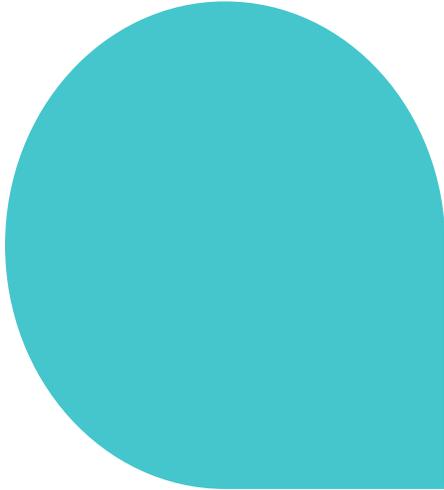




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**TAXATION
AMENDMENTS**

BUDGET 2082/83

HIGHLIGHTS

Insight into major budget highlights and Tax implications.

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Disclaimer

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While this summary seeks to present a clear and concise overview of the budgetary provisions, it is based on the information available at the time of preparation, and is subject to limitations in scope and interpretation. The content has been compiled from publicly available sources, including the budget speech and accompanying documents issued by the Ministry of Finance. It is important to note that these provisions may be further revised, clarified, or amended by the government in the days or weeks following the initial announcement.

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BUDGET SUMMARY

The Government of Nepal presented the budget for the fiscal year 2082/83 (2025/26) on Jestha 15, 2082 (May 29, 2025), outlining a strategic roadmap aimed at fostering inclusive economic growth, enhancing public services, and promoting sustainable development. Below is a comprehensive summary of the budget's key objectives, major highlights, priority areas, resource allocations, and significant policy statements.

OBJECTIVES OF BUDGET

- Achieve high, sustainable, and inclusive economic growth to reduce poverty.
- Promote entrepreneurship and expand public and private investment to create employment.
- Enhance economic efficiency and growth through the use of modern technology.
- Establish social justice through social protection and development.
- Improve quality public services and promote good governance.

AREAS OF PRIORITIES

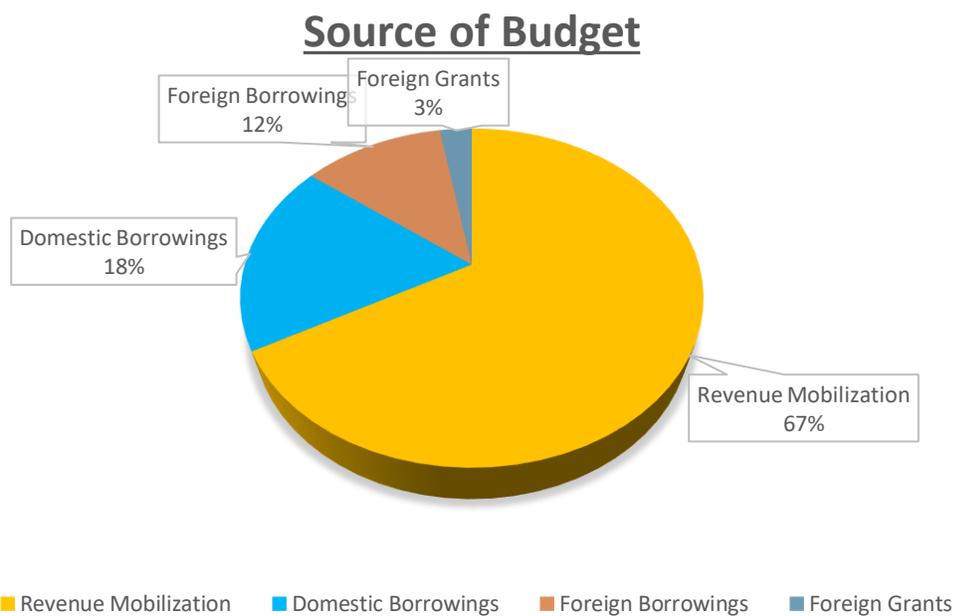
- Promote entrepreneurship, employment, production, and productivity-driven growth.
- Increase investment in productive and high-impact physical infrastructure.
- Improve the quality of services in the social sector.
- Ensure balanced development and strengthen social security.
- Enhance citizen-centric services, control corruption, and improve governance.

MAJOR HIGHLIGHTS

- The government has allocated a budget of 19 kharba 64 Arab 11 crore rupees.
- The government has canceled the value added tax (VAT) levied on digital payments.
- Incubation centers will be operated in collaboration with the government, universities and the private sector to make the Gen-Z generation entrepreneurial and professional.
- Arrangements will be made to treat burns in one government hospital in each province and Bir Hospital in Kathmandu.
- Taxes and duties on import of electric vehicles remain unchanged.
- The government has set a target of 6 percent economic growth in the next financial year.
- Robotic technology and artificial intelligence (AI) will be used in Nepal to provide state-of-the-art healthcare services.
- 'Bunker to Barracks' program has been continued to organize the physical structure of the Nepali Army. This program, which started a decade and a half ago, has been continued by the government in 2082/83.
- 1200 megawatt Budhigandaki hydropower project will be built on a public-private-partnership (PPP) model.
- The total connected power capacity will be increased to 4,800 megawatt.
- Free visa will be provided to foreign students for the duration of the academic calendar.
- The government is going to formulate a legal system for the regulation of over the top (OTT) service.

- Jestha 21 has been declared as the National Day for Abolition of Caste Discrimination and Untouchability
- Subsidized loans at three percent interest rate to be provided to educated youth to make them enterprising and self-employed.
- 'Fruit Forest' program to be conducted in collaboration with the community.
- Chaite paddy will be promoted in 22 districts of inner Madhesh and Madhesh to become self-sufficient in rice within 2 years.
- 'Made in Nepal' and 'Make in Nepal' campaign will be conducted in collaboration with the private sector to brand the goods produced in Nepal.
- Arrangements will be made to allow Nepalis to invest abroad. Through next year's budget, businessmen/investors will be allowed to invest up to 25 percent of total exports abroad. The permission to invest abroad will be given by the Nepal Investment Board.
- Income tax exemption for 5 years to green hydrogen producers from the next financial year.
- Information-based industries and hotels/resorts will be given the same tax and electricity tariff exemptions as special industries.
- A 75% income tax exemption will be provided on earnings generated from the export of information technology (IT) services. Additionally, individuals residing in Nepal who offer IT services to clients abroad will be subject to a concessional final income tax rate of 5% on such foreign income.
- Start-up businesses with an annual turnover of up to Rs. 10 crores will be granted a five-year income tax exemption.

