

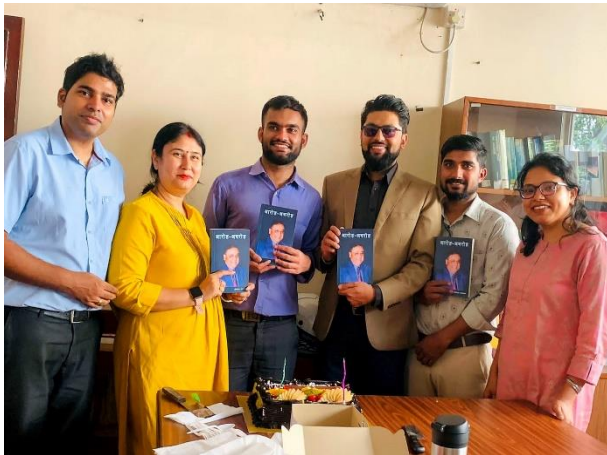
## PKF Nepal Updates

### New staff welcomed to PKF Nepal

PKF Nepal welcomes Kishor Khatri to the PKF family.

### Birthdays

PKF Nepal extends warm birthday wishes to its team members: Aparajita Bhattarai, Tirth Raj Aryal, Kamal Panthi, Bibek Jha, Mukesh Khatri, Preska G.C., Sushmita Khadgi and Gulsan Kumar Roy whose birthdays fell in September.



Celebration of birthdays at PKF Premises

## Updates

### Notices issued by NRB

#### Amendments in Unified Directives, 2080 for "A," "B," and "C" class BFIs

NRB has added/amended the following provisions to the Unified Directives, 2080:

**Directive no. 19/080 Section 16(2):** If events outlined in Section 7 (Dha) of the Act are triggered, the entity must promptly conduct the necessary investigation and submit a Suspicious Transaction/Activity Report (STR/SAR) to the Financial Information Unit (FIU) via the goAML software as soon as possible. Previously, the report had to be submitted within 3 working days, and a statutory investigation was not required to be done by the entity itself.

**Directive no. 19/080 Section 20(4):** If any BFI is penalized due to the actions of an officer or employee, the BFI must take action against them per applicable laws or regulations. However, if the reporting institution fails to do so, NRB may take action against the concerned officer or employee.

Based on the level of compliance, the seriousness of the issue, and the nature of the reporting institution, the director or responsible officer may be fined between NPR 1 million and NPR 50 million, removed from their position, or face both penalties.

**Clause 19.1 (ga):** Details of shareholders holding fifteen percent or more shares should include name, surname, spouse's name, father's name, grandfather's name,

permanent address, current address, telephone number, mobile number, and email address. Previously, the holding limit was 10%.

For the full circular, [click here](#).

### Amendments in Unified Directives, 2080 for Infrastructure Development Bank

NRB has amended the following unified directives, 2079 for Infrastructure Development Banks:

**Directive no. 17/080 Section 8(2):** As per subsection (1), the reporting institution must prepare and submit the evaluation methodology and objective basis for risk assessment to the Asset Laundering Prevention Supervision Division before conducting the risk assessment. This is a new provision.

**Directive no. 17/080 Section 8(3):** In the first quarter of each fiscal year, a risk assessment report prepared after analyzing AML/CFT-related risks must be used to make necessary amendments to policies and procedures. Additionally, a risk-based annual action plan must be developed and implemented.

**Clause 17.1 (ga):** For a legal entity (company or an institution), the details of shareholders holding fifteen percent or more of that legal entity's shares must include: name, surname, spouse's name, father's name, grandfather's name, permanent address, current address, telephone number, mobile number, and email address. Previously, the holding limit was 10%.

For the full circular, [click here](#).

## Notices issued by IRD

### Income Tax Return Deadline Extension

The Inland Revenue Department has announced an extension for filing income tax returns under the Income Tax Act, 2058 (Section 96(1)), due to technical difficulties in the Integrated Tax System (ITS). The deadline for filing has been extended for a second time, offering relief to taxpayers:

- No extension is granted for sole proprietorship firms with an annual turnover of up to NPR 10 million or those entities with no transactions.
- For entities with an annual turnover of up to NPR 250 million and other taxpayers, the deadline is extended until the end of Mangsir (mid-December).
- Entities with an annual turnover exceeding NPR 250 million have until the 20<sup>th</sup> of Poush (early January) to file.

For full notice, [click here](#).

