

TAX RATES

FOR

FY 2081-82 (2024-25)



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Income Tax Rates FY 2024-25

1. Personal Income Tax

1.1 For residents: natural person

Tax Banding	Tax Rates			
	FY 2024-25 (FY 2081-82)		FY 2023-24 (FY 2080-81)	
Single				
(a) Band 1	First 500,000	1%*	First 500,000	1%*
(b) Band 2	Next 200,000	10%	Next 200,000	10%
(c) Band 3	Next 300,000	20%	Next 300,000	20%
(d) Band 4	Next 1,000,000	30%	Next 1,000,000	30%
(e) Band 5	Next 3,000,000	36%**	Next 3,000,000	36%**
(f) Additional Tax	Remaining above 5,000,000	39%***	Remaining above 5,000,000	39%***
 Couple				
(a) Band 1	First 600,000	1%*	First 600,000	1%*
(b) Band 2	Next 200,000	10%	Next 200,000	10%
(c) Band 3	Next 300,000	20%	Next 300,000	20%
(d) Band 4	Next 9,00,000	30%	Next 900,000	30%
(e) Band 5	Next 3,000,000	36%**	Next 3,000,000	36%**
(f) Additional Tax	Remaining above 5,000,000	39%***	Remaining above 5,000,000	39%***

*This is the Social Security Tax to be deposited in a separate revenue account (11211) provided for this purpose. However, taxpayers registered as sole proprietors or on pension income or income from contribution based pension fund shall not attract social security tax i.e. 1%. And if the taxpayer is depositing the amount in the Social Security Fund (SSF) then for those taxpayers Social Security Tax is not applicable.

** 36% is computed as 30% plus an additional 20% on such tax rate applicable to taxable income above Rs 2,000,000 and up to Rs 5,000,000.

***39% is computed as 30% plus an additional 30% on such tax rate applicable to taxable income above Rs 5,000,000.

Note:

A. Deductions on Income	Remarks
Natural persons working in remote areas are entitled to Remote Area Allowance	Additional deduction from taxable amount up to Rs 50,000. (A-50,000, B-40,000, C-30,000, D-20,000, E-10,000).
Natural person with pension income included in the taxable income	An additional deduction equal to 25% of the amount prescribed under the first tax band or actual pension receipts, whichever is lower shall be allowed from taxable income.
Incapacitated natural person	Additional deduction from the taxable amount equal to 50% of the amount prescribed under the first tax band or actual income whichever is lower.
B. Reduction in Income	
Life insurance premium	A natural person who has procured life insurance and paid the premium amount thereon shall be entitled to a deduction from the taxable income the lower of the actual annual insurance premium or Rs 40,000.
Medical insurance	A natural person who has been insured with a resident insurer/insurance company for health insurance shall be entitled to a deduction from the taxable income the lower of the actual premium paid or Rs 20,000.
Insurance of private building	A resident natural person who has insured a private building in his/her ownership with a resident insurer/insurance company shall be entitled to a deduction of the actual annual premium paid for such insurance or Rs 5,000 whichever is lower.

A. Deductions on Income	Remarks
Contribution to Approved Retirement Fund	1/3rd of assessable income or Rs 500,000 or Actual contribution whichever is lower. - During previous year, monetary limit was Rs 500,000 in case of contribution to the Social Security Fund (SSF) and Rs 300,000 for contribution to other approved retirement fund.
C. Foreign Allowances	
In case of the employee employed at the foreign diplomatic mission of Nepal	Only 25% of the foreign allowances are to be included in the income from employment.
D. Tax Exemption	
Compensation received against a deceased natural person	Any compensation received against the deceased natural person is not required to be included in income.
E. Rebated on tax liability	
Foreign tax credit	If any resident person has paid tax on income outside Nepal, such person can claim the foreign tax credit and while claiming such credit each country has to be considered separately. The amount of credit shall be lower of i. The total foreign income included in assessable income in Nepal as multiplied by the average rate of tax on total income or ii. The actual tax paid in a foreign country.
Medical Tax Credit	Resident Natural Person is entitled to Medical Tax Credit at least of the following amounts: i. Rs 750 or ii. 15% of Medical Expenses along with any carried forward from the previous year or iii. Actual tax liability
Female Tax Credit	In the case of a natural person being female and having only remuneration income, a tax credit of 10% on the tax liability shall be available.
F. Income Tax Return Filing	
<ul style="list-style-type: none"> A natural person with only gains from the disposal of Non-Business Chargeable Assets (NBCA), may opt not to file the income tax return under Section 96. A natural person other than a sole proprietor with income solely from income from vehicle on hire is not required to file the income tax return. However, a natural person having taxable income exceeding Rs 4 million during an Income Year shall submit an income return under Section 96. A resident natural person having only income as per subsection 6(Kha), 6(Ga), 6(Gha) of section 95 (ka) shall not be required to file an income tax return. 	

1.2 For non - residents

#	Nature of Transaction	FY 2024-25	FY 2023-24
a.	Income earned from normal transactions	No change	25% flat rate on taxable income
b.	Income earned providing shipping, air transport or telecom services, postage, satellite and optical fiber project	No change	5%
c.	Income earned providing shipping, air transport or telecom services within the territory of Nepal	No change	2%
d.	Repatriation of profit by Foreign Permanent Establishment	No change	5%

1.3 Special provisions for a resident natural person

#	Particulars	FY 2024-25	FY 2023-24
a.	Income earned by a natural person engaged in a special industry under Section 11 for the whole year	No change	Tax @ 20% on taxable income for which a tax rate of 30% is applicable.