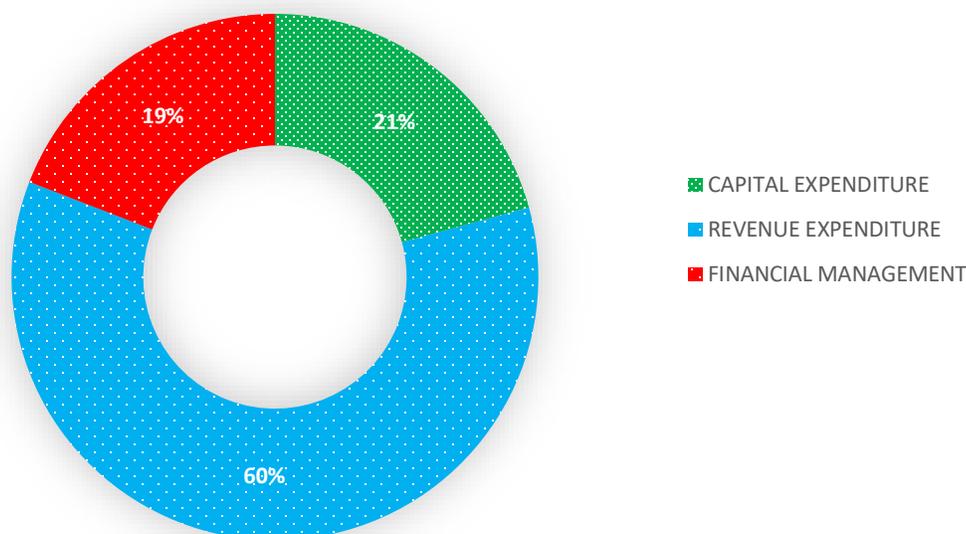
SOURCE OF BUDGET



	REVENUE MOBILIZATION	DOMESTIC BORROWING	FOREIGN BORROWING	FOREIGN GRANTS
WEIGHT	67%	18%	12%	3%
AMOUNT (In Kharba)	13.15	3.62	2.33	0.53

ALLOCATION OF BUDGET

ALLOCATION OF BUDGET



	REVENUE EXPENDITURE	CAPITAL EXPENDITURE	FINANCIAL MANAGEMENT
WEIGHT	60%	21%	19%
AMOUNT (In Kharba)	11.8	4.07	3.75

BUDGET DEFICIT

The budget for fiscal year 2082/83 reflects a **budget deficit**, a situation where the government's total planned **expenditures exceed its expected revenues**, including tax income and external grants. For this year, total expenditure is projected at **NPR 1.96 trillion**, while total revenue is expected to be **NPR 1.36 trillion**, leading to a **deficit of NPR 0.595 trillion**. This shortfall will be financed through a mix of **domestic borrowing (0.362 trillion)** and **foreign loans(0.233 trillion)**. The presence of a deficit is not new; it follows a similar pattern observed in previous fiscal years, indicating continued reliance on borrowing to support development spending. While such a fiscal stance can drive infrastructure growth and social investment, it also emphasizes the ongoing need for enhanced revenue generation and prudent fiscal management.



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INCOME TAX

- **MAJOR AMENDMENTS IN INCOME TAX ACT 2082/83**



INCOME TAX

Section	Amended Provision	Existing Provision
2(Bha)(2)	The words " <i>Rural Municipality, Municipality or</i> " have been omitted.	"Entity" shall mean the following institutions or structures: (2) Rural municipality, municipality, or district coordination committee
2(Tra1)	"Contribution Based Retirement Payment" shall mean the payment comprising the amount included in the natural person's income, and from such income, deposited into an approved retirement fund, along with any increment accrued on that amount.	"Contribution Based Retirement Payment" means the payments of the amount deposited in approved retirement fund derived from the monthly deduction from remuneration of the employee or workers along with the addition by the employer as retirement contribution and the increment in such amount.
4(4 kha)	Notwithstanding anything mentioned in sub-section (4) and (4ka), the person must have opted for this provision to be applicable in the concerned income year.	No provision.
10(Nga)	Exempted amounts: The following amounts shall be tax-exempt: (Nga)All types of allowances provided by the Government of Nepal, <i>provincial government</i> or local level as a form of social security,	Exempted amounts: The following amounts shall be tax-exempt: (Nga)All types of allowances provided by the Government of Nepal, <i>provincial</i> or local level as a form of social security,
11(2 Kha)	In any income year, income earned from a special industry, <i>Hotel, resort, and information technology industry</i> that has been in full operation throughout the year shall be granted tax exemption as per the following.	In any income year, income earned from a special industry that has been in full operation throughout the year shall be granted tax exemption as per the following.
11(3)	A person shall be taxed on the income earned from a special industry, <i>Hotel, resort</i> and information technology industry in any income year as per the following.	A person shall be taxed on the income earned from a special industry, and information technology industry in any income year as per the following.

11(3 Ga)	The industry related to software development, data processing, cyber cafe, digital mapping established in the zoological, geological, biotech park operation and technology park specified by the Government of Nepal by a notification in the Nepal Gazette shall have seventy five percent exemption from income tax.	The industry related to software development, data processing, cyber cafe, digital mapping established in the zoological, geological, biotech park operation and technology park ⁶³ specified by the Government of Nepal by a notification in the Nepal Gazette shall have fifty percent exemption from income tax.
11(3 Tha)	Provision Withdrawn.	If a special industry or an industry related to the tourism sector capitalizes its retained earnings into shares for the purpose of capacity expansion of the same industry, one hundred percent exemption shall be provided on the dividend tax applicable on such capitalization as dividend distribution.
11(3 Na)	A startup business, as designated by the department, that conducts annual transactions of up to 10 crore rupees by utilizing innovative knowledge, ideas, skills, technology, practices, and methods, shall be granted one hundred percent tax exemption for five years from the date of commencement of business.	A startup business, as designated by the department, that conducts annual transactions of up to 1 crore rupees by utilizing innovative knowledge, ideas, skills, technology, practices, and methods, shall be granted one hundred percent tax exemption for five years from the date of commencement of business.
11(3 Ya)	An industry engaged in the production of green hydrogen shall be granted full income tax exemption for the first five years from the date of commencement of business.	No provision.
11(3 Ra)	An industry engaged in the production, manufacturing, and assembling of electric vehicles, operated with electric power, shall be granted full income tax exemption for the first five years from the date of commencement of business.	No provision.
11(3 La)	A person who develops and operates an industrial zone or industrial village by constructing the necessary infrastructure shall be granted full income tax exemption for the first ten years from the date of commencement of business, and fifty percent exemption for the subsequent five years.	No provision.

6(Nga)	Information technology industry" means industries related to technology parks, information technology parks, biotechnology parks, software development, data processing, satellite mapping, business process outsourcing, data migration, and cloud computing.	No provision.
21(1)(kha)	Tax payable under this Act and a fine or similar other fee paid to the government of any country or any local body thereof for a violation of any law or regulation, byelaw framed thereunder, Provided that tax collected, tax paid to the provincial government and local level is allowed for deduction as expenses.	Tax payable under this Act and a fine or similar other fee paid to the government of any country or any local body thereof for a violation of any law or regulation, byelaw framed thereunder, Provided that tax collected <i>under section 95Ka(7) and not settled within the related income year</i> , tax paid to the provincial government and local level is allowed for deduction as expenses.
21(Cha)	Except for those amounts granted under this clause or clauses 6, 7, 10, 11, 12, or 13, expenses incurred under sub-clauses <i>(ka), (kha), (ga), (gha), (gha 1), (gha 2), (na), (na1)</i> shall not be deductible; otherwise, any other amounts.	Except for those amounts granted under this clause or clauses 6, 7, 10, 11, 12, or 13, expenses incurred under sub-clauses <i>(ka), (kha), (ga), (gha), and (na)</i> shall not be deductible; otherwise, any other amounts.
33	सम्बद्ध व्यक्ति हरु बीच <i>हस्तान्तरण मूल्य</i>	सम्बद्ध व्यक्ति हरु बीच <i>मूल्य हस्तान्तरण</i>
63(1)	Provision withdrawn.	A resident individual who wishes to maintain a retirement fund may apply to the Department for approval to maintain such a fund. The Department shall grant approval as prescribed. However, if the Citizen Investment Trust established under the Citizen Investment Trust Act, 2047; the Social Security Fund established under the Contribution-based Social Security Act, 2074; the Employees Provident Fund established under the Employees Provident Fund Act, 2019; or the Retirement Fund established under the Retirement Fund Act, 2075 wish to maintain a retirement fund, such funds shall not require approval.
63(2)	Explanation: For the purpose of this section, "approved	No Provision.

