

TRU newsletter – April 2019

TRU updates

Annual Retreat 2019

PKF T R Upadhy & Co. organized its annual retreat on 22 and 23 March 2019 at River Fun Beach Resort, Kuringhat, Nepal.

The day started with TRUians leaving for the resort at 7:45 AM. After having welcome drinks and lunch, TRUians enjoyed the day by playing beach volleyball, football, bingo, swimming. In the evening, everyone relished with music and dance along with unlimited non veg snacks, campfire, drinks and barbecue.

Next day started with energetic breakfast and adventurous rafting in Trishuli River for 3 hours.

These activities help in enhancing the level of self, group and organizational productivity in upcoming days.



PKF TRU Group photo before rafting

Extension of PKF TRU

PKF TR Upadhy & Co has established its branch office at major cities in Nepal. As of now, new branches have been set up in Pokhara and Nepalgunj with the objective to expand the service base and deliver the services efficiently and in a more appropriate manner.

New CEO for PKF International

A significant leadership change within the management at PKF International has occurred. With effect from 18 March 2019 PKF International welcomes a new CEO, **James Hickey**.



James Hickey

James Hickey is an inspirational leader with a wealth of expertise in achieving high growth within mid-tier accounting and law firms around the world. With nearly 20 years of experience, James has a range of skills encompassing sales, marketing, finance, talent management and multi-jurisdictional client relationship management. A self-confessed challenger and a strong champion of raising the visibility of mid-sized companies- James has been hand-picked to take PKF to greatness. And he's certainly no stranger to the network setup, having served as CEO of the Alliot Group since November 2012. With James at the helm of PKF International we see great potential for aligning to and leading innovative change.

Participation in NFRS Training

Members of PKF TR Upadhy & Co participated in the training program titled "NFRS for Insurance Companies" held on 19 March 2019 as resource person. Participants from the Insurance Board contributed in the program as well. Other members from PKF TR Upadhy & Co were also involved in the same.

The session was focused about discussion on implementation of NFRS based financial statements in life insurance companies and recent challenges faced by the companies in execution of the same.

Inter firm Futsal Tournament

PKF TR Upadhy & Co was runner up in the inter CA firm Futsal tournament on 29 March 2019. The tournament turned out to be an event forecasting unity and affection among the members of the firm.

Sports activities promote physical and mental fitness. All the members of the firm are encouraged to engage in such activities in the coming days too.



Group photo with trophy after the tournament

SAFA International Conference 2019

Members from PKF T R Upadhy participated in the conference in SAFA International Conference 2019 with the theme "Enabling Business Environment for Economic Development" organized by ICAN on 4 April 2019.

Partners' viz. Shashi Satyal and Sumitra Rijal along with member Sanjeev Dhakal, Manoj Thapaliya and Sakar Koirala participated in the program.

Discussion on Challenges and Opportunities of International Trade, Foreign Assistance on Growth Prospects of a Nation and Foreign Direct Investment and Sustainability were major highlights of the conference.

Recent updates

Investment Directives for Insurer, 2015

Beema Samiti has issued the directives on investment on 2015.11.2. The revised directive is more elaborate than its predecessor issued in 2011 and has opened other investment avenues for insurance companies in real estate sector. Insurance companies can now invest up to 5% of Technical Reserve in real estate. Earlier the limit for investment on various areas were fixed at certain percentage of total investment against the revised directive where the base has been changed to Technical Reserve.

This new directive shall have immediate effect and repeals policy on investment issued in 2011.

[Please click here for directive issued by Beema Samiti](#)

TRU newsletter – April 2019

Amendment in Special Economic Zone (SEZ) Act, 2073

Special Economic Zone (SEZ) Act, 2073 has been amended with a new provision under which the compulsory export provision for license holder within SEZ is relaxed to 60% of their production of goods or services from 75%. Relaxing the mandatory export provision to 60% of the production will ensure sustainability of license holders inside SEZ as 40% of their production of goods or services will be allowed to be sold in the domestic market.

