisonment up to three months or both, depending on the nature of the offence.
<b>22(Ka)</b>	To be treated as excise duty: Fees, penalties or delay charges (late fees), imposed under this Act shall be regarded as excise duty for the purposes of this Act.	After the words “fees or penalties”, the words “and health risk tax applicable under the Finance Act” have been inserted.
<b>25(Ka)</b>	Power to make directives and standards: Subject to this Act and the rules framed under this Act, the Department may make such directives and standards as may be necessary.	Power to issue directives and standards: Subject to this Act and the rules framed under this Act, the Department may issue necessary directives and may formulate standards for the purpose of regulating and controlling alcoholic beverages, tobacco products, and other excisable goods, relating

		to production, excise quality, and sale and distribution.
--	--	---

*\*Note:\** In various places, the words “tobacco products” shall be replaced by the words “tobacco and nicotine-containing products”, and the words “Taxpayer Service Office” have been removed from various places.

## 7. OTHERS

PARTICULARS	PROVISIONS
<b>Casino Royalty Fees</b>	<p>A person authorized to operate a casino business shall be required to pay the following annual royalty:</p> <ul style="list-style-type: none"> <li>• NPR 55,000,000 per annum for the operation of a casino (previously NPR 50,000,000); and</li> <li>• NPR 30,000,000 (previously NPR 150,00,000).per annum for the operation of games conducted exclusively through modern machines or equipment (Mini Casino) (previously NPR 150,00,000).</li> </ul> <p>A casino or mini casino shall be permitted to operate at <i>only one location under a single licence</i>.</p> <p>The annual royalty payable to the Department of Tourism may be <i>paid in installments</i> as follows:</p> <ul style="list-style-type: none"> <li>• At least 40% of the annual royalty on or before the end of Poush;</li> <li>• At least 70% of the annual royalty on or before the end of Chaitra; and</li> <li>• The remaining balance, so that 100% of the annual royalty is paid, on or before the end of Ashad.</li> </ul> <p>Where a person or institution <i>fails to pay the royalty</i> within the prescribed time, additional fees shall be imposed as follows:</p> <ul style="list-style-type: none"> <li>• <i>An additional fee equal to 15%</i> of the outstanding royalty amount if payment is made within three months after the expiry of the applicable due date; and</li> <li>• An additional fee equal to 30% of the outstanding royalty amount if payment remains unpaid after the expiry of such three-month period.</li> </ul>
<b>Education Equity Fee (शिक्षा समता शुल्क)</b>	<p>As part of the Budget for Fiscal Year 2083/84, the Government of Nepal has introduced an <i>Education Equity Fee</i>. Under the provisions of Schedule 7 of the Finance Bill, 2083, privately operated educational institutions are required to collect an Education Equity Fee at the rate of <i>3% on all fees charged to students</i> and remit the same in accordance with the prescribed procedures. The organization should collect the fees by issuing an invoice.</p> <p>Educational institutions responsible for collecting the <b>Education Equity Fee</b> are required to <i>deposit the amount collected, together with the prescribed statement</i>, to the concerned Inland Revenue Office <i>on a four-monthly basis</i>. Such deposit and submission must be completed <i>within twenty-five days</i> from the end of the relevant four-month period.</p> <p>If the educational institution <i>fails to deposit</i> the Education Equity Fee within the prescribed timeframe, <i>interest at the rate of fifteen percent per annum</i> shall be levied</p>