	retirement fund” means the Employees Provident Fund established under the Employees Provident Fund Act, 2019; the Citizen Investment Trust established under the Citizen Investment Trust Act, 2047; the retirement fund operated by the Social Security Fund established under the Contribution-based Social Security Fund Act, 2074; and the retirement fund operated by the Retirement Fund established under the Retirement Fund Act, 2075.	
67Clarification(Kha)	Obligation to be borne in Nepal” means the obligation created for a resident individual from activities conducted within Nepal.	Obligation to be borne in Nepal” means the obligation of a resident individual.
92(1)(Ta)	Payment for vehicle or freight service provided by a natural person liable to pay as per sub-clause (13) of clause 1 of Schedule-1.	Payment for vehicle or freight service provided by a natural person other than a sole proprietorship.
95ka(7)	Provision Withdrawn.	Advance tax shall be collected as below at custom point on goods imported, as per the prevailing laws on custom duty, for business purpose: Ka) 10% on the value determined for custom purpose on import of living animals under Chapter 1, meat, and edible offal under Chapter 2, live, fresh, and all types of fish products under Chapter 3, fresh flowers and other products under Chapter 6, edible plants, roots, and stems under Chapter 7, edible fruits, wood fruits and other products under Chapter 8. Kha) 2.5 % percentage on the value determined for custom purpose on import of dairy products, eggs, honey and other products under Chapter 4, food products other than for seed purpose under Chapter 10, falling in Chapter 4, flour, wheat flour and other product under Chapter 11, herbs and sugarcane under Chapter 12 and plant-based products under Chapter 14. However, advance tax at the rate of 1.5% shall be collected on import of goods on which Value Added Tax (VAT) is applicable

95 ka(8)	If a person or entity required to collect advance tax under sub-clauses (1), (2), (5), (6), (6ka), (6kha), (6ga), (6gha), and (6nga) fails to do so, it shall be deemed that the tax has been collected at the time it was supposed to be collected	If a person or entity required to collect advance tax under sub-clauses (1), (2), (5), and (6) fails to do so, it shall be deemed that the tax has been collected at the time it was supposed to be collected
96(2)(ga)(3)(3ka)	If selected pursuant to sub-clause (4kha) of clause 4, the related information.	No provision.
97(3)	However, inclusion of <i>Retirement Payment ,meeting allowances and interest income</i> shall not be mandatory.	However, <i>inclusion of meeting allowances and interest income</i> shall not be mandatory.
113(8)	Provision Withdrawn.	If the amount collected under section 95Ka(7) in an income year is in excess after deduction of tax liability for that income year, the excess amount shall not be allowed to carry forward for upcoming income years or refunded.
117(1)(gha)	As per sub-section (2) of Section 97, if the income return for any income year is not submitted, an amount equal to the higher of the following shall apply: (a) 0.1% per annum of the final amount derived by deducting the Final withholding income from the assessable income, and (b) NPR 1,200 per year, or in case of less than one year, NPR 100 per month.	No Provision.



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Vat

VALUE ADDED TAX

➤ MAJOR AMENDMENTS IN VAT ACT
2082/83

VALUE ADDED TAX

Section	Amended Provision(82-83)	Existing Provision (81-82)
<p>2(TA 2)</p>	<p>Electronic Service" refers to the following types of intellectual services that are provided through the internet in an automated manner with minimal human intervention, where information technology is essential to deliver the service to the user:</p> <p>(a)Paid personal consultation services, (b) Targeted online advertisement services,</p> <p>Explanation: For the purpose of this clause, "targeted online advertisement" means any form of commercial digital communication made through a digital interface (such as electronic platforms, websites, applications, or similar mediums) that promotes any product, service, or brand. Such targeting is based on user interaction (direct or indirect) and the collection or generation of information or analytical data in any form, including non-personally identifiable data.</p> <p>(c) Movies, television, music, over-the-top (OTT) and other similar subscription-based services, (d) Data storage-related services, (e) Cloud services, (f) Gaming services, (g) Services related to mobile applications, (h) Internet marketplace (online marketplace)</p>	<p>Electronic Service" refers to the following services that are provided to users via the internet in an automated manner with minimal human intervention, where the use of information technology is essential:</p> <p>(a) Advertisement services, (b) Movies, television, music, over-the-top (OTT) services, and other similar subscription-based services, (c) Data storage-related services, (d) Cloud services, (e) Gaming services, (f) Services related to mobile applications, (g) Internet marketplace (online marketplace) services and services provided through them, (h) Supply and updates (upgrades) of software, (i) Download services including data, images, etc., (j) Consultation, skill development, and training services, (k) Other similar services of the same nature not specifically mentioned in clauses (a) to (j).</p>

	<p>services and services provided through them, (i) Supply and updates (upgrades) of software, (j) Download services such as data, images, etc., (k) Consultation, skill development, and training services, (l) Other similar services of the same nature not listed in clauses (a) to (j).</p>	
17(8)	Removed.	Notwithstanding anything written in this section, if a taxpayer fails to submit tax details continuously for six months, their name shall be made public, and if any tax amount is due for tax reductions by such a tax payer, such amount may be suspended and his /her registration may also be suspended.
25(1 Ga)	As per Sub-section (6) of Section 31Ka, if the amount deposited results in a court decision and, during the implementation of that decision, a revised tax assessment is made, any excess amount shall be refunded to the taxpayer upon request.	No provision.
29(YAN 1)	If any transaction is conducted without registering the branch or warehouse, a fine of ten thousand rupees shall be imposed for each instance.	No provision.
30	<p>1) If a registered person commits any offense under Section 29, two or more times, the Director General may, for each instance, direct the tax officer to suspend the registration of such person for up to seven days, prohibiting business operations at the place of business.</p> <p>(2) Notwithstanding anything written elsewhere in this section, if a taxpayer fails to submit tax returns continuously for six months, their name shall be made public, and if any tax amount is due, such amount may be frozen, and the taxpayer's registration may also be suspended</p>	If a registered person commits any offense mentioned in Section 29 two or more times, the Director General may, for each instance, direct the tax officer to suspend business operations at such person's place of business for up to seven days.

