

PKF Nepal Updates

New staff welcomed to PKF Nepal

We are excited to welcome Sambodhi Basnet, Samundra Paudel and Bikash Kumar Yadav to the PKF Nepal team.

Staff leaving PKF Nepal

PKF Nepal bids farewell to team members: Shraddha Shrestha, Preska G.C and Jagadish Bhandari 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 team members: Alin Karki, Dewamsh Basyal, Samikshya Shrestha, Samiksha Bhandari, Krishna Gautam and Aakriti Shrestha, whose birthdays fell in May.



Celebration of birthdays at PKF Premises

Updates

Notices issued by MoF

Nepal Budget Statement 2025-26

On Thursday, 29.5.2025, the Honorable Finance Minister Mr. Bishnu Prasad Paudel presented the full budget for the FY 2025-26 (2025-26). The Budget 2025-26 allocates Rs 1,964.11 billion to drive economic recovery, targeting 4.6% economic growth through a mix of investment incentives and fiscal reforms.

Key measures include tax holidays for green hydrogen (5 years), EV charging infrastructure (5 years), and industrial zones (10+5 years), offset by higher sin taxes on alcohol, tobacco, and vapes. The budget slashes SEZ rents to Rs 5/sq.m, eases land ceilings for industries, and introduces financial safeguards including Rs 5 lakh deposit insurance for cooperatives and a Debt Recovery Tribunal.

Infrastructure gets a boost with 942MW added to the national grid, 5G expansion in major cities, and an IT Park development, alongside environmental measures like banning sub-40-micron plastics. Amnesty schemes allow tax defaulters to regularize status by January 2026 with partial penalties, while scrapping foreign travel fees for Nepali tourists.

For finance act, [click here](#).

For budget speech, [click here](#).

For TRU budget highlights 2025-26, [click here](#).

For TRU tax rates for FY 2025-26, [click here](#).

Notices issued by NRB

Amendments in Unified Directives, 2081 for "A," "B," and "C" class BFIs

NRB has added/amended the following provisions to the Unified Directives, 2081:

Directive no. 13/081 Section 1(1): Licensed institutions shall be required to maintain four percent of their total deposit liabilities as mandatory cash reserve with Nepal Rastra Bank (NRB). As per this clause, at least 90 percent of the required mandatory cash reserve must be maintained with NRB on a daily basis starting from 18.2.2082. Previously, a 70% cash reserve was required to maintain with NRB.

Directive no. 1/081 Clause 1.1, Capital Adequacy Framework 2015, section 3.3 j(1)(i) and Capital Adequacy Framework 2007, section 3.3 j(1)(i): As per the revised regulation, all loans extended against the security of shares will now carry a uniform risk weight of 100%, irrespective of the loan amount. The earlier provision, which imposed a 100% risk weight on loans up to NPR 5 million and a higher 125% risk weight on loans exceeding NPR 5 million, has been removed.

For circular, [click here](#).

Directive no. 2/081 Section 8(5): Licensed institutions may restructure and/or reschedule loans provided to construction contractors whose projects are funded by public entities but have pending payments, based on the borrower's request and a cash flow analysis.

At least 10% of the accrued interest must be recovered before restructuring. This must be completed by 32.3.2082 (16.7.2025), and such loans must be classified at no better than their status as of 30.8.2081 (15.12.2024), with no penal interest charged for the period. A 5% loan loss provision must be maintained, and previous provisions cannot be written back. Documentary evidence confirming the pending payment from the public entity is required.

For circular, [click here](#).

Notice issued by ICAN

Amendments to AML/CFT directives, 2078

The Institute of Chartered Accountants of Nepal (ICAN) has published the first amendment to the "Directives on Prevention of Money Laundering and Financing of Terrorist Activities, 2078".

This amendment, approved by the 345th Council meeting held on 12.1.2082, incorporates recent changes introduced through the 5th Amendment to the Money Laundering Prevention Act, 2064 and the Regulation, 2081, which assign additional responsibilities to accounting professionals under the scope of money laundering and terrorist financing prevention. The updated directive is effective from the date of issuance 26.2.2082.

For notice, [click here](#).

For directives, [click here](#).