#	Particulars	FY 2024-25	FY 2023-24
b.	Income earned from export by a natural person	No Change	Tax @ 15% on taxable income for which tax rates of 20% and 30% are applicable.
c.	Taxable income of a trust: - acquiring an estate of a deceased resident individual; or - of an incapacitated resident individual for an income year.	No change	Tax rate as applicable to Natural persons

1.4 Special provision for small taxpayers - resident natural person

- Presumptive taxpayer:** The small taxpayer (resident natural person) having business taxable income and business transactions not exceeding **Rs 300,000** and **Rs 3 million**, respectively during the income year and who meets other criteria of the presumptive taxpayer shall pay presumptive tax as mentioned in Note 2 below.
- Transaction based taxpayer:** Similarly, the small taxpayer (resident natural person) who is required to pay tax based on the business turnover and having business taxable income and business turnover not exceeding **Rs 1 million** and **Rs 10 million**, respectively during the income year and who meets other criteria of the transaction-based taxpayer shall pay tax on the basis of turnover as below in addition to the tax computed as per Note 2 below:

#	Natural person engaged in	FY 2024-25		FY 2023-24	
		Turnover exceeding Rs 3 million and up to Rs 5 million	Turnover exceeding Rs 5 million and up to Rs 10 million	Turnover exceeding Rs 3 million and up to Rs 5 million	Turnover exceeding Rs 5 million and up to Rs 10 million
a.	Gas, cigarette business doing transactions with 3% margin or commission	No change	No change	0.25%	0.30%
b.	Other persons except those involved in the business as above (a)	No change	No change	1%	0.80%
c.	A person engaged in service business except for the doctor, engineer, auditor, player, actor or consultant	No change	No change	2%	2%

Note 1: Conditions for transaction-based taxation:

- Person is a resident natural person.
- Person having only Nepal source business income.
- Having business turnover exceeding **Rs 3 million and up to Rs 10 million** and having **taxable business income up to less than Rs 1 million**.
- Not having income from consultancy or specialized services such as those provided by a doctor, engineer, auditor, lawyer, player, actor or consultant.

Note 2: For turnover up to Rs 3 million (Presumptive Taxpayer)

Particulars	FY 2024-25	FY 2023-24
Metropolitan, Sub-Metropolitan	No change	Rs 7,500*
Urban Municipality	No change	Rs 4,000*
Rural Municipality	No change	Rs 2,500*

Conditions for Presumptive Tax Payer

- Person is a resident natural person.
- Person having only Nepal source business income.
- Has not claimed a medical tax credit under section 51 and an advance tax credit under section 93.
- Having taxable business income not exceeding **Rs 300,000** and business turnover not exceeding **Rs 3 million**.

2. Corporate Income Tax

2.1 Tax rates for entity - company/firm/industry

	Particulars	FY 2024-25			FY 2023-24
		Normal Rate	Rebate	Applicable Rate*	Applicable Rate*
1	Normal business	25%	-	25%	25%
2	Entities operating as Special Industry under section 11 for the whole year	25%	20%	20%	20%
3	Entities constructing and operating ropeway, cable car or sky bridge	25%	40%**	15%**	15%
4	Entities constructing and operating roads, bridges, tunnels, railways, and airports	25%	50%**	12.5%**	12.5%
5	Entities operating trolley buses or trams	25%	40%**	15%**	15%
6	Entities with export income from source in Nepal	25%	20%	20%	20%
7	Entities involved in the construction or operation of public infrastructure and to be transferred to the GoN or involved in the construction of hydropower plants and its generation and transmission.	25%	20%	20%	20%
8	Banks and financial institutions (Commercial Banks, Development Banks and Finance Companies)	30%	-	30%	30%
9	Entity carrying General insurance business (Non-life Insurance)	30%	-	30%	30%
10	Entities involved in financial transactions	30%	-	30%	30%
11	Entities engaged in petroleum business under Nepal Petroleum Act, 2040	30%	-	30%	30%
12	Entity engaged in the business of cigarettes, tobacco, cigars, chewing tobacco, pan masala, alcohol and beer	30%	-	30%	30%
13	Entities engaged in Telecommunication and Internet service	30%	-	30%	30%
14	Entities engaged in Money transfer	30%	-	30%	30%
15	Entities engaged in Capital market business, Securities business, Merchant banking, Commodity futures market, Securities and Commodity broker	30%	-	30%	30%

*Above industry-wise applicable tax rate is presented after considering the concession available under section 11 of the Income Tax Act (ITA) except for entities falling under the tax holiday period. However, in the case of special industries and industries other than those presented above, the entity can choose any one tax concession available under section 11 of ITA (summarized in point 2.2 below).

**Above rebate and applicable tax rates with respect to entities constructing and operating ropeways, cable cars, sky bridges, roads, bridges, tunnels, railways, and airports, trolleybuses, and trams are applicable only up to 10 years from the date of commercial operation.