33(2)	While calculating the amount of the deposit or bank guarantee under sub-section (1), the <i>one-fourth</i> tax amount submitted for administrative review to the department shall also be included in the calculation.	While calculating the amount of the deposit or bank guarantee under sub-section (1), the <i>twenty-five percent</i> tax amount submitted for administrative review to the department shall also be included in the calculation.
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ANNEXURE 1: CHANGES IN SCHEDULE 1 OF VAT ACT FOR FY 2082/83

Group	Heading	Heading/Sub-Heading	Amended Provision(82-83)	Remarks
Group 3	02.07	0207.12.00	Not cut in pieces, frozen	Added
		0207.14.00	Cuts and offal, frozen	
		0207.25.00	Not cut in pieces, frozen	
		0207.27.00	Cuts and offal, frozen	
		0207.42.00	Not cut in pieces, frozen	
		0207.45.00	Others, frozen	
		0207.52.00	Not cut in pieces, frozen	
		0207.55.00	Others, frozen	
Group 3	04.03	0403.90.00	Yogurt, butter milk, curdled milk and cream, fermented or acidified milk and cream, frozen or not frozen, with or without sugar or other sweeteners, flavored or unflavored, with or without fruits, dried fruits, or cocoa. Others	Added
	04.06	0406.90.10	<i>Chhurpi (छुरपी)</i>	Added
Group 4	31.02	3102.10.10	Diesel exhaust fluid	Removed
Group 5	30.04	3004.50.00	Containing other vitamins or other products classified under heading 29.36.	Added
		3004.90.41	Battisa, Drakshasab, Trifala, Kabjahaar and Kesari Jeevan.	Removed
	90.21	9021.40.00	Hearing aids, excluding parts and ancillary accessories.	Added
	Note	(5)	Lids of base metal falling under subheading 8309.90.00	Added
Group 11	(अ) 14.04	1404.90.50	Rudraksha beads	Added
	(अ) 71.02		Diamonds, whether or not worked, but not mounted or set	Removed
		7102.10.00	-Unsorted	
			-Industrial:	
	7102.21.00	--Unworked or simply sawn, cleaved or bruted		

		7102.29.00	Other	
			-Non-industrial:	
		7102.31.00	--Unworked or simply sawn, cleaved or bruted	
		7102.39.00	--Other	
	(अ) 71.03		Precious stones (other than diamonds) and semi-precious stones, whether or not worked or graded but not strung, mounted or set; ungraded precious stones (other than diamonds) and semi-precious stones, temporarily strung for convenience of transport.	Removed
		7103.10.00	Unworked or simply sawn or roughly shaped	
			Otherwise worked:	
		7103.91.00	Rubies, sapphires and emeralds	
		7103.99.00	Other	
	(अ) 71.05		Dust and powder of natural or synthetic precious or semi-precious stones.	Removed
		7105.10.00	Of diamonds	
		7105.90.00	Other	
	(अ) 84.79	8479.89.92	Machines for the production of natural and organic fertilizers	Added
	(आ) 20		Value Added Tax (VAT) shall be exempted on the import of equipment, machinery, tools, parts, and construction materials required for the construction or establishment of an industrial zone or industrial village, when such import is carried out by the entity undertaking the construction or establishment, or its contractor, upon the recommendation of the Investment Board. However, the recommendation under this clause must be made based on the quantities specified in the detailed engineering design report of the industrial zone or industrial village to be constructed or established.	Added
	(आ) 21		Industries engaged in the production or assembly of electric vehicle charging machines shall be granted an exemption from Value Added Tax (VAT) on imports,	Added

			upon the recommendation of the Department of Industry."	
	(आ) 22		VAT exemption shall be granted on the import of mills and machinery required by wood and wood-based seasoning industries, upon the recommendation of the Department of Industry.	Added
	(आ) 23		VAT exemption shall be granted on the import of machinery, instruments, and equipment required for the infrastructure development of football, cricket, and multi-purpose stadiums, upon the recommendation of the Ministry of Youth and Sports	Added
	(आ) 24		VAT exemption shall be granted on the import of machinery, instruments, and equipment required for green hydrogen production, upon the recommendation of the Ministry of Energy and Water Resources.	Added



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CUSTOM DUTY



➤ **MAJOR AMENDMENTS IN
CUSTOM ACT 2082/83**

CUSTOM ACT

Section	Amended Provision(82-83)	Existing Provision (81-82)
2(dha)	"Duty" shall mean all types of taxes, charges, or fees levied on goods being exported or imported in accordance with the prevailing law, and the term shall also include customs duty.	"Duty" shall mean the customs duty levied on goods being exported or imported under this Act, and the term shall also include any tax, charge, or service fee collected under this Act.
4(5)	The Government of Nepal may, as necessary and based on the Harmonized System, publish notifications in the Nepal Gazette to make changes <i>the classification of goods, including the main or subordinate headings, the first or subsequent digits</i> , or the descriptions of the goods.	The Government of Nepal may, as necessary and based on the Harmonized System, publish notifications in the Nepal Gazette to make changes to <i>the classification or subclassification numbers</i> or to the descriptions of goods.
10(2)(gha)	Customs duty shall be applicable upon re-importation of previously exported goods. Notwithstanding anything contained in sub-clause (1), in the case of re-importation of any specifically indicated goods after export, the customs duty levied on such goods shall be exempted, and the customs duty paid accordingly shall be refunded : <i>The goods are either defective or do not conform to the specifications mentioned in the agreement between the exporter and the importer.</i>	No provision.
10(3)(2)(ka)(kha)(Ga)	Notwithstanding anything contained in Subsection (2), in the following cases, such goods shall neither be exempt from customs duty nor shall any customs duty paid at the time of export be refunded: (a) Except for necessary actions, no other type of repair or use shall be carried out without first determining whether the goods are damaged or	No provision.

	conform to the specifications mentioned in the agreement, (b)It is not confirmed whether the goods have indeed been re-imported after export& (c)The goods have not been re-imported within one hundred and eighty days after export.	
10(4)	According to sub-clause (3), clause (g), if re-importation cannot be made within the prescribed period, and the importer submits a written request stating the reasons for an extension, the customs officer may grant an extension of up to ninety days .	No provision.
10(5)	According to Subsection (1), the importer may submit an application to leave the re-imported goods at the office. If the goods left in this manner cannot be sold by auction, the customs officer may, at the importer's expense and in the presence of customs staff, authorize the commercial devaluation or destruction of the goods.	No provision.
12(Ga)	Except for Value Added Tax and duties under clauses (a) and (b), other customs duties, taxes, fees, or charges calculated based on the amount resulting from the total sum of all amounts levied under clauses (ka) and (kha) of the goods shall include the applicable customs duties, taxes, fees, or charges.	Except for Value Added Tax and duties under clauses (a) and (b), other customs duties, taxes, fees, or charges calculated based on the customs value of the goods shall include the applicable customs duties, taxes, fees, or charges.
14(3)	If the goods produced from raw materials imported under a bank guarantee pursuant to sub-clause (2) are not exported under the prescribed conditions or not sold domestically in convertible foreign currency, the duty, customs duty, or agricultural reform fee applicable on such raw materials at the time of import shall be recovered with an additional fifteen percent.	If the goods produced from raw materials imported under a bank guarantee pursuant to sub-clause (2) are not exported under the prescribed conditions or not sold domestically in convertible foreign currency, the customs duty applicable on such raw materials at the time of import shall be recovered with an additional fifteen percent.
14(6)	If the goods imported under a bank guarantee pursuant to Sub-clause (5) are not sold domestically in convertible foreign currency as per the prescribed	If the goods imported under a bank guarantee pursuant to Sub-clause (5) are not sold domestically in convertible foreign currency as per the prescribed

