

PKF TRU Newsletter – June 2019



PKF TRU updates

Discussion on Budget 2076/77

PKF TR Upadhyia & Co. organized breakfast meeting on 2 June 2019 to discuss and exchange ideas on the Budget Highlights of 2076/77.

Partners, managers and supervisors participated in the meeting chaired by Mr. Shashi Satyal, Partner and the discussion was facilitated by Bhim Bahadur Chand and Manoj Thapaliya. Discussion also covered the potential impact to various clients of PKF T R Upadhyia & Co.

Overall, the meeting was fruitful to all the participants with insights from the Partners and careful evaluation and dissemination of knowledge from the tax experts of the firm.



Mr Chand briefing highlights of budget 2076/77

One day NFRS training to General Insurance Companies

PKF provided resources for the one day NFRS training conducted by Tathya Learning Pvt Ltd on 17 May 2019 for General Insurance Companies. Prior to this training, PKF had provided resources for a similar training organized by Tathya to Life Insurance companies in Nepal.

The training was attended by the CFO, Finance Managers and Executives from majority of General Insurance Companies in Nepal. The training focused on NFRS 4 Insurance Contract and other potential impacts due to NFRS

Mr Anjan Shah, Senior Manager of PKF T R Upadhyia & Co. was the lead trainer supported by Mr Surendra Pathak, Manager.



Participants of one day NFRS training to General Insurance Companies

Recent updates

Finance Act 2076-77 (2019/20)

On Tuesday, 29 May 2019, Honorable Finance Minister, Dr. Yuba Raj Khatriwada presented the full budget for the fiscal year 2076-77 (2019-20). The budget has brought some significant changes in VAT and Income Tax Act such as submission of amended income tax return, 10% VAT refund on payment through electronic medium, self-generated tax clearance certificate, disallowance of salary or wages without PAN, disallowance of expense exceeding Rs 1,000 without PAN etc.

This budget has also encouraged merger of banks and financial institution by extending 1 year for intimation of interest and closure of merger process.

To access highlights of budget 2076/77 and tax rate of fiscal year 2076-77(2019-20), [please click here.](#)

NRB Circulars

Relating to Deposit Collection

Nepal Rastra Bank has issued a circular dated 12 May 2019 to licensed "A", "B" and "C" class financial institutions restricting acceptance of fixed deposit for the period less than 3 months. NRB has also restricted acceptance of fixed deposit in which depositors can withdraw amount before maturity at the predetermined rate of interest.

On 9 May 2019 NRB has also issued circular to licensed "A", "B" and "C" class financial Institutions imposing restriction on providing any gifts such as silver/gold coins to depositors.

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Limit on accepting call deposit

NRB issued circular dated 23 May 2019 restricting licensed “A” class financial institutions to accept call deposit only up to 10% of total deposit. The limit is set at 15% for licensed “B” and “C” class financial institutions.

Those entities who have breached the limit on date of issue of circular should bring down the percentage within stipulated limit by 16 July 2020.

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. This is a general minimum threshold and is applicable to all foreign investors.

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.

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.

Single Point Service Centre

Exercising the power given in Section 35 of the Industrial Enterprise Act 2073, the Ministry of Industry, Commerce & Supplies (Ministry) has established a Single Point Service Center (Centre) on 29 April 2019. All services required by an industry including concessions, facilities and incentives shall be provided through this Centre in an easy and spontaneous manner. In addition, other administrative services such as approval, registration, expansion and exist approvals for industries will be provided from the Centre on a timely manner.

Until further notified, the Center will be located at the precinct of Department of Industry (DOI) and will endeavor to fully automate its process through online services from its various units. Investors may avail services from the Center from 15 May 2019.

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