

# **HIGHLIGHTS OF FEDERAL BUDGET OF NEPAL**

## **FISCAL YEAR 2082/83 (2025/26)**



**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NEPAL**  
***(Established under the Nepal Chartered Accountants Act 2053)***

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## A QUICK INSIGHT OF NEPAL'S FEDERAL BUDGET 2082/83 (2025/26)

### 1. BUDGET SUMMARY

The annual budget acts as a tool to strengthen a nation's economic, social, and governmental system by outlining economic policies, setting priorities and directing investments, which ultimately promotes overall development of the Country. The Federal Budget of Nepal for Fiscal Year 2082/83 (2025/26) has prioritized entrepreneurship, employment, production, and infrastructure investment, alongside improvement in public sector through maintenance of good governance and corruption control.

Federal Budget for the Fiscal Year 2082/83 as presented by Hon'ble Deputy Prime Minister and Finance Minister, Mr. Bishnu Prasad Paudel on 29<sup>th</sup> May 2025 (2082 Jeshta 15) has been summarized below:

#### 1.1. OBJECTIVES AND PRIORITIES OF BUDGET

##### Objectives of Budget

To achieve high, sustainable and broader economic growth for poverty eradication

To develop entrepreneurship along with public and private sector investment for employment generation

To encourage use of modern technologies and enhance economic capacity

To maintain social justices through social protection and development

To promote quality public service delivery and Governance

##### Priorities of Budget

Enhancement of Entrepreneurship, Employment, Production and Productivity

Expansion of Investment in productive and High-Quality physical Infrastructure

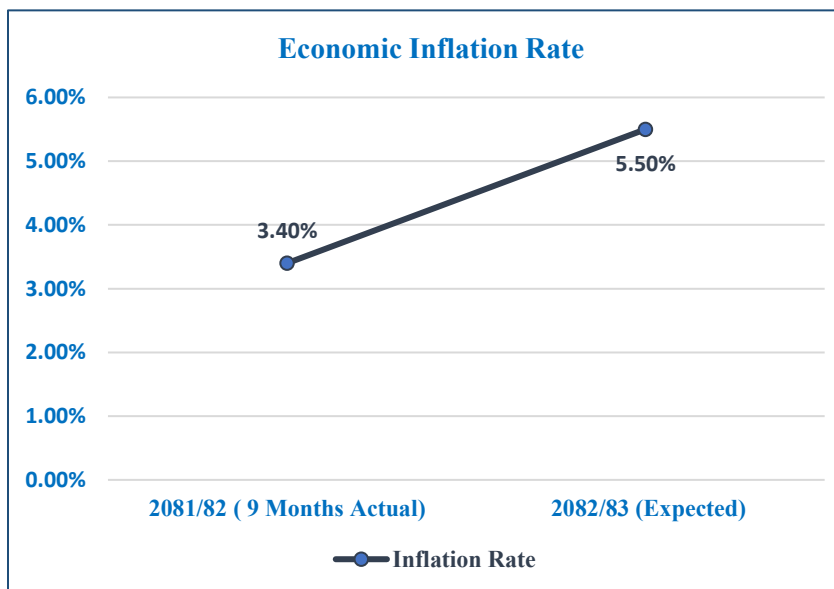
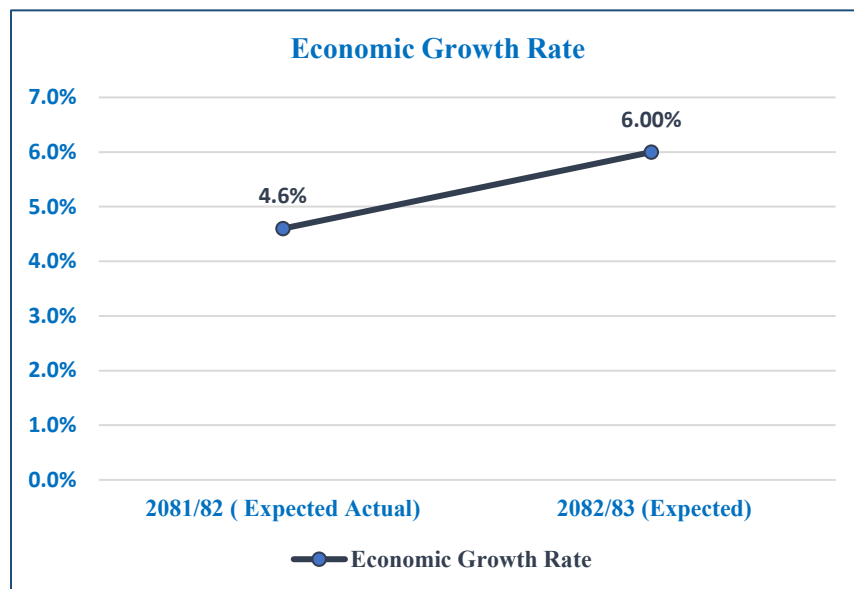
Qualitative Improvement in Public Sector

Balanced Development and Assurance of Social Security

Citizen Friendly Services, Corruption Control and Governance Reform



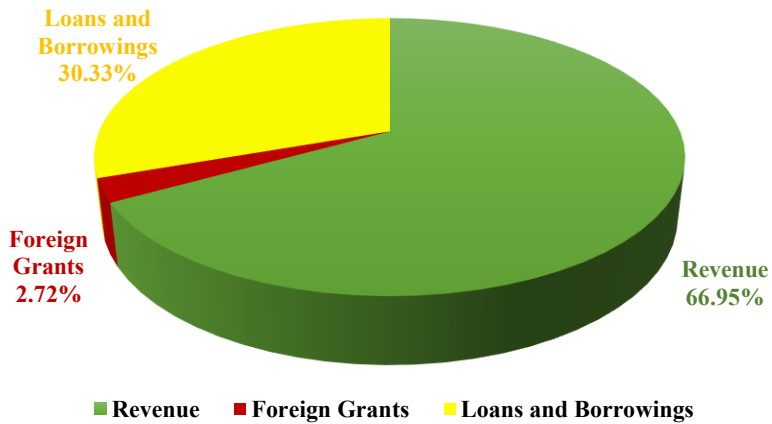
## 1.2. ECONOMIC GROWTH RATE AND INFLATION



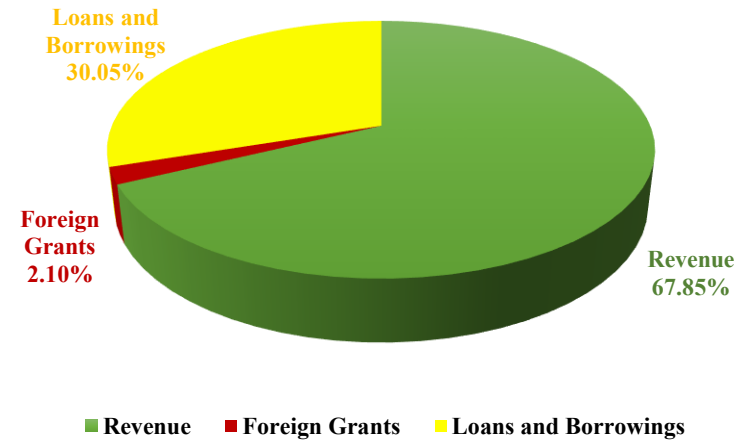
## 1.3. COMPARISON OF BUDGET SIZE

SN	Source of Fund	NPR (Billion)-2082/83	Revised NPR (Billion)-2081/82	Application of Fund	NPR (Billion)-2082/83	Revised NPR (Billion)-2081/82
1	Revenue	1,315.00	1,127.87	Recurring expenditures	1,180.98	1,009.93
2	Foreign Grants	53.45	34.89	Capital expenditures	407.89	293.9
3	Loans and borrowing	595.66	499.60	Debt Financing	375.24	358.53
	<b>Total</b>	<b>1,964.11</b>	<b>1,662.36</b>	<b>Total</b>	<b>1,964.11</b>	<b>1,662.36</b>