	conditions, the duty, customs duty, or agricultural reform fee applicable on such goods at the time of import shall be recovered with an additional fifteen percent.	conditions, the customs duty applicable on such goods at the time of import shall be recovered with an additional fifteen percent.
14(7)	While granting the facility to import under this section, the customs officer shall also require a bank guarantee not only for the duty applicable on such import but also for any additional duty that may be applicable under Sub-clause (3) or (6).	While granting the facility to import under this section, the customs officer shall also require a bank guarantee not only for the customs duty applicable on such import but also for any additional duty that may be applicable under Sub-clause (3) or (6).
15(1)	If an industry exports its products with payment to be received through the banking system, or sells them domestically in convertible foreign currency, the raw materials required for producing such goods may be imported by depositing a cash security equivalent to the prescribed customs duty, or agricultural reform fee amount.	If an industry exports its products with payment to be received through the banking system, or sells them domestically in convertible foreign currency, the raw materials required for producing such goods may be imported by depositing a cash security equivalent to the prescribed duty amount.
19(2)	According to Sub-clause (1), the goods left behind may be used by the Government of Nepal or auctioned in accordance with the prevailing customs laws. If such use or auction is not possible, the customs officer may either order the concerned importer to take back the goods or have them destroyed at the importer's expense.	According to Sub-clause (1), the goods left behind may be used by the Government of Nepal or auctioned in accordance with the prevailing customs laws.
20(2)	The amount of duty determined under this Act must be paid by the declarant within seven days from the date of such determination. If the duty is not paid within this period, interest shall be calculated at the rate of 0.042% per day from the date of determination, and the total amount including such interest shall be recovered.	The amount of duty determined under this Act must be paid by the declarant within seven days from the date of such determination. If the duty is not paid within this period, interest shall be calculated at the rate of 0.042% per day from the date of determination, and the total amount including such interest shall be recovered and the period for which such interest must be paid shall not exceed thirty days from the date the duty was determined.
24(2)	Notwithstanding anything contained in sub-clause (1), in the following circumstances, such duty shall not be refunded;	Notwithstanding anything contained in sub-clause (1), in the following circumstances, such duty shall not be refunded:

	<p>(a) If an application is not submitted to the concerned customs office within sixty days of the release of the goods to claim such duty refund, (b) If the amount claimed for refund is less than five hundred rupees, or (c) If a duty exemption that was not claimed at the time of goods declaration is claimed later</p>	<p>(a) If an application is not submitted to the concerned customs office within sixty days of the release of the goods to claim such duty refund, (b) If the amount claimed for refund is less than five hundred rupees.</p>
<p>Schedule 1(6)</p>	<p>For the purpose of classification of goods under any heading's subheadings, only subheadings at the same level shall be considered comparable, based on the principle that such subheadings are comparable. The terminology and rules mentioned under subheadings shall be interpreted with necessary adjustments, in accordance with the relevant notes of those subheadings. Unless the subject or context indicates otherwise, for the purposes of these rules, the relevant section and chapter notes shall apply.</p>	<p>For the purpose of classification of goods under any heading's subheadings, only subheadings at the same level shall be considered comparable, based on the principle that such subheadings are comparable. The terminology and rules mentioned under subheadings shall be interpreted with necessary adjustments, in accordance with the relevant notes of those subheadings. Unless the subject or context indicates otherwise, for the purposes of these rules, the relevant section and chapter notes shall apply. Except where the context expressly provides otherwise, the relevant section and chapter notes shall also apply for the purpose of these rules.</p>

ANNEXURE 2 : CHANGES IN CUSTOM DUTY RATES FOR FY 2082/83

Changes in Alcohol, Beverages, Liquor		
Description	Existing Rate	Revised Rate
Malt-based beverages up to 5% alcohol and above 5% alcohol	200	Higher of Rs 200/Ltr or 80% of value
Sparkling wine, other wines bottled ≤ 2 liters , Other wines bottled > 2 liters but ≤ 10 liters, other wines: up to 12% alcohol	300	Higher of Rs 300/Ltr or 80% of value
Sparkling wine, other wines bottled ≤ 2 liters , Other wines bottled > 2 liters but ≤ 10 liters, other wines: above 12% up to 17% alcohol		
Sparkling wine, other wines bottled ≤ 2 liters , Other wines bottled > 2 liters but ≤ 10 liters, other wines: above 17% alcohol		
From a volume perspective, 80 percent consists of denatured (undrinkable) high-purity alcohol; denatured (spoiled) alcohol of any kind and other spirits		
	60	Higher of Rs 60/Ltr or 30% of value

Changes in Cigarettes and tobacco containing goods		
Description	Existing Rate (per 1000 sticks)	Revised Rate (per 1000 sticks)
Cigarettes with tobacco (including cigarillo)	9,000	sss11,000
Filter less cigarette	4,500	5,500
With filter: ≤ 70 mm length	4,500	5,500
Length > 70 mm and ≤ 75 mm		
Length > 75 mm ≤85 mm		
Length > 85 mm		
Prepared bidi	4,500	5,500
All types of cigars	9,000	11,000
Others		



P.D.S. & ASSOCIATES
Chartered Accountants

EXCISE DUTY

- **MAJOR AMENDMENTS IN
EXCISE DUTY 2082/83**



EXCISE ACT

Section	Amended Provision(82-83)	Existing Provision (81-82)
10(na1)	"Liquor" means a substance that contains more than 0.5% alcohol, which is prepared by fermenting grains, fruits, or any other fermentable material through biochemical processes or by any other method. The term also includes alcoholic beverages such as raksi, jaand, chhyang, whisky, rum, gin, brandy, vodka, beer, wine, sherry, champagne, cider, perry, mead, malt, sake, soju, vermouth , and other similarly prepared drinks. Furthermore, it includes industrial alcohol, rectified spirit, malt spirit, silent spirit, denatured spirit, extra neutral alcohol (ENA), and heads spirit.	"Liquor" refers to any substance containing more than 0.5% alcohol that is prepared by fermenting grains, fruits, or any other materials through biochemical processes or by any other means. This term includes various alcoholic beverages such as raksi, jaand, chhyang, whisky, rum, gin, brandy, vodka, beer, wine, sherry, champagne, cider, perry, mid, malt, industrial alcohol, rectified spirit, malt spirit, silent spirit, denatured spirit, extra neutral alcohol (ENA), and head spirit.
9(5)	A license holder to renew the license must submit the prescribed fees as specified after the expiry of the period pursuant to sub-clause (4), and must apply for renewal within the month of Shrawan	A license holder who wishes to renew the license must submit the prescribed fees as specified after the expiry of the period pursuant to sub-clause (4), and must apply for renewal within the month of Shrawan
9(6)	Except for license holders engaged in production and import, those who fail to renew their license within the period specified in sub-clause (5) must pay a penalty in addition to the renewal fee. If the renewal is completed within the first three months after the expiry, a 25% penalty is applicable. If renewed in the following three months, the penalty increases to 50%, and for the next three months, it becomes 75%. After that, for the remaining period of the fiscal year and for each renewal period thereafter , a penalty of 100% of the renewal fee must be paid.	Except for license holders involved in production and import, those who fail to renew their license within the period specified in sub-clause (5) must pay a penalty in addition to the renewal fee. If the renewal is done within the first three months after the expiry, a penalty of 25% of the renewal fee must be paid. If renewed in the next three months, the penalty increases to 50%, and if renewed in the following three months, the penalty becomes 75%. If the license is renewed after that, but before the end of Ashad , a penalty of 100% of the renewal fee is applicable.

