

Procedure for Foreign Tourism Fee, 2081 (2024)

Highlights



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1. Introduction

IRD has introduced a new procedure titled 'Procedure for Foreign Tourism Fee, 2081 (2024),' effective from 1st Shrawan 2081. This procedure is designed for the effective administration of foreign tourism fees being paid by Nepalese tourists traveling abroad.

2. How is "Foreign Tourism" defined under this procedure?

Foreign tourism refers to purchasing a travel package for an international trip by an individual from the tour package seller, or a firm or company sending an individual associated with it for international/overseas business travel.

3. At what rate and in what manner should foreign tourism charges be levied and collected?

The foreign tourism fee should be collected through the following procedures:

- The foreign tour package seller shall collect a tourism fee @5% on the amount paid by a Nepali tourist for a foreign trip when selling travel packages. The tour/travel package also includes the amount paid for transportation, food, accommodation, and entertainment.
- A firm or company sending individuals associated with it for international travel shall also account for tourism fee @5% when accounting for expenses related to international travel/visit.

4. Who will administer foreign tourism fees?

The foreign tourism fee will be administered by the Taxpayer Service Office, Medium Taxpayer Office, and Large Taxpayer Office.

5. Is re-registration required for individuals already having PAN solely for collecting and depositing the fee on foreign tourism?

Individuals already holding a PAN do not need separate registration to collect and deposit foreign tourism fees with the tax office.

6. What steps should taxpayers follow for recording transaction details in their books and submitting these details to the tax office?

Taxpayers should follow the procedure outlined below when recording transaction details in their books and submitting these details to the tax office:

- Transactions should be recorded on an accrual basis.
- Monthly transaction details must be submitted to the tax office by the 25th of the following month, using the format specified in Schedule 1 of the 'Procedure for foreign tourism fee 2081'. However, if no such expenses are incurred during a month by a firm or company, submission of these details for that particular month is not required.
- An additional fee @2.5% per annum will be applicable for the period of delay if the taxpayers do not submit or file the details on time.

7. What specific steps should taxpayers follow when depositing the collected foreign tourism charges to the tax office?

When taxpayers deposit the collected charges to the tax office, the following procedures must be followed:

- The collected taxes/charges should be deposited by the 25th of the following month
- While depositing the tax amount, the tax office's code and revenue code should also be mentioned.
- If the collected taxes are not deposited within the designated timeframe (i.e., by the 25th of the following month), interest @15% per annum will be applicable.

8. What are the arrangements for the tax office to review taxpayers' transactions and assess tax liability?

The tax office will review taxpayers' transactions and assess tax liability by following the arrangements outlined below:

- The tax office can review the transactions of the package seller or the tour-organizing firm/company to determine tax liability.
- If the tax office finds a package seller reducing tax liability by not collecting the required charges or reporting lower charges than collected or by reporting a lower transaction amount than the actual one, an additional 25% fee will be levied and collected.
- If a tour-organizing firm or company is found to have underreported transactions or not accounted/shown the charges, an additional fee @25% will be levied and recovered.

- If the tax office receives information and evidence from any third party regarding the reduction of tax liability by the taxpayer by showing a lower transaction amount or by not collecting taxes from customers or by concealing the transaction, the tax officer will give a written notice of the initial tax assessment based on such information and evidence.
- The tax assessment notice will be considered as served to the taxpayer if it is delivered to an employee or representative of the taxpayer, sent to the taxpayer's address via fax, email, or other electronic means, or published in a national newspaper.
- In case the taxpayers are not satisfied with the tax liability determined by the assessment done by the tax office, a period of 15 days will be allowed for the taxpayer to present evidence of innocence.
- The tax officer will issue a final tax assessment taking into account the evidence of innocence submitted by the service provider or seller.

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