### VAT Refund on Online Payments

As per Section 25, Subsection (1), Clause (1kha) of the Value Added Tax Act, 2052, if consumers purchase specified goods and services and make payments through an electronic medium, as prescribed by the IRD, it will refund 10% of the VAT amount paid directly into the consumer's bank account.

Based on IRD's decision dated 2081/05/21, the following services are eligible for a cash refund of 10% of the VAT paid when purchased through electronic payment methods:

- Services provided by liquor and bar centers.
- Services provided by restaurants.
- Services provided by hotels, motels, lodges, and guest houses.

#### Conditions :

- Taxpayers registered for VAT can participate in the system by using department-approved electronic billing systems.
- Payments made via debit/credit cards, QR codes, mobile apps, and other electronic payment tools will allow consumers to receive a 10% refund of the VAT amount in their bank accounts.
- As per the laws regarding electronic transactions, suppliers of electronic devices and software must update their systems to comply with the "Procedure for VAT Refund to Consumers through Electronic Payment, 2076."
- All banks, financial institutions, payment service operators, and payment service providers must modify their systems to support the implementation of this procedure.
- Businesses participating in the system must publicly inform consumers at their business locations about the availability of VAT refunds for electronic payments.

For the full notice, [click here](#).

## Notices issued by ICAN

### Revised Deadline for Implementation of Standards

The Institute of Chartered Accountants of Nepal (ICAN) has mandated the implementation of the Nepal Financial Reporting Standards for Small and Medium-sized Entities (NFRS for SMEs) 2017, Nepal Accounting Standards for Micro Entities (NAS for MEs) 2018, and Nepal Accounting Standards for Not-for-Profit Organizations (NAS for NPOs) 2018. Following the 333<sup>rd</sup> Council meeting on Bhadra 24, 2081, it has revised the deadlines for their implementation as follows:

- NFRS for SMEs 2017: Entities with transactions (Higher of total assets/liabilities or Net revenue) between NPR 100 million and NPR 400 million are required to implement the standards on a voluntary basis for the fiscal year 2080/81 and mandatorily from the FY 2081/82 onwards.
- NAS for MEs 2018: on a voluntary basis for the FY 2080/81 and will be mandatory from the FY 2081/82 onwards.
- NAS for NPOs 2018: This standard will apply to entities (excluding INGOs), on a voluntary basis for the FY 2080/81, and will be mandatory from FY 2081/82 onwards.

For full notice, [click here](#).

## Notices issued by OCR

### Data Migration and Digital Signature

In reference to the notice issued by the Office of Company Registrar (OCR) on 17.04.2081, public companies were required to migrate the data from the old system to the new system (Company Administration Management Information System - CAMIS) by 2081/05/31. Additionally, from 31.05.2081 onwards, public companies were mandated to use digital signatures when submitting reports to the office in accordance with prevailing laws.

However, as per the order of the Honorable Supreme Court dated 26.05.2081, the use of digital signatures when submitting reports to this office has been made voluntary, and a new deadline will be set for data migration.

For notice, [click here](#).

## Notices issued by ICAN

### Directive on Auditor Listing by Local Levels

ICAN has previously issued directives advising its members against listing themselves as auditors for schools, cooperatives, and other organizations under local jurisdictions.

Following the decision made in the 335<sup>th</sup> council meeting on 06.06.2081, ICAN has issued the following directives for further clarification on this matter:

- For community schools, if the relevant local laws permit the appointment of auditors, members may submit proposals or letters of intent if requested by the local level.
- For institutional schools, cooperatives, Guthi, and other organizations established under federal laws, members must not participate in any proposals or letters of intent called by local levels or other entities for auditor appointments, regardless of whether a fee is involved.
- Members violating this directive by participating in such proposals will be subject to disciplinary action.

This notice has replaced all previous notices regarding auditor listings at local levels.

For full notice, [click here](#).

## Disclaimer

This publication has been compiled and distributed exclusively for the information of clients and staff of PKF T R Upadhy & Co. with an understanding that the firm is not responsible for the results of any actions which are undertaken on the basis of the information which is contained within this publication, nor for any error in, or omission from, this publication. The Firm expressly disclaims all and any liability and responsibility to any person, entity, or corporation who acts or fails to act as a consequence of any reliance upon the whole or any part of the contents of this publication.

PKF T R Upadhy & Co. is a member of PKF Global, the network of member firms of PKF International Limited, each of which is a separate and independent legal entity and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm(s).

## PKF T R Upadhy & Co.

124 Lal Colony Marg,

Lal Durbar, Kathmandu, Nepal.

+977 1 4510927 | 4520026

[www.pkf.trunco.com.np](http://www.pkf.trunco.com.np)