9(6ka)	License holders involved in production and import who fail to renew their license within the period prescribed under sub-clause (5) must pay a penalty along with the renewal fee. If the license is renewed within the first three months after the expiry, a penalty of 50% of the renewal fee must be paid. If renewed within the following three months, the penalty increases to 100% . After that, for the remaining period of the fiscal year and for each additional renewal period, a penalty at the rate of 200% of the renewal fee must be paid.	License holders engaged in production and import who fail to renew their license within the period specified in sub-clause (5) must pay a penalty in addition to the renewal fee. If the license is renewed within the first three months after the expiry, a penalty of 50% of the renewal fee must be paid. If the renewal is done in the following three months, a penalty of 100% of the renewal fee is applicable.
9(6kha)	Provision Withdrawn.	If a license holder fails to renew their license within the period prescribed under sub-clause (5) or (6), their license shall be automatically canceled.
16(2)(ga2)	If alcohol and tobacco related products are produced, bottled, sealed, packaged, or distributed in violation of the conditions prescribed by this Act and the rules and regulations made under it, then	No Provision.
16(5)	Any utensils, goods, or equipment that have been used directly or indirectly in connection with an offense under this Act — including fuel, machinery, tools, and vehicles used for the production of goods or services — shall also be confiscated by the excise officer .	Utensils (vessels), materials, or any items that have been used directly or indirectly in connection with the offense , including fuel (Jyawal), machinery, equipment, and vehicles used for the production of goods or services, shall also be confiscated.
19(1)	Provided that, in the case of offenses under sub-sections (1), (2), and (5) of Section 16, an appeal against the imprisonment decision made by the excise officer may be filed with the Revenue Tribunal within thirty-five (35) days.	Provided that, in the case of offenses under sub-sections (1), (2), (3), and (4) of Section 16, an appeal against the imprisonment decision made by the excise officer may be filed with the Revenue Tribunal within thirty-five (35) days.

ANNEXURE 3 : CHANGES IN EXCISE DUTY RATES FOR FY 2082/83

Changes in Alcohol			
Description	Existing	Revised	
	Rs./Ltr	Rs./Ltr	Rs./LP Ltr
Alcohol quantity up to 15 U.P.	1,860	1,860	2,188
Up to 25 UP	1,390	1,390	1,853
Up to 30 UP	1,290	1,290	1,843
Others	1,860	1,860	2,188

Changes in Cigarette		
Description	Existing Rate	Revised Rate
Without filter	755/m	778/m
With filter: ≤ 70 mm length	1,740/m	1,792/m
Length > 70 mm and ≤ 75 mm	2,370/m	2,441/m
Length > 75 mm ≤85 mm	3,060/m	3,213/m
Length > 85 mm	4,200/m	4,410/m

Miscellaneous		
Description	Existing Rate	Revised Rate
Lead Acid	10%	15%
Power Bank	10%	15%
Brake lining and Clutch Pads	5%	10%
Asbestos-cement	5%	10%
Bricks and Block	5%	10%
Boards made by mixing wood dust, cement, and various binding chemicals.	5%	10%

APPLICABLE TAX RATES FOR FY 2082/83

For Resident Person			
Assessed as Individual			
Income level(NPR)	Tax Rate FY 2082/83	Income level(NPR)	Tax Rate FY 2081/82
Up to 5,00,000	1%*	Up to 5,00,000	1%*
Next 2,00,000	10%	Next 2,00,000	10%
Next 3,00,000	20%	Next 3,00,000	20%
Next 10,00,000	30%	Next 10,00,000	30%
Next 30,00,000	36%	Next 30,00,000	36%
Above 50,00,000	39%	Above 50,00,000	39%

Assessed as Couple			
Income level(NPR)	Tax Rate FY 2082/83	Income level(NPR)	Tax Rate FY 2081/82
Up to 6,00,000	1%*	Up to 6,00,000	1%*
Next 2,00,000	10%	Next 2,00,000	10%
Next 3,00,000	20%	Next 3,00,000	20%
Next 9,00,000	30%	Next 9,00,000	30%
Next 30,00,000	36%	Next 30,00,000	36%
Above 50,00,000	39%	Above 50,00,000	39%

*Does not apply to Proprietorship Income, Pension Income, Income from Contribution based Pension Fund, and the employment income of the person depositing the amount in Social Security Fund (SSF).

Other Amendments are highlighted in <i>Gold</i>			
Schedule 1	Particulars	Tax Rates/Amount FY 82-83	Tax Rates/Amount FY 81-82
(1)(3)	Applicability of Section 1(4) of Schedule		
	a) Having taxable income of more than 5,00,000 in case of Resident Natural Person and more than Rs. 600000 in case of Resident Couple (opted u/s 50)		
	b) Net gains made through the disposal of NBCA are included in the calculation of the income and taxable income of the Natural Person or Couple.		
	Gain on disposal of NBCA		

(1)(4)	Step 1: slab rate on higher of (taxable income - gain on NBCA) or (500,000 or 600,000)		
	Step 2: flat rate on (Taxable income - Higher of step 1)		
	Flat rates		
	Land and building owned less than 5 yrs.	7.50%	7.50%
	Land and building owned more than or equal to 5 yrs.	5%	5%
	Gain on disposal of listed shares holding less than or equal to 365 days	7.50%	7.50%
	Gain on disposal of listed shares holding more than 365 days	5%	5%
	Others	10%	10%
(1)(4ka)	Notwithstanding anything mentioned in this provision, for a resident natural person who is not involved in business, tax shall be charged on the income as per section 95ka sub-section (6kha), (6ga),(6gha) at the rate of 1%.	5%	5%
(1)(5)	Remote Allowance	Maximum deduction of Rs 50,000 as per grade A, B, C, D and E	Maximum deduction of Rs 50,000 as per grade A, B, C, D and E
(1)(6)	Foreign Diplomatic Allowance	75% of foreign allowance received can be deducted from Taxable Income	75% of foreign allowance received can be deducted from Taxable Income
	<u>Tax for businesses u/s 4(4)</u>		
(1)(7)	Metropolitan and Sub-Metropolitan City	Rs 7,500	Rs 7,500
	Municipality area	Rs 4,000	Rs 4,000
	Others	Rs 2,500	Rs 2,500
	<u>Provision of Section 4(4)</u>		
	Resident Natural person who has met all the following conditions shall pay tax as per Schedule 1(1)(7):		
	a) Income from business only having source in Nepal		
	b) Not claimed medical tax credit u/s 51 and adjustment of withholding tax u/s 93		
	c) Income from business does not exceed Rs 3 lakhs		

	d) Turnover from business does not exceed Rs 30 lakhs		
	Nonresident natural person		
(1)(8)	(If withholding tax u/s 88, 88Ka, 89 are not applicable)	25%	25%
(1)(9A)	Pension Income		
	For calculating Tax Liability of a person having pension income, he/she can deduct up to 25% of basic slab exemption. (i.e., 5L for resident single person and 6L for resident Couple). While deducting, maximum limit shall be as prescribed.		
(1)(10)	Disability Allowance		
	Maximum deduction allowed as disability allowance is:	50% of basic exemption limit (5L or 6L)	50% of basic exemption limit (5L or 6L)
(1)(11)	Female Tax Rebate		
	If a Resident Natural Person is a female having only employment income, then a rebate of 10% is given on the amount of tax to be paid by such natural person	10% on Tax Amount	10% on Tax Amount

(1)(12)	Investment Insurance		
	Resident Natural Person doing Investment Insurance can deduct the following amount from his/her taxable income for the purpose of tax calculation	Rs. 40,000 or Actual premium, whichever is lower.	Rs. 40,000 or Actual premium, whichever is lower.

