

Amnesty to Taxpayers (Finance Bill 2079)

On 29 May 2022, the Government announced various tax amnesties through Finance Bill, 2079 to provide relief to those taxpayers already registered and also unregistered with an objective of bringing them into the ambit of taxation. We have compiled a brief overview to understand various aspects of those amenities as discussed below:

1. Amnesty on payment of taxes and filing returns

What does the amnesty offer?

The taxpayer having taxable income in past obtains PAN, pays the tax, and files returns for FY 2075-76, 2076-77 and 2077-78 within 14 January 2023 (Poush end 2079).

What needs to be paid?

The taxes for the FY 2075-76, 2076-77 and 2077-78 within 14 January 2023 (Poush end 2079).

What is waived?

Applicable fees and interest for the FYs up to 2077/78.

Note: The tax, fees and interest shall be charged without any concession on failure to deposit the tax and file the return within the time limit as prescribed above.

Who can be benefited?

Taxpayers who were required to obtain the PAN, pay taxes, and file the returns up to the FY 2077/78.

What procedures to follow?

- Obtain Permanent Account Number (PAN)
- Pay the applicable taxes for FY 2075-76, 2076-77 and 2077-78.
- File the returns for the period for FY 2075-76, 2076-77 and 2077-78

PKF Nepal Comments

This amnesty provides an opportunity to the taxpayers to deposit the unpaid taxes having not obtained the PAN up to FY 2077/78 and enjoy the benefit of waiver of additional fees and interest.

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2. Amnesty on payment of outstanding dues by Joint Ventures

What does the amnesty offer?

The Joint Ventures registered under VAT Act 2052 who had failed to submit the returns or pay the applicable VAT up to 13 April 2022 (Chaitra end 2078) furnishes the VAT return and pays outstanding VAT & 50% of applicable interest within 14 January 2023 (Poush end 2079).

Also, the Joint Ventures who have filed returns up to 13 April 2022 (Chaitra end 2078) without a deposit of the applicable VAT amount if pay the outstanding VAT & 50% of applicable interest within 14 January 2023 (Poush end 2079).

What needs to be paid?

Outstanding VAT amount up to 13 April 2022 (Chaitra end 2078) & 50% of applicable interest within 14 January 2023 (Poush end 2079).

What is waived?

The fees, additional charges and penalties.

Who can be benefited?

Taxpayers who have failed to submit the VAT returns and pay the VAT amount due up to 13 April 2022 (Chaitra end 2078) and the taxpayers who have failed to pay the VAT amount applicable but have submitted the VAT returns up to 13 April 2022 (Chaitra end 2078)

What procedures to follow?

- Pay the due amount of VAT with 50% of applicable interest.
- Submit all the VAT returns up to 13 April 2022 (Chaitra end 2078)
- Furnish the evidence to the assessment officer in the respective tax office

PKF Comments

This amnesty provides an opportunity to the taxpayers to clear their outstanding dues for the period up to 13 April 2022 (Chaitra end 2078) under VAT Act on the payment of the outstanding dues and 50% of applicable interest.

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3. Amnesty to Private Firms and Companies

What does the amnesty offer?

Private firms and companies that are registered under the Private Firm Registration Act, 2014 and Companies Act, 2063 and have not submitted their annual returns up to FY 2076/77 (2019/20) and failing to renew their business can submit such returns and deposit 5% of applicable fees and penalties by 14 January 2023 (Poush end 2079).

What needs to be paid?

5% of applicable fees of renewal and penalties for delay in submission of annual returns.

What is waived?

The remaining 95% fees and penalties.

Who can be benefited?

Private firms and companies who submit the pending annual returns up to FY 2076/77 and apply for renewal by 14 January 2023 (Poush end 2079).

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The amnesty is provided to the Private firms and Companies so as to encourage the regularity in annual returns filing and effect timely renewal as required by the law.

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4. **Amnesty on payment of outstanding dues by the licensee under Excise Act, 2058**

What does the amnesty offer?

The licensees under Excise Act, 2058 who had failed to submit the returns or pay the applicable VAT up to 13 April 2022 (Chaitra end 2078) files the excise return and pay outstanding excise & 50% of delay fees within 14 January 2023 (Poush end 2079).

Also, the licensees who have furnished returns up to 13 April 2022 (Chaitra end 2078) without a deposit of the applicable excise amount if pays outstanding excise & 50% of delay fees within 14 January 2023 (Poush end 2079).

