

## PKF Nepal Updates

### Staff leaving PKF Nepal

PKF Nepal bids farewell to team members: Pooja Neupane, Sabik Aryal and Bibek Adhikari as they embark on new career opportunities. PKF Nepal extends heartfelt appreciation for their invaluable contributions to the firm and wishes them continued success in their future endeavors.

### Birthdays

PKF Nepal extends warm birthday wishes to its esteemed members; Ankit Awasthi, Ayushma Pandey, Manoj Khanal, Niharika Tiwari, Puskar Diyali, Avhilekh Upreti, Shraddha Shrestha, and Sandhya Puri whose birthdays fell in January.



Celebration of birthdays at PKF Premises

## Updates

### Notices issued by NRB

#### Amendments in Unified Directives, 2079 for "D" Class BFIs

NRB has amended the unified directives, 2079, for "D class" licensed microfinance financial institutions (MFIs):-

**Circular 4/079 Section 1(ga):** Microfinance financial institutions (MFIs) are required to prepare their financial statements in accordance with Nepal Financial Reporting Standards (NFRSs). For areas not addressed by NFRSs, International Financial Reporting Standards (IFRSs) should be taken as a reference standard.

Previously, only MFIs engaged in wholesale lending, deposit collection from the general public, and operating at the national level were mandated to adopt NFRSs, while others were permitted to use Nepal Accounting Standards (NAS).

**Circular 6/079 Section 3(8):** Shareholders holding 1% or more of the MFI's paid-up capital, along with their immediate family members, shall not be eligible for appointment or reappointment as employees at any level other than as a director or CEO.

Additionally, shareholders holding 5% or more of the MFI's paid-up capital, along with their immediate family

members, shall also be ineligible for appointment or reappointment to the position of CEO of the MFI.

**Circular 8/079 Section 2:** MFIs are not allowed to invest directly or indirectly in shares, debentures, or mutual funds of any institution. However, this restriction does not apply to investments in institutions such as the National Banking Institute, Nepal Clearing House Ltd., Credit Information Center Ltd., and Nepal FinSoft Company Ltd., which assist in fulfilling the objectives or responsibilities of Nepal Rastra Bank.

Investments in shares, debentures, or mutual funds of institutions other than those mentioned above must be deducted from the primary capital when calculating the capital fund of the MFI.

**Note: Section 4 of Circular 8/079 and Section 5 of Circular 8/079 have been deleted from the directives.**

For notice, [click here](#).

### Issuance of Unified Directives, 2081

The NRB, under the authority granted by Section 79 of the Nepal Rastra Bank Act, 2058, has issued the Unified Directives, 2081, each for "A", "B", "C" class BFIs, Infrastructure Development Banks (IFRA), and MFIs.

These directives consolidate the Unified Directives, 2079 (for "D" class BFIs) and 2080 (for "A", "B", "C" BFIs and IFRA), along with the circulars and amendments issued up to the end of Poush 2081.

For notice issued to "A", "B" and "C" class BFIs, [click here](#).

For notice issued to IFRA, [click here](#).

For notice issued to "D" class BFIs, [click here](#).

## Notice issued by Cooperative Department

### Guidelines on Prevention of Asset Laundering

To amend the previously issued guidelines on the prevention of asset laundering for cooperatives, dt. 2074, the Department of Cooperatives (DOC) has issued Directives for the Prevention of Asset Laundering to Cooperatives (Fourth Amendment), 2081. Here are some major highlights:

**Section 19 (1):** Pursuant to section 10 (ka) of the Act, the institution must submit a report regarding cross-border transactions (threshold transactions) to the Financial Information Unit of the department in the prescribed format within 15 days from the date of completion of the transaction.

**Section 4 (2):** Pursuant to section 7 (gha) and section 35 of the Act, the institution must identify and assess institutional risks related to money laundering, terrorist activities, or financial investments in the manufacture and proliferation of weapons of mass destruction. A report on this assessment must be prepared and submitted to the Department within two months after the end of the fiscal year.

In conducting this risk assessment, the institution must identify and analyze risks related to members, products, geographic locations, and delivery channels, as well as risks associated with Anti-Money Laundering (AML) and

Counter Financing of Terrorism (CFT).

**Section 32(5):** If the institution is subject to penalties or actions for violations of this section or other provisions of the directive due to the actions of any officer or employee, the institution must take action against the officer or employee, considering the severity of the violation and the intent behind it, in accordance with applicable laws or the institution's internal regulations.

However, if it fails to take such action, the department has the authority to take disciplinary measures against the officer or employee and impose penalties on the institution's management or relevant officers.

These actions may include a fine ranging from NPR 1 million to 5 million, removal from position, or both, depending on the nature of the violation, the severity of the issue, and the nature of the cooperative institution.

For directives, [click here](#).

## Notice issued by OCR

### Companies Act, 2063: Exemptions and Penalty

In accordance with Section 114(1) of the Constitution of Nepal, the Government of Nepal, through the recommendation of the Council of Ministers and the approval of the President, has published an ordinance in the Nepal Gazette (Part 2, Section 74) dated 29.09.2081 for the amendment of certain laws related to economic and business environment improvement and investment promotion. The exemptions/benefits, as per the amendments made in the Company Act, 2063 under Section 7, Subsection (6) of the ordinance, are as follows:

**Section 81 Subsection 7:** A provision has been added stating, "If any company submits the pending details, information, or notices to the office by the end of Asar 2082, a ninety percent exemption from the penalty for late submission of details, information, or notices under this Act will be granted."

**Section 136(ka) Subsection 3:** A provision has been added stating, "Along with the application under Subsection (1) or (2), the details as per Section 80 and the penalty amount under Section 81, or the amount equivalent to 0.5% of the company's paid-up capital, whichever is lower, must be submitted."

For notice, [click here](#).

## Notice issued by SEBON

### Regulations for Small and Medium-Sized Entities

The Securities Exchange Board of Nepal has introduced 'Securities Issuance and Trading Regulations for Small and Medium Enterprises, 2081', effective from Magh 3, 2081, pursuant to the powers conferred by Section 116 of the Securities Act, 2063, with the approval of the Government of Nepal.

These regulations govern the issuance and trading of securities by Small and Medium Enterprises (SMEs) and will be applicable to all relevant entities involved in securities issuance and trading in Nepal.

For notice, [click here](#).

For regulations, [click here](#).

For TRU highlights, [click here](#).

## Notice issued by GoN

### Ordinance Enacted to Amend 11 Acts

On 13 January 13 Honorable President Ram Chandra Poudel issued an Ordinance upon the recommendation of the Government of Nepal (GoN) and the Council of Ministers. This Ordinance introduced amendments to 11 Acts aimed at enhancing the economic and business environment and promoting investment.

For TRU highlights, [click here](#).

## Indian Budget

### 8th Indian Budget for FY 2025-26

The Union Finance Minister of the Government of India presented her 8<sup>th</sup> Budget for 2025-26 on 1 February 2025. The Budget announcement brought a series of key announcements for India's middle class and also key reforms were announced. The assistance allocation for the year to Nepal from the GOI has also been increased and the policy announcements are expected to have a positive impact on the Nepalese economy as well.

For budget, [Click here](#).

*Compiled and contributed by Bipin Aryal. Bipin is an Audit Executive in the firm.*

## 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)