Presumptive tax to owners of vehicles on hire:

(1)(13)	1) Car, jeep, van, micro bus		
	Ka) up to 1300 C.C	Rs 5,500	Rs 5,500
	Kha) 1301 to 2000 C.C	Rs 6,000	Rs 6,000
	Ga) 2001 to 2900 C.C	Rs 6,500	Rs 6,500
	Gha) 2901 to 4000 C.C	Rs 8,000	Rs 8,000
	Nga) 4001 and above C.C	Rs 9,000	Rs 9,000
	2) Mini truck, minibus, water tanker	Rs 8,000	Rs 8,000
	3) Mini tipper	Rs 9,000	Rs 9,000
	4) Truck, Bus	Rs 10,500	Rs 10,500
	5) Dozer, Excavator, Loader, Roller, Crane, similar machinery equipment	Rs 15,500	Rs 15,500
	6) Oil Tanker, Gas Bullet, Tipper	Rs 15,500	Rs 15,500
	7) Tractor	Rs 2,500	Rs 2,500

	8) Power Tiller	Rs 2,000	Rs 2,000
	9) Auto Rickshaw, Three-wheeler, Tempo	Rs 2,500	Rs 2,500
	Note: Collected at the time of registration or renewal of vehicles through Office of Transport Management.		
	Presumptive tax on Electronic Vehicle		
	(a) Up to 50 kW	Rs 3,000	Rs 3,000
	(b) 50 kW to 125 kW	Rs 4,000	Rs 4,000
	(c) 125 kW to 200 kW	Rs 6,000	Rs 6,000
	(d) All above 200 KW	Rs 7,500	Rs 7,500
	Health Insurance		
(1)(16)	Resident Natural Person doing Health Insurance can deduct the following amount from his/her taxable income for the purpose of tax calculation	Rs 20,000 or Actual Premium whichever is lower	Rs 20,000 or Actual Premium whichever is lower
	Building Insurance Premium		
(1)(16A)	If a Resident Natural Person insures his/her private building can deduct the mentioned amount from his/her taxable income for the purpose of tax calculation	Rs 5,000 or Actual Premium whichever is lower	Rs 5,000 or Actual Premium whichever is lower
	Transaction based tax to business u/s 4(4ka)		
	Turnover (for FY 2081/82) above Rs 30 lakhs up to Rs 1 Crore		
(1)(17)	Transaction of gas, cigarette with up to 3% commission or value addition	0.25%	0.25%
	Transactions other than mentioned above	1.00%	1.00%
	Service	2%	2%
	Provision of Section 4(4Ka)		
	Resident Natural person who has met all the following conditions shall pay tax as per Schedule 1(1)(17):		
	a) Income only having source in Nepal		
	b) Annual turnover above Rs 30 lakhs but up to Rs 1 crore and profit not more than 10 lakhs		
	d) Income does not include income from consultancy and expert services		
FOR ENTITY			
(2)(1)	Normal Rate	25%	25%
	Increased Rate		
	Bank and Financial Institutions		
	General Insurance		
	Telecommunication and Internet Service provider		
	Money Transfer		

(2)(2)	Capital Market Business	30%	30%
	Securities Business		
	Merchant Banking Business		
	Commodity Future Market		
	Securities and Commodity Broker Business		
	Entities engaged in business of cigarette, bidi, cigar, surti, khaini, panmasala, alcohol		
	Entities engaged in petroleum operations under Nepal Petroleum Act 2040		
(2)(3)	Cooperative registered as per Cooperatives Act 2074 operated in following areas except cooperative carrying out exempt transactions:		
	In Municipality area	5%	5%
	In Sub Metropolitan cities area	7%	7%
	In Metropolitan cities area	10%	10%
	Cooperative registered as per Cooperatives Act 2074 engaged in transactions of Saving & Credit:		
	In Municipality area	10%	10%
	In Sub Metropolitan cities area	15%	15%
In Metropolitan cities area	20%	20%	
(2)(5)	Trust taking care of the property of a deceased natural person or an incapacitated natural person (such trust shall be considered a resident natural person)	Taxed as per Schedule 1(1)(4)	Taxed as per Schedule 1(1)(4)
(2)(6)	Repatriated income of a Foreign Permanent Establishment of a non-resident person situated in Nepal	5%	5%
(2)(7)	Income of a nonresident person u/s 70 embark from Nepal	5%	5%
(2)(7)	Nonresident person providing telecommunication, water transport or air transport service which do not embark from Nepal	2%	2%

TDS RATES APPLICABLE FOR FY 2082/83

Amendments are highlighted in <i>Gold</i>			
Section	Particulars	TDS rate	TDS rate
		FY 82-83	FY 81-82
Section 87: TDS on Income from Employment			
87(1)	Income From employment having source in Nepal		As per Schedule 1
87(2)	Employer's liability to deduct TDS not reduced by:		
	1. Right or obligation of the employer to deduct any amount		
	2. Any law requires reduction of income from employment		
Rule 31	Tax to be paid by an employee in an income year shall be deducted proportionately on monthly basis		
Section 88: TDS on Payments of Investment Returns or Service Fees			
88(1)	Normal interest payment having source in Nepal	15%	15%
88(1)	Royalty, service fee, commission, sales bonus, natural resource payments having source in Nepal	15%	15%
88(1)	Meeting allowances, payment for occasional teaching having source in Nepal	15%	15%
92(1)(Ja)			
88(1)(1)	Payment made by GON or ARF after deducting higher of 5,00,000 or 50%	5%	5%
92(1)(Chha)			
88(1)(2)	Commission paid by resident employment company to non-resident	5%	5%
92(1)(Cha)			
88(1)(3)	Payment for aircraft lease	10%	10%
88(1)(4)	Payment of service fee to service provider registered in VAT or person carrying out VAT exempt transaction	1.50%	1.50%
88(1)(5)	Rent paid by a resident person having source in Nepal	10%	10%
88(1)(5)	Rent paid to person conducting business of vehicle leasing registered in VAT	1.50%	1.50%