Issuance of Monitoring Regulations, 2082

The Institute of Chartered Accountants of Nepal (ICAN) has issued the "Monitoring Bylaws, 2082", replacing the previous Monitoring Procedures, 2074. This new regulation was approved during the 345th Council meeting held on 12.1.2082.

The revised bylaw aims to make the monitoring process more effective, transparent, timely, and efficient in line with the professional code of conduct and relevant directives.

It also incorporates necessary amendments, additions, and clarifications to strengthen the oversight of work performed by members and certificate holders under Section 13(2) of the Nepal Chartered Accountants Act, 2053.

For notice, [click here](#).

For bylaws, [click here](#).

Notice issued by IRD

Revision in Excise Duty Directives 2081

The Inland Revenue Department (IRD) has published the revised 2081 edition of the Excise Duty Directives, 2068, incorporating all amendments made to date in the Excise Act, 2058; Liquor Act, 2031; Excise Rules, 2059; and Liquor Regulations, 2033.

For directives, [click here](#).

Global Highlights

Politics and Diplomacy

- Saudi Arabia formally joined the BRICS New Development Bank (NDB) on May 15, advancing its de-dollarization agenda and boosting infrastructure financing options for the Global South; this step challenges Western-dominated financial institutions globally, while offering Nepal potential alternative sources of funding for its critical infrastructure development needs.
- The United States imposed \$18 billion in tariffs on Chinese goods effective May 7, including 100% on electric vehicles, 50% on semiconductors, and duties on solar panels, reigniting major trade tensions and triggering global market volatility; this step risks disrupting international supply chains and increasing green technology costs worldwide, while for Nepal, it directly raises expenses for critical solar energy imports and essential technology infrastructure.

Economy and Energy

- The EU launched a \$500 billion Net-Zero Industry Act on May 14 to boost domestic clean tech production, countering Chinese dominance and US subsidies; this accelerates the global green transition but intensifies subsidy competition worldwide, while for Nepal, it could lower renewable technology costs but also pressure exports sensitive to new trade barriers.
- OPEC+ extended voluntary oil production cuts of 2.2 million barrels per day into 2025 on May 31, aiming to stabilize prices near \$80 per barrel; this step risks fueling global inflation and dampening economic growth, while Nepal faces a higher fuel import bill, worsening domestic inflation and its trade deficit.

Foreign Aid and Trade Relations

- Major powers committed significant aid in May 2025 – \$61B from the US to Ukraine, \$20B from China to Africa, and \$700M from the World Bank to Indonesia for energy transition – intensifying geopolitical competition through development finance globally, while raising concerns in Nepal about the potential diversion of aid and focus away from its own needs.
- India signed a \$100 billion trade and investment pact with the EFTA bloc (Switzerland, Norway, Iceland, Liechtenstein) on May 22, focusing on pharma, renewables, and digital tech; this reshapes regional trade networks globally, while offering Nepal potential market access through India but also increasing competitive pressure in key sectors.

Environment and Climate Updates

- EU carbon credit prices surpassed €100 per ton and Brazil reported a 40% drop in Amazon deforestation in May 2025, though EU trade tensions over agricultural links to logging persist; globally, this raises costs for polluting industries and boosts green tech, while Nepal faces potential future carbon taxes.
- Nepal hosted the Sagarmatha Sambaad conference in Kathmandu on May 16, focusing on climate change and Himalayan glacier melt; this globally highlighted the urgent threat to the "Third Pole," while significantly boosting Nepal's profile for attracting international climate funding and support.

Health and Safety

- Nepal launched a National Essential In-vitro Diagnostics List on May 9, becoming the third country globally to do so with WHO support; this sets a precedent for global health security frameworks, while strengthening Nepal's domestic capacity for disease diagnosis and outbreak response.
- The EU implemented a ban on titanium dioxide (E171) in food products on May 24, citing cancer risks and affecting candy, gum, and pharmaceuticals; this forces global supply chain reformulation and compliance checks, while impacting Nepalese exports (notably pharmaceuticals) to the EU market and requiring swift adaptation.

Compiled and contributed by Bipin Aryal, Audit Executive in the firm.

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