What needs to be paid?

Outstanding excise amount up to 13 April 2022 (Chaitra end 2078) & 50% of applicable interest within 14 January 2023 (Poush end 2079).

What is waived?

The fees, additional charges and penalties.

Who can be benefited?

Taxpayers who have failed to submit the excise returns and pay the excise amount due up to 13 April 2022 (Chaitra end 2078) and the taxpayers who have failed to pay the excise amount applicable but have submitted the excise returns up to 13 April 2022 (Chaitra end 2078).

What procedures to follow?

- a. Pay the due amount of excise with 50% of delay fees.
- b. Submit all the excise returns up to 13 April 2022 (Chaitra end 2078)
- c. Furnish the evidence to the assessment officer in the respective tax office

PKF Comments

This amnesty provides an opportunity to the taxpayers to clear their outstanding dues for the period up to 13 April 2022 (Chaitra end 2078) under Excise Act on the payment of the outstanding dues and 50% of delay fees.

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5. Special provision for removal of stock record

What does the amnesty offer?

Those industries whose stock record removal is already recommended by Inland Revenue Department through physical inspection and report but has not been approved for more than 15 years file an application with the respective Inland Revenue Office within 14 January 2023 (Poush end 2079) to claim removal of stock record for such stock

What is the benefit?

Claim for the removal of stock record that is pending for more than 15 years

Who can be benefited?

Industries whose stock record removal is already recommended by Inland Revenue Department through physical inspection and report but the same is pending decision and being outstanding for more than 15 years.

What procedures to follow?

File an application with the respective Inland Revenue Office within 14 January 2023 (Poush end 2079) Furnish the evidence to the assessment officer in the respective tax office

PKF Nepal Comments

Through the Finance Ordinance 2079, industries would be able to claim for the removal of stock records that is pending for more than 15 years despite being recommended by the Inland Revenue Department.

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6. Special provisions for presumptive taxpayers and turnover based taxpayers

What does the amnesty offer?

- a) If there is a deviation in the turnover declared by the presumptive taxpayer u/s 4(4) and turnover based taxpayer u/s 4(4ka) with actual turnover till the FY 2020-21 (FY 2077-78), then such taxpayer can declare the actual turnover for each year and pay 1.5% tax on differential turnover within 13 April 2023 (Chaitra end 2079). The revised turnover to the extent as declared and tax of such taxpayer shall be deemed to be final.

What is the benefit?

The revised turnover to the extent as declared and tax of such taxpayer shall be deemed to be final

Who can be benefited?

The presumptive taxpayer u/s 4(4) and turnover based taxpayer u/s 4(4ka) who has any deviations with actual turnover till the FY 2020-21 (FY 2077-78)

PKF Nepal Comments

The revised turnover and tax declared by the presumptive taxpayer u/s 4(4) and turnover based taxpayer u/s 4(4ka) shall be deemed final and waiver of any additional fees and interest

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What does the amnesty offer?

- b) The presumptive taxpayer and turnover based taxpayer facing assessment under VAT Act and reassessment under Income Tax Act till 28 May 2022 (14 Jestha 2079) for the difference in turnover declared and actual turnover withdraws the appeal filed with various levels (Administrative Review, Revenue Tribunal, or in the Courts) and deposits 1.5% tax on such differential turnover till 13 April 2023 (Chaitra end 2079).

What needs to be paid?

1.5% tax on differential turnover calculated from the assessment under VAT Act and reassessment under Income Tax Act t up to 28 May 2022 (14 Jestha 2079) to be paid till 13 April 2023 (Chaitra end 2079).

What is the waived?

Tax, fees, additional charges and penalties

Who can be benefited?

The presumptive taxpayer and turnover based taxpayer facing assessment under VAT Act and reassessment under Income Tax Act till 28 May 2022 (14 Jestha 2079) for the difference in turnover declared and actual turnover

What Procedures to follow?

- a) Withdraw the appeals made to various levels (Administrative Review, Revenue Tribunal, or in the Courts)
- b) Deposit 1.5% tax differential turnover (Assessed from assessment and reassessment up to 14 Jestha 2079 and declared by the taxpayer) till 13 April 2023 (Chaitra end 2079).

PKF Nepal Comments

The presumptive taxpayer u/s 4(4) and turnover based taxpayer u/s 4(4ka) shall be waived of the additional taxes, fees and interest arising from the assessment and reassessment up to 14 Jestha 2079 and

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