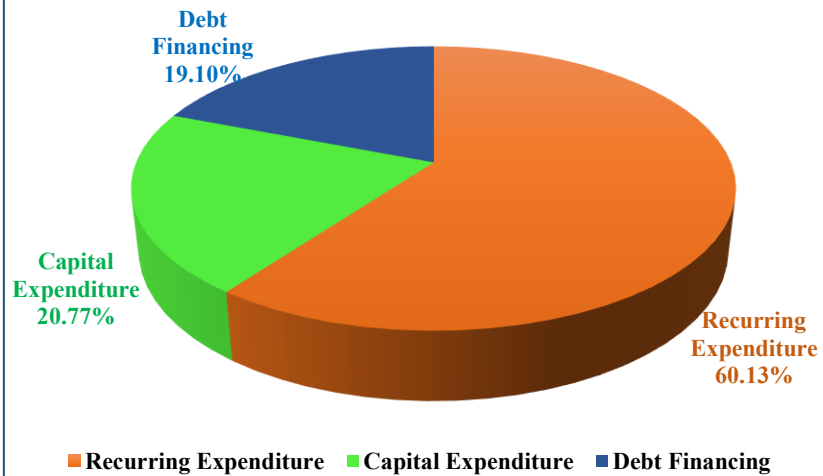
Source of Fund -2082/83



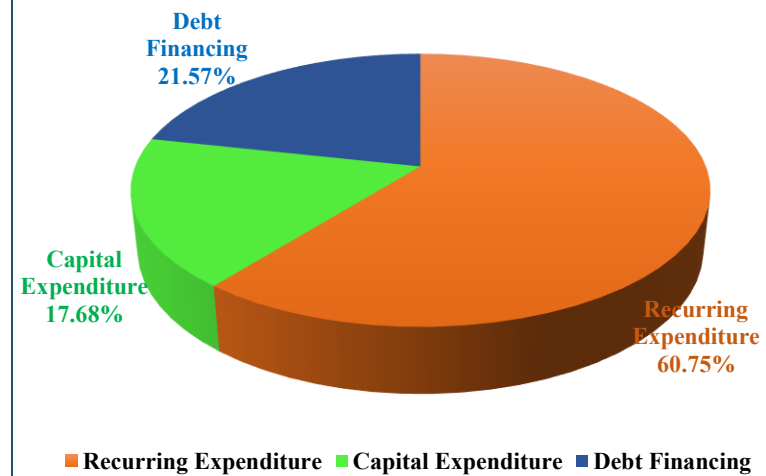
Source of Fund -2081/82



Application of Fund -2082/83



Application of Fund -2081/82



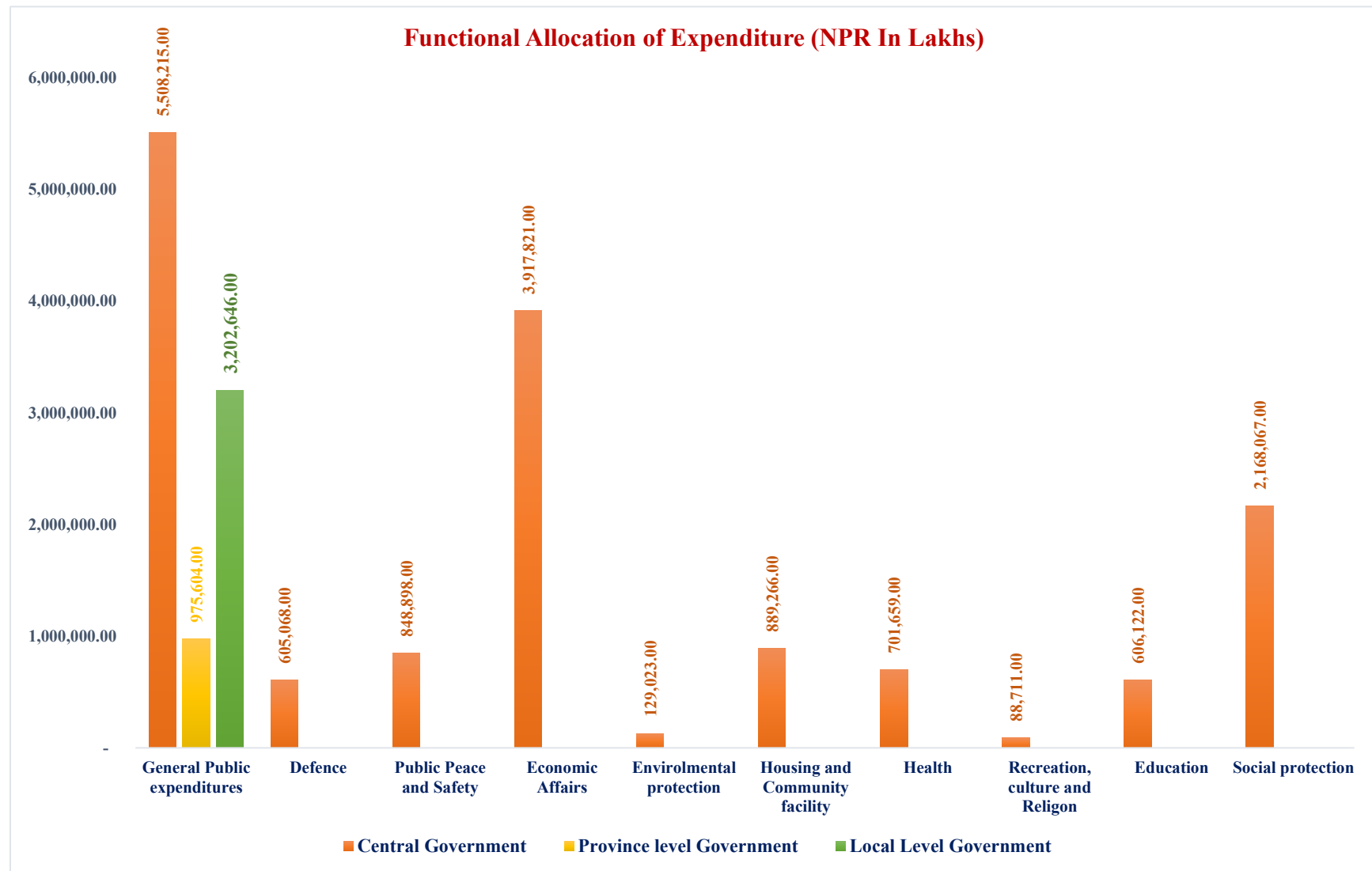
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#### 1.4. MINISTRY WISE BUDGET ALLOCATION

(NPR in Lakhs)

S.N.	Ministry	Central	Province	Local Level	Total Budget	% of Total
1.	Office of the Prime Minister and Council of Ministers	64,932.00	-	-	64,932.00	0.33%
2.	Ministry of Finance	494,141.00	4,842.00	43.00	499,026.00	2.54%
3.	Ministry of Industry, Commerce and Supplies	91,321.00	-	10,060.00	101,381.00	0.52%
4.	Ministry of Energy, Water Resources and Irrigation	847,382.00	10,368.00	2,338.00	860,088.00	4.38%
5.	Ministry of Law, Justice and Parliamentary Affairs	5,356.00	-	-	5,356.00	0.03%
6.	Ministry of Agriculture and Livestock Development	527,211.00	17,530.00	30,053.00	574,794.00	2.93%
7.	Ministry of Water Supply	296,670.00	6,972.00	35,307.00	338,949.00	1.73%
8.	Ministry of Home Affairs	2,082,479.00	-	3,765.00	2,086,244.00	10.62%
9.	Ministry of Culture, Tourism and Civil Aviation	131,464.00	-	1,334.00	132,798.00	0.68%
10.	Ministry of Foreign Affairs	78,481.00			78,481.00	0.40%
11.	Ministry of Forests and Environment	142,488.00	39,092.00	4,548.00	186,128.00	0.95%
12.	Ministry of Land Management, Cooperatives and Poverty Alleviation	73,227.00	-	1,709.00	74,936.00	0.38%
13.	Ministry of Physical Infrastructure and Transport	1,519,953.00			1,519,953.00	7.74%
14.	Ministry of Women, Children and Senior Citizen	15,277.00	871.00	4,661.00	20,809.00	0.11%
15.	Ministry of Youth and Sports	57,174.00	900.00	2,700.00	60,774.00	0.31%
16.	Ministry of Defense	620,121.00	-	-	620,121.00	3.16%
17.	Ministry of Urban Development	925,382.00	98,962.00	159,100.00	1,183,444.00	6.03%
18.	Ministry of Education, Science and Technology	605,617.00	49,264.00	1,456,788.00	2,111,669.00	10.75%
19.	Ministry of Information and Communications	77,199.00			77,199.00	0.39%
20.	Ministry of Federal Affairs and General Administration	72,678.00	12,946.00	33,253.00	118,877.00	0.61%
21.	Ministry of Health and Population	553,919.00	60,537.00	343,618.00	958,074.00	4.88%
22.	Ministry of Labor, Employment and Social Security	16,310.00	1,255.00	25,283.00	42,848.00	0.22%
23.	Others than above-including committees, commission	6,164,068.00	672,065	1,088,086.00	7,924,219.00	40.35%
	<b>Total Budget</b>	<b>15,462,850.00</b>	<b>975,604.00</b>	<b>3,202,646.00</b>	<b>19,641,100.00</b>	<b>100.00%</b>
	<b>% of Total Budget Level Wise</b>	<b>78.73%</b>	<b>4.97%</b>	<b>16.31%</b>	<b>100%</b>	

## 1.5. FUNCTION WISE BUDGET ALLOCATION



## 1.6. MAJOR HIGHLIGHTS OF BUDGET 2082/83

### MAJOR HIGHLIGHTS OF BUDGET 2082/83

Minimum support price (samarthan mulya) of crops like paddy, maize, wheat, sugarcane, coffee etc. will be defined 15 days prior to the planting season. (41)

Classification, merger, and structural reform of cooperative institutions will be carried out. Effective regulations of saving and credit cooperatives will be ensured through the National Cooperative Regulatory Authority. (60)

Deposits of up to five lakh rupees in cooperative institutions will be insured through Deposit and Credit Guarantee Fund. A cooperative loan recovery tribunal will be established. (61)

Industries obtaining approval to establish new industry in Special Economic Zones and industrial areas will be granted rent exemptions during the initial three years of operation. The monthly rental rate in Special Economic Zones has been reduced from NPR 20 per square meter to NPR 5 per square meter. Industries located in industrial areas that export more than 30% of their production will be eligible for the same concessions as those provided to industries in Special Economic Zones. (71)

Arrangements will be made to allow Nepali citizens to receive sweat equity shares when they provide expertise, knowledge, or services of a special nature to foreign companies. (81)

Civil Aviation Authority of Nepal (CAAN) will be restructured by separating it into a regulatory body and a service provider entity, and institutional strengthening will be carried out accordingly. (101)

Necessary preparation will be done to properly account for carbon credit generated from activities aimed at reducing carbon emissions. (120)

Government bonds will be traded in the secondary market. Non-Resident Nepalese will be allowed to invest in the secondary market. (331)

Act will be formulated to regulate credit transactions. (335)

Intangible currencies such as cryptocurrency, illegal foreign currencies and similar assets shall be seized. (336)

30% of Nepal Telecom's shares will be sold to the general public while maintaining more than 50% ownership of the Government of Nepal. (340)

Subsistence allowance provided to government employees will be increased to NPR 5,000 per month, effective from Shrawan 1, 2082. (349)

Voter ID card will be linked with National ID card. (354)

Infrastructure projects will be constructed using alternative financing. (360)

Senior citizenship allowance will be provided only to those aged over 70 years. The age limit remains the same for those currently receiving the allowance, as well as for individuals from remote and marginalized areas. (375)

The contingency amount will be reduced to 3% for projects with a cost estimate of NPR 1 billion, and to 2% for projects with a cost estimate exceeding NPR 1 billion. (379)



## 1.7. MAJOR HIGHLIGHTS RELATING TO TAX REVENUE AS PER BUDGET SPEECH

### MAJOR HIGHLIGHTS RELATING TO TAX REVENUE AS PER BUDGET SPEECH

Study shall be conducted on the feasibility and practical implications of introducing multiple rates in the Value Added Tax system. (384)

Income tax and electricity charge exemptions, as applicable to special industries, shall also be provided to the information technology industry, hotels and resorts. (386)

75 percent tax shall be exempted on income generated from the export of information technology services. (386)

Startup businesses with annual transactions not exceeding NPR 10 crore shall be granted a 100 percent tax exemption for a period of up to 5 years.

