

PKF Nepal Updates

New staff welcomed to PKF Nepal

We are excited to welcome Ms. Kriti Wagle and Mr. Mumtaj Ansari to the PKF Nepal team.

Staff leaving PKF Nepal

PKF Nepal bids farewell to Mr. Kishor Khatri as he embarks on new career opportunities. We extend our gratitude to our departing colleague for his valuable contributions throughout his tenure at PKF Nepal and wish him all the best in his future endeavors.

Birthdays

PKF Nepal extends warm birthday wishes to its Partner, Sanjeev Kumar Mishra, and to the team members: Aarati Paudel, Rachita Aryal, Sunita Khatiwada, Chandrakant Chaudhary, Ankit Adhikari, Aliza Paneru, Bibin KC, Pratikshya Chhetri, Sambodhi Basnet, and Mahendra Kandel, whose birthdays fell in April.



Celebration of birthdays at PKF Premises

ICAN Event

Partners and managers of PKF Nepal attended the 5th National Convention of Accounting Professionals organized by the Institute of Chartered Accountants of Nepal, held on 29–30 April 2026 in Kathmandu. Conducted under the theme **Strengthening Trust and Economic Governance: Catalyzing Nepal's Economic Transformation**. The convention brought together regulators, industry leaders, and professionals to deliberate on enhancing transparency, accountability, and financial reporting standards



Updates

Notices issued by NRB

Amendments in Unified Directives, 2082 for "A", "B", and "C" class BFIs

Nepal Rastra Bank (NRB) has issued a series of targeted amendments to its Unified Directives for Class 'A', 'B', and 'C' licensed institutions through a circular dated 2082/12/22.

Capital Adequacy Framework: Risk Weighting for SME Loans

A new provision has been introduced in the Capital Adequacy Framework 2015 (point 3.3 j(1) n) and the Capital Adequacy Framework 2007 (point 3.3 j(1) m) to provide relief for small and medium-sized exposures. Under this amendment, loans not exceeding Rs. 30 million provided to SMEs will now be risk-weighted at 60%, provided they fulfill the following criteria:

- **Sectoral Eligibility:** The SMEs must be involved in the Agricultural, IT, or Manufacturing industries.
- **Security Requirements:** Loans must be guaranteed by the Deposit and Credit Guarantee Fund, or backed entirely by land or buildings. The collateral must provide at least a 25% margin based on the property's fair market value.
- **Insurance Coverage:** The project must be covered by project insurance.

Updated Reporting Procedures:

To implement these changes, NRB has updated the reporting forms for both the 2015 and 2007 frameworks. This includes:

- **Form No. 2 (Risk Weighted Exposure for Credit Risk):** Now includes a specific line item for SME loans not exceeding Rs. 30 million at a 60% risk weight.
- **Form No. 3 (Eligible Credit Risk Mitigants):** Updated to allow for the recording of these specific SME exposures and their corresponding mitigants. For Circular, [click here](#).

Amendments in Unified Forex Directive, 2081

NRB introduced amendments and additions to the Unified Foreign Exchange Directive 2081 through its circular dated 6 April 2026. The revisions cover digital reporting requirements, import transaction procedures, operational flexibility for rerouting cargo, and updated compliance measures for banks and importers. These changes are expected to streamline foreign exchange operations while strengthening oversight and procedural clarity.

For a detailed analysis of the amendments and their implications, please refer to our Flash Alert: [click here](#)

Notices issued by IRD

Mandatory Electronic Billing Threshold Reduced to Rs. 200 Million

The Inland Revenue Department has lowered the threshold for mandatory electronic billing under the Centralized Billing Monitoring System (CBMS). Effective from April 2026, businesses with an annual turnover exceeding Rs. 200 million are now required to issue invoices electronically, reducing the previous threshold of Rs. 250 million.

This measure reflects the government's continued push toward tax digitalization and tighter transaction monitoring. By lowering this ceiling, the government aims to bring a much larger pool of medium-to-large-scale enterprises under the direct, real-time oversight of the tax authorities. For notice, [click here](#).

National Updates

Presidential Ordinance- 2026

In late April 2026, President Ram Chandra Paudel promulgated a series of ordinances on the recommendation of the Council of Ministers under Article 114 of the Constitution. These ordinances form part of a broader legislative package aimed at strengthening governance, improving public sector efficiency, and addressing structural issues across key sectors.

The most significant action involves a mass overhaul of public institutions, following the issuance of the 'Ordinance on Special Provisions regarding the Dismissal of Public Officials, 2083 BS'.

Similarly, the Public Procurement (Second Amendment) Ordinance, 2083 has also drawn particular attention due to its direct implications for project execution and public financial management.

Key highlights include:

- **Pre-procurement readiness requirements:** Mandatory confirmation of budget allocation, land acquisition, and environmental clearances prior to tendering.