Further, license holder within SEZ are allowed to sell 100% of their production of goods or services in the domestic market in the first year of production. This has solved the issue of inability of license holder to export majority of their product immediately after starting their production of goods or services.

Some of concession in taxation provided by SEZ Act are

- Industries operating in SEZ situated at Himali districts or hilly districts notified by Nepal government, shall avail 100% tax exemption for 10 years from the commencement of business and afterwards entitled to avail 50% tax concession for future income years.
- Industries operating in SEZ situated other than Himali and hilly districts shall avail 100% tax exemption for 5 years from the commencement of business and afterwards entitled to avail 50% tax concession for future income years.
- On dividend distributed by industries situated in SEZ shall avail 100% tax exemption for 5 years from the commencement of business and 50% exemption for next 3 years.
- Industries established by foreign investor in SEZ shall avail 50% exemption on income earned through foreign technology or management service fee and royalty.

SEZ plays vital role in developing competitive capacity of export oriented goods and services in the international market, attracting Foreign Direct Investment (FDI) and domestic and foreign capital and advanced state-of-the-art technology by providing appropriate facility for the industry through one door policy and also widen the export trade all over the world.

[Please click here for further information](#)

Amendment in section 7 of Bonus Act

Amendment has been made in the existing provisions relating to distribution of bonus to an employee which shall not exceed the following amounts:

- (a) An amount equivalent to salary or wage of 8 months to an employee whose salary is lower than two times of the minimum salary or wage fixed by the GoN.
- (b) An amount equivalent to salary or wage of 6 months to an employee, who obtains more than two times the minimum salary or wage fixed by the GoN.

Amendment in Income Tax Act

Section 11 (Kha) has been repealed.

Tax exemption has been provided to Cooperatives as per Cooperative Act, 2074

Applicable new income tax rate:

- Cooperative operating within Municipality- 5%
- Cooperative operating within Metropolitan and Sub-metropolitan city - 10%

Also, tax @20% is applicable on taxable income of universities and schools registered under Public Trust.

Amendment in Companies Act

As per new clause 1(ka) inserted in Section 9 of the Companies Act 2063, public transport business operating under prevailing laws intending to register private company to operate transportation business will be able to get registered even if the number of shareholders of the private company exceeds 101, if an application is submitted requesting the same within 3 months of applicability of this clause.

Introduction of Specialized Investment Fund Regulation, 2075

Through issue of Specialized Investment Fund Regulation, 2075 on 2075.11.27 SEBON has introduced three types of funds: Private Equity Fund, Capital Fund and Hedge Fund. The Regulation has prescribed various provisions regarding permission for fund management, eligibility of fund manager, registration and operation of fund, investors of fund, and audit of fund.

[Please click here for press release issued by SEBON information](#)

[Please click here for Specialized Investment Fund Regulation, 2075](#)

Hedging Regulation 2075

With an objective to eliminate risk of foreign exchange fluctuation in foreign debt investment and to foster foreign investment in priority sectors in Nepal, Government of Nepal has issued Hedging Regulation, 2075 on 25 February 2019(13 Falgun 2075) with immediate implementation.

Such regulation has covered some of the priority sectors such as hydroelectricity, transmission line, expressway, railways etc. The regulation has relieved foreign investor as they will no longer be exposed to risk of currency devaluation at the time of repatriation.

[Please click here for more details](#)

Business registration and renewal notice from Lalitpur Metropolitan City office

Lalitpur Metropolitan City has issued a notice regarding a deadline for the registration and renewal of business established within Lalitpur Metropolitan City. Business needs to get registered and renewed within Asadh end 2076 (16th July 2019), else additional 10% of business tax shall be levied.

[Please click here for notice](#)

PKF TR Upadhyaya & Co., 124 Lal Colony Marg, Lal Durbar, Kathmandu, (Near Jai Nepal Hall) Nepal +977 1 4410927 | 4420026
www.pkf.trunco.com.np

PKF TR Upadhyaya & Co is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.