

# PKF TRU Newsletter – January 2023



## PKF Nepal Updates

### New staff welcomed to PKF Nepal

PKF Nepal welcomes Bishal Shrestha, Chandrakant Chaudhary, Jharana Arjel and Ritika Acharya to the PKF family.

### Staff leaving PKF Nepal

PKF Nepal extends farewell to PKF family members viz. Lalita Rijal, Binu KC, Niranjan GC, Apsana Shrestha and Sangita Nepal have decided to move on for career enhancement with other entities. PKF Nepal expresses gratitude for their valuable contribution to the firm.

### Birthdays

PKF Nepal extends birthday wishes to PKF family members viz. Shashi Satyal (Partner), Anjan Shah (Director), Rudrakant Jha, Upendra Lama, Prerana Gautam, Subash Bhatta, Yugesh Shrestha, Baburaja Bohaju and Amrit Shahi whose birthdays were in December.



Celebration of birthdays at PKF Premises



## Updates

### Notices issued by IRD

#### Notice regarding an update of Annex 10 of D-03 Return

In order to address issues regarding taxpayers accidentally failing to claim the amount in Annexure 10, IRD has introduced an update where taxpayers will receive a pop-up message citing the claimable amount and requesting to claim the same in Annexure 10 while updating Annexure 1 or 2.

Further, while submitting finalized D-03 return a pop-up message mentioning the following shall be displayed:

- Total tax to be paid;
- Total tax paid;
- Confirmation to submit with a warning that returns cannot be changed once they are submitted.

For notice [click here](#).

### Notices issued by Nepal Rastra Bank

#### Updates from Monetary Policy – First Quarter Review

**Directive 15/ 078 Clause 4 point 2:** From **Chaitra 2079**, the maximum spread between average interest rates shall be as follows:

Financial Institution	Maximum spread in rate
“A” class	4.2%
“B” and “C” class	4.8%

Applicable from **Asadh 2080**, the maximum spread shall be as follows:

Financial Institution	Maximum spread in rate
“A” class	4.0%
“B” and “C” class	4.6%

**Directive 17/ 078 Clause 17 point 5:** Investments made by licensed institutions in the bonds issued by public limited companies in the agricultural sector can be considered for the specified limit of investment that is required to be made in the agricultural sector.

**Directive 17/ 078 Clause 17 point 1 (क), (ख) and (ग):** By the end of **Asadh 2083**, out of the total loan disbursed by “A” class financial institution **15% each** shall be disbursed to the **agricultural sector** and **micro, cottage and small industry** and **10%** to the **energy sector** in the following manner:

Sector	Agriculture	Micro, Cottage and Small Industry	Energy
<b>Time limit</b>	<b>% Disbursal</b>		
Asadh 2080	11%	11%	6%
Asadh 2081	13%	12%	7%
Asadh 2082	14%	13%	8%
Asadh 2083	<b>15%</b>	<b>15%</b>	<b>10%</b>

**Directive 17/ 078 Clause 17 point 1 (घ):** By the end of **Asadh 2083**, “B” class financial institutions shall disburse a minimum of **20%** and “C” class financial institutions a minimum of **15%** of its total loan as follows in agriculture, micro, cottage and small industry, energy and tourism sector:

Time Limit	“B” Class	“C” Class
Asadh 2080	16%	11%
Asadh 2081	17%	12%
Asadh 2082	19%	14%
Asadh 2083	20%	15%

For notice [click here](#).

## Notice regarding amendment in qualifications of the promoter or Chief Executive Officer of licensed institutions

The following additional qualifications for promoter or CEO of “A”, “B” and “C” class financial institutions have been included in directive 6/078 point 4(3):

(a) Person who has not been bankrupt or is not guilty or convicted of **corruption** or dishonesty or fraud;

(b) Person having no criminal record or in case of a criminal record, a period of **5 years** from end of receiving punishment has lapsed;

For notice [click here](#).

The same qualifications shall also be applicable to the promoter and CEO of “D” class financial institutions and infrastructure development banks.

For notice relating to “D” class financial institution [click here](#).

For notice relating to Infrastructure Development banks [click here](#).

Furthermore, the qualification mentioned in point (b) shall also apply to institutions licensed to conduct foreign exchange transactions, remittances and money changers.

For notice [click here](#).

## Amendment in the Working Capital Guidelines, 2079

Some of the amendments brought forward by NRB in the Guidelines issued for working capital loans through a notice dated 20 Poush 2079 (4 January 2023) addressing “A”, “B”, “C” class financial institutions and Infrastructure Development Banks are briefly summarized below:

**Point 3.1 (क):** While Banks and financial institutions (BFIs) may determine the limit of working capital loans to be disbursed to borrowers who have obtained a working capital loan of Rs 10 million or less from the entire banking system, the **type of loan** provided shall be as per the guidelines.

**Point 3.3 (ग):** For permanent working capital needs, BFIs shall disburse loans having tenure from 3 to 10 years. For such loans, restriction for disbursal over 25% of annual transactions or sales shall not be applicable.

**Point 6.1:** BFIs must conduct a mandatory inspection of current assets and current liabilities at least once in 3 months and update the report in the loan file. Once a year, such an inspection shall be conducted as a surprise check.

**Point 8.3:** BFIs shall make arrangements for depositing **the** entire revenue or sales proceeds from the business of the borrower directly to the current account of the borrower with the BFI. Similarly, the borrower may give “Standing Instruction” to BFI to transfer the amount in the current account to the loan account for which the BFI shall make necessary arrangements for execution.

**Point 10.3:** If a borrower requires adhoc loan of an emergency nature more than once in a financial year, such a loan may be provided on the basis of the decision of the Board of Directors of the respective BFI.

For notice [click here](#).

## Issue of New Licensing Policy, 2079

NRB through its notice vide 21 Poush 2079 (5 January 2023) has issued a new Licensing Policy 2079 for organizations involved in payment-related systems.

The policy shall also apply to organizations established in Nepal and providing payment services outside Nepal and such organizations established outside Nepal and carrying out payment-related systems within Nepal.

The policy has permitted FDI in payment service providers (PSPs) and payment system operators (PSOs) of up to 15 percent of the total capital.

The policy now requires PSPs and PSOs to increase their capital by up to 5 and 4 times, respectively of the existing levels that will see consolidation in the crowded market to develop stronger and sustainable institutions. This policy will be effective from the date of approval by the Board of Directors of the Bank.

For notice and policy [click here](#).

## Notice issued by DOI

### Notice regarding the Use of Trademark

If any person has obtained a registration certificate for a trademark but has not brought the trademark into use within 1 year of the date of issue of the certificate, the Department may conduct the necessary investigation and revoke such certificate. Hence, the Department through its notice requests industries that have registered a trademark and have obtained the certificate to report to the Industry Property Division within the stipulated time with proof of use or non-use of the trademark to avoid being punished as per prevailing law. For notice [click here](#).

## Disclaimer

This publication has been compiled and distributed exclusively for the information of clients and staff of PKF T R Upadhyya & 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 Upadhyya & 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.

## PKF T R Upadhyya & Co.

124 Lal Colony Marg,

Lal Durbar, Kathmandu, Nepal.

+977 1 4410927 | 4420026

[www.pkf.trunco.com.np](http://www.pkf.trunco.com.np)