2.2 Tax concessions and rebates on business income

In the given section, AR stands for Applicable Rate which should be used in the context of Special Industry and Information Technology Industry as the rate after 20% concession given under Section 11(2Kha) and NR stands for Normal Rate in the context of industry/business other than Special Industry

	Particulars	FY 2024-25	FY 2023-24
1.	Concessions based on employment provided		
	Special industries and information technology industries providing direct employment to 100 or more Nepalese citizens throughout the year	No change	*10 % of AR / NR
	Special industries and information technology industries providing direct employment to 300 or more Nepalese citizens throughout the year	No change	*20% of AR / NR
	Special industries and information technology industries providing direct employment to 500 or more Nepalese citizens throughout the year	No change	*25% of AR / NR
	Special industries and information technology industries providing direct employment to 1000 or more Nepalese citizens throughout the year	No change	*30% of AR / NR
*Additional 10% concession is provided if direct employment is provided to 100 or more Nepalese citizens including at least 33% of women, oppressed or handicapped persons.			
2.	Concessions to Special industries based on geographical locations		
	- Special industries established in very undeveloped areas	No change	90% of the AR (for 10 years from the date of commercial production)
	- Special industries established in undeveloped areas	No change	80% of the AR (for 10 years from the date of commercial production)
	- Special industries established in less developed areas	No change	70% of the AR (for 10 years from the date of commercial production)
	- Income derived by special industries established in Karnali province and hilly districts of the far western province providing direct employment to more than 100 Nepalese citizens	No change	100% tax exemption for the first 15 years from the date of commencement of commercial production or transaction.
3.	Concessions to Special industries based on investment amount		
	- Special industry and tourism industry (except casino) established with a capital investment of Rs 1 billion or more and providing direct employment to more than 500 persons throughout the year	No change	100% exemption for the first five years from the date of operation of the business and 50% concession for the next 3 years
	- For the existing special and tourism industry (except casinos) that increases its installed capacity at least by 25% to reach a capital of Rs 2 billion, and provides direct employment to more than 300 persons throughout the year	No change	100% concession for the first 5 years and 50% concession for the next 3 years on income generated due to increased capacity
	- Industry related to the tourism industry or international flight operation established with a capital investment of more than Rs 1 billion.	No change	100% concession for 5 years from the commencement of business and 50% concession for the next 3 years
	- Industry related to the tourism industry or international flight operation established with a capital investment of more than Rs 3 billion.	No Change	100% concession for 10 years from the commencement of business and 50% concession for the next 5 years
	- Industry related to the tourism industry or international flight operation established with a capital investment of more than Rs 5 billion.	No Change	100% concession for 15 years from the commencement of business

	Particulars	FY 2024-25	FY 2023-24
4.	Concessions to industry established in SEZ		
	- Industry established in 'Special Economic Zone' in mountain areas or hill areas by the GON	No change	100% exempt up to 10 years from the date of operation of the business and 50% rebate in subsequent years
	- Industry established in 'Special Economic Zone' other than the above locations	No change	100% exempt up to the first 5 years from the date of operation and 50% rebate in subsequent years
	- Dividends distributed by the industry established in special economic zone	No change	100% exempt for the first 5 years and 50% rebate in subsequent 3 years
	- Income derived by the foreign investors from investing in 'Special Economic Zone' (Source of income - use of foreign technology, management service fee and royalty)	No change	50% of NR
	- Special industries in operation after establishment in or relocation to Industrial area and industrial gram	No Change	50% rebate on AR for the first 3 years from the production date after establishment or relocation and 25% rebate for the next 5 years
5.	Concessions based on establishment in special area		
	- Entity established in zoological, geological, Biotech park and IT Park engaged in Software development, or data processing, or Cyber Café, or Digital Mapping	No change	50% on NR
	- Special industries in operation after relocation from Kathmandu valley to outside valley	No Change	100% exemption shall be provided for 3 years and 50% rebate for the next 2 years from the date of such relocation and operation.
6.	Concession related to hydropower project		
	- Person or entity having a license to generate, transmit or distribute electricity shall be provided concession if the commercial operation commences before mid-April 2028 (Chaitra end 2084). (Provisions shall be applicable for electricity generated from solar, wind or organic material)	No change	100% exempt up to 10 years and 50% rebate in subsequent 5 years from the date of commercial production
	- Reservoir or semi reservoir-based hydropower projects generating above 40 MW of energy and in the case of lower coastal hydropower projects operated in tandem and managing financial closure by mid-April 2029.	No Change	100% exempt for the first 15 years from the date of commencement of commercial transactions and a 50% rebate for the next 6 years
7.	Concession to Petroleum Industry		
	- If a person is involved in the exploration and extraction of minerals, petroleum products, natural gas, and fuel and starts commercial operation by BS 2080 Chaitra end.	No change	100% exempt up to 7 years and 50% rebate in subsequent 3 years
8.	Other Specific concessions		
	- On capitalization of accumulated profit through bonus share by Special Industry, Information Technology Industry , or industry related to tourism for expansion of capacity of the industry. Clarification: For the purpose of this sub-section, Information Technology Industry means the industries related to technology parks, information technology parks, biotech parks, software development, data processing, digital mapping, business process auto sourcing, data mining and cloud computing.	No change	No tax on dividend distribution