PARTICULARS	PROVISIONS
	<p>on the outstanding amount. Furthermore, where an <i>institution fails to submit the required statement</i> within the stipulated period, a <i>penalty of NPR 1,000 per statement</i> shall be imposed.</p>
<p><b>Education Service Fee</b></p>	<p>Banks and Financial Institutions (BFIs) are required to collect an <i>Education Service Fee at the rate of 3% of the foreign exchange facilities availed</i> by students traveling abroad for higher education purposes. The amount so collected <i>must be deposited</i> with the Inland Revenue Department (IRD) <i>within twenty-five days</i> from the end of the following month, together with the prescribed details and supporting information.</p> <p>If the <i>BFI fails to deposit the Education Service Fee</i> within the prescribed timeframe, <i>interest at the rate of fifteen percent per annum</i> shall be levied on the outstanding amount until the date of payment.</p> <p>Furthermore, where a <i>student is unable to pursue studies abroad</i> for any reason and the <i>amount paid</i> to the foreign educational institution is <i>subsequently refunded</i>, the Education Service Fee collected on the refunded amount shall also be refunded to the student through the concerned BFI, <i>subject to the applicable procedures and documentation requirements</i>.</p>
<p><b>Health Equity Fees</b> (स्वास्थ्य समता शुल्क)</p>	<p>As part of the Budget for Fiscal Year 2083/84, the Government of Nepal has introduced <i>Health Equity Fee</i>. Under the provisions of Schedule 8 of the Finance Bill, 2083, privately operated healthcare institutions are required to collect an Health Equity Fee at the rate of <i>3% on all service charges collected</i> and remit the same in accordance with the prescribed procedures. The organization should collect the fees by issuing an invoice.</p> <p>Healthcare Institutions responsible for collecting the <b>Health Equity Fee</b> are required to <i>deposit the amount collected, together with the prescribed statement</i>, to the concerned Inland Revenue Office <i>on a four-monthly basis</i>. Such deposit and submission must be completed <i>within twenty-five days</i> from the end of the relevant four-month period.</p> <p>If the healthcare institution <i>fails to deposit</i> the Health Equity Fee within the prescribed timeframe, <i>interest at the rate of fifteen percent per annum</i> shall be levied on the outstanding amount. Furthermore, where an <i>institution fails to submit the required statement</i> within the stipulated period, a <i>penalty of NPR 1,000 per statement</i> shall be imposed.</p>
<p><b>Luxury Tax</b></p>	<p><b>Luxury Tax shall be levied on goods or service consumed within Nepal as follows. The rates and procedure as mentioned in Schedule 5 of the Finance bills 2083.</b></p> <p><b>Hotel and Resort Services:</b> A Luxury Fee at the rate of <i>2% of the service value</i> shall be collected <i>by five-star and above hotels, as well as luxury resorts</i>, at the time the service is provided.</p> <p><b>Imported Liquor:</b> A Luxury Fee at the rate of <i>2% of the import value, including applicable Customs Duty and Excise Duty</i>, shall be collected on imported liquor at the customs point.</p> <p>Entities responsible for collecting the Luxury Fee are required to <i>submit the prescribed return and deposit the collected amount</i> to the concerned tax authority <i>within twenty-five days following the end of each month</i>.</p> <p>Where a person <i>fails to collect the Luxury Tax</i> as required by law, an <i>additional fee equal to twenty-five percent (25%) of the uncollected Luxury Tax</i> shall be imposed.</p>

PARTICULARS	PROVISIONS
	<p>Furthermore, if a person <i>fails to submit the prescribed return</i> within due date, penalty shall be imposed equal to the <i>higher</i> of following;</p> <ul style="list-style-type: none"><li>• 0.05% per day of the Luxury Fee payable, calculated from the due date until the date of submission; or</li><li>• NPR 1,000 per return.</li></ul>
<b>Skills Promotion Fee/Tax</b>	<p>The Finance Bill, 2083 has introduced a Skill Promotion Fee at the <i>rate of 0.5%</i>, as prescribed under Schedule 6 of the Finance Bill, 2083. The fee shall be levied on the sale of gold, silver, and ornaments or other goods made from gold and silver to consumers within Nepal.</p> <p>Entities responsible for collecting the Skills Promotions Fee are required to <i>submit the prescribed return and deposit the collected amount</i> to the concerned tax authority <i>within twenty-five days following the end of each month</i>.</p> <p>Where a person <i>fails to collect the Skills Promotions Fee</i> as required by law, an <i>additional fee equal to twenty-five percent of the uncollected Skills Promotions Fee</i> shall be imposed.</p> <p>Furthermore, if a person <i>fails to submit the prescribed return</i> within due date, penalty shall be imposed equal to the <i>higher</i> of following;</p> <ul style="list-style-type: none"><li>• 0.05% per day of the Skills Promotions Fee payable, calculated from the due date until the date of submission; or</li><li>• NPR 1,000 per return.</li></ul>