To increase the production and consumption of timber and timber-related materials, only 1% custom duty will be charged on the import of mill machinery by timber processing industries. (389)

Custom duty and other duties have been removed on import of mill, machinery and equipment for production of organic and natural fertilizer. (390)

Only 1% custom duty will be levied on the import of necessary machinery, equipment, and sports materials for the construction of football, cricket, and multi-purpose stadiums. (391)

All taxes and duties on import of necessary machinery and equipment for industries producing green hydrogen have been exempted. Income tax exemption will be provided up to 5 years for those industries. (392)

Only 1% custom duty will be levied on the import of battery and other equipment used to store electricity generated from solar and wind energy. (393)

Only 1% custom duty will be levied on the import of equipment for establishing industry producing or assembling charging machines for electric vehicles. Income tax exemption will be provided up to 5 years for those industries. (394)

For the purpose of deregistering public and private vehicles that are more than 20 years old and no longer operable, the remaining income tax shall be exempted if the income tax for the most recent two years has been paid. (395)

Only 1% customs duty will be levied on the import of tunnel boring machines by the private sector for use of tunnel technology in road, irrigation, and hydropower projects. (396)

Retirement Funds previously approved from Inland Revenue Department shall compulsory be associated with retirement fund operated by Employee Provident Fund, Citizens Investment Trust, Social Security Fund or Pension Fund. (398)

VAT exempted on clearing house service. (402)

TDS applicable on the import of food grains, pulses, fruits, and fruit-based, plant-based, and animal-based products at the customs clearance point has been removed. (403)



#### MAJOR HIGHLIGHTS RELATING TO TAX REVENUE AS PER BUDGET SPEECH

The provision requiring export-import businesses to provide a bank guarantee of NPR 3 lakh to obtain an EXIM code has been removed. (414)

Provision requiring taxpayers to pay a minimum tax even when no taxable transactions have been carried out has been removed. (415)



## 2. MAJOR AMENDMENTS IN TAX LAWS

### 2.1. SPECIAL AMENDMENTS MADE BY FINANCE BILL, 2082

SECTION	PROVISIONS
<b>Section 16</b>	<p><b>Provision on Digital Service Tax</b></p> <p>Digital Service will be levied at the rate of 2% on the transaction value of electronic services provided and transaction value of data sales collected from users in Nepal by non-resident person.</p> <p>However, such tax is not applicable on following cases:</p> <ol style="list-style-type: none"> <li>1) The annual transactions of electronic services up to thirty lakh</li> <li>2) Sales transactions made through a digital interface to business users in Nepal for commercial purposes</li> </ol> <p>A non-resident person providing electronic services in Nepal shall submit details of their transaction along with the applicable tax for each fiscal year within three months of expiry of the fiscal year online to the Inland Revenue Department, as determined by the department.</p> <p>Incase of failure to submit the details of the transaction and applicable tax, a fine of 0.1% per annum of transaction value and interest of 15% per annum of the applicable taxes will be charged.</p> <p>Further, a penalty of 50% will be applicable in case of tax evasion and deposit of taxes less than determined by the department.</p>
<b>Section 17</b>	<p><b>Provision on Luxury Tax</b></p> <p>A luxury tax of 2% will be levied on the following:</p> <ol style="list-style-type: none"> <li>1) Services provided by the five-star hotel or higher, and luxury resorts</li> <li>2) Imported Liquors (Custom duty and Excise duty should be included while determining Luxury Tax)</li> <li>3) Sale of gold and gold ornaments.</li> </ol>
<b>Section 20</b>	<p><b>Provision on Health Risk Tax</b></p> <p>Health risk tax will be levied on goods that are imported from abroad and produced in Nepal as per Schedule -6</p>
<b>Section 21</b>	<p><b>Provision of Bank Guarantee on import by Hydroelectricity Projects</b></p> <p>On recommendation of Department of Electricity Development, bank guarantee facility for custom duty and VAT can be availed on import of construction equipment, machineries, tools and their spare parts, penstock pipe and steel plate required for generation, transmission and distribution by the contractor , project promoter of hydroelectricity projects which has obtained the theoretical approval for power generation potential upgradation and design amendment.</p>
<b>Section 22</b>	<p><b>Special Provision on allowance of Transportation fee as expenses</b></p>

SECTION	PROVISIONS
	If a transport service provider has incurred freight as expenses from the PAN unregistered Natural person in the fiscal year 2078/79, 2079/80 and 2080/81, then the incurred expenses can be claimed as deductible if the payments has been made deducting TDS under Section 88 (1)(8) of the Income Tax Act, 2058
<b>Section 23</b>	<p><b>Special Provision Regarding the Transfer of Contribution-Based Retirement Funds</b></p> <p>Retirement funds currently operating as approved retirement funds under the Income Tax Act, 2058 must be mandatorily transferred to or aligned with the retirement funds established under the following laws by the end of Ashadh 2083:</p> <ol style="list-style-type: none"> <li>1. The Employees Provident Fund Act, 2019</li> <li>2. The Citizen Investment Trust Act, 2047</li> <li>3. The Social Security Fund Act, 2074</li> <li>4. The Retirement Fund Act, 2075</li> </ol> <p>1. As per sub-section (1), if a contributor transfers the lumpsum amount of their contribution-based retirement fund from an approved fund to the designated fund within the specified period, such transferred amount shall not be subject to withholding tax under the Income Tax Act, 2058</p>
<b>Section 24</b>	<p><b>Waiver of Penalty, Fine, Fee and Interest for Social Institutions</b></p> <p>Community hospitals, health institutions, and transport-related organizations registered under the Association Registration Act 2034, which has been assessed or reassessed by the concerned tax office under the Value Added Tax Act 2052, the Income Tax Act 2058, and the applicable Finance Acts for any liabilities incurred before 15<sup>th</sup> Jestha 2082, shall be eligible for a waiver of interest, fines, fees and penalties if the assessed amount is fully paid by the end of Poush 2082.</p>
<b>Section 25</b>	<p><b>Rebates to the taxpayer remaining to submit the VAT Returns</b></p> <p>Taxpayers who are registered in VAT but have not submitted the VAT return up to Chaitra end, 2081 can avail the waiver on penalties, additional fees, and remaining interest if the VAT returns, and 25% of applicable interest are submitted within Poush end, 2082.</p> <p>Even if VAT returns for transactions up to Chaitra 2081 were filed but tax remains unpaid , paying the due tax and 25% of interest by the end of Poush 2082 will result in waiver of remaining penalties and interest.</p>
<b>Section 26</b>	<p><b>Rebates to the taxpayer remaining to submit the Excise Returns</b></p> <p>Taxpayers who are registered in Excise but have not submitted the Excise return up to Chaitra end, 2081 can avail the waiver on penalties and remaining late fees if the Excise returns, and 50% of applicable late fees are submitted within Poush end, 2082.</p> <p>1. Even if excise returns for transactions up to Chaitra 2081 were filed but tax remains unpaid , paying the due tax and 50% of late fees by the end of Poush 2082 will result in waiver of penalties and balance late fees.</p>
<b>Section 27</b>	<b>Waiver on VAT to the International airline operators and ticket service providers</b>

SECTION	PROVISIONS
	1. If a person engaging in international airline operations and ticket service providers who was required to be registered for VAT but did not collect VAT either being registered under VAT or without being registered for VAT from 2081 Kartik 1, deposit the collected VAT within Ashoj end, 2082, additional fee, interest, and penalty shall be exempted.
<b>Section 28</b>	<p><b>Exemption to Taxpayers who have been assessed for not submitting Income Tax Return</b></p> <p>If an individual who has not submitted an income tax return for any year was previously assessed for tax by the relevant tax office under Section 101 of the Income Tax Act, 2058, and subsequently submits the Income Tax Return and pays the applicable tax amount or even if the Income Tax return is yet to be submitted, that individual may still file the Income Tax Return and pay the corresponding tax by the end of Poush 2082.</p> <p>For Income Tax Returns submitted or to be submitted under this provision, the relevant tax office may reassess the tax before the end of Ashadh 2083 and determine the revised tax liability. The limitation of periods specified in Section 20(4) of the VAT Act, 2052 and Section 101(3) of the Income Tax Act, 2058 shall not be applicable during this assessment process.</p>
<b>Section 29</b>	<p><b>Special Provision relating to person outside Nepal providing Digital Services</b></p> <p>Sub-Clause (5) of Clause (ar) of Section 2 of the Income Tax Act, 2058 will not be applicable in case of a non-resident person providing electronic services in Nepal who is registered in accordance with Section 16 of the Finance Act, 2081 and Section 10kha(1) of the Value Added Act, 2052.</p>
<b>Section 31</b>	<p><b>Waiver on Income Tax of Public and Private Vehicle</b></p> <p>If the income tax for the income year 2081/82 and 2082/83 is paid with in the end of Poush 2082 by the Public and Private Vehicles owner that are more than twenty years and can't be operated, income tax and interest prior to Income year 2081/82 shall be waived</p>
<b>Section 30</b>	<p><b>Concession in case of Change in Ownership</b></p> <p>Pursuant to Section 57(1), if a resident entity has undergone a change in ownership involving an interest in another resident entity, and if any outstanding tax liability has been assessed on the basis of such ownership change, the interest and fees related to the amended assessment shall be waived provided the assessed tax amount is paid by the end of Ashadh 2082.</p>

## 2.2. AMENDMENTS IN INCOME TAX ACT, 2058

SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION (2081/82)	REMARKS
2(Bha)	<p><b>Definition: Entity</b> Entity" means the following organization or body:</p> <ol style="list-style-type: none"> <li>(1) A partnership, trust or company,</li> <li>(2) <del>Rural Municipality, Municipality</del> or District Coordination committee,</li> <li>(3) Government of Nepal, Provincial Government or Local Level,</li> <li>(4) Any foreign government or provincial or local government under that government or a public international organization established by any treaty, or</li> </ol> <p>A permanent establishment of the organization or body referred to in clauses (1), (2) (3) and ( 4), which is not situated in a country of which it is a resident.</p>	<p><b>Definition: Entity</b> Entity" means the following organization or body:</p> <ol style="list-style-type: none"> <li>(1) A partnership, trust or company,</li> <li>(2) Rural Municipality, Municipality or District Coordination committee,</li> <li>(3) Government of Nepal, Provincial Government or Local Level,</li> <li>(4) Any foreign government or provincial or local government under that government or a public international organization established by any treaty, or</li> </ol> <p>A permanent establishment of the organization or body referred to in clauses (1), (2) (3) and ( 4), which is not situated in a country of which it is a resident.</p>	Definition of rural municipality and municipality were already covered under "Local Level" under same clause. Therefore, this will not have any impact.
2(Tra1)	<p><b>Definition: Contribution Based Retirement Payment</b> "Contribution Based Retirement Payment" means amount deposited in approved retirement fund, which has already been included in income of natural person, and the increment in such amount.</p>	<p><b>Definition: Contribution Based Retirement Payment</b> "Contribution Based Retirement Payment" means the payments of the amount deposited in approved retirement fund derived from the monthly deduction from remuneration of the employee or workers along with the addition by the employer as retirement contribution and the increment in such amount.</p>	This is related to Section 65(1) and Section 88(1), and provides a clearer definition compared to the previous one.

SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION (2081/82)	REMARKS
2(KaDa)	<b>Definition: Permanent Establishment</b> <del>(5) A place outside Nepal where the person resides and assumes a significant digital presence in Nepal, or a place outside Nepal where a data server is kept and is engaged in the transaction of data or services in Nepal for at least 90 days in a period of last twelve months.</del>	<b>Definition: Permanent Establishment</b> (5) A place outside Nepal where the person resides and assumes a significant digital presence in Nepal, or a place outside Nepal where a data server is kept and is engaged in the transaction of data or services in Nepal for at least 90 days in a period of last twelve months.	Linked with Section 16 and section 29 of Finance Bill, 2082. Both the Digital Service Tax and Income Tax will not be applicable for those providing digital services as defined in section 16 of Finance Bill. Clarity provided for Income Year 2081/82 too.
4(4kha)	<b>Notwithstanding anything contained in sub section (4) and (4Ka), the person shall choose to make this provision applicable for that income year.</b>	No Provision	Section 4(4) (Presumptive Tax) and section 4(4ka) (Turnover based tax) have been made optional for taxpayers. They may elect to file D-03 return.
11(2Kha)	Exemption shall be provided as below on the tax to be imposed on income of special industry, <b>hotel, resort and information technology industry</b> that operates fully throughout the year in any income year.  Ka) By one third of tax if tax had been imposed at the rate of 30% on income of resident natural person  Kha) By 20% on tax applicable on income of the entity	Exemption shall be provided as below on the tax to be imposed on income of special industry that operates fully throughout the year in any income year.  Ka) By one third of tax if tax had been imposed at the rate of 30% on income of resident natural person  Kha) By 20% on tax applicable on income of the entity	Applicable income tax rate for hotel, resort and information technology industry has been made same as that for special industry.
11(3)	Tax shall be levied as follows on the income earned by any person from a special industry, <b>hotel, resort,</b> and	Tax shall be levied as follows on the income earned by any person from a	Hotels and resorts are also eligible for an income tax exemption if they provide



SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION (2081/82)	REMARKS
	information technology industry in any income year: Ka).... Kha).... Ga)....	special industry and information technology industry in any income year: Ka).... Kha).... Ga)....	employment as specified in Section 11(3).
11(3Ga)	Industry related to software development, data processing, cyber cafe, digital mapping established in technology park and information technology park and industry related to zoological, geological, biotech park as specified by the Government of Nepal by a notification in the Nepal Gazette shall have <b>seventy five percent</b> exemption from income tax.	Industry related to software development, data processing, cyber cafe, digital mapping established in technology park and information technology park and industry related to zoological, geological, biotech park as specified by the Government of Nepal by a notification in the Nepal Gazette shall have <b>fifty percent</b> exemption from income tax.	Additional 25 percent tax exemption provided.
11(3Na)	100 % tax exemption is provided up to 5 years from the date of commencement to the startup business, as prescribed by department, having annual transaction up to <b>10 crore</b> rupees by utilizing innovative knowledge, concept, skill, technology, system.	100 % tax exemption is provided up to 5 years from the date of commencement to the startup business, as prescribed by department, having annual transaction up to <b>1 crore</b> rupees by utilizing innovative knowledge, concept, skill, technology, system.	Start up business having annual transactions exceeding 1 core up to 10 core are also eligible for this income tax exemption.
11(3Ya)	100 % tax exemption is provided up to 5 years from the date of commencement to industry producing green hydrogen.	No Provision	Tax exemption to industry producing green hydrogen.
11(3Ra)	100 % tax exemption is provided up to 5 years from the date of commencement to	No Provision	Tax exemption to industry producing or assembling



SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION (2081/82)	REMARKS
	industry producing or assembling charging machines for electric vehicle.		charging machines for electric vehicle.
11(3La)	100 % tax exemption is provided up to 10 years from date of commencement and 50 % tax exemption is provided up to next 5 years to person establishing and operating an industrial zone or industrial estate.	No Provision	Tax exemption to person establishing and operating and industrial zone or industrial estate.
63(1)	Removed	<p>If a resident person who desires to hold a retirement fund makes an application to the Department for having the retirement fund, the Department shall give approval as prescribed.</p> <p>Provided that Citizens Investment Trust fund formed under the Citizens Investment Fund Act, 2047, retirement fund established by Social Security Fund under the Contribution-Based Social Security Fund Act, 2074, Employee Provident Fund formed under the Employee Provident Fund Act, 2019 or the Retirement Fund formed under the Retirement Fund Act, 2075 shall not require to obtain approval for establishment of such fund .</p>	<p>IRD will not grant approval to establish new retirement fund.</p> <p>Related to section 23 of Finance Bill, 2082 also: Retirement Funds approved from Inland Revenue Department shall compulsory be associated with Employee Provident Fund established under the Employee Provident Fund Act, 2019 or Citizens Investment Trust fund established under the Citizens Investment Fund Act, 2047 or retirement fund operated by Social Security Fund established under the Contribution-Based Social Security Fund Act, 2074 or pension fund established under Pension Fund Act, 2075 by the end of Ashadh, 2083.</p>

SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION (2081/82)	REMARKS
65(2)	<b>Clarification:</b> For the purpose of this section Approved Retirement Funds means Employee Provident Fund established under the Employee Provident Fund Act, 2019, Citizens Investment Trust fund established under the Citizens Investment Fund Act, 2047, retirement fund operated by Social Security Fund established under the Contribution-Based Social Security Fund Act, 2074 and retirement fund operated by pension fund established under Pension Fund Act, 2075.	No Clarification	While calculating assessable income of natural person, amount contributed to retirement fund other than those as mentioned in clarification are not allowed for deductions.
67 Clause Kha) of Clarification	"Liability to be borne in Nepal" means the liability <b>created from activity operated in Nepal</b> of a resident person.	"Liability to be borne in Nepal" means the liability of a resident person.	Clarification added.
92(1)(Ta)	Payment for rent of vehicle or carriage service to natural person <b>paying tax under section 1(13) of Schedule 1.</b>	Payment for rent of vehicle or carriage service to natural person <b>other than sole proprietorship firm.</b>	Rental or carriage income from only those vehicles having black number plates (Bhada ka Sawari) of natural persons are final withholding. Those incomes of sole proprietorship firms are also final withholding. Other payments related to other vehicles are not final withholding.

SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION (2081/82)	REMARKS
95Ka(7)	Removed	<p>Advance tax shall be collected as below at custom point on goods imported, as per the prevailing laws on custom duty, for business purpose:</p> <p>Ka) 10% on the value determined for custom purpose on import of living animals under Chapter 1, meat, and edible offal under Chapter 2, live, fresh, and all types of fish products under Chapter 3, fresh flowers and other products under Chapter 6, edible plants, roots, and stems under Chapter 7, edible fruits, wood fruits and other products under Chapter 8.</p> <p>Kha) 2.5 % percentage on the value determined for custom purpose on import of dairy products, eggs, honey and other products under Chapter 4, food products other than for seed purpose under Chapter 10, falling in Chapter 4, flour, wheat flour and other product under Chapter 11, herbs and sugarcane under Chapter 12 and plant-based products under Chapter 14.</p> <p>However, advance tax at the rate of 1.5% shall be collected on import of goods on which Value Added Tax (VAT) is applicable.</p>	TDS treated as customs duty shall not be applicable on the import of goods at the point of customs clearance.

SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION (2081/82)	REMARKS
97(2)(c)(3Ka)	Information regarding the option exercised under sub section (4ka) of section 4.	No Provision	Section 4(4) (Presumptive Tax) and section 4(4ka) (Turnover based tax) have been made optional for taxpayers. They may elect to file D-03 return. Information regarding election of this provision shall be provided as per section 97.
97(3)	<p>The individual required to submit the return pursuant to sub-section (2) shall include in it the income gained from business exemption benefit referred to in clause (d) of Section 5, sub-section (3) of Section 7, clause (a) of sub-section (3) of Section 8, clause (a) of sub-section (3) of Section 9 and Section 11, in addition to the income required to be included.</p> <p>Provided that it shall not be mandatory to include <b>retirement payment</b>, meeting allowance and interest in income.</p>	<p>The individual required to submit the return pursuant to sub-section (2) shall include in it the income gained from business exemption benefit referred to in clause (d) of Section 5, sub-section (3) of Section 7, clause (a) of sub-section (3) of Section 8, clause (a) of sub-section (3) of Section 9 and Section 11, in addition to the income required to be included.</p> <p>Provided that it shall not be mandatory to include a meeting allowance and interest in income.</p>	While filling return by those natural persons having income more than 40 lakh rupees in an income year, it is not mandatory to include income related to retirement payment.
113(8)	Removed	If the amount collected under section 95Ka(7) in an income year is in excess after deduction of tax liability for that income year, the excess amount shall not be allowed to carry forward for upcoming income years or refunded.	As Section 95Ka(7) has been removed by the Finance Bill, the provision related to that section has also been removed. Hence, it is no longer relevant.
117(1)(Gha)	If the income return of any income year is not submitted under section 97(2), higher	No Provision	Charge under Section 117 has been introduced for non-filing

SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION (2081/82)	REMARKS
	of 0.1 percent per year of the assessable income (excluding final withholding income) or NPR. 1200 per return (or NPR. 100 per month if the period is less than one year) shall be imposed as a charge.		of returns by natural persons having income exceeding NPR 40 lakh in an income year.
<b>Section 3(2) of Schedule 2</b>	The projects mentioned in sub-section (2) of Section 19 of this Act and Sub section (2kha),(3Cha), (3tha) of Section 11 <del>and the entities mentioned in sub-sections (3) of Section 2 of Schedule-I</del> shall get an addition of one-thirds to the rate of depreciation applicable to the depreciable assets mentioned in categories "A", "B", "C" and "D" mentioned in sub-section (1) of this Schedule.	The projects mentioned in sub-section (2) of Section 19 of this Act and Sub section (2kha),(3Cha), (3tha) of Section 11 and the entities mentioned in sub-sections (3) of Section 2 of Schedule-I shall get an addition of one-thirds to the rate of depreciation applicable to the depreciable assets mentioned in categories "A", "B", "C" and "D" mentioned in sub-section (1) of this Schedule.	Co-operatives are not eligible to claim additional one third depreciation.