	Particulars	FY 2024-25	FY 2023-24
	<ul style="list-style-type: none"> - Export income earned in foreign currency from Business Processes Outsourcing, software programming, and cloud computing services including service income based on Information Technology. [Finance Ordinance 2080: As per the replaced clause (ga) of Subsection 3Nga of Section 11 of ITA]	No Change	Eligible for 50% tax exemption on applicable tax rate from such export income earned in foreign currency up to the fiscal year 2084/85 BS (FY 2027/28 AD). [New replaced Provision]
	<ul style="list-style-type: none"> - Income of Manufacturing Industry, tourism service industry and hydropower generation, distribution and transmission industry listed in the capital market and entities mentioned in section 11 (3 Ga) 	No change	15% on AR/NR
	<ul style="list-style-type: none"> - Private company with a capital of Rs 50 crore or more that operates by converting into a public company 	No change	10% on AR / NR for 3 years from the date of conversion
	<ul style="list-style-type: none"> - Domestic tea production and processing industry, Dairy industry, Garments industry 	No change	50% on AR
	<ul style="list-style-type: none"> - Health institutions operated by a community-based organization 	No change	20% on NR
	<ul style="list-style-type: none"> - Micro entrepreneurial industry 	No change	100% on NR for 7 years from the date of operation.
	<ul style="list-style-type: none"> - Micro entrepreneurial industry under the entrepreneurship of woman 	No change	100% on NR for 10 years from the date of operation
	<ul style="list-style-type: none"> - Industry established in very undeveloped and undeveloped areas producing brandy, wine, cider from fruits 	No change	40% and 25% in case of very underdeveloped and underdeveloped areas respectively on NR for 10 years from the date of operation
	<ul style="list-style-type: none"> - Royalty from the export of intellectual assets by a person 	No change	25% on NR
	<ul style="list-style-type: none"> - Income from the sale of an intellectual asset by a person through a transfer 	No change	50% on NR
	<ul style="list-style-type: none"> - Income derived by the agriculture and forest-based cooperatives registered under Cooperatives Act 2074 and the cooperatives operating in a rural municipality 	No Change	100% tax exemption as well as no tax on dividend distribution
	<ul style="list-style-type: none"> - Income generated from agriculture business, vegetable dehydration business and cold store business by registered firms, companies, partnerships, and organized institutions 	No Change	50% rebate on AR
	<ul style="list-style-type: none"> - Income earned from the sale of raw materials or subsidiary raw materials manufactured in Nepal to special industries in Nepal 	No Change	20% rebate on AR
	<ul style="list-style-type: none"> - Income derived by startup business as prescribed by IRD having annual turnover up to Rs 10 million based on innovative knowledge, skills, technology and methods. 	No Change	100% tax exemption for the first 5 years from the date of commencement of the transaction.
	<ul style="list-style-type: none"> - Industry engaged in the manufacture of new products by using only used materials that have a direct impact on the environment as its raw materials. 	No Change	50% rebate on AR for the first 3 years from the date of commencement of transactions and 25% for the next 2 years
	<ul style="list-style-type: none"> - Industry engaged in the manufacture of medical vaccines, oxygen gas, and sanitary pad 	No Change	100% tax exemption for the first 5 years from the date of start of the production and 50% rebate for the next 2 years

	Particulars	FY 2024-25	FY 2023-24
	- Income generated by industry established within mid-July 2025 (Ashadh 2082) for manufacturing or assembling electric vehicles	No Change	40% tax exemption for the first 5 years from the date of commencement of the commercial transaction.
	- Income generated by industry was established within mid – July 2025 (Ashadh 2082) to manufacture agricultural tools.	No Change	100% tax exemption for the first 5 years from the date of commencement of the production.

Note:

1. If any entity is entitled to more than one benefit under section 11 of the Income Tax Act, 2058 only one benefit shall be availed. The additional concession available on top of the existing concession specified in section 11 (2kha) (ka) and (kha) for the income derived by special industries in their full year of operation for a fiscal year has been removed as per the provisions of Section 11 (2kha) (ga). However, the same provision has now been added to Section 11 (5).
2. Special industry” refers to all the manufacturing industries as classified in section 3 of the Industrial Enterprises Act, 2076 (Annex 10) except the industry related to the manufacturing of cigarettes, bidi, cigars, chewing tobacco, tobacco, gutkha, pan masala other products having the main ingredient as tobacco, alcohol, beer and other such related products but includes agriculture, forestry and mineral industries.

3. Special Provisions

	Particulars	Remarks
a.	Tax rate for cooperatives	The cooperatives operating in Rural Municipalities for income other than exempt income taxes are to be levied at 5%, 7% and 10% for cooperatives operating in municipalities, sub-metropolitan and metropolitan, respectively. Provided, for cooperatives involved in the transaction of loans and deposits, taxes are to be levied at 10%, 15% and 20% for cooperatives operating in the municipality, sub-metropolitan and metropolitan, respectively.
b.	Tax exemption to mutual fund	Income of mutual funds approved by the Securities Board of Nepal (SEBON) derived in line with its objective shall be exempted from tax.
c.	Tax exemption to Not for profit educational institute	Income of a non-profit motive educational institution established based on the letter of understanding with GON or related body shall be exempted from tax.

