

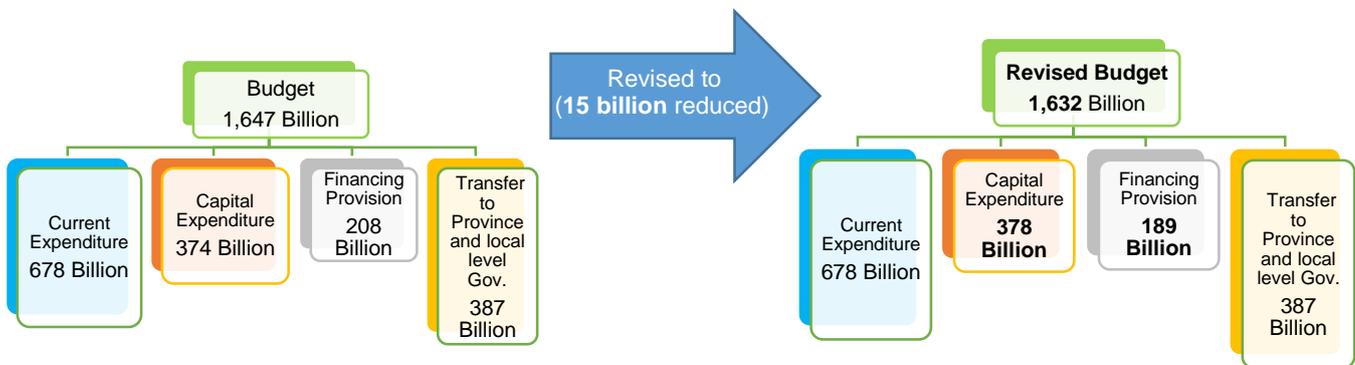
# Replacement bill to amend annual budget plan FY 2021/22

## Highlights

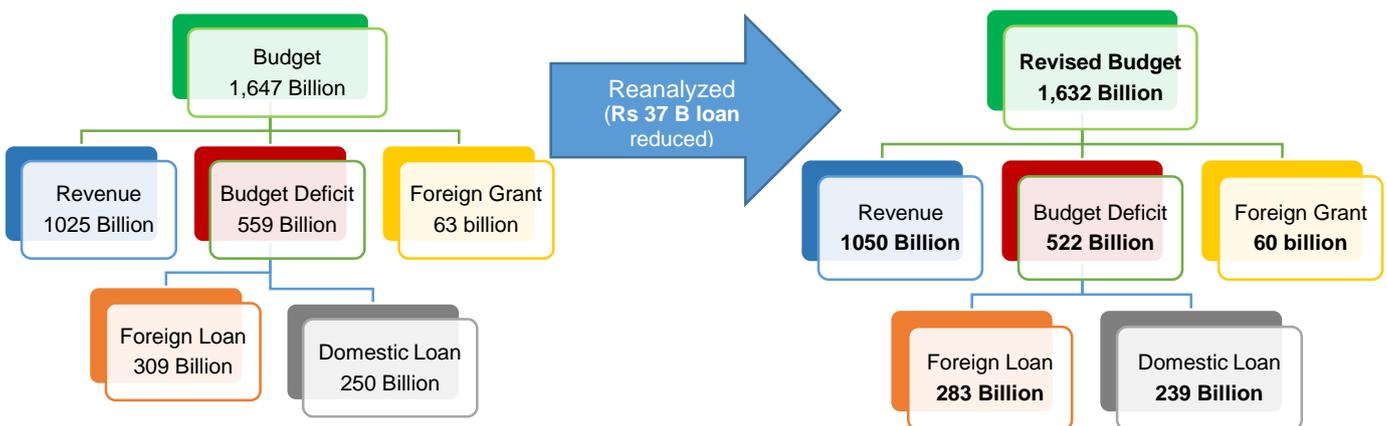
On Friday, 10 September 2021, Honorable Finance Minister, Mr Janardan Sharma presented a replacement bill in the House of Representatives to amend the annual budget plan FY 2021-22 that former finance minister Mr Bishnu Paudel had presented in an ordinance. The major changes made in the allocation of resources, priorities and significant policy statement of the legislation is highlighted in this document.

### Source and allocation of budget

#### Revision in Allocation of Budget



#### Source of Financing reanalyzed



## Additional Social Security Provisions and grant for poor families

Retaining the increase in social security allowances as announced in the previous plan, the government has introduced the following new provisions:

- a) **Rs 3,000 per month** will be provided to families of martyrs killed in different political protests
- b) **Rs 5,000 per month** will be provided for medical expenses to patients of cancer, kidney diseases and paralysis due to spinal cord injury.
- c) **Rs 10,000** grant to each of 500,000 **poor families** whose breadwinners had lost livelihood opportunities due to the Covid-19 pandemic.

## Additional Tax Concessions

- a) Reservoir or semi reservoir-based hydropower projects producing above 200 MW of energy and managing financial closure by mid-April 2026 (Chaitra end 2082) shall be provided **100% rebate on applicable income tax rate for first 15 years** from the date of commencement of commercial transactions and **50% rebate for next 6 years**. Import duties on the import of construction equipment for such projects, plant and machineries and their parts, penstock and steel sheet has been **reduced to 1%**.
- b) **100% rebate on applicable income tax rate for first 3 years** from the date of commencement of production and **50% for next 2 years** shall be provided to the industries producing medicinal vaccine, oxygen gas and sanitary pads.

## Additional and revised Tax Amnesty

### a) Deemed final assessment

Self-estimation or transaction-based taxpayers who had failed to declare their correct transactions for the income years from FY 2073/74 (2016/17) up to FY 2076/77 (2019/20) shall be deemed to have final assessment to the extent of the differential amount if such taxpayers makes payment of 1.5% tax on such differential sales amount for each income year (FY 2073-74 to FY 2076-77) within 13 April 2022.

### b) Waiver of fees and penalty

As announced in Finance Ordinance 2078 (2021)	Changes made through Replacement bill 2078 (2021)
Private firms and companies that are registered under Private Firm Registration Act, 2014 and Companies Act, 2063 and have not submitted its annual returns up to FY 2075-76 (FY 2018-19 in AD) and failing to renew its business can submit such returns and deposit 10% of applicable fees and penalties by 17 October 2021 to be eligible for waiver of the remaining fees and penalty.	Private firms and companies that are registered under Private Firm Registration Act, 2014 and Companies Act, 2063 and have not submitted its annual returns up to FY 2075-76 (FY 2018-19) and failing to renew its business can submit such returns and <b>deposit 5% of applicable fees and penalties by 14 January 2022</b> to be eligible for waiver of the remaining fees and penalty.

### c) Waiver of additional charges and interest

Natural persons such as doctors, journalist, sportsman, engineer, lawyer, auditors, accounting business, consultants, agency and intermediary service providers shall be waived the additional charges and interest as per Income Tax Act, 2058 if such taxpayers obtain PAN and make payment of the income tax on their taxable income for the FY 2075/76 (2018/19), 2076/77 (2019/20) and 2077/78 (2020/21) within 14 March 2022. Further on payment of such tax amount, income tax and VAT dues, if any pertaining to the fiscal years before 2075/76 (2018/19) shall be waived.

## Revised Economic Target

Honorable Finance Minister announced that based on government policy and program and planning to achieve target of providing COVID 19 vaccine to all Nepalese people by 13 April 2022 (Chaitra end 2078), there will increase in economic activity and economic growth is projected to be 7% (former finance minister had announced target of 6.5%) during FY 2021-22. Also, **inflation rate** is projected to be kept within limit of **6.5%** during FY 2021-22.

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