

Newsletter – July 2020

COVID-19 update in Nepal

The Government of Nepal (GoN) has extended ongoing lockdown "Phase II" till 22 July with easing in restrictions. The GoN has permitted opening of shops and offices following social distancing norms. The private vehicles are allowed to commute under odd and even number plates however, domestic as well as international flights, other than emergency ones continue to remain suspended. Educational institutions, places of mass public gathering, worship and entertainment activities are still closed.

The number of COVID-19 cases in Nepal has been rising day by day. COVID-19 has spread across the country and has had a total number of 15,964 confirmed cases of corona virus infections as of 6 July 2020 with 35 deaths. Total number of recovered cases has reached to 6,811.

PKF Nepal Updates

Resuming operation from office

With the change in modality of lockdown PKF Nepal team has resumed its operation from its office. Considering the transmission risk of COVID-19, office has been opened with full preparation of safety measures required to maintain safe and healthy workplace. Also, PKF Nepal has issued "Safety Guidelines after Lifting of Lockdown" and operating under the same guideline with utmost precautions. Audit softwares (ie; Suralink) are being used for the audit purpose to the maximum extent possible to minimize risk of COVID 19.

Capacity building training

To enhance the capacity and knowledge of staff and trainees, PKF Nepal conducted training on risk management, treasury management, project financing, AML/CFT, remittance, role of HR in Banking (including Audit of HR from Auditor's Perspective) etc from experts in the related industry. Trainings provided opportunities to interact with experts and helped to enhance knowledge through fruitful discussion.

Congratulations to our newly married couple

PKF Nepal extends its best wishes to TRUian couple Sanjeev Dhakal and Nishma Ghimire for a happy married life. It also extends best wishes to Rupa Lamichhanne and her spouse Marshal Bhandari who got married during the lockdown.



Recent Updates

Gain on disposal of Non Business Chargable Asset (NBCA)

On 2077/03/04 IRD has issued notice to Securities Board of Nepal (SEBON) clarifying tax treatment and its implication on gain on disposal of the NBCA income. As per notice applicable tax rate for natural person on gain on disposal of NBCA is 5 percent which is final withholding tax. As per the Income Tax Act 2058, person deriving only final withholding income is not required to file income tax return which is clarified in the notice. For notice [Click here](#)

Also, after obtaining clarification, SEBON has instructed to treat gain on disposal of securities as final withholding income to the relevant authorities. For notice [Click here](#)

ICRA Press release about rating "Watch"

ICRA Nepal, on 2 July 2020, has issued a press release clarifying rating "Watch" and its impact. Due to current unprecedented scenario of COVID-19 pandemic and the likely implications, ICRA Nepal has placed some of the ratings on watch. ICRA Nepal has designated the credit ratings placed on "Watch" in 'watch with positive implications', 'watch with negative implications' and 'watch with developing implications'. For notice [Click here](#)

Notice related to surrender value & loan on Insurance policy

Insurance Board, Nepal has issued press release on 2077/03/17 to all life insurance companies related to loan on insurance policy and surrender value. As per press release insurer can back date insurance policy maximum at one fiscal year however, single payment insurance policy cannot be backdated. Also, loan can be provided only after completion of two year from the date of commencement of insurance policy which is 1 year in case of single payment insurance policy. For notice [Click here](#)

Press release on permissible investment by insurance companies

Notice dated 2077/03/07 has been issued by Insurance Board of Nepal regarding permissible investment by insurance companies. As per Investment Directives for Insurer, 2075, insurance companies can make investment on the basis of total technical reserve within the prescribed limit and approval shall be taken from the Board in case of excess investment. However, considering the impact of COVID-19, board has allowed to make investment in 'A' class licensed institutions as deposit which shall be considered as asset while calculating solvency margin. For notice [Click here](#)

Extension of premium collection period

On 2077/03/15 Insurance Board, Nepal has issued notice instructing all life insurance companies instructing to collect life insurance premium upto 2077/03/22 without charging any interest on it. For notice [Click here](#)

Notice by Nepal Rastra bank

Nepal Rastra Bank has requested all stakeholders to provide suggestions through email on department's email address monetarypolicy@nrb.org.np for preparation of monetary policy for 2077/78. For notice [Click here](#)

Amendment in the directive on Government Transaction, 2076

Nepal Rastra Bank has issued circular dated 2077/03/09 instructing to implement amended directive on Government Transaction 2076 to A classed licensed institutions. For new directive [Click here](#). For notice [Click here](#)

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