4. Allowable Deductions

	Particulars	FY 2024-25	FY 2023-24
a.	Donations to tax exempt organizations	No change	Up to Rs 100,000 or 5% of the adjusted taxable income whichever is lower.
b.	Expenses incurred for conservation or promotion of historical, religious or cultural heritage, or for construction of public sports infrastructure shall be allowed as a deduction from taxable income up to the prescribed limit.	No change	a. On prior approval of IRD b. Actual incurred up to Rs 1 million or 10% of assessable income whichever is lower.
c.	Contribution to the Prime Minister Relief Fund or National Reconstruction Fund established by GoN	No change	Actual amount of contribution
d.	Seed capital up to Rs 100,000 each contributed for up to 5 startups not related to the contributor shall be allowed as a deductible expense.	No Change	Allowable as a deductible expense for tax purposes

5. Tax Payment

5.1 Advance tax to the normal taxpayer

	Particulars	Installment Amount
a.	Up to Poush end (mid-January)	40% of the estimated tax
b.	Up to Chaitra end (mid-April)	70% of the estimated tax
c.	By Ashadh end (mid-July)	100% of the estimated tax*

* Amount to be paid under each installment is 90% of the amount of estimate or revised estimate payable as the installment of tax for each installment period for the year reduced by the amount of each installment paid by the person for an income year.

Note: It is not required to pay advance tax if the tax payable is less than Rs 7,500.

5.2 Advance tax to the taxpayers based on turnover

	Particulars	Installment Amount
a.	Up to Poush end (mid-January)	Tax at the rate specified on the actual transaction up to the 20 th of Poush.
b.	Up to Ashadh end (mid-July)	The remaining amount of tax is calculated at the rate specified on the estimated transaction amount at Ashadh end based on the actual transaction up to the 20 th of Ashadh.

6. Taxation to Small Taxpayers

6.1 Presumptive taxation

Particulars	FY 2024-25	FY 2023-24
Vehicle Tax*		
Minibus, Mini Truck, Water Tanker	No change	Rs 8,000
Mini Tripper	No change	Rs 9,000
Truck and Bus	No change	Rs 10,500
Dozer, Excavator, Roller, Loader, Crane and similar machinery	No change	Rs 15,500
Oil tanker, Gas bullet, Tipper	No change	Rs 15,500
Car, Jeep, Van, Micro Bus		
(a) 0 to 1300 cc	No change	Rs 5,500
(b) 1301 to 2000 cc	No change	Rs 6,000
(c) 2001 to 2900 cc	No change	Rs 6,500
(d) 2901 to 4000 cc	No change	Rs 8,000
(e) 4001cc and above	No change	Rs 9,000
Three Wheeler, Auto Rickshaw, Tempo	No change	Rs 2,500
Tractor	No change	Rs 2,500
Power Tiller	No change	Rs 2,000
Electric Vehicle		
(a) 0 to 50 KW	No change	Rs 3,000
(b) 50 to 125 KW	No change	Rs 4,000
(c) 125 to 200KW	No change	Rs 6,000
(d) 200 KW and above	No change	Rs 7,500

7. Tax Withholdings

7.1 Tax withholding rates (TDS)

#	Nature of Transaction	FY 2024-25	FY 2023-24
i.	Interest income from the deposit under 'Micro Finance Program', 'Rural Development Bank', 'Postal Saving Bank & Cooperative (u/s-11(2)) in rural areas is exempted from tax	No change	Up to Rs 25,000
ii.	Windfall gains	No change	25%*
iii.	Payment of rent except for house rent to a natural person and except provided in the serial number (iv) & (v) below, made by resident person**	No change	10%
iv.	Payment for vehicle hire to VAT registered person	No change	1.5%
v.	Payment for freight or rental payment against the lease of carriage vehicle relating to the carriage of goods.	No change	2.5% against non-vat invoice 1.5% for VAT invoice
vi.	Profit and gain from the transaction of commodity future market	No change	10%
vii.	On returns to be distributed by Mutual Fund: - Natural person - Other than Natural Person	No change	5% 15%
viii.	On Dividend paid by the resident company and partnership firm - To Resident person - To Non-resident Person	No change	5% for both
ix.	On payment of gain from investment insurance	No change	5%
x.	On payment of gain from an unapproved retirement fund	No change	5%
xi.	On payment of interest or similar type having source in Nepal by Resident Bank, Cooperatives, financial institutions or debenture issuing entity, or listed company - In case of payment made to a natural person [not involved in any business activity] - In case of payment made to entities	No change	6%
		No change	15%
xii.	- On payment of premium to the non-resident insurance company - On payment of commission relating to reinsurance premium to the non-resident insurance company	No change	1.5%
xiii.	Payment against-contract or agreement to the non-resident person.	No change	5%
xiv.	On payment exceeding Rs 5 million made towards the works done through the consumer committee	No change	1.5%
xv.	Contract payments exceeding Rs 50,000	No change	1.5%
xvi.	Payment of consultancy fee/ for procurement of services: - by a resident person against VAT invoice - by a resident person against Non-VAT invoice	No change	1.5%
		No change	15%
xvii.	On payment for use of Satellite, Bandwidth, Optical fiber, telecommunication equipment or electricity transmission by a resident person irrespective of its location	No change	10%
xviii.	On payment of commissions, incentives that are not categorized as service fees (even if registered in VAT)	No change	15%
xix.	On payment of interest by resident BFIs on loans availed in foreign currency from foreign banks or other financial institutions to invest in the areas as specified by NRB.	5%	10%
xx.	Payment of registration fees, educational fees, or exam fees to foreign colleges and universities.	No change	5%
xxi.	On payment of interest on deposit to a life insurance company by resident banks and financial institutions.	No change	5%