## 2.3. AMENDMENTS IN VALUE ADDED TAX ACT, 2052

SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION (2081/82)	REMARKS
2 (Ta 2)	<p>Electronic Services refers to the following services that are provided to the users via the internet in an automated manner with minimal human intervention, where the use of information technology is essential:</p> <p><b>(a) Paid personal consultation services,</b></p> <p><b>(b) Targeted online advertising services</b> Explanation: For the purpose of this section, "targeted online advertising" refers to any form of digital communication that promotes a product, service, or brand through a digital interface (such as an electronic platform, website, application, or other similar medium), where the interface collects and/or generates user-interaction data (directly or indirectly) to deliver personalized advertisements.</p> <p><b>(c) Movies, television, music, over-the-top (OTT) services, and other similar subscription-based services</b></p> <p><b>(d) Data collection related services</b></p> <p><b>(e) Cloud services</b></p> <p><b>(f) Gaming services</b></p> <p><b>(g) Services related to mobile applications</b></p>	<p>Electronic Services refers to the following services that are provided to the users via the internet in an automated manner with minimal human intervention, where the use of information technology is essential:</p> <p><b>(a) Advertising Services</b></p> <p><b>(b) Movies, television, music, over-the-top (OTT) services, and other similar subscription-based services</b></p> <p><b>(c) Data collection related services</b></p> <p><b>(d) Cloud services</b></p> <p><b>(e) Gaming services</b></p> <p><b>(f) Services related to mobile applications</b></p> <p><b>(g) Internet marketplace (online marketplace) and services provided through them,</b></p> <p><b>(h) Software supply and updates (upgrades),</b></p> <p><b>(i) Download services including data, images, etc.,</b></p> <p><b>(j) Consulting, skill development, and training services,</b></p> <p><b>Other services of similar nature not specifically mentioned in clause (a) to (j)</b></p>	<p>Clarity enhanced in the definition of Electronic Services by including paid personal consultation and adding explanation of advertisement services.</p>



SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION (2081/82)	REMARKS
	<p>(h) Internet marketplace (online marketplace) and services provided through them,</p> <p>(i) Software supply and updates (upgrades),</p> <p>(j) Download services including data, images, etc.,</p> <p>(k) Consulting, skill development, and training services,</p> <p>(l) Other services of similar nature not specifically mentioned in clause (a) to (k)</p>		
17 (8)	Replaced by Section 30(2).	Notwithstanding anything contained elsewhere in this section, the name of a taxpayer who does not file the tax returns for a consecutive period of six months may be made public, and if there is any amount due for tax deduction by such a taxpayer, such amount may be suspended and his/ her registration may also be suspended.	This provision is placed in section 30 (2) by removing from section 17 (8).
21(1) nga	By causing to deduct amounts due to the taxpayer by local bodies, <b>province government</b> or any body corporate owned by Government of Nepal, or Government of Nepal.	By causing to deduct amounts due to the taxpayer by local bodies, or any body corporate owned by Government of Nepal, or Government of Nepal.	Amount due to the taxpayer by the Province Government is now eligible for adjustment against tax payable to IRD.
25 (1 Kha)	If a consumer makes payment of the goods or services purchased via electronic medium in accordance to the prevailing laws, then the ten percent of the tax amount paid shall be refunded as cash	If a consumer makes payment of the goods or services purchased via electronic medium in accordance to the prevailing laws, then the ten percent of the tax amount paid shall be refunded as cash incentive and deposited in their	Refund needs to be made immediately and not necessarily through bank deposit.



SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION (2081/82)	REMARKS
	incentive <b>immediately</b> as per the procedure prescribed by the Department.	<b>bank account</b> as per the procedure prescribed by the Department.	
25 (1 Ga)	<b>If the amount deposited as per sub-section (6) of Section 31Ka after the final decision of the court or the competent authority on the revised tax assessment is found to be in excess, such excess amount shall be refunded to the taxpayer upon request.</b>	No provision	Excess amount deposited for administrative review to the amount subsequently decided by the Court is subjected to refund upon request.
29 (Ynha 1)	<b>A fine of one hundred thousand rupees for each instance of conducting transactions without registering branch or warehouse.</b>	No provision	Fine has been introduced for non-registration of branch and warehouse.
30	(1) If a registered person commits any of the offense mentioned under Section 29 two or more times, the Director General may, for each instance, order the tax officer to suspend the business operations of such person at their business premises for a maximum of seven days. <b>(2) Notwithstanding anything mentioned elsewhere in this section, if a taxpayer fails to submit a tax return continuously for a period up to six months, their name may be made public, and if there is any amount due for tax deduction by such a taxpayer, such amount may be suspended and his/ her registration may also be suspended.</b>	If a person, who has already been penalized, commits any of the acts mentioned in Section 29 two or more times, the Chief Tax Officer may order the tax officer to suspend business operations at that person's business premises for up to seven days.	Provision of existing 17(2) now replaced with Section 30(2).
33 (2)	While calculating the amount of deposit or bank guarantee as per sub-section (1), <b>one-fourth</b> of the tax amount filed under	While calculating the amount of deposit or bank guarantee as per sub-section (1), <b>25 percent</b> of the tax amount filed under	Seems an improvisation of language.





SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION (2081/82)	REMARKS
	administrative review in the department shall also be included in the calculation.	administrative review in the department shall also be included in the calculation.	



## 2.4. AMENDMENTS IN EXCISE DUTY ACT, 2058

SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION (2081/82)	REMARKS
2 (ana1)	“Alcohol” means any substance containing more than 0.5% alcohol, produced by decomposing/fermenting grains, fruits, or any other starchy substance, through a biochemical process or by any other method and the term includes liquor, jaand, chhyang, whisky, rum, gin, brandy, vodka, beer, wine, sherry, champagne, cider, perry, mead, malt beverages, <b>sake, soju, vermouth, alcoholic beverages, liquor</b> , industrial alcohol, rectified spirit, malt spirit, silent spirit, denatured spirit, ENA and heads spirit.	“Alcohol” means any substance containing more than 0.5% alcohol, produced by decomposing/fermenting grains, fruit, or any other starchy substance, through a biochemical process or by any other method and the term includes liquor, jaand, chhyang, whisky, rum, gin, brandy, vodka, beer, wine, sherry, champagne, cider, perry, mead, malt beverages, industrial alcohol, rectified spirit, malt spirit, silent spirit, denatured spirit, ENA and heads spirit.	Some additional items have been included within the definition of alcohol.
4(ga)(2)(Ka)	When vehicles imported under diplomatic facility by foreign missions or donor organizations whose production date has not exceeded ten years, are transferred to any project as per the approved annual program of the project, and the number plate is changed to a government number plate, or when vehicles (excluding those imported under cost or bank guarantee under full or partial custom duty exemption facility) whose production date has not exceeded ten years are transferred to a <b>local level</b> , community school, community hospital, or government body after the completion of the project, with the approval of the Ministry of Finance.	When vehicles imported under diplomatic facility by foreign missions or donor organizations whose production date has not exceeded ten years, are transferred to any project as per the approved annual program of the project, and the number plate is changed to a government number plate, or when vehicles (excluding those imported under cost or bank guarantee under full or partial custom duty exemption facility) whose production date has not exceeded ten years are transferred to a <b>local authority</b> , community school, community hospital, or government body after the completion of the project, with the approval of the Ministry of Finance.	The word 'local authority' is replaced with the word ' <b>local level</b> '.

SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION (2081/82)	REMARKS														
9(1)	<p><b>Provision related to license:</b></p> <p>No one shall produce, export, import, sell, or store goods subject to excise duty, or provide services subject to excise duty without obtaining a license as per this Act or the rules made under this Act.</p> <p>However, it shall not be required to obtain an excise license for the import of excisable goods or for the <b>export, import or sale of goods other than tobacco-based items under the self-clearance system</b> under diplomatic facility on the recommendation of the Ministry of Foreign Affairs, Government of Nepal.</p>	<p><b>Provision related to license:</b></p> <p>No one shall produce, export, import, sell, or store goods subject to excise duty, or provide services subject to excise duty without obtaining a license as per this Act or the rules made under this Act.</p> <p>However, it shall not be required to obtain an excise license for the import of excisable goods or for the <b>import, sale, or storage of goods under the self-clearance system</b> under diplomatic facility on the recommendation of the Ministry of Foreign Affairs, Government of Nepal.</p>	<p>In the proviso to Section 9(1), word "import or sale or storage of goods under the self-clearance system" is replaced with the word <b>"export, import or sale of goods other than tobacco-based items under the self-clearance system"</b>.</p>														
9(5)	<p>A license holder who renews the excise license for 3 years at once can do so by paying a prescribed fee.</p>	<p>A license holder who <b>wants to</b> renew the excise license for 3 years at once can do so by paying a prescribed fee.</p>	<p>The word <b>"wants to"</b> is deleted.</p>														
9(6)	<p>Except for the license holder producers and importers, all other license holders who do not renew their license within the prescribed in sub-section (5) shall have to pay:</p> <table><tr><td>Within first 3 months after the expiry period</td><td>25% of renewal fee</td></tr><tr><td>Next 3 months</td><td>50% of renewal fee</td></tr><tr><td>Next 3 months</td><td>75% of renewal fee</td></tr><tr><td><b>within the remaining period</b></td><td>100% of renewal fee</td></tr></table>	Within first 3 months after the expiry period	25% of renewal fee	Next 3 months	50% of renewal fee	Next 3 months	75% of renewal fee	<b>within the remaining period</b>	100% of renewal fee	<p>Except for the license holder producers and importers, all other license holders who do not renew their license within the prescribed in sub-section (5) shall have to pay:</p> <table><tr><td>Within first 3 months after the expiry period</td><td>25% of renewal fee</td></tr><tr><td>Next 3 months</td><td>50% of renewal fee</td></tr><tr><td>Next 3 months</td><td>75% of renewal fee</td></tr></table>	Within first 3 months after the expiry period	25% of renewal fee	Next 3 months	50% of renewal fee	Next 3 months	75% of renewal fee	<p>It clarifies that all renewal after the year end is subject to 100% of renewal fees.</p>
Within first 3 months after the expiry period	25% of renewal fee																
Next 3 months	50% of renewal fee																
Next 3 months	75% of renewal fee																
<b>within the remaining period</b>	100% of renewal fee																
Within first 3 months after the expiry period	25% of renewal fee																
Next 3 months	50% of renewal fee																
Next 3 months	75% of renewal fee																

SECTION	AMENDED PROVISION (2082/83)		EXISTING PROVISION (2081/82)		REMARKS												
	of the financial year and for each period of the license		Within the Remaining period up to the end of Ashadh	100% of renewal fee													
9(6)(6ka)	<p>If the licensed producer or importer fails to renew the excise license within the period prescribed in Sub-section (5), penalty shall be levied at the following rates:</p> <table><tr><td>First 3 months</td><td>50% of renewal fee</td></tr><tr><td>Next 3 months</td><td>100% of renewal fee</td></tr><tr><td>Remaining period of the financial year and for each remaining period of the license</td><td>200% of renewal fee</td></tr></table>		First 3 months	50% of renewal fee	Next 3 months	100% of renewal fee	Remaining period of the financial year and for each remaining period of the license	200% of renewal fee	<p>To renew the excise license within the period prescribed in Sub-section (5), penalty shall be levied at the following rates:</p> <table><tr><td>First 3 months</td><td>50% of renewal fee</td></tr><tr><td>Next 3 months</td><td>100% of renewal fee</td></tr><tr><td>Remaining period of that financial year</td><td>200% of renewal fee</td></tr></table>		First 3 months	50% of renewal fee	Next 3 months	100% of renewal fee	Remaining period of that financial year	200% of renewal fee	Improvisation of language for conditions of imposition of penalty beyond the prescribed period.
First 3 months	50% of renewal fee																
Next 3 months	100% of renewal fee																
Remaining period of the financial year and for each remaining period of the license	200% of renewal fee																
First 3 months	50% of renewal fee																
Next 3 months	100% of renewal fee																
Remaining period of that financial year	200% of renewal fee																
9 (6)(6kha)	Deleted.		The license of a license holder who do not renew within the period specified in sub-section (5) or (6) shall be automatically cancelled.		The revision clears that the delay in non-renewal will not be automatically cancelled.												
16(2)(ga2)	After Sec. 16(2)(ga1), the following subsection is added:		No provision		Additional offence introduced for penalty as per section 16(2).												

SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION (2081/82)	REMARKS
	(1) "If any person produces, bottles, seals, packages, or sells or distributes alcohol or tobacco-based goods in violation of the provisions of this Act or the rules, or the conditions specified by the department"		
16 (5)	The utensils or machinery, equipment, vehicle used in the production of goods or services and found to be directly or indirectly used in committing an offence <b>under this Act shall also be seized by the excise officer.</b>	The utensils or machinery, equipment, vehicle used in the production of goods or services and found to be directly or indirectly used in committing an offence, shall also be seized.	Clarity enhanced on language.
19(1)	<b>Provision related to administrative review and appeal:</b> (1) If a person is not satisfied with a decision made by the excise officer regarding excise assessment and recovery, they may submit an application for administrative review to the Director General within 30 days of receiving such notice. However, in case of offence under sub-section (1), (2), and 5 of Section 16, an appeal can be filed at the Revenue Tribunal within 35 days against the decision of the excise officer to imprison the offender.	<b>Provision related to administrative review and appeal:</b> (1) If a person is not satisfied with a decision made by the excise officer regarding excise assessment and recovery, they may submit an application for administrative review to the Director General within 30 days of receiving such notice. However, in case of offence under sub-section (1), (2), (3), and (4) of Section 16, an appeal can be filed at the Revenue Tribunal within 35 days against the decision of the excise officer to imprison the offender.	The change now prohibits for filing an appeal to Revenue Tribunal for an offence under subsection 3 and 4 of section 16.
25(Ka)	The word "Directives" should be followed by the word <b>"and Norms (mapdanda)"</b> throughout Section 25(ka).	<b>Ability to make directives:</b> The Department may issue necessary <b>directives</b> under this Act and the rules made under this Act.	The change authorizes the Department to issue norms in addition to directives.

## 2.5. AMENDMENTS IN CUSTOM ACT, 2064

SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION (2081/82)	REMARKS
2(dha)	"Tarriff" means all types of <b>taxes, fees, and duties</b> payable on any goods or services that are subject to any kind of levy as per the law, including the term that refers to custom duty as well."	"Tarriff" means <b>custom duty</b> levied on imports and exports of goods or services that are subject to any of levy as per the law, including the term tax, fees, and service fees as well.	Scope of tariff has been broadened to from only custom duty to other fees and charges.
4(5)	Nepal Government on need basis as per Harmonised System could change <b>the after first six digit or description of the subheading of the classification of goods and services.</b>	Nepal Government on need basis as per Harmonised System could <b>change the digit of heading or subheading or description of goods and services.</b>	Numbering system of subheading has been systematized in case of any change to be made.
10	10(1) In case of reimport of exported goods that are manufactured or assembled in Nepal shall be levied custom duty assuming that they have been manufactured in the country from where it has been imported.	10(1) same	No Change
	10(2) Notwithstanding anything mentioned in Section 10(1) if any goods are reimported under below circumstances shall be exempted from the custom duty and <b>the custom duty paid at the time of export shall be refunded.</b>	10(2) Notwithstanding anything mentioned in Section 10(1) if any goods are reimported under below <b>circumstances shall be exempted from the custom duty.</b>	Provision of refund has been added.
	a) Goods that have been exported through postal services but has been returned due to failure to deliver to the related person.	same	No Change
	b) Returned after the related person refuse to receive the goods at the foreign country	same	No Change

SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION (2081/82)	REMARKS
	<p>after approved from custom authority.</p> <p>c) Returned due to non-compliance with quality standards because of any accident or natural disaster.</p> <p>d) Returned due to degradation of goods and against the terms and condition between importer and exporter.</p> <p>10(3) Notwithstanding anything mentioned under section 10(2), no exemption of custom duty and refund of custom duty paid at time of export shall be given under below circumstances:</p> <ul style="list-style-type: none"> <li>In case goods are returned due to any kind of repair or use of application other than required to be used in case of damage of goods or to check whether the goods is as per the description mentioned in the contract between importer and exporter.</li> <li>In case it cannot be identified that the good reimported is the exactly one that has been exported.</li> <li>In case good is not reimported within 180 days of export.</li> </ul>	<p>Same</p> <p>No Provision</p> <p>No Provision</p> <p>No Provision</p>	<p>No Change</p> <p>Circumstances of refund has been covered.</p> <p>New provision of non-refund of custom duty has been added</p> <p>New provision of non-refund of custom duty has been added.</p>

SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION (2081/82)	REMARKS
	<p>10(4) Under subsection (c) of 10(3), if the importer request in writing specifying the reasons of inability to reimport the goods within stipulated time, the custom officer can give time period of additional 90 days.</p> <p>10(5) The importer could request to leave the goods reimported at the custom office. In case of such left goods are not in condition of auction, the custom officer can approve to scrap or destroy such goods in the periphery of Custom Officers recovering expenditure from importer.</p> <p>10(6) In case custom duty has not been paid on the raw materials of reimported goods at the time of production, such custom duty shall be recovered at the time of re import of such goods.</p>	<p>No Provision</p> <p>No Provision</p> <p>No Provision</p>	<p>Provision of Time extension for refund has been added.</p> <p>The provision has given scope to clear the goods that are lying in the custom office for long duration.</p> <p>Scope of recovery of custom duty has been expanded.</p>
12(GA)	While calculating the tariff, tax, fees and charges other than VAT and amount under Section 12 (KA) and 12(KHA), custom duty on goods <b>including the amount of Section 12(KA) and 12(KHA)</b> and other tariff, tax, fees and charges	While calculating the tariff, tax, fees and charges other than VAT and amount under Section 12 (KA) and 12(KHA), custom duty on goods, tariff, taxes fees and charges.	Charges have been increased.
14	14 (C) In case of goods manufactured from the raw materials imported under the bank guarantee are not exported as per the terms or not sold as per convertible foreign currency within the country, the amount	14 (C) In case of goods manufactured from the raw materials imported under the bank guarantee are not exported as per the terms or not sold as per the convertible foreign currency within the country, the amount shall be recovered	Agriculture Improvement fees has been added.



SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION (2081/82)	REMARKS
	<p>shall be recovered adding 15% <b>on the tariff and custom duty or agriculture improved tax</b> applicable on the date of import of raw materials.</p> <p>14(F) In case of goods imported under the bank guarantee cannot be sold per the convertible foreign currency within the country as per the terms, the amount shall be recovered adding 15% <b>on the tariff and custom duty or agriculture improved tax</b> applicable on the date of import of goods.</p> <p>14(G) Under this section, custom officer while giving approval to import goods, the bank guarantee shall be received equivalent to the amount including the <b>tariff</b> applicable on such import and amount calculated under subsection 14 (C) and 14 (F).</p>	<p>adding 15% <b>custom duty</b> applicable on the date of import of raw materials.</p> <p>14(F) In case of goods imported under the bank guarantee cannot be sold per the convertible foreign currency within the country as per the terms, the amount shall be recovered adding 15% on <b>custom duty</b> applicable on the date of import of goods.</p> <p>14(G) Under this section, custom officer while giving approval to import goods, the bank guarantee shall be received equivalent to the amount including the <b>custom tariff applicable</b> on such import and amount calculated under subsection 14 (C) and 14 (F).</p>	<p>Agriculture Improvement fees has been added.</p> <p>Only custom tariff has been replaced by tariff to cover other fees and charges.</p>
15	<p>15(1) If any industry has manufactured goods to export or to sell in convertible foreign currency within the country against the payment to be received through bank, <b>the custom duty or agriculture improved tax</b> as prescribed on import of such raw</p>	<p>15(1) If any industry has manufactured goods to export or to sell in convertible foreign currency within the country against the payment to be received through bank, <b>the tariff</b> as prescribed on import of such raw materials shall be</p>	<p>Tariff has been replaced by custom tariff or agriculture improvement fees</p>

SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION (2081/82)	REMARKS
	<p>materials shall be placed as security deposit for such imports.</p> <p>15(3) The goods manufactured by using the raw material imported under subsection 15(1) could not be exported or sold in convertible foreign currency, security deposit received against such raw material shall be deposit in related revenue accounts of the government and custom duty on such goods shall be recovered by adding <b>15% custom duty or agriculture improved tax</b> on custom duty applicable at the date of import of such raw material.</p>	<p>placed as security deposit for such imports.</p> <p>15(3) The goods manufactured by using the raw material imported under subsection 15(1) could not be exported or sold in convertible foreign currency, security deposit received against such raw material shall be deposit in related revenue accounts of the government and custom duty on such goods shall be recovered by adding <b>15% custom duty</b> on custom duty applicable at the date of import of such raw material.</p>	<p>Agriculture improvement fees has been added .</p>
19	<p>19(2) If any importer requests to leave the goods at custom office, custom duty shall not be applicable on such goods. Nepal Government can self-use the goods or auction sale the goods as per applicable rules and regulation. <b>If such goods cannot be used or auctioned, then tax officer shall request importers to take back such goods or instruct to destroy such goods with his own expenditure.</b></p>	<p>19(2) If any importer request to leave the goods at custom office, custom duty shall not be applicable on such goods. Nepal Government can self-use the goods or auction sale the goods as per applicable rules and regulation</p>	<p>The provision has given right to custom office to clear the unused goods by destroying them.</p>
20	<p>20(2) The custom duty calculated as per the relevant Custom Act 2081 shall be paid by the declarer within thirty days from the date of assessment. If such amount is not paid</p>	<p>20(2) The custom duty calculated as per the relevant Custom Act 2081 shall be paid by the declarer within thirty days from the date of assessment If such amount is not paid within the stipulated</p>	<p>Time period has been defined.</p>

SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION (2081/82)	REMARKS
	within the stipulated time, then interest @0.042 % per day on such amount shall be levied.	time, then interest @0.042 % per day on such amount shall be levied and <b>days of interest calculation shall not be more than thirty days from the date of such custom duty assessment.</b>	
24	<p>24(2) Notwithstanding anything mentioned under subsection 24 (1), the custom duty shall not be refunded under below circumstances:</p> <ul style="list-style-type: none"> <li>If application is not submitted to concerned Custom Office within 60 days, the goods are discharged from the Custom Office.</li> <li>If the amount to be claimed is below Nepali five hundred rupees.</li> <li><b>If any custom duty exemption was not mentioned at the time of declaration is claimed later for refund.</b></li> </ul>	<p>24(2) Notwithstanding anything mentioned under subsection 24 (1), the custom duty shall not be refunded under the circumstances below:</p> <ul style="list-style-type: none"> <li>If application is not submitted to concerned Custom Office within 60 days, the goods are discharged from the Custom Office.</li> <li>If the amount to be claimed is below Nepali five hundred rupees.</li> <li>No Provision</li> </ul>	<p>Same</p> <p>Same</p> <p>The added provision will cross examine the loophole of refund of duty.</p>
Rule 6 Schedule-1	The classification of goods within a particular subheading is based on the principle that only equivalent subheadings can be compared. The terms mentioned within the subheadings and the rules, with necessary modifications, are considered as per the relevant subheading's reference. If	The classification of goods within a particular subheading is based on the principle that only equivalent subheadings can be compared. The terms mentioned within the subheadings and the rules, with necessary modifications, are considered as per the	

SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION (2081/82)	REMARKS
	the context suggests a different meaning, the relevant appendix and section references apply for the purposes of these rules.	relevant subheading's reference. If the context suggests a different meaning, the relevant appendix and section references apply for the purposes of these rules. <b>If the reference specifies otherwise, the related appendix and section references will still be applicable.</b>	
<b>Schedule-4 Section 7 (4)</b>	<p><b>Regarding items brought by travelers:</b></p> <p>7(4)(1)(3) For the custom purpose, valuation of gold and gold jewelry, custom officer may use the prevailing rate of international market as well.</p> <p>7(4)(1)(5) If any foreigner brings excess quantity of gold and silver jewelry than allowed then in case, he/she declares to keep such excess quantity in transit then in such case custom office by issuing the receipt should safely keep those gold and silver jewelry. Custom office should return those jewelry at the time of return from Nepal.</p>	<p>The custom department provides the rate of 1<sup>st</sup> and 15<sup>th</sup> of every month prevailing in the international market for the valuation of gold and gold jewelry to custom office.</p> <p>New added</p>	<p>Date of consideration of rate is defined particularly.</p> <p>The added provision has given restriction to carry excess gold than defined and control smuggling .</p>
<b>Schedule-4 Section 7 (4)</b>	7(4)(3)(3) For the purpose of calculation of bus seats for <b>driver and passengers</b> under heading 87.02 <b>the standards set as per the law of Vehicle and Transport Management for passenger vehicles shall be applied.</b>	7(4)(3)(3) For the purpose of calculation of bus seats under heading 87.02 <b>the regular driver and passenger seat shall be counted.</b>	Systematic method of calculation has been introduced

SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION (2081/82)	REMARKS
<b>Schedule-4 Section 7 (4)</b>	7(4)(5)(2) (Pa) Heading for imports for industries 72.01 72.02 <b>72.03</b> and 72.04	7(4)(5)(2) (Pa) Heading for imports for industries 72.01 72.02 and 72.04	Heading classification has been changed
<b>Schedule-4 Section 7 (4)</b>	7(4)(5)(3) (Kha) Custom duty on medicine shall be charged @5% except on the subheadings falling under Part-30 (3002.12.00, 3002.13.00, 3002.14.00, 3002.15.00, 3002.41.00, 3002.42.00 3002.49.00, 3002.51.00, 3002.59.00, 3003.90.41, <b>3003.90.49, 3003.90.50</b> <b>3004.90.41</b> , 3004.90.49 and 3004.90.50)	7(4)(5)(3) (Kha) Custom duty on medicine shall be charged @5% except on the subheadings falling under Part-30 (3002.12.00, 3002.13.00, 3002.14.00, 3002.15.00, 3002.41.00, 3002.42.00 3002.49.00, 3002.51.00, 3002.59.00, 3004.90.41, 3004.90.49 and 3004.90.50 and <b>human nutrition and healthy vitamins</b> )	Subheadings and scope has been changed
<b>Schedule-4 Section 7 (4)</b>	7 (4)(5)(3)(Nga) The industry producing poly coating paper and printed lamination film registered in Value added tax, will have to pay customs duties @ <b>fifteen percent</b> on all imports under subheading 3919.90.00 as well as under headings 39.20 and 39.21, including all subheadings concerning panel films, B.O.P.P. films, metallized C.P.P. films, and milky C.P.P. films required to produce poly coating paper and printed lamination film.	7 (4)(5)(3)(Nga) The industry producing poly coating paper and printed lamination film registered in Value added tax, will have to pay customs duties @ <b>ten percent</b> on all imports under subheading 3919.90.00 as well as under headings 39.20 and 39.21, including all subheadings concerning panel films, B.O.P.P. films, metallized C.P.P. films, and milky C.P.P. films required to produce poly coating paper and printed lamination film.	Rate of recovery of custom duty has been increased.
<b>Schedule-4 Section 7 (4)</b>	7(4)(5)(3)(Chya) The industries producing optical fibre cable requiring to import Spring	The industries producing optical fibre cable requiring to import Spring Steel	Subheading changed

SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION (2081/82)	REMARKS
	Steel Wire falling under subheading <b>7217.10.00</b> and Twisted Steel wire under 7312.10.00 as raw materials required to pay custom duty @ ten percent on such import of raw materials.	Wire falling under subheading <b>7217.12.00</b> and Twisted Steel wire under 7312.10.00 as raw materials required to pay custom duty @ ten percent on such import of raw materials.	
<b>Schedule-4 Section 7 (4)</b>	<b>7(4)(6)(2) (Ttha):</b> <b>The establishment and operation of Football, Cricket and multipurpose stadium on the recommendation from Ministry of Youth and Sports shall require under mentioned heading 56.07 which includes side screen boundary ropes; subheading 8424.10.00 includes fire extinguishers; heading 8531.20.00 includes digital scoreboards; subheading 8432.80.00 includes Turf rollers, subheading 8433.11.00 includes grass cutting machines; subheading 8479.89.40 includes garbage compactors machines; heading 9401.99.00 includes pre-fabricated seats and subheading 9405.49.00 includes flood lights.</b>	No Provision	The coverage of imports for specific industries has been made particular and traceable under predefined heading and subheading.
<b>Schedule-4 Section 7 (4)</b>	<b>7(4)(6) (2) Ta) On the recommendation of the Ministry of Energy, Water Resource and Irrigation, the industry producing green hydrogen will import high-pressure cylinders under subheading 7311.00.90 to store hydrogen; hydrogen compressors</b>	No Provision	The coverage of imports for specific industries has been made particular and traceable under predefined heading and subheading.

SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION (2081/82)	REMARKS
	under subheading 8414.80.00; electrolyzers under subheading 8419.60.00; gas purification equipment under subheading 8421.39.90; moisture measuring devices for hydrogen gas under subheading 9025.80.00; leak detectors under subheading 9026.80.90; and gas monitoring equipment under subheading 9027.10.00.		
<b>Schedule-4 Section 7 (4)</b>	7(4)(6) (2) (Wa) On the recommendation of industry department the industries involved in wood seasoning imports under heading 84.02 for boilers; subheading 8414.59.00 for air fans; subheading 8419.35.00 for wood drying machines (dryers); subheading 8422.40.00 for packaging machines; heading 84.25 for skip hoist; heading 84.65 for wood stripping machine; subheading 8465.91.00 for wood processing machines (sawing machines); subheading 8465.92.00 for saws and subheading 9025.80.00 for moisture measuring devices.	No Provision	The coverage of imports for specific industries has been made particular and traceable under predefined heading and subheading.
<b>Schedule-4 Section 7 (4)</b>	7(4)(6) (2) (Wa) On the recommendation of Department of Industries, industries involved in production and assembling of charging machine of vehicles imports	No Provision	The coverage of imports for specific industries has been made particular and



SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION (2081/82)	REMARKS
	<b>under subheading 8424.10.00 for fire extinguishers; subheading 8537.20.00 for panels; heading 85.44 for charging cable and connectors; subheading 9028.30.00 for smart electric meters, and subheading 9032.89.00 for controllers.</b>		traceable under predefined heading and subheading.
<b>Schedule-4 Section 7 (4)</b>	7(4)(6)(2) (Ra)The Drug Management department on the basis of production capacity of the industry and the annual consumption parameters imports the PET bottles (polyethylene terephthalate)used only in drug industries , HDPE (high-density polyethylene) bottles, as well as the production of measurement caps for bottles under sub heading 3901.10.00,3901.20.00 and <b>3907.61.00</b> for the importation of plastic granules.	7(4)(6)(2) (Ra)The Drug Management department on the basis of production capacity of the industry and the annual consumption parameters imports the PET bottles (polyethylene terephthalate)used only in drug industries , HDPE (high-density polyethylene) bottles, as well as the production of measurement caps for bottles under sub heading 3901.10.00,3901.20.00 for the importation of plastic granules.	Subheading has been added.





## 2.6. AMENDMENTS IN CUSTOM RULE, 2081

SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION/ (2081/82)	REMARKS
<b>Title</b>	<b>Custom Tariff Rules (first Amendment) 2082 has been introduced with immediate effect and considered as Main rule.</b>	<b>Custom Tariff Rules 2081 was in effect.</b>	Rule has been changed as per requirement to cover the current market.
<b>Rule 5</b>	<p>Subsection (1) -Under Section 26(1) of the act, if any person for the purpose of processing the raw materials or to manufacture any goods from those raw materials or for any other purpose need to export any goods temporarily can do so by stating the purpose of export in Pragyaan Patra to custom office.</p> <p>Subsection (2)-If someone temporarily exports any goods as mentioned in subsection (1), security deposit or bank guarantee <b>equivalent to one percent of the value of the goods to be export</b> shall be provided.</p>	<p>Under Section 26(1) of the act, if any person for the purpose of processing the raw materials or to manufacture any goods from those raw materials or for any kind of repair of goods or for any other purpose need to export any goods temporarily can do so by stating the purpose of export in Pragyaan Patra to custom office.</p> <p>Subsection (2)-If someone temporarily exports any goods as mentioned in subsection (1), <b>security deposit or bank guarantee shall be provided.</b></p>	<p>Same</p> <p>The amount of cash deposit or bank guarantee has been defined.</p>
<b>Rule 7 (4)</b>	If the time mentioned in 7(3) seems insufficient to bring the goods back sent for repair at abroad, then application shall be submitted to Custom Officer clearly mentioning the reasons and if custom officer finds the reasons appropriate may extend the time period at once or <b>from time to time up to 2 years.</b>	If the time mentioned in 7(3) seems insufficient to bring the goods back sent for repair at abroad, then application shall be submitted to Custom Officer clearly mentioning the reasons and if custom officer finds the reasons appropriate may extend the time period	Time period has been changed.

SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION/ (2081/82)	REMARKS
		at once or from time to time up to 6 months.	
<b>Rule 9</b>	Application to be provided for the <b>exemption of Custom duty</b>  <b>9(2)(a)</b> required quantity for the <b>remaining period of the current fiscal year or for the next fiscal year.</b>	Application to be provided for <b>the exemption of duty.</b>  <b>9(2)(a)</b> <b>required quantity for the current or next fiscal year.</b>	Duty has been changed to custom duty.  Time period has been defined particularly
<b>Rule 16</b>	Under section 14(1) as per the prevailing rules and regulations the person who has got approval of bonded warehouse facility for the purpose of export or sale in convertible foreign currency , the goods that are produced by using the <b>raw material, sub raw material and packing raw material not available in Nepal</b> or the clothes produced by Nepal Kapada Udhyog importing the thread from abroad on the recommendation from Kapda Udhyog Organisation shall alongwith the bank guarantee equivalent to the custom duty applicable on <b>such raw material, sub raw material, packing material not available in Nepal</b> and thread shall apply to import against custom officer. Upon verification if all the details seems appropriate ,custom officer shall give approval to import.	Under section 14(1) as per the prevailing rules and regulations the person who has got approval of bonded warehouse facility for the purpose of export or sale in convertible foreign currency , the goods that are produced by using the <b>raw material, sub raw material and packing raw material not available in Nepal</b> or the clothes produced by Nepal Kapada Udhyog importing the thread from abroad on the recommendation from Kapda Udhyog Organisation shall alongwith the bank guarantee equivalent to the custom duty applicable on <b>such raw material,sub raw material, packing material not available in Nepal</b> and thread shall apply to import against custom officer.Upon verification if all the details	Definition of raw material has been expanded to auxiliary raw material and packing material not produced in Nepal  Definition of raw material has been expanded to auxiliary raw material and packing material not produced in Nepal



SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION/ (2081/82)	REMARKS
	16(2) The bank guarantee to be provided under 16(1) shall be equivalent to the duty applicable on goods to be imported and <b>fifteen percent of the custom duty or agriculture improved tax.</b>	seems appropriate ,custom officer shall give approval to import.  16(2) The bank guarantee to be provided under 16(1) shall be equivalent to the duty applicable on goods to be imported and <b>fifteen percent of the duty amount calculated.</b>	Duty has been changed to custom duty or agriculture improvement fees .
19	19(1) The industries availing facility of bonded warehouse <b>shall apply within 15 days</b> from the expiry of the time limit as per Rule 17 or additional time as per Rule 18 along with required documents against the custom officer for release of bank guarantee.  19(2) The goods sold from the tax exempt shops <b>shall within 15 days from the expiry of time limit</b> as per Rule 17 or additional time limit as per Rule 18 shall submit along with required documents for the release of bank guarantee placed for the imports of goods for such sale.	19(1) The industries availing facility of bonded warehouse shall apply within the time limit as per Rule 17 or additional time as per Rule 18 along with required documents against the custom officer for release of bank guarantee.  19(2) The goods sold from the tax exempt shops shall <b>within time limit</b> as per Rule 17 or additional time limit as per Rule 18 shall submit along with required documents for the release of bank guarantee placed for the imports of goods for such sale.	Time limit has been made particular for release of bank guarantee  Time limit has been made particular.
21	21(2) In case of recovery of duties from the bank guarantee as per 21(1), the duties shall be the custom duty <b>or agriculture improved tax</b> at the date of import of goods and additional 15% as	21(2) In case of recovery of duties from the bank guarantee as per 21(1), the duties shall be the <b>custom duty</b> at the date of import and additional 15% as	Agriculture Improvement fee has been added

SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION/ (2081/82)	REMARKS
	per section 14(3) of Custom Tariff Act, 2081.	per section 14(3) of Custom Tariff Act, 2081.	
23	23(1) As per section 16(1)(b) of the Act the industries established in special economic zone importing the raw materials, <b>sub raw materials and packing material not produced in Nepal</b> in order to manufacture the goods for export or to sell within the country in convertible foreign currency shall provide Bank Guarantee of one year equivalent to the amount of duties applicable for such raw material, sub raw material and packing material not produced in Nepal in the format available in Schedule-3 to the custom officer to import the raw material, sub raw material and packing material not produced in Nepal.	23(1) As per section 16(1)(b) of the Act the industries established in special economic zone importing the raw materials, in order to manufacture the goods for export or to sell within the country in convertible foreign currency shall provide Bank Guarantee of one year equivalent to the amount of duties applicable for such raw material, in the format available in Schedule-3 to the custom officer to import the raw materials.	Definition of raw material has been extended to auxiliary raw material and packing material not produced in Nepal.
24	Refund of <b>custom</b> duties of sold raw materials to industries.  24(2) After the application is received for refund if upon verification custom officer finds it appropriate to refund the <b>custom duty</b> shall refund the same within thirty days of receipt of the application.	Refund of <b>duties</b> of sold raw materials to industries.  24(2) After the application is received for refund if upon verification custom officer finds it appropriate to refund the <b>duty</b> shall refund the same within thirty days of receipt of the application.	Duties have been changed to custom duty  Duty has been changed to custom duty.



SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION/ (2081/82)	REMARKS
25	<p>25(1) Under section 15 of the Act if any industries export its goods through LC or through any other banking system or sell same in convertible foreign currency within the country, such industries shall provide security deposit equivalent to the <b>custom duties or agriculture improvement fees of import of raw materials, sub raw materials or packing material not produced in Nepal</b> required to manufacture the goods.</p> <p>25(2) While importing the raw materials, <b>sub raw materials and packing material not produced in Nepal</b> one can import the same by declaring that the goods produced from such materials will be exported. Security deposit equivalent to <b>the custom duties or agriculture improvement fees</b> applicable on such raw material, <b>sub raw material and packing material not produced in Nepal</b> shall be provided along with the application as per the format available in Schedule-4</p> <p>25(3) On the basis of application received pursuant to subsection (2), the security</p>	<p>25(1) Under section 15 of the act if any industries export its goods through LC or through any other banking system or sell same in convertible foreign currency within the country, such industries shall provide security deposit equivalent to the <b>duties</b> of import of raw materials required to manufacture the goods.</p> <p>25(2) While importing <b>the raw materials</b> one can import the same by declaring that the goods produced from such materials will be exported. Security deposit equivalent to the <b>duties</b> applicable on <b>such raw material</b> shall be provided along with the application as per the format available in Schedule-4</p> <p>25(3) On the basis of application received pursuant to subsection (2), the</p>	<p>Scope of duties have been changed to custom duties or agriculture improvement fees.</p> <p>Definition of raw material has been extended.</p>

SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION/ (2081/82)	REMARKS
	<p>deposit received against the raw material, <b>sub raw material and packing material</b> not produced in Nepal shall be examined. While importing the raw materials, <b>sub raw materials or packing material not produced in Nepal</b> or exporting the goods same shall be clearly mentioned in the pass book provided to importer.</p> <p>25(4) The finished products produced from the raw materials, <b>sub raw materials or packing material not produced in Nepal</b> shall be exported or sell in convertible foreign currency within 12 months of import.</p>	<p>security deposit received against the <b>raw material not produced in Nepal</b> shall be examined. While importing <b>the raw materials</b> or exporting the goods same shall be clearly mentioned in the passbook provided to importer.</p> <p>25(4) The finished products produced from the <b>raw materials</b> shall be exported or sell in convertible foreign currency within 12 months of import.</p>	Definition of Raw material has been extended.
27	If the goods produced by importing the raw materials under Rule 25 are not export as per the provision of same rule or not sold within the country in convertible foreign currency or any application is not provided under Rule 26 then such goods are considered as sold in the domestic market. In such case the custom duty applicable as per section 15(3) of the Act on such sale shall be recovered from the bank guarantee provided and additional 15% of the <b>duties, custom duties or</b>	If the goods produced by importing the raw materials under Rule 25 are not export as per the provision of same rule or not sold within the country in convertible foreign currency or any application is not provided under Rule 26 then such goods are considered as sold in the domestic market. In such case the custom duty applicable as per section 15(3) of the Act on such sale shall be recovered from the bank guarantee provided and additional 15%	Custom duties has been extended to duties and agriculture improvement fees.

SECTION	AMENDED PROVISION (2082/83)	EXISTING PROVISION/ (2081/82)	REMARKS
	<b>agriculture improvement fees</b> shall be recovered from the importer.	of the <b>custom duties</b> shall be recovered from the importer.	
<b>31</b>	<p>Excess custom duty or <b>agriculture improvement fees</b> shall be refunded</p> <p>31(1) Under section 24(1) of the act if in case any importer or exporter at the time of import or export has paid excess <b>custom duty or agriculture improvement fees</b> than prevailing rules and regulation, one shall submit an application to the custom office for such excess amount refund.</p>	<p>Excess custom duty <b>or penalties</b> shall be refunded.</p> <p>31(1) Under section 24(1) of the act if in case any importer or exporter at the time of import or export has paid excess <b>duties or penalties</b> than prevailing rules and regulation, one shall submit an application to the custom office for such excess amount refund.</p>	<p>Agriculture Improvement fee has been added.</p> <p>Agriculture Improvement fee has been added.</p>



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