88(1)(5)	House Rent paid to a natural person	no TDS	no TDS
88(1)(6)	Dividend by mutual fund to:		
92(1)(yah)	natural person	5%	5%
	Others	15%	15%
88(1)(7)	Payment for use of satellite, bandwidth, optical fiber, equipment relating to telecommunications or electric transmission cable by a resident person	10%	10%
88(1)(8)	Dhuwani services and Rent paid for means used in Dhuwani services	2.50%	2.50%
	If Dhuwani service provider or person providing means used in Dhuwani services on rent is registered in VAT	1.50%	1.50%
88(1)(9)	Interest payment on loan taken in foreign currency from foreign banks and Financial Institution [2] by Resident Banks and Financial Institution to make investment in sectors prescribed by Nepal Rastra Bank.	5%	5%
92(1)(Chha)			
88(1)(10)	Encouragement amount paid to customers if a consumer pays for goods or services using card, e-wallet, mobile banking, and other digital payment systems.	no TDS	no TDS
88(1)(11)	While making payment to Foreign Colleges or University for Registration Fee, Tuition Fee, and Exam Fee	5%	5%
88(1)(12)	Interest payment by Resident Banks and Financial Institution to Life Insurance Companies against their deposits	5%	5%
88(1)(13)	Payment of royalty income for literary writings and creations to resident person	1.50%	1.50%
88(2)(Ka)	Dividend	5%	5%
92(1)(Ka)			
88(2)(Kha)	Gain on investment insurance	5%	5%
92(1)(Ga)			
88(2)(Ga)	Gain from payment from resident Unapproved Retirement Fund.	5%	5%

92(1)(Gha)			
88(3)	Interest from BFI, entity issuing debenture, cooperatives, or listed company to:		
92(1)(Nga)	natural person other than in conducting business	6%	6%
	tax exempt entity	15%	15%
	Other Entity	15%	15%
88(4)(Ka)	Payment by natural person other than in conducting business	No TDS	No TDS
88(4)(Ka1)	Payment for articles in newspaper	No TDS	No TDS
88(4)(Kha)	Payment of interest to BFI	No TDS	No TDS
88(4)(Kha 1)	Interest paid by cooperative banks and cooperatives on loan investments	No TDS	No TDS
8(4)(Ga)	Exempted payments or payments subject to tax deduction u/s 87	No TDS	No TDS
88(4)(Gha)	Payment of interchange charge by banks issuing credit cards	No TDS	No TDS
88(4)(Nga)	Payment of dividend and interest to mutual fund	Not applicable	Not applicable
Section 88Ka: TDS on Windfall Gains			
88Ka(1)	Windfall gain	25%	25%
92(1)(Jha)			
88Ka(2)	National and international prize up to NPR 500,000 for contribution in literature, arts, culture, sports, journalism, science, technology. However, if the prize amount exceeds five lakh rupees, only the excess amount will be subject to windfall gain tax.	No TDS (if notified by government through publishing in Nepal gazette)	No TDS (if notified by government through publishing in Nepal gazette)
92(1)(Jha)			
Section 89: TDS on Payment of Contracts and Agreements			
89(1)	Contract for 50,000 or more	1.50%	1.50%

89(3)(Ka)	Payment to Non-resident person for any agreement or contract- including the purchase of arms and ammunitions, weapons, and communication equipment for self-use by Nepal Army, Nepal Police and Armed Police Force.	5%	5%
89(3)(Kha)	On payment of Premium or while paying commission to Non-resident Insurance company for the Reinsurance Premium Received	1.50%	1.50%
89(3)(Ga)	Other payments to Non-resident prescribed by department	as prescribed	as prescribed
89(3Ka)	Payment made for work to be done through User Committee (Upabhokta Samitee) above Rs 50 lakh	1.50%	1.50%

MAJOR AMNESTY ANNOUNCED FOR FY 2082/83

Particulars	Description
Special Provision Regarding the Transfer of Contribution-Based Retirement Funds:	Retirement funds currently operating as approved retirement funds under the Income Tax Act, 2058 must be mandatorily transferred to or aligned with the retirement funds established under the following laws by the Ashad end 2083 (i.e., mid-July 2026): the Employees Provident Fund Act, 2019 (BS); the Citizen Investment Trust Act, 2047; the Social Security Fund Act, 2074; and the Retirement Fund Act, 2075. As per sub-section (1), if a contributor transfers the lump- sum amount of their contribution-based retirement fund
Special Provision Regarding Deduction of Transport Rental Expense	If a transport service provider rented a vehicle from a natural person without a PAN for business purposes during fiscal years 2078/79, 2079/80, or 2080/81, and advance tax was deducted at source in accordance with Section 88(1)(ga) of the Income Tax Act, 2058, the rental payment shall still be allowed as a deductible expense when calculating taxable income for the respective year, even in the absence of a PAN invoice.
Waiver of Penalty, Additional Fees, and Interest for Social Institutions	Community hospitals, health institutions, or transport- related institutions registered under the Associations Registration Act, 2034 (1977) will be entitled to waiver of interest, fees and penalties, and additional charges if tax assessment or reassessment has been done (before 2082 Jestha 15 i.e. 28 May 2025) under the VAT Act, 2052, Income Tax Act, 2058, or annual Financial Acts and the assessed taxes are paid by the end of Poush 2082 (14 January 2026).
Waiver of VAT Penalty, Additional Fees.	If the registered taxpayer has not filed VAT returns and deposited tax due up to Chaitra 2081, files returns and deposits VAT and 25% of the interest amount by the end of Poush 2082 (14January 2026), the fines, additional charges and the remaining interest will be waived.Even if VAT returns for transactions up to Chaitra 2081 were filed but tax remains unpaid, paying the due tax and 25% of interest by the end of Poush 2082 (14January 2026) will result in the waiver of remaining penalties and interest.
Waiver of Excise Duty Penalty and Late Fee	If a license holder with excise duty liabilities up to Chaitra 2081 files due returns, pays the due excise amount and 50% of the late fee by end of Poush 2082 (mid-January 2026), it shall receive a waiver on penalties and remaining late fees under the Excise Act, 2058. Even if the excise return was filed (up to Chaitra 2081) but payment of excise duty remained, paying the due amount along with 50% of late fee by Poush 2082 (Mid- January 2026) will result in the waiver of penalties and balance late fees.

VAT Exemption for International Aviation Service Providers and Ticket Sellers	International air service providers who have not registered under the VAT Act, now register and file returns and pay applicable VAT amount (whether collected or not) for transaction from Kartik 1, 2080 (18 October 2023), by end of Ashwin 2082 (16 October 2025) will be exempt from interest, penalties, and fees.
Exemption to taxpayers who have been assessed for not submitting Income Tax Return (ITR)	If an individual who has not submitted an income tax return (ITR) for any year was previously assessed for tax by the relevant tax office under Section 101 of the Income Tax Act, 2058, and subsequently submits the ITR and pays the applicable tax amount—or even if the ITR is yet to be submitted—that individual may still file the ITR and pay the corresponding tax by the end of Poush 2082 (14 January 2026). For ITRs submitted or to be submitted under this provision, the relevant tax office may reassess the tax before the end of Ashad 2083 (mid-July 2026) and determine the revised tax liability. The limitation periods specified in Section 20(4) of the VAT Act, 2052 and Section 101(3) of the Income Tax Act, 2058, shall not be applicable during this reassessment process. Unless a new reassessment is carried out, the previous reassessment order shall remain unenforced.
Waiver of Interest and Fees on Income Tax for Change in Control (Section 57)	If tax reassessment was done under Section 57(1) of the Income Tax Act due to changes in ownership from a Nepali resident entity to another Nepali resident entity, then paying the assessed tax by Ashad end 2082 (16 July 2025) will result in waiver of applicable interest and fees.
Waiver on Income Tax of public or private vehicles	For de-registration of public or private vehicles that are over 20 years old or no longer operational, if the taxpayer declares and submits income tax for FY 2081/82 and 2082/83 by end of Poush 2082, then income tax and interest before FY 2081/82 will be waived.



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