#	Nature of Transaction	FY 2024-25	FY 2023-24
xxii.	On payment to non-resident persons for the purchase of weapons, bullets and communication equipment for self-use by the Nepal Army, Nepal Police and Armed Police Force.	No change	5%
xxiii.	On payment of interest on loans availed in foreign currency from foreign banks or other foreign financial institutions by the reservoir or semi-reservoir-based hydropower projects producing above 200 MW of energy and managing financial closure by mid-April 2026 (Chaitra end 2082).	No change	5%
xxiv.	On payment of royalty to resident person for literary article or composition.	No change	1.5%

7.2 Rates of advance taxes

#	Nature of Transaction	FY 2024-25	FY 2023-24
i.	a) Gain on disposal of Interest in any resident entity (listed in the stock exchange) <ul style="list-style-type: none"> - To a resident natural person <ul style="list-style-type: none"> a. Listed Shares held for more than 365 days b. Listed Shares held for 365 days or less than 365 days - To resident entity - Others (including a non-resident person) b) Gain on disposal of Interests in any resident entity (unlisted) <ul style="list-style-type: none"> - To a resident natural person - To resident entity - Others (including a non-resident person) 	No change No change No change No change No change	5% 7.5% 10% 25% 10% 15% 25%
ii.	On import of items under <ul style="list-style-type: none"> - Custom Banding Category 1 (Live Animals), - Custom Banding Category 3 (Live fish, fresh fish and all fish products) - Custom Banding Category 6 (fresh flowers), - Custom Banding Category 7 (Edible Plants, and certain roots and stems), - Custom Banding Category 8 (Edible Fruits and wood fruits) 	10% for non-Vatable and 1.5% for Vatable items	5%
iii.	On import of items under <ul style="list-style-type: none"> - Custom Banding Category 2 (Meat), 	10% for non-Vatable and 1.5% for Vatable items	2.5% for non-Vatable and 1.5% for Vatable items
iv.	On import of items under <ul style="list-style-type: none"> - Custom Banding Category 4 (Dairy products, egg, honey), - Custom Banding Category 10 (all types of grains except seeds) - Custom Banding Category 11 (Maida, aata and pitho) - Custom Banding Category 12 (medical herbs and sugarcane) - Custom Banding Category 14 (plant produces) 	No change	2.5% for non-Vatable and 1.5% for Vatable items
v.	Banks and financial institutions providing foreign exchange facilities for payment to foreign institutions for conducting language and Standardized examinations of the students going to study abroad.	No change	15%
vi.	If any person receives payment in foreign currency for providing software and similar other electronic facilities outside Nepal, BFIs and Money Transfer shall deduct advance tax.	No change	1%
vii.	If any resident natural person not involved in business operation receives payment in foreign currency for providing software and similar other electronic facilities outside Nepal, BFIs and Money Transfer shall deduct advance tax.	No change	5%
viii.	If any resident natural person not involved in business operations receives payment in foreign currency for consultancy service outside Nepal, BFIs and Money Transfer shall deduct advance tax.	No change	5%
ix.	If any resident natural person not involved in business operation receives payment in foreign currency for audio visual upload on social media, BFIs and Money Transfer shall deduct advance tax.	No change	5%

#	Nature of Transaction	FY 2024-25	FY 2023-24
x.	If any resident individual who is involved in the business as a digital business operator (E-commerce operator) on making payment of the amount to a person associated with their platform for the sale of goods, services, or goods and services through its platform	No change	1%
xi.	Gain on Disposal of land or land & building: - Owned by an individual for over 5 years - Owned by an individual for up to 5 years	No Change	5% 7.5%
	- Owned by a person other than an individual * The land or land and building or building disposed at proceeds less than Rs 1,000,000 do not fall under the category of non-business chargeable assets (NBCA). These taxes are withheld by the Land Revenue Office on the sale amount.	No change	1.5%

**Windfall gain tax of 25% will be exempted for the reward up to NPR 500,000 received on behalf of contribution in the fields of literature, art, culture, sports, journalism, science and technology, and general administration. However, windfall gain tax shall be applicable on the excess portion of amount of such prize money above NPR 500,000.*

7.3 Applicability of TDS

#	Nature of transaction	FY 2024-25	FY 2023-24
i.	Payment for question setting, answer evaluation	No change	15%
ii.	Payment made by a natural person relating to activities other than business activities	No change	No TDS
iii.	Payment for articles published in Newspaper	No change	No TDS
iv.	Interest paid to the resident bank and other financial institutions	No change	No TDS
v.	Interregional interchange fee paid to the credit card issuing bank	No change	No TDS
vi.	Interest or fees paid by the GON under a bilateral agreement	No change	No TDS
vii.	Tax exempt payment or TDS deductible u/s 87	No change	No TDS
viii.	Incentive paid to the consumer for making payment against purchase of goods or services through electronic wallet such as e-money, Mobile banking	No change	No TDS
ix.	Payment of interest on the loan between the cooperative bank and cooperative institutions.	No change	No TDS