- **Control over stalled projects:** Restrictions on awarding contracts without ensuring implementation readiness.
- **Promotion of domestic goods:** Preference for locally produced goods with defined value addition criteria.
- **Introduction of modern procurement methods:** Including EPC (Engineering, Procurement, Construction) and alternative bidding approaches.

In addition, the ordinance package includes amendments to a wide range of sectoral laws governing public institutions such as universities, health bodies, regulatory authorities, and state-owned enterprises. Notably, provisions have been introduced that affect the tenure and appointment framework for public officials across multiple entities, aimed at enhancing administrative accountability and governance.

Government Introduces Fortnightly Salary Payments for Public Employees

In a notable fiscal and liquidity-management reform announced in April 2026, the Government of Nepal decided to shift public-sector salary disbursements from a monthly to a fortnightly payment system.

The policy aims to stimulate household spending and improve liquidity circulation in the economy. If effectively implemented, it may influence short-term consumption trends and financial planning behavior among salaried households.

Strict Customs Enforcement on Goods Above Rs. 100 at Border Points

Following a decision of the Central Revenue Leakage Control Committee on 2 April 2026, customs authorities began strict enforcement of duties on imported goods valued above Rs. 100 at border areas, including Birgunj and Gaddachauki.

This crackdown targets informal cross-border trade and revenue leakage. Businesses relying on small-scale imports, retail sourcing, or border trade should reassess procurement channels and ensure customs compliance to avoid disruption or penalties.

Government Halves Customs Duty on Petroleum Imports

In early April 2026, the Government of Nepal reduced customs duty on petroleum imports by 50% as a measure to ease domestic price pressure.

This move directly affects transportation, logistics, manufacturing, and energy-intensive industries. Companies with high fuel dependency may experience short-term cost relief, while pricing strategies should be reviewed to reflect lower input costs where applicable.

Historic Microfinance Sector Merger Signals Industry Consolidation

Three institutions: Jeevan Bikas Laghubitta, Unique Nepal Laghubitta, and Manushi Laghubitta, signed a merger agreement in April 2026, marking one of the largest consolidation moves in Nepal's microfinance sector.

This reflects a broader trend toward capital strengthening and operational efficiency in financial services. Businesses operating in rural finance ecosystems should expect stronger institutions, revised branch strategies, and potentially tighter governance standards following consolidation.

Commercial Banks Reduce Deposit Rates Below 5% in Baisakh

In April 2026, 19 commercial banks in Nepal revised deposit rates downward, with many offering rates below 5% for fixed and savings products.

Lower deposit rates suggest easing funding costs for banks and may gradually support lower lending rates. For businesses, this can improve financing conditions, while investors may reassess fixed-income returns and shift toward alternative investment vehicles. Treasury planning should account for changing interest-rate expectations.

NRB Conducts Large-Scale Liquidity Absorption of Rs. 120 Billion

On 24 April 2026, Nepal Rastra Bank mopped up Rs. 120 billion excess liquidity from the banking system through a 19-day deposit collection instrument. Earlier in April, another Rs. 100 billion was withdrawn through a 56-day auction, reflecting the central bank's active liquidity management approach.

For businesses and borrowers, this indicates continued surplus liquidity in the banking sector but also signals tighter short-term cash balancing by banks. Corporate borrowers should monitor lending rates and credit appetite as liquidity operations may influence banking behavior in the coming weeks.

Economic Reality Check: Finance Minister Swarnim Wagle Unveils National White Paper

Finance Minister Swarnim Wagle recently released the "Current Economic White Paper," detailing a fragile economy facing significant structural risks. Key takeaways include:

- **Slowing Growth:** Economic growth is projected to drop to 3.5% this year, down from the decade average of 4.2%.
- **Structural Imbalance:** The economy is heavily service-oriented (62%), while the industrial sector remains stagnant at just 12.8%.

- **Rising Debt:** Public debt has climbed to 43.8% of GDP, with 81% of foreign aid now arriving as loans rather than grants.
- **Human Capital Flight:** Limited domestic jobs led to over 800,000 labor permits being issued last year, signaling a major depletion of local talent.
- **Fiscal Strain:** Low capital expenditure (19% and underperforming revenue (87.6% of targets) continue to hamper infrastructure development.

Minister Wagle emphasized that overcoming these challenges requires urgent structural reforms, stronger fiscal discipline, and a significantly improved climate for private investment.

Global Highlights – Implications for Nepal

Energy and Geopolitics

Strait of Hormuz Tensions Trigger Fresh Global Energy Shock

April 2026: Ongoing conflict involving Iran and disruptions around the Strait of Hormuz intensified concerns over global oil supply, placing renewed pressure on emerging market economies dependent on imported fuel. Rising energy costs have already prompted inflationary risks and fiscal stress across Asia.

What It Means for Nepal:

Nepal's heavy reliance on imported petroleum products makes it directly exposed to such geopolitical shocks. Higher fuel prices can increase transportation and logistics costs, widen trade deficits, and place pressure on foreign reserves, factors businesses should closely monitor in budgeting and pricing decisions.

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