

TRU Flash Alert

006-2019 31 May 2019

Increase in minimum limit of foreign investment

Nepal Government, Ministry for Industry, Commerce and Supplies has issued a notice in Nepal Gazette on 29 May 2019 prescribing minimum limit for foreign investment

Using the power conferred by section 3(3) of the Foreign Investment and Technology Transfer Act 2075 (FITTA 2075), minimum threshold per foreign investor has been raised to NPR 50 Million.

In the previous FITTA, the minimum limit for foreign investment was only NPR 5 Million. In this connection, new FITTA 2075 had not prescribed minimum limit of investment. Accordingly, the council of ministers have prescribed the minimum limit for foreign investment.

TRU Comments:

What it means for foreign investors and overall industry?

Many foreign investors entered Nepal at a fairly low investment amount i.e NPR 5 million (~USD 43,500) which attracted more and more investors to explore the business opportunities in Nepal. However, general increment in threshold may act as a barrier and discourage investments in certain sectors such as IT and service sectors. These sectors would have assisted in technology transfer and creation of employment opportunities and thus contributing to overall growth of economy.

Inclusion of Investment Companies in list of service industry

Using the power conferred by section 53 of Industrial Enterprises Act 2073, Nepal Government, Ministry for Industry, Commerce and Supplies has added "Investment Company" in the list in Annexure 8 of the act. Annexure 8 enlists those services categorized under Service Industry as referred in Section 15 (2) (Ja) of the act.

Contact

PKF T. R. Upadhyaya & Co.
124 Lal Colony Marg, Lal Durbar (Near Jai Nepal Hall),
Kathmandu, Nepal
Phone: +977 1 4410927 | 4420026
Fax: +977 1 4413307
Email: trunco@ntc.net.np

PKF TR Upadhyaya & Co., 124 Lal Colony Marg, Lal Durbar, Kathmandu, Nepal www.pkf.trunco.com.np

PKF TR Upadhyaya & Co is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.