7.4 Final withholding payments

#	Nature of transaction	FY 2024-25	FY 2023-24
i.	On dividend paid by the resident company and Partnership firm - To Resident person - To Non-resident Person	No change	5% for both
ii.	Payment of freight for transportation of goods or vehicle rental payment made to a resident natural person.	No change	10% [in case of vehicle rental] 2.5% [in case of freight for transportation of goods]
iii.	On payment of gain in investment insurance by resident natural Person	No change	5%
iv.	On payment of gain from an unapproved retirement fund	No change	5%
v.	On payment of interest or a similar type having a source in Nepal to natural person [not involved in any business activity] by a Resident Bank, financial institution or debenture issuing entity, or listed company	No change	6%
vi.	Windfall gains	No change	25%

8. Fines and Penalties

Section	Circumstance	FY 2024-25	FY 2023-24
117(1)(Ka)	Estimated Income Tax Return under Section 95(1) not filed by the taxpayer	No change	Rs 5,000 or 0.01% of the assessable income whichever is higher
117(1)(Kha)	Advance Withholding Tax Return under Section 95Ka(5) not filed by an advance tax withholding agent	No change	1.5% p.a. on the amount of tax to be withheld
117(1)(Ga)	Income Tax Return under Section 96(1) not filed <i>If the ITR is filed within the period of extension the fine under Section 117(Ga) is not attracted, otherwise fine is attracted from the due date for filing the ITR irrespective of the extension obtained.</i>	Person under Section 4(4): Rs 1,200 per return and Rs 100 p.m. for a period of less than 1 year Others: Higher of Rs 1,200 per return and Rs 100 p.m. for the period less than 1 year; or 0.1% p.a. on the amount of inclusions	Person under Section 4(4): Rs 100 p.m. Others: Higher of: Rs 100 p.m.; or 0.1% p.a. on the amount of inclusions
117(1)(Gha)	Financial Statement is not submitted within the prescribed time by entities under Section 2(Dha) (<i>Exempt Entity</i>)	No change	0.1% p.a. on the amount of receipts
117(2)	Fails to maintain proper documentation for an income year as required by Section 81	No change	For the year during which the documentation is not maintained, calculated as: Higher of Rs 1000; or 0.1% of the amount of inclusions
117(3)	Withholding Tax Return under Section 90(1) not filed by the tax withholding agent	No change	2.5% p.a. on the amount of tax to be withheld
118(1)(Ka)	Installment tax to be deposited under Section 94 is not made as prescribed	No change	15% p.a. on the outstanding amount
119(1)	Failure to Pay Tax on or before the date on which the tax is payable. <i>Section 119(2): For the purposes of calculating interest payable under Section 119(1), any extension granted under Section 98 is ignored.</i>	No change	15% p.a. on the outstanding amount
119(4)	In case tax has not been paid within the date allowed under Section 110A: <i>Payment of the outstanding tax in installments</i>	No change	An additional 5% p.a. is levied on the arrears
119Ka(1)	Uses an e-billing software as per Section 81(4) in which the data can be deleted or manipulated.	Rs 500,000	No Provision
119Ka(2)	In case the procedures issued by IRD are not followed by the person who manufactures, installs or operates the e-billing software or equipment as per Section 81(4).	Rs 500,000	No Provision
119Ka(3)	In case any person deposits any funds received against business transaction in their personal bank accounts.	Higher of Rs 5,000 or 2% of the amount for each monitoring	No Provision

Section	Circumstance	FY 2024-25	FY 2023-24
119Ka(4)	Except as otherwise provided in this Act, a person who fails to comply with this Act or the Rules framed hereunder	No change	Rs 5,000 to Rs 25,000
120(Ka)	Makes a false or misleading statement or omits from a statement made to the Department any matter or thing without which the statement is false or misleading in a material particular, knowingly or recklessly to the Department	No change	100% of the amount of tax short paid
120(Kha)	Makes a false or misleading statement or omits from a statement made to the Department any matter or thing without which the statement is false or misleading in a material particular, but not knowingly or recklessly to the Department	No change	50% of the amount of tax short paid
121	A person who knowingly or recklessly aids or abets another person to commit an offense under Chapter 23 (<i>Section 123 to Section 130</i>), or counsels or induces another person to commit such an offense	No change	100% of the underpayment of tax

Note: The rate in the above schedule is applied on the highest integer month basis i.e. part of a month is counted as a month

9. Appeal to Revenue Tribunal

Taxpayers shall deposit the total undisputed tax amount and 50% of the disputed amount including fees and penalty as a security deposit or arrange an equivalent bank guarantee for filing an appeal to the revenue tribunal. On the calculation of such deposit or equivalent bank guarantee amount, 25% of the disputed amount deposited at the time of administrative review shall also be included.

10. Other Taxes and Fees

10.1 Education service fees

- Collected from students going abroad for higher education at 3% of the foreign exchange facility availed from the BFIs. The amount collected as education service fees by BFIs must be deposited by the 25th of the following month to the IRD revenue account and details to be provided to the IRD department.
- Interest shall be charged to the BFI at the rate of 15% per annum for the delay in the deposit of education service fees. In case the student is unable to go abroad for his/her studies due to any circumstances and the amount is refunded by the foreign educational institution, then education service fees collected on such amount shall be refunded.

