

Current Tax System				
Serial Number	Taxes	Taxpayers	Objects of Taxation (Base of Taxation)	Tax Rates
Goods and Services Taxes				
1	VAT	Any person who is registered, or is required to register, under the VAT Act is a taxable person. In general, a person is required to register if his turnover from the supply of taxable goods exceeds NPR 5 million or his turnover from the supply of both goods and services exceeds NPR 3 million for the last 12 months. Any person who imports into Nepal goods worth NPR 10,000 or more at a time for commercial purposes is also required to register.	VAT is levied on goods and services supplied in Nepal, and on imports and exports.	Tax rates :13%, 0%
2	Excise Tax	Any persons or entities that produce, import, sell or store excisable goods or produce excisable services	Excise duties are levied on a large number of items, including cigarettes, cigars, bidi, catechu, alcoholic beverages, beer, molasses, juice, noodles, plastic goods, vehicles, marble, tiles, paints, iron rods, cement and bricks etc.	Ad valorem, fixed on a specific basis
3	Customs Duty	Importers/owners of imported/exported goods	Goods allowed to be imported into and exported from Nepal	Ad valorem
4	Road Construction Tax	importers and owners of vehicles	microbuses, trucks and tippers; cars, jeeps, vans (less than 2,000 cc); cars, jeeps, vans (more than 2,000 cc); electric cars, jeeps and vans; motorcycles up to 155 cc; motorcycles between 156 cc and 250 cc; motorcycles between 251 cc and 400 cc; motorcycles more than 400 cc; electric motorcycles and scooters; electric three wheelers and transport vehicles; other three wheelers; all other passenger and transport vehicles	7% 8% 10% 5% NPR 15,000 NPR 18,000 NPR 50,000 NPR 200,00 NPR 13,000 NPR 15,000 10%

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Income Taxes				
5	Corporate Income Tax	Enterprises within Nepal, including resident and non - resident enterprises	Taxable income received by resident and non - resident enterprises	standard rate:25%; 20%; 30% depending on sectors ; non - resident enterprises: 25%
6	Individual Income Tax	Resident taxpayers: individuals with a habitual place of abode in Nepal or stay in Nepal for a period of 183 days or more in an income year (Mid July to Mid July)	worldwide income	Comprehensive income: progressive rates from 1% to 39%
		Non-resident taxpayers: individuals having no domicile or residence in Nepal or stay in Nepal less than 183 days in an income year	Income derived from inside Nepal	25%

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Other Taxes Levied by Federal Government				
7	Digital Service Tax	Non Resident Person provide digital services to the Resident Consumers	Digital service includes following services provided to the consumers through internet which requires the use of information technology and minimum human intervention: a. Advertisement services. b. Cinema, Television, Music, Over the Top(OTT), & other similar Membership based services. c. Data collection related services. d. Cloud services. e. Gaming services. f. Mobile Application related services. g. Online market place services & those services availed through such platform. h. Software supply & updates i. Sale of Data Collected by Nepalese Resident Person j. Data & image download related services. k. Consultancy, Skill development & Training services. l. E-Book, E-Library & E-Paper Service m. Other services of similar nature covered in above clause (a) to (l).	2%
8	Road Maintenance & Improvement Fee	Importers of petrol and diesel	import of petrol; import of diesel	NPR 4/lire NPR 2/litre
9	Telecommunications service duty	Telecommunication service recipients	telecommunications services	13%
10	Agriculture reform tax	Importers	import of a range of specified products, primarily agricultural products and live animals, which are not subject to import duties;	5%/9%
11	Education Service Tax	payors of the foreign education tuition fee	foreign exchange facility granted for education fees to pursue studies abroad	3%
12	Health Risk Tax	Imports/Manufacturers	On Import and domestic production of bidi On Import and domestic production of Cigarette, and Cigar On Import or domestic production of chewing tobacco, khaini, Paan Masala, Gutkha	25 paisa/piece 50 paisa/piece Rs. 40/kg

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13	Pollution Control Tax	Purchasers	On petrol and diesel	1.5/Litre
14	Infrastructure development tax	Importers	Air aviation fuel, petrol and diesel	10/Litre
15	casino royalties	casino operators	casino operators operators of games with modern machines or equipment	NPR 40 million annually NPR 10 million annually
16	Motion Picture Development Fees	film audience	entrance fees in case of foreign films entrance fees in case of cabin	15% 20%
17	Luxury Tax	Purchasers	services provided by 5-star and higher luxury hotels and resorts; imported liquors; and precious ornaments of value exceeding NPR 1 million	2%
18	Foreign Tourism Tax	Napal Tourists	payments made by Nepalese tourists abroad	5%
19	Foreign Employment Service Tax	Levied on person going on foreign employment through licensed person on business of foreign employment	payments made by Nepalese migrants to recruitment companies organizing foreign employment	1%
20	Green Tax	Importers of taxable goods	Coal; briquettes, pellets and similar solid fuels produced from coal; Organized or unorganized coke and semi coke of coal, lignite or peat, retort carbon; Petroleum oils and oils obtained from bituminous minerals (other than crude) and oils not elsewhere specified or included petroleum oils of 70% or more by weight or oils obtained from bituminous minerals, finished goods of which these oils are the main constituents, other than those containing biodiesel and other than waste oils; Petroleum coke, petroleum bitumen and other residues of petroleum oil or bituminous mineral oil	Rs 0.50/kg 0.5% / 1%/ Rs 1 per litre 0.5%

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Taxes Levied by Province Government and Local Governments				
21	House and Land Tax	house and land owners	The tax base is the value of the house and land that is determined on the basis of the type of construction and structure of the house, market value and depreciation.	tax rates are determined by the local governments
22	Land Revenue Tax	land owners	specific unit of area	tax rates are determined by the local governments
Note: The customs authorities are responsible for the administration of Customs Duty and also taking the responsibility for the collection of VAT and Excise Tax on imported goods.				