10.2 Infrastructure development tax

Collected for infrastructure development at customs point from petrol and diesel imported into Nepal at Rs 10 per liter.

10.3 Road construction charges

Collected on import or production of vehicles at the rates specified in Annex 2 of the Finance Bill 2081.

10.4 Road maintenance and improvement charges

Collected for maintenance and improvement of roads at Rs 4 and Rs 2 per liter of petrol and diesel, respectively imported into Nepal.

10.5 Film development fees

Collected by the cinema halls on the exhibition of foreign films at rates given in Annex 3 of the Finance Bill 2081.

10.6 Pollution control fees

Collected on the petrol and diesel sold within Nepal at Rs 1.50 per liter. The collected amount by the importer to be deposited by 25th of the following month to the IRD revenue account.

Interest shall be charged to the importer at the rate of 15% per annum for delay in the deposit of pollution control fees.

10.7 Telephone ownership fees

Collected from consumers for new connection or ownership transfer of fixed-line at Rs 500 per connection. Collection for mobile phones will be at 2% of the value of the recharge card and new sim card.

The amount collected by the telecommunication service provider is to be deposited by the 25th of the following month to the IRD revenue account. Interest shall be charged at the rate of 15% per annum for the delay in deposit.

10.8 Telecommunication service charge

Collected from consumers of telephone, mobile and internet service by the telecommunication service providers at **10%**. This charge is not applied to interconnection charges and up to 50% of the maintenance charges of fixed broadband service charges.

The amount collected by the telecommunication service providers is to be deposited by the 25th of the following month along with VAT to the IRD revenue account. Interest shall be charged at the rate of 5% per annum for any delay on such payment.

10.9 **Casino royalty**

Collected from licensed casino operators per license at **Rs 50 million** per annum and **Rs 15 million** per annum for gaming through modern machines and equipment only. The royalty amount is to be deposited at the Tourism Department up to Poush end (40%), Chaitra end (70%) and Asadh end (100%).

10.10 **Digital service tax**

DST collected on digital service provided by a non-resident to Nepalese customers at 2% on transaction value. However, such tax shall not be applicable on annual transactions up to **Rs 3 million**.

The person providing digital services in Nepal shall have to submit the transaction details and tax as per the income year. A fee at the rate of 0.1% on the transaction shall be charged for non-filing of return and 15% interest shall be charged for non-payment of tax alone. A 50% penalty shall be charged in case tax has not been submitted or concealed. Income tax as per the Income Tax Act, 2058 shall not be applicable if tax has been paid as per this provision.

10.11 **Luxury Fees**

Collected at the rate of 2% on the purchase amount of the below-mentioned luxury goods and services consumed in Nepal:

- Services provided by five star and above hotels and luxury Resorts (on availing the service)
- Imported liquors (at custom port)
- Diamond, Pearls, Stones studded gold, or precious metal jewelry worth more than Rs 10 Lakhs (at the time of sale)

10.12 **Foreign Tourism Fees**

Collected at the rate of 5% on the payment made by Nepali tourists going abroad. To be collected at the time of sale of foreign visit package or the time of recognition of expense when a firm or company takes the related person on foreign visit for business promotion.

The fee and return are to be deposited within 25th of the next month. 15% p.a. interest to be charged in case of non-payment. 2.5% p.a. fee to be charged in case of non-submission of return. 25% fee to be charged in case foreign tourism fee is not collected.

10.13 **Foreign Employment Service Fees**

A person licensed to conduct foreign employment business shall collect a Foreign Employment Service Fee at the rate of 1% of the amount collected from the person going for foreign employment. Such amount shall be spent for the benefit of the person going for foreign employment

The fee is to be deposited within 25th of the next month. 15% p.a. interest to be charged in case of non-payment.

10.14 **Health Risk Tax**

Health Risk tax to be levied on the following goods at the specified:

- On Import and domestic production of bidi - 30 paisa per piece
- On Import and domestic production of Cigarettes and Cigars - 60 paisa per piece
- On Import or domestic production of chewing tobacco, khaini, paan masala and gutkha – Rs 60 per kg

Tax is to be paid at the customs frontier at the time of import and during the issuance of produced units, for domestic production.

10.15 **Green Tax [Newly introduced by Finance Bill 2081]**

Green tax is collected on the import of goods at customs points at the rates specified in Annex 1 of Finance Bill 2081. The summary of Annex1 is tabulated below:

Heading	Goods Description	Green Tax
27.01	Coal; briquettes, pellets and similar solid fuels produced from coal	Rs 0.50 per kg
27.04	Organized or unorganized coke and semi coke of coal, lignite or peat, retort carbon	Rs 0.50 per kg
27.10	Petroleum oils and oils obtained from bituminous minerals (other than crude) and oils not elsewhere specified or included, petroleum oils of 70% or more by weight or oils obtained from bituminous minerals, finished goods of which these oils are the main constituents, other than those containing biodiesel and other than waste oils:	0.5% / 1% / Rs 1 per litre
27.13	Petroleum coke, petroleum bitumen and other residues of petroleum oil or bituminous mineral oil	0.5%

right